



ANNUAL REPORT 2020





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Financial Highlights

Operations

	2016	2017	2018	2019	2020
Income in USD	6,047,128	4,436,039	4,578,797	3,682,785	3,674,748
Operating Profit margin	64%	1%	39%	41%	32%
Profit for the year in USD	4,521,588	(40,941)	1,537,905	1,238,925	964,359
Earnings per share	0.130	(0.001)	0.045	0.036	0.028
Dividend per share in MVR	-	-	-	-	0.50
Return on Equity	22.00%	-0.20%	7.04%	3.07%	2.40%

Financial Position

	2016	2017	2018	2019	2020
Cash & Bank balances in USD	2,551,668	2,162,189	2,357,661	370,461	706,104
Total Assets in USD	50,760,939	46,478,070	47,054,011	69,874,244	77,878,187
Total Asset per share in USD	1.50	1.40	1.38	2.05	2.28
Net Asset per share in USD	0.60	0.60	0.64	1.18	1.18

Market Performance

	2016	2017	2018	2019	2020
Closing price in MVR	10	10	10	10	10
Year high in MVR	13	11	10	10	10
Year low in MVR	10	10	10	10	10
Market capitalisation in MVR	340873540	340873540	340873540	340873540	340873540

INFORMATION ABOUT THE COMPANY

COMPANY PROFILE

VISION

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

MISSION

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

FINANCIAL GOALS

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

DISCIPLINARY PRINCIPLES

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

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

CORE PURPOSE

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

Registered Office

1st floor, G. Fathuruvehi

Buruzu Magu,

Male'

Republic of Maldives

Phone: +960 334 7766

Fax +960 334 7733

Email: info@mtdc.com.mv

Website: www.mtdc.com.mv

Registry number

C-280/2006

Legal Form

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

Share Holding structure ast at 31 st 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

Uz. Ahmed Muizzu

Ma. Kaana

Male'

Republic of Maldives



Chairman's message

Dear Shareholders

I would like to announce the year 2020 as a successful year for MTDC, even though the year has been a tough and challenging one.

Whilst implementing all necessary changes to protect and sustain the current business, much leeway and leniency has been granted to our partners to ensure sustenance of their operations through the Pandemic, although we ourselves have been impacted by the covid 19 pandemic,

We have seized several opportunities to further develop the company, signing important partnerships, and have created new revenue streams and growth perspectives for the future.

Our next milestone is the development of Hdh. Naagoashi, for which we have signed the new head lease agreement with Government. I am pleased to announce that we have found a suitable development partner for this island, despite the difficult situation faced globally. Administrative and planning works are almost complete and Insha Allah we will see the physical development of the property in the very near future. I wish to assure our share holders that the MTDC Team is fully committed to completing this project in the near future, thereby adding another operating property to the MTDC portfolio.

Our profit before tax has significantly increased due to favorable reduction of head lease rent and a fair value gain on a financial liability. However, our profit has been depleted due to a tax ruling issued by MIRA on 19 th April 2021 on the treatment of IFRS 16, where IFRS 16 treatment will no longer raise a deferred tax on lease related transactions. Therefore, we had to account tax computation as per new rule where deferred tax assets has been fully reversed and thereby reducing the profit to US\$ 0.9 million after tax.

We are confident and that the year ahead (2021) will be a recovery year from the impacts of the 2020 pandemic, and development progress of the Hdh. Naagoashi would be a key focus for the company. As we steadily progress ahead, we can assure that favorable financial indicators will also be seen in the second and third quarter of this year.

Thank you.

Abdulla Faiz

Chairman



Managing Director's message

Dear Shareholders,

MTDC has always aspired to help all Maldivians to reap the benefits of the tourism industry, and the result of our ceaseless efforts towards achieving this goal have become more apparent in recent years. Safeguarding of the shareholder rights and aligning the company with the best practices of corporate governance has been paramount to us.

The past year, with the havoc caused by Covid- 19, was a terrible blow to the world economy which resulted unprecedented damage to all sectors, especially the tourism sector, leaving the industry paralyzed with damages totaling to billions of dollars.

Investments

Having our key business interests in resort development and sublease of resort islands, the company has been able to secure a renewed trust from the shareholders through our achievements in the 2020. Working towards the development of a resort at H.Dh. Naagoshi island was given a major priority in the past year. Through discussions with the government, an approval of a 50 -year lease of the property has been granted. After surmounting a series of obstacles, we are now all set to start the resort development operation as a joint venture between MTDC and a foreign company, the commencement of the project slated for the final quarter of the year. The economic benefits of this project to the country as a whole is significant while undoubtedly ushering innumerable benefits to the shareholders, people of the H.Dh Atoll and other major stake holders.

MTDC, despite being one of the most important public limited companies in the country, the shareholders had had to experience a long period of ten years without receiving any dividends. However, the past year brought an end to this unending disappointment with each shareholder receiving a substantial dividend. We pledge to continue with our best efforts to make this sustainable in the upcoming years by tapping in to all potential resources.

Some impediments to our progress, including the resolving the issue of lease extension of Anantara Kihavah to MINOR International for further 25 years, have been successfully dealt with guaranteeing the improvement of shareholder dividends as well as enhanced cash flow of the company, paving the way for future investment. Indeed, we are in negotiations with the government for the approval of additional 5 islands for MTDC, potentially opening doors for future investments.

Human Resources

Investing in human resource development has also been a major priority of the company. The board of directors and staff took the benefit of several training opportunities to upskill for greater effectiveness, thus getting more proficient with the skills demanded in an ever-changing business environment.

Financial Performance

The current pandemic heavily impacted our financial performance, partly with reduction in cash flow due to the sublease rent deferral granted to our partners. Investment in fixed deposit has been disposed to meet the operational obligations of the company.

Our gross profit has reduced from 66% to 52% due to inclusion of lease related expenses of Nagoashi whilst revenue has not yet been recorded. Administrative expenses include US\$ 179,771 additional depreciation on Naagoashi's Right to Use which otherwise would have seen a positive cost cutting optimization of internal operations during the pandemic year.

Significant increase in the profit before tax has been accounted to some major factors. Namely, a law passed by the government to reduce the land rent of G.Dh atoll which has had significant improvement (reduction) of lease liability and a fair value gain on the payable to government of Maldives.

However, our profits depleted due to significant change in the Tax Administration ruling passed on 19th April 2021 where the tax and accounting base will no longer be different for IFRS 16 related transaction. This resulted in significant write off of the deferred tax asset recorded in 2019 against the profit of this year.

Inspite of a year that tested our limits and patience, we are genuinely proud of our accomplishments for the year; bringing new investments to the country, paying dividends for the shareholders after a disappointing hiatus of 10 years and overcoming multiple obstacles that had stalled the progress are some of the noteworthy accomplishments. The targetted outcomes of the key financial decisions made will be realized within the year.

