2024

ANNUAL **REPORT**

TABLE OF CONTENT

MWSC STORY

Established as a vital response to Malé's critical demand for clean water and a robust sewerage system, the Malé Water and Sewerage Company (MWSC) swiftly evolved from a utility provider into a cornerstone of national development. Born from the urgent need to address a pressing crisis, MWSC's initial mission was unequivocal: to provide potable water to a burgeoning city and manage its untreated wastewater effectively.

However, MWSC's commitment extended beyond these foundational services. Driven by a spirit of innovation and a profound dedication to the people of the Maldives, the company strategically expanded its operations to K. Maafushi and HDh. Kulhudhuffushi and Integrated Utility Development in R.Dhuvaafaru with electricity generation and waste management.

For MWSC, its services are more than mere utilities; they are lifelines, embodying its core promise "to help our communities lead a PURE life."

MWSC's journey of diversification continued in 2002 with a significant stride into the consumer goods market through the launch of Island Beverage Maldives (IBM), bottling and delivering the essence of purity in every drop of water. Further cementing its role in national infrastructure, 2015 marked another historic milestone as MWSC became the first company in the Maldives to manufacture PE and PVC pipes, effectively laying the groundwork for the nation's development from the ground up.

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

PASSION
We love our work and strive for excellence.

UNBIASED
We operate without prejudice and ensure fairness in all actions.

RESPECT
We hold deep admiration for our colleagues, customers, and communities.

ENTREPRENEURIAL
We are committed to building an enduring company that adapts and thrives in a changing environment.

Today, MWSC stands tall as a multidisciplinary powerhouse, structured around four dynamic business units:

UTILITY OPERATIONS

Delivering essential services—water, wastewater, electricity, and waste management

MANUFACTURING OPERATIONS

Producing bottled water and high-quality pipes building infrastructure that support the nation's growth.

ENGINEERING SOLUTIONS

Building water and sewer infrastructure across Maldives.

TRADING

Supplying a diverse range of water and wastewater related products to meet the evolving needs of the market.

With decades of experience, MWSC is writing a legacy with every pipeline laid, every product delivered and every community uplifted. As the Maldives continues to grow, MWSC remains at the helm, turning challenges into opportunities and water into waves of progress.

CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report for Malé Water and Sewerage Company (MWSC) for the fiscal year ending 31 December 2024.

This past year has been a testament to our resilience, strategic focus, and unwavering commitment to our communities. In a dynamic operating environment, we not only met challenges head-on but also delivered a strong performance that reinforces the foundational strength of our business. Our key achievements in 2024 included significant investments in core infrastructure, the strategic expansion of our service network to meet growing demand, and the enhancement of our digital systems to improve operational efficiency and customer experience.

Our financial results reflect this operational discipline. We are pleased to report robust revenue growth and sustained profitability, a direct result of prudent financial management and the collective dedication of our entire team. This performance allows us to continue reinvesting in the company's future and delivering value to you, our shareholders.

Effective corporate governance has been central to our success and remains the bedrock of our operations. The Board has been deeply engaged in overseeing the company's strategic direction, ensuring that our decisions are both commercially sound and ethically responsible. Throughout 2024, we benefited immensely from the diverse expertise and insightful contributions of our directors, whose collective guidance has been instrumental in navigating market complexities. Our governance framework is structured for maximum efficiency, with dedicated committees ensuring rigorous oversight of audit, risk management, and compliance. This commitment to transparency and accountability is fundamental to maintaining stakeholder trust and steering the company with integrity.

Looking ahead, we are confident and energized by the opportunities before us. Our strategy is clear: we will drive growth through a focused commitment to innovation, sustainability, and unmatched customer satisfaction. By embracing new technologies and sustainable practices, we are not just providing essential services—we are building a more resilient, efficient, and future-ready utility for the Maldives.

I extend my deepest gratitude to our dedicated management and employees for their exceptional hard work and to our business partners for their invaluable collaboration. Most importantly, I thank you—our shareholders and loyal customers—for your continued trust and support.

Together, we are building a sustainable future.

Sincerely,
Shamhooza Ahmed
Chairperson
Malé Water and Sewerage Company Pvt Ltd

MANAGING DIRECTOR'S STATEMENT

Mr. Abdul Matheen Mohamed

It is an honor to present the Annual Report of Malé Water and Sewerage Company (MWSC) for the year ended 31st December 2024, a year in which we demonstrated strength, resilience, and continued excellence in delivering essential utility services within the Greater Malé Region and to the communities of K. Maafushi, Hd. Kulhudhuffushi , and R. Dhuvaafaru.

We continued to strengthen our core utility services; provision of clean water and wastewater management in the Male' region and selected outer island communities. Our operations now serve over 50% of the population. At the same time, we took bold steps to digitalize internal processes and improve operational efficiency.

As a national utility provider, 2024 has been a defining year for MWSC, marked by progress in infrastructure and financial stability. We closed the year with a consolidated profit of MVR 226 million, an increase of 88% from the previous year, achieved through effective cost management and enhanced service delivery. Our revenue reached MVR 1.65 billion while maintaining strong liquidity and a healthy equity position of nearly MVR 1.95 billion.

Despite economic headwinds and global supply chain constraints in 2024, we made significant progress in executing outer island projects and developing infrastructure for water security. Our investment in capital work-in-progress exceeded MVR 698 million, demonstrating our long-term commitment to contributing to national development. We also adopted forward-looking risk and financial controls in alignment with international best practices.

In our effort to improve water security in Malé region, several major infrastructure projects were continued. These include adding a production capacity of 10,000 TPD in Hulhumalé and 1,000 TPD in Malé, along with additional storage capacity of 26,000T in Male′ and 10,000T in Hulhumale. We also resumed the water grid interconnection project between Male and Hulhumale, a key achievement for water security in Male' region.

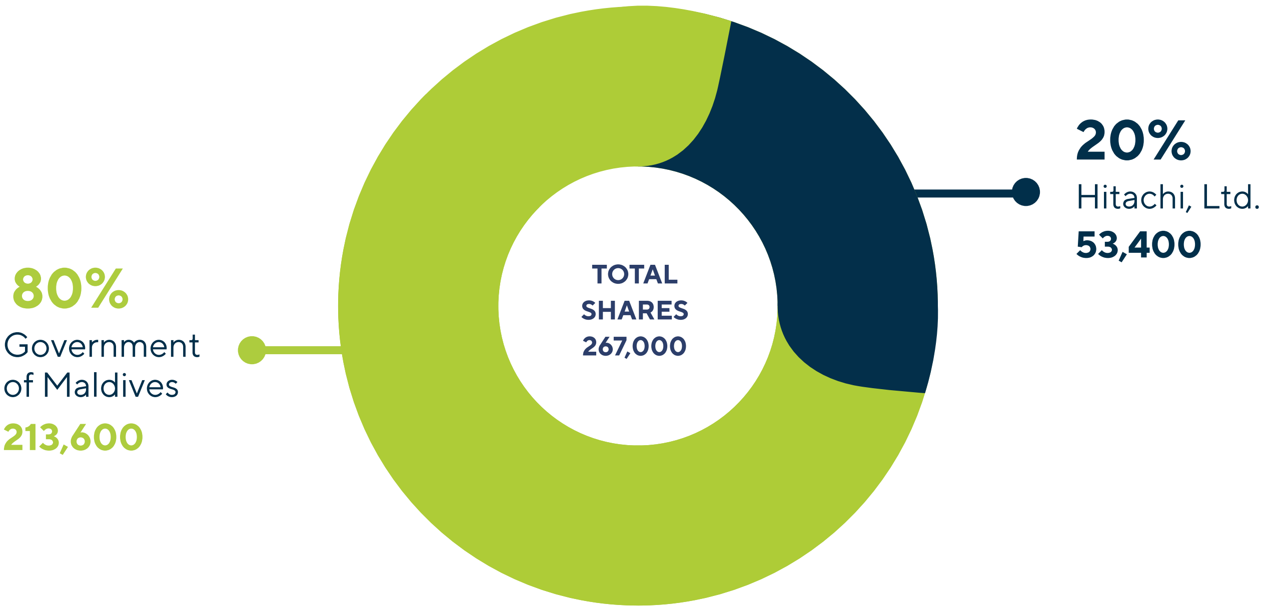
We initiated significant upgrades to both the MWSC Mobile Application and Customer E-Portal. Customers benefit from greater ease in accessing essential services, including bill payments, service applications, and usage monitoring, through a unified digital interface. These enhanced platforms are expected to significantly improve user convenience, expedite response times, and improve service transparency.

As we look ahead, our strategic direction remains firmly anchored in sustainability, innovation, and operational excellence. In alignment with the National Energy Policy, we are actively pursuing renewable energy integration in our utility infrastructure. Our expansion into non-utility sectors such as engineering, manufacturing, and trading continues to diversify revenue streams and strengthen our resilience.

With the full support of our shareholders, Board members, and dedicated employees, we are well-positioned to navigate the evolving economic and environmental landscape while contributing meaningfully to national development goals.

I extend my sincere appreciation to our employees for their exceptional dedication, to the Board of Directors for their guidance, our shareholders for their continued support, and our customers for their unwavering trust. Together, we will continue to build a stronger MWSC that delivers long-term value for all.

SHAREHOLDERS



As of the balance sheet date, the Company's issued share capital stood at MVR 267 million. There were no options, warrants, or conversion rights granted during the year in respect of the Company's share capital, nor were there any changes to the shareholding structure in 2024. This structure is projected to remain unchanged as of December 31st, 2024.

SUBSIDIARIES

Island Beverages Maldives Pvt. Ltd. (IBM) is a joint venture company established for water bottling operations. MWSC holds 51 percent of the 15,000 issued shares, while the joint venture partner, Champa Brothers Maldives Pvt. Ltd., holds the remaining 49 percent.

IBM is currently led by its Managing Director, Mr. Mohamed Jinan Jaleel, who also represents MWSC on IBM's Board of Directors. The company has played a strategic role in supporting MWSC's broader business objectives, contributing to significant growth and an expanding presence in the market.

Looking ahead, IBM is well-positioned for sustained success. With a long-term focus on innovation, operational excellence, and customer satisfaction, the subsidiary is expected to thrive in an increasingly competitive market. MWSC remains committed to facilitating IBM's continued development by providing the necessary support and resources to help seize future opportunities.

BOARD OF DIRECTORS

Ms.Shamhooza Ahmed
Chairperson

Ms. Shamhooza Ahmed was appointed as the Chairperson of MWSC Board on December 26, 2023. With a distinguished career in public service, including her current tenure as a Director at Malé City Council, Ms. Shamhooza possesses comprehensive expertise in government operations and regulatory frameworks and governance.

Her academic credentials include an MBA from Avid College and a Diploma in Human Resource Management from MI College, underscoring her commitment to leadership and professional development.

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 Master's of Science in Building Services Engineering at IIUM, Malaysia, in 2009, he was appointed by the then president as the 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 the energy, water and sewerage sector of the country. His contribution in formulation of sector policies and regulatory framework together with development 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 establishing and developing a sustainable public utility service in the country.

Abdul Salam Mohamed
Deputy Managing Director

Mr. Abdul Salam Mohamed was appointed as a Director of the MWSC Board on December 26, 2023, and subsequently as Deputy Managing Director on December 31, 2023.

His distinguished service in the Maldivian government, including roles as an Executive at the Ministry of Housing and Infrastructure and an Atoll Councilor for North Huvadhoo, underscores his deep commitment to the country's development initiatives.

Mr. Shu Kodama
Director

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

Mr. Shu Kodama brings diverse experience from various positions at Hitachi, Ltd. in Japan and the USA. He currently serves as Chief Project Manager, Business Risk Management Office, Growth Partner Division, Water & Environment Business Unit at Hitachi, Ltd.

His academic background includes a Master of Business Administration from Columbia University and a Bachelor of Science in Physics from the University of Michigan. Mr. Kodama is a non-executive, independent director, appointed by Hitachi Ltd.

Aishath Roohy

Director

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

With a current position as Treasury Management Executive at the Ministry of Finance & Planning, and prior experience at the Secretariat of the Privatization and Corporatization Board, she possesses hands-on expertise in financial management and government operations, crucial for strategic oversight.

Ms. Roohy's robust academic background includes a Bachelor of Accounting with Honours, and she is currently pursuing a Masters in Accounting and Finance Management. She is a non-executive, independent director, appointed by the Government of Maldives, contributing a vital independent perspective to the Board.

Hassan Raeef
Director

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

Mr. Hassan Raeef is an accomplished businessman with over two decades of experience. As Managing Director of IBB Pvt Ltd, he exhibits strong leadership and deep insights into various business sectors, including infrastructure, construction, and general trading.

His appointment as a non-executive, independent director by the Government of Maldives reflects a commitment to leveraging diverse expertise for MWSC's strategic direction.

EXECUTIVE MANAGEMENT

Entrusted by the Board of Directors, the Executive Management Team (EMT), under the leadership of the Managing Director, Mr. Abdul Matheen Mohamed, is responsible for executing policies and achieving strategic objectives. In 2024, our Company experienced successful management by the EMT, comprised entirely of local managers. Their operations consistently adhered to the established policy framework, underscoring their strong accountability to both shareholders and stakeholders.

Abdul Matheen Mohamed
Managing Director

Abdul Salam Mohamed
Deputy Managing Director

Mohamed Fazeel Rasheed
Deputy Managing Director

Yoosuf Naleez
General Manager, Human Resource & Administration

Rusthum Mohamed
General Manager, Operations

Mohamed Imran Adnan
General Manager, Utility Collections

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

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.

DIRECTOR'S REPORT

The Board of Directors take pleasure in presenting their report together with the Audited Annual Financial Statements of Male' Water & Sewerage Company Pvt. Ltd. (MWSC) and the Group for the year ended 31st December 2024.

BUSINESS AND STRATEGIC PERFORMANCE

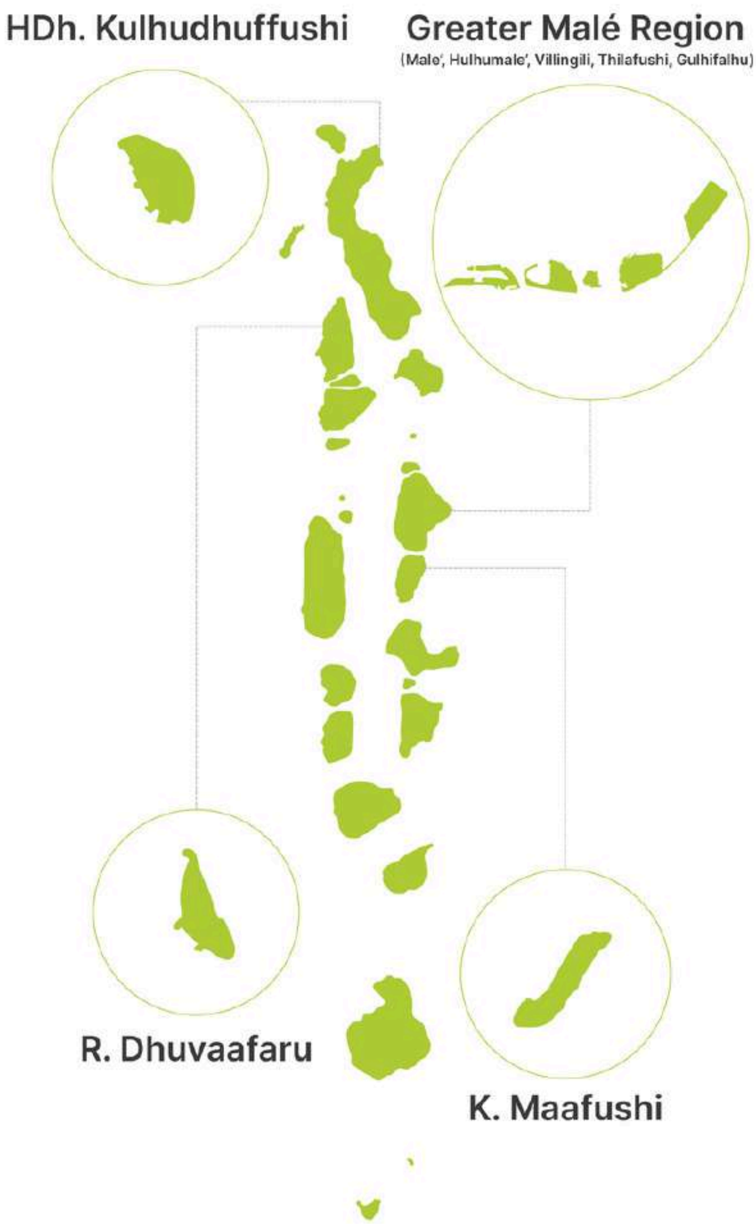
For MWSC, 2024 was a year of significant progress, where we continued to redefine the possibilities within public utility service. This period was characterized by unwavering innovation, sustained resilience, and strategic expansion, leading to improved water security in the capital and greater power reliability across the regions.

