



MTDC

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

ANNUAL REPORT

2021



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FINANCIAL HIGHLIGHTS

Operations

	2018	2019	2020	2021
Income in USD	4,578,797	3,682,785	3,674,746	3,969,796
Operating Profit Margin	39%	41%	32%	312%
Profit for the year in USD	1,537,905	1,238,925	964,359	10,086,353
Earnings per share	0.045	0.036	0.028	0.296
Dividend per share in MVR	-	-	0.50	0.50
Return on Equity	7.04%	3.07%	2.40%	20.52%

Financial Position

	2018	2019	2020	2021
Cash & Bank balances in USD	2,357,661	370,461	706,104	4,836,517
Total Assets in USD	47,054,011	69,874,244	77,878,187	99,132,635
Total Assets per share in USD	1.38	2.05	2.28	2.91
Net Asset per share in USD	0.64	1.18	1.18	1.44

Market Performance

	2018	2019	2020	2021
Closing price in MVR	10	10	10	10
Year high in MVR	10	10	10	10
Year low in MVR	10	10	10	10
Market capitalisation in MVR	340873540	340873540	340873540	340873540

ABOUT THE COMPANY

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 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.

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

Legal Form

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

Registry number

C-280/2006

Share holding structure as at 31st December 2020

Shareholder group	Number of Shares	Rate per 10 MVR	%
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	
Paid Up Capital	34,087,354	340,083,540	

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%

Listing

MTDC was listed in the Maldives Stock Exchange on 08th January 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

CHAIRMAN'S MESSAGE



Dear Shareholders

I am happy to announce the year 2021 as yet another successful year for MTDC, even though the year has been tough and challenging, but a profitable one.

The future of our company is closely tied with the world economy. Whilst navigating through the pandemic, we continued to focus and extend the best possible solutions to our business partners, to ensure the sustenance of their business throughout the pandemic, despite having to absorb the shocks of the pandemic ourselves, much like the companies in the tourism business.

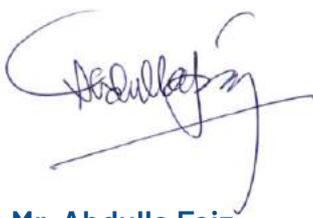
However, even in the face of serious impacts of the pandemic, we have left no stones unturned, to further the business of the company. We have ended the year with solid

and remarkable results, with extraordinary profits, a significant increase in total assets by 27%, and with an impressive cash flow improvement. Major events leading to our performance achievement, includes resolving long outstanding business matters and business continuity agreement signed with sublease partners, along with decisions to invest in extending the lease rights of MTDC resort properties. Tourist arrivals having registered a strong rebound for the year, driven by the easing of travel restrictions by the government reflecting increased vaccination rates both locally and globally, has helped our partners and the company tremendously, on the road to recovery.

Looking into the future, I am pleased to mention here, that the year 2022 is also forecasted to be an exciting and successful one, with investments in our corporate office construction, and commencement and progress of the development of Naagoshi, while continuing the existing core real-estate business model.

I would like to sincerely thank our management team, staff, bankers and business partners for their support and hard work, enabling our achievements. I also extend my gratitude to my fellow directors for their contributions to the company at all times.

Last but not least, I would like to mention my appreciation to our shareholders for their constant support, and looking forward to meeting you at the upcoming Annual General Meeting



Mr. Abdulla Faiz
Chairman

MANAGING DIRECTOR'S MESSAGE



Dear Shareholders

As The Maldives Tourism Development Corporation (MTDC) was founded with the vision of paving a way for Maldivians to reap benefits from the tourism sector, our success in bring joy to our shareholders and other stakeholders, immensely encourages us to aim for loftier future goals. With mere 15 years since the inception of MTDC, and currently being the largest public limited local company in the country, we take pride in announcing the past year as the most successful in the company's history. Following the Covid-19 pandemic that beset the global tourism industry with a myriad of challenges, the country saw tourists pouring in upon reopening the borders for international visitors. The subsequent economic benefits the country gained was a major factor that lead to our success in the past year.

MTDC's key business activity being developing resort islands by subleasing properties, the past year marked the most successful year for the company. To further enhance the shareholders' trust, numerous projects were carried out in line with standard governance practices.

In the past year, high priorities were given in establishing and implementing of better management policies and practices, development of Naagoashi in H.Dh Atoll as a tourist resort, new corporate office building project in Hulhumale and seeking of further investment opportunities to boost the company capital.

We all are conscious of the fact of tourism being the main pillar of the country's economy. And, since our main objective has always been ensuring the locals reap the benefit of the tourism sector, we are excited to note that a dividend meeting the shareholders' expectations were distributed in both the years; 2019 and 2020.

Thanks to the effective steps undertaken by the Board of Directors and the Management; the past year stands out as the most successful year in the company's history with a total net profit recorded as USD13.7 million. The face value of a company share being MVR10, the decision has been made to distribute a dividend of MVR 0.6 per share, out of last year's net profit, which is a 10% increase compared to the dividends paid the year before. Despite the financial reports not showing a remarkable improvement in the annual incomes, through the agreements secured with our business partners, the company recorded USD13.7 million as net profit. The liquidation metrics recorded a ratio of USD1: USD1.36. In addition to that, an increment of 28% to the company's asset value along with 28% increment to the shareholders equity have been achieved. We appreciate the dedication of the Management and the Board of directors whose dedication and diligence lead us to make such noteworthy progress in the past year. Our team will remain committed to deliver satisfying dividends to shareholders in the future.

Several deadlocks related to business partners were resolved with the focus on ensuring the maximum gain to the shareholders. One such achievement was to extend the lease of B. Kihavah for additional 25 years to Minor International Labuan Pvt. Ltd, which enhanced the company's financial standing while opening doors for further investment opportunities. A joint venture has been established to develop H.Dh. Naagoashi as a tourist resort with RAW Galadhari Holdings (UAE) as a partner. The onsite work is expected to begin in the fourth quarter of the year. To help further strengthen our financial standing with additional undertakings, the new corporate office construction will begin this year in Hulhumale'.

Our greatest asset being the employees, a top priority was also given to assure the team members were provided with relevant training opportunities to upskill according to contemporary demands. The Board of Directors also attended essential training programmes to ensure their knowledge and skills stay abreast with the changing needs in the corporate environment.

To conclude, we are delighted that the company achieved great success in the past year. Despite being surrounded by innumerable challenges in the process, no effort was spared in taking action to achieve more success. This includes renewed efforts to secure foreign investments, distributing improved dividends to shareholders, and multiple other efforts that lead to overall progress and development of the company. Following the best corporate governance practices to achieve the optimum good for the shareholders and other stake holders has always been of utmost importance to us. With the blessings of Allah, the Almighty, MTDC will achieve its key goal and see vigorous development with tremendous benefits to our economy and to all stakeholders.



Mr. Thazmeel Abdul Samad
Managing Director

Company Directors

(from 1st January 2021 – 31st December 2021)

Name	Position	Classification	Appointments & Resignations
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	1st July 2020 – Current
Mr. Thazmeel Abdul Samad	Managing Director	Executive	1st July 2020 – Current
Mr. Ahmed Niyaz	Director	Executive	29th August 2020 – Current
Mr. Ibrahim Latheef	Director	Executive	29th August 2020 – Current
Mr. Mohamed Janah	Director	Independent / Non-Executive	29th August 2020 – Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	1st July 2020 – Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	29th August 2020 – Current
Ms. Aishath Fazeena	Director	Independent / Non-Executive	29th August 2020 – Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	29th August 2020 – Current

Audit and Risk Management

(from 1st January 2021 – 31st December 2021)

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. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 – Current

Nomination and Remuneration Committee

(from 1st January 2021 – 31st December 2021)

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. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 – Current

Corporate Governance and Compliance Committee

(from 1st January 2021 – 31st December 2021)

Name	Position	Classification	Appointments & Resignations
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 – Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 – Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 – Current

DIRECTOR'S PROFILE



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 2014-2018. 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 Trainings.