With blessings of Allah, the Almighty, we will remain firm in our resolve, moving forward with our mission of making MTDC an endeavor that continues to benefit all Maldivians.



Thazmeel Abdul Samad

Managing Director

Company Directors (From 1st January 2020- 31st December 2020)

Name	Position	Classification	Appointments and Resignations
Mr. Abdulla Faiz	Chairman	Independent/ Non-Executive	1 st July 2020 -Current
Mr. Thazmeel Abdul Samad	Managing Director	Executive	1 st July 2020-Current
Mr. Ahmed Niyaz	Director	Executive	29 th August 2020-Current
Mr. Ibrahim Latheef	Director	Executive	29 th August 2020-Current
Mr. Mohamed Janah	Director	Independent/ Non-Executive	1 st July 2020-Current
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	1 st July 2020-Current
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	29 th August 2020- Current
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	29 th August 2020-Current
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	30 th June 2019 to 29 th August 2020
Mr.Ahmed Mujthaba	Director	Independent/ Non-Executive	29 th August 2020- Current

Audit and Risk Management (From 1st January 2020- 31st December 2020)

Name	Position	Classification	Appointments and Resignations
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	20 th September 2020 – Current
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Mr. Mohamed Janah	Director	Independent/ Non-Executive	20 th September 2020– Current
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	20 th September 2020 - Current

Nomination and remuneration committee (From 1st January 2020- 31st December 2020)

Name	Position	Classification	Appointments and Resignations
Mr. Mohamed Fathih	Director	Independent/ Non- Executive	20 th September 2020 - Current
Ms. Aishath Fazeena	Director	Independent/ Non- Executive	20 th September 2020 – Current
Mr. Arif Abdul Samad	Director	Independent/ Non- Executive	15 th July 2019 – 29 th August 2020
Mr. Mohamed Janah	Director	Independent/ Non- Executive	15 th July 2019 – 20 th September 2020
Ms. Asamy Rushdy	Director	Independent/ Non- Executive	20 th September 2020 - Current

Corporate governance and compliance committee - (From 1st January 2020- 31st December 2020)

Name	Position	Classification	Appointments and Resignations
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	20 th September 2020 – Current
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	20 th September 2020 - Current
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	15 th July 2019 – 29 th August 2020
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	20 th September 2020 – Current

INTRODUCTION OF DIRECTORS

Directors' Profiles



Mr. Abdulla Faiz

(Chairman, Non-Executive Director)

Mr. Abdulla Faiz was 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 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. Arif Abdul Samad

(Non-Executive Director)



Mr Arif was elected as a Director of the board representing the public from 30th June 2019 to 29th August 2020. He is the holder of a Master of Arts. He completed his first degree from the University of South Pacific, majoring in Tourism Studies, History and Politics. Mr. Arif has served in the educational field as a valuable academic for a number of years as well as completing an Executive Certificate in Directorship from the Singapore Institute of Directors of Singapore Management University.



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 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 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 and she has completed Managerial skills training program. Moreover, she is a visiting lecturer of Institute for Security and Law Enforcement Studies (ISLES) 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 Director General/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 2020

- | | |
|----------------------------|---|
| 1. Mr Abdulla Faiz | 1 st July 2020 - Current |
| 2. Mr Thazmeel Abdul Samad | 1 st July 2020 - Current |
| 3. Mr Ahmed Niyaz | 29 th August 2020 - Current |
| 4. Mr Arif Abdul Samad | 30 th June 2019 - 29 th August 2020 |
| 5. Mr Ibrahim Latheef | 29 th August 2020 - Current |
| 6. Ms Aishath Fazeena | 29 th August 2020 - Current |
| 7. Mr Mohamed Fathih | 1 st July 2020 - Current |
| 8. Mr Mohamed Janah | 1 st July 2020 - Current |
| 9. Ms Asamy Rushdhy | 29 th August 2020 - Current |
| 10. Mr. Ahmed Mujthaba | 29 th August 2020 - Current |

PROFILE OF THE SENIOR MANAGEMENT



Mr Thazmeel Abdul Samad

(Managing Director)

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



Mr. Ahmed Niyaz

(Deputy Managing Director)

Mr Ahmed Niyaz joined MTDC on 5th November 2007. He attended Cardiff Metropolitan University where he completed his Masters of Business Administration. Moreover, he completed a Diploma in Directorship from Singapore Management University's Institute of Directorship. Furthermore, he also has a Bachelors in Economics, Political Science and Sociology. Mr 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 14 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 13 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 14 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.

2020 YEAR IN REVIEW

Financial Review 2020

There were no significant changes to the performance of the company during the year as main source of income to the company was interest income (USD 3.67m) on net investment in sublease. Profit before tax increased significantly due to increase in net finance income of USD 2.67m.

The company also achieved operational efficiency during the year by reducing administrative expenses by 2% (2020: USD 0.84m vs 2019: 0.86m) and implementing a more prudent financial management mechanism, resulting creating a fixed deposit of USD 3m which would be available for future investments.

A dividend of MVR 0.50 per share for 2020 was proposed by the board of directors.

Profitability

There were no significant changes to the performance of the company during 2020 (revenue of USD 3.67m in 2020 vs USD 3.68m in 2019) as main source of income to the company was interest income on net investment in sublease.

Gross Profit reduced from USD 2.42m (in 2019) to USD 1.90m (in 2020) due to increase in interest expenses on the lease liability. However, profit before tax increased significantly (USD 3.3m in 2020 vs USD 1.54m in 2019) mainly due to increase in net finance income by USD 2.67m.

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

Item	2020	2019	change	Remarks
Revenue	3.67	3.68	-0.3%	interest income on investment remained the same.
Gross profit	1.90	2.42	-21%	interest expenses on the lease liability increased.
Profit before tax	3.30	1.54	114%	increase in net finance income.
Net profit	0.96	1.24	-23%	Increase in tax expense.

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 improved remarkably by 34% during 2020 (net working capital of USD 4.46m in 2020 vs USD 3.33m in 2019) and the company closed the year with a sound liquid position of current ratio (and quick cash ratio) of 1.34: 1. The company also placed USD 3 million on a fixed deposit investment.