UTILITY HIGHLIGHTS: BUILDING RESILIENCE, SHAPING THE FUTURE

At the core of our work lies the Utility segment, reflecting MWSC's unwavering commitment to "help communities lead a pure life."

We have revolutionized access to clean water and sanitation across the nation, addressing health challenges once tied to unsafe water. Today, we proudly serve communities in Male', Hulhumale', Villingili, Thilafushi, Gulhifalhu, K. Maafushi, H.Dh. Kulhudhuffushi, and R. Dhuvaafaru.

Through our operations in water, sewer, electricity, and waste management services, the Utility segment is dedicated to tackling present day challenges.



STRENGTHENING WATER SECURITY IN THE GREATER MALE' REGION

With the Greater Malé Region central to the nation's economic and social vitality, MWSC's commitment to water security remained paramount. A significant achievement was the completion and disinfection of the **bridge pipeline**, a vital reinforcement to the capital's interconnected water infrastructure, enhancing resilience during high-demand periods and emergencies.

MWSC also commenced one of the country's most ambitious storage projects: the construction of the **Maldives' largest water storage tanks**. This includes two tanks in Malé, each with a 13,000 cubic meter capacity, and a 10,000 cubic meter tank in Hulhumalé. This transformative development is poised to revolutionize our emergency reserve capabilities and ensure long-term service assurance.

Operationally, daily production capacity received a substantial boost with the **installation and commissioning of a 1,000 Tonnes Per Day (TPD) containerized Reverse Osmosis (RO) plant** at Hulhumalé Operations, significantly strengthening both supply redundancy and system efficiency.

To further enhance feedwater capacity, **two new boreholes were commissioned** in Malé and an additional two in Hulhumalé, unlocking new potential for sustainable production. Concurrently, existing **RO plants were optimized** through improved Cleaning-in-Place (CIP) procedures, resulting in a 3-5% increase in production efficiency across key sites.

IMPROVING EMERGENCY RESPONSE PREPAREDNESS

IIn Hulhumalé, MWSC bolstered emergency preparedness through the **establishment of a temporary medium voltage (MV) line**, significantly improving supply stability and operational flexibility during critical situations.

Furthermore, 2024 saw the successful completion of a **comprehensive power system overhaul in R. Dhuvaafaru**. This significant project expanded the power house capacity by 37%, reaching 3,688 kW, directly enabling smoother load distribution and improving overall energy reliability for the community.

The upgrade extended to the power distribution network, with a busbar panel upgrade and installation of new distribution cables - upgrades designed for future scalability. To ensure uninterrupted operations, a 200,000 liter fuel storage tank was also commissioned, strengthening energy security on the island.

DRIVING REGIONAL DEVELOPMENT

Across the regions, 2024 was a year of significant, tangible progress, particularly in waste management and water supply infrastructure.

In R. Dhuvaafaru, we commissioned a **high-capacity metal baler** at the Waste Management Center. This advancement didn't just optimize processing - it **commercialized compact metal recycling**, turning what was once waste into a source of value and revenue.

Further north, in Hdh. Kulhudhuffushi, demand for safe water continued to rise. MWSC responded with the commissioning of a **150 tonnes per day (TPD) RO plant**, lifting the island's total production capacity by **21% to 700 TPD**. This development ensures reliable access for households and businesses alike, reinforcing the island's growth and resilience.

ADVANCING TECHNICAL RESEARCH AND INNOVATION

At MWSC, innovation is integral to our operational philosophy. In 2024, we forged new paths in technical research by signing Memoranda of Understanding (MoUs) with Flocean for subsea desalination, Hitachi Zosen for green water technology, and Suez for feedwater studies. These strategic partnerships provide access to cutting-edge expertise, pushing the boundaries of sustainable water solutions specifically tailored for the Maldives.

The year also brought significant international recognition. MWSC was honored with the Outstanding Technical Paper award at Theveli International Conference for our research titled "Effectiveness of CIP and Membrane Replacement." This prestigious achievement proudly underscores our leadership in technical excellence within the industry.

NON-UTILITY HIGHLIGHTS: DRIVING PROGRESS BEYOND UTILITIES

ENGINEERING SECTOR

In 2024, MWSC's Engineering sector delivered substantial progress, marked not only by the scale of infrastructure deployed but also by the lives connected, empowered, and improved through these initiatives. From the northernmost atolls to the heart of the capital, our engineering teams built robust systems that instilled greater confidence in public services.

In 2024, MWSC significantly extended its engineering legacy across the nation by entering into a new agreement with the Ministry of Construction, Housing & Infrastructure. This landmark partnership will facilitate the delivery of comprehensive water and sewer systems to 20 additional islands, underscoring our commitment to national development and improved public services.
These islands include: Sh. Noomaraa, Sh. Bilehfahi, N. Miladhoo, N. Magoodhoo, N. Landhoo, B. Kudarikilu, B. Kihaadhoo, B. Fulhadhoo, B. Fehendhoo, B. Dhonfanu, Adh. Fenfushi, M. Raiymandhoo, M. Naalaafushi, Th. Madifushi, Th. Dhiyamigili, L. Kunahandhoo, L. Gan Thundee, Ga. Villingilli, S. Hithadhoo, and F. Nilandhoo.

"With 20 new islands on our roadmap, MWSC continues to engineer more than infrastructure - we engineer equity."

MANUFACTURING & TRADING SECTOR

The Manufacturing & Trading Sector at MWSC underwent significant transformation in 2024, characterized by a steadfast commitment to innovation, operational efficiency, and diversification. By embracing digitization and successfully launching new products, our manufacturing facilities became demonstrably leaner, smarter, and more resilient.

SMART FACTORIES FOR A SMARTER FUTURE

Central to this transformation was MWSC's unwavering commitment to operational excellence. In Hulhumalé, our manufacturing team successfully **enhanced the cooling system of the Bottling Factory**. This strategic initiative was designed to optimize energy usage, thereby achieving significant cost reductions while upholding our high production standards.

Furthermore, MWSC took a significant step in product innovation by commissioning a **glass bottling line pre-treatment system**. This investment unlocks new capabilities in the **production of flavored beverages**, paving the way for a more diverse and eco-friendly product offering tailored to evolving consumer preferences.

DIVERSIFYING ACROSS INDUSTRIES

Among the standout achievements of 2024 was the successful **introduction of conduit pipe production**, marking a brand-new product line within our manufacturing capabilities. This expansion serves to enhance our presence in the crucial construction supply chain and further underscores MWSC's commitment to supporting national infrastructure and development initiatives.

DIGITALLY TRANSFORMED OPERATIONS

IIn 2024, MWSC's commitment to efficiency and sustainability was demonstrated through the successful transition of both our bottling and pipe factories to fully paperless operations. This initiative significantly improved data accuracy, enabled real-time monitoring, and reduced administrative workload.

Furthermore, to ensure uninterrupted production, 100% backup power systems were installed across all factory sites. This crucial enhancement safeguards operations against potential outages and reinforces our commitment to delivery reliability.

OUTLOOK FOR 2025

At MWSC, our strategic direction is fundamentally shaped by our core purpose: to empower communities to lead a pure life. This guiding principle permeates every facet of our operations, from the dependable delivery of essential utility services to our proactive pursuit of diversification opportunities. As we chart our course for the future, MWSC is steadfast in its commitment to generating enhanced value, not only through our critical services but also as a responsible State-Shareholding Enterprise dedicated to catalyzing the nation's economic prosperity and societal well-being. Our strategic expansion into non-utility sectors serves as a testament to this unwavering commitment to national development.

Annual Goal:

We aim to reach MVR 2.2 billion in total revenue by 2025. This goal is strategically balanced, with 46% of our income projected from non-utility sectors and 54% from utility sectors, reflecting our commitment to both core service excellence and diversified growth.

Key Priorities for 2025:

Increase Revenue Growth:

Expand both utility and non-utility revenue streams while preserving and strengthening MWSC's financial health.

Build Customer Trust:

Foster a customer-first culture where service quality and reliability are prioritized at every interaction, ensuring we consistently meet and exceed expectations.

Build an Efficient Company:

Streamline operations to boost productivity, manage costs effectively, and ensure long-term financial sustainability, reinforcing our position as a value-adding SOE.

Build and Retain Competencies:

Invest in talent development to create a highly skilled workforce, fostering a culture of continuous improvement that aligns with our financial and customer-centric goals.

INTERGRATED SUSTAINABILITY

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, MWSC recognizes the importance of contributing to the sustainable development of the communities in which we operate. In line with this commitment, the company extends various forms of assistance to support public institutions, non-governmental organizations, and other community stakeholders in strengthening local capacities and enhancing community well-being.

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

At MWSC, sustainability remains a core focus of our CSR strategy, with waste management, environmental conservation, and community well-being forming the core focus areas of our initiatives. Our efforts are designed to promote responsible resource usage and foster environmentally conscious practices across the nation.

Building on our commitment to environmental sustainability, MWSC took proactive steps in disaster relief efforts, providing chlorine to affected communities following severe flooding caused by heavy rainfall. This initiative was crucial in ensuring access to safe and clean water, mitigating potential health risks, and supporting the affected households in maintaining hygiene standards.

SUPPORTING THE COMMUNITY

MWSC actively champions key national development areas, including education, sports, digital transformation, healthcare, and social welfare, demonstrating our commitment to fostering an inclusive and progressive society across the Maldives.

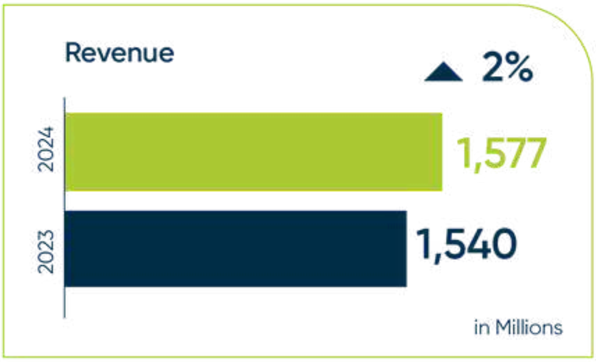
In 2024, our dedication to social responsibility was evident through significant initiatives. We strengthened our partnership with the Care Society of Maldives by fully sponsoring an administrative officer's salary for the year, reaffirming our support for individuals with disabilities. Our commitment to education and digital advancement saw us sponsor digitalization programs at Salaahudhdheen School and Dhiggaru School, empowering students and educators with modern learning tools.

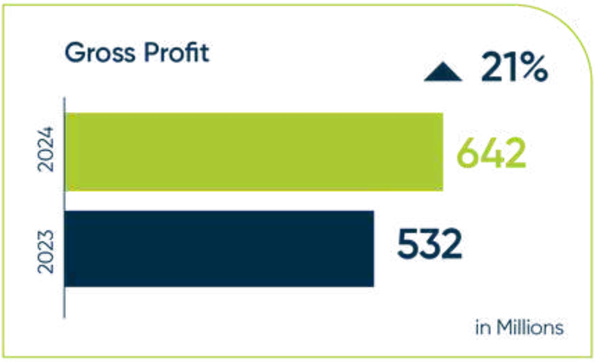
MWSC also played a role in promoting health and fitness by sponsoring gym equipment for Sh. Goidhoo Council, encouraging an active lifestyle in local communities. This initiative reflects our ongoing commitment to enhancing community well-being by supporting infrastructure that encourages active and healthy lifestyles. By investing in community fitness facilities, MWSC aims to empower communities to prioritize physical health and foster long-term wellness habits.

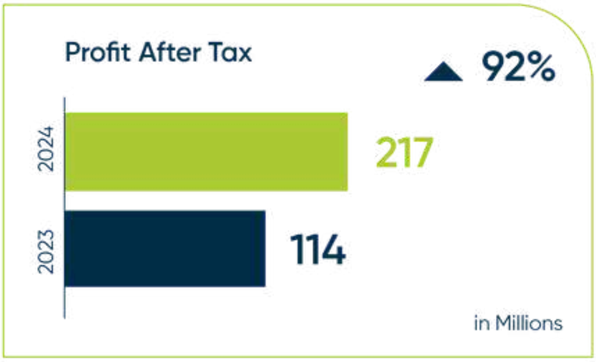
Further promoting well-being, MWSC sponsored gym equipment for Sh. Goidhoo Council, encouraging active lifestyles. We also supported Moms Aid's Ramadan sponsorship program, assisting vulnerable families during the holy month. Beyond local efforts, our contribution to the 'Palestine aa eku Dhivehin' National Telethon showcased our commitment to broader humanitarian causes.

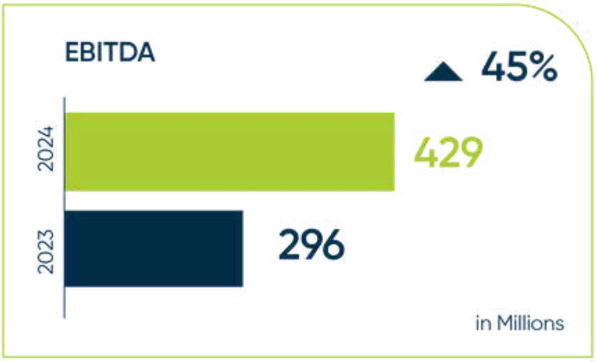
Through these varied initiatives, MWSC seamlessly integrates sustainability, social responsibility, and economic empowerment into our core corporate ethos, creating a lasting positive impact on communities throughout the Maldives.

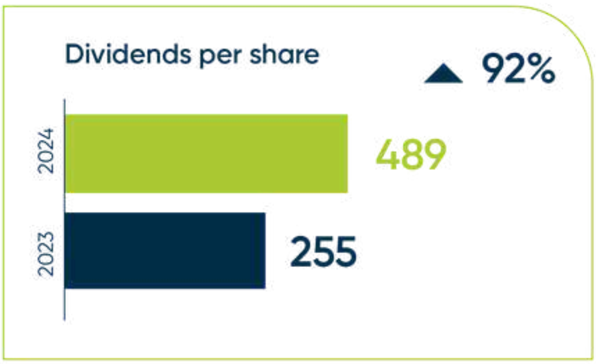
FINANCIAL HIGHLIGHTS

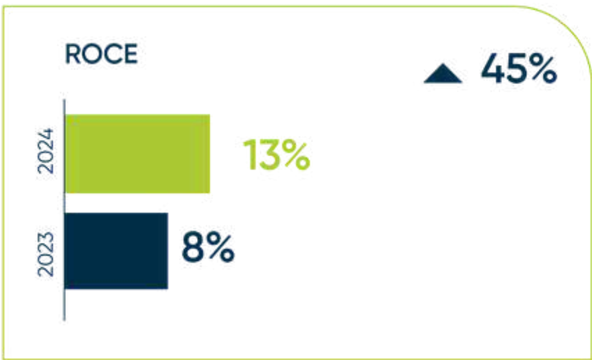












FINANCIAL REVIEW 2024

Delivering Record Performance through Strategic Discipline

The year 2024 marked a defining chapter in MWSC's financial journey, with the Company delivering record-breaking revenue and a substantial increase in profit after tax underpinned by operational discipline, strategic cost optimisation, , and infrastructure-driven growth.

MWSC achieved its highest-ever revenue of MVR 1.58 billion, alongside a 92% increase in net profit after tax, reaching MVR 217.5 million. This was driven by exceptional performance in core segments, particularly utility services and manufacturing, and supported by continued contributions from external projects.

