

Q2

QUARTERLY REPORT 2024

MW|S|C

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Introduction

Welcome to the Quarterly Review Report of Male' Water and Sewerage Company Pvt Ltd (MWSC). This report provides a comprehensive overview of MWSC's performance during the last quarter. This document serves as a testament to the company's commitment to transparency, accountability, and continual improvement in delivering essential services to communities.

Quarter in Review

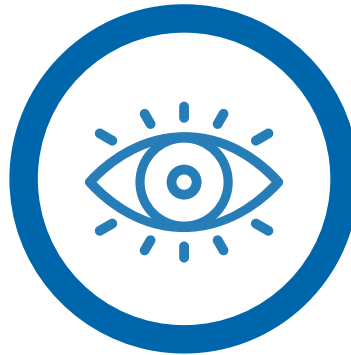
In the second quarter, MWSC continued its proactive commitment to operational excellence in both the Utility and Manufacturing segments. Key milestones included the commissioning of BH26 and BH27, the installation of a significant fuel storage tank, and advancements in real-time monitoring and sea-outfall pipe laying projects. Customer service enhancements and the launch of the 'Fenun Dhirun' art exhibition highlighted the company's dedication to community engagement and environmental awareness. Progress in water supply and sewerage projects across various islands further demonstrated MWSC's forward-thinking approach, positioning the organization for sustained growth and success amidst evolving operational landscapes.

In the second quarter of 2024, our financial performance demonstrated significant growth and resilience, reflecting our strategic focus on revenue enhancement and operational efficiency. Revenue increased by 25% to MVR 416.9 million compared to the previous quarter, showcasing our robust business operations and effective market strategies.

Our gross profit also saw a substantial increase of 10%, with a gross profit margin standing at an impressive 48%, underscoring our ability to manage costs and optimize production efficiencies. The net profit for this quarter was MVR 63.1 million. Although this represents a decrease from the last quarter, it is important to note that this reduction is primarily due to provisions made for impairment losses, slow-moving inventory, and retirement gratuity. These provisions were necessary to ensure our financial statements accurately reflect potential future liabilities and maintain our commitment to transparency and prudence. Despite these provisions, our net profit remains strong, indicating the underlying strength of our business model and our capacity to generate solid returns. We remain optimistic about our performance going forward and are committed to sustaining our growth momentum in the coming quarters..

Strategy Overview

Established in April 1st, 1995, MWSC has been a pioneer in revolutionizing water production and wastewater management in the Maldives. Since its inception, the company has remained dedicated to providing the people of Male' with safe, potable water and sustainable wastewater management solutions.



Vision

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



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



Core Values

Passion, **U**nbiased, **R**espect, **E**ntrepreneurial

Strategic Initiatives and Achievements

This section provides an overview of key actions undertaken by MWSC to advance its mission and vision, showcasing notable progress made in delivering essential water and sewerage services to communities while upholding core values of sustainability and excellence.

Utility Segment

	RO12 feed side membrane change at Male' Operations.	200,000 liters Fuel storage tank installation at Dhuvaafaru power house.	Overhead crane mounting completed at Hulhumale' power house.
	Completed	Completed	Completed
	Real-time monitoring installation at pump station ongoing in Male'	Laying additional sea-outfall pipe in Hulhumale'	Site preparation for Installation of ventilation system at pump station & 4 5 in Male'
	95% completed	Completed	Ongoing
BH26 and BH27 commissioning at Male' Operations.	PS 9 & 2 Sea Outfall pipe repair and modification work	PS 9 & 2 pumping mainline diversion to Industrial Village	Construction of pump station 3 in Hulhumale'
Completed	In planning stage	In planning stage	In planning stage





Strategic Initiatives and Achievements

Manufacturing Segment

Started installation of the pretreatment upgrade project at the Hulhumale' Bottling Factory, which aims to solve existing quality issues and enable the production of flavored drinks.

Completed

Successfully completed the recertification audit of HACCP at the Dhuvaafaru Bottling Factory, ensuring continued compliance with food safety standards.

Completed

Successfully completed the surveillance audit of HACCP at the Hulhumale' Bottling Factory, maintaining rigorous quality control and safety protocols.