Financial Position

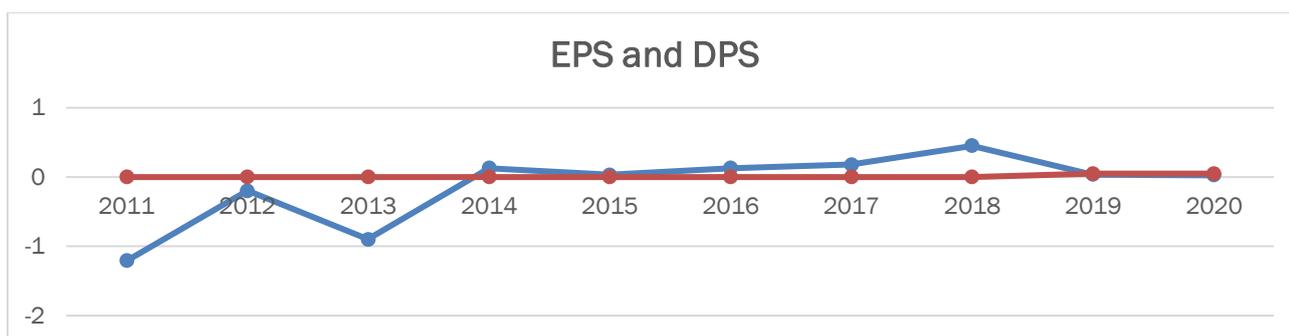
Apart from the healthy liquidity position, total assets of the company also increased, by 11%, during the year (2020: USD 77.88m vs. 2019: USD 69.87m), while total liabilities increased by 28% ((2020: USD 37.70 vs. 2019: USD 29.55m). Net worth of the company remained almost the same.

Earnings per share and dividend per share

A dividend of MVR 0.50 per share for 2020 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 is confident they can continue dividend 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 2007. 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 under the name of Anantara Kihavah Villas in 2010.

Anantara is approximately 30 minutes by sea plane ride from Male'.



Magudhuva, Gaafu Dhaalu Atoll (Ayada Maldives)

Government leased Magudhuva in Gaafu Dhaalu Atoll to MTDC on 17th September 2007. Subsequently, MTDC entered into a Sublease Agreement for the island on 24th October 2007 with a Turkish called Ahmet Aydeniz. Upon completion of construction, the resort commenced operations as a 5 star property under the name of Ayada Maldives in 2011.

Ayada Maldives 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 being developed in Haa Dhaalu Atoll, where it will be the first resort to be opened in this atoll. Government leased the island to MTDC on 17th September 2007. Soon after, MTDC entered into a Sublease Agreement on 5th December 2007 with a company called Threek International Private Limited. However in 2016, this sublease agreement was terminated on the grounds of the incomplete construction and failure to pay the sublease rent by the sublessee. Due to these same reasons, the head lease for Naagoashi was also terminated in the same year.

Naagoashi was once again handed over to MTDC for 50 years under a settlement agreement signed with the Government on 13th July 2017. This agreement was however terminated.

A fresh lease agreement was signed for Naagoashi between MTDC and Government on 2nd July 2010.

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 2020. 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 2020 the total expenditure for salaries and allowances for the board of directors was MVR 1,169,900. The allowances are set such that, the directors get a director's fee worth MVR 9,300 and sitting allowance of MVR 500. This allowance should not exceed MVR 1,500 per month. The person appointed as the Chairman of the board will get a total allowance of MVR 15,800. 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 500 for each sitting not exceeding MVR 1,500 per month.

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	1 st January 2020– 31 st December 2020
			Total Salary (MVR)
Mr. Abdullah Faiz	Chairman	Independent/ Non-Executive	198,600
Mr. Thazmeel Abdul Samad	Managing Director	Executive	119,600
Mr. Ahmed Niyaz	Director	Executive	119,600
Mr. Ibrahim Latheef	Director	Executive	119,600
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	80,400
Mr. Mohamed Janah	Director	Independent/ Non-Executive	122,600
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	122,600
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	122,600
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	123,100
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	41,200

Directors are given the basic salary and if they attend the board meeting a MVR 500 allowance and if they attend a committee meeting a MVR 500 allowance. Both the allowances are capped at 1,500 MVR regardless of the number of board meetings and cabinet meetings the director attends. 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 2020

Members of the senior management are given a basic salary, phone allowance and a fixed allowance. During the year 2020, the total expenditure spent as salaries and allowances for senior management employees totaled to MVR 1,821,254.31

Shares owned by Members of the board of directors as of 2020.

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. Arif Abdul Samad	Director	Independent/ Non-Executive	1,650
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 17 Board meetings during 2020. And 2 Non Executive Directors meetings were held in which all the NED's attended the two meetings.

Name	Position	Classification	1 st January 2020 – 31 st December 2020's Attendance
Mr. Abdullah Faiz	Chairman	Independent/ Non-Executive	17/17
Mr. Thazmeel Abdul Samad	Managing Director	Executive	17/17
Mr. Ahmed Niyaz	Director	Executive	17/17
Mr. Ibrahim Latheef	Director	Executive	17/17
Mr. Arif Abdul Samad	Director	Independent/Non-Executive	12/12
Mr. Mohamed Janah	Director	Independent/ Non-Executive	17/17
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	17/17
Ms. Asaamy Rushdy	Director	Independent/ Non-Executive	17/17
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	17/17
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	5/5

No Service contracts with a director proposed for election at next AGM were made in the year 2020. No such contract of significance subsisting during or at the end of the accounting period in which a director of the issuer or of any subsidiary was materially interested, either directly or indirectly. Also, no contract of significance between the issuer or any of its subsidiaries & a substantial shareholder or any subsidiaries were made. And no contract of significance for the provision of services to issuer & its subsidiaries by a substantial shareholder or any subsidiaries were made.

There were no major operations or subsidiaries during the financial year and there were no State subsidiary. Also there was no State Company's borrowing, no state interest capitalized by the issuer and its subsidiaries during the year.

There is no direct and indirect interests of each director and chief executive of the issuer in the equity or debt securities of the issuer or any subsidiary.

System to deal with complaints

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

External Auditors

During the year 2020, the entire external auditing of MTDC was conducted by KPMG. They have not been affiliated with MTDC in any other projects and have not worked for any other cause besides external auditing.

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 2020, 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:

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

The main responsibilities of the committee include:

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

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

Formation of the committee

The committee is made up of 3 non-executive members. The members are given a sitting allowance of MVR500 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	20 th September 2020 - Current
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	15 th July 2019 to 29 th August 2020
Mr. Mohamed Janah	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Ms. Asamy Rishdy	Director	Independent/ Non-Executive	20 th September 2020 - Current

During the year 2020 there has been a total of 3 meetings held for the Nomination and Remuneration committee

Name	Position	Classification	Attendance between 1 st January 2020 – 31 st December 2020
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	2/2
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	3/3
Mr. Mohamed Janah	Director	Independent/ Non-Executive	2/2
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	1/1
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	1/1

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

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

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

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

Committee's Actions

Actions taken by the committee during 2020

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

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

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

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



Mr. Mohamed Fathih

Chairman

Nomination and Remuneration Committee

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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:

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

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

Formation of the Audit and Risk Management Committee

The committee consists of 4 non-executive directors till 20th September 2020. From 20th September 2020, the committee consists 3 non- executive directors. The members are given a sitting allowance of MVR 500 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	20 th September 2020 – Current
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Mr. Mohamed Janah	Director	Independent/ Non-Executive	20 th September 2020 – Current
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	15 th July 2019 – 20 th September 2020
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	20 th September 2020 - Current