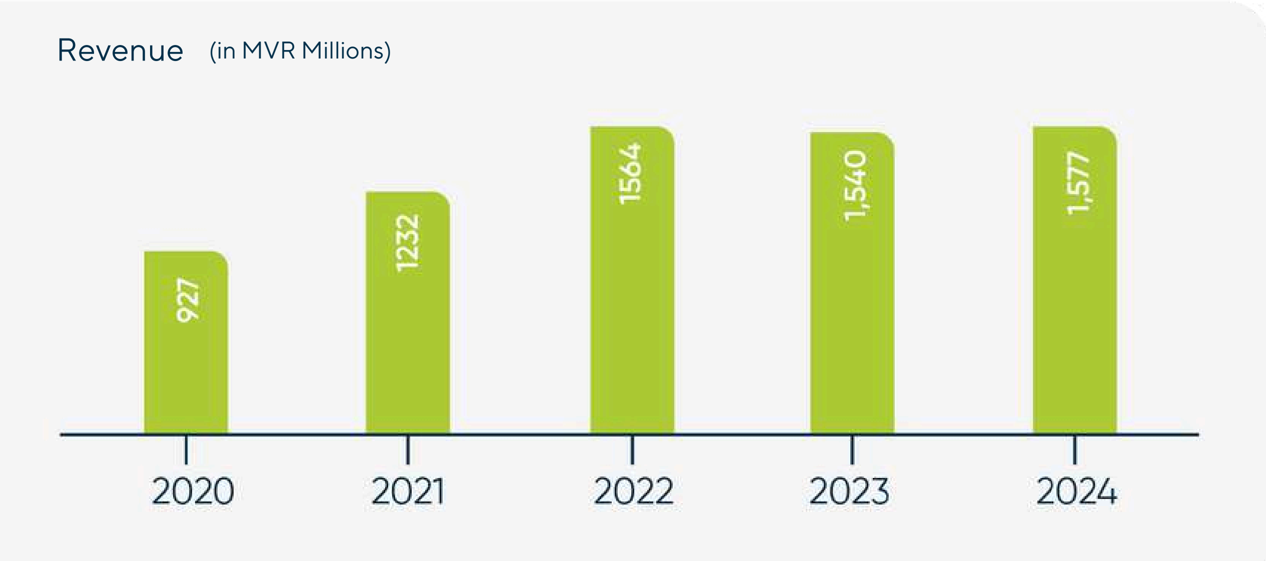
EBITDA rose by 45.2%, supported by a 7.2% reduction in operating costs. The Company maintained strict control over operating expenses despite a broader scale of operations, demonstrating its commitment to financial discipline.

With strengthened liquidity, reduced borrowings, and enhanced returns to shareholders, MWSC enters 2025 with a robust financial foundation and clear momentum to drive future-focused investments and long-term value creation.

MWSC

MVR Millions	2019	2020	2021	2022	2023	2024
REVENUE	1,049	927	1,232	1,577	1,540	1,577
EBITDA	506	416	441	376	296	429
PROFIT AFTER TAX	319	255	283	191	114	217
NET ASSETS	1,499	1,572	1,666	1,746	1,746	1,896
TOTAL ASSETS	2,469	2,630	2,891	3,445	3,533	3,665
ROCE	24%	18%	19%	11%	8%	13%

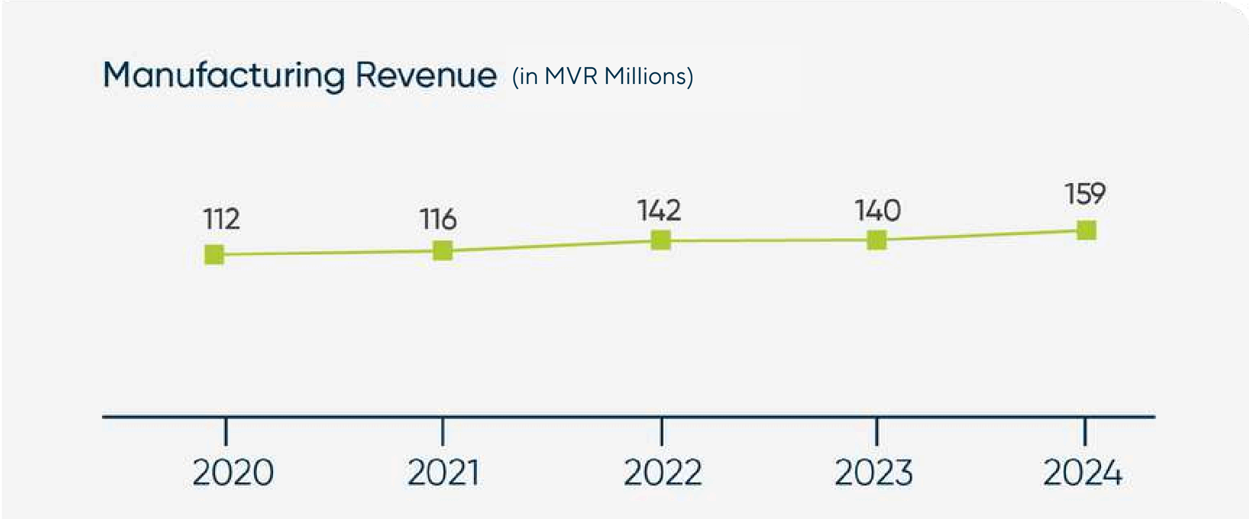
REVENUE



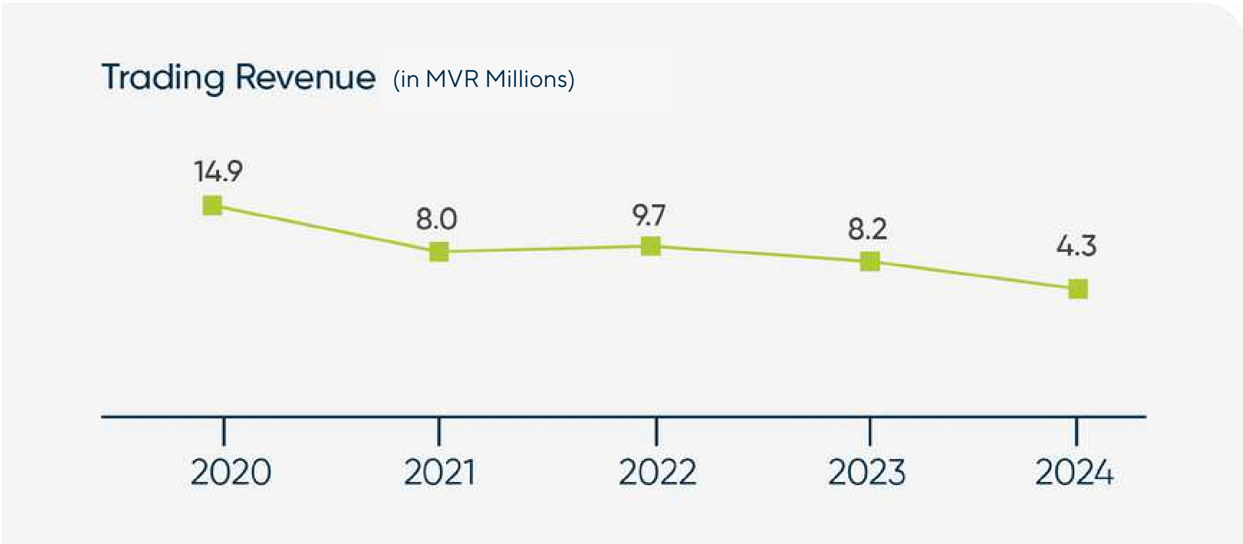
The financial year 2024 marked a period of significant progress for MWSC, as the Company delivered its highest-ever revenue of MVR 1.58 billion, up from MVR 1.54 billion in 2023 — a 2.4% year-on-year increase. This growth was underpinned by strong performance across key segments, particularly utility services, manufacturing, and project revenue, demonstrating the effectiveness of MWSC's diversified business model.

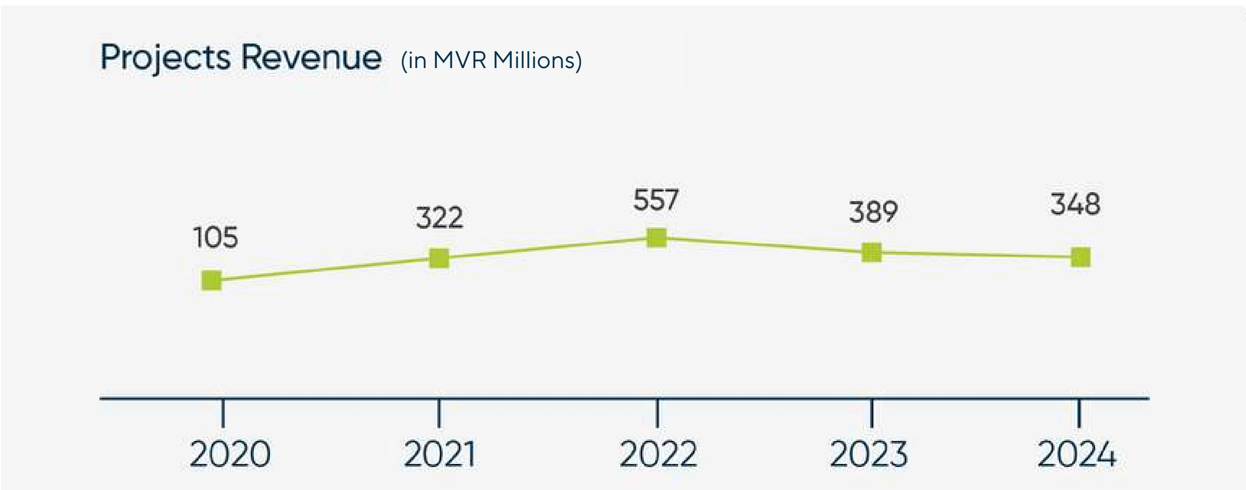
Utility revenue rose by 6.2% to MVR 1.07 billion, driven by steady demand for water, electricity, and sewerage services.

The manufacturing segment delivered MVR 159.3 million, reflecting a notable 14.1% increase over 2023. This growth reflects the Company's focused efforts to strengthen the segment, particularly through the scale-up of glass bottling and pipe manufacturing operations and increased demand which contributed significantly to the improved performance.



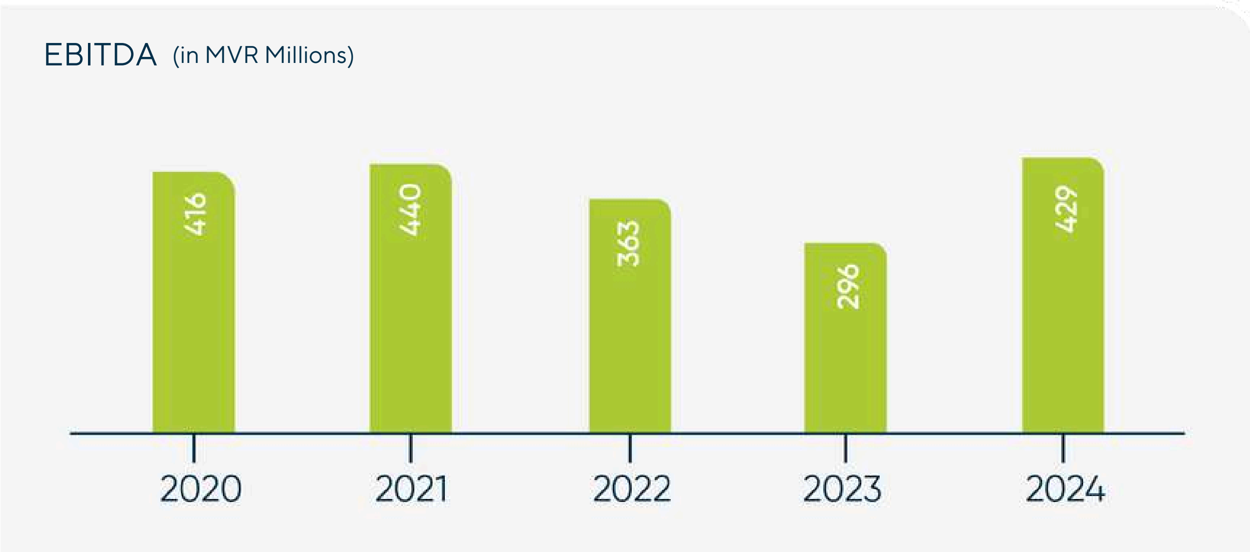
While trading revenue was modest, project-related income remained significant at MVR 347.9 million, supported by the completion of the 20-island water and sewerage project.





SEGMENTAL REVENUE

EBITDA AND COST EFFICIENCY



EBITDA for the year rose sharply by 45.2%, reaching MVR 429.3 million (2023: MVR 295.8 million), reflecting both top-line growth and improved cost structure. This performance was supported by a 7.2% reduction in operating costs, which declined to MVR 935.3 million, largely due to decreased project expenses and further supported by reduced fuel costs following the Company's strategic shift to externally sourced electricity.

Administrative expenses remained well-controlled, while selling and marketing expenses fell by 34% to MVR 10.2 million, reflecting more efficient outreach strategies. MWSC's cost discipline was further reflected in the containment of impairment provisions and operational overheads despite the broader scale of operations.

OPERATING PROFIT AND RETURNS

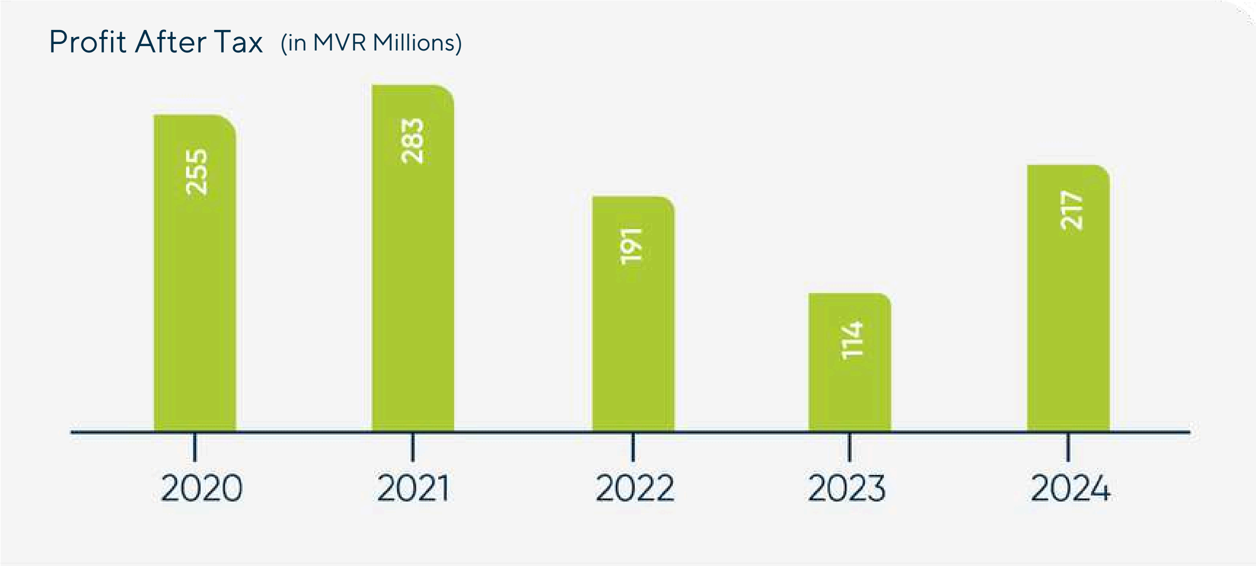
MWSC reported a strong operating profit of MVR 315.3 million in 2024, a 71% increase from MVR 184.2 million in the previous year. This growth reflects the Company's ability to scale revenue while maintaining operational discipline and cost optimisation across its core business lines.

The improvement was driven by a 21% increase in gross profit, which rose to MVR 642.1 million, supported by increased revenue from utility and manufacturing segments, along with lower cost of sales. Other income also contributed positively, increasing to MVR 81.4 million (2023: MVR 65.4 million).

At the same time, MWSC held administrative expenses flat year-on-year, at approximately MVR 362.5 million, despite increased operational scale. Selling and marketing costs were reduced by 34%, and impairment losses on financial assets declined marginally, indicating improved credit risk control and a focus on collections.

The Company's Return on Capital Employed (ROCE) improved significantly to 13% (2023: 7.9%), reflecting better asset utilization and higher profitability.