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 representing the public on 29th August 2020. She has served as a Director of the Board of Directors of State Trading Organisation Plc and Maldives Trading and Contracting Company. She is currently a lecturer at the Maldives National University, Business School. Ms Aishath Fazeena holds Master of Business Administration (MBA) from the University of West England, Bristol, Associates of Chartered Certified Accountants (ACCA), a Bachelor's Degree in Applied Accounting from Oxford Brooks University, UK, and an Executive Diploma in Directorship from Singapore Management University, Singapore. She has also taken part in several workshops and seminars in the area of management and governance



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 completed his Diploma in Business from HELP University (Malaysia) and Bachelor of Commerce from Griffith University in Australia. Mr. Fathih also holds an Advanced Diploma in Accounting awarded by the Association of Accounting Technicians (A.A.T) of Sri Lanka. 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 of the board of Directors on 29th August 2020 representing the public shareholders. She has been fulfilling different positions in Bank of Maldives since 2004. As of currently she is the Procurement Manager, Procurement Department in Bank of Maldives. Ms. Asamy holds a Masters in Business Administration which she completed from Cyryx College.



Mr. Ahmed Mujthaba
Non-Executive Director

Mr. Ahmed Mujthaba was appointed as a Director of the board of Directors on 29th August 2020 representing the public shareholders. Mr. Mujthaba did his Master of Business Administration from Open University Malaysia and Bachelor of Accounting (Honours) from Multi Media University, Malaysia.

Currently he is the Chief Procurement Executive in Ministry of Finance and as a Government Director at Addu Investment Private Limited Company. He also has a vast knowledge in the auditing field as well as the public procurement field.

Appointments and resignation of Directors during the year 2021

Name	Position
Mr. Abdulla Faiz	1st July 2020 – Current
Mr. Thazmeel Abdul Samad	1st July 2020 – Current
Mr. Ahmed Niyaz	29th August 2020 – Current
Mr. Ibrahim Latheef	29th August 2020 – Current
Ms. Aishath Fazeena	29th August 2020 – Current
Mr. Mohamed Fathih	1st July 2020 – Current
Mr. Mohamed Janah	1st July 2020 – Current
Ms. Asamy Rushdy	29th August 2020 – Current
Mr. Ahmed Mujthaba	29th August 2020 – Current

PROFILE OF THE SENIOR MANAGEMENT



Mr. Thazmeel Abdul Samad
Managing Director/ Executive 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 Ahmed 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 Shareef 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 Shareef 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 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 15 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 University of Mysore.

2021 YEAR IN REVIEW

Financial Review 2021

The performance of the company grew remarkably during the year. Even though there were no significant changes to the revenue, profit before tax increased significantly by USD 10.44m (2021: USD 13.74m vs 2020: USD 3.30m). Main reason for the change was increase in net gain on lease modification as the company has recognized net investment in sublease in relation to the islands leased.

As a result, the company's profit after tax also increased by USD 10.69m (2021: USD 11.65m vs 2020: USD 0.96m).

Shareholders' equity increased by 26% (2021: USD 50.73m vs 2020: USD 40.18m) and the company increased its investment on fixed deposit to USD 4m (USD 3m in 2020). A dividend of 0.60 laari per share for 2021 was proposed by the board of directors.

Profitability

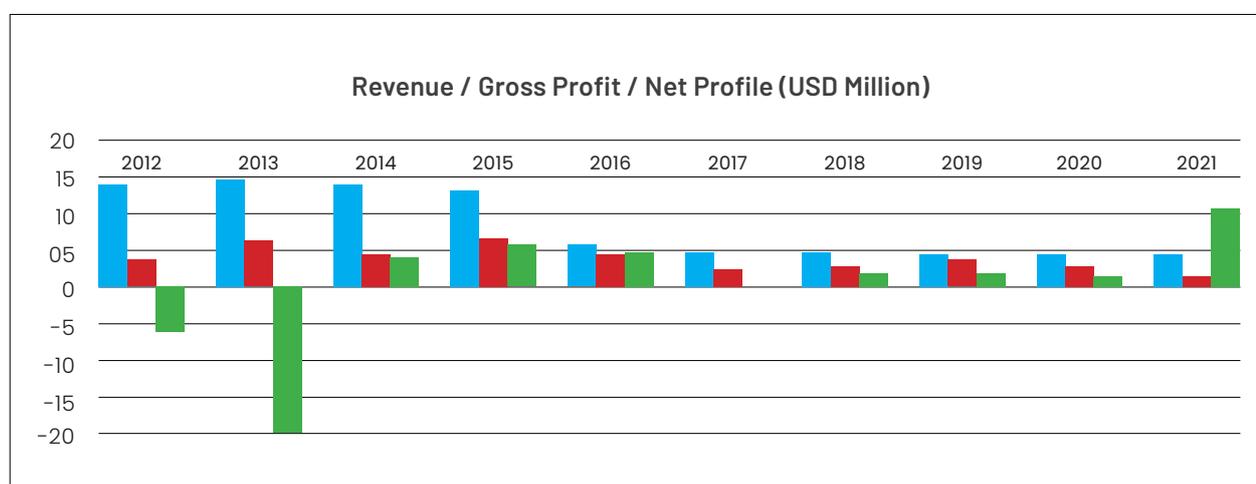
Main source of income to the company was interest income on net investment in sublease. However, the performance of the company improved remarkably during the year, as there was a significant increase of USD 13.70 in net gain on lease modification resulting from extending lease period of the islands. As a result, as stated before, both profit before tax and net profit. The company also provided for an income tax of USD 2.09m.

Following are major income measures during the 2 years and the reasons for the changes.

Item	2021	2020	Change	Remarks
Revenue	4.13	3.67	12.5%	interest income on net investment on subleases increased.
Gross Profit	1.77	1.90	7%	interest expenses on the lease liability increased.
Net Gain on Lease Modification	13.70	1.06	316%	This was a result of extending lease period of some islands during the year.
Profit before Tax	13.74	3.30	316%	As a result of increase in net gain on lease modification
Net Profit	11.65	0.96	1114%	As a result of increase in net gain on lease modification

Figures are in USD million unless otherwise stated.

Following chart shows financial performance of the company for the past 10 years.



Liquidity

Liquidity position of the company reduced slightly by 2% by the end of 2021 (net working capital of USD 4.38m in 2021 vs USD 4.46m in 2020). However, the company still closed the year with a sound liquid position of current ratio (and quick cash ratio) of 1.36: 1. The company also increased its investment in fixed deposit (by USD 1m) to USD 4 million.

