2023

ANNUAL REPORT

MWSC

ABOUT THE COMPANY

Established in 1995, MWSC is the pioneer organization in the Maldives to administrate a water production and wastewater management system to counter the issue of water shortages and a lack of an appropriate sewer system in the capital island Male'. MWSC was established with the key objective to design, develop, operate and maintain the public water supply and wastewater disposal system in the Greater Male' Region. Today, our utility services have expanded to include electricity and waste management services under its umbrella. Presently, our operations are establishedin the Greater Male region, K. Maafushi, HDh. Kulhudhuffushi and R. Dhuvaafaru and proudly serves to over 50% of Maldivians.

Building around its strong foundation in the field of utility services, MWSC embarked on a diversification journey in 2002 by incorporating Island Beverage Maldives (IBM) as a subsidiary firm specialized in bottled water production and distribution. MWSC became the first pipe producer in Maldives by commencing PE and PVC pipe production in 2015. MWSC's diversification journey has continued to date and is now a renowned multi-disciplined Engineering and Manufacturing Company. MWSC's four core business units are utility operations; manufacturing operations; engineering solutions; and trading.

OUR VISION

To provide safe water and sewerage services that is sustainable, affordable and environmentally friendly.

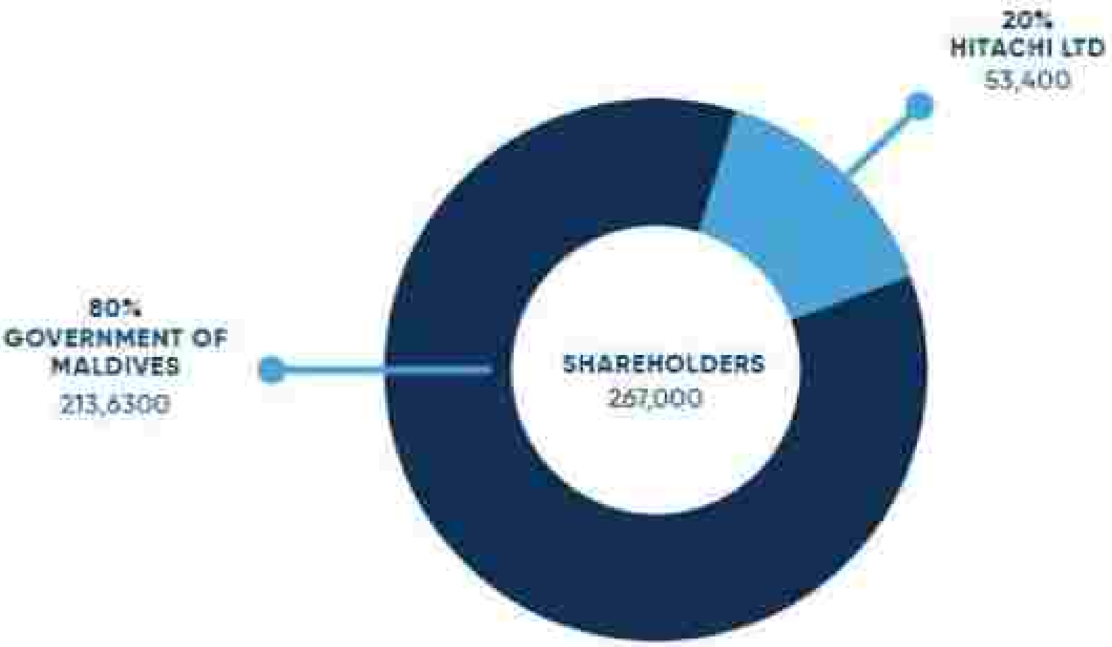
OUR MISSION

To contribute to the continuous development of the Maldivian Society, and improve the quality of life of its people, through the provision of safe water and sewerage services.

CORE PURPOSE

To help our communities lead a PURE life.

SHAREHOLDERS



SUBSIDIARIES

Island Beverages Maldives Pvt. Ltd. (IBM), a joint venture company established for water bottling operations. Of the 15,000 shares issued by IBM, MWSC holds 51 percent., while the Joint Venture Partner, Champa Brothers Maldives Pvt. Ltd., holds 49 percent. Island Beverages Maldives Pvt. Ltd. is currently led by its Managing Director, Mr. Ibrahim Anwar, who also represents MWSC on IBM's Board of Directors.

Island Beverages Maldives Pvt. Ltd. has been integral to our overall corporate strategy, significantly contributing to our growth and industry presence. Looking ahead, we are confident in the continued success of Island Beverages Maldives Pvt. Ltd. We will continue to provide the necessary resources and support to foster its growth and capitalize on future opportunities.

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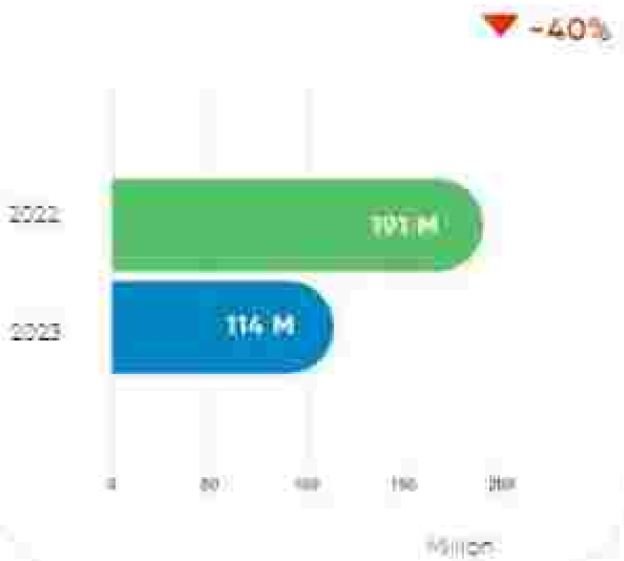
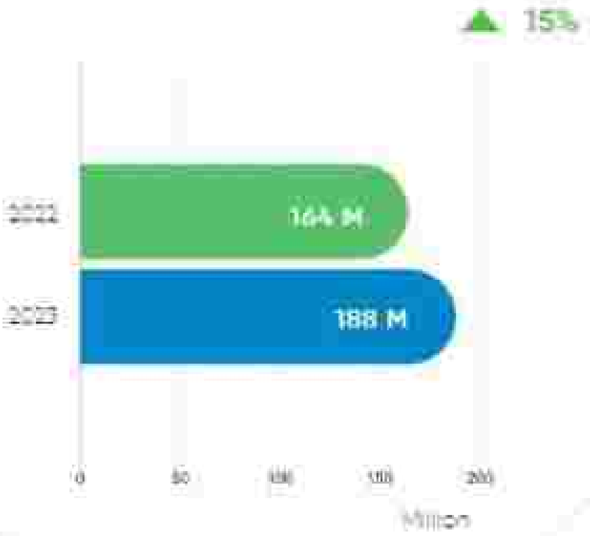


EBTIDA

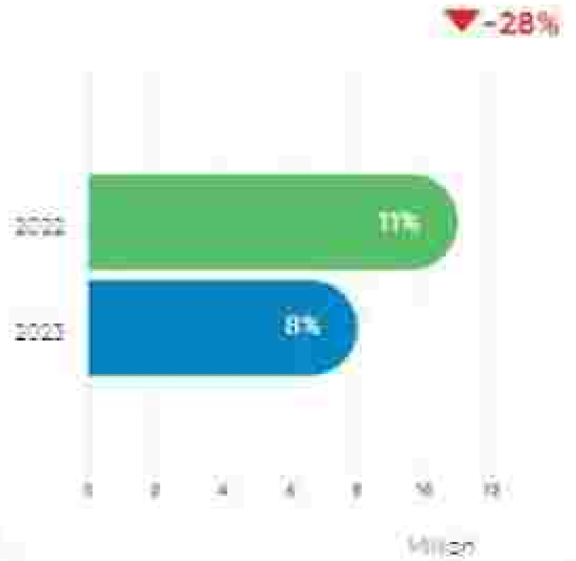
CAPITAL INVESTMENTS



BASIC EARNINGS PER SHARE

DIVIDENDS PER SHARE

ROCE



CHAIRPERSON'S STATEMENT FOR ANNUAL REPORT 2023

Dear Shareholders,

It is my privilege to present the Annual Report for Male' Water and Sewerage Company Pvt Ltd for the financial year ended December 31, 2023. This year has been a testament to our resilience, strategic foresight, and unwavering commitment to delivering value to our stakeholders amidst a dynamic and challenging business environment.

Throughout 2023, we have diligently pursued our strategic objectives, focusing on enhancing operational efficiency, expanding our service reach, and reinforcing our commitment to sustainability. Our dedicated team has worked tirelessly to ensure that we meet and exceed the expectations of our customers, shareholders, and the communities we serve. Significant investments in technology and infrastructure have bolstered our capacity to deliver reliable and high-quality services.

Our financial performance for the year reflects the robustness of our business model and the effectiveness of our strategic initiatives. Despite the challenges posed by external market conditions, we have achieved commendable financial results, underscored by growth in revenue and profitability. This performance is a testament to the prudent financial management and the concerted efforts of our entire team.

Corporate governance remains a cornerstone of our operational philosophy. The Board has continued to uphold the highest standards of governance, ensuring transparency, accountability, and integrity in all our activities. Compliance with regulatory requirements and adherence to best practices in corporate governance have been rigorously maintained, reinforcing the trust placed in us by our stakeholders.

As we look ahead, we remain optimistic about the opportunities that lie before us. Our strategic priorities will continue to focus on innovation, customer satisfaction, and sustainable growth. We are committed to leveraging our strengths to navigate the evolving market landscape and deliver sustained value to our stakeholders.

I would like to extend my deepest gratitude to our Board of Directors, management team, and all our employees for their unwavering dedication and hard work. I also wish to thank our shareholders, customers, and partners for their continued trust and support. Together, we will continue to build a stronger, more resilient company, well-positioned to meet the challenges and opportunities of the future.

Thank you.

Shamhooza Ahmed
Chairperson

STATEMENT FROM THE MANAGING DIRECTOR FOR THE ANNUAL REPORT 2023

Dear Shareholders, Employees, and Stakeholders,

It is my honor to present to you the 2023 Annual Report for Male' Water & Sewerage Company Pvt. Ltd. (MWSC). Over the past year, we have navigated through numerous challenges with resilience and strategic focus, reinforcing our position as a leader in the utilities sector.

Financial Performance:

In 2023, MWSC proudly reported a revenue of MVR 1,516 million, marking the second-highest revenue in our company's history. This outstanding achievement underscores our excellence in core business activities, particularly in the utilities sector. Despite a dip in revenues from the utility infrastructure development projects as many of our major projects reached completion in 2022, we achieved a net profit of MVR 113 million.

Our financial journey this year was marked by increased finance costs and overhead expenses, along withchallenges in receivables management, which extended payment terms to creditors and necessitated additional financing for working capital management. These factors contributed to a 40% decline in net profit despite our strong revenue performance. Nonetheless, our steadfast commitment to operational excellence and cost management ensured that we continued to deliver value to our stakeholders.

Capital Investments and Operational Highlights

Our strategic focus on enhancing our core operations and infrastructure is evident in our capital investments. In 2023, our capital expenditure increased by 15% to MVR 188 million. Key investments included the installation of a new reverse osmosis (RO) plant and additional water storage capacity, which are crucial for ensuring water security in times of crisis. These investments reflect our dedication to providing reliable and high-quality services, meeting the growing demands and expectations of our stakeholders.

Commitment to Excellence and Sustainability

Our vision is to provide sustainable, affordable, and environmentally friendly water and sewerage services. We remain committed to contributing to the continuous development of the Maldivian society and improving the quality of life for our people. Despite the challenges, our performance in 2023 demonstrates our unwavering dedication to our mission and our ability to adapt in a dynamic environment.

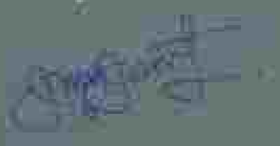
Future Outlook

As we look ahead, we are optimistic about the future and focused on strengthening our financial position and enhancing our service delivery. We are committed to investing in our infrastructure and operations to ensure that we continue to meet the needs of our stakeholders and provide high-quality services. Our resilience and strategic focus will enable us to navigate future challenges effectively and continue to thrive and excel.

Looking ahead, we are poised to advance water security initiatives in Male' while concurrently enhancing our non-utility revenue streams. Our commitment to sustainability, bolstered by a robust framework of transparency and accountability, underscores our operational ethos. By reinforcing our financial foundations and optimizing service delivery, we will steadfastly meet the dynamic needs of our stakeholders. Our strategic resilience equips us to effectively navigate future challenges, ensuring sustained excellence and progress in our mission.

I extend my heartfelt gratitude to our shareholders for their unwavering support, to our employees for their dedication and hard work, and to our customers for their trust in our services. Together, we will build on our solid foundation, ensuring MWSC continues to thrive and excel.

Thank you,



Abdul Matheen Mohamed

Managing Director

BOARD OF DIRECTORS

Ms.Shamhooza Ahmed
Chairperson

Ms. Shamhooza Ahmed was appointed as the Chairperson of the Board of MWSC on 26th December 2023.

Ms. Shamhooza serves as a Director at Male' City Council, coupled with her extensive experience in various positions within the Government, undoubtedly equips her with a profound understanding of public administration and governance.

Holding a Master's in Business Administration from Avid College and a Diploma in Human Resource Management from MI College, which underscores her commitment to professional development and excellence in her field.

Abdul Matheen Mohamed
Managing Director

Mr. Abdul Matheen Mohamed was appointed as the Managing Director and Executive Director of the Board of MWSC on 28th November 2023.

Mr. Abdul Matheen started his professional career as a licensed electrical engineer at State Electric Company Ltd (STELCO) after completing Bachelor of Science in Electrical Engineering. At STELCO he contributed to establish customer services and lead outer island electrification projects and played a key role in Male' power generation upgrading projects in various capacities.

After completing his Masters of Science in Building Services Engineering at IIUM, Malaysia, in 2009, he was appointed by the then president as the first Managing Director of Northern Utilities Ltd that was formed to provide electricity, water, sewerage and waste management services in all the inhabited islands of Noon, Raa, Baa and Lhaviyani Atoll.

From 2012 to 2018, he served as the Minister of State at the Ministry of Environment and Energy where he headed energy, water and sewerage sector of the country. His contribution in formulation of sector policies and regulatory framework together with development of utility infrastructure across the country with mobilization of renewable energy projects at an unprecedent level are remarkable highlights of his contribution to the utility sector of the country during his term in office.

With a strong academic background, vast experience and organizational leadership, he is committed to establish and develop a sustainable public utility service in the country.

Abdul Salaam Mohamed
Deputy Managing Director

Mr. Abdul Salaam Mohamed was appointed as a Director of the Board of MWSC on 26th December 2023 and the Deputy Managing Director on 31st December 2023.