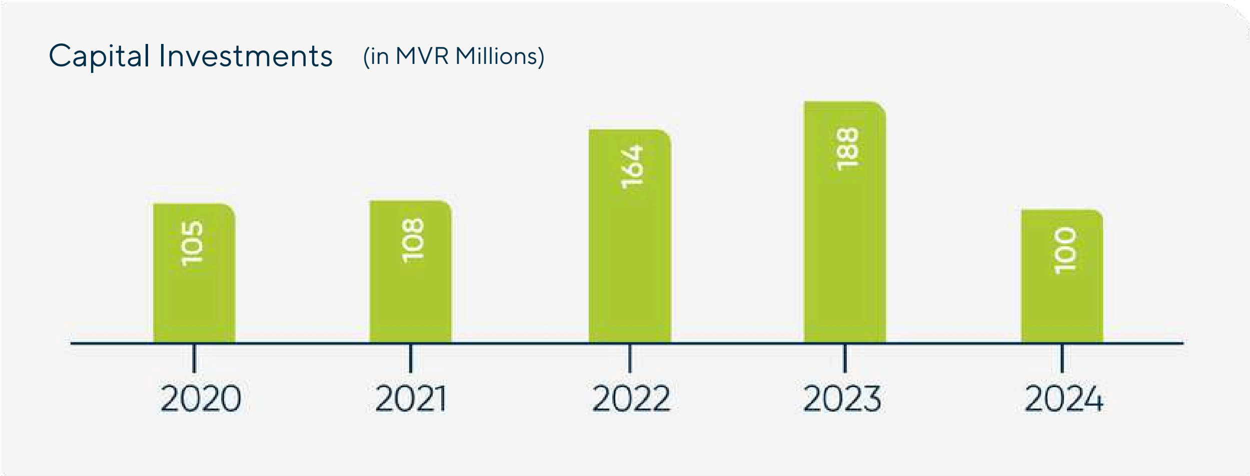
PROFIT AFTER TAX



MWSC achieved a profit after tax of MVR 217.5 million in 2024, representing a 92% year-on-year increase from MVR 113.5 million in 2023.

The significant improvement was a result of both higher operating profitability and strategic cost management. While net finance costs increased to MVR 55.9 million due to elevated borrowing rates, this was offset by the sharp rise in operating earnings. Tax expense increased to MVR 41.9 million (2023: MVR 19.7 million), in line with higher pre-tax income.

FREE CASH FLOW AND CAPITAL ALLOCATION



Free cash flow was at MVR 14.5 million in 2024. Cash generation remained strong at MVR 114.2 million from operating activities, despite working capital pressures, particularly in receivables.

MWSC continued to invest in critical infrastructure, with MVR 99.7 million allocated toward capital investments, including enhancements to plant and equipment as well as ongoing capital work-in-progress.

SHAREHOLDER VALUE

Earnings per share rose to MVR 815 from MVR 425 in the prior year, while dividends per share increased to MVR 489 from MVR 255 in 2023, reflecting MWSC's strong earnings performance and its commitment to delivering shareholder value.

NET FINANCE COST

MWSC recorded a net finance cost of MVR 55.9 million in 2024, an increase from MVR 51.0 million in the previous year. This was primarily driven by a rise in interest expenses on borrowings, which grew to MVR 61.5 million (2023: MVR 54.5 million), reflecting the broader impact of elevated market interest rates and the increased cost of financing required to support operational and capital activities.

While finance income rose to MVR 5.5 million (2023: MVR 3.5 million), the benefit was outweighed by the higher cost of debt servicing. The Company faced upward pressure on interest costs due to both short-term liquidity needs and the funding of major infrastructure initiatives.

Recognising these challenges, MWSC has proactively taken steps to mitigate exposure to rising interest rates. In 2024, the Company initiated a strategic financing program to diversify its funding sources, reduce reliance on short-term credit facilities, and enhance long-term financial stability. As part of this initiative, MWSC structured a private placement bond with a fixed interest rate of 7.5%. The first tranche of this issuance was successfully completed in 2025, raising MVR 111.15 million, marking a significant milestone in the Company's capital market engagement.

This move reflects MWSC's commitment to strengthening its financial position through sustainable and cost-effective financing strategies, while supporting ongoing investment in critical infrastructure and service delivery.

LIQUIDITY AND FINANCIAL POSITION

MWSC closed 2024 with a strong financial position, as total assets increased to MVR 3.66 billion (2023: MVR 3.53 billion), driven by growth in receivables and continued progress in capital projects.

Current assets rose to MVR 1.76 billion, supported by a significant increase in trade and other receivables to MVR 877.8 million, reflecting higher revenue from utility and project operations. While cash balances declined to MVR 50.2 million, liquidity remained sufficient for operational needs.

On the liabilities front, total borrowings decreased, with long-term debt falling to MVR 149.6 million (2023: MVR 219.0 million), reflecting improved debt management. To address rising interest rates and diversify funding, MWSC launched a private placement bond in 2024 and successfully issued MVR 111.15 million at 7.5% in early 2025.

Total equity increased to MVR 1.90 billion (2023: MVR 1.75 billion), supported by profit retention and strengthened reserves. Continued investments in core infrastructure and a balanced capital structure reinforce MWSC's capacity to fund future growth while maintaining financial resilience.

OUTLOOK

With a strengthened financial foundation and improved operating margins, MWSC is well-positioned to pursue its strategic priorities, including digital transformation, infrastructure development, and sustainable service delivery. The Company remains committed to maintaining cost discipline, enhancing efficiency, and driving value for its stakeholders in 2025 and beyond.

SUBSIDIARY PERFORMANCE

The subsidiary company established for water bottling operations, Island Beverages Maldives Pvt Ltd (IBM), reported a net profit of MVR 10.2 million in 2024, an increase from MVR 8.4 million in 2023. Of the 15,000 shares issued by IBM, MWSC holds a 51% ownership stake, while the remaining 49% is held by Champa Brothers Maldives Pvt Ltd. The table below presents IBM's financial performance over the past five years.

IBM

MVR Millions	2019	2020	2021	2022	2023	2024
REVENUE	182	151	175	209	235	248
EBITDA	16	4	23	26	28	28
PROFIT AFTER TAX	1	-11	6	7	8	10
NET ASSETS	50	39	45	50	56	63
TOTAL ASSETS	145	135	124	138	134	135
ROCE	6%	-24%	15%	15%	15%	17%
MVR	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
BASIC EPS	65	-742	406	498	563	677

EVENTS AFTER THE BALANCE SHEET DATE

Since 31st December 2024 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 2024 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 an integral component of our 2024 Annual Report.

The Board of Directors of MWSC firmly believes that robust corporate governance is fundamental to effective management. Demonstrating an unwavering commitment to integrity and fairness, the Board upholds the highest standards of conduct across all operational facets. By adhering to best practices, MWSC endeavors to foster business growth and ensure unwavering accountability. Our paramount focus remains on safeguarding stakeholder interests and cultivating long-term shareholder value. These dedicated efforts are instrumental in building trust, enhancing transparency, and ensuring sustainability, thereby reinforcing MWSC’s standing as a responsible corporate entity.

MWSC's corporate governance practices are meticulously rooted in its own Corporate Governance Code and are further guided by the principles and recommendations set forth in the Code of Corporate Governance for State-Owned Enterprises ("CG code for SOE"), developed by the Privatization and Corporatization Board of the Ministry of Finance. This dual approach ensures comprehensive oversight and alignment with international best practices and governance standards.

BOARD OF DIRECTORS

Our Board of Directors plays a pivotal role in shaping the Company's strategic direction and critical decision-making processes. Comprised of experienced and diverse members, the Board brings a wide array of expertise and capabilities to guide and support the Company's endeavors.
Operating within a robust corporate governance framework, the Board collectively leads MWSC in both generating shareholder value and fulfilling its essential social responsibilities. They are instrumental in fostering a culture of compliance that prioritizes personal integrity, accountability, and a commitment to continuous improvement across the organization.

Assuming comprehensive stewardship of the Company, the Board provides crucial strategic direction, expert counsel, and diligent oversight to management, always acting in the best interests of both the Company and its shareholders.

The primary responsibilities of the Board are, but not restricted to, the following:

Strategy and Management Oversight:

The Board maintains a proactive dialogue with senior management, scrutinizing short and long-term business and financial strategies. This oversight includes performance reviews to ensure alignment with long-term shareholder value creation. The Board firmly believes that sustainable shareholder value is contingent on considering the interests of all stakeholders, including customers, employees, and the communities we serve.

Implement Effective Internal Controls:

The Board holds ultimate responsibility for establishing and maintaining effective internal control systems and overseeing MWSC's risk management framework. To bolster this function, the Board established the Audit and Risk Committee in December 2024, succeeding the former Audit and Remuneration Committee. This new committee is tasked with assisting the Board in monitoring management's efforts in risk assessment and mitigation within its delegated scope, while remuneration matters will now be directly presented to the full Board.

Protecting Integrity of MWSC's Accounting and Financial Reporting Systems:

The Board is committed to maintaining the integrity of MWSC's essential reporting and monitoring systems by establishing and enforcing clear lines of responsibility and accountability across the organization. Furthermore, the Board ensures effective oversight of senior management through the internal audit system, which reports directly to the Board Audit and Risk Committee.

BOARD COMPOSITON

The MWSC Board of Directors is exceptionally well-equipped to guide the company towards sustained success. Our Board members bring a diverse and deep well of expertise spanning finance, business operations, and commercial sectors, providing invaluable strategic guidance and robust decision-making capabilities.

Currently, the Board comprises six members: five directors are appointed by the Government of Maldives, and one director is appointed by Hitachi Ltd. Importantly, four of these six directors serve as Non-Executive and Independent Directors, reinforcing our commitment to strong governance.

An Independent Director is defined as an individual who maintains impartiality from management and possesses no affiliations or connections that could compromise their unbiased judgment or their ability to act solely in MWSC's best interests. This independence is fundamental to objective oversight and effective governance.

The composition of the Board of Directors as of 31st December 2024 was as follows:

Shamhooza Ahmed
Chairperson, Non-Executive Director & Independent
Appointment Date: 26th December 2023
Government of Maldives

Abdul Matheen Mohamed
Executive Director/ Managing Director
Appointment Date: 28th November 2023
Government of Maldives

Shu Kodama
Director, Non-Executive Director & Independent
Appointment Date: 10th October 2018
Hitachi Ltd

Abdul Salam Mohamed
Executive Director/Deputy Managing Director
Appointment Date: 26th December 2023
Government of Maldives

Aishath Roohy
Director, Non-Executive Director & Independent
Appointment Date: 24th December 2023
Government of Maldives

Hassan Raeef
Director, Non-Executive Director & Independent
Appointment Date: 24th December 2023
Government of Maldives

CHANGES TO THE BOARD IN YEAR 2024

Mohamed Shareef
Executive Director/Deputy Managing Director
Appointment Date: 28th Feb 2019
End of Tenure: 15th Jan 2024

ROLE OF CHAIRPERSON AND MANAGING DIRECTOR

IIn line with robust corporate governance principles, the roles of the Chairperson and the CEO/Managing Director are distinctly separated to ensure a clear division of responsibilities.
The Chairperson, operating in a non-executive capacity, remains independent of MWSC's day-to-day operations. Their primary responsibilities include enhancing the Board's effectiveness, leading strategic discussions, presiding over Board meetings, and organizing dedicated sessions with Non-Executive Directors to assess management performance.

Conversely, the Managing Director is directly responsible for overseeing the development and execution of MWSC's corporate and business strategies, holding ultimate accountability for the company's daily operations and overall performance.

NON-EXECUTIVE DIRECTORS

The Board of Directors of MWSC is constituted in alignment with, and indeed surpasses, the minimum 50% Non- Executive Director representation requirement established by the Corporate Governance Code for State-Owned Enterprises, as set forth by the Privatization and Corporatization Board (PCB).

BOARD MEETINGS

IIn 2024, the MWSC Board of Directors exemplified strong governance and strategic oversight through consistent diligence and active engagement. The Board convened regular monthly meetings to meticulously review and deliberate on key operational areas, including financial performance, project implementation, and investment initiatives. This continuous monitoring underscores the Board's unwavering commitment to upholding transparency, accountability, and long-term value creation.

To ensure timely responses to emerging issues, the Board also conducted ad-hoc meetings, demonstrating a responsive and agile governance approach. This capacity for swift action on critical matters highlights the Board's proactive role in guiding the Company through a dynamic operating environment.

Recognizing the importance of broad participation, the Board facilitated attendance through flexible means such as teleconferencing. This ensured that crucial decision-making processes continued uninterrupted, even when physical attendance was not feasible.

The use of written resolutions approved via circulation was also employed for urgent matters, enabling expedited decisions without the need for formal meetings. This practice proved highly effective in supporting timely and efficient governance.

To promote informed and constructive deliberations, all Directors received meeting agendas, comprehensive reports, and proposal documents well in advance. This ensured ample time for thorough review and preparation, contributing significantly to high-quality discussions and sound decision-making.

Furthermore, the availability of senior management to present and clarify complex matters further enhanced the Board's understanding of strategic and operational issues. This collaborative engagement between the Board and management continues to reinforce effective corporate governance and drive informed, strategic outcomes for MWSC.

Throughout the year concluding on December 31, 2024, a sum of eight (8) Board meetings convened.

Below are the attendance records for each individual Board member.

Name	Attendance	Appointment	End of Tenure
Shamhooza Ahmed Chairperson, Non-Executive Director & Independent	8/8	26th Dec 2023	
Abdul Matheen Mohamed Executive Director/ Managing Director	8/8	28th Nov 2023	
Abdul Salam Mohamed Executive Director/Deputy Managing Director	7/8	26th Dec 2023	
Hassan Raeef Director, Non-Executive Director & Independent	8/8	24th Dec 2023	
Shu Kodama Director, Non-Executive Director & Independent	8/8	10th Oct 2018	
Aishath Roohy Director, Non-Executive Director & Independent	8/8	24th Dec 2023	
Mohamed Shareef Executive Director/Deputy Managing Director	-	28th Feb 2019	15th Jan 2024

KEY BOARD DECISIONS OF 2024

Throughout the year, the Board of Directors at MWSC has played a pivotal role in steering the company towards its strategic objectives. In fulfilling its governance responsibilities, the Board has made several key decisions that have significantly impacted the company's operations, growth trajectory, and long-term sustainability. These decisions, made after careful consideration and deliberation, reflect the Board's commitment to enhancing value for stakeholders, mitigating risks, and driving the company's success in a dynamic business environment. The following highlights the major decisions taken by the Board during the year.

REVIEW AND APPROVAL OF FINANCIAL REPORTS

Approved the Audited Financial Accounts for the year 2023

Approved to declare dividend for the year2023, to be proposed for shareholder approval at the Annual General Meeting

Approved the business plan and budget outline for the year 2025

Reviewed monthly and quarterly financial performance

Approved the financial statements and Directors' report of 2024, to be proposed for shareholder approval at the Annual General Meeting

Approved the recommendation to Appointment of External Auditor KPMG for the year 2024 for shareholder approval at the Annual General Meeting

Approved the publishing of quarterly report for first, second, and third quarters of 2024

STRATEGIC DECISIONS

Reviewed the recommendations presented by Audit and Remuneration Committee and Audit and Risk Committee based on internal audit reports and approved to implement the recommendations

Approved provision of financial support from MWSC to IBM to maintain IBM as a going concern

Approved implementation of discount on water and electricity bills for domestic households during the holy month of Ramazan

Approved to waive off surcharge amounts accumulated as of 31st December 2023 for Domestic customers who pays the consumption amount from 1st April 2024 to 31st December 2024

Approved for the sale of 36-unit apartments of Malas residence

Approved declaration of financial performance payout for Quarter 1 and 2

Approved for establishment of risk management function

MATTERS RELATED TO GOVERNANCE

Approved Board Calendar for the year 2024

Approved Appointment of Director and nomination of Managing Director to IBM Board

Approved Foreign Travel policy of the Company

Approved Endorsement of Chief Financial Officer as member of the executive management team

Approved revision to Directors Remuneration Policy

Approved succession planning and talent management

Approved revision to Annex 13- Shift duty Policy and procedure

Approved revision to Annex 27- Marine Allowance

Approved revision to Annex 29- Food/subsistence Allowance

Approved policy on appointment of Corporate Liaisons

BOARD COMMITEES

To optimize its capacity in fulfilling its fiduciary obligations, the Board's Audit and Risk Committee was established in December 2024, replacing the former Audit and Remuneration Committee. This committee serves to augment the Board's functions by focusing on specific areas of oversight.

The Audit and Risk 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 2024 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

MWSC recognizes the critical role of Board independence in ensuring effective corporate governance. To uphold this standard, the company conducts an annual assessment to evaluate the independence of its Directors, ensuring that decisions are made with objectivity and in the best interests of shareholders and stakeholders. 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.

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. However, with the establishment of Audit and Risk Committee in December 2024, it was decided that remuneration matters would be brought directly to the Board for review and approval.