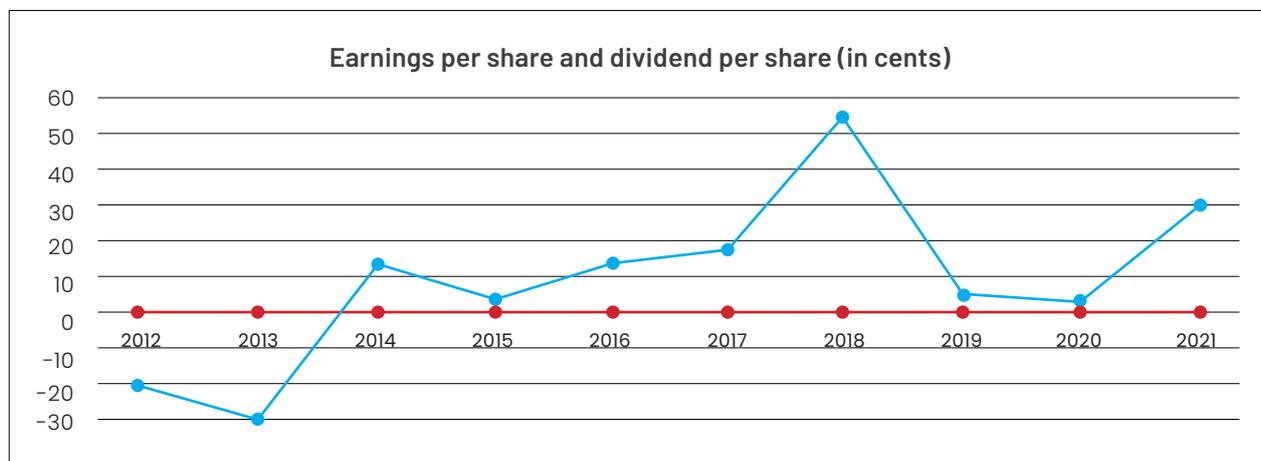
Financial Position

Apart from the healthy liquidity position, total assets of the company also increased, by 28% (2021: USD 99.52m vs. 2020: USD 77.88m), while total liabilities increased by 29% (2021: USD 48.79m vs. 2020: USD 37.70m). Net worth of the company increased remarkably by 26% (2021: USD 50.73m vs. 2020: USD 40.18m).

Earnings per share and dividend per share

A dividend of 0.60 laari per share for 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). The management proposed to increase the dividend and is confident they can continue divined pay-out in future.

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.

DEVELOPMENT OF RESORTS

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. It is 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)



Government leased Kihavah Huravalhi in Baa Atoll to MTDC on 17th September 2006. Subsequently, MTDC entered into a Sublease Agreement for the island on 23th October 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 is approximately 30 minutes by sea plane ride from Male’.

Magudhuvaa, Gaafu Dhaalu Atoll (Ayada Maldives)



Government leased Magudhuvaa in Gaafu Dhaalu Atoll to MTDC on 17th September 2006. Subsequently, MTDC entered into a Sublease Agreement for the island on 24th October 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 minutes speed boat ride to the resort.

Naagoashi, Haa Dhaalu Atoll



Naagoashi is a resort which is being developed in Haa Dhaalu Atoll. Upon completion, Naagoashi will be the first resort to be opened in Haa Dhaalu. Government leased the island to MTDC on 17th September 2006. Soon after, MTDC entered into a Sublease Agreement on 5th December 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 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 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 and concept drawings of the property have been completed and approved by the Ministry of Tourism. As of now, Global Resorts is in the process of finalizing the Environmental Impact Assessment Report and preparing to mobilize on the island. Once the resort is completed, Naagoashi will become the biggest one island resort property in Maldives.

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. And 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 2021. 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 to 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 law, 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 operational law 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 2 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 laws, 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.

Business negotiations held between a majority share-holder

While the government of the Maldives is the main share-holder of MTDC, there have been no business negotiations and transactions held between companies the government has 100% shares in and majority shares in.

There is no debt security for the company's directors. And during this year no interest capitalization. Furthermore there has not been any compensation payable contract made between any directors and the company. And no investments have been made that would personally benefit any directors. Moreover it is important to highlight that as of today, there has not been any contract of any sorts made between any shareholders.

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

Salaries and Allowances of Directors and Senior-management

The wages and salaries of the Directors and the Senior-management consists of both 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 2021 the total expenditure for salaries and allowances for the board of directors was MVR 1,599,000.00. 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.

Employees of the company are paid in basic salary and an allowance, considering the job market and the standard rules set when paying their employees. Considering that framework, any external allowances such as bonuses and giving the company shares to their employees as remuneration has not been approved. 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 of Directors for the year 2020

Name	Position	Classification	1st January 2021 – 31st December 2021 Total Salary (MVR)
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	260,000
Mr. Thazmeel Abdul Samad	Managing Director	Executive	162,000
Mr. Ahmed Niyaz	Director	Executive	162,000
Mr. Ibrahim Latheef	Director	Executive	162,000
Mr. Mohamed Jannah	Director	Independent / Non-Executive	170,000
Mr. Mohamed Fathih	Director	Independent / Non-Executive	169,000
Ms. Asamy Rushdy	Director	Independent / Non-Executive	169,000
Ms. Aishath Fazeena	Director	Independent / Non-Executive	172,000
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	172,000

Directors are given the basic salary and if they attend the board meeting a MVR 1000 allowance and if they attend a committee meeting a MVR 1000 allowance. . There is no policy to give any directors neither a performance incentive nor a severance fee. And there is no service contract made.

Total Remuneration given to members of the senior management for the year 2021

Members of the senior management are given a basic salary, phone allowance and a fixed allowance. During the year 2021, the total expenditure spent as salaries and allowances for senior management employees totaled to MVR 3,166,191.30

Shares owned by Members of the board of directors as of 2021.

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

Director's Attendance

There were 18 Board meetings and 2 Non Executive Directors meetings held during 2021. And 2 Non Executive Directors meetings were held in which all the NED's attended the two meetings.

Name	Position	Classification	1st January 2021 – 31st December 2021's Attendance
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	20/20
Mr. Thazmeel Abdul Samad	Managing Director	Executive	18/18
Mr. Ahmed Niyaz	Director	Executive	18/18
Mr. Ibrahim Latheef	Director	Executive	18/18
Mr. Mohamed Janah	Director	Independent / Non-Executive	20/20
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20/20
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20/20
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20/20
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20/20

No Service contracts with a director proposed for election at next AGM were made in the year 2021. 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.

Conflict of Interest

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 2021, 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 Company and its 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. And 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 2021, the performance of the members of the board of directors were evaluated, such being the Chairman, Directors, committees and the Company Secretary.

STATEMENT BY:

The Nomination and Remuneration Committee

Main tasks and responsibilities of the Nomination and Remuneration committee:

As carried out in the previous years, several staff recreational activities were organized and carried out by the Recreation Committee of the Company. These events include the participation in the Club Maldives Futsal Competition, Inter office futsal tournament and several interdepartmental activities and competitions held ranging from sports to other recreation 2019.

- 1 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.

- 2 Check whether the board has been appointed according to the Company's Articles and continuously checks the work progress of the directors.

- 3 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.

- 4 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 3 non-executive members. The members are given a sitting allowance of MVR 1,000 per session/meeting. 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
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 – Current
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20th September 2020 – Current
Ms. Asamy Rishdy	Director	Independent / Non-Executive	20th September 2020 – Current

During the year 2021 there has been a total of 2 meetings held for the Nomination and Remuneration committee

Name	Position	Classification	Attendance between 1st January 2021 – 31st December 2021
Mr. Mohamed Fathih	Director	Independent / Non-Executive	2/2
Ms. Aishath Fazeena	Director	Independent / Non-Executive	2/2
Ms. Asamy Rishdy	Director	Independent / Non-Executive	2/2

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 2021

In accordance to 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.