His prior roles within the Maldivian government, including his tenure as an Executive at the Ministry of Housing and Infrastructure and service as an Atoll Councilor of North Huvadhoo, reflect a deep commitment to advancing the nation's development.

Mr. Abdul Salaam Mohamed is a Director of Island Beverages Maldives Pvt. Ltd (IBM) representing Male' Water and Beverage Company Pvt. Ltd. His position as a non-executive, independent director appointed by the Maldivian government further demonstrates his alignment with public service values and governance principles.

Mr. Shu Kodama
Director

Mr. Shu Kodama was appointed as a Director of the Board of MWSC on 18th October 2018.

Mr.Kodama serves as Chief Project Manager, Business Risk Management Office, Growth Partner Division, Water & Environment Business Unit at Hitachi, Ltd. he has served at different positions at Hitachi, Ltd. in Japan and USA.

Mr. Kodama holds a Master of Business Administration (MBA) from Columbia University, New York, USA and Bachelor of Science in Physics from University of Michigan, Ann Arbor, USA.

Mr. Kodama is a non-executive, independent director of the Board appointed by Hitachi Ltd.

Aishath Roohy
Director

Ms. Aishath Roohy was appointed as a Director of the Board of MWSC on 24th December 2023

Her current role is as a Treasury Management Executive, at the Ministry of Finance. Her prior experience as a member of the Privatization and Corporation Board within the Ministry of Finance suggests she's been involved in strategic decision making related to privatization efforts and the management of state-owned corporations. This demonstrates her extensive experience in financial management and government operations. This hands-on experience will undoubtedly inform her decisions and insights as a director of MWSC.

Ms. Roohy has a rich academic background and in-depth knowledge in accounting. Ms.Roohy's educational background includes a Bachelor of Accounting with Honours and continuing with a Master's in Accounting and Finance Management. Ms. Roohy is a non-executive independent director of the Board appointed by the Government of Maldives. Her ability to provide valuable oversight to MWSC's operations.

Hassan Raeef
Director

Mr. Hassan Raeef was appointed as a Director of the Board of MWSC on 24th December 2023.

Mr. Hassan Raeef is a highly experienced and accomplished businessman with over 20 years of hands-on work experience. He is the Managing Director at IBB Pvt Ltd, which is reflected in his exceptional leadership qualities and profound understanding of business operations. With a strong educational background and impressive business acumen, Mr. Hassan Raeef offers valuable insights in various areas such as infrastructure, construction, and general trading. His expertise and experience are highly regarded and appreciated in the business community.

Mr. Hassan Raeef is a non-executive, independent director of the Board appointed by the Government of Maldives. His appointment reflects the Maldives' government's commitment to ensuring diverse perspectives and expertise to guide the strategic direction of MWSC.

EXECUTIVE MANAGEMENT

The Board of Directors has entrusted the Executive Management Team (EMT), led by the Managing Director, with the primary authority to implement its policies and achieve strategic objectives. In 2023, the Company was successfully managed by the EMT, comprised entirely of local managers. The EMT operated within the established policy framework, demonstrating their accountability to shareholders and stakeholders.

Current members of the Executive Management are

Abdul Matheen Mohamed
Managing Director

Abdul Salaam Mohamed
Deputy Managing Director

Mohamed Fazeel Rasheed
Deputy Managing Director

Yoosuf Naleez
General Manager
HR & Admin

Rusthum Mohamed
General Manager
Operations

Mohamed Imran Adnan
General Manager
Debt Recovery

Ahmed Hunaif
General Manager
ICT

Bushra Hameed
General Manager
Engineering

Mohamed Sameer
General Manager
Business Development

Ali Shaheem
General Manager
Manufacturing

Ali Shareef
Chief Financial Officer
Finance

In 2023, the Executive Management Team (EMT) was led by former Managing Director Mr. Hassan Shah until November 28, 2023. Following his appointment on November 28, 2023, Mr. Abdul Matheen Mohamed assumed the role of Managing Director. His appointment has been duly filed with the Registrar of Companies.

COMPANY SECRETARY

Ms. Fathimath Liusha has continued to serve as Company Secretary since her appointment on January 14, 2021. Her appointment has also been duly filed with the Registrar of Companies.


CUSTOMER SERVICE
BUILDING

BUSINESS AND STRATEGIC PERFORMANCE

MWSC continues to uphold its pivotal role in the utility sector, serving as the bedrock of essential services in the Maldives.

UTILITY HIGHLIGHTS

MWSC's unwavering dedication to providing water and wastewater services has been integral to the nation's development since its establishment in 1995. Operating in key regions including the Greater Malé Region, K.Maafushi, Hdh.Kulhudhuffushi, and R.Dhuvaafaru, MWSC plays a critical role in ensuring communities have access to fundamental utilities. The dynamic landscape of the Maldives, characterized by ongoing and forthcoming developmental projects, presents both challenges and opportunities for MWSC to reinforce its essential services across the archipelago.

In 2023, MWSC achieved several milestones in its utility operations

WATER PRODUCTION

MWSC produced 12,905,196 cubic meters of water, ensuring a steady and reliable water supply to meet the demands of its expanding customer base.

INFRASTRUCTURE INVESTMENTS

Significant investments totaling MVR 97 million were made to enhance water and wastewater facilities and networks, including the installation of a state-of-the-art 3000TPD Reverse Osmosis (RO) Plant in Hulhumale', augmenting water production and distribution infrastructure, and upgrading sewerage systems. These investments underscore MWSC's commitment to modernizing infrastructure for improved service delivery.

TECHNOLOGICAL ADVANCEMENTS

MWSC introduced an updated Online Application Portal, streamlining customer interactions and enhancing service accessibility. Additionally, the commencement of Oil Trap Cleaning service and Temporary Booster Installation service demonstrates MWSC's proactive approach to addressing emerging needs and challenges in utility management.

QUALITY ASSURANCE

With 100% compliance with water quality standards as the foremost priority, MWSC conducted over 72,097 water quality tests, employing rigorous monitoring protocols and leveraging its ISO 17025-accredited Water Quality Assurance Laboratory to ensure adherence to operational standards.

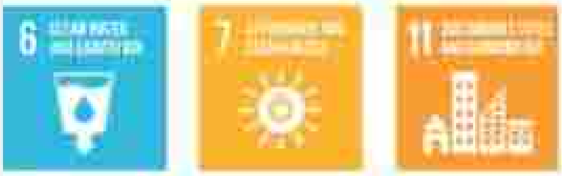


Figure 1 United Nation's Sustainable Development Goals supported

NON-UTILITY HIGHLIGHTS

MWSC's foray into diversification initiatives since 2004 has expanded its scope beyond utility services, positioning the company as a multifaceted entity with interests in engineering, manufacturing, and trading sectors.

In 2011, we expanded our horizons with investments in the Manufacturing sector, followed by a further investment in Trading in 2016. Our facilities in Hulhumale, Gulhifalhu, and R.Dhuvaafaru produce a diverse range of products, including PET bottles, glass bottles, and pipes, catering to various needs across the Maldives. MWSC's Showroom proudly showcases our own branded manufactured goods alongside imported water and wastewater supplies.

A longstanding objective has been to fortify our non-utility sector businesses – Engineering, Manufacturing, and Trading – to augment the company's economic footprint.

Key highlights of the non-utility sector businesses in 2023 include

ENGINEERING

Managing numerous water and wastewater turnkey projects across various islands, MWSC continues to extend access to safe water and sanitation, embodying its commitment to community development and welfare.

Completed 15 water and wastewater turnkey projects across 11 islands, aimed at expanding access to safe water and sanitation for a significant number of individuals.

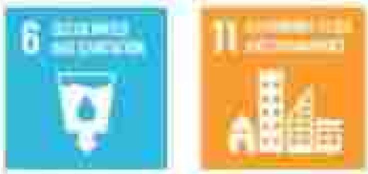


Figure 2 United Nation's Sustainable Development Goals supported

MANUFACTURING AND TRADING

Successful commissioning of the flexible conduit pipe manufacturing setup at Gulhifalhu underscores MWSC's efforts to bolster local manufacturing capabilities, contributing to economic growth and self-sufficiency.

MWSC's strategic investments and operational achievements in both utility and non-utility sectors exemplify its dedication to sustainable growth, innovation, and societal impact. As MWSC navigates the evolving landscape of the Maldives, it remains steadfast in its mission to serve communities and contribute to the nation's prosperity and resilience.

OUTLOOK FOR 2024

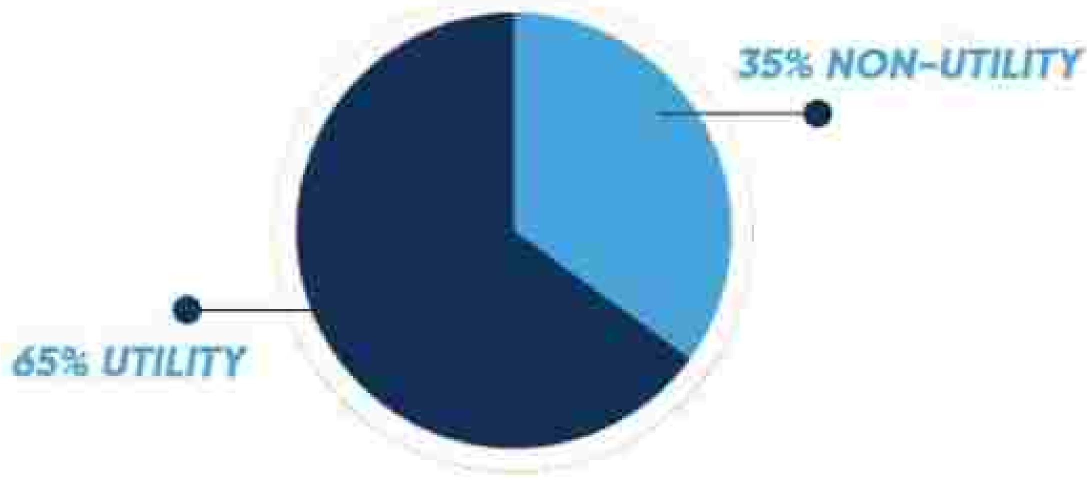
MWSC's strategic vision is deeply rooted in our core purpose: "To empower our communities to lead lives of purity." Throughout 2023, MWSC diligently laid the groundwork necessary for communities across the Maldives to flourish in purity. Our unwavering commitment to providing uninterrupted access to clean water and promoting proper sanitation practices remains central to MWSC's strategic priorities.

A second crucial objective is the diversification of MWSC's revenue streams, essential for maintaining our status as a self-sufficient and efficient State-Owned Enterprise (SOE) accountable to the Government. Our ambitious revenue target for 2024 is to achieve a total revenue of MVR 1.7 billion, with 35% of this income originating from non-utility related sectors and 65% from utility sectors, resulting in a total net profit of MVR 229 million. This revenue goal is inspired by the desire to bolster MWSC's non-utility sector, thereby bringing supplementary economic benefits to both the company and the Maldives.

Our future outlook is meticulously crafted to streamline MWSC's expansion and diversification endeavors across both utility and non-utility sector businesses.

TOTAL REVENUE TARGET FOR 2024

MVR 1.7 BILLION



UTILITY

MWSC's focus in 2024 is to enhance infrastructure, improve service delivery, and ensure sustainable access to clean water for all.

Q1

- Sewerage pumps 13KW(2Nos) 22KW (6Nos) in Male'
- Sewerage pumps 15KW(5Nos) 22KW (6Nos) in Hulhumale'

Q2

-

Q3

- Construction of water storage tank 1500m3 in Thilafushi

Q4

- Vilimale' PV system
- Upgrade Water & Sewer Network system in Male'
- Construction of Water & Sewer Network - Phase2 in Thilafushi
- Upgrade power distribution system-Annex in Male'
- Installation of Power Generation & Distribution System in Gulhigalhu

ENGINEERING

We are dedicated to spearheading water and wastewater infrastructure projects, leveraging our expertise to enhance accessibility to essential services.

Q1

- Engineering design & consultancy service
- Water & Sewer projects, expansion and rectification
- Existing engineering solutions (RO plants, STP , Tank , Borehole control panel, fabrication , etc)

Q2

- Power / Renewable energy
- Civil / Building construction project

Q3

-

Q4

- Horizontal drilling

MANUFACTURING

Our focus remains on expanding manufacturing capabilities to meet the diverse needs of our communities, ensuring the production of high-quality goods.

Q1

- FA22.1.16 Introduce Flavoured water glass products
- FA22.1.1.17 Upgrade existing bottling lines to manufacture 2 or 2.5/beverage

Q2

- FA23.1.1.60 Small scale 2 way glass bottling line in Dhuvaafaru
- FA23.1.1.55 Introduce Profile extrusion (Casing) in Gulhifalhu

Q3

-

Q4

-

TRADING

MWSC is committed to facilitating the efficient distribution of essential supplies, strengthening our role as a reliable partner in meeting the needs of the Maldivian populace.

Q1

Q2

- Itroduction of new range of trading products : additional brands and sizes of membranes
- Strengthen and enhance existing products and services portfolio

Q3

- Add different variety of pumps - upon checking resort requirements

Q4

-

These strategic initiatives underscore MWSC's ongoing commitment to delivering impactful solutions and driving positive change for the communities we serve. As we look towards the future, MWSC is poised to continue its journey of innovation, sustainability, and community empowerment, remaining at the forefront of progress in the Maldives.

Q1

- Provision of existing Engineering Solutions
  (RO Plants , STP , Tank, Boreholem, Control panel fabrocation etc)

Q2

- Construction of water & sewer project and rectification projects

Q3

- Provision of Engineering Design & Consultancy service

Q4

- Introduction of ARO sparkling
- Introduction of ARO flavoured water
- Introduction of additional PET sizes (1.1L and 2.5L)
- Manufacturing of Profile Extrusion (Casting)
- Introduction of new range trading Products.
- Strengthen and enhance existing products and services portfolio

INTERGRATED SUSTAINABILITY

CORPORATED SOCIAL RESPONSIBILITY

As a responsible corporate citizen, MWSC recognizes the significance of contributing to the development of local communities. In line with this commitment, various forms of assistance are provided to support institutions, non-gevernmental to build local communities in which we operate.

"MWSC is dedicated to fulfilling its role as a responsible corporate within the communities where we operate, driven by our strong belief in making a positive impact."

PRESERVING THE ENVIRONMENT

Waste management and circular principles are essential components of sustainability, underpinning our efforts to reduce single-use plastic usage and promote environmentally friendly lifestyles nationwide, while instilling environmental values.

In 2023, we took significant steps towards this goal by generously donating a waste management vehicle to an island, enhancing the efficiency and effectiveness of waste collection efforts. Additionally, MWSC donated a total of 723 water filters to four different islands in the country. This initiative not only guarantees access to plastic-free drinking water but also holds the potential to significantly reduce the reliance on single-use plastic water bottles within these islands.