Remuneration for board of SOE's including the CEOs are now fixed by the PCB. However, the Remuneration Policy of the Company envisions that the remuneration for key executives is determined based on scope of work, and measurable performance goals and other relevant factors. Total remuneration paid to Directors and key executives in 2024 are MVR 923,932 and MVR 4,532,365.00 respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes the importance of effective risk management and internal controls in safeguarding the Company's assets and ensuring business continuity. To strengthen this commitment, the Company has established a dedicated risk function within its organizational structure. This function plays a critical role in identifying, assessing, and managing risks across the business.

The Company's risk management framework systematically identifies, evaluates, and addresses risks across all levels of the organization.

The Board of Directors also 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.

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 Risk Committee of the Board.

In December 2024, and Audit and Risk Committee was established to oversee internal audit activities, risk management and compliance. This committee plays a key role in reviewing and approving the Internal Audit Charter, assessing audit findings and ensuring the effectiveness of financial controls and risk mitigation strategies.

GOVERNANCE POLICY FRAMEWORK

The Board holds ultimate authority and oversight of the Company and regards corporate governance as a fundamental pillar in achieving its strategic objectives. It is committed to upholding high standards of safety, performance, and governance, recognizing its responsibilities to shareholders, customers, employees, suppliers, and the communities in which the Company operates.

Over the years, the Board, in close collaboration with the Company's executive management, has established and continually strengthened a comprehensive governance framework. This framework is guided by the Company's Corporate Governance Code, Code of Ethics, and adherence to the principles set forth in the Corporate Governance Code for State-Owned Entities, as published by the Privatization and Corporatization Board of the Ministry of Finance and Planning.

Key components of the governance framework include the Company's organizational structure, a suite of policies and standards developed and regularly reviewed by the Board, and compliance with relevant international standards.

In 2024, to further enhance governance, the Company introduced several policy updates, including amendments to the Foreign Travel Policy, revisions to the Shift Duty Policy and Procedures, and the implementation of a Policy on the Appointment of Corporate Liaisons.

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. 07/2023) and operational license requirement and has established procedures that ensure continued compliance.

AUDITORS

The external Auditor for the year have been audited by KPMG for an audit fee of MVR 495,075.00

DIRECTORS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTOL

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.

Accordingly, the Board is pleased to provide the Statement on Risk Management & Internal Control that was prepared in accordance with the guidelines provided by PCB in the CG Code for SOE's. This statement outlines the processes adopted by Company in reviewing the adequacy and effectiveness of the risk management and internal control system of the Company.

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.

INTERNAL CONTROL STRUCTURE

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.
- Established an Audit and Risk 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.
    - ISO22000/HACCP certification for our bottling factories ensure that bottled water produce by the company is free from food safety hazards
    - ISO17025 accreditation of our Water Quality Assurance laboratory ensures that the quality of water provided to the households is monitored properly and results produced by the laboratory are recognized worldwide.

- 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

TThe Internal Audit function conducts regular assessments of the Company's operations and internal control systems, evaluating the adequacy and effectiveness of both financial and operational controls. Through these assessments, significant risks and instances of non-compliance are identified, with actionable recommendations provided to strengthen the Company's risk management, internal control framework, and governance practices. Internal audit activities are prioritized using a risk-based approach, guided by input from Management, the Audit and Risk Committee, and the Board. Management is responsible for monitoring and evaluating the implementation of audit recommendations to ensure timely and comprehensive resolution of identified issues across all areas of the business.

The Audit and Risk Committee convenes regularly to review issues highlighted in Internal Audit reports. Where necessary, representatives from the relevant departments or audited parties are invited to attend meetings to facilitate detailed discussions and prompt resolution of findings. The Committee actively monitors the follow-up actions taken by Management to address audit observations.

In addition to reviewing audit findings, the Committee exercises oversight over the independence, scope, and resourcing of the Internal Audit function. It also evaluates the adequacy and effectiveness of the Company's internal control system, approves the internal audit plan, and monitors the frequency and execution of audit activities. The Audit and Risk Committee reports regularly to the Board and submits an annual report detailing its activities. A comprehensive overview of the Committee's work is provided in the Audit and Risk Committee Report.

ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The Board is dedicated to operating a sound system of risk management and internal controls and recognizes that the system must continuously evolve to support the progressive business growth of the Company. The Board acknowledges the effectiveness of the current risk management and internal control system in safeguarding the Company's operations and assets at their present scale. The Board established an independent risk function, the Audit and Risk Committee, to further strengthen these measures as per the SOE Corporate Governance Code.

No material weakness or reported shortfall in the risk management and internal control system has resulted in, or given rise to, any material loss, contingency, or uncertainty during the financial year under review.

The Board, with the assurance received from the Managing Director and Deputy Managing Director, concludes that the Company's risk management and internal control systems are operating adequately and effectively in all material aspects. This statement does not include the state of internal control in associate companies and is made in accordance with a resolution of the Board of Directors dated 10th June 2024.

Shamhooza (Jun 30, 2025 14:33 GMT+5)

Shamhooza Ahmed
Chairperson

Aishath Roohy
Audit and Remuneration Committee

MANAGEMENT STATEMENT ON FINANCIAL STATEMENTS

We, Abdul Matheen Mohamed, Chief Executive Officer & Managing Director, and Ali Shareef, Chief Financial Officer of Malé Water and Sewerage Company Pvt Ltd, hereby certify, to the best of our knowledge and belief, that we have reviewed the financial statements for the year ended 31 December 2024, and confirm that, 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 together present, in all material respects, a true and fair view of the Company's affairs, the financial condition and results of operations and are in compliance with IFRS accounting standards.

Abdul Matheen Mohamed (Jun 30, 2025 14:52 GMT+5)

Abdul Matheen Mohamed
Managing Director

Ali Shareef (Jun 30, 2025 14:27 GMT+5)

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 of 31st December 2024 and of its performance, for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:

Shamhooza (Jun 30, 2025 14:33 GMT+5)

Shamhooza Ahmed
Chairperson

Abdul Matheen Mohamed (Jun 30, 2025 14:52 GMT+5)

Abdul Matheen Mohamed
Managing Director

29th June 2024
Male', Maldives

AUDIT AND REMUNERATION COMMITTEE REPORT

The Audit and Remuneration Committee, operating under its Terms of Reference, is responsible for ensuring that MWSC maintains an effective and independent internal audit function. This includes oversight of both financial and management audits, with the Committee regularly recommending appropriate remedial actions to strengthen internal controls and governance practices.

As of 2024, the Committee was composed entirely of non-executive and independent Directors, each bringing a strong collective background in accounting, finance, and human resources. The composition of the Committee is fully compliant with the requirements outlined in the SOE Corporate Governance Code and MWSC's Corporate Governance Code.

The members of the Audit and Remuneration Committee as at 31 December 2024 are as follows:

Name	Designation	Appointed Date
Aishath Roohy	Committee Chairperson	24th December 2023
Shu Kodama	Committee Member	10th October 2018
Hassan Raeef	Committee Member	24th December 2023

In the year ended 31 December 2024, the Audit and Remuneration Committee held eight (8) meetings. Subsequently, the Board approved a restructuring of the Committee, resulting in the establishment of the Audit and Risk Committee. Following this transition, one (1) meeting of the newly formed Audit and Risk Committee was held in December 2024.
A total of nine (9) committee meetings were held during the year

Member	Meetings attended	Remarks
Aishath Roohy	9/9	
Shu Kodama	9/9	The Director based in Japan, however, diligently reviews all audit and committee reports and provides comments and recommendations as needed
Hassan Raeef	9/9	

The Audit and Remuneration Committee is obligated to submit a written report to the Board, outlining the meetings convened during the year. This report is also incorporated into the Company's Annual Report to ensure transparency and accountability to all shareholders.

During the reporting period, the Committee engaged members of senior management as necessary, inviting relevant departmental heads to attend meetings to provide detailed briefings and address matters arising from internal audit reports. These interactions also facilitated in-depth discussions on departmental operations, control processes, and emerging challenges. Such engagements have been instrumental in strengthening the Committee's oversight of the Company's risk environment and operational effectiveness. The Committee continues to convene meetings as required to discharge its duties with diligence and independence.

Internal Audit

MWSC maintains an independent Internal Audit Department that reports directly to the Audit and Remuneration Committee. In line with the guidelines issued by the Privatization and Corporatization Board (PCB), a qualified Chief Internal Auditor was appointed during the year to lead the Internal Audit Function.

Throughout the year, the Audit and Remuneration Committee reviewed six audit reports prepared by the Internal Audit Department and approved the Internal Audit Plan for 2024.

A total of 24 whistle-blower complaints were received during the year. Following preliminary assessments, three complaints warranted further investigation. Among these, one claim was substantiated, while the remaining two were found to be unsubstantiated.
The Audit and Remuneration Committee is satisfied with the progress made and the audit activities carried out by the Internal Audit Department in 2024.

External Audit- Financial Statement for the year end 31, December 2024

The Committee reviewed Audited Financial Statement for the year ended 31 December 2024 and is satisfied that appropriate measures were put in place by KPMG 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 2024 was KPMG.

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.

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

29th June 2024

AUDIT REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 2024

Report No: FIN-2025-69(E)

29th June 2025

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED

FINANCIAL YEAR 2024

އޮޑިޓަރ ޖެނެރަލްގެ އޮފީސް

AUDITOR GENERAL'S OFFICE

Contents

بسم الله الرحمن الرحيم

AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDER AND BOARD OF DIRECTORS OF MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED

Opinion

We have audited the consolidated financial statements of Male' Water & Sewerage Company Private Limited and its subsidiary (the "Group") which comprise the consolidated statement of financial position as at 31st December 2024, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies set out in pages 7 to 76

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our audit addressed the Key Audit Matter
The Company **<u>Construction Contract Revenue</u>** Revenue recorded during the year includes revenue from construction project contracts amounting MVR 347,895,111. Revenue from construction project 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 measured by reference to total estimate cost. We focused on this area due to the significance of the revenue recognised during the year from construction project contracts, and because the percentage completion of ongoing contracts involved estimation of future costs could result in an over/understatement of revenue.	**<u>Our audit procedures included the following key procedures:</u>** 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: • Understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls over the process. • Tested 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. • Reviewed construction contracts entered during the year in order to verify the existence and occurrence of construction contract revenue.

Key Audit Matters	How our audit addressed the Key Audit Matter
<u>Impairment of trade receivables, receivables from related parties, contract assets and other receivables</u> Refer to material accounting policy Notes 4.13 (v), and 32.3, Notes 18, 19 and 34 (iii) to the financial statements. As at 31 December 2024 the Company's trade receivables, receivables from related parties, contract assets and other receivables amounted to MVR 1,229,858,887 before provision for impairment. An impairment provision for receivables from related parties recognised to adjust the receivable balances to the present value based on the estimated future cash flows. Impairment provision for trade receivables, contract assets and other receivables 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. The total provision for impairment of trade receivables, receivables from related parties, contract assets and other receivables amounting to MVR 192,084,600 and the basis for impairment further is disclosed in accounting policy Note 32.3. We considered the calculation of impairment provision as a key audit matter as it requires management judgement on significant estimates and assumptions made on customer payment behaviors and the amount of impairment provision recognised in the financial statements is material.	**<u>Our audit procedures included the following key procedures:</u>** • 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. • 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. • Checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referring to 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.

Key Audit Matters	How our audit addressed the Key Audit Matter
The Group **<u>Revenue Recognition of the subsidiary company</u>** Revenue is a key performance indicator for the 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 Company has recorded a revenue of MVR 247,808,668 for the year ended 31st December 2024. The Company's revenue mainly consists from sale of goods.	 **<u>Our audit procedures included the following key procedures:</u>** • Obtained an understanding of and assessing 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 ensure that 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 ensure that revenue had been recognized in accordance IFRS 15. • 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 based on these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and Group.
- 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 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 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 Group to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (*continued*)

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

29th June 2025

H. Niyazy

Hussain Niyazy
Auditor General

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	Note	GROUP 2024 MVR	GROUP 2023 MVR	COMPANY 2024 MVR	COMPANY 2023 MVR
Revenue	6	1,654,991,614	1,621,913,161	1,577,478,298	1,540,444,449
Cost of sales		(949,172,072)	(1,031,847,455)	(935,328,790)	(1,008,230,605)
Gross profit		705,819,542	590,065,706	642,149,508	532,213,844
Other income	7	77,085,595	61,655,480	81,372,759	65,409,083
Administrative expenses	8.1	(398,384,754)	(396,505,727)	(362,509,934)	(362,688,198)
Selling and marketing expenses	8.2	(21,762,638)	(26,149,790)	(10,180,144)	(15,518,234)
Impairment loss on financial assets	18.1/19.5 /20.1	(36,038,247)	(35,636,658)	(35,500,200)	(35,220,697)
Results from operating activities	8	326,719,499	193,429,011	315,331,989	184,195,798
Finance income		5,538,105	3,701,783	5,538,105	3,518,357
Finance cost		(62,627,588)	(55,951,757)	(61,487,633)	(54,497,610)
Net finance cost	9	(57,089,483)	(52,249,974)	(55,949,528)	(50,979,253)
Profit before tax		269,630,016	141,179,037	259,382,461	133,216,545
Taxation	10	(43,363,006)	(20,794,485)	(41,900,826)	(19,715,269)
Profit for the year		226,267,010	120,384,552	217,481,635	113,501,276
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Actuarial gain on defined benefit plans	29	83,158	24,974,161	83,158	24,974,161
Related tax	10.3 B	(12,474)	(3,746,124)	(12,474)	(3,746,124)
Other comprehensive income for the year, net of tax		70,684	21,228,037	70,684	21,228,037
Total comprehensive income for the year		226,337,694	141,612,589	217,552,319	134,729,313
Profit for the year attributable to:					
Equity holders of the parent		221,289,100	116,245,042	217,481,635	113,501,276
Non-controlling interest	22	4,977,910	4,139,510	-	-
		226,267,010	120,384,552	217,481,635	113,501,276
Total comprehensive income attributable to:					
Equity holders of the parent		221,359,784	137,473,079	217,552,319	134,729,313
Non-controlling interest	22	4,977,910	4,139,510	-	-
		226,337,694	141,612,589	217,552,319	134,729,313
Earnings per share	11	847	451	815	425

Figures in brackets indicate deductions.

The consolidated financial statements are to be read in conjunction with the related notes which form an integral part of the Consolidated financial statements of the Group set out on pages 7 to 76. The report of the independent auditors is given on pages 1 to 6.

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	Note	GROUP 2024 MVR	GROUP 2023 MVR	COMPANY 2024 MVR	COMPANY 2023 MVR
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	922,619,549	938,002,946	858,630,088	866,233,090
Capital work-in-progress	13	698,296,457	696,475,939	669,847,845	668,328,299
Right-of-use assets	24	259,192,822	264,400,474	248,838,718	256,295,535
Net investment in lease	25	64,888,867	69,895,414	64,888,867	69,895,414
Intangible assets	14	2,913,396	3,618,067	2,019,254	2,820,230
Investment in subsidiary	15	-	-	7,650,000	7,650,000
Investment property	16	13,026,401	14,765,613	13,867,016	15,655,686
Deferred tax assets	10.3 A	44,138,119	38,822,181	43,785,275	38,550,044
Total Non Current Assets		2,005,075,611	2,025,980,634	1,909,527,064	1,925,428,298
Current Assets					
Inventories	17	510,431,759	512,118,407	500,687,260	503,038,524
Net investment in lease	25	5,397,117	4,863,352	5,397,117	4,863,352
Contract assets	18	321,046,774	359,071,197	321,046,774	359,071,197
Trade and other receivables	19	847,677,318	616,537,550	877,798,871	651,064,223
Cash and cash equivalents	20	58,854,180	94,917,455	50,158,406	89,652,850
Total Current Assets		1,743,407,148	1,587,507,961	1,755,088,428	1,607,690,146
Total Assets		3,748,482,759	3,613,488,595	3,664,615,492	3,533,118,444
EQUITY AND LIABILITIES					
Share capital	21	267,000,000	267,000,000	267,000,000	267,000,000
Share allotment gain	21.4	3,042	3,042	3,042	3,042
General reserve	21.5	1,355,319,233	1,309,918,723	1,355,319,233	1,309,918,723
Retained earnings		297,760,384	189,901,876	273,188,634	169,137,591
Total Equity Attributable to The Equity Holders of the Company		1,920,082,659	1,766,823,641	1,895,510,909	1,746,059,356
Non-controlling interest	22	30,754,770	27,225,678	-	-
Total Equity		1,950,837,429	1,794,049,319	1,895,510,909	1,746,059,356
Non-Current Liabilities					
Interest-bearing borrowings	23	149,576,556	218,983,656	149,576,556	218,983,656
Lease liabilities	24.5	288,258,351	288,964,582	274,490,121	275,110,141
Government grants	26	8,301,148	9,229,432	8,301,148	9,229,432
Defined benefit obligation	29	73,178,743	53,903,357	73,178,743	53,903,357
Deferred tax liabilities	10.3 B	31,113,561	30,758,386	29,895,238	29,742,617
Total Non Current Liabilities		550,428,359	601,839,413	535,441,806	586,969,203
Current Liabilities					
Interest-bearing borrowings	23	129,796,201	119,204,562	129,796,201	119,204,562
Lease liabilities	24.5	11,185,952	12,884,918	849,730	177,915
Government grants	26	928,284	928,284	928,284	928,284
Contract liabilities	27	32,305,022	37,949,662	32,305,022	37,949,662
Trade and other payables	28	1,039,687,622	1,039,463,986	1,037,281,848	1,034,303,009
Income tax liability	10.2	33,313,890	7,168,451	32,501,692	7,526,453
Total Current Liabilities		1,247,216,971	1,217,599,863	1,233,662,777	1,200,089,885
Total Liabilities		1,797,645,330	1,819,439,276	1,769,104,584	1,787,059,088
Total Equity And Liabilities		3,748,482,759	3,613,488,595	3,664,615,492	3,533,118,444

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) SHAMHOOZA AHMED ....