Completed

Conduit production tested with PP material is now ready for mass production.

Completed



Board Activities

Board Composition

The Board composition as of 30th June 2024



Shamhooza Ahmed

Chairperson
Appointed 26 Dec 23



Abdul Matheen Mohamed

Managing Director
Appointed 28 Nov 23



Abdul Salam Mohamed

Deputy Managing Director
Appointed 26 Dec 23



Hassan Raeef

Board Member
Appointed 21 Jan 24



Aishath Roohy

Board Member
Appointed 24 Dec 23



Shu Kodama

Board Member
Appointed 1 Oct 18

Major Board Decisions

Changes in Board Composition

- Approved the Annual Report & Directors Report 2023 to be submitted for Shareholders
- Approved the Audited Report and Audited Financial Statements for the year 2023 to be submitted to Shareholders
- Approved the External Auditor and its fees for the year 2024 to be submitted for Shareholders
- Approved the Dividend and Reserves for the year 2023 to be submitted for Shareholders
- Reviewed the report of Audit and Remuneration Committee
- Approved access for the new nominees for the Bank of Maldives Internet Banking
- Approved nomination and endorsement of CFO to EMT
- Approved 1st Quarter Report 2024 to PCB
- Approved Provision of financial support from MWSC to IBM in order to maintain going concern
- Approval of Sale and Leaseback financing from Maldives Islamic Bank Plc
- Approval of Signatories for Maldives Commercial Bank
- Approval of Implementation of discount on water and electricity bills for domestic households during the holy month of Ramazan - April 2024

Board Activities

Directors Name	Designation	Board Meeting	Audit Committee	Risk Committee	Remuneration Committee	Compliance Committee
Shamhooza Ahmed	Chairman	1/1	0/0	0/0	0/0	0/0
Abdul Matheen Mohamed	Managing Director	1/1	0/0	0/0	0/0	0/0
Abdul Salam Mohamed	Deputy Managing Director	1/1	0/0	0/0	0/0	0/0
Aishath Roohy	NED	1/1	3/3	0/0	0/0	0/0
Hassan Raeef	NED	1/1	3/3	0/0	0/0	0/0
Shu Kodama	NED	1/1	3/3	0/0	0/0	0/0