In the year 2020, there was a total of 7 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	Attendance between 1 st January 2020 – 31 st December 2020
Ms. Aishath Fazeena	Director	Independent/ Non-Executive	7/7
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	5/5
Mr. Mohamed Janah	Director	Independent/ Non-Executive	6/7
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	5/5
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	2/2

Main activities of the Audit Committee

Highlights of 2020

- Check and revise the financial reports and statements of 2020
- Hire an internal auditor and make the necessary arrangements to pay them.
- Recommend an external auditor to the Board of Directors.
- Check and revise the quarterly financial records and year end statements.
- Revise the company's overall risk management and advice the board about the necessary amendments needed
- Reviewing the budget



Aishath Fazeena

Chairperson

Audit and Risk Management Committee

Statement by the Corporate Governance and Compliance Committee

Main rules and responsibilities of the committee:

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

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

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

Formation of the Corporate Governance and Compliance committee

The committee consists of 3 non-executive directors. The members are given a sitting allowance of MVR500 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	20 th September 2020 – Current
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	15 th July 2019 – 29 th August 2020
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	20 th September 2020 - Current
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	20 th September 2020 - Current

During the year 2020 there was a total of 2 meetings held by this committee

Attendance of the Corporate Governance and Compliance Committee

Name	Position	Classification	Attendance between 1 st January 2020– 31 st December 2020
Ms. Asamy Rushdy	Director	Independent/ Non-Executive	2/2
Mr. Arif Abdul Samad	Director	Independent/ Non-Executive	2/2
Mr. Mohamed Fathih	Director	Independent/ Non-Executive	2/2
Mr. Ahmed Mujthaba	Director	Independent/ Non-Executive	1/1

Main activities of Corporate Governance Compliance Committee

Highlights of 2020

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



Ms. Asamy Rushdy

Chairperson

Corporate Governance and Compliance Committee

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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 2020, 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.



Ibrahim Latheef
Chief Financial Officer



Thazmeel Abdul Samad
Managing Director

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2020**

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

FOR THE YEAR ENDED 31ST DECEMBER 2020

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

Qualified Opinion

We have audited the accompanying financial statements of Maldives Tourism Development Corporation PLC ("the Company"), which comprise the statement of financial position as at 31st December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 5 to 37.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020 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

During the 2019 audit we were unable to verify the accuracy, completeness and valuation of the investment property balance of US\$ 20,000,000/- as at 31st December 2019. Further, we were unable to determine whether any adjustments might be required to the 2019 financial statements since the Company has not considered the leasing arrangement of this property when adopting the IFRS 16 as at 1st January 2019 due to the ongoing discussion had with the Government of Maldives. As a result, our audit opinion on the financial statements for the period ended 31st December 2019 was modified. During the year ended 31st December 2020, the Company has made the required adjustments as disclosure in Note 16 and 25 prospectively. Since the opening balances affect the determination of the Company's financial performance, we were unable to determine whether adjustments to the financial performance and opening retained earnings might be necessary for the year ended 31st December 2020. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding comparative figures.

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 33.2 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.

Reclassification of Investment Property, accounting for Leases and lease modification

Refer Note 14 "Property Plant and Equipment", Note 15 "Investment Property" Note 16 "Right of Use Assets", Note 18 "Net Investment in Sub Lease" and Note 25 "Lease Liability" of the Financial statements.

Risk Description	Our Response
<p>As disclosed in Note 16 to these financial statements, on 2nd July 2020, the Company has entered into a new lease agreement with the Government of Maldives in relation to Naagoashi island which was previously recorded as an Investment Property with a carrying value of US\$ 20,000,000/-. As a result, the Company has recognized a new lease liability and the corresponding right of use asset of US\$ 9,079,562/- as at 31st December 2020.</p> <p>Further, as discussed in Note 14, 15 and 16 to these financial statements, the Company has derecognized the previously recognized balance of investment property and has recorded a right of use asset equivalent to the prepaid lease rent of US\$ 8,897,500/-. Furthermore, an amount of US\$ 11,102,500/- has been recorded as capital working progress as at 31st December 2020.</p> <p>In addition to that, the annual lease rent of Magudhuwa island has been reduced to US\$ 750,000/- from US\$ 1,000,000/- with effect from 1st January 2021. Further, sub lease deferment has been accounted in accordance with IFRS 9 requirements. As a result, the Company has recognized a modification adjustment amounting to US\$ 1,060,463/- for the year ended 31st December 2020.</p> <p>The adjustments arising from above matters are material to the Company's financial statements and related disclosure of impact is a key focus area in our current year 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 lease modification has been appropriately identified as per the IFRSs requirements. - Assessing whether modification and reclassification 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 and investment property reclassification in to right of use assets and property, plant and equipment. - Engaging internal experts to assess the reasonableness of the external specialist work used by the management. - Checking the mathematical accuracy of the lease modification and reclassification adjustments. - 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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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

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

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

Chartered Accountants

29th April 2021

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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	2020 US\$	2019 US\$
Revenue	6	3,674,746	3,682,785
Cost of Operations	7	(1,776,513)	(1,266,772)
Gross Profit		<u>1,898,233</u>	<u>2,416,013</u>
Other Income	8	-	403,995
Administrative Expenses		(839,001)	(857,377)
Provision for Impairment on Lease Receivables	18.1	(445,318)	(445,318)
Results from Operations		<u>613,914</u>	<u>1,517,313</u>
Finance Income	9	2,954,953	19,058
Finance Cost	10	(266,987)	-
Net Finance Income		<u>2,687,966</u>	<u>19,058</u>
Profit Before Tax	11	3,301,880	1,536,371
Tax Expense	12	(2,337,521)	(297,446)
Profit for the Year		<u>964,359</u>	<u>1,238,925</u>
Other Comprehensive income for the Year		-	-
Total Comprehensive Income for the Year		<u><u>964,359</u></u>	<u><u>1,238,925</u></u>
Basic Earnings Per Share	13	0.028	0.036

Figures in brackets indicate deductions.