- 1 Establish the mainframe for salaries and allowances for employees and give advice regarding it.

- 2 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.



Mr. Mohamed Fathih
*Chairman / Nomination and
Remuneration Committee*

STATEMENT BY:

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:

- 1 Maintain company's financial records, internal control, and protecting the rights of the shareholders.

- 2 Ensuring a healthy communication amongst the senior management, Board of directors, Internal and External Auditors.

- 3 Check the integrity and transparency of the work done by the internal and external auditors.

- 4 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 3 Non-Executive Directors. The members are given a sitting allowance of MVR 1,000 per meeting/session. 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 – Current

In the year 2021, 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	Appointments and Resignations
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	6/6

Main activities of the Audit Committee – Highlights of 2021

- 1 Check and revise the financial reports and statements of 2021
- 2 Hire an internal auditor and make the necessary arrangements to pay them.
- 3 Recommend an external auditor to the Board of Directors.
- 4 Check and revise the quarterly financial records and year end statements.
- 5 Revise the company's overall risk management and advise the board about the necessary amendments needed
- 6 Reviewing the budget

Ms. Aishath Fazeena
Chairman / 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:

- 1 Ensuring the company is following the corporate governance code

- 2 Advice the committees and the board about the best practices of corporate governance

- 3 Ensuring the board and other committees check the charters annually and upgrade and make relevant changes

- 4 Maintain the dividend sharing policy of the company

- 2 Make sure the assessment and evaluation of the board is being carried out accordingly

- 3 Check whether the newly appointed board members are given the orientation and the necessary trainings conducted by the N.R committee.

- 4 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 3 non-executive directors. The members are given a sitting allowance of MVR 1000 per meeting/session. 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 – Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 – Current

Attendance of the Corporate Governance and Compliance Committee

During the year 2021 there was a total of 3 meetings held by this committee

Name	Position	Classification	Appointments and Resignations
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	6/6

Main activities of Corporate Governance Compliance Committee – Highlights of 2021

- 1 Checking whether the newly appointed board members have received their orientation
- 2 Checking whether the trainings set by N.R Committee have given to the directors
- 3 Ensuring whether the company is complying with the necessary laws and regulations (Corporate governance code, Listing rules, CDOI Regulations)
- 4 Checking whether the other committees are complying and following their charters
- 5 Making sure the company is following the principles of corporate governance
- 6 Revising the 2020 Yearly report to ensure it meets the required guidelines of corporate governance.

Ms. Asamy Rushdy

Chairman / Corporate Governance and Compliance Committee

FUTURE PLANS OF MTDC

Our main objective is to remain as a profitable company, one which maximises shareholders wealth providing 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 of trade affecting our business both directly and indirectly.

In order to remain as a profitable company, we are working relentlessly by exploring new business opportunities and ventures.

DIRECTOR'S OATH

We want to ensure the work we have done during the year 2021, is in accordance to the corporate governance rules, listing rules, security act and within the company's rules and regulations. And after revising the financial reports and statements, all relevant information has been made available to the shareholders.

Company's revenue statement, balance sheet, shareholders dividend, the changes made to how the dividend is paid, the company's expenditure all are 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. And after the date of balance sheet being made, there has not happened anything through which a change had to be made to the numbers.



Thazmeel Abdul Samad
Managing Director



Ibrahim Latheef
Chief Financial Officer

**REPORT BY THE
INDEPENDENT
AUDITORS**

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2021**

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

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Independent Auditor's 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 2021, 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 38.

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 2021 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 18 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 2021. Further, this investment is required to be carried at fair value with any fair value movements should be recognized in the statement of other comprehensive income. As at 31st December 2021, the fair value of unquoted investment measured at FVOCI has not been assessed by the Company. As a result of this matter, we were unable to determine whether any adjustments might have been required for the amount recorded as Investment in Equity Instruments measured at FVOCI and other comprehensive income as at and for the year ended 31st December 2021.

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 Note 16 "Right of Use Assets", Note 19 "Net Investment in Sub Leases" and Note 24 "Lease Liabilities" of the financial statements.

Risk Description	Our Response
<p>The Company has recorded Net Investment in Sub Leases amounting to US\$ 76,017,605/- and Lease Liabilities amounting to US\$ 27,210,266/- as at 31st December 2021. Further, the Company has recognized net gain on lease modification amounting to US\$ 13,695,585/- during the year ended 31st December 2021.</p> <p>The adjustments arising from lease arrangements are material to the Company's financial statements and the related disclosure of impact is a key focus area in the audit.</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.- Reviewing the contracts to assess whether all the leases and lease modifications have been appropriately identified as per the IFRSs requirements.- Assessing whether modifications gave rise to any indicators of management bias by evaluating the reasonableness of management's key judgements and estimates made.- Evaluating the completeness, accuracy and relevance of data used in preparing the modification adjustments.- Checking the mathematical accuracy of the lease computation and lease modification computations.- Assessing the adequacy of the key disclosures in the financial statements.

Other Information

The Board of Directors (the "Board") 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.



Other Information (Continued)

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 the Board of Directors for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the Board 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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 Board.
- Conclude on the appropriateness of the Board'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.



*Independent Auditors' Report
To the Shareholders of Maldives Tourism Development Corporation PLC (Continued)*

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

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.

- 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 the Board 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 the Board 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, related safeguards.

From the matters communicated with the Board, 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 auditor's report is R.W.M.O.W. Duminda B. Rathnadiwakara.

Chartered Accountants

18th May 2022

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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2021 US\$	2020 US\$
Revenue	6	4,127,199	3,674,746
Cost of Operations	7	(2,353,099)	(1,776,513)
Gross Profit		1,774,100	1,898,233
Net Gain on Lease Modifications	8	13,695,585	1,060,463
Administrative Expenses		(1,237,689)	(839,001)
Provision for Impairment of Lease Receivables	19.3	-	(445,318)
Results from Operations		14,231,996	1,674,377
Finance Income	9	204,411	1,894,490
Finance Costs	10	(691,762)	(266,987)
Net Finance (Costs) / Income		(487,351)	1,627,503
Profit Before Tax	11	13,744,645	3,301,880
Tax Expense	12	(2,094,281)	(2,337,521)
Profit for the Year		11,650,364	964,359
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		11,650,364	964,359
Basic Earnings Per Share	13	0.342	0.028

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 38. 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**

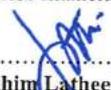
AS AT 31ST DECEMBER

	Note	2021 US\$	2020 US\$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	14	108,764	11,163,624
Right of Use Assets	16	178,265	17,797,291
Intangible Assets	17	18,111	32,759
Equity Investment Measured at FVOCI	18	11,102,500	-
Net Investment in Sub Leases	19.4	71,678,765	39,774,321
Deferred Tax Asset	12.2	6,232	-
Total Non-Current Assets		<u>83,092,637</u>	<u>68,767,995</u>
Current Assets			
Net Investment in Sub Leases	19.4	4,338,840	5,342,297
Other Receivables	20	774,618	45,953
Short Term Investments	21	6,473,287	3,015,838
Cash and Cash Equivalents	22	4,836,517	706,104
Total Current Assets		<u>16,423,262</u>	<u>9,110,192</u>
Total Assets		<u>99,515,899</u>	<u>77,878,187</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	23	26,183,719	26,183,719
Share Premium	23.3	607,415	607,415
Retained Earnings		23,934,823	13,389,757
Total Equity		<u>50,725,957</u>	<u>40,180,891</u>
Liabilities			
Non-Current Liabilities			
Lease Liabilities	24.5	24,440,664	21,275,862
Payables to the Government of Maldives	25.1	12,309,162	11,764,384
Deferred Tax Liability	12.2	-	2,848
Total Non-Current Liabilities		<u>36,749,826</u>	<u>33,043,094</u>
Current Liabilities			
Payables to the Government of Maldives	25.1	1,195,818	-
Trade and Other Payables	26	2,997,681	3,007,581
Lease Liabilities	24.5	2,769,602	1,509,196
Bank Overdraft	22	3,092,838	-
Tax Payable	27	1,984,177	137,425
Total Current Liabilities		<u>12,040,116</u>	<u>4,654,202</u>
Total Liabilities		<u>48,789,942</u>	<u>37,697,296</u>
Total Equity and Liabilities		<u>99,515,899</u>	<u>77,878,187</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 38. The Report of the Independent Auditor is given on pages 1 to 4.