Meetings

Board Meeting

01

Audit & Remuneration Committee

03

Risk Committee

00

Remuneration Committee

00

Compliance Committee

00

Ms Fathimath Liusha
Company Secretary

KPMG
Appointed Auditors of the Company

Executive Management Team



Mohamed Fazeel Rasheed
Deputy Managing Director



Ali Shaheem
General Manager,
Manufacturing



Bushra Hameed
General Manager,
Engineering



Ahmed Hunaif
General Manager,
ICT



Abdul Matheen Mohamed
Managing Director



Mohamed Imran Adnan
General Manager,
Debt Recovery



Mohamed Sameer
General Manager,
Business Developmen



Ali Shareef
Chief Financial
Officer



Abdul Salaam Mohamed
Deputy Managing Director



Yoosuf Naleez
General Manager, Human
Resource & Administration



Rusthum Mohamed
General Manager,
Operations

Financial Highlights

INCOME STATEMENT & STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Revenue	416,894,682	334,200,715	418,124,533	358,421,679	355,381,712
Cost of Sales	216,536,140	152,715,538	277,970,048	238,279,468	236,258,492
Gross Profit	200,358,542	181,485,177	140,154,485	120,142,211	119,123,220
Other Incomes	19,813,095	15,718,296	20,469,124	27,250,609	27,800,609
Valuation Loss/Gain					
Expenses					
Administrative expenses	(98,377,309)	(76,171,717)	(99,993,449)	(85,715,659)	(84,988,659)
Selling and Marketing expenses	(1,790,275)	(2,193,267)	(3,643,601)	(744,433)	(2,808,780)
CSR Activities Expenses	(592,118)	(452,487)	(634,790)	(2,923,058)	(827,605)
Other operating expenses	(22,020,871)	(22,410,593)	(9,710,377)	(8,323,859)	(8,253,259)
Impairment loss on financial assets	(17,610,349)				
Operating profit	79,780,716	95,975,409	46,641,392	49,685,811	50,045,526
Finance Income	2,304,916	505,190	3,365,947	55,675	61,184
Finance cost	(7,903,294)	(6,729,416)	(15,396,301)	(12,377,356)	(12,998,346)
Net Finance Cost	(5,598,378)	(6,224,225)	(12,030,355)	(12,321,682)	(12,937,162)
Profit before tax	74,182,338	89,751,183	34,611,038	37,364,129	37,108,365
Income Tax (BPT)	11,127,351	13,462,677	4,924,443	5,604,619	5,566,255
Profit after tax	63,054,987	76,288,506	29,686,595	31,759,510	31,542,110
Available for sale asset (gain/loss)				-	-
Defined benefit obligation				-	-
Revaluation (Gain/Loss)				-	-
Investment in equity instruments				-	-
Other comprehensive income (Gain/Loss)				-	-
Total Comprehensive Income	63,054,987	76,288,506	29,686,595	31,759,510	31,542,110
Profit attributable to:					
Parent	63,054,987	76,288,506	29,686,595	31,759,510	31,542,110
Non-controlling interest					
EPS	236	286	111	119	118

Financial Highlights

STATEMENT OF FINANCIAL POSITION (unaudited)

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Assets					
Non-Current Assets					
Property plant and equipment	822,861,584	845,795,961	866,233,090	881,847,923	905,987,172
Work-in-progress	705,813,874	683,714,261	668,328,299	829,733,832	792,393,683
Investment property	15,143,613	15,874,479	15,655,686	16,474,990	16,849,262
Investment in Subsidiaries	7,650,000	7,650,000	7,650,000	7,650,000	7,650,000
Investment in Associates					
Investment in joint ventures					
Available for sales financial Assets					
Deferred Tax Assets			8,807,427		
Intangible Assets	2,411,616	2,611,406	2,820,230	1,414,930	1,541,335
Other non-current assets	67,764,207	62,255,561	69,895,414		
Right of use assets	230,096,297	231,722,428	256,295,535	234,986,819	236,625,080
Total Noncurrent Assets	1,851,741,190	1,849,624,096	1,895,685,681	1,972,108,494	1,961,046,531
Current Assets					
Inventories	489,466,640	507,346,797	503,038,524	482,404,770	505,215,624
Trade and other receivables	999,205,509	988,339,053	651,064,223	831,284,044	718,574,296
Cash and cash equivalent	38,376,450	74,010,227	89,652,850	85,050,743	132,965,570
Other current assets	144,155,564	178,973,654	359,071,197	215,097,478	232,008,351
Net Investment in lease	4,863,352	4,863,352	4,863,352		
Total current assets	1,676,067,515	1,753,533,084	1,607,690,146	1,613,837,035	1,588,763,841
Total Assets	3,527,808,705	3,603,157,179	3,503,375,827	3,585,945,529	3,549,810,372

Financial Highlights

STATEMENT OF FINANCIAL POSITION (unaudited)

Continued...

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Equity and Reserve					
Share capital	267,000,000	267,000,000	267,000,000	267,000,000	267,000,000
share premium	3,042	3,042	3,042	3,042	3,042
General reserve	1,309,918,724	1,309,918,724	1,309,918,723	1,233,705,470	1,233,705,470
Revaluation reserve					
Fair value reserve					
Other reserve	165,014	637,798	-	(408,186)	(473,394)
Retained earning	336,978,666	298,678,187	169,137,591	423,819,060	347,431,364
Non-controlling interest					
Total Equity	1,914,065,446	1,876,237,751	1,746,059,356	1,924,119,386	1,847,666,482
Non-Current Liabilities					
Loans and borrowing	135,382,565	193,715,310	218,983,656	215,824,428	300,505,181
Deferred tax liabilities	(12,534,749)	(4,177,679)	-	(4,177,679)	(4,177,679)
Other non-current liabilities	252,148,508	259,137,540	338,242,930	250,952,353	257,835,837
Total non-current liabilities	374,996,323	448,675,172	557,226,586	462,599,102	554,163,339
Current liabilities					
Current tax liabilities	22,410,881	(21,304,272)	7,526,453	14,544,018	1,063,836
Derivative financial instrument					
Trade and other payables	987,952,776	1,110,128,250	1,034,303,009	1,024,675,420	1,054,685,745
Borrowing	166,195,267	144,450,804	119,204,562	97,462,216	34,629,542
Other current liabilities	62,188,011	44,969,475	39,055,861	62,545,387	57,601,429
Total current liabilities	1,238,746,936	1,278,244,257	1,200,089,885	1,199,227,041	1,147,980,551
Total liabilities	1,613,743,259	1,726,919,428	1,757,316,471	1,661,826,143	1,702,143,891
Total equity and liabilities	3,527,808,705	3,603,157,179	3,503,375,827	3,585,945,529	3,549,810,372