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

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

AS AT 31ST DECEMBER

	Note	2020 US\$	2019 US\$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	14	11,163,624	39,379
Investment Property	15	-	20,000,000
Right of Use Asset	16	17,797,291	-
Intangible Assets	17	32,759	-
Net Investment in Sub lease	18	39,774,321	41,634,172
Deferred Tax Assets	12.2	-	2,096,306
Total Non-Current Assets		<u>68,767,995</u>	<u>63,769,857</u>
Current Assets			
Net Investment in Sub lease	18	5,342,297	1,708,807
Other Receivables	20	45,953	6,061
Investment in Fixed Deposits	21	3,015,838	4,019,058
Cash and Cash Equivalents	23	706,104	370,461
Total Current Assets		<u>9,110,192</u>	<u>6,104,387</u>
Total Assets		<u>77,878,187</u>	<u>69,874,244</u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	24	26,183,719	26,183,719
Share Premium	24	607,415	607,415
Retained Earnings		13,389,757	13,530,698
Total Equity		<u>40,180,891</u>	<u>40,321,832</u>
LIABILITIES			
Non-Current Liabilities			
Lease Liability	25	21,275,862	13,575,913
Payables to Government of Maldives	28	11,764,384	13,205,605
Deferred Tax Liability	12.2	2,848	-
Total Non-Current Liabilities		<u>33,043,094</u>	<u>26,781,518</u>
Current Liabilities			
Trade and Other Payables	29	3,007,581	1,935,451
Lease Liability	25	1,509,196	773,398
Tax Payable	22	137,425	62,045
Total Current Liabilities		<u>4,654,202</u>	<u>2,770,894</u>
Total Liabilities		<u>37,697,296</u>	<u>29,552,412</u>
Total Equity and Liabilities		<u>77,878,187</u>	<u>69,874,244</u>

Figures in brackets indicate deductions.

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

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:


Abdulla Faiz
Chairman


Thazmeel Abdul Samad
Managing Director

29th April 2021

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

FOR THE YEAR ENDED 31ST DECEMBER

	Share Capital	Share Premium	(Accumulated losses) Retained Earning	Total
	US\$	US\$	US\$	US\$
As at 1 st January 2019	26,183,719	607,415	(4,935,965)	21,855,169
Adjustment on Initial Application of IFRS 16, net off taxes	-	-	17,227,738	17,227,738
Adjusted Balance as at 1 st January 2019	26,183,719	607,415	12,291,773	39,082,907
Total Comprehensive Income for the Year	-	-	1,238,925	1,238,925
As at 31 st December 2019	<u>26,183,719</u>	<u>607,415</u>	<u>13,530,698</u>	<u>40,321,832</u>
As at 1 st January 2020	26,183,719	607,415	13,530,698	40,321,832
Total Comprehensive Income for the Year	-	-	964,359	964,359
Transactions with Owners of the Company				
Dividends declared during the year (Note 24.1)	-	-	(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>

Figures in brackets indicate deductions.

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

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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2020 US\$	2019 US\$
Cash Flows from Operating Activities			
Profit Before Tax		3,301,880	1,536,371
<i>Adjustments for:</i>			
Interest Income on Net Investment in Sub lease	6	(3,674,746)	(3,682,785)
Interest Income on Fixed Deposits	9	(186,282)	(19,058)
Depreciation	14	7,464	6,962
Amortisation of ROU Assets	16	179,771	-
Amortisation of Intangible Assets	17	4,361	-
Provision for Impairment of Lease Rental Receivables	18	445,318	445,318
Interest Expense on Lease Liabilities	25	1,596,742	1,266,772
Net Gain on Modification to Leases	9	(1,060,463)	-
Gain on Fair Valuation of Payable to Government of Maldives	9	(1,708,208)	-
Interest Expense on Payable to Government of Maldives	28	266,987	-
Written Back of Payables	8	-	396,807
Written off of Other Receivables	11	-	36,774
Operating Loss Before Working Capital Changes		<u>(827,176)</u>	<u>(12,839)</u>
<i>Changes in :</i>			
Other Receivables		(39,892)	-
Trade and Other Payables		21,216	(799,756)
Cash Used In Operating Activities		<u>(845,852)</u>	<u>(812,595)</u>
Sub Lease Rent Received	18	1,201,875	4,807,497
Head Lease Rent Paid	25	(926,180)	(1,977,360)
Tax paid	22	(162,987)	-
Net Cash (Used In) / Generated From Operating Activities		<u>(733,144)</u>	<u>2,017,542</u>
Cash Flows From Investing Activities			
Acquisition of Property, Plant and Equipment	14	(29,209)	(4,742)
Acquisition of Intangible Assets	17	(37,120)	-
Withdrawal of Fixed Deposit during the year		4,000,000	-
Investment in Fixed Deposits		(3,000,000)	(4,000,000)
Interest income on Fixed Deposits		189,501	-
Net Cash Generated From / (Used In) Investing Activities		<u>1,123,172</u>	<u>(4,004,742)</u>
Cash Flows From Financing Activities			
Dividend paid during the year		(54,385)	-
Net Cash Used in Financing Activities		<u>(54,385)</u>	<u>-</u>
Net increase / (decrease) in Cash and Cash Equivalents		335,643	(1,987,200)
Cash and Cash Equivalents at the Beginning of the Year		370,461	2,357,661
Cash and Cash Equivalents at the End of the Year	23	<u>706,104</u>	<u>370,461</u>

Figures in brackets indicate deductions.

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

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

1. REPORTING ENTITY

Maldives Tourism Development Corporation PLC (the “Company”) is a Company incorporated and domiciled in the Republic of Maldives as a public limited liability Company. The Company is listed on the stock exchange of Maldives and governed under the Companies’ Act No. 10 of 1996 of the Republic of Maldives with its registered office at 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 16.

Authorization for issue

The financial statements of the Company for the year ended 31st December 2020 were authorized for issue on 29th April 2021.

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.

(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.

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2020 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.

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28th May 2020 which is effective from 1st June 2020 and early adoption also permitted from 1st January 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee – i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Company has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1st January 2020.

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.

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 recognises 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 recognise 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Expenditure recognition (Continued)

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.

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.

**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)

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.

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Property, Plant and Equipment (Continued)

(iii) Depreciation (Continued)

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

Plant & Machinery	Over 10 Years
Marine Vessels	Over 10 Years
Motor Vehicles	Over 10 Years
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 programmes beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

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

(iii) Amortization

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

Computer software - Over 3 Years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Intangible Assets (Continued)

(iv) Capital Work in Progress

Capital work in progress 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.

4.8 Investment Property

Investment property is properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses.

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognized in profit and loss.

4.9 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)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial Instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial Instruments (Continued)

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

Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or 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 realise the asset and settle the liability simultaneously.

4.10 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment (Continued)

(ii) Non-financial assets (Continued)

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.

4.11 Share Capital

Ordinary shares

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

Share Premium

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

4.12 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Leases (Continued)

i. As a lessee (Continued)

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

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

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

Short-term Leases and Leases of Low-value Assets

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

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Leases (Continued)

ii. As a lessor

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

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

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

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

4.13 Events Occurring After the Reporting Date

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Fair Value Measurement (Continued)

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

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

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

4.15 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.

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1st January 2020 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.