I certified that these financial statements are in compliance with the requirement of the Companies Act No : 19/96

.....

Ibrahim Latheef
 Chief Financial Officer

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

18th May 2022

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 2020	26,183,719	607,415	13,530,698	40,321,832
<i>Total Comprehensive Income for the Year</i>				
Profit for the Year	-	-	964,359	964,359
<i>Transactions with Owners of the Company</i>				
Dividends declared during the Year (Note 23.4)	-	-	(1,105,300)	(1,105,300)
As at 31 st December 2020	<u>26,183,719</u>	<u>607,415</u>	<u>13,389,757</u>	<u>40,180,891</u>
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 23.4)	-	-	(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>

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 38. 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	2021 US\$	2020 US\$
Cash Flows from Operating Activities			
Profit Before Tax		13,744,645	3,301,880
<i>Adjustments for:</i>			
Interest Income on Net Investment in Sub leases	6	(4,127,199)	(3,674,746)
Net Gain on Lease Modifications	8	(13,695,585)	(1,060,463)
Fair Value Adjustment on Payable to the Government of Maldives	9	-	(1,708,208)
Interest Income on Fixed Deposits	9	(149,246)	(186,282)
Interest Income on Treasury Bills	9	(55,165)	-
Depreciation of Property Plant and Equipment	14	28,107	7,464
Written off of Property Plant and Equipment	14	19,717	-
Amortization of Right of Use Assets	16	374,145	179,771
Amortization of Intangible Assets	17	11,512	4,361
Provision for Impairment of Lease Rental Receivables	19.3	-	445,318
Interest on Lease Liabilities	24	2,040,642	1,596,742
Interest on Amount Payable to the Government of Maldives	25	574,048	266,987
Operating Loss Before Working Capital Changes		<u>(1,234,379)</u>	<u>(827,176)</u>
<i>Changes in :</i>			
Other Receivables		(720,665)	(39,892)
Trade and Other Payables		32,106	21,216
Cash Used In Operating Activities		<u>(1,922,938)</u>	<u>(845,852)</u>
Sub Lease Rent Received	19	10,241,136	1,201,875
Head Lease Rent Paid	24	(2,523,345)	(926,180)
Tax Paid	27	(256,609)	(162,987)
Net Cash From / (Used In) Operating Activities		<u>5,538,245</u>	<u>(733,144)</u>
Cash Flows From Investing Activities			
Acquisition of Property, Plant and Equipment	14	(95,464)	(29,209)
Acquisition of Intangible Assets	17	(4,864)	(37,120)
Withdrawal of Fixed Deposit during the Year		-	4,000,000
Investment in Fixed Deposits	21.1	(1,000,000)	(3,000,000)
Investment in Treasury Bills	21.2	(2,432,850)	-
Interest Income on Fixed Deposits		141,392	189,501
Interest Income on Treasury Bills		38,421	-
Net Cash (Used In) / From Investing Activities		<u>(3,353,365)</u>	<u>1,123,172</u>
Cash Flows From Financing Activities			
Dividend Paid during the Year		(1,147,305)	(54,385)
Net Cash Used in Financing Activities		<u>(1,147,305)</u>	<u>(54,385)</u>
Net Increase in Cash and Cash Equivalents		1,037,575	335,643
Cash and Cash Equivalents at the Beginning of the Year		706,104	370,461
Cash and Cash Equivalents at the End of the Year	22	<u>1,743,679</u>	<u>706,104</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 38. 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 1st floor, G. Fathruvehi, Buruzu Magu, Male, Maldives.

Principal activities and nature of 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 15 (2020: 16).

Authorization for issue

The financial statements of the Company for the year ended 31st December 2021 were authorized for issue on 18th May 2022.

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 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 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 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 trading. 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 judgements 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 recognised prospectively.

a. Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised 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 SPPP 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 2021 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

Except for describe below, 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 2020.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from 1st January 2021:

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendment to standards Effective date

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 1st January 2021

Effective from 1st January 2021, the Company has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). These amendments provide practical relief from certain requirements in IFRS.

These reliefs relate to modifications of financial instruments and lease contracts by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, then the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

The Company applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Company had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31st December 2020, there is no impact on opening equity balances as a result of retrospective application.

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 the subleasing the right of use assets acquired under 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Company recognize 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 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 lease liability

The Company incurs cost of operations primarily for the right-of-use assets acquired under 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. Lease liability is recognized at amortized cost and interest expense on lease liability is recognized in profit or loss as cost of operations using 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.

(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.

**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)

(ii) Deferred Tax (Continued)

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.

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.

**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 (Continued)

(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 and Equipment	Over 05 Years
Computer Equipment	Over 03 Years
Communication Equipment	Over 05 Years
Machineries	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.

(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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Intangible Assets (Continued)

(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.

(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 which 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial Instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

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 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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial Instruments (Continued)

(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.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

(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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) De-recognition (continued)

Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled 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 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.

(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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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;

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Leases (Continued)

i. As a lessee (Continued)

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.

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.

**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

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.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2021 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.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Onerous Contract, cost of full filling a contract (Amendments to IAS 37).
- Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).
- Covid 19 related rent concessions beyond 30 June 2021(Amendments to IFRS 16).
- Annual improvements to IFRS standards 2018-2020.

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FOR THE YEAR ENDED 31ST DECEMBER 2021