Financial Highlights

CASH FLOW (unaudited)

Cash flow from operating activities	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Profit before business profit tax	74,182,338	89,751,183	27,783,423	132,207,122
Adjustments for:				
Depreciation & amortization	24,296,239	27,817,262	28,231,472	27,407,321
Interest income	(2,304,916)	(505,190)	(3,334,006)	(55,147)
Interest expenses	2,048,738	1,882,764	8,609,629	2,406,230
Dividend income	-	-	(1,334,403)	-
Provision for impairment of receivables	17,610,349	127,612	28,706,328	408,119
Profit/Loss on disposal of property, plant and equipment	-	-	-	-
Provision for slow and non moving inventories	4,450,512	-	-	-
Lease Interest	-	4,090,675	18,072,577	2,152,932
Deffered Income	(232,071)	(232,071)	(232,071)	(232,071)
Gratuity Expense & Service Cost	-	-	-	-
Changes in working capital				
Inventories	13,429,646	4,510,373	(29,452,401)	22,810,854
Trade and other receivables	(19,505,703)	(64,420,458)	(37,715,426)	(74,930,402)
Trade and other payables	(99,051,296)	(4,291,202)	(36,246,122)	(46,752,414)
	14,923,835	58,730,947	3,089,000	65,422,545
Interest paid	(2,048,738)	(1,882,764)	(8,609,629)	(2,406,230)
Interest received	2,304,916	505,190	3,334,006	55,147
Business profit tax paid	-	(14,202,259)	-	-
Net cash generated / used from operating activities	15,180,013	43,151,115	(2,186,623)	63,071,461

Financial Highlights

CASH FLOW
(unaudited)

Continued...

Cash flow from operating activities	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Cash flow from investing activities				
Purchase of Property plant and equipment	(17,686,581)	(23,499,473)	(4,135,730)	(80,417,906)
Hiyaa Project payments	1,542,000	1,979,231	2,671,065	76,533,010
Dividend received	-	-	1,334,403	-
Net cash generated / used from investing activities	(16,144,581)	(21,520,242)	(130,262)	(3,884,896)
Cash flow from financing activities				
Proceeds from borrowing	-	-	32,724,845	12,218,453
Repayment of loan	(28,763,568)	(31,367,859)	(25,805,851)	(11,809,753)
Proceeds from share issuance	-	-	-	-
Dividend paid to shareholders	(5,905,641)	(5,905,637)	-	(13,084,000)
Net cash generated / used from financing activities	(34,669,209)	(37,273,496)	6,918,994	(12,675,299)
Net increase/ decrease in cash and cash equivalent	(35,633,777)	(15,642,623)	4,602,108	46,511,266
Cash and cash equivalent at beginning of the quarter	74,010,227	89,652,851	85,050,743	38,539,476
Cash and cash equivalent at end of the quarter	38,376,450	74,010,227	89,652,851	85,050,743