2) ABDUL MATHEEN MOHAMED ....

The consolidated financial statements are to be read in conjunction with the related notes which form an integral part of the Consolidated financial statements of the Group set out on pages 7 to 76. The report of the independent auditors is given on pages 1 to 6.

25 JUNE 2025

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2024

		GROUP					
		Share capital	Share allotment gain	General reserve	Retained earnings	Non-Controlling Interest	Total Equity
	Note	MVR	MVR	MVR	MVR	MVR	MVR
Balance as at 01st January 2023		267,000,000	3,042	1,233,705,470	242,961,928	24,368,245	1,768,038,685
Comprehensive income for the year							
Profit for the year		-	-	-	116,245,042	4,139,510	120,384,552
Other comprehensive income, net of tax		-	-	-	21,228,037	-	21,228,037
Total comprehensive income for the year		-	-	-	137,473,079	4,139,510	141,612,589
Transactions with owners of the Company							
Transferred to reserves	21.5	-	-	76,213,253	(76,213,253)	-	-
Dividends declared during the year	11.3	-	-	-	(114,319,879)	(1,282,077)	(115,601,956)
Total transaction with owners of the Company		-	-	76,213,253	(190,533,132)	(1,282,077)	(115,601,956)
Balance as at 31st December 2023		267,000,000	3,042	1,309,918,723	189,901,876	27,225,678	1,794,049,319
Balance as at 01st January 2024		267,000,000	3,042	1,309,918,723	189,901,876	27,225,678	1,794,049,319
Comprehensive income for the year							
Profit for the year		-	-	-	221,289,100	4,977,910	226,267,010
Other comprehensive income, net of tax		-	-	-	70,684	-	70,684
Total comprehensive income for the year		-	-	-	221,359,784	4,977,910	226,337,694
Transactions with owners of the Company							
Transferred to reserves	21.5	-	-	45,400,510	(45,400,510)	-	-
Dividends declared during the year	11.3	-	-	-	(68,100,766)	(1,448,818)	(69,549,584)
Total transaction with owners of the Company		-	-	45,400,510	(113,501,276)	(1,448,818)	(69,549,584)
Balance as at 31st December 2024		267,000,000	3,042	1,355,319,233	297,760,384	30,754,770	1,950,837,429

The consolidated financial statements are to be read in conjunction with the related notes which form an integral part of the Consolidated financial statements of the Group set out on pages 7 to 76. The report of the independent auditors is given on pages 1 to 6.

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2024

		COMPANY				
		Share capital	**Share allotment gain**	**General reserve**	**Retained earnings**	**Total Equity**
	Note	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**
Balance as at 01st January 2023		267,000,000	3,042	1,233,705,470	224,941,410	1,725,649,923
Comprehensive income for the year						
Profit for the year		-	-	-	113,501,276	113,501,276
Other comprehensive income, net of tax		-	-	-	21,228,037	21,228,037
Total comprehensive income for the year		-	-	-	134,729,313	134,729,313
Transactions with owners of the Company						
Transferred to reserves	**21.5**	-	-	76,213,253	(76,213,253)	-
Dividends declared during the year	**11.3**	-	-	-	(114,319,879)	(114,319,879)
Total transaction with owners of the Company		-	-	76,213,253	(190,533,132)	(114,319,879)
Balance as at 31st December 2023		267,000,000	3,042	1,309,918,723	169,137,591	1,746,059,356
Balance as at 01st January 2024		267,000,000	3,042	1,309,918,723	169,137,591	1,746,059,356
Comprehensive income for the year						
Profit for the year		-	-	-	217,481,635	217,481,635
Other comprehensive income, net of tax		-	-	-	70,684	70,684
Total comprehensive income for the year		-	-	-	217,552,319	217,552,319
Transactions with owners of the Company						
Transferred to reserves	**21.5**	-	-	45,400,510	(45,400,510)	-
Dividends declared during the year	**11.3**	-	-	-	(68,100,766)	(68,100,766)
Total transaction with owners of the Company		-	-	45,400,510	(113,501,276)	(68,100,766)
Balance as at 31st December 2024		267,000,000	3,042	1,355,319,233	273,188,634	1,895,510,909

The Separate financial statements are to be read in conjunction with the related notes which form an integral part of the Separate financial statements of the Group set out on pages 7 to 76. The report of the independent auditors is given on pages 1 to 6.

MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED STATEMENT OF STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2024	Note	GROUP 2024 MVR	GROUP 2023 MVR	COMPANY 2024 MVR	COMPANY 2023 MVR
Cash flow from operating activities					
Profit Before Tax		269,630,016	141,179,037	259,382,461	133,216,545
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Depreciation of property plant and equipment	12	113,356,524	113,107,359	103,380,216	102,002,945
Amortisation of intangible assets	14	1,078,271	1,201,813	800,975	936,256
Depreciation of investment properties	16	1,739,211	1,430,822	1,788,669	1,430,822
Depreciation of right of use assets	24	10,831,761	11,149,588	8,080,861	7,205,040
Gratuity provision	29	19,690,955	15,833,733	19,690,955	15,833,733
(Gain)/ Loss on disposal of property, plant and equipment		(1,120,543)	54,681	(1,120,543)	-
Finance income	9	(5,538,105)	3,701,783	(5,538,105)	(3,518,357)
Finance cost	9	(2,788,685)	55,444,845	(3,913,218)	53,990,698
Provision for impairment on financial assets		39,019,999	35,636,658	38,481,952	35,220,697
Provision for impairment on Capital Work in Progress		299,858	-	-	-
(Reversal)/ Provision of slow and non moving inventories	17	(6,059,101)	8,769,974	(6,059,101)	8,769,974
Dividend income	7	-	-	(1,507,964)	(1,334,403)
Inventory written off		-	131,091	-	131,091
Expenses transferred from Capital Work in Progress	13	2,433,153	3,317,306	2,433,153	3,317,306
Release of government grant	26	(928,284)	(928,284)	(928,284)	(928,284)
		441,645,030	390,030,406	414,972,027	356,274,063
Working capital adjustments:					
Decrease in inventories		7,745,749	172,276,805	8,410,365	171,889,637
Decrease/ (Increase) in contract assets		29,170,473	(33,114,094)	29,170,473	(33,114,094)
Increase in trade and other receivables		(260,185,274)	(112,878,046)	(255,242,107)	(102,047,910)
Decrease in contract liabilities		(5,644,640)	(18,982,169)	(5,644,640)	(18,982,169)
Decrease/ (Increase) in net investment in the lease		4,687,852	(74,758,766)	4,687,852	(74,758,766)
Decrease in trade and other payables		(69,325,949)	(8,748,435)	(65,121,927)	(5,188,084)
External project work in progress		-	13,781	-	13,781
Cash flows generated from operating activities		148,093,241	313,839,482	131,232,043	294,086,458
Interest received		5,323,035	3,701,783	5,323,035	3,518,357
Interest paid	9.2	-	(26,563,506)	-	(26,563,506)
Gratuity payment	29	(332,411)	(659,245)	(332,411)	(659,245)
Income tax paid	10.2	(22,190,802)	(26,114,549)	(22,020,671)	(26,114,549)
Net cash flows from operating activities		130,893,063	264,203,965	114,201,996	244,267,515
Investing activities					
Purchases and construction of property, plant and equipment	12	(21,540,758)	(11,579,309)	(20,346,952)	(9,465,138)
Purchases of intangible assets	14	-	(354,428)	-	(354,428)
Dividend received during the year	7	-	-	1,507,964	1,334,403
Cost incurred on construction of capital work-in-progress	13	(81,359,498)	(191,105,372)	(79,382,960)	(178,359,175)
Net cash used in investing activities		(102,900,256)	(203,039,109)	(98,221,948)	(186,844,338)
Financing activities					
Proceeds from borrowings	23	94,505,659	126,284,563	94,505,659	126,284,563
Proceeds from lease	24	-	10,000,000	-	-
Repayment of borrowings	23	(122,422,680)	(136,940,087)	(122,422,680)	(136,940,087)
Payment of principal portion of lease liabilities	24.5	(36,139,061)	(38,044,585)	(27,557,471)	(27,112,375)
Dividends paid		-	(54,421,350)	-	(53,139,273)
Net cash used in financing activities		(64,056,082)	(93,121,459)	(55,474,492)	(90,907,172)
Net decrease in cash and cash equivalents		(36,063,275)	(31,956,603)	(39,494,444)	(33,483,995)
Cash and cash equivalents at 1st January		94,917,455	126,874,058	89,652,850	123,136,845
Cash and cash equivalents at 31st December	20	58,854,180	94,917,455	50,158,406	89,652,850

The consolidated financial statements are to be read in conjunction with the related notes which form an integral part of the Consolidated financial statements of the Group set out on pages 7 to 76. The report of the independent auditors is given on pages 1 to 6.

1. REPORTING ENTITY

Male' Water and Sewerage Company Private Limited (the "Company") is a limited liability Company incorporated and domiciled in Republic of Maldives since 1st April 1995 and governed under the Companies Act. No 07 of 2023. 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.

2. BASIS OF PREPARATION

a) Compliance with IFRS Accounting Standards

The consolidated financial statements of the Male' Water and Sewerage Company Private Limited 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).

b) 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 amortized 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 Private Limited for the year ended 31st December 2024 were authorized for issue in accordance with a resolution of the board of directors.

c) 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

2. BASIS OF PREPARATION (CONTINUED)

c) Use of estimates and judgements (Continued)

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 4.26 (a)** and **Note 32.3.**
- Estimated useful life of property plant and equipment – **Note 4.26 (b)** and **Note 12.**
- Estimated useful life of intangible asset – **Note 4.26 (b)** and **Note 14**.
- Estimation uncertainties and judgements made in relation to lease accounting –**Note 4.26 (h)** and **Note 24**
- Estimation of fair values of investment property – **Note 4.26 (l)** and **Note 16.**
- Estimation of recognition of revenue relating to construction revenue stream - **Note 4.26 (i)** and note **6**
- Estimation of net realizable value of inventory – **Note 4.26 (j)** and **Note 17**

The consolidated financial statements of the Male` Water and Sewerage Company Private Limited 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.

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 Private Limited for the year ended 31st December 2024 were authorized for issue in accordance with a resolution of the board of directors.

d) 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 2024 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. BASIS OF PREPARATION (CONTINUED)

e) 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.

f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31st December 2024. 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.

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.

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
MWSC
Male', Maldives

2. BASIS OF PREPARATION (CONTINUED)

f) Basis of consolidation (Continued)

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

Subsidiaries

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

Subsidiary	Effective Holding		Principle activity
	2024	2023	
Island Beverages Maldives Private Limited	51%	51%	Manufacturing, distributing, and selling of a bottled water called "Taza" in the Republic of Maldives.

3. CHANGES IN MATERIAL ACCOUTING POLICIES

The Company assessed the impact from amendments to International Accounting Standards which are effective from 1st January 2024 and early adoption also permitted. However, there is no material impact to the Financial Statements of the Company from amendments to International Accounting Standards which are effective from 1st January 2024.

4. MATERIAL ACCOUTING POLICIES

4.1. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.1. 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.

4.2. 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 realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.2. 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.

4.3. 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 recognizes 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.

4.4. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.4. 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, maximizing the use of relevant observable inputs and minimizing 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.

4.5. 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

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.5. Revenue from contracts with customers (Continued)

b) Construction projects – Water and sewerage (Continued)

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

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.

Significant 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 performed to differ by 1% from management's estimates, the amount of revenue recognised in the year would be increased by MVR 13,896,454/- if the percentage-of-completion is increased by 1% and the amount of revenue recognised in the year would be decreased by MVR 13,896,454/ if the percentage-of-completion is decreased by 1%.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.5. Revenue from contracts with customers (Continued)

b) Construction projects – Water and sewerage (Continued)

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.

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.

4.6. 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.

4.7. 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:

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
MWSC
Male', Maldives

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.7. Property, plant and equipment (Continued)

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

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.

4.8. 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.

4.9. Leases

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 20 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)
- Thilafusi Corporation
- Secretarial of Dhuvaafaru Council
- Secretarial of Khuldhufushi Council
- Ministry of Housing and Infrastructure

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.9. Leases (Continued)

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 30th March 1995 and 9th 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.

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.

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

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.9. Leases (Continued)

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 maximize 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).

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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.9. Leases (Continued)

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.

4.10. 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.

4.11. 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.

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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.12. 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.

Brand name

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

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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

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

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:

- **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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.13. Financial instruments – initial recognition and subsequent measurement (Continued)

- **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.

- **FVTPL**: 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.13. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.13. Financial instruments – initial recognition and subsequent measurement (Continued)

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 recognized 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.

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.

4.14. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.15. 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.

4.16. 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.

4.17. Cash and cash equivalents

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

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".

4.18. 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 within one 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.18. Other liabilities and provisions (Continued)

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).

4.19. 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.

4.20. 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.

4.21. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.21. Retirement gratuity benefit (Continued)

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.

4.22. Defined contribution plan - pension contribution

The Group is liable to enroll the employees in the Retirement Pension Scheme with effect from 1st 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.

4.23. 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.

4.24. 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.

b) 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

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.25. Taxation (Continued)

b) Deferred tax (Continued)

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.

c) 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.

4.26. 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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.26. Significant accounting judgements, estimates and assumptions (Continued)

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

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.

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.

4. MATERIAL ACCOUTING POLICIES (CONTINUED)

4.26. Significant accounting judgements, estimates and assumptions (Continued)

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.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1st January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- IFRS 18 Presentation and Disclosure in Separate Financial Statements (Amendments to IAS 1)
- Classification and Measurement of Financials Instruments (Amendments to IFRS 9 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 Subsidiaries without Public Accountability Disclosure
- Sustainability Disclosures (IFRS S1 & S2)

6 REVENUE

A Revenue streams

The Group generates revenue primarily by providing supply of utilities, construction services, Sales of bottled water, flacked ice, pipes and other water related items.