6 REVENUE	2021 USS	2020 USS
Interest Income on Net Investment in Sub Leases (Note 19)	4,127,199	3,674,746
	<u>4,127,199</u>	<u>3,674,746</u>
7 COST OF OPERATIONS	2021 USS	2020 USS
Interest Expense on Lease Liabilities (Note 24.3)	2,023,520	1,596,742
Amortization of Right of Use Asset (Note 16.3)	329,579	179,771
	<u>2,353,099</u>	<u>1,776,513</u>
8 NET GAIN ON LEASE MODIFICATIONS	2021 USS	2020 USS
Net Gain / (Loss) on Modification of Net Investment in Sub Leases (Note 19)	16,522,995	(253,914)
Net (Loss) / Gain on Modification of Lease Liabilities (Note 24)	(4,685,080)	1,314,377
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 25.3)	(1,166,548)	-
	<u>13,695,585</u>	<u>1,060,463</u>
8.1 The Company has recognized a net gain of US\$ 3,024,218/- on recognition of net investment in sub lease in relation to the Naagoashi Island. The reconciliation is given below.		
	2021 USS	2020 USS
Recognition of Net Investment in Sub Lease (Note 19)	20,491,930	-
Derecognition of ROU Asset (Note 16)	(17,467,712)	-
Gain on Recognition of Net Investment in Sub Lease	<u>3,024,218</u>	<u>-</u>
9 FINANCE INCOME	2021 USS	2020 USS
Interest Income on Fixed Deposit	149,246	186,282
Interest Income on Treasury Bills	55,165	-
Fair Value Adjustment on Payable to the Government of Maldives (Note 25)	-	1,708,208
	<u>204,411</u>	<u>1,894,490</u>
10 FINANCE COSTS	2021 USS	2020 USS
Interest on Amount Payable to the Government of Maldives (Note 25)	574,048	266,987
Interest on Bank Overdrafts	100,592	-
Interest on Lease Liability (Note 24.3)	17,122	-
	<u>691,762</u>	<u>266,987</u>
11 PROFIT BEFORE TAX	2021 USS	2020 USS
<i>Profit before tax is stated after charging all the expenses including the following:</i>		
Employee Salary and Benefits	400,584	292,136
Staff Food and Accommodation Expenses	2,539	2,770
Depreciation of Property Plant and Equipment	28,107	7,464
Amortization of Right of Use Assets	374,145	179,771
Directors Remuneration and Other Allowances	103,697	75,584
Professional Fees	46,920	37,022
Amortization of Intangible Assets	<u>11,512</u>	<u>4,361</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

12 TAX EXPENSE	2021 USS	2020 USS
Current Tax Expense (Note 12.1)	2,103,361	238,367
Deferred Tax (Reversed) / Charge for the Year (Note 12.2)	(9,080)	2,099,154
	<u>2,094,281</u>	<u>2,337,521</u>

12.1 Reconciliation Between Accounting Profit and Taxable Income :

Accounting Profit Before Tax	13,744,645	3,301,880
Aggregate Disallowable Expenses	2,030,637	1,708,006
Aggregate Allowable Expenses	(1,720,452)	(3,388,348)
Tax-free threshold	(32,425)	(32,425)
Taxable Profit for the Year	<u>14,022,405</u>	<u>1,589,113</u>
Income Tax @ 15%	<u>2,103,361</u>	<u>238,367</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/ (ASSETS)	31/12/2021 USS	31/12/2020 USS
As at 1 st January	2,848	(2,096,306)
(Recognition)/ Reversal during the year	(9,080)	2,099,154
As at 31 st December	<u>(6,232)</u>	<u>2,848</u>

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

	31/12/2021		31/12/2020	
	Temporary Difference USS	Tax Effect USS	Temporary Difference USS	Tax Effect USS
Property, Plant and Equipment	41,548	6,232	(18,984)	(2,848)
	<u>41,548</u>	<u>6,232</u>	<u>(18,984)</u>	<u>(2,848)</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;

	2021	2020
Profit for the year - USD	11,650,364	964,359
Weighted Average Number of Ordinary Shares	34,087,354	34,087,354
Basic Earnings Per Share - USD	<u>0.342</u>	<u>0.028</u>
Dilutive Earnings Per Share - USD	<u>0.342</u>	<u>0.028</u>

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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\$	Machineries 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.

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FOR THE YEAR ENDED 31ST DECEMBER 2021

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Marine Vessels US\$	Motor Vehicles US\$	Office Equipment US\$	Other Equipment US\$	Furniture & Fittings US\$	Computer Equipment US\$	Communication Equipment US\$	Machineries US\$	Capital Work In Progress US\$	Total US\$
Cost										
As at 1 st January 2020	50,426	10,282	20,973	4,516	36,361	64,283	8,058	14,475	-	209,374
Additions during the Year	-	-	-	-	580	15,843	-	-	12,786	29,209
Transferred during the Year (Note 14.2)	-	-	-	-	-	-	-	-	11,102,500	11,102,500
As at 31 st December 2020	50,426	10,282	20,973	4,516	36,941	80,126	8,058	14,475	11,115,286	11,341,083
Accumulated Depreciation										
As at 1 st January 2020	30,709	10,282	16,324	4,419	35,815	62,161	8,058	2,227	-	169,995
Charge for the Year	-	-	1,409	97	365	4,141	-	1,452	-	7,464
As at 31 st December 2020	30,709	10,282	17,733	4,516	36,180	66,302	8,058	3,679	-	177,459
Net Carrying Value										
As at 31 st December 2020	19,717	-	3,240	-	761	13,824	-	10,796	11,115,286	11,163,624

14.2 The Company has recognized capital work in progress amounting to USD 11,102,500 during the year as a result of reclassification of Investment property as described in Note 15 to the financial statements.

15 INVESTMENT PROPERTY

	31/12/2020 US\$
Opening Balance	20,000,000
Reclassified as Property, Plant and Equipment (Note 14)	(11,102,500)
Reclassified as Right of Use Asset (Note 16)	(8,897,500)
Closing Balance	-

15.1 The Company has determined the amount to be transferred to Right of Use Asset and Capital working progress based on the valuation report obtained from Peppercorn Realty LLP dated on 27th April 2021. The valuation has been performed based on the cost approach and the transfer has been accounted at cost in accordance with IAS 40.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

16	RIGHT OF USE ASSETS	31/12/2021 US\$	31/12/2020 US\$
	Cost		
	Opening Balance	17,977,062	-
	Additions during the Year (Note 16.1)	222,831	9,079,562
	Transferred during the Year (Note 15)	-	8,897,500
	Derecognized during the Year (Note 16.2)	(17,977,062)	-
	Closing Balance	<u>222,831</u>	<u>17,977,062</u>
	Accumulated Amortization		
	Opening Balance	179,771	-
	Amortization for the Period (Note 16.3)	374,145	179,771
	Derecognized during the Year (Note 16.2)	(509,350)	-
	Closing Balance	<u>44,566</u>	<u>179,771</u>
	Net Carrying Value	<u>178,265</u>	<u>17,797,291</u>

16.1 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.

16.2 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. The lease agreement has been entered with the Government of Maldives on 2nd July 2020 for a lease period of 50 years. However, ROU asset related to Naagoashi Island has been derecognized since the Company has entered into sublease agreement during the year ended 31st December 2021.

16.3 For the year ended 31st December 2021, the Company has recognized amortization expenses amounting to US\$ 329,579 (2020 : US\$ 179,771) under Cost of Operations and US\$ 44,566 (2020 : Nil) as Administrative Expenses.

17	INTANGIBLE ASSETS	Software US\$	Capital Work In Progress US\$	Total 31/12/2021 US\$	Total 31/12/2020 US\$
	Cost				
	Opening Balance	29,120	8,000	37,120	-
	Additions during the Year	4,864	-	4,864	37,120
	Transferred during the Year	-	(8,000)	(8,000)	-
	Closing Balance	<u>33,984</u>	<u>-</u>	<u>33,984</u>	<u>37,120</u>
	Accumulated Amortization				
	Opening Balance	4,361	-	4,361	-
	Amortized during the Year	11,512	-	11,512	4,361
	Closing Balance	<u>15,873</u>	<u>-</u>	<u>15,873</u>	<u>4,361</u>
	Net Carrying Value	<u>18,111</u>	<u>-</u>	<u>18,111</u>	<u>32,759</u>

17.1 The Company has implemented the "Microsoft Dynamic 365" during the year ended 31st December 2020. The intangible assets are amortized over the period of 3 years from the month of capitalization.