Shamhooza Ahmed
Chairman



Abdul Matheen Mohamed
Managing Director



Ali Shareef
Chief Financial Officer

Financial Highlights

Key Financial Highlights

Q2 2024

Revenue

416.9 mn

Net Profit

63.1 mn

Debt Equity Ratio

0.84

Net Worth

1.91bn

Q1 2024

Revenue

334.2mn

Net Profit

76.3mn

Debt Equity Ratio

0.92

Net Worth

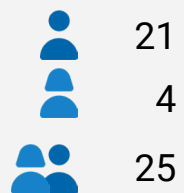
1.87bn

Operational Performance

Employee Data

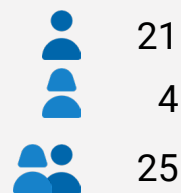
SENIOR MANAGEMENT AND HIGHER

Q2 2024



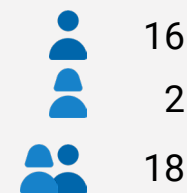
MVR 3,903,635.95

Q1 2024



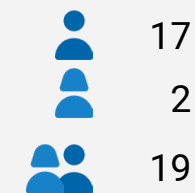
MVR 3,954,141.91

Q4 2023



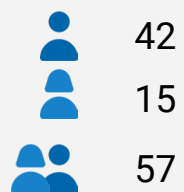
MVR 3,046,945.03

Q3 2023

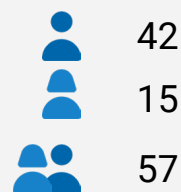


MVR 2,907,489.85

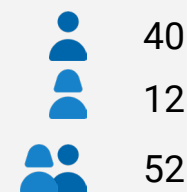
MANAGEMENT



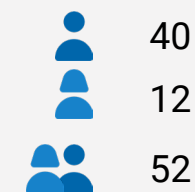
MVR 5,674,181.23



MVR 5,966,174.83

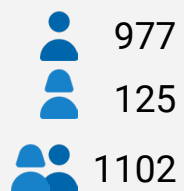


MVR 4,565,412.29

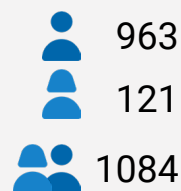


MVR 5,275,081.27

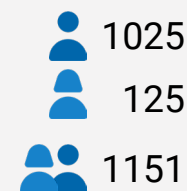
OTHER STAFF



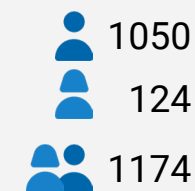
MVR 54,915,966.56



MVR 55,665,214.42



MVR 56,357,482.26



MVR 56,926,307.30

Operational Performance

Trainings

MVR 4,399,175.08

Training cost for
Q2 2024

Customer Service Enhancements;

Successfully completed in-house training for customer service staff to improve services.



Operational Performance

CSR Highlights

MWSC remained committed to its corporate social responsibility (CSR) activities during the quarter. Here are some highlights:

Quarter

2

In the second quarter, we made a positive impact on the communities we serve, aiming to create lasting change by contributed to support initiative and activities aiming at infrastructure development, education program, enhancing learning experience of students, strengthening sport development, health care and environmental sustainability in the country.

MVR 592,118

Clubs, NGOs, Govt
Institutions and
Schools



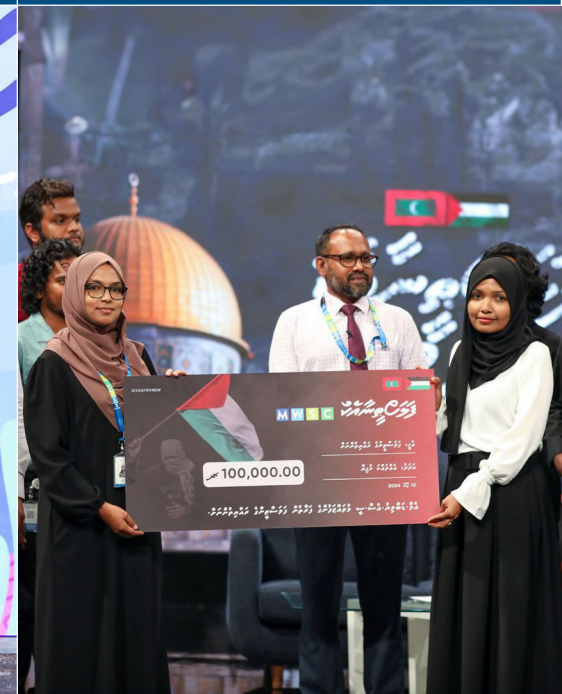
MWSC Pledged 100,000 Trees for 5 Million Tree Project