B. Disaggregation of revenue from contracts with customers

Disaggregation of Group revenue by major service lines and timing are disclosed as follows;

Segment	GROUP 2024 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	1,066,023,364	-	-	-	1,066,023,364
Construction revenue	-	347,895,111	-	-	347,895,111
Sale of bottled water & flake ice	-	-	236,763,865	-	236,763,865
Sale of pipe and other water related items	-	-	-	4,309,274	4,309,274
Total revenue from contracts with customers	1,066,023,364	347,895,111	236,763,865	4,309,274	1,654,991,614
Timing of revenue recognition					
Over time	1,066,023,364	347,895,111	-	-	1,413,918,475
Point in time	-	-	236,763,865	4,309,274	241,073,139
Total revenue from contracts with customers	1,066,023,364	347,895,111	236,763,865	4,309,274	1,654,991,614

Segment	GROUP 2023 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	1,003,848,445	-	-	-	1,003,848,445
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	1,003,848,445	388,743,860	221,091,383	8,229,473	1,621,913,161
Timing of revenue recognition					
Over time	1,003,848,445	388,743,860	-	-	1,392,592,305
Point in time	-	-	221,091,383	8,229,473	229,320,856
Total revenue from contracts with customers	1,003,848,445	388,743,860	221,091,383	8,229,473	1,621,913,161

Disaggregation of Company's revenue by major service lines and timing are disclosed as follows;

Segment	COMPANY 2024 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	1,066,023,364	-	-	-	1,066,023,364
Construction revenue	-	347,895,111	-	-	347,895,111
Sale of bottled water & flake ice	-	-	159,250,549	-	159,250,549
Sale of pipe and other water related items	-	-	-	4,309,274	4,309,274
Total revenue from contracts with customers	1,066,023,364	347,895,111	159,250,549	4,309,274	1,577,478,298
Timing of revenue recognition					
Over time	1,066,023,364	347,895,111	-	-	1,413,918,475
Point in time	-	-	159,250,549	4,309,274	163,559,823
Total revenue from contracts with customers	1,066,023,364	347,895,111	159,250,549	4,309,274	1,577,478,298

6 REVENUE (CONTINUED)

B. Disaggregation of revenue from contracts with customers (Continued)

	COMPANY				
	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	1,003,848,445	-	-	-	1,003,848,445
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	1,003,848,445	388,743,860	139,622,671	8,229,473	1,540,444,449
Timing of revenue recognition					
Over time	1,003,848,445	388,743,860	-	-	1,392,592,305
Point in time	-	-	139,622,671	8,229,473	147,852,144
Total revenue from contracts with customers	1,003,848,445	388,743,860	139,622,671	8,229,473	1,540,444,449

7 OTHER INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
	MVR	MVR	MVR	MVR
Operational income	29,823,279	15,208,349	29,823,279	15,208,349
Rental and management income	10,451,323	9,230,419	13,230,523	11,649,619
Penalties, surcharges and fines **(Note 7.1)**	9,916,349	10,440,290	9,916,349	10,440,290
Income from disconnection/ reconnection/relocation/termination	25,966,360	25,848,138	25,966,360	25,848,138
Government grant	928,284	928,284	928,284	928,284
Dividend income	-	-	1,507,964	1,334,403
	77,085,595	61,655,480	81,372,759	65,409,083

7.1 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 2024 against the income recognized in 2023.

8 EXPENSES BY NATURE

	GROUP		COMPANY	
	2024	2023	2024	2023
8.1 Administrative expenses	MVR	MVR	MVR	MVR
Staff costs **(Note 8.1.1)**	221,071,447	208,515,878	201,626,687	190,873,009
Directors' fees	1,429,222	1,418,893	923,932	918,330
Depreciation on property plant and equipments **(Note 12)**	35,299,101	34,623,681	31,013,858	29,642,510
Depreciation on investment properties **(Note 16)**	1,788,669	1,430,822	1,788,669	1,430,822
Amortisation of intangible assets **(Note 14)**	1,078,271	1,201,814	800,975	936,256
Depreciation of right-of-use assets **(Note 24)**	10,831,761	11,149,588	8,080,861	7,205,041
Bank service charges and commission	21,521,476	17,834,535	21,508,246	17,816,307
Import duty and freight charges	8,032,211	11,205,034	8,032,211	11,205,034
Repair and maintenance	22,700,346	18,547,347	22,447,148	18,264,555
Transport and travelling expenses	5,868,484	3,393,888	5,142,405	2,668,898
Insurance expense	6,507,780	8,789,859	5,928,670	8,271,732
Water expense	5,021,447	5,090,084	4,722,640	4,835,290
Electricity expense	15,189,992	14,517,727	14,625,703	13,998,728
Fuel expense	2,817,451	2,568,073	2,817,451	2,568,073
Telephone and postage expense	3,116,453	3,210,861	2,522,256	2,682,912
Donations expense	4,619,262	5,918,587	4,619,262	5,918,587
Professional fees	3,383,223	1,853,031	2,651,623	1,343,792
Outsourcing expenses	4,800,691	3,932,619	4,800,691	3,932,619
Unclaimed GST input tax	11,221,043	17,990,762	11,221,043	17,990,762
Provision for Prepayment and Advances	2,954,354	5,563,372	2,954,354	5,563,372
Provision for impairment of CWIP	299,858	-	-	-
Other Expenses	8,832,212	17,749,272	4,281,249	14,621,569
	398,384,754	396,505,727	362,509,934	362,688,198

8 EXPENSES BY NATURE (CONTINUED)

8.1 Administrative expenses (Continued)

8.1.1 Employee benefit expenses

	GROUP		COMPANY	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Salaries and wages	71,889,064	69,775,729	63,500,814	62,079,433
Staff bonus	16,354,393	15,288,697	15,509,595	14,541,132
Allowances expense	83,962,324	71,080,094	75,697,817	71,080,094
Overtime expense	7,464,759	6,708,408	7,464,759	6,708,408
Overseas training expenses	8,973,685	11,072,763	8,973,685	11,072,763
Staff welfare expense	1,813,342	8,366,222	1,318,679	726,576
Local training expenses	3,207,506	2,675,902	2,373,816	2,675,902
Staff provident fund	5,240,691	5,016,858	4,621,839	4,416,831
Retirement gratuity benefit **(Note 29)**	19,690,955	15,833,733	19,690,955	15,833,733
Staff recruitment and work permit expenses	2,474,728	2,697,472	2,474,728	1,738,137
	221,071,447	208,515,878	201,626,687	190,873,009

8.2 Selling and marketing expenses

	GROUP		COMPANY	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Advertising, publication and subscription	1,483,982	1,118,623	7,645	6,457
Marketing and public relation expenses	10,172,499	15,511,777	10,172,499	15,511,777
Salaries and wages -distribution	4,125,328	5,269,533	-	-
Fuel charges	2,437,300	1,285,807	-	-
Sales commission	3,543,529	2,964,050	-	-
	21,762,638	26,149,790	10,180,144	15,518,234

9 NET FINANCE COSTS

	GROUP		COMPANY	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR
9.1 Finance income				
Interest Income on net investment in lease **(Note 25)**	5,373,219	3,316,885	5,373,219	3,316,885
Interest income on short term deposits	164,886	384,898	164,886	201,472
	5,538,105	3,701,783	5,538,105	3,518,357
9.2 Finance costs				
Interest expense on borrowings	(30,898,440)	(26,563,506)	(30,898,440)	(26,563,506)
Net foreign exchange loss	(3,619,393)	(506,912)	(3,603,971)	(506,912)
Interest expense on lease liabilities **(Note 24.5)**	(28,109,755)	(28,881,339)	(26,985,222)	(27,427,192)
	(62,627,588)	(55,951,757)	(61,487,633)	(54,497,610)
Net finance costs	(57,089,483)	(52,249,974)	(55,949,528)	(50,979,253)

10 TAXATION

	GROUP		COMPANY	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Current tax expense **(Note 10.1)**	48,336,241	29,147,394	46,995,910	28,091,143
Deferred tax asset recognized **(Note 10.3 A)**	(5,315,938)	(5,871,600)	(5,235,231)	(5,809,205)
Deferred tax liability reversal **(Note 10.3 B)**	342,701	(2,481,309)	140,147	(2,566,669)
Income tax expense	43,363,006	20,794,485	41,900,826	19,715,269

10 TAXATION (CONTINUED)

10.1 Reconciliation between accounting profit and taxable income :

	GROUP		COMPANY	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Profit before tax	269,630,016	141,179,037	259,382,461	133,216,545
Aggregate disallowable items	218,151,458	226,537,086	204,819,378	212,061,924
Aggregate allowable items	(165,039,863)	(172,900,160)	(150,645,774)	(157,754,179)
Tax free allowance	(500,000)	(500,000)	(250,000)	(250,000)
Total taxable income	322,241,611	194,315,963	313,306,065	187,274,290
Income tax @ 15%	48,336,241	29,147,394	46,995,910	28,091,143

The taxable profits and income of the Company is liable at the rate of 15% in terms of provisions of the income tax act no 25 of 2019 which is effective from 1st January 2020, relevant regulations and amendments thereto. (2023 : 15%)

10.2 Income Tax Payable

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening balance	7,168,451	4,135,616	7,526,453	5,549,859
Tax charge for the year	48,336,241	29,147,394	46,995,910	28,091,143
Paid during the year	(22,190,802)	(26,114,559)	(22,020,671)	(26,114,549)
Closing balance	33,313,890	7,168,451	32,501,692	7,526,453

10.3 Deferred tax (liability) / asset

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
A Deferred tax asset				
Opening balance	38,822,181	32,950,581	38,550,044	32,740,839
Deferred tax asset recognized during the year	5,315,938	5,871,600	5,235,231	5,809,205
Closing balance	44,138,119	38,822,181	43,785,275	38,550,044
B Deferred tax liability				
Opening balance	(30,758,386)	(29,493,571)	(29,742,617)	(28,563,162)
Deferred tax liability (recognised)/ reversed during the year	(342,701)	2,481,309	(140,147)	2,566,669
Deferred tax liability recognized in other comprehensive income	(12,474)	(3,746,124)	(12,474)	(3,746,124)
Closing balance	(31,113,561)	(30,758,386)	(29,895,238)	(29,742,617)

10.4 Movement in deferred tax balances

	GROUP				
Net deferred tax (liability) / asset is attributable to the following;	**Property, plant and equipment and investment property**	**Impairment provision on Trade and other Receivables**	**Impairment provision on Inventory Provision**	**Actuarial gain on retirement benefit obligation**	**Net deferred tax asset / (liability)**
	MVR	MVR	MVR	MVR	MVR
Balance as at 01st January 2024	(30,758,386)	25,844,512	4,892,165	8,085,504	8,063,795
Recognised in profit or loss	(342,701)	3,321,022	(908,865)	2,903,781	4,973,237
Recognised in OCI	-	-	-	(12,474)	(12,474)
Balance as at 31st December 2024	(31,101,087)	29,165,534	3,983,300	10,976,811	13,024,558

10 TAXATION (CONTINUED)

10.4 Movement in deferred tax balances (Continued)

	COMPANY				
Net deferred tax (liability) / asset is attributable to the following;	**Property, plant and equipment and investment property**	**Impairment provision on Trade and other Receivables**	**Impairment provision on Inventory Provision**	**Actuarial gain on retirement benefit obligation**	**Net deferred tax asset / (liability)**
	MVR	**MVR**	**MVR**	**MVR**	**MVR**
Balance as at 01st January 2024	(29,742,617)	25,572,375	4,892,165	8,085,504	8,807,427
Recognised in profit or loss	(140,147)	3,240,315	(908,865)	2,903,781	5,095,084
Recognised in OCI	-	-	-	(12,474)	(12,474)
Balance as at 31st December 2024	(29,882,764)	28,812,690	3,983,300	10,976,811	13,890,037

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, provision for bad debt, provision on inventory and change in retirement benefit obligation.

11 EARNINGS PER SHARE

11.1 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.

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

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Profit attributable to equity holders **(MVR)**	226,267,010	120,384,552	217,481,635	113,501,276
Weighted average number of ordinary shares in issue **(Nos.)**	267,000	267,000	267,000	267,000
Basic earnings per share (MVR)	**847**	**451**	**815**	**425**

11.3 Dividends per share

At the 33rd annual general meeting held on 31st July 2024, a final dividend in respect of the financial year 2023 of MVR 254/- per share (2022: MVR 428/- per share) amounting to a total of 2024: MVR 68,100,766/- (2023: MVR 114,319,879/-) was declared during the year ended 31st December 2024. 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.

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group	Buildings, desalination plant and fuel farm	Public rain water and new water supply scheme	Sewerage system	Shrink film blowing machine and preform system	Reverse osmosis (RO) plants, generator, borewell and control pumps	Motor vehicles	Office and other equipment	Furniture and fittings	Computer hardware	Vessels	Total 31/12/2024
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost											
Opening balance	380,250,452	230,506,869	165,928,505	285,142,955	676,717,573	131,404,320	94,396,665	21,245,525	57,941,403	53,243,734	2,096,778,001
Additions during the year	251,082	230,400	773,847	16,050	12,916,116	529,044	3,269,090	252,367	3,302,762	-	21,540,758
Transferred from Investment property	1,409,561	-	-	-	-	-	-	-	-	-	1,409,561
Transferred from CWIP	31,019,015	-	2,076,004	48,985	30,438,314	138,910	8,086,175	850,051	3,774,915	-	76,432,369
Disposal during the year	-	-	-	-	-	(4,620,017)	-	-	-	-	(4,620,017)
Closing balance	412,930,110	230,737,269	168,778,356	285,207,990	720,072,003	127,452,257	105,751,930	22,347,943	65,019,080	53,243,734	2,191,540,672
Accumulated depreciation											
Opening balance	148,459,800	104,462,056	113,206,538	106,461,558	414,492,273	106,201,560	80,227,396	17,823,924	51,538,831	15,901,121	1,158,775,056
Charge for the year	17,287,242	5,632,533	4,698,812	23,701,624	31,034,093	11,617,822	9,686,374	1,033,607	6,002,231	2,662,186	113,356,524
Transferred from Investment property	1,409,560	-	-	-	-	-	-	-	-	-	1,409,560
Disposal during the year	-	-	-	-	-	(4,620,017)	-	-	-	-	(4,620,017)
Closing balance	167,156,602	110,094,589	117,905,350	130,163,182	445,526,366	113,199,365	89,913,770	18,857,531	57,541,062	18,563,307	1,268,921,123
Net Carrying value											
Balance as at 31st December	245,773,508	120,642,680	50,873,006	155,044,808	274,545,637	14,252,892	15,838,160	3,490,412	7,478,018	34,680,427	922,619,549

12.2 The value of fully depreciated property plant and equipment at the reporting date amounted to MVR 331,759,931/- of the Group.

12.3 Depreciation expenses of MVR 78,057,423/- has been included in cost of sales and MVR 35,299,101/- in administrative expenses of the Group.

FOR THE YEAR ENDED 31ST DECEMBER 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.4 Group

	Buildings, desalination plant and fuel farm	Public rain water and new water supply scheme	Sewerage system	Shrink film blowing machine and preform system	Reverse osmosis (RO) plants, generator, borewell and control pumps	Motor vehicles	Office and other equipment	Furniture and fittings	Computer hardware	Vessels	Total 31/12/2023
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost											
Opening balance	376,426,461	228,996,371	165,928,505	282,160,242	675,817,624	123,158,222	90,618,407	20,559,539	53,470,303	53,243,734	2,070,379,411
Additions during the year	103,717	57,600		2,977,713	623,658	648,376	3,395,721	936,786	2,835,739	-	11,579,310
Transferred from Investment property	2,130,356	-	-	-	-	-	-	-	-	-	2,130,356
Transferred from CWIP	1,589,918	1,452,898	-	5,000	276,291	9,145,890	382,537	-	1,635,361	-	14,487,895
Disposals during the year	-	-	-	-	-	(1,548,168)	-	(250,800)	-	-	(1,798,968)
Closing balance	380,250,452	230,506,869	165,928,505	285,142,955	676,717,573	131,404,320	94,396,665	21,245,525	57,941,403	53,243,734	2,096,778,001
Accumulated depreciation											
Opening balance	130,440,224	98,868,230	108,398,242	82,328,794	382,738,746	96,217,244	71,670,435	16,948,484	44,893,280	13,238,934	1,045,742,613
Charge for the year	16,399,662	5,593,826	4,808,296	24,132,764	31,753,527	11,524,828	8,556,961	875,440	6,849,326	2,662,187	113,156,817
Transferred from CWIP	1,619,914	-	-	-	-		-	-	-	-	1,619,914
Disposal during the year	-	-	-	-	-	(1,540,512)	-	-	(203,775)	-	(1,744,287)
Closing balance	148,459,800	104,462,056	113,206,538	106,461,558	414,492,273	106,201,560	80,227,396	17,823,924	51,538,831	15,901,121	1,158,775,056
Net Carrying value											
Balance as at 31st December	231,790,652	126,044,813	52,721,967	178,681,397	262,225,300	25,202,760	14,169,269	3,421,601	6,402,572	37,342,613	938,002,946

12.5 The value of fully depreciated property plant and equipment at the reporting date amounted to MVR 289,846,785/- of the Group.

12.6 Depreciation expenses of MVR 78,533,136/- has been included in cost of sales and MVR 34,623,679/- in administrative expenses of the Group.