18	EQUITY INVESTMENT MEASURED AT FVOCI	31/12/2021 US\$	31/12/2020 US\$
	Opening Balance	-	-
	Transferred from Capital Working Progress	11,102,500	-
	Closing Balance	<u>11,102,500</u>	<u>-</u>

18.1 The Company has recognized the Investment in Global Resort and Development Maldives Private Limited as at 31st December 2021. The investment has been recognized amounting to US\$ 11,102,500/- by transferring the capital work in progress of Naagoashi Island. The investment represents the 15% equity interest in Global Resort and Development Maldives Private Limited.

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19 NET INVESTMENT IN SUB LEASES	31/12/2021 USS	31/12/2020 USS
Opening Balance	46,007,254	43,788,297
Addition during the Year (Note 16.2)	20,491,930	-
Net Impact on Lease Modification during the Year (Note 19.1)	16,522,995	(253,914)
Interest Income for the Year	4,127,199	3,674,746
Written off during the Year	(890,636)	-
Receipt during the Year (Note 19.2)	(10,241,136)	(1,201,875)
	<u>76,017,606</u>	<u>46,007,254</u>
Provision for Impairment of Lease Receivables (Note 19.3)	-	(890,636)
Closing Balance	<u>76,017,605</u>	<u>45,116,618</u>

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

19.1 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.

19.2 The Company has received a sublease extension fees of US\$ 5,064,203/- for Kihavah. Further, the Company has received US\$ 2,600,585/- from Kihavah and Magudhuva due to the deferment of sub lease receipts for the year 2020 and the remaining has received as the current year lease rentals.

19.3 Provision for Impairment of Lease Receivables	31/12/2021 USS	31/12/2020 USS
Opening Balance	890,636	445,318
Provision made during the Year	-	445,318
Written off during the Year	(890,636)	-
Closing Balance	<u>-</u>	<u>890,636</u>

19.4 Maturity Analysis of Net Investment in Sub Leases	31/12/2021 USS	31/12/2020 USS
Non - Current Asset	71,678,765	39,774,321
Current Asset	4,338,840	5,342,297
	<u>76,017,605</u>	<u>45,116,618</u>

19.5 Reconciliation Between Undiscounted Lease Rentals and Net Investment in Sub Leases		
Undiscounted Lease Rentals (Note 19.6)	270,223,063	66,570,446
Unearned Interest Income	(194,205,458)	(21,453,828)
	<u>76,017,605</u>	<u>45,116,618</u>

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

Less than one Year	8,986,673	8,858,440
Between one to two Years	5,320,252	5,386,316
Between two to three Years	6,322,969	5,786,816
Between three to four Years	8,993,091	5,786,816
Between four to five Years	9,993,091	5,786,816
More than five Years	230,606,987	34,965,242
	<u>270,223,063</u>	<u>66,570,446</u>

20 OTHER RECEIVABLES	31/12/2021 USS	31/12/2020 USS
Receivables for Share Capital	-	5,445
Advance Payments (Note 20.1)	774,125	40,015
Other Receivables	493	493
	<u>774,618</u>	<u>45,953</u>

20.1 Advance payments include a payment amounting to MVR 11,490,631 (US\$ 745,177/-) made to Housing Development Corporation for the acquisition of land in Hulumale.

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21 SHORT-TERM INVESTMENTS	31/12/2021 US\$	31/12/2020 US\$
Fixed Deposits (Note 21.1)	4,023,693	3,015,838
Treasury Bills (Note 21.2)	2,449,594	-
	<u>6,473,287</u>	<u>3,015,838</u>

21.1 The Company has invested US\$ 1,000,000/- in fixed deposit in Habib Bank Limited during the year ended 31st December 2021 (2020 : US\$ 3,000,000/-) at the rate of 4.7% per annum which will be matured on 15th November 2022.

21.2 The Company has invested an amount of MVR 37,514,551/- (US\$ 2,432,850/-) in treasury bills issued by the Ministry of Finance for a maturity value of MVR 37,800,000/- (US\$ 2,451,362/-) at the rate of interest ranging from 4.23% to 3.5% per annum with the maturity period of 182 days to 364 days.

22 CASH AND CASH EQUIVALENTS	31/12/2021 US\$	31/12/2020 US\$
Cash in Hand	195	195
Balances with Banks	4,836,322	705,909
Cash and Cash Equivalents in the Statement of Financial Position	<u>4,836,517</u>	<u>706,104</u>
Bank Overdraft (Note 22.1)	(3,092,838)	-
Cash and Cash Equivalents in the Statement of Cash Flows	<u>1,743,679</u>	<u>706,104</u>

22.1 The Company has obtained an overdraft facility with a limit of MVR 61,680,000/- (US\$ 4,000,000/-) from the HBL - Male' Branch at an interest rate of 6 % per annum to meet working capital requirements. The Overdraft is secured by 100% Lien over fixed deposits amounting to US\$ 4,000,000/-.

23 SHARE CAPITAL

23.1 Authorized Share Capital

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

23.2 Issued Share Capital

The issued and fully paid share capital comprises 34,087,354 (2020: 34,087,354) ordinary shares at a par value of MVR 10 per share (2020: MVR 10/- per share)

23.3 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/-

23.4 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\$ 1,105,298 during the year ended 31st December 2021 (2020 : 1,105,300).

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24 LEASE LIABILITIES	31/12/2021 USS	31/12/2020 USS
Opening Balance	22,785,058	14,349,311
Addition during the Year (Note 16.1)	222,831	9,079,562
Impact on modification during the Year (Note 24.2)	4,685,080	(1,314,377)
Interest Expense for the Year (Note 24.3)	2,040,642	1,596,742
Repayment during the Year (Note 24.4)	<u>(2,523,345)</u>	<u>(926,180)</u>
Closing Balance	<u>27,210,266</u>	<u>22,785,058</u>
24.1 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)		
24.2 The Company has considered the head lease extension of 25 years with reference to the Kihavah Island since the Company has signed the sublease agreement for another 25 years with the existing party.		
24.3 Amortization for the Period Recognized in Profit and Loss as Follows.	2021 USS	2020 USS
Recognized in Cost of Operations	2,023,520	1,596,742
Recognized in Finance Costs	17,122	-
	<u>2,040,642</u>	<u>1,596,742</u>
24.4 The Company has paid deferred lease rentals of US\$ 741,510/- for the year 2020 and the remaining has been paid as the current year lease rentals during the year ended 31 st December 2021.		
24.5 Maturity Analysis	31/12/2021 USS	31/12/2020 USS
Non - Current Liabilities	24,440,664	21,275,862
Current Liabilities	<u>2,769,602</u>	<u>1,509,196</u>
	<u>27,210,266</u>	<u>22,785,058</u>
24.6 Maturity Analysis of Undiscounted Future Lease Payments are as Follows;		
Less than one Year	4,529,005	1,977,360
Between one and five Years	10,820,147	9,656,723
More than five Years	<u>75,428,587</u>	<u>54,366,196</u>
	<u>90,777,739</u>	<u>66,000,279</u>
24.7 Amounts Recognized in Profit or Loss		
Interest on Lease Liabilities	2,040,642	1,596,742
Amortization on Right of Use Asset	374,145	179,771
	<u>2,414,787</u>	<u>1,776,513</u>
24.8 Amounts recognized in statement of cash flows		
Lease Payments made during the Year	<u>(2,523,345)</u>	<u>(926,180)</u>
	<u>(2,523,345)</u>	<u>(926,180)</u>
24.9 Extension options		
The leases contain extension options exercisable by the mutual agreement of the Company and the Government of Maldives at the end of the lease period.		