- Amendments to References to Conceptual Framework in IFRS Standards
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

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6 REVENUE	2020	2019
	US\$	US\$
Interest Income on Net Investment in Sub Lease (Note 18)	3,674,746	3,682,785
	<u>3,674,746</u>	<u>3,682,785</u>
7 COST OF OPERATIONS	2020	2019
	US\$	US\$
Interest Expense on Lease Liabilities (Note 25)	1,596,742	1,266,772
Amortisation of Right of Use Asset (Note 16)	179,771	-
	<u>1,776,513</u>	<u>1,266,772</u>
8 OTHER INCOME	2020	2019
	US\$	US\$
Written Back of Long Outstanding Payables	-	396,807
Insurance Refund	-	7,188
	<u>-</u>	<u>403,995</u>
9 FINANCE INCOME	2020	2019
	US\$	US\$
Interest Income on Fixed Deposit	186,282	19,058
Net Gain on Modification of Leases (Note 18 and Note 25)	1,060,463	-
Gain on Fair Valuation of Payable to Government of Maldives (Note 28)	1,708,208	-
	<u>2,954,953</u>	<u>19,058</u>
10 FINANCE COST	2020	2019
	US\$	US\$
Interest on Amount Payable to Government of Maldives (Note 28)	266,987	-
	<u>266,987</u>	<u>-</u>
11 PROFIT BEFORE TAX	2020	2019
<i>Profit before tax is stated after charging all the expenses including the following;</i>	US\$	US\$
Personnel Costs (Note 11.1)	294,906	259,234
Depreciation	7,464	6,962
Directors Remuneration and Other Allowances	75,584	78,813
Professional Fees	37,022	36,999
Provision for Impairment of Lease Receivables	445,318	445,318
Amortisation of Intangible Assets	4,361	-
Written off of Other Receivable	-	36,774
	<u>-</u>	<u>36,774</u>
11.1 Personnel Costs		
Employee Salary and Benefits	292,136	256,464
Staff Food and Accommodation Expenses	2,770	2,770
	<u>294,906</u>	<u>259,234</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2020

12 TAX EXPENSE	2020	2019
	US\$	US\$
Current Tax Expense (Note 12.1)	238,367	201,883
Deferred Tax Charge for the Year (Note 12.2)	2,099,154	95,563
	<u>2,337,521</u>	<u>297,446</u>

12.1 Reconciliation Between Accounting Profit and Taxable Income :

Accounting Profit Before Tax	3,301,880	1,536,371
Aggregate Disallowable Expenses	1,708,006	1,858,932
Aggregate Allowable Expenses	(3,388,348)	(2,016,992)
Tax-free threshold	(32,425)	(32,425)
Taxable Profit for the Year	<u>1,589,113</u>	<u>1,345,886</u>
Income Tax @ 15%	<u>238,367</u>	<u>201,883</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 (ASSETS) / LIABILITIES

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

	2020	2019
	US\$	US\$
As at 1 st January	(2,096,306)	1,513
Adjustment due to Initial Application of IFRS 16	-	(2,193,382)
Reversal during the year	2,099,154	95,563
As at 31 st December	<u>2,848</u>	<u>(2,096,306)</u>

	2020		2019	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	US\$	US\$	US\$	US\$
On Property, Plant and Equipment	(18,984)	(2,848)	(11,232)	(1,685)
Lease Liability (Note 12.2.1)	-	-	13,986,605	2,097,991
	<u>(18,984)</u>	<u>(2,848)</u>	<u>13,975,373</u>	<u>2,096,306</u>

12.2.1 The new tax regulation that came into effect from 1st January 2020 allows IFRS 16 adjustments in the tax computation. Accordingly, no deferred tax has been recognized as at 31st December 2020.

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;

	2020	2019
Profit for the year - USD	964,359	1,238,925
Weighted Average Number of Ordinary Shares	34,087,354	34,087,354
Basic Earnings Per Share - USD	<u>0.028</u>	<u>0.036</u>
Dilutive Earnings Per Share - USD	<u>0.028</u>	<u>0.036</u>

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14 PROPERTY, PLANT AND EQUIPMENT

	Marine Vessels		Motor Vehicle		Office Equipments		Other Equipments		Furniture & Fittings		Computer Equipment		Communication Equipment		Machineries		Capital Work		Total		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Cost	50,426	10,282	20,973	4,516	36,361	64,283	8,058	14,475	-	209,374	189,803	-	-	-	-	-	-	-	-	-	-
As at 1 st January	-	-	-	-	580	15,843	-	-	12,786	29,209	4,742	-	-	-	-	-	-	-	-	-	-
Additions during the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred during the Year (Note 14.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments made during the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st December	50,426	10,282	20,973	4,516	36,941	80,126	8,058	14,475	11,115,286	11,341,083	209,374	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	30,709	10,282	16,324	4,419	35,815	62,161	8,058	2,227	-	169,995	148,204	-	-	-	-	-	-	-	-	-	-
As at 1 st January	-	-	1,409	97	365	4,141	-	1,452	-	7,464	6,962	-	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments made during the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st December	30,709	10,282	17,733	4,516	36,180	66,302	8,058	3,679	-	177,459	169,995	-	-	-	-	-	-	-	-	-	-
Net Carrying Value	19,717	-	3,240	-	761	13,824	-	10,796	11,115,286	11,163,624	39,379	-	-	-	-	-	-	-	-	-	-
As at 31 st December 2020	19,717	-	4,649	97	546	2,122	-	12,248	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

14.1 The Company has recognised 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	31/12/2019
	US\$	US\$
Opening balance	20,000,000	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)	-
Carrying value as at 31 st December	-	20,000,000

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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16 RIGHT OF USE ASSETS	31/12/2020	31/12/2019
	US\$	US\$
Cost		
Opening Balance	-	-
Additions during the Year (Note 16.1)	9,079,562	-
Transferred during the Year (Note 15)	8,897,500	-
As at 31 st December	<u>17,977,062</u>	<u>-</u>
Accumulated Depreciation		
Opening Balance	-	-
Charge for the Period	179,771	-
As at 31 st December	<u>179,771</u>	<u>-</u>
Net Carrying Value	<u>17,797,291</u>	<u>-</u>

16.1 The Company has recognised the right of use asset in relation to the leasehold right of the Naagoashi 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. As per the agreement, any extensions to the lease period has to be mutually agreed.