Donation to Villimalé, HA. Dhidhdhoo, R. Ungoofaaru, R. Maakurathu & Addu City for Al'haa Eid Celebration



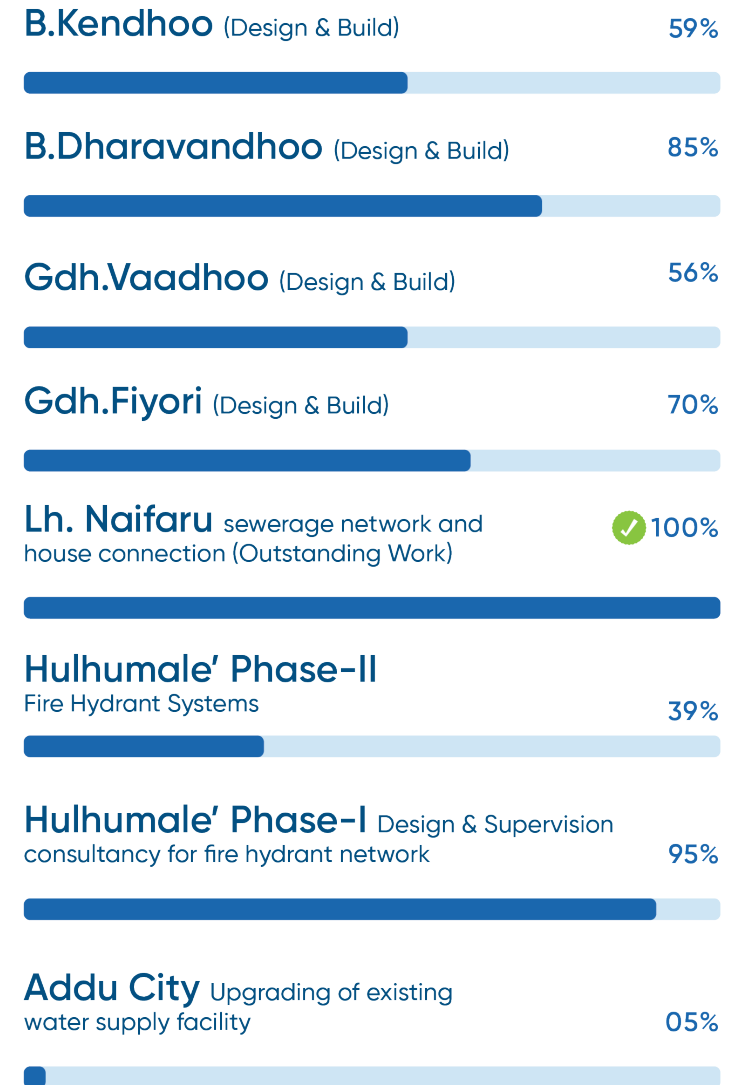
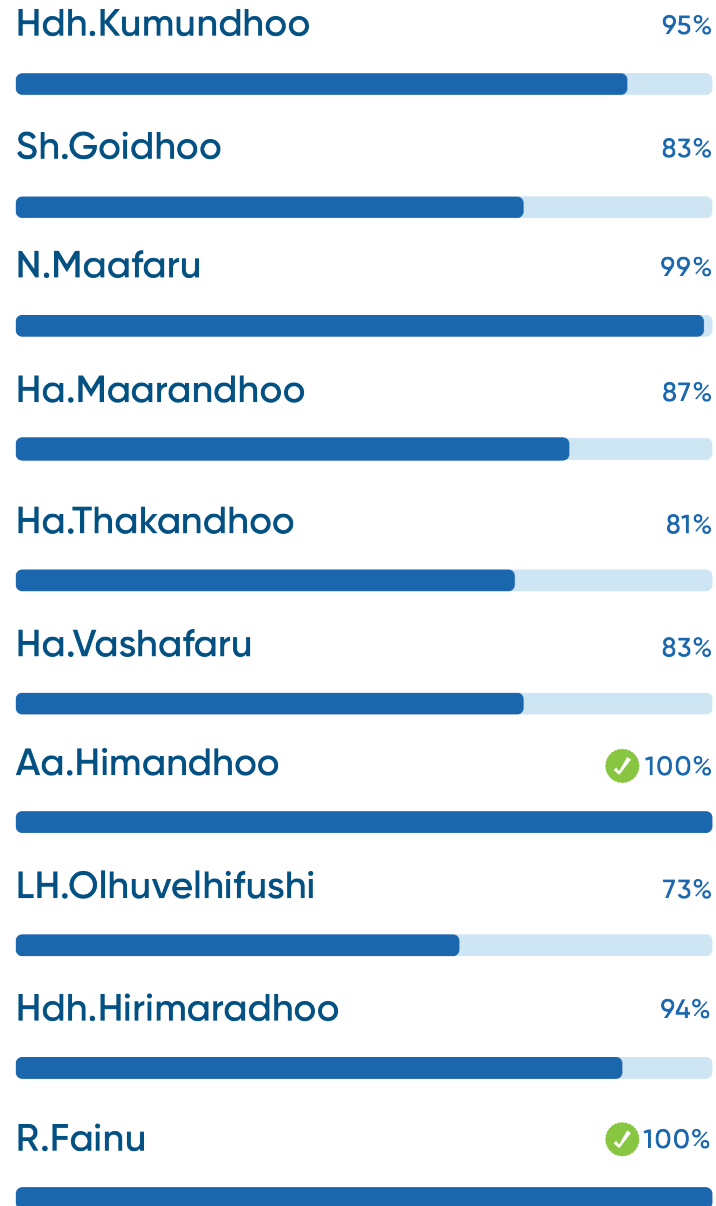
Contributed Outdoor Showers for World Ocean Day Activities hosted in Villimalé