Continuing our green initiatives, "Nalaveshi" and "Iskurunfen," we collaborated with the local community to organize cleanup activities at two of our operational sites, Hdh. Kulhudhufushi, and R. Dhuvaafaru. This endeavor was driven by the aim of heightening awareness regarding the importance of anti-litter practices and environmental conservation. Additionally, this program included awareness activities designed to educate the local community about the significance of clean and safe water, as well as the importance of minimizing water wastage.

SUPPORTING THE COMMUNITY

MWSC takes proactive measures by investing in support of crucial development areas, which impact the overall economic growth and sustainable development of the country. Aligned with this commitment, our budget is carefully directed towards funding key development areas, including education, environmental initiatives, healthcare, sports, and advocacy for youth and women empowerment, through both in-kind and financial donations.

In 2023, MWSC, in collaboration with the National Centre for Culture and Heritage, undertook the refurbishment and maintenance works of Ali Rasgefaanu Ziyaaraiy – one of prominent heritage sites in the Maldives. Notably the accessibility of the site for visitors, including individuals with disabilities was improved, through the installation of ramps and pathways at the Ziyaaraiy. Safety measures were also implemented to protect both visitors and the site itself, with barriers, lighting and surveillance systems. This demonstrates our commitment to preserve Maldivian history and culture significance of Ali Rasgefaanu Ziyaaraiy, while ensuring its longevity and accessibility for future generations.

In line with our ongoing commitment with Ministry of Education, we continued to sponsor Principle's Master's Degree programs, as we have done in previous years. These programs are aimed to equip principals with essential knowledge and skills, enabling them to excel in their roles and foster positive contributions to the Maldivian Education Sector.

Moreover, since 2020, MWSC has consistently provided support and funding to the Care Society of Maldives as a testament to our unwavering commitment to empowering individuals with disabilities. Through this initiative, we strive to foster inclusivity, create equal opportunities, and enhance social well-being within the community.

FINANCIAL PERFORMANCE

OVERALL FINANCIAL PERFORMANCE

In 2023, MWSC proudly generated a revenue of MVR 1,516 million, marking the second-highest revenue in the company's history! This outstanding achievement underscores our continued excellence in our core business activity—the utilities sector. Even with a dip in revenues from the construction industry, as many of our major projects reached completion in 2022, we successfully achieved an operating profit of MVR 508 million and a net profit of MVR 113 million.

The past year presented significant challenges, including increased finance costs and overhead expenses. Additionally, the rise in receivables from institutions created substantial hurdles, leading to extended payment terms to creditors and necessitating additional financing for working capital management.. These factors contributed to a 40% decline in net profit, despite our strong revenue performance.

Despite these headwinds, our resilience and strategic focus enabled us to navigate the challenges effectively. We remained steadfast in our commitment to operational excellence and cost management, ensuring we continued to deliver value to our stakeholders.

Our performance in 2023, although modest, reflects our unwavering dedication to our mission and our ability to adapt in a dynamic environment. We remain optimistic about the future and are focused on strengthening our financial position and enhancing our service delivery in the coming years.

We are excited about the future and ready to build on our solid foundation, ensuring MWSC continues to thrive and excel.

MVR Millions	2019	2020	2021	2022	2023
Revenue	1049	927	1232	1577	1517
EBTIDA	506	476	441	376	296
Profit after tax	319	255	283	191	114
Free Cash Flow	216	241	28	(75)	(5)
Net Assets	1499	1572	1666	1726	1746
Total Assets	2469	2630	2891	3445	3503
ROCE	6%	18%	19%	11%	8%

MVR	2019	2020	2021	2022	2023
Basic earnings per share	1157	968	1077	714	425
Dividends per share	694	728	503	425	255

REVENUE

MWSC's core business operations are centered mostly in the Greater Male' Region and in the islands Dhuvaafaru and Maafushi. We operate through four dynamic strategic business units (SBUs): Utilities, Construction, Bottled Water and Related Products.

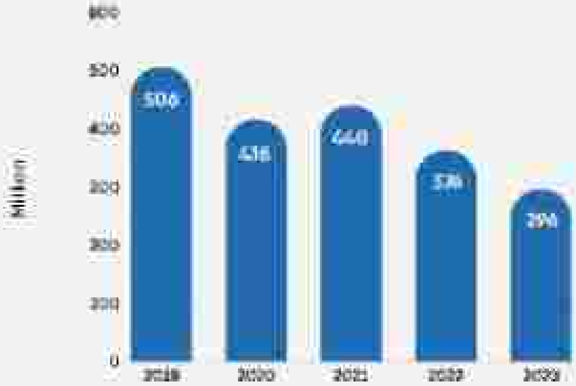
In 2023, we proudly achieved a total revenue of MVR 1,516 million, which, although a slight 4% dip from the previous year (FY2022: MVR 1,577 million), underscores our resilience and adaptability. The water segment continues to shine as the leading revenue contributor, followed by the projects segment and the manufacturing/trading sectors.

SEGMENTAL REVENUE

EBITDA

The Earnings before Interest, Tax, and Depreciation (EBITDA) totaled MVR 295.7 million, reflecting a decline of 21% compared to 2022. This decrease primarily resulted from increased administrative expenses and reduced other income. Administrative costs increased primarily due to increased staff bonus, insurance premium and depreciation expenses with increased PPE. However, it's important to note that we maintained stable revenue and achieved a decrease in the cost of sales. Additionally, we strategically reduced our marketing costs by an impressive 31% compared to the previous year.

EBITDA



PROFIT AFTER TAX

PROFIT AFTER TAX

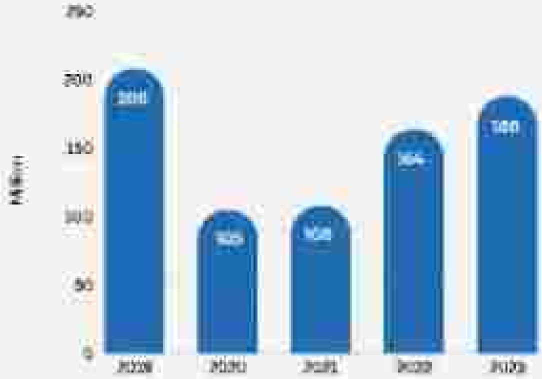
Profit after tax amounted to MVR 113.5 million, reflecting a 40% decrease compared to the previous year, primarily due to higher administrative and finance expenses. Despite a slight reduction in revenue, we successfully maintained our gross profit margin at 34% (FY 2022: 35%). Challenges in receivables management led to cash flow difficulties, necessitating additional loans to support working capital requirements, which in turn increased finance costs.

CAPITAL INVESTMENTS

Our investment program in 2023 was strategically focused on enhancing our core business of providing water services to our customers, as well as upgrading the water and sewer network in the Greater Malé region. Additionally, we made significant investments in our premium water manufacturing.

Total capital expenditure for 2023 increased by 15% to MVR 188 million, underscoring our commitment to investing in our business segments and enhancing our services to improve customer experience. A key investment in 2023 was the installation of a new reverse osmosis (RO) plant, along with additional water storage capacity to ensure water security in times of crisis. These investments reflect our dedication to providing reliable and high-quality services, ensuring that our infrastructure meets the growing demands and expectations of our stake.

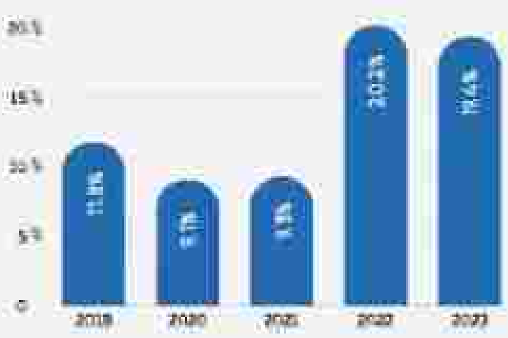
CAPITAL INVESTMENTS



ASSETS

MWSC has recorded MVR 3.50 billion worth of total assets (FY2022: MVR 3.44 billion). These are assets largely comprised of Reverse Osmosis (RO) plants, generators, bore-well, control pumps, water network systems, sewerage network systems, buildings and right of use assets.

The Return on Capital Employed (ROCE) declined to 8% in FY2023 compared to 11% in FY2022 due to decreased operating profits. The tangible and intangible assets of the Company are secured by insurance.

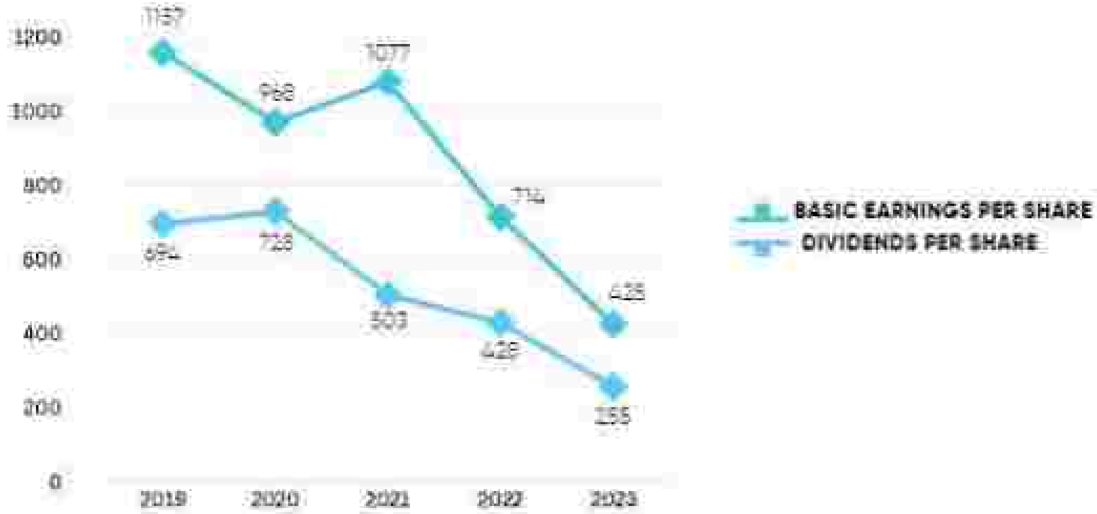


DEBT FINANCE

New borrowings of MVR 126.3 million were geared during the year. Meantime, during the year, loan principals amounting to MVR 136.9 million was repaid from the operating cash flows.

SHAREHOLDER'S VALUE

The year 2023 financials shows, the basic earnings per share has decreased to MVR 425 / share (FY2022: MVR 714 / share), due to overall decrease in profit over the period. The Company will maintain the dividend payout ratio same as the previous year. For the financial year 2023, the amount proposed to be paid to shareholders is MVR 68.1mn (FY2022: MVR 114.3mn), contributing to FY 2023: MVR 255 / share (FY2022: MVR 428 / share).



SUBSIDIARY PERFORMANCE

The subsidiary company established for the water bottling operations, Island Beverages Maldives Pvt Ltd. (IBM), recorded a net profit of MVR 8.4 million in 2023 compared to a net loss of MVR 7.4 million in 2022. Out of the 15,000 shares issued by IBM, MWSC has 51% shareholdings and Champa Brothers Maldives Pvt. Ltd. has 49% shareholdings.

The table below shows the IBM's overall financial performance of the past 5 years.

NAME	2019	2020	2021	2022	2023
Revenue	182	151	175	209	235
EBTIDA	16	4	23	26	27
Profit after tax	1	(11)	6	7	8
Net Assets	50	39	45	50	56
Total Assets	145	136	134	138	134
ROCE	6%	-24%	15%	15%	15%

MVR	2019	2020	2021	2022	2023
Basic EPS	65	(742)	406	495	563

NET PROFIT DISTRIBUTION

In accordance with the dividend policy of the Company, the Directors recommended to declare 60 percent of the net profit of the Company for the year 2023 as dividend to the shareholders, and the balance 40% will be retained in the Company.

STAFF BONUS

Since the company began generating profits, it has been a tradition for the Board of Directors to declare a staff bonus based on a percentage of the net profit. This bonus is allocated to deserving staff members, determined through the annual staff appraisal system, and distributed pro-rata to their basic salary.

The company sought permission from the Ministry to allocate 8% of the net profit as a staff bonus. Upon receiving no objection, the Board decided to declare 8% of the net profit for 2022 as the staff bonus.

EVENTS AFTER THE BALANCE SHEET DATE

Since 31st December 2023 to the date of this report, no matter or circumstances have arisen that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, which would require any adjustments or disclosures to the Financial Statements

GOING STATE OF AFFAIRS

There were no other significant developments in the state of affairs of the Company during the year ended 31 December 2023 not otherwise disclosed in this report or the Audited Financial Statements of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT

We are pleased to present the Corporate Governance Report as part of our Annual Report for the fiscal year 2023.

The Board of Directors of MWSC, recognizes corporate governance as fundamental to effective management. Demonstrating unwavering dedication to integrity and fairness, the Board upholds the highest standards of conduct throughout its operations. By implementing best practices of corporate governance, MWSC aims to promote business prosperity and uphold corporate accountability. Central to these efforts is a focus on safeguarding stakeholder interests while enhancing shareholder value. Through these measures, MWSC aims to cultivate trust, transparency, and sustainability in its operations, thereby strengthening its position as a responsible corporate entity.

MWSC's approach to corporate governance practices is founded on its own Corporate Governance Code and seeks to apply the principles and recommendations set out in Code of Corporate Governance for State Owned Institutions ("CG Code for SOE") developed by the Privatization and Corporatization Board of Ministry of Finance.

BOARD OF DIRECTORS

Our Board of Directors plays a pivotal role in overseeing the company's strategic direction and decision-making processes. Comprising experienced and diverse individuals, the Board brings a wealth of knowledge and expertise to guide the organization.

Operating within a robust corporate governance framework, the Board of Directors at MWSC collectively leads the company in enhancing shareholder value and fulfilling its social responsibilities. They foster a culture of compliance that values personal integrity, accountability, and continuous improvement.

Assuming stewardship of the company, the Board provides strategic direction, counsel, and oversight to management for the benefit of the company and its shareholders.

The Board's key responsibilities include, but are not limited to, the following:

STRATEGY AND MANAGEMENT OVERSIGHT

The Board engages in constructive dialogue with senior management of the Company on their short and long-term business and financial strategies, and reviews and evaluates management performance and progress in delivering on MWSC's strategic goals for long-term shareholder value creation. The Board recognizes that creating long-term value for the Company's shareholders require consideration of the concerns of other stakeholders including customers, employees and the communities in which MWSC operates.

ESTABLISH EFFECTIVE INTERNAL CONTROLS

The Board has ultimate responsibility for implementing effective systems for internal controls and have oversight of MWSC's risk management activities. The Board's Audit and Remuneration Committee assists the Board in overseeing management's risk assessment and risk management activities within the areas delegated to it.

PROTECTING INTEGRITY OF MWSC'S ACCOUNTING AND FINANCIAL REPORTING SYSTEMS

In ensuring the integrity of the essential reporting and monitoring systems the Board sets and enforce clear lines of responsibility and accountability throughout MWSC. The Board also ensures that there is appropriate oversight of senior management through the internal audit system that reports to the Board.