17 INTANGIBLE ASSET	Software	Capital Work In Progress	Total 2020	Total 2019
	US\$	US\$	US\$	US\$
Cost				
Opening Balance	-	-	-	-
Additions during the Year	29,120	8,000	37,120	-
Closing Balance	<u>29,120</u>	<u>8,000</u>	<u>37,120</u>	<u>-</u>
Accumulated Amortization				
Opening Balance	-	-	-	-
Amortized During the Year	4,361	-	4,361	-
Closing Balance	<u>4,361</u>	<u>-</u>	<u>4,361</u>	<u>-</u>
Net Carrying Value	<u>24,759</u>	<u>8,000</u>	<u>32,759</u>	<u>-</u>

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

18 NET INVESTMENT IN SUB LEASE	31/12/2020	31/12/2019
	US\$	US\$
As at 1 st January	43,788,297	-
Adjustment due to Initial Application of IFRS 16	-	44,913,009
Impact on Lease modification during the Year (Note 18.3)	(253,914)	-
Interest Income for the Year	3,674,746	3,682,785
Receipt during the Year	(1,201,875)	(4,807,497)
	<u>46,007,254</u>	<u>43,788,297</u>
Provision for Impairment of Lease Receivables (Note 18.1)	(890,636)	(445,318)
As at 31 st December	<u>45,116,618</u>	<u>43,342,979</u>

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18	NET INVESTMENT IN SUB LEASE (CONTINUED)	2020		2019
		US\$		US\$
18.1	Provision for impairment of lease receivables			
	As at 1 st January	445,318		-
	Provision made during the Year	445,318		445,318
	As at 31 st December	<u>890,636</u>		<u>445,318</u>
18.2	The Company has recognised the net investment in sub lease in relation to head lease right of Maghuduwa and Kihavah Huruvalhi islands.			
18.3	The Company has granted the rent concessions to it's sub lessees during the year ended 31 st December 2020 as result of Covid 19 impact. As a result, the Company has incorporated the modification adjustment in accordance with IFRS 9.			
18.4	Maturity Analysis of Net investment in sub lease	31/12/2020		31/12/2019
		US\$		US\$
	Non - Current Asset	39,774,321		41,634,172
	Current Asset	5,342,297		1,708,807
		<u>45,116,618</u>		<u>43,342,979</u>
18.5	Reconciliation between undiscounted lease rentals and net investment in sub lease			
	Undiscounted Lease Rentals (Note 18.6)	66,570,446		68,217,640
	Unearned Interest Income	(21,453,828)		(24,874,661)
		<u>45,116,618</u>		<u>43,342,979</u>
18.6	Maturity Analysis of undiscounted lease rentals receipts are as follows;			
	Less than one Year	8,858,440		5,252,816
	Between one to two Years	5,386,316		5,252,816
	Between two to three Years	5,786,816		5,386,316
	Between three to four Years	5,786,816		5,786,816
	Between four to five Years	5,786,816		5,786,816
	More than five Years	34,965,242		40,752,060
		<u>66,570,446</u>		<u>68,217,640</u>
19	LEASE RENT EQUALISATION - SUB LEASE	31/12/2020		31/12/2019
		US\$		US\$
	As at 1 st January	-		24,472,078
	Adjustment due to Initial Application of IFRS 16	-		(24,472,078)
	As at 31 st December	<u>-</u>		<u>-</u>
20	OTHER RECEIVABLES	31/12/2020		31/12/2019
		US\$		US\$
	Receivables for share capital	5,445		5,445
	Advance to Contractors	40,015		-
	Other receivables	493		616
		<u>45,953</u>		<u>6,061</u>

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21 INVESTMENT IN FIXED DEPOSITS	31/12/2020	31/12/2019
	US\$	US\$
Investment amount	3,000,000	4,000,000
Accrued Interest for the Year	15,838	19,058
As at 31 st December	<u>3,015,838</u>	<u>4,019,058</u>
21.1	The Company has invested US\$ 3,000,000/- in fixed deposit in Habib Bank Limited during the year at the rate of 4.7% per annum which will be matured on 15 th november 2021.	
22 TAX PAYABLE	31/12/2020	31/12/2019
	US\$	US\$
Opening Balance	62,045	(139,838)
Income Tax Charge for the Year	238,367	201,883
Payments made during the Year	(162,987)	-
Closing Balance	<u>137,425</u>	<u>62,045</u>
23 CASH AND CASH EQUIVALENTS	31/12/2020	31/12/2019
	US\$	US\$
Cash in Hand	195	195
Balances with Banks	705,909	370,266
	<u>706,104</u>	<u>370,461</u>
24 SHARE CAPITAL		
Authorized Share Capital		
The authorized share capital comprises 34,087,354 Ordinary shares of MVR 10 each.		
	31/12/2020	31/12/2019
	US\$	US\$
Issued and Fully Paid	26,183,719	26,183,719
Share Premium	607,415	607,415
	<u>26,791,134</u>	<u>26,791,134</u>

The total authorised number of ordinary shares is 100,000,000 with a par value of MVR. 10 per share. The issued share capital comprises USD 34,087,354/- (31,439,710 ordinary shares and 2,647,644 ordinary shares of MVR 10 each translated to US Dollars at MVR 12.85 and 15.42 each respectively).

24.1 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\$ 1,105,300 during the year ended 31st December 2020.

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25 LEASE LIABILITY	31/12/2020	31/12/2019
	US\$	US\$
As at 1 st January	14,349,311	-
Adjustment due to Initial Application of IFRS 16	-	15,059,899
Addition during the Year (Note 16)	9,079,562	-
Impact on modification during the Year (Note 25.2)	(1,314,377)	-
Interest Expense for the Year	1,596,742	1,266,772
Repayment during the Year	(926,180)	(1,977,360)
As at 31 st December	<u>22,785,058</u>	<u>14,349,311</u>

25.1 The lease liability has been recognised on Kihavah, Magudhuwa and Naagoshi islands where as the Company has recognised lease liability amounting US\$ 9,079,562/- on Naagoshi island during the year ended 31st December 2020.

25.2 According to the 10th amendment of Maldives Tourism Act, the annual lease rent of the Magudhuwa island has been reduced to US\$ 750,000/- from US\$ 1000,000/- effective from 1st January 2021. As a result, the Company has recognised the modification adjustment during the year ended 31st December 2020.

25.3 Maturity Analysis	31/12/2020	31/12/2019
	US\$	US\$
Non - Current Liabilities	21,275,862	13,575,913
Current Liabilities	<u>1,509,196</u>	<u>773,398</u>
	<u>22,785,058</u>	<u>14,349,311</u>

25.4 Maturity analysis of undiscounted future lease payments are as follows;

Less than one Year	1,977,360	1,977,360
Between one and five Years	9,656,723	9,886,800
More than five Years	<u>54,366,196</u>	<u>11,293,768</u>
	<u>66,000,279</u>	<u>23,157,928</u>

25.5 Amounts recognized in profit or loss

Interest on lease liabilities	1,596,742	1,266,772
Amortization on right of use asset	179,771	-
	<u>1,776,513</u>	<u>1,266,772</u>

25.6 Amounts recognized in statement of cash flows

Lease payments made during the year	<u>(926,180)</u>	<u>(1,977,360)</u>
	<u>(926,180)</u>	<u>(1,977,360)</u>

25.7 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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26	LEASE RENT EQUALISATION - HEAD LEASE	31/12/2020	31/12/2019
		US\$	US\$
	As at 1 st January	-	1,151,766
	Adjustment due to Initial Application of IFRS 16	-	(1,151,766)
	As at 31 st December	<u>-</u>	<u>-</u>
27	SUB LEASE ADVANCES	31/12/2020	31/12/2019
		US\$	US\$
	As at 1 st January	-	10,311,565
	Adjustment due to Initial Application of IFRS 16	-	(10,311,565)
	As at 31 st December	<u>-</u>	<u>-</u>
28	PAYABLES TO GOVERNMENT OF MALDIVES	31/12/2020	31/12/2019
		US\$	US\$
	Payables to Government of Maldives	13,205,605	13,205,605
	Fair value adjustment during the Year	(1,708,208)	-
	Interest for the Year	266,987	-
		<u>11,764,384</u>	<u>13,205,605</u>

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".