Team MWSC Donated MVR 100,000 for Palestine Telethon

Operational Performance

Progress in Water Supply and Sewerage Projects



✓ Completed

Notable Events

Key service improvements, project completions, and community engagement activities undertaken in Quarter 1



Fenun Dhirun Art Exhibition Launching

To commemorate this year's World Environment Day and World Ocean Day, an art exhibition name 'Fenun Dhirun' was launched. This exhibition aims to highlight

- Global efforts to protect and cherish our planet's precious water resources.
- Raise awareness.
- Inspire action towards sustainable water management and environmental stewardship through artistic expression.



Agreement Signing for Addu City's Water Supply Facility Upgrading Project

The agreement was officially signed between MWSC and Ministry of Construction and Infrastructure on 13th April 2023

- **Project Scope:** Creation of a modern and sustainable water supply infrastructure for six islands of Addu city; Hithadhoo, Maradhoo, Maradhoo-Feydhoo, Feydhoo, Hulhudhoo and Meedhoo for a design period of 15 years.
- **Project Value:** MVR 282,649,097.00
- **Duration:** 365 days

Compliance to Corporate Governance

As a State-Owned Enterprise, the Male' Water & Sewerage Company operates under the guidelines outlined in the Company's Act (96/10) and the Corporate Governance Code for State-Owned Enterprises. The primary role of the Company's Board of Directors is to oversee its operations in a manner that is equitable, transparent, and accountable, aiming for sustainable growth and the creation of value for its shareholders and investors. Regular assessments of the governance framework are conducted by the Board to safeguard and enhance the interests of shareholders and other stakeholders, ensuring alignment with the principles and guidelines of the Corporate Governance Code for State-Owned Enterprises issued by the Ministry of Finance. The Board's Nomination, Remuneration, and Corporate Committee are tasked with periodically evaluating and advancing adherence to the Corporate Governance Code, ensuring compliance with regulatory standards. This report has been crafted in accordance with the requirements of the Corporate Governance Code for State-Owned Enterprises, necessitating quarterly reporting for State-Owned Enterprises.





QUARTERLY REPORT 2024

+960 332 3209

mail@mwsc.com.mv

www.mwsc.com.mv