BOARD COMPOSITION

MWSC's Board of Directors is exceptionally well-equipped to steer the company in the right direction. Their extensive expertise across financial, business, operational, and commercial domains enables them to provide valuable guidance and make informed decisions. With such a competent and independent Board, MWSC is well-positioned to navigate challenges, capitalize on opportunities, and drive continued growth.

The Board currently comprises seven members: six directors appointed by the Government of Maldives and one director appointed by Hitachi Ltd. Among these seven directors, four are Non-Executive and Independent Directors.

MWSC emphasizes the importance of Board independence for effective corporate governance, conducting an annual assessment of Directors' independence. An Independent Director is one who remains impartial from management and is devoid of any affiliations or connections that might compromise their unbiased decision-making or their capacity to prioritize MWSC's best interest.

The composition of the Board of Directors as of 31st December 2023 was as follows

Shamhooza Ahmed
Chairperson No-Executive Director & Independent
Appointment Date: [illegible]
Government of Maldives

Abdul Matheen Mohamed
Executive Director
Managing Director
Appointment Date: [illegible]
Government of Maldives

Shu Kodama
Director, Non-Executive Director
Independent
Appointment Date: [illegible]
Hitachi Ltd

Abdul Salaam Mohamed
Executive Director/
Deputy Managin Director
Appointment Date: [illegible]
Government of Maldives

Aishath Roohy
Director, Non-Executive Director & Independent
Government of Maldives
Appointment Date: [illegible]

Mohamed Shareef
Director, Non-Executive & Independent
Government of Maldives
Appointment Date: [illegible]

CHANGES TO THE BOARD IN YEAR 2023

Ahmed Mausoom
Chairperson/Non-Executive
RESIGNED
Appointment Date: [illegible]
Date of Resignation: [illegible]

Hassan Shah
Executive Director/Managing Director
REMOVED
Appointment Date: [illegible]
Date of Removal: [illegible]

Fathimath Hana
Director/Non-Executive
REMOVED
Appointment Date: [illegible]
Date of Removal: [illegible]

Ibrahim Anwar
Director/Non-Executive
REMOVED
Appointment Date: [illegible]
Date of Removal: [illegible]

Ahmed Evan Ismail
Director/Non-Executive
REMOVED
Appointment Date: [illegible]
Date of Removal: [illegible]

ROLE OF CHAIRPERSON AND MANAGING DIRECTORS

The responsibilities of the Chairman and the CEO/Managing Director are clearly delineated; the Chairman, serving in a non-executive capacity, remains uninvolved in MWSC's daily operations. Their pivotal role involves facilitating the Board's efficiency, fostering constructive discussions on strategic matters, presiding over Board meetings, and organizing dedicated sessions with Non-Executive Directors to evaluate Management's performance.

Meanwhile, the Managing Director directs the formulation and implementation of MWSC's corporate and business strategies, assuming ultimate accountability for the organization's day-to-day functions.

NON-EXECUTIVE DIRECTORS

The number of Non-Executive Directors on the Board of MWSC exceeds the minimum ½ requirement laid down in CG Code for SOE Guidelines.

BOARD MEETINGS

Over the past year, MWSC's board has demonstrated commendable diligence and activity. Regular monthly meetings have been held to meticulously assess various facets of the company's operations, including financial performance, project advancements, and investment initiatives. This commitment to consistent monitoring and evaluation of key metrics underscores the board's dedication to effective oversight.

Furthermore, the board's readiness to convene ad-hoc meetings promptly in response to emergent issues exemplifies its agility and responsiveness. This capability to swiftly address crucial matters highlights the board's proactive governance approach.

Moreover, the provision of flexible participation options for board members, such as teleconferencing or proxy appointments, ensures that vital decisions can be reached even in situations where physical attendance is impractical.

The utilization of written resolutions for urgent matters, ratified through circulation approvals, presents a pragmatic strategy for expediting necessary decisions without the need for formal meetings. This adaptability is particularly invaluable within dynamic business environments.

To facilitate informed deliberations during board sessions, all directors receive agendas, reports, and proposal documents well in advance, allowing ample time for thorough review and consideration. This preparatory measure is essential for fostering productive discussions and informed decision-making.

Additionally, the availability of senior staff to provide comprehensive explanations and clarifications when required enhances the board's comprehension of the proposals under consideration, thereby enabling them to make well-founded decisions. This collaborative dynamic further enriches the governance process.

Throughout the year concluding on December 31, 2023, a sum of twelve (12) Board meetings convened.

Below are the attendance records for each individual Board member

Name	Position	Attendance	Appointment	End of Tenure
Mr.Ahmed Mausoom	Chairperson , non-executive	3/3	06 Feb 2019	28 May 2023
Mr.Hassan Shah	Executive Director/ Managing Director	9/9	21 Jan 2020	28 Nov 2023
Abdul Matheen Mohamed	Director, Non-Executive	1/1	28 Nov 2023	-
Mohamed Shareef	Director, Non-Executive	12/12	28 Feb 2019	-
Shu Kodama	Director, Non-Executive	12/12	10 Oct 2018	-
Ms.Fathimath Hana	Director, Non-Executive	12/12	06 Mar 2019	26 Dec 2023
Mr.Ibrahim Anwar	Director, Non-Executive	12/12	10 Oct 2018	26 Dec 2023
Mr.Ibrahim Anwar	Director, Non-Executive	12/12	06 Mar 2019	26 Dec 2023

KEY BOARD DECISIONS OF 2023

To enhance its effectiveness in discharging its fiduciary duties, the Board has established the Audit and Remuneration Committee of the Board which operates within specific delegated authority and functions to complement the Board in the execution of its responsibilities in monitoring the internal controls.

REVIEW AND APPROVAL OF FINANCIAL REPORTS

- Approved the Audited Financial Accounts for the year 2022
- Approved to declare dividend for the year 2022, to be proposed for shareholder approval at the Annual General Meeting
- Approved the business plan and budget outline for the year 2024
- Reviewed monthly and quarterly financial performance
- Approved the financial statements and Directors' report of 2022, to be proposed for shareholder approval at the Annual General Meeting
- Approved the recommendation to Appointment of External Auditor PWC for the year 2023 for shareholder approval at the Annual General Meeting
- Approved the publishing of quarterly report for first, second, and third quarters of 2023

STRATEGIC DECISIONS

- Approved revision to water security plan
- Reviewed the recommendations presented by Audit and – Remuneration Committee based on internal audit reports and approved to implement the recommendations
- Reviewed and approved investments related to water operations.
- Approved to waive off surcharge for customers who are willing to pay consumption amounts fully in one payment

MATTERS RELATED TO GOVERNANCE

- Approved Board Calendar for the year 2023
- Approved revision to anti-sexual harassment & grievance policy
- Approved revision to procurement policy and procedure
- Approved revision to hajj scheme policy & procedure
- Approved revision to outer island policy
- Approved revision to career advancement and growth policy
- Approved revision to employee compensation & remuneration policy
- Approved remote working policy
- Approved financial performance based payout policy
- Approved work attire and appearance policy

BOARD COMMITEES

In order to optimize its capacity in fulfilling its fiduciary obligations, the Board has instituted the Audit and Remuneration Committee, operating under clearly defined delegated authority. This committee serves to augment the Board's functions by focusing on specific areas of oversight.

The Audit and Remuneration Committee adheres to its established Terms of Reference, delineating its roles and responsibilities. Among its key functions, the committee ensures the presence of a robust and independent internal audit function within MWSC, encompassing both financial and managerial audits. It consistently evaluates findings and recommends necessary corrective measures.

Meeting regularly as necessitated by circumstances, the Committee maintains a proactive approach to its duties, thereby contributing to the overall governance framework of MWSC.

BOARD PERFORMANCE

The Board has implemented an annual performance evaluation process, carried out by the Board Directors, to assess the effectiveness of the Board as a whole.

Each Director evaluates the performance of the Board by way of a Self-Assessment Questionnaire completed by Individual Board Members. The assessments are made against the pre-established criteria in the following areas: board composition/structure, board process, board governance and major responsibilities of the Board.

The results of the performance evaluation 2022 was compiled and reviewed.

CODE OF ETHICS

The existing Code of Ethics, ratified by the Board of Directors in 2009, has effectively guided Company's operations, ensuring integrity and compliance. The newly appointed Board of Directors is actively engaged in evaluating and sanctioning an enhanced, more thorough Code of Ethics, anticipated to be endorsed and enforced throughout the organization.

RELATED PARTY TRANSACTIONS

At present, the Company lacks a distinct policy specifically addressing related party transactions. however, its existing Code of Ethics governs the handling and approval processes for such transactions.

DIRECTOR'S INTERESTS

The company's Directors have no direct or indirect stake in contracts or any other transactions of the company beyond what is disclosed in the accounts. In compliance with the Corporate Governance Code, the Company Secretary diligently maintains and updates a register documenting Director's interests.

KEY MANAGEMENT REMUNERATION

The Audit and Remuneration Committee of the Board reviews and recommends to the Board, the remuneration for Board Directors and Key Executives of the Company in accordance with the company's Remuneration Policy.

As the remuneration for board directors of SOE's including the CEO's are now fixed by the PCB, the Audit and Remuneration Committee is no longer able directly ensure that Directors remuneration is tied to performance and in the long-term interests of the Company. However, the Remuneration Policy of the Company envisions that the remuneration for key executives are determined based on scope of work, and measurable performance goals and other relevant factors. Total remuneration paid to Directors and key executives in 2023 are MVR 918,330.00 and MVR 4,532,365.00 respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognize the importance of effective risk management and internal controls in safeguarding the Company's assets and ensuring business continuity. The Board of Directors remain committed to continuous improvement in shaping the Company's approach to managing risks and to ensure that a strong, integrated risk and compliance culture is sustained.The Company's risk management approach centers on continued assessment, monitoring and reporting of risks which may impact the progress of delivering our strategic priorities.

The Board of Directors bears ultimate responsibility for overseeing the internal control system, aimed at upholding financial information reliability and regulatory compliance. Endorsed by the Board, our policies, procedures, and frameworks establish robust internal control mechanisms, including clear protocols for delegating authority on significant matters to ensure proper approval channels. Our risk management framework systematically identifies, evaluates, and addresses risks across all levels of the organization

The Company's controlling processes are maintained so that management at all levels receives updates on projects and financial information in a timely manner. The actual performance against business plans, budgets and performance indicators, financial risks are monitored and presented to the Board through regular and frequent reporting.

An independent Internal Audit Function that reports to the Board of Directors carries out annual audits, based on an Internal Audit Charter that is approved and reviewed closely by the Audit and Remuneration Committee of the Board. Risks, together with their controls and treatment are regularly reported to the Audit and Remuneration Committee which assists the Board in its oversight function. The Committee provides regular reports to the Board.

GOVERNANCE POLICY FRAMEWORK

The Board has ultimate authority over, and oversight of the Company and regards corporate governance as a critical element in achieving its strategic objectives. The Board strives to ensure that the Company meets high standards of safety, performance and governance in recognition of its responsibilities towards its shareholders, customers, employees and suppliers as well as to the communities in which it operates.

The Company has a comprehensive governance framework established and strengthened over the years of by its Board, in close cooperation with the Company's executive management. Governance objectives are guided by the Company's Corporate Governance Code, Code of Ethics and adherence to the principles contained in the guidelines for Corporate Governance Code for State Owned Entities published by the Privatization and Corporatization Board of the Ministry of Finance and Treasury. The core elements that make up our governance framework include the Company's organizational structure, policies and standards developed by the Board which are evaluated and updated on a regular basis and the international standards that the company adheres to.

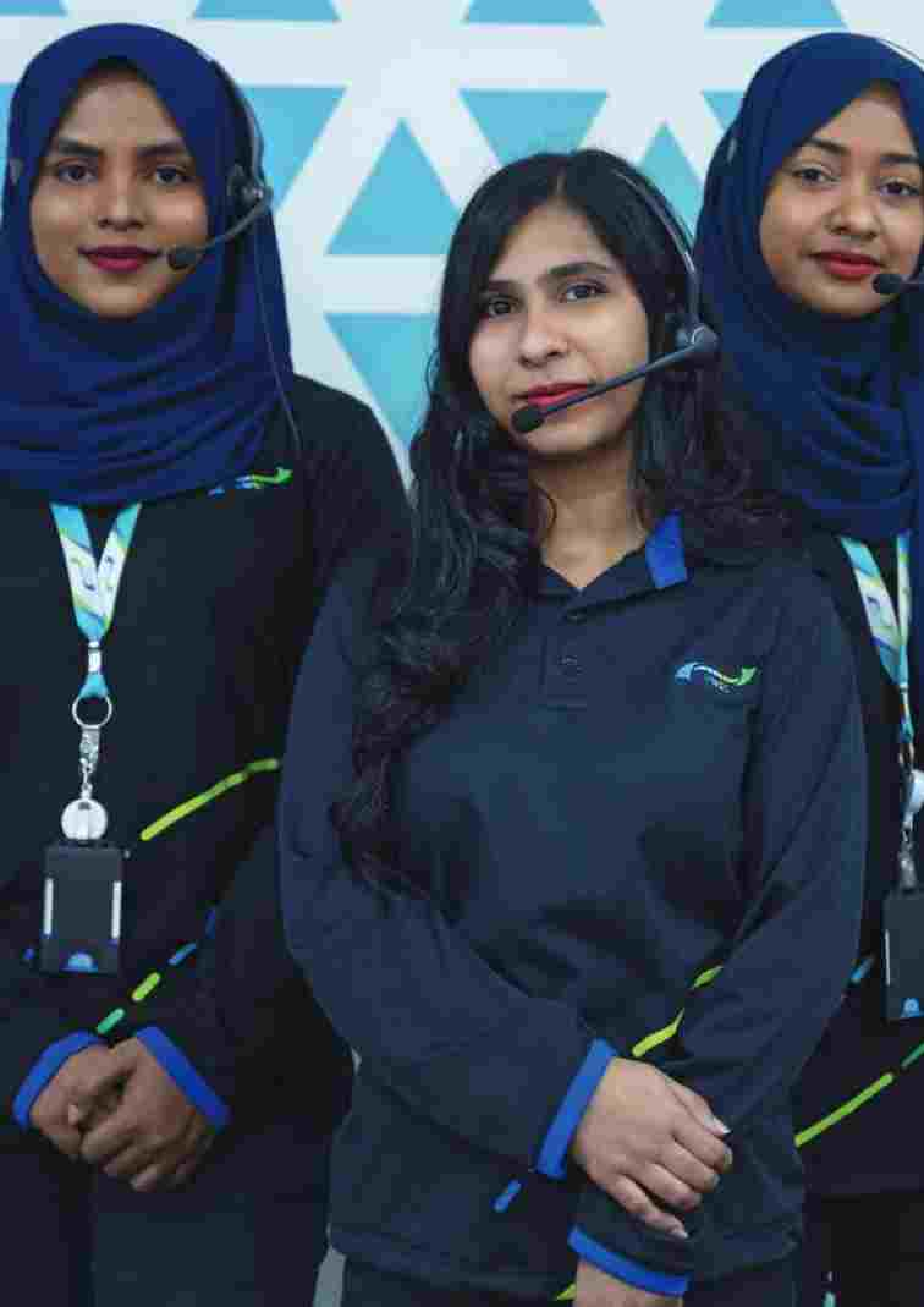
Policies introduced in 2023 to improve the governance of the company include amendments to Procurement Policy and Procedure, Policy on work attire and appearance, Policy on Financial Performance Based Payout, Agency Workers Policy.