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25 PAYABLES TO THE GOVERNMENT OF MALDIVES	31/12/2021	31/12/2020
	US\$	US\$
Opening Balance	11,764,384	13,205,605
Addition during the Year (Note 25.3)	1,166,548	-
Fair value adjustment during the Year	-	(1,708,208)
Interest for the Year	574,048	266,987
Closing Balance	<u>13,504,980</u>	<u>11,764,384</u>

25.1 Maturity Analysis	31/12/2021	31/12/2020
	US\$	US\$
Non - Current Liabilities	12,309,162	11,764,384
Current Liabilities	1,195,818	-
	<u>13,504,980</u>	<u>11,764,384</u>

25.2 As per the settlement agreement signed with the Government of the Maldives dated 2nd 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

25.3 As per the settlement agreement signed with the Government of the Maldives dated 15th 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.

26 TRADE AND OTHER PAYABLES	31/12/2021	31/12/2020
	US\$	US\$
Trade Payables	49,342	51,187
Dividend Payable	2,900,015	2,942,022
Other Payables	48,324	14,372
	<u>2,997,681</u>	<u>3,007,581</u>

27 TAX PAYABLE	31/12/2021	31/12/2020
	US\$	US\$
Opening Balance	137,425	62,045
Income Tax Charge for the Year	2,103,361	238,367
Payments made during the Year	(256,609)	(162,987)
Closing Balance	<u>1,984,177</u>	<u>137,425</u>

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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 instrument 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	
	2021	2020
	US\$	US\$
Net Investment in Sub Leases	76,017,605	46,116,618
Other Receivables	774,618	45,953
Short Term Investments	6,473,287	3,015,838
Balances with Banks	4,836,322	705,909
	<u>88,101,832</u>	<u>49,774,954</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 and cash equivalents including fixed deposits amounting to US\$ 8,860,015/- as at 31st December 2021 (as at 31st December 2020 : USD 3,721,747/-). 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 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.

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 2020					
Lease Liabilities	22,785,058	66,000,279	1,977,360	9,656,723	54,366,196
Payables to the Government of Maldives	11,764,384	16,361,254	-	4,090,314	12,270,940
Trade and Other Payables	3,007,581	3,007,581	3,007,581	-	-
	<u>37,557,023</u>	<u>85,369,114</u>	<u>4,984,941</u>	<u>13,747,037</u>	<u>66,637,137</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>2021</u>	<u>2020</u>
	<u>MVR</u>	<u>MVR</u>
Cash and Cash Equivalents	7,378,424	1,422,551
Net statement of financial position exposure	<u>7,378,424</u>	<u>1,422,551</u>

The following significant exchange rates applied during the year:

	<u>Average Rate</u>		<u>Reporting Date Spot Rate</u>	
	<u>2021</u>	<u>2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
			US\$	US\$
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 :	2021	2020
	US\$	US\$
Lease rentals paid	2,523,345	926,180
	<u>2,523,345</u>	<u>926,180</u>

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28 RELATED PARTY TRANSACTIONS (CONTINUED)	31/12/2021 US\$	31/12/2020 US\$
Receivables from Government of the Maldives		
Receivables for share capital	-	5,445
	<u>-</u>	<u>5,445</u>
Payables to the Government of the Maldives		
Gross Penalties and Fine Payables	14,401,424	13,205,605
Accumulated Fair Value Adjustments	(1,708,208)	(1,708,208)
Accumulated Accrued Interest	811,764	266,987
	<u>13,504,980</u>	<u>11,764,384</u>

29 FAIR VALUE MEASUREMENT

Accounting Classifications and Fair Values

31st December 2021

Financial assets not measured at fair value	Financial Assets at Amortized Cost US\$	Fair Value			
		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total 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>-</u>	<u>-</u>	<u>93,593,392</u>	<u>93,593,392</u>

Financial liabilities not measured at fair value	Other Financial Liabilities US\$	Fair Value			
		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total 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 Overdrafts	3,092,838	-	-	-	-
Trade and Other Payables	2,997,681	-	-	-	-
	<u>46,805,765</u>	<u>-</u>	<u>-</u>	<u>40,715,246</u>	<u>40,715,246</u>

31st December 2020

Financial assets not measured at fair value	Financial Assets at Amortized Cost US\$	Fair Value			
		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Net Investment in Subleases	45,116,618	-	-	45,116,618	45,116,618
Short Term Investments	3,015,838	-	-	3,015,838	3,015,838
Cash and Cash Equivalents	706,104	-	-	-	-
Other Receivables	45,953	-	-	-	-
	<u>48,884,513</u>	<u>-</u>	<u>-</u>	<u>48,132,456</u>	<u>48,132,456</u>

Financial liabilities not measured at fair value	Other Financial Liabilities US\$	Fair Value			
		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Lease Liabilities	22,785,058	-	-	22,785,058	22,785,058
Payables to the Government of Maldives	11,764,384	-	-	11,764,384	11,764,384
Trade and Other Payables	3,007,581	-	-	-	-
	<u>37,557,023</u>	<u>-</u>	<u>-</u>	<u>34,549,442</u>	<u>34,549,442</u>

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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 2021 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.

	<u>Fines USD</u>	<u>Total USD</u>
Gdh. Magudhuva	1,973,978	1,973,978
K. Farukolhufushi	6,120	6,120
	<u>1,980,097</u>	<u>1,980,097</u>

(II) Legal cases

Mincon Maldives Pvt Ltd has filed a case at the Civil Court against the Company claiming MVR 21,069,719/- (USD 1,366,389/-) for the liquidated damages that they incurred due to the delay in the invoice repayment by the Company. There are no ongoing legal proceedings against the Company and the likelihood of an unfavorable outcome for the Company is very unlikely.

There are no ongoing legal proceedings against the Company as at 31st December 2021, other than the matters stated above, which require adjustments to or disclosure in the financial statements.

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.

	31/12/2021	31/12/2020
	US\$	US\$
Total Liabilities	48,789,942	37,697,296
Less: Cash and Cash Equivalents	(4,836,517)	(706,104)
Net Debt	<u>43,953,425</u>	<u>36,991,192</u>
Total Equity	50,725,957	40,180,891
Net debt to equity ratio	<u>0.87</u>	<u>0.92</u>

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32 EVENTS SUBSEQUENT TO THE REPORTING DATE

As per the Tourism Land Rent Regulation (Regulation Number 2022/R-33) published as Government gazette and made effective on 27th February 2022, re-computation of late payment of fines are reduced to 0.0493% per day (Previously 0.5%).

The Company has already recorded USD 13,504,980/- (Gross : USD 14,401,424/-) as payable to the government of Maldives based on the settlement agreements signed with the government of Maldives. These amounts are payable in relation to the “Uligamu”, “Ekulhivaru” and Kihavah Huravali islands.

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 103,697/- payments to the key management personnel during the year ended 31st December 2021 (2020 : USD 75,584/-).

35 COMPARATIVE INFORMATION

Certain reclassifications have been made to the comparative figures to enhance comparability and fair presentation of financial statements. As a result, following balances have been amended in the statement of Comprehensive Income and the related notes as shown below. These reclassifications has not resulted in changes to the profit for the year, total assets, total liabilities or total net assets previously reported and as at 31st December 2020.

	<u>As Previously Reported US\$</u>	<u>Reclassified Amount US\$</u>
Net Gain on Lease Modifications	-	1,060,463
Finance Income	2,954,953	1,894,490
	<u>2,954,953</u>	<u>2,954,953</u>