28.1 The terms and conditions mentioned in the settlement agreement are given below.

Payment start date	1 st July 2023 (3 years grace period)
Installment amount	US\$ 409,031
Payment terms	Advance of the Quarter
Interest rate	4.6% per annum

29	TRADE AND OTHER PAYABLES	31/12/2020	31/12/2019
		US\$	US\$
	Other Trade Payables	51,187	27,193
	Dividend Payable	2,942,022	1,891,107
	Other Payables	14,372	17,151
		<u>3,007,581</u>	<u>1,935,451</u>

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30 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:

	Gross	
	Carrying Amount	
	2020	2019
	US\$	US\$
Net investment in sub lease (gross)	46,007,254	43,788,297
Other Receivables	45,953	6,061
Investment in Fixed Deposits	3,015,838	4,019,058
Balances with Banks	705,909	370,266
	<u>49,774,954</u>	<u>48,183,682</u>

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30 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 of USD 706,104/- as at 31st December 2020 (as at 31st December 2019 : USD 370,461/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognised 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 2020					
Lease Liability	22,785,058	66,000,279	1,977,360	9,656,723	54,366,196
Payables to 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.

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 2019					
Lease Liability	14,349,311	23,157,928	1,977,360	9,886,800	11,293,768
Payables to Government of Maldives	13,205,605	16,361,254	-	2,454,188	13,907,066
Trade and Other Payables	1,935,451	1,935,451	1,935,451	-	-
	<u>29,490,367</u>	<u>41,454,633</u>	<u>3,912,811</u>	<u>12,340,988</u>	<u>25,200,834</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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30 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 optimising 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>2020</u>	<u>2019</u>
	MVR	MVR
Cash and Cash Equivalents	1,422,551	2,418,026
Net Statement of financial position exposure	<u>1,422,551</u>	<u>2,418,026</u>

The following significant exchange rates applied during the year:

	<u>Average Rate</u>		<u>Reporting Date Spot Rate</u>	
	2020	2019	31/12/2020	31/12/2019
			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.

31 RELATED PARTY TRANSACTIONS

The Government of Maldives is the shareholder for 48% 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:

	<u>31/12/2020</u>	<u>31/12/2019</u>
	US\$	US\$
Transactions with the Government of the Maldives :		
Lease rentals paid	<u>926,180</u>	<u>1,977,360</u>
	<u>926,180</u>	<u>1,977,360</u>

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31 RELATED PARTY TRANSACTIONS (CONTINUED)	31/12/2020	31/12/2019
	US\$	US\$
Receivables from related parties		
Receivables for share capital	5,445	5,445
	<u>5,445</u>	<u>5,445</u>
Payables to related parties		
Payables relating to disposed lease properties	13,205,605	13,205,605
Fair value adjustment during the Year	(1,708,208)	-
Interest for the Year	266,987	-
	<u>11,764,384</u>	<u>13,205,605</u>

32 FAIR VALUE MEASUREMENT

Accounting Classifications and Fair Values

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 Sublease	45,116,618	-	-	45,116,618	45,116,618
Investment in Fixed Deposits	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 Liability	22,785,058	-	-	22,785,058	22,785,058
Payables to 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>

31st December 2019

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 Sublease	43,342,979	-	-	43,342,979	43,342,979
Investment in Fixed Deposits	4,019,058	-	-	4,019,058	4,019,058
Cash and Cash Equivalents	370,461	-	-	-	-
Other Receivables	6,061	-	-	-	-
	<u>47,738,559</u>	<u>-</u>	<u>-</u>	<u>47,362,037</u>	<u>47,362,037</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 Liability	14,349,311	-	-	14,349,311	14,349,311
Payables to Government of Maldives	13,205,605	-	-	-	-
Trade and Other Payables	1,935,451	-	-	-	-
	<u>29,490,367</u>	<u>-</u>	<u>-</u>	<u>14,349,311</u>	<u>14,349,311</u>

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33 COMMITMENTS AND CONTINGENT LIABILITIES

33.1 Capital Commitments

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

33.2 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 2020 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.

	Rent USD	Fines USD	Total USD
Gdh. Magudhuva	-	1,973,978	1,973,978
B. Kihavah Huravalhi	-	1,195,819	1,195,819
K. Farukolhufushi	(91,320)	461,016	369,696
	<u>(91,320)</u>	<u>3,630,813</u>	<u>3,539,493</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 unfavourable outcome for the Company is very unlikely.

There are no ongoing legal proceedings against the Company as at 31st December 2020, other than the matter stated above, which require adjustments to or disclosure in the financial statements.

34 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.

	31/12/2020 US\$	31/12/2019 US\$
Total Liabilities	37,697,296	29,552,412
Less: Cash and Cash Equivalents	(706,104)	(370,461)
Net Debt	<u>36,991,192</u>	<u>29,181,951</u>
Total Equity	40,180,891	40,034,353
Net debt to equity ratio	<u>0.92</u>	<u>0.73</u>

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35 SIGNIFICANT EVENT- COVID 19

The Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Maldives to mitigate its spread have impacted Maldives' economy and the Company's operations, such as travel and other restrictions, lockdown and quarantine measures. These measures required the sub lessees to temporary shut down its operation for a period from 15th April 2020 to 15th July 2020. As a result, the Company has provided rent concessions to its sub lessees during the year. This has negatively impacted the Company's financial performance during the year and also its liquidity position.

The management of the Company is closely monitoring the potential impact of the COVID 19 developments on the Company's operations and financial position including possible loss of revenue and impairment lease receivables and other assets. The Company has also put in place contingency measures, which include, but are not limited to enhancing and testing of business continuity plans including its liquidity requirements. Based on these assessment, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these financial statements.

36 EVENTS SUBSEQUENT TO THE REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to / or disclosure in the financial statements other than disclosed above.

37 DIRECTORS' RESPONSIBILITY

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

38 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 75,584/- payments to the key management personnel during the year ended 31st December 2020 (2019 : USD 78,813/-).