LEGAL AND REGULATORY COMPLIANCE

The Company's legal and regulatory compliance is continuously ensured by a dedicated team of inhouse lawyers along with its external counsel. The Company ensures that its operations are carries out in accordance with the Company's Act (Law No. 10/96) and operational license requirement and has established procedures that ensure continued compliance.

AUDITORS

The external Auditor for all the State-Owned enterprises are Auditor Generals' Office of the Maldives. The Financial accounts for the year have been audited by PWC for an audit fee of MVR 471,967.00



DIRECTORS STATEMENT ON RISK MANAGEMENT INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant PCB guidelines contained in the Corporate Governance Code for State Owned Companies which requires the Board of Directors to include in its Annual Report a statement about the state of its internal control.

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RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness. The Board is of the view that the risk management framework and internal control system are designed to manage the Company's risks within the acceptable risk appetite, rather than to eliminate the risk of failure to achieve the business goals and objectives. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks faced by the Company in its achievement of the business goals and objectives.

The control structure and processes are reviewed and updated from time to time in response to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

THE ROLE OF MANAGEMENT INCLUDES

- Identifying and evaluating the risks faced, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks; Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;
- Implementing the policies approved by the Board; and
- Reporting in a timely manner to the Board any changes to the risks and the corrective actions taken.

RESPONSIBILITY

The key processes that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following

- Established an organization structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.
- Extended the responsibilities of the Audit and Remuneration Committee of the Board to include the assessment of internal controls through the Internal Audit function that reports to the Board.
- Acquired international standard certifications or accreditations relevant to the core business of the company, strengthening the processes there by providing quality services and products consistently to the customers/stakeholders' satisfaction. The Quality Management Systems (QMS) of the company include,
  - ISO9001 certification strengthens and improves the quality of our core processes through efficient document management and risk mitigation.
  - OHSAS18001 enhances the work environment by making it safe for stakeholders, especially our employees.
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  - OHSAS18001 enhances the work environment by making it safe for stakeholders, especially our employees.

- Policies, procedures and practices are updated regularly to ensure relevance and compliance with current and applicable laws and regulations.
- Strengthening the internal audit function, which provides independent assurance of the effectiveness of the risk management approach.

INTERNAL AUDIT FUNCTION

The Internal Audit function conducts routine assessments of the Company's operations and internal control systems, evaluating the sufficiency and effectiveness of financial and operational controls. Through this process, significant risks and instances of non-compliance affecting the Company are identified, with recommendations provided as necessary to enhance the efficacy of risk management, internal controls, and governance protocols. Internal Audit reviews are prioritized using a risk-based approach, informed by input from Management, the Audit and Remuneration Committee, and the Board. Management diligently tracks and assesses the progress of actions taken in response to internal audit recommendations, ensuring comprehensive resolution of issues across all facets of business and operations.

The Audit and Remuneration Committee meets on a scheduled basis to review issues identified in audit reports prepared by Internal Audit. Where required, representatives from the parties being audited are requested to attend the Audit and Remuneration Committee meeting to enable more detailed deliberation and speedy resolution of the matter at hand. The Committee also follows through on the actions required.

The Committee has active oversight on Internal Audit's independence, scope of work and resources and evaluates the effectiveness and adequacy of the internal control system. It reviews the Internal Audit function, the scope of the annual audit plan and frequency of the internal audit activities. The Audit and Remuneration Committee regularly reports to the Board and tables an annual report to Board. The details of the activities undertaken by the Audit and Remuneration Committee are highlighted in the Audit Committee Report.

ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The Internal Audit function conducts routine assessments of the Company's operations and internal control systems, evaluating the sufficiency and effectiveness of financial and operational controls. Through this process, significant risks and instances of non-compliance affecting the Company are identified, with recommendations provided as necessary to enhance the efficacy of risk management, internal controls, and governance protocols. Internal Audit reviews are prioritized using a risk-based approach, informed by input from Management, the Audit and Remuneration Committee, and the Board. Management diligently tracks and assesses the progress of actions taken in response to internal audit recommendations, ensuring comprehensive resolution of issues across all facets of business and operations."

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SHAMHOOZA AHMED
Chairperson

AISHATH ROOHY
Audit and Remuneration Committee

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2023

MANAGEMENT STATEMENT ON FINANCIAL STATEMENTS

We, Abdul Matheen Mohamed - Managing Director and Ali Shareef, Chief Financial Officer of Male' Water and Sewerage Company Pvt Ltd, to the best of our knowledge and belief, certify that we have reviewed financial statements for the year ended December 31, 2023 and to the best of our knowledge, information and belief:

a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

MOHAMED ABDUL MATHEEN Managing Director	**ALI SHAREEF** Chief financial Officer

DIRECTORS DECLARATION

In the opinion of the Directors of the Male' Water and Sewerage Company Pvt Ltd ("the Company") the consolidated financial statements and notes are in accordance with the Law No Company's Act and give a true and fair view of the Company's financial position as at 31st December 2023 and of its performance, for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:

SHAMHOOZA AHMED Chairperson	**ABDUL MATHEEN MOHAMED** Managing Director

26th June 2024
Male' , Maldives

AUDIT AND REMUNERATION COMMITTEE REPORT

The Audit and Remuneration Committee through its Terms of Reference which set forth the responsibilities of the Committee ensures that MWSC has an effective and independent internal audit function covering financial as well as management audits and recommends appropriate remedial action on a regular basis.

During the year 2023, the composition of the Audit and Remuneration Committee made up of the following members, all of whom are non-executive and independent Directors with a combined knowledge and experience in the area of accounting and finance, and Human Resources. The constitution of the committee complies with guideline SOE Corporate Governance Code and MWSC's Corporate Governance Code.

Audit and Remuneration Committee members as of 31 December 2023 are as follows

NAME	DESIGNATION	APPOINTED DATE
M.Ibrahim Anwar	Chairperson	25 Nov 2020
Mr.Shu Kodama	Member	10 Oct 2018
Ms.Fathmath Hana	Member	5 July 2019
Mr.Ahmed Evan	Member	25 Nov 2020

During the year ended 31 December 2023, a total of four (4) Committee meetings were held. The details of attendance of each member are as follows

NAME	MEETINGS ATTENDED	REMARKS
Mr.Ibrahim Anwar	4	
Mr.Shu Kodama	0	The Director based in Japan, however, diligently reviews all audit and committee reports and provides comments and recommendations as needed
Ms.Fathmath Hana	4	Appointed Date: 15 July 2019
Mr.Ahmed Evan	4	Appointed Date: 25 Nov 2020

The Audit and Remuneration Committee is required to report to the Board in writing detailing the meetings that took place in the year and to contribute its report within the company's annual report for the benefit of all the shareholders.

During the year 2023, the Audit & Remuneration Committee held 04 meetings. With other members of the board and the committee invites the management to attend the meetings as and when required. These meetings were carried out with relevant head of departments to obtain information and at times to further clarify matters raised in the audit reports, departmental operations and challenges. This has facilitated deeper understanding of the work and risks encountered across different areas of the Company. The Audit Committee continues to benefit from holding its meetings as and when required.

INTERNAL AUDIT

MWSC has its own Internal Audit Department which directly reports to Audit and Remuneration Committee. As per the guidelines from PCB, a qualified Chief Internal Auditor was recruited during the year to head the Internal Audit Function.

During the year, the Audit and Remuneration committee reviewed a total of 02 audit reports undertaken by company's Internal Audit Department. The Committee endorsed Internal Audit Plan for 2023.

A total of 24 whistle-blower complaints were received during the year. Based on the preliminary assessments conducted, 3 complaints required an investigation and were proceeded accordingly. Of the 3 complaints for which investigation has concluded, 1 claim was substantiated while the other 2 were un-substantiated.

Overall, the Audit & Remuneration Committee is satisfied with the aforementioned changes brought and the audit functions carried out by the Internal Audit Department during the year 2023.

EXTERNAL AUDIT- FINANCIAL STATEMENT FOR THE YEAR END 31, DECEMBER 2023

The Committee reviewed Audited Financial Statement for the year ended 31 December 2023, and is satisfied that appropriate measures were put in place by PWC and MWSC to ensure the independence and objective of the external auditors. The audit was conducted in accordance with International Standards on Accounting (ISAs) and in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

External Auditor for the year 2023 was PricewaterhouseCoopers (PWC).

DIRECTOR REMUNERATION

Audit & Remuneration Committee is also responsible for determination of the remuneration of the Board of Directors, which must be approved by the General Meeting of the Board before a specific agreement on incentive pay is entered into.

The remuneration package of the Board of Directors is set as per the requirements implemented by the government on SOE's Directors allowances.

AISHATH ROOHY
Chairperson of the Audit & Remuneration Committee

26th June 2024

AUDIT REPORT AND AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDING 2023

MALE' WATER & SEWERAGE COMPANY PVT LTD

Financial Statements -31 December 2023

Deloitte.

Deloitte Partners
H.Thandiraimage, 3rd floor
Roshanee Magu
Malé, Republic of Maldives

Tel: +960 3318342, 3335046
Fax: +960 3314601
www.deloitte.com

Independent auditor's report

To the Shareholders of Male' Water & Sewerage Company Pvt Ltd

Report on the audit of the financial statements

Our Opinion

We have audited the financial statements of Male' Water & Sewerage Company Pvt Ltd (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group). The financial statements of the Company and the consolidated financial statements of the Group comprise:

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

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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Key audit matter	How our audit addressed the Key audit matter
The Company:	
Construction contract revenue: Refer to the material accounting policy Note 2.5.5 (b) and Note 3.1 to the financial statements. Revenue recorded during the year include revenue from construction project contracts amounting MVR 388,743,860. Revenue from construction project contracts is recognised over time. The Company uses the input method to determine the amount of revenue to be recognised in a given period and the stage of completion is measured by reference to total cost incurred relative to total estimated cost. We focused on this area due to the significance of the revenue recognized during the year from construction project contracts, and because the percentage completion of ongoing contracts involved estimation of future costs for each of those contracts. Any error in judgment or intent while estimating future costs could result in an over/understatement of revenue.	Specific work that we performed on the estimated contract costs for completion used to calculate percentage completion of construction project contracts determined by the management in the input method of revenue recognition included the following: - We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process. - Checked the reasonableness of the budgeted costs of the projects completed subsequent to the reporting dates, by comparing the actual costs of those projects with the respective budgets. - Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs.
Impairment of trade receivables, receivables from related parties, contract assets and other receivables Refer to material accounting policy Notes 2.5.13 (a) (v), and 30.3, Notes 16 and 17 to the financial statements. As at 31 December 2023 the Company's trade receivables, receivables from related parties, contract assets and other receivables amounted to MVR 1,069,973,629 before provision for impairment. An impairment provision is recognised to adjust the receivable balances to the present value based on the estimated future cash flows. The provision for impairment of trade receivables, receivables from related parties, contract assets and other receivables amounted to MVR 170,482,502 as at 31 December 2023.	Our audit procedures on this matter included the following: - Tested the accuracy and completeness of the trade receivables, receivables from related parties, contract assets and other receivables considered in the impairment provision calculation by checking the arithmetical accuracy of the listing obtained and matching the outstanding balances with the general ledger. - Checked the accuracy of the data considering individual contract assets, other receivables, receivables from related parties and trade receivables balances and the aging of such balances on a sample basis, to determine whether management's identification of assets requiring impairment provision was appropriate.

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Key audit matter	How our audit addressed the Key audit matter
Impairment provision is calculated using statistical methods and historical collection trends adjusted for forward looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment is disclosed in accounting policy Note 30.3. We considered the calculation of impairment provision as a key audit matter as it is a complex area requiring management judgement on significant estimates and assumptions made on customer payment behaviours and since the amount of impairment provision recognized in the financial statements is material.	- We tested the key underlying assumptions used in the calculation of the impairment provision by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. - We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referring the requirements of IFRS 9, Financial instruments; recognition and measurement, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision.
The Group:	
Revenue recognition of the subsidiary Company Refer to the material accounting policies Note 2.5.5 (c) and Note 3.1 to the financial statements. Revenue is a key performance indicator for the subsidiary Company and subject to higher risk material misstatement. The large volume of transactions increases the risk of error, and the manual processes involved in the integration of data from the billing system to the accounting system software further add to this risk. Due to these factors, this has been considered as a key audit matter. The subsidiary Company has recorded a revenue of MVR 235,265,801 for the year ended 31 December 2023. The subsidiary Company's revenue mainly consists of sale of water bottles, fish cans and other carbonated drinks.	Our audit approach included both control testing and substantive procedures performed as follows: - Obtained an understanding of and assessed the design, implementation and operating effectiveness of key internal controls over initiating, recording, processing and reporting of revenue transactions. - Tested the general IT controls environment and key IT application controls relating to IT application layers to the revenue recognition. - On sample basis, tested significant revenue transactions during the year, to assess whether the revenue had been recognized in accordance with contractual terms in the correct accounting period and the requirements of the relevant accounting standards. - Tested significant revenue generated from related party sales on a sample basis during the year to assess whether the revenue had been recognized in accordance with IFRS 15.

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Key audit matter	How our audit addressed the Key audit matter
	- Tested on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery orders to assess whether the related revenue had been recognized in the correct financial period. - Performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of reported revenues.

Other information

Management is responsible for the other information. The other information comprises the Annual Report for the year ended 31 December 2023 but does not include the financial statements and our auditor's report thereon which 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 those charged with governance.

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

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

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

MALE

27 June 2024.

For DELOITTE PARTNERS

Mohamed Siraj Muneer
Partner

Male' Water and Sewerage Company Pvt Ltd
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

		GROUP		COMPANY	
	Note	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
Revenue	3	1,598,056,393	1,643,881,987	1,516,587,681	1,577,396,579
Cost of sales		(1,031,847,455)	(1,037,629,309)	(1,008,230,605)	(1,020,995,237)
Gross profit		**566,208,938**	**606,252,678**	**508,357,076**	**556,401,342**
Other income	4	85,512,248	87,219,345	89,265,851	89,506,425
Administrative expenses		(396,505,727)	(367,056,967)	(362,688,798)	(337,997,603)
Selling and marketing expenses		(26,149,790)	(31,135,016)	(15,518,234)	(22,523,598)
Impairment loss on financial assets		(35,636,658)	(26,997,662)	(35,220,097)	(27,033,093)
Operating profit	5	**193,429,011**	**268,282,378**	**184,195,798**	**258,353,473**
Finance income		3,701,783	161,345	3,518,357	161,345
Finance cost		(55,951,757)	(36,401,643)	(54,497,610)	(35,254,634)
Net finance cost	6	(52,249,974)	(36,240,298)	(50,979,253)	(35,093,289)
Profit before tax from continuing operations		**141,179,037**	**232,042,080**	**133,216,545**	**223,260,184**
Income tax expense	7	(20,794,485)	(34,033,301)	(19,715,269)	(32,727,052)
Profit for the year		**120,384,552**	**198,008,779**	**113,501,276**	**190,533,132**
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Re-measurement of retirement benefit obligations	27	24,974,161	4,197,834	24,974,161	4,197,834
Related tax	7	(3,746,124)	(629,675)	(3,746,124)	(629,675)
Other comprehensive income for the year, net of tax		21,228,037	3,568,159	21,228,037	3,568,159
Total comprehensive income		**141,612,589**	**201,576,938**	**134,729,313**	**194,101,290**
Profit for the year attributable to:					
Equity holders of the parent		116,245,042	194,345,712	113,501,276	190,533,132
Non-controlling interest	21	4,139,510	3,663,068	-	-
		120,384,552	**198,008,779**	**113,501,276**	**190,533,132**
Total comprehensive income attributable to:					
Equity holders of the parent		137,473,079	197,913,870	134,729,313	194,101,290
Non-controlling interest	21	4,139,510	3,663,068	-	-
		141,612,589	**201,576,938**	**134,729,313**	**194,101,290**
Earnings per share	8	435	728	425	714

The accounting policies and notes on pages 12 through 64 form an integral part of the financial statements.

Male' Water and Sewerage Company Pvt Ltd
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

		GROUP		COMPANY	
Assets	**Note**	**As at 31-12-2023 MVR**	**As at 31-12-2022 MVR**	**As at 31-12-2023 MVR**	**As at 31-12-2022 MVR**
Non-current assets					
Property, plant and equipment	9	937,112,873	1,023,697,265	866,233,090	946,482,921
Capital work-in-progress	10	696,475,939	525,176,286	608,328,299	506,746,749
Right-of-use assets	23	264,400,474	254,663,417	256,295,535	242,962,803
Net investment in lease	24	69,895,414	-	69,895,414	-
Intangible assets	11	3,618,067	2,465,014	2,820,230	1,719,272
Investment in subsidiary	12	-	-	7,650,000	7,650,000
Investment property	13	15,655,686	17,596,949	15,655,686	17,596,949
Deferred tax assets	7.4	8,063,795	3,457,010	8,007,427	4,177,677
		1,995,222,248	**1,827,055,861**	**1,895,685,681**	**1,727,336,370**
Current assets					
Inventories	14	512,118,407	693,296,278	503,038,524	683,829,227
Net investment in lease	24	4,863,352	-	4,863,352	-
External project work-in progress	15	-	13,781	-	13,781
Contract assets	16	359,071,197	336,428,603	359,071,197	336,428,603
Trade and other receivables	17	616,537,550	528,824,661	631,064,223	573,765,309
Cash and cash equivalents	18	94,917,455	126,874,058	89,652,850	123,136,845
		1,587,507,961	**1,685,437,381**	**1,607,690,146**	**1,717,173,965**
Total assets		**3,582,730,209**	**3,512,493,242**	**3,503,375,827**	**3,444,510,335**
Equity and liabilities					
Share capital	19	267,000,000	267,000,000	267,000,000	267,000,000
Share allotment gain	20	3,042	3,042	3,042	3,042
General reserve		1,309,918,723	1,233,705,470	1,309,918,723	1,233,705,470
Retained earnings		189,901,876	242,961,928	169,137,591	224,941,410
Equity attributable to the equity holders of the company		**1,766,823,641**	**1,743,670,440**	**1,746,059,356**	**1,725,649,922**
Non-controlling interest	21	27,223,678	24,368,245	-	-
Total equity		**1,794,049,319**	**1,768,038,685**	**1,746,059,356**	**1,725,649,922**
Non-current liabilities					
Interest-bearing borrowings	22	218,983,656	274,943,218	218,983,656	274,943,218
Lease liabilities	23.5	288,964,782	268,855,744	275,110,141	254,025,355
Defined benefit obligation	27.4	53,903,357	63,703,030	53,903,357	63,703,030
Government grants	25	9,229,432	10,157,716	9,229,432	10,157,716
		571,081,027	**617,659,708**	**557,226,586**	**602,829,322**
Current liabilities					
Interest-bearing borrowings	22	119,204,562	73,900,523	119,204,562	73,900,523
Lease liabilities	23.5	12,884,918	9,120,591	177,915	410,109
Government grants	25	928,284	928,284	928,284	928,284
Contract liabilities	26	37,949,662	56,931,831	37,949,662	56,931,831
Trade and other payables	27	1,039,463,986	981,778,004	1,034,303,009	978,310,465
Income tax liability	7.3	7,168,451	4,135,616	7,526,453	5,549,859
		1,217,599,863	**1,126,794,849**	**1,200,089,885**	**1,116,031,091**
Total equity and liabilities		**3,582,730,209**	**3,512,493,242**	**3,503,375,827**	**3,444,510,335**

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by,

Name of the Director **Signature**

1) Ms. Shamhooza Ahmed (Chairperson) ....

2) Mr. Abdul Matheen Mohamed (Managing Director) ....

The accounting policies and notes on pages 12 through 64 form an integral part of the financial statements.
26 June 2024
Male'

Deloitte Partners
Male', Maldives

Male' Water and Sewerage Company Pvt Ltd
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

		GROUP					
	Note	Share capital MVR	Share allotment gain MVR	General reserve MVR	Retained earnings MVR	Non-Controlling Interest MVR	Total equity MVR
Balance as at 01 January 2022		**267,000,000**	**3,042**	**1,120,583,077**	**293,596,711**	**21,897,542**	**1,703,080,372**
Profit for the year		-	-	-	194,345,712	3,663,068	198,008,779
Other comprehensive income		-	-	-	3,568,159	-	3,568,159
Total comprehensive income		-	-	-	**197,913,870**	**3,663,068**	**201,576,938**
Transferred to reserves		-	-	113,122,393	(113,122,393)	-	-
Dividends for year 2021		-	-	-	(135,426,260)	(1,192,365)	(136,618,625)
Balance as at 31 December 2022		**267,000,000**	**3,042**	**1,233,705,470**	**242,961,928**	**24,368,245**	**1,768,038,685**
Balance as at 01 January 2023		**267,000,000**	**3,042**	**1,233,705,470**	**242,961,928**	**24,368,245**	**1,768,038,685**
Profit for the year		-	-	-	116,245,042	4,139,510	120,384,552
Other comprehensive income		-	-	-	21,228,037	-	21,228,037
Total comprehensive income		-	-	-	**137,473,079**	**4,139,510**	**141,612,589**
Transferred to reserves	8.4	-	-	76,213,253	(76,213,253)	-	-
Dividends for year 2022	8.3	-	-	-	(114,319,879)	(1,282,077)	(115,601,956)
Balance as at 31 December 2023		**267,000,000**	**3,042**	**1,309,918,723**	**189,901,876**	**27,225,678**	**1,794,049,319**

The accounting policies and notes on pages 12 through 64 form an integral part of the financial statements.

Deloitte Partners Male', Maldives

Male' Water and Sewerage Company Pvt Ltd
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Note	Share capital MVR	Share allotment gain MVR	General reserve MVR	Retained earnings MVR	Total equity MVR
		COMPANY				
Balance as at 01 January 2022		267,000,000	3,042	1,120,583,077	278,147,740	1,665,733,859
Profit for the year		-	-	-	190,533,132	190,533,132
Other comprehensive income		-	-	-	3,568,159	3,568,159
Total comprehensive income		-	-	-	194,101,290	194,101,290
Transferred to reserves	8.4	-	-	113,122,393	(113,122,393)	-
Dividends for year 2021	8.3	-	-	-	(134,185,227)	(134,185,227)
Balance as at 31 December 2022		267,000,000	3,042	1,233,705,470	224,941,410	1,725,649,923
Balance as at 01 January 2023		267,000,000	3,042	1,233,705,470	224,941,410	1,725,649,923
Profit for the year		-	-	-	113,501,276	113,501,276
Other comprehensive income		-	-	-	21,228,037	21,228,037
Total comprehensive income		-	-	-	134,729,313	134,729,313
Transferred to reserves	8.4	-	-	76,213,253	(76,213,253)	-
Dividends for year 2022	8.3	-	-	-	(114,319,879)	(114,319,879)
Balance as at 31 December 2023		267,000,000	3,042	1,309,918,723	169,137,591	1,746,059,357

The accounting policies and notes on pages 12 through 64 form an integral part of the financial statements.

Deloitte Partners
Male', Maldives

Male' Water and Sewerage Company Pvt Ltd
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended 31 December 2023

	Note	GROUP		COMPANY	
		Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
Cash flow from operating activities					
Profit before tax from continuing operation		141,179,037	232,042,080	133,216,345	223,200,184
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Depreciation of property plant and equipment	9	113,107,339	104,936,470	102,002,945	95,007,260
Amortisation of intangible assets	11	1,201,815	1,722,422	936,258	1,403,547
Depreciation of investment properties	13	1,430,822	1,456,170	1,430,822	1,456,170
Depreciation of right of use assets	22	11,149,588	9,743,860	7,200,840	6,237,499
Gratuity provision	27.4	15,833,733	19,951,891	15,833,733	18,951,891
Loss on disposal of property, plant and equipment		54,681	327,725	-	327,725
Gain on termination of right of use assets	4	-	(45,297)	-	(45,297)
Finance income	6	3,701,783	(161,345)	(3,518,357)	(161,345)
Finance cost	6	53,444,845	35,740,053	53,950,698	34,095,330
Provision for impairment on financial assets		35,656,658	26,907,602	35,220,697	27,015,093
Provision for impairment of slow and non moving inventories	14	8,760,974	6,344,664	8,760,974	6,344,664
Dividend income	4	-	-	(1,334,403)	(1,241,033)
Inventory written off		(31,093)	-	(31,093)	464,949
Expenses transferred from CWIP	10	3,317,306	14,807,680	3,317,306	14,807,680
Release of government grant	25	(929,284)	(929,284)	(929,284)	(929,288)
		390,030,450	451,966,051	356,274,062	427,039,258
Working capital adjustments:					
Decrease/ (increase) in inventories	14	172,256,805	(246,878,850)	171,889,637	(246,237,559)
Increase in contract assets	16	(53,114,094)	(115,934,733)	(53,114,094)	(115,934,733)
Increase in trade and other receivables	17	(112,878,046)	(76,186,629)	(102,047,910)	(70,710,346)
Decrease/ (increase) in contract liabilities	26	(18,982,169)	16,471,271	(18,982,169)	16,471,271
Increase in net investment in the lease		(74,758,766)	-	(74,755,766)	-
(Decrease)/increase in trade and other payables	27	(3,494,633)	56,899,253	(5,188,081)	97,361,311
External project work in progress	15	13,781	300	13,781	300
Cash flows generated from operating activities		**319,093,284**	**128,353,656**	**294,086,459**	**108,463,572**
Interest received	6.1	(3,701,783)	161,345	3,518,357	161,345
Interest paid	6.2	(26,563,506)	(11,404,193)	(26,563,506)	(11,404,193)
Gratuity payment	26.4	(659,245)	(470,530)	(659,245)	(470,530)
Income tax paid	7.3	(26,114,549)	(51,298,181)	(26,114,549)	(51,298,181)
Net cash flows from operating activities		**262,054,200**	**65,331,089**	**244,267,516**	**45,451,005**
Investing activities					
Purchases and construction of property, plant and equipment	9	(11,579,309)	(13,518,416)	(9,465,138)	(9,503,719)
Purchases of intangible assets	11	(354,428)	(289,028)	(354,428)	(223,217)
Dividend received during the year	4	-	-	1,334,403	1,241,033
Cost incurred on construction of capital work-in-progress	10	(188,955,606)	(162,039,564)	(178,359,175)	(154,211,186)
Net cash used in investing activities		**(200,889,343)**	**(175,847,095)**	**(186,844,337)**	**(162,801,088)**
Financing activities					
Proceeds from borrowings	22	126,284,563	237,626,627	126,284,563	237,626,627
Proceeds from loan	23	10,000,000	-	-	-
Repayment of borrowings	22	(156,940,087)	(43,923,771)	(136,940,087)	(43,923,771)
Payment of principal portion of lease liabilities	23.5	(38,044,585)	(27,260,213)	(27,112,375)	(23,176,485)
Dividends paid		(54,421,350)	(91,863,656)	(53,139,273)	(89,430,258)
Net cash (used in) /generated from financing activities		**(93,121,459)**	**74,578,987**	**(90,907,173)**	**81,096,113**
Net decrease in cash and cash equivalents		(31,956,602)	(35,954,929)	(33,483,994)	(36,253,969)
Cash and cash equivalents at 1 January		126,874,058	162,828,987	123,136,845	159,390,814
Cash and cash equivalents at 31 December	18	**94,917,456**	**126,874,058**	**89,652,851**	**123,136,845**

The accounting policies and notes on pages 12 through 64 form an integral part of the financial statements.

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1. Corporate information

Male' Water and Sewerage Company Pvt Ltd (the "Company") is a limited liability Company incorporated and domiciled in Republic of Maldives since 1st April 1995. The Company is engaged in the treatment and distribution of water, providing sewerage facilities and water related construction contacts in the Maldives including supplying electricity facility in Dhuvaafaru Island. The registered office of the Company is located at 20-04, Ameenee Magu, Machchangolhi, Male', Republic of Maldives.

The Government of Maldives (GOM) has a controlling interest in the shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking, Island Beverage Maldives Private Limited, a limited liability company incorporated and domiciled in the Republic of Maldives, which produces, supplies and sells bottled mineral water in the Republic of Maldives. The Company owns 51% of issued and paid up share capital of the subsidiary.

1.1 Compliance with IFRS Accounting Standards

The consolidated financial statements of the Male' Water and Sewerage Company Pvt Ltd and its subsidiary, (collectively, the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

1.2 Historical cost convention

The consolidated and separate financial statements have been prepared on the historical cost basis. All the assets and financial assets are measured at historical cost and amortised cost basis and no assets are measured at fair value.

The preparation of consolidated financial statement in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant are set out. No adjustments are made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral, except when otherwise indicated.

The consolidated financial statements of Male' Water and Sewerage Company Pvt Ltd for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the board of directors.

1.3 Use of estimates and judgements

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Loss allowance for expected credit losses – note 2.6 and note 30.3.

- Estimated useful life of property plant and equipment – note 2.6 and note 9.

- Estimated useful life of intangible asset – note 2.6 and note 11.

- Estimation uncertainties and judgements made in relation to lease accounting –note 2.6 and note 23

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1.3 Use of estimates and judgements (Continued)

- Estimation of fair values of investment property – note 2.6 and note 13.
- Estimation of defined benefit pension obligation - note 2.6 and note 27.4.
- Estimation of recognition of revenue relating to construction revenue stream - note 2.6 and note 3.1.
- Estimation of net realizable value of inventory – note 2.6 and note 14

1.4 New and amended standards adopted by the group– applicable for the first time for periods commencing 1 January 2023

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2023.

i. IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17).
ii. Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies.
iii. Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
iv. Amendments to IAS 12 Income Taxes-International Tax Reform-Pillar Two Model Rules and,
v. Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates.

1.5 New standards and amendments issued but not effective or early adopted in 2023

The following standards and interpretations had been issued by IASB but not mandatory for annual reporting periods ended 31 December 2023. Further, the group has not early adopted these new standards and/or amendments.

i. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
ii. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
iii. Amendments to IAS 1 Non-current Liabilities with Covenants
iv. Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements and,
v. Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

2. Material Accounting Policies

2.1 Basis of preparation

The consolidated financial statements of the Male' Water and Sewerage Company Pvt Ltd and its subsidiary collectively, group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standard Board (IASB). The Consolidated financial statements are prepared on a historical cost basis.

The preparation of consolidated financial statement in conformity with IFRS Accounting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant are set out.

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2 Material Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

No adjustments are made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral, except when otherwise indicated.

The consolidated financial statements of Male' Water and Sewerage Company Pvt Ltd for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the board of directors.

2.2 Going concern

The Board of Directors is satisfied that the Group has adequate resources to continue its operations in the foreseeable future. The Directors have concluded that the going concern basis of accounting is appropriate for the year 2023 and they do not intend either to liquidate or cease trading.

Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.3 Comparative information

Comparative information including quantitative, narrative, and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

The presentation and classification of the financial statement of the previous year has been amended, where relevant for better presentation and to be comparable with these of the current year.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2023. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

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2 Material Accounting Policies (Continued)

2.4 Basis of consolidation (Continued)

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Accounting under separate financial statement

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

2.4.1 Subsidiaries

Subsidiaries and their controlling percentage of the group, which have been consolidated are as follows,

Subsidiary	Effective Holding		Principle activity
	2023	2022	
Island Beverages Maldives Private Limited	51%	51%	Manufacturing, distributing, and selling of a bottled water called "TaZa" in the Republic of Maldives.

2.5 Summary of Material Policies

2.5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scare or cannot be replaced without Significant cost, effort, or delay in the ability to continue producing output.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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2. Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.1 Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least twelve months after the reporting date

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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2. Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.2 Current versus non-current classification (Continued)

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5.3 Conversion of foreign currencies

The Group's financial statements are presented in Maldivian Rufiyaa (MVR) which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.5.4 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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2. Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.4 Fair Value Measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.5.5 Revenue from contracts with customers

The Group is largely in the business of sale of water, electricity and, construction of water and sewerage projects on behalf of the Government. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

a) Sale of water and electricity

Revenue from sale of water and electricity are recognised over the time since they are supplied as series of services that the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs and measured based on output method of units supplied. The normal credit term is 30 days upon billing.

b) Construction projects – Water and sewerage

The Group carries out water & sewerage construction projects under long-term contracts with the Government. Such contracts are entered into before construction of such projects begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from water & sewerage construction projects are therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Revenue from construction-related contracts is recognised upon satisfaction of a performance obligation agreed in the contract.

2. Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.5 Revenue from contracts with customers (Continued)

At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

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

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

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

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

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

Critical accounting estimates and judgments

The Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver design services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Where the proportion of services performed to total services to be perfomed to differ by 1% from management's estimates, the amount of revenue recognised in the year would be increased by MVR 15,407,546 if the percentage-of-completion is increased by 1% and the amount of revenue recognised in the year would be decreased by MVR 15,407,546 if the percentage-of-completion is decreased by 1%.

Financing components

The duration of the construction projects at times goes beyond one year and in such case the Company realises the sales proceeds after raising milestone based billing during the project duration and significant advances are not received and the duration from the receipt of advances till the next billing date do not exceed one year.

The Company does not have a practice of charging different price depending upon the payment term or there is no cash selling price as a business practice/nature of the business and therefore, there is no significant financing component included in the transaction price mentioned in the agreement.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.5 Revenue from contracts with customers (Continued)

Therefore, the transaction price in the revenue agreements do not have a significant financing component that need to be separated from/ added to contract price when recognizing the revenue.

c) Sale of goods – Water bottles, pipes and other water related item

The group sells water bottles, pipes and other water related items directly to customers.

For sale of water bottles, pipes and other water related items to customers, revenue is recognised by the group at a point in time when control of the goods has transferred to customer.

2.5.6 Government grant

Government grants are recognised when there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.5.7 Property, plant and equipment

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

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

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

Public rainwater scheme and new water scheme	- 40 years
Sewerage system	- 20 years
Reverse Osmosis (RO) plant, generator, bore well and machinery	- 15 years
Motor vehicles	- 04 years
Office equipment	- 04 years
Other equipment	- 05 years
Furniture and fittings	- 08 years
Computer hardware	- 03 years
Desalination building and fuel farm	- 20 years
Buildings	- 20 years
Vessels	- 20 years

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.7 Property, plant and equipment (Continued)

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.8 Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company.

2.5.9 Leases

I. The Company's leasing activities and how these are accounted for:

The Group has several contracts for the use of Land and building in its operations. The Group's obligations under its leases are secured by the lessors' title to the leased assets. Currently, there are 14 no of land lease agreements which were entered by the Company with following parties:

- The Government of Republic of Maldives (GoM)
- Housing Development Corporation (HDC)
- Thilafushi Corporation
- Secretarial of Dhuvaafaru Council
- Secretarial of Khaldhufushi Council
- Ministry of Housing and Infrastructure

The buildings and certain other fixed assets were erected on land leased to the Company from the Government of Maldives for 20 years in accordance with Clause 17 of the Agreement and the Assets Transfer Agreement dated 30 March 1995 and 9 September 1995 respectively. The leasehold rights to the land were derived from the said Joint Venture Agreement and Assets Transfer Agreement. The Company has received an extension of lease terms for a further 50 years from the Government of Maldives on 14th March 2010. During the year the balance has transferred to right of use assets.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Assets and liabilities arising from a lease are initially measured on a present value basis.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.9 Leases (Continued)

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- amounts expected to be payable by the group under residual value guarantees

- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Where possible lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. As such, since the implicit rates were not available for the leases the Company has considered the incremental borrowing rate for secured loans at which the Company can borrow for a period similar to lease period for an amount equal to right-of-use of the respective leases.

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

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

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and

-restoration costs

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

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.9 Leases (Continued)

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

The group enters into lease agreements as a lessor with respect to the residential apartment building constructed by the company. 70 out of the 192 apartments have been leased out to employees on a monthly installment basis to be paid over a period of 12 years with the option for early settlement. Risk and rewards of the ownership is substantially transferred to the employees upon settling the full settlement.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease ransfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

2.5.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5.11 Investment properties

Investment properties are measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Cost of the investment property is amortised over the useful life of the property.

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Male', Maldives

2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.11 Investment properties (Continued)

Buildings	20 years
Other Equipment	4 years

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of changes in use.

2.5.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

a) Brand name

Brand name is shown at historical cost. Brand name has a finite useful life and are carried at cost less accumulated amortisation.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.12 Intangible assets (Continued)

b) Computer software

Cost associated with maintaining computer software programmed are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the required criteria are met. Computer software development/ acquisition cost recognised as assets are amortized over their estimated useful lives, which does not exceed five years.

2.5.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

I. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

II. Financial instruments – recognition and derecognition

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

III. Measurement

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

Debt instruments

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

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2. Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.13 Financial instruments – initial recognition and subsequent measurement (Continued)

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

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

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

Equity instruments

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.13 Financial instruments – initial recognition and subsequent measurement (Continued)

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

IV. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

When the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

V. Impairment of financial assets

The Group applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

I. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.13 Financial instruments – initial recognition and subsequent measurement (Continued)

II. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

III. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

IV. De-recognition

Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.5.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company.

2.5.15 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.5.16 Inventories

Inventories are stated at the lower cost and net realized value. Cost is determined using the weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary courses of business, less the costs of completion and variable selling expenses. Where necessary, provision is made in the financial statements for obsolete, slow-moving and defective inventory.

2.5.17 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and cash in hand.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.17 Cash and cash equivalents (Continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand, as defined above, net of outstanding bank overdraft, if any, as they are considered an integral part pf the Group's cash management. The consolidated cash flow statement is prepared in the "indirect method".

2.5.18 Other liabilities and provisions

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

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

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.5.19 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.20 Trade and Other Payables

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

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

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

Retirement gratuity benefit

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

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

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

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

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

Defined contribution plan - pension contribution

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

Contributions to retirement pension scheme is recognized as an employee benefit expense in the statement of comprehensive income.

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2 Material Accounting Policies (Continued)

2.5 Summary of Material Accounting Policies (Continued)

2.5.22 Expenditure recognition

Expenses are recognised in the consolidated statements of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant, and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a 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.

2.5.23 Taxation

a) Current tax

Provision for income tax is based on the elements of income and expenditure as reported in the consolidated financial statements and is computed in accordance with the provisions of the relevant tax statutes.

Deferred tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the consolidated financial statements. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised, or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

b) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax. Receivable and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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2 Material Accounting Policies (Continued)

2.6 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires the application of certain critical judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward looking estimates at the end of each reporting period.

b) Estimated Useful lifetime of the Property, Plant and Equipment and intangible assets

The Group reviews annually the estimated useful lives of PPE and intangible assets based on factors such as business plans and strategies, expected level of usage and future technological developments.

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated lives of PPE and intangible assets would increase the recorded depreciation and amortization charge and decrease the carrying value.

c) Depreciation of property, plant and equipment

The Group assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

d) Tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

e) Estimation of defined benefit pension obligation

Estimation uncertainties of defined benefit pension obligation is explained in Note 2.5.21.

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2 Material Accounting Policies (Continued)

2.6 Significant accounting judgements, estimates and assumptions (Continued)

f) Recognition of deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred income tax asset has been recognised.

g) Recognition of revenue relating to construction revenue stream

Significant accounting judgements, estimates and assumptions with respect to the recognition of revenue relating to construction revenue stream is explained in Note 2.5.5.

h) Estimation uncertainties and judgements made in relation to lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. Estimation uncertainties and judgements made in relation to lease accounting is explained in Note 2.5.9.

i) Capitalization of property, plant and equipment and projects under construction

Assets are transferred to Property, Plant and equipment from assets under construction when they are ready for its intended use. The complex nature of the assets is such that judgment is required as to when that point is reached. Also, judgment is required to determine whether the costs incurred on those assets can be capitalized or can be recognized as an expense in profit or loss.

j) Inventory-NRV

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

k) Property lease classification - Group as lessor

The Group has entered into lease agreements as a lessor with respect to the residential apartment building constructed by MWSC. 70 out of the 192 apartments have been leased out to employees on a monthly installment basis to be paid over a period of 12 years, with the option for early settlement.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it passes substantially all the risks and rewards incidental to ownership of these properties to the customers and accounts for this arrangement as financing leases.

l) Estimation of fair values of investment property

Estimation of fair values of investment property is explained in Note 2.5.11.

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3 Revenue from contract with customers

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contract with customers.

	Group				
	For the year ended 31 December 2023				
Segment	Water, electricity and sewerage	Construction project	Bottled water and flake ice	Pipe & other water related items	Total
Type of goods or services	MVR	MVR	MVR	MVR	MVR
Supply of utilities	979,991,677	-	-	-	979,991,677
Construction revenue	-	388,743,860	-	-	388,743,860
Sale of bottled water & flake ice	-	-	221,091,383	-	221,091,383
Sale of pipe and other water related items	-	-	-	8,229,473	8,229,473
Total revenue from contracts with customers	**979,991,677**	**388,743,860**	**221,091,383**	**8,229,473**	**1,598,056,393**
Timing of revenue recognition					
Over time	979,991,677	388,743,860	-	-	1,368,735,537
Point in time	-	-	221,091,383	8,229,473	229,320,856
Total revenue from contracts with customers	**979,991,677**	**388,743,860**	**221,091,383**	**8,229,473**	**1,598,056,393**

	Group				
	For the year ended 31 December 2022				
Segment	Water, electricity and sewerage	Construction project	Bottled water and flake ice	Pipe & other water related items	Total
Type of goods or services	MVR	MVR	MVR	MVR	MVR
Supply of utilities	867,813,982	-	-	-	867,813,982
Construction revenue	-	557,397,688	-	-	557,397,688
Sale of bottled water & flake ice	-	-	208,938,849	-	208,938,849
Sale of pipe and other water related items	-	-	-	9,731,469	9,731,469
Total revenue from contracts with customers	**854,549,665**	**557,397,688**	**208,938,849**	**9,731,469**	**1,643,881,987**
Timing of revenue recognition					
Over time	867,813,982	557,397,688	-	-	1,425,211,670
Point in time	-	-	208,938,849	9,731,469	218,670,318
Total revenue from contracts with customers	**854,549,665**	**557,397,688**	**208,938,849**	**9,731,469**	**1,643,881,987**

Set out below is the disaggregation of the Company's revenue from contract with customers.

	COMPANY				
	For the year ended 31 December 2023				
Segment	Water, electricity and sewerage	Construction project	Bottled water and flake ice	Pipe & other water related items	Total
Type of goods or services	MVR	MVR	MVR	MVR	MVR
Supply of utilities	979,991,677	-	-	-	979,991,677
Construction revenue	-	388,743,860	-	-	388,743,860
Sale of bottled water & flake ice	-	-	139,622,671	-	139,622,671
Sale of pipe and other water related items	-	-	-	8,229,473	8,229,473
Total revenue from contracts with customers	**979,991,677**	**388,743,860**	**139,622,671**	**8,229,473**	**1,516,587,681**
Timing of revenue recognition					
Over time	979,991,677	388,743,860	-	-	1,368,735,537
Performance-related milestones	-	-	-	-	-
Point in time	-	-	139,622,671	8,229,473	147,852,144
Total revenue from contracts with customers	**979,991,677**	**388,743,860**	**139,622,671**	**8,229,473**	**1,516,587,681**

	COMPANY				
	For the year ended 31 December 2022				
Segment	Water, electricity and sewerage	Construction project	Bottled water and flake ice	Pipe & other water related items	Total
Type of goods or services	MVR	MVR	MVR	MVR	MVR
Supply of utilities	867,813,982	-	-	-	867,813,982
Construction revenue	-	557,397,688	-	-	557,397,688
Sale of bottled water & flake ice	-	-	142,453,440	-	142,453,440
Sale of pipe and other water related items	-	-	-	9,731,469	9,731,469
Total revenue from contracts with customers	**867,813,982**	**557,397,688**	**142,453,440**	**9,731,469**	**1,577,396,579**
Timing of revenue recognition					
Over time	867,813,982	557,397,688	-	-	1,425,211,670
Performance-related milestones	-	-	-	-	-
Point in time	-	-	142,453,440	9,731,469	152,184,909
Total revenue from contracts with customers	**867,813,982**	**557,397,688**	**142,453,440**	**9,731,469**	**1,577,396,579**

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	GROUP		COMPANY	
	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
4 Other income				
Fixed monthly charges	23,856,768	22,938,455	23,856,768	22,938,455
Operational income	15,208,340	31,401,156	15,208,340	31,401,156
Rental and management income	9,230,419	10,539,685	11,649,619	12,959,685
Penalties, surcharges and fines (Note 4.1)	10,440,290	(8,274,245)	10,440,290	(8,274,245)
Income from disconnection/ reconnection/relocation/termination	25,848,138	28,288,760	25,848,138	28,288,760
Government grant	928,284	928,284	928,284	928,284
Miscellaneous income	-	112,920	-	-
Dividend income	-	1,241,033	1,334,403	1,241,033
Gain on termination of right of use assets	-	43,297		43,297
	85,512,248	**87,219,345**	**89,265,851**	**89,506,425**

4.1 This account mainly consists of surcharges billed to customers against overdue utility bills. It was a management decision to waive off the surcharge income during the year 2022 against the income recognized in 2021.

	GROUP		COMPANY	
5 Profit from operating activities				
stated after charging,				
Staff costs (Note 5.1)	208,515,878	195,400,357	190,873,009	180,643,739
Directors' fees	1,418,893	1,366,600	918,338	1,062,600
Depreciation on property plant and equipments (Note 9)	113,107,559	104,958,470	102,002,945	95,007,269
Bank service charges and commission	17,834,535	17,588,789	17,816,307	17,563,167
Import duty and freight charges	11,205,034	15,510,624	11,205,034	15,510,624
Repair and maintenance	18,547,347	22,147,783	18,264,555	21,842,005
Transport and travelling expenses	3,393,388	720,735	2,668,898	362,912
Insurance expense	8,789,859	3,131,998	8,271,732	2,586,826
Water expense	5,090,084	4,098,477	4,835,290	3,785,929
Electricity expense	14,517,727	13,398,674	13,998,728	12,921,331
Fuel expense	2,568,073	2,241,698	2,568,073	2,241,698
Telephone and postage expense	3,210,861	3,570,283	2,682,912	3,023,149
Printing and stationary expense	2,114,597	1,445,300	1,460,723	1,011,706
Board meeting expenses	68,070	46,778	68,070	46,778
Entertainment expense	1,248,814	2,488,889	694,149	954,868
Donations expense	5,918,587	5,754,633	5,918,587	5,754,633
Legal expenses	1,217	1,217	1,217	1,217
5.1 Staff costs				
Salaries and wages	69,775,729	69,427,706	62,079,433	62,645,726
Staff bonus	15,288,697	4,436,027	14,541,132	3,827,677
Allowances expense	71,080,094	67,735,053	71,080,094	67,735,053
Overtime expense	6,708,408	6,643,916	6,708,408	6,643,916
Overseas training expenses	11,072,763	12,040,677	11,072,763	12,040,677
Staff welfare expense	8,366,222	8,401,254	726,576	2,528,786
Local training expenses	2,075,902	1,275,407	2,075,902	1,275,407
Staff provident fund	5,016,858	4,821,867	4,416,835	4,260,727
Retirement gratuity benefit	15,833,733	18,951,891	15,833,733	18,951,891
Staff recruitment and work permit expenses	2,097,472	1,666,409	1,738,137	727,879
	208,515,878	**195,400,357**	**190,873,009**	**180,643,739**

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6 Net finance cost

	GROUP		COMPANY	
	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
6.1 Finance income				
- Interest income on short term deposits	3,701,783	161,345	3,518,357	161,345
6.2 Finance expenses				
- Interest expense on borrowings	26,563,506	11,404,193	26,563,506	11,404,193
- Net foreign exchange loss	506,912	635,590	506,912	646,284
- Interest expense on lease liabilities (Note 23)	28,881,339	24,341,860	27,427,192	23,204,157
	55,951,757	36,401,643	54,497,610	35,254,634
Net finance cost	**52,249,974**	**36,240,298**	**50,979,253**	**35,093,289**

7 Income tax expenses

Items recognized in profit or loss

7.1 Current tax expense

	GROUP		COMPANY	
	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
Current tax expense (Note 7.2)	29,147,394	34,479,348	28,091,143	34,318,303
	29,147,394	34,479,348	28,091,143	34,318,303
Deferred tax adjustments				
Deferred tax asset recognized (Note 7.4)	(5,871,600)	(1,512,711)	(5,809,205)	(2,668,684)
Deferred tax liability recognized (Note 7.5)	(2,481,309)	1,066,664	(2,566,669)	1,077,433
	(8,352,909)	(446,047)	(8,375,874)	(1,591,251)
Income tax expense	**20,794,485**	**34,033,301**	**19,715,269**	**32,727,052**

7.2 Reconciliation between accounting profit and taxable income:

Profit before tax	141,179,037	232,842,080	133,216,545	223,260,184
	141,179,037	**232,842,080**	**133,216,545**	**223,260,184**
Tax calculated at the rate of 15%	21,176,856	34,926,312	19,982,481.73	33,489,028
Add: tax on non-deductible expenses	33,980,563	27,780,975	11,809,289	25,648,520
Less: tax on deductible expenses	(25,935,024)	(28,032,939)	(23,663,127)	(24,781,745)
Less: Tax free allowance	(75,000)	(75,000)	(37,500)	(37,500)
Income tax on taxable profit at 15%	**29,147,394**	**34,479,348**	**28,091,143**	**34,318,303**

Income tax has been calculated at 15% on the taxable profit for the year ended in accordance with the Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

7.3 Income tax payable/ (refund)

As at 1 January	4,135,616	21,074,814	5,549,859	22,530,737
Tax charge for the year	29,147,394	34,479,348	28,091,143	34,318,303
Paid during the year	(26,114,559)	(51,418,546)	(26,114,549)	(51,299,181)
As at 31 December	**7,168,451**	**4,135,616**	**7,526,453**	**5,549,859**

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		GROUP		COMPANY	
		Year ended	Year ended	Year ended	Year ended
		31-12-2023	31-12-2022	31-12-2023	31-12-2022
7.4	**Deferred tax asset**	MVR	MVR	MVR	MVR
	As at 1st January	32,950,581	31,437,870	32,740,839	30,072,155
	Deferred tax asset recognized during the year	5,871,600	1,512,711	5,809,205	2,668,684
	As at 31st December	38,822,181	32,950,581	38,550,044	32,740,839
7.5	**Deferred tax liability**				
	As at 1st January	29,493,571	27,797,232	28,563,162	26,856,054
	Deferred tax liability recognized during the year	(2,481,309)	1,066,664	(2,566,669)	1,077,433
	Deferred tax liability recognized in other comprehensive income	3,746,124	629,675	3,746,124	629,675
	As at 31st December	30,758,386	29,493,571	29,742,617	28,563,162
	Net deferred tax asset	8,063,795	3,457,010	8,807,427	4,177,677

		GROUP		COMPANY	
		As at	As at	As at	As at
7.6	**Deferred tax**	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	Temporary difference,	MVR	MVR	MVR	MVR
	On property, plant and equipment	(205,055,908)	(196,623,805)	(198,284,115)	(190,421,079)
	On debtors general provision	172,296,745	132,123,055	170,482,501	130,724,772
	On stock general provision	32,614,431	23,844,456	32,614,431	23,844,456
	On employee retirement benefit provision	53,903,357	63,703,030	53,903,357	63,703,030
		53,758,625	23,046,736	58,716,174	27,851,179
	Tax rate	15%	15%	15%	15%
	Deferred tax liability as at 31st December	(30,758,386)	(29,493,571)	(29,742,616)	(28,563,162)
	Deferred tax assets as at 31st December	38,822,181	32,950,581	38,550,043	32,740,839
	Net deferred tax asset	8,063,795	3,457,010	8,807,427	4,177,677

Deferred tax liabilities are calculated on all temporary differences under the liability method using the effective tax rate of 15%. Deferred income tax liabilities/assets for the Group and the Company are arising from accelerated tax depreciation and the provision for bad debt.

8 **Earnings per share**

8.1 Earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

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8 Earnings per share (continue)

8.2 The following reflects the income and share data used in the basic earnings per share computation.

	GROUP		COMPANY	
	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR	Year ended 31-12-2023 MVR	Year ended 31-12-2022 MVR
Profit attributable to equity holders	116,243,042	194,345,712	113,501,276	190,533,132
Weighted average number of - ordinary shares in issue	267,000	267,000	267,000	267,000
Basic earnings per share	**435**	**728**	**425**	**714**

8.3 Dividends per share

At the 52nd annual general meeting held on 13th June 2023, a final dividend in respect of the financial year 2022 of MVR 428/- per share (2021: MVR 503/- per share) amounting to a total of 2022: MVR 114,319,879/- (2021: MVR 134,183,227/-) was declared. These financial statements reflects this dividend, which has been accounted under statement of changes in equity as an appropriation of retained earnings during the year.

8.4 At the 52nd Annual General Meeting held on 13th June 2023, the Board resolved to transfer 40% of the net profit to the general reserve. Consequently, for the financial year 2022, an amount of MVR 76,213,253 (2021: MVR 113,122,393) has been transferred to the company's general reserve account.

9 Property, plant and equipment

9.1 Gross carrying amounts

	Group					
	Balance as at 01.01.2023 MVR	Additions MVR	Transfers from investment property MVR	Transfers from CWIP MVR	Disposal MVR	Balance as at 31.12.2023 MVR
Buildings, desalination plant and fuel farm	271,079,668	103,717	2,130,356	1,589,914	-	274,903,660
Public rain water and new water supply scheme	228,996,371	57,600	-	1,452,898	-	230,506,869
Sewerage system	165,928,505	-	-	-	-	165,928,505
Shrink film blowing machine and preform system	282,160,242	2,977,713	-	5,000	-	285,142,955
Reverse osmosis (RO) plants, generator, borewell and control pumps	675,817,624	623,656	-	276,291	-	676,717,571
Motor vehicles	123,158,222	648,376	-	9,145,890	(1,548,168)	131,404,321
Office and other equipment	90,018,407	3,395,721	-	382,537	-	93,796,665
Furniture and fittings	20,559,539	936,786	-	-	(250,800)	21,245,525
Computer hardware	53,470,303	2,835,739	-	1,635,361	-	57,941,402
Vessels	53,243,734	-	-	-	-	53,243,734
	2,065,032,616	11,579,309	2,130,356	14,487,895	(1,798,968)	2,091,431,208

9.2 Accumulated depreciation

	Balance as at 01.01.2023 MVR	Charge for the year MVR	Transfers from investment property MVR	Disposal MVR	Balance as at 31.12.2023 MVR
Buildings, desalination plant and fuel farm	126,032,961	16,350,204	1,619,914	-	144,003,079
Public rain water and new water supply scheme	99,068,230	5,393,826	-	-	104,462,056
Sewerage system	108,398,242	4,808,296	-	-	113,206,538
Shrink film blowing machine and preform system	82,328,794	24,132,764	-	-	106,461,558
Reverse osmosis (RO) plants, generator, borewell and control pumps	382,738,746	31,753,527	-	-	414,492,273
Motor vehicles	96,217,244	11,524,828	-	(1,540,512)	106,201,560
Office and other equipment	71,670,435	8,556,961	-	-	80,227,396
Furniture and fittings	16,948,464	875,460	-	-	17,823,924
Computer hardware	44,893,280	6,849,326	-	(203,775)	51,538,831
Vessels	13,238,934	2,662,187	-	-	15,901,121
	1,041,335,351	113,107,359	1,619,914	(1,744,287)	1,154,318,335
	1,023,697,265				937,112,873

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9 Property, plant and equipment (Continued)

COMPANY

9.3 Cost	Balance as at 01.01.2023 MVR	Additions MVR	Transfers from investment property MVR	Transfers from CWIP MVR	Disposal MVR	Balance as at 31.12.2023 MVR
Buildings, desalination plant and fuel farm	294,036,994	103,717	2,130,336	1,589,318	-	297,859,580
Public rain water and new water supply scheme	230,448,999	37,000	-	1,432,055	-	231,959,497
Sewerage system	165,928,505	-	-	-	-	165,928,505
Shrink film blowing machine and preform system	273,079,151	2,488,892	-	3,000	-	275,571,043
Reverse osmosis (RO) plants, generator, borewell and control pumps	649,328,632	623,638	-	276,291	-	650,228,793
Motor vehicles	102,348,956	582,876	-	6,435,320	-	109,367,168
Office and other equipment	87,462,136	2,999,977	-	182,537	-	90,643,663
Furniture and fittings	13,682,577	-	-	-	-	13,682,577
Computer hardware	49,616,711	2,011,419	-	1,635,364	-	53,263,499
Vessels	53,243,734	-	-	-	-	53,243,734
	1,918,480,569	9,465,338	2,130,336	11,777,833	-	1,941,859,586

9.4 Accumulated depreciation	Balance as at 01.01.2023 MVR	Charge for the year MVR	Transfers from investment property MVR	Disposal MVR	Balance as at 31.12.2023 MVR
Buildings, desalination plant and fuel farm	101,420,558	15,499,234	1,619,914	-	118,539,707
Public rain water and new water supply scheme	99,622,400	5,593,826	-	-	105,216,226
Sewerage system	108,598,243	4,608,295	-	-	113,206,538
Shrink film blowing machine and preform system	79,529,540	18,356,930	-	-	97,886,470
Reverse osmosis (RO) plants, generator, borewell and control pumps	366,237,170	31,753,527	-	-	397,990,704
Motor vehicles	81,998,064	8,713,294	-	-	90,711,357
Office and other equipment	69,329,503	7,900,366	-	-	77,230,870
Furniture and fittings	12,542,964	428,547	-	-	12,971,511
Computer hardware	40,095,857	6,256,539	-	-	46,352,396
Vessels	13,238,953	2,662,167	-	-	15,901,120
	972,003,648	102,002,943	1,619,914	-	1,075,626,507
Total carrying amount of property plant and equipment	**946,482,921**				**866,233,990**

9.5 The value of fully depreciated property, plant and equipment at the reporting date amounted to MVR 289,846,785/- (2022: MVR 228,715,424/-) of the Group and MVR 289,846,785/- (2022: MVR 228,715,424/-) of the Company.

9.6 Depreciation expenses of MVR 74,403,679/- and MVR 72,360,438/- (2022: MVR 73,333,946/- and MVR 68,141,862/-) have been charged to cost of sales and MVR 34,623,679/- and MVR 29,642,505/- (2022: MVR 31,603,524/- and MVR 26,865,407/-) to administrative expenses of the Group and Company respectively.

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