FOR THE YEAR ENDED 31ST DECEMBER 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.7 Company	Buildings, desalination plant and fuel farm	Public rain water and new water supply scheme	Sewerage system	Shrink film blowing machine and preform system	Reverse osmosis (RO) plants, generator, borewell and control pumps	Motor vehicles	Office and other equipment	Furniture and fittings	Computer hardware	Vessels	Total 31/12/2024
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost											
Opening balance	297,850,985	231,959,497	165,928,505	275,571,043	650,228,781	109,367,360	90,843,664	13,602,537	53,263,491	53,243,734	1,941,859,597
Additions during the year	20,082	230,400	773,847	16,050	12,916,116	529,044	3,146,059	12,560	2,702,794	-	20,346,952
Transferred from Investment property	1,409,561	-	-	-	-	-	-	-	-	-	1,409,561
Transferred from CWIP	30,915,943	-	2,076,004	-	30,438,314	138,910	8,086,175	-	3,774,915	-	75,430,261
Disposal during the year	-	-	-	-	-	(4,620,017)	-	-	-	-	(4,620,017)
Closing balance	330,196,571	232,189,897	168,778,356	275,587,093	693,583,211	105,415,297	102,075,897	13,615,097	59,741,199	53,243,734	2,034,426,354
Accumulated depreciation											
Opening balance	118,539,707	105,216,226	113,206,538	97,456,478	397,980,704	90,711,357	77,290,470	12,971,511	46,352,396	15,901,120	1,075,626,507
Charge for the year	16,062,831	5,632,533	4,698,812	18,376,403	31,034,093	9,441,466	9,554,638	344,612	5,572,642	2,662,186	103,380,216
Transferred from Investment property	1,409,560	-	-	-	-	-	-	-	-	-	1,409,560
Disposal during the year	-	-	-	-	-	(4,620,017)	-	-	-	-	(4,620,017)
Closing balance	136,012,098	110,848,759	117,905,350	115,832,881	429,014,797	95,532,806	86,845,108	13,316,123	51,925,038	18,563,306	1,175,796,266
Net Carrying value											
Balance as at 31st December	194,184,473	121,341,138	50,873,006	159,754,212	264,568,414	9,882,491	15,230,789	298,974	7,816,161	34,680,428	858,630,088

12.8 The value of fully depreciated property plant and equipment at the reporting date amounted to MVR 331,759,931/- of the Company.

12.9 Depreciation expenses of MVR 72,366,358/- has been included in cost of sales and MVR 31,013,858/- in administrative expenses of the Company.

FOR THE YEAR ENDED 31ST DECEMBER 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.10 Company	Buildings, desalination plant and fuel farm	Public rain water and new water supply scheme	Sewerage system	Shrink film blowing machine and preform system	Reverse osmosis (RO) plants, generator, borewell and control pumps	Motor vehicles	Office and other equipment	Furniture and fittings	Computer hardware	Vessels	Total 31/12/2023
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost											
Opening balance	294,026,994	230,448,999	165,928,505	273,079,151	649,328,832	102,348,956	87,462,150	13,602,537	49,016,711	53,243,734	1,918,486,569
Additions during the year	103,717	57,600	-	2,486,892	623,658	582,876	2,998,977	-	2,611,419	-	9,465,139
Transferred from Investment property	2,130,356	-	-	-	-	-	-	-	-	-	2,130,356
Transferred from CWIP	1,589,918	1,452,898	-	5,000	276,291	6,435,528	382,537	-	1,635,361	-	11,777,533
Closing balance	297,850,985	231,959,497	165,928,505	275,571,043	650,228,781	109,367,360	90,843,664	13,602,537	53,263,491	53,243,734	1,941,859,597
Accumulated depreciation											
Opening balance	101,420,558	99,622,400	108,398,243	79,129,548	366,227,178	81,998,064	69,329,903	12,542,964	40,095,857	12,238,933	971,003,648
Charge for the year	15,499,235	5,593,826	4,808,295	18,326,930	31,753,526	8,713,293	7,960,567	428,547	6,256,539	3,662,187	103,002,945
Transferred from CWIP	1,619,914	-	-	-	-	-	-	-	-	-	1,619,914
Closing balance	118,539,707	105,216,226	113,206,538	97,456,478	397,980,704	90,711,357	77,290,470	12,971,511	46,352,396	15,901,120	1,075,626,507
Net Carrying value											
Balance as at 31st December	179,311,278	126,743,271	52,721,967	178,114,565	252,248,077	18,656,003	13,553,194	631,026	6,911,095	37,342,614	866,233,090

12.11 The value of fully depreciated property plant and equipment at the reporting date amounted to MVR 289,846,785/- of the Company.

12.12 Depreciation expenses of MVR 72,360,435/- has been included in cost of sales and MVR 29,642,510/- in administrative expenses of the Company.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.13 Company's assets pledged as security for loans and borrowings

Property, plant and equipment	Bank / Lender	Currency	Facility amount MVR	NBV as at 31/12/2024 MVR
Customer service building and related assets	SBI	MVR	77,100,000	33,666,954
RO Plants 1,2,3,4,7,8,9,10 & 12	SBI	MVR	77,100,000	41,967,809
RO plants 11 & 14	MIB	US$	2,269,780	17,633,313
Kulhudhuffushi PPE	MIB	US$	2,269,780	9,294,946
Maafushi-PPE	MIB	US$	4,378,506	19,085,834
Dhuvaafaru bottling plant	MIB	US$	4,378,506	9,290,477
3000m3/day RO plant	Mitsubishi HC Capital	US$	1,277,913	17,252,290
1.8MW generator set	Mitsubishi HC Capital	US$	741,470	10,487,418
Sewerage network and pumpstation	Mitsubishi HC Capital	US$	3,988,107	2,060,154
Glass water bottling plant with and related assets / machineries	MFLC	US$ MVR	1,600,000 10,000,000	44,128,094
Hulhumale' (LOT 10618)	HBL	MVR	77,100,000	27,051,216
Hulhumale' (LOT 10004)	HBL	MVR	77,100,000	129,435,062
Total				361,353,567

13 CAPITAL WORK-IN-PROGRESS

	GROUP		COMPANY	
Cost	**31/12/2024 MVR**	**31/12/2023 MVR**	**31/12/2024 MVR**	**31/12/2023 MVR**
Opening balance	696,475,939	525,176,206	668,328,299	506,746,749
Additions	81,359,498	191,105,372	79,382,960	178,359,175
Capitalised during the year to property, plant and equipment	(76,432,369)	(14,487,895)	(75,430,261)	(11,777,533)
Transfers to expenses	(2,433,153)	(3,317,306)	(2,433,153)	(3,317,306)
Transferred to intangible assets during the year	(373,600)	(2,000,438)	-	(1,682,786)
Closing Balance	698,596,315	696,475,939	669,847,845	668,328,299
Accumulated impairment				
Opening balance	-	-	-	-
Impairment during the year **(Note 13.1)**	299,858	-	-	-
Closing balance	299,858	-	-	-
Net carrying amount	698,296,457	696,475,939	669,847,845	668,328,299

13.1 In the Group capital work-in-progress balance mentioned above in Note 13, the Island Beverages Maldives Private Limited ("Subsidiary") has recognized an amount of MVR 299,858/- in relation to 'Dhuvaafaru Project' for the purpose of acquiring a water line for their production progress. This project was initially started from the , Male' Water and Sewerage Company Private Limited ("Parent"), whereby the Company has invested an additional amount for this project. However, as the Subsidiary does not presume the feasibility of continuing the project, has recognised an impairment for the full amount of MVR 299,858/- with respect to this balance of capital work in progress.

FOR THE YEAR ENDED 31ST DECEMBER 2024

13 CAPITAL WORK-IN-PROGRESS

	GROUP		COMPANY	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
13.2 In the course of construction	MVR	MVR	MVR	MVR
Land Acquisition at Gulhifalhu **(Note 31.11)**	195,866,751	195,866,751	195,866,751	195,866,751
Construction of Pipe Manufacturing Stores	3,781,417	3,781,417	3,781,417	3,781,417
Supply and Install Storage Tanks	32,717,183	28,613,566	32,717,183	28,613,566
Hulhumale Water and Sewer Network Phase 2	144,861,507	131,499,048	144,861,507	131,499,048
Operation Control Building - Male'	38,044,154	28,190,366	38,044,154	28,190,366
Construction of Pipeline through Bridge	51,678,492	50,520,338	51,678,492	50,520,338
Gulhifalhu - Facility Building	10,143,840	9,376,836	10,143,840	9,376,836
Power Production Expansion in Gulhifalhu	2,927,951	2,927,951	2,927,951	2,927,951
Water Production, Storage and Distribution	2,855,873	2,855,873	2,855,873	2,855,873
Gulhifalhu Manufacturing Building Storage Deck	1,193,721	1,193,721	1,193,721	1,193,721
Premium Water Manufacturing - Hulhumale	22,070,691	18,571,709	22,070,691	18,571,709
Construction of Preform Building at Gulhifalhu	10,559,851	10,559,851	10,559,851	10,559,851
Construction of Warehouse - Gulhifalhu	-	18,900,938	-	18,900,938
Construction of Water and Sewer Network - Thilafushi	123,982	123,982	123,982	123,982
Supply, Install and Commission Bottling Line	7,252,011	6,871,946	7,252,011	6,871,946
Hulhumale - Ventilation System Bottling	-	4,207,039	-	4,207,039
Vaf Pre-Filtration System	3,135,582	3,135,582	3,135,582	3,135,582
Flushing Vehicle	53,416	53,416	53,416	53,416
Construction of Production Facility - Phase 2	725,557	725,557	725,557	725,557
Hulhumale' Fuel Line	5,452,712	4,979,167	5,452,712	4,979,167
Extension of Water and Sewer Network - Thilafushi	9,670	9,670	9,670	9,670
Extension of Water and Sewer Network - Kulhudhufushshi	3,172,144	3,172,144	3,172,144	3,172,144
Chimney Stack - Hulhumale	2,186,220	2,186,220	2,186,220	2,186,220
Bph Project	28,748,470	28,147,639	-	-
Supply,Install and Comm Ro Plant	-	26,345,602	-	26,345,602
Fas19.5.4 26000 m3 Bulk Storage Tank	27,782,854	19,723,771	27,782,854	19,723,771
Upgrading Water & Sewerage System Male'	12,945,548	10,742,252	12,945,548	10,742,252
Eraction of Temporary Tent For Taza Water Storage - Hulhumale	7,605,746	7,419,105	7,605,746	7,419,105
Road Development and Paving Path Ways	-	4,110,686	-	4,110,686
Pre- Filtration System - Hulhumale	3,940,286	3,936,286	3,940,286	3,936,286
Install and Commissioning of Ventilation System	-	3,401,498	-	3,401,498
Construction Ww&N Maintenance Workshop	3,147,241	2,886,276	3,147,241	2,886,276
Overhead Crane - Hulhumale	2,501,655	2,456,831	2,501,655	2,456,831
Power House and Trench Civil Work	2,584,839	2,346,866	2,584,839	2,346,866
Blade Server Upgrade and Dr Site Computing Project	2,232,678	2,232,678	2,232,678	2,232,678
Cip Cleaning System For 5000T Ro Plant	2,781,399	2,219,560	2,781,399	2,219,560
Construction of Sewer Pump Rep & Vehicle Maintenance Workshop	-	2,183,378	-	2,183,378
200 m3 Fuel Tank	2,353,959	2,170,261	2,353,959	2,170,261
Construction of New Seaout Fall Pipe at Hulhumale	6,013,500	2,019,750	6,013,500	2,019,750
Hulhumale' Vehicle Garage	-	2,000,668	-	2,000,668
Supply and Install Degasifier, 150m3/Hr	1,998,311	1,987,575	1,998,311	1,987,575
Water and Sewer Upgrade Hulhumale Phase 1	2,517,747	1,954,322	2,517,747	1,954,322
Transformer 1.5 Mva	-	1,871,373	-	1,871,373
200 m3 Fuel Tank	1,973,275	1,770,050	1,973,275	1,770,050
Hulhumale Cs Building	1,763,061	1,763,061	1,763,061	1,763,061
Power House Extension and Overhead Crane	2,029,651	1,675,357	2,029,651	1,675,357
Sap Hana Implementation	8,447,973	-	8,447,973	-
New Facility Building	6,761,346	-	6,761,346	-
Construction of Bh 300m3/Hr (Male')	2,889,318	-	2,889,318	-
Flavoured and Sparkling Water Upgrade	2,457,512	-	2,457,512	-
Construction of Borehole 300m3/Hr (Bh11)	2,114,565	-	2,114,565	-
Water and Sewer Network Upgrade	1,869,651	-	1,869,651	-
Other Projects	22,323,005	32,788,008	22,323,005	32,788,008
	698,596,315	696,475,939	669,847,845	668,328,299

13 CAPITAL WORK-IN-PROGRESS (CONTINUED)

13.3 Company's assets pledged as security for loans and borrowings

Capital work-in-progress	Bank / Lender	Currency	Facility amount	NBV as at 31/12/2024 MVR
Water and sewerage network Hulhumale Phase 2	Mitsubishi HC Capital	US$	3,988,107	144,861,507
200 m3 Fuel tank, transformer 1.5 MVA and other assets at Dhuvaafaru	MIB	US$	4,378,506	8,051,281
Sewer pump rep and vehicle maintenance workshop and other assets Maafushi	MIB	US$	4,378,506	2,211,507
Borehole Construction 150m3/hr - KFSH, extension of water & sewer network KDF and other assets at Kulhudhufushshi	MIB	US$	4,378,506	14,142,040
				169,266,335

13.4 During the year, the Company has not capitalised borrowing cost on qualifying assets in capital work-in-progress (2023: MVR 3,134,789.61).

14 INTANGIBLE ASSETS

Group	Computer software	Brand name	ISO and HACCP Certificate	Total 31/12/2024	Total 31/12/2023
	MVR	MVR	MVR	MVR	MVR
Cost					
Opening balance	32,181,280	25,000	265,320	32,471,600	30,116,734
Addition during the year	-	-	-	-	354,428
Transferred from CWIP	373,600	-	-	373,600	2,000,438
Closing Balance	32,554,880	25,000	265,320	32,845,200	32,471,600
Accumulated amortisation					
Opening balance	28,717,907	25,000	110,626	28,853,533	27,651,720
Charged for the year	1,060,583	-	17,688	1,078,271	1,201,813
Closing balance	29,778,490	25,000	128,314	29,931,804	28,853,533
Net carrying value					
As at 31st December 2024	2,776,390	-	137,006	2,913,396	
As at 31st December 2023	3,463,373	-	154,694		3,618,067

Company	Computer software	Brand name	ISO and HACCP Certificate	Total 31/12/2024	Total 31/12/2023
	MVR	MVR	MVR	MVR	MVR
Cost					
Opening balance	30,504,666	-	-	30,504,666	28,467,452
Addition during the year	-	-	-	-	354,428
Transferred from CWIP	-	-	-	-	1,682,786
Closing balance	30,504,666	-	-	30,504,666	30,504,666
Accumulated amortisation					
Opening balance	27,684,436	-	-	27,684,436	26,748,180
Charged for the year	800,975	-	-	800,975	936,256
Closing balance	28,485,411			28,485,411	27,684,436
Net carrying value					
As at 31st December 2024	2,019,255	-	-	2,019,255	
As at 31st December 2023	2,820,230	-	-		1,719,272

14.1 Amortisation charge of MVR 1,078,271/- (2023: MVR 1,060,583/-) is included in administrative expenses of the Group and MVR 800,975/- (2023: MVR 936,256/-)) is included in administrative expenses of the Company.

15 INVESTMENT IN SUBSIDIARIES

	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
Island Beverages Maldives Private Limited	7,650,000	7,650,000

Investment in subsidiary comprises investment made by the Company in Island Beverages Maldives Private Limited, a company incorporated in the Republic of Maldives. The Company holds 51% of the issued shares.

16 INVESTMENT PROPERTY

Group	West coast rasfannu beach pavilion MVR	CS building 3rd and 4th floor MVR	Fen building 3rd Floor MVR	Fen building 4th Floor MQA MVR	MWSC canteen building MVR	Total 31/12/2024 MVR	Total 31/12/2023 MVR
Cost							
Opening balance	9,681,536	9,341,754	2,917,532	1,087,085	1,409,560	24,437,467	26,567,823
Transfer to property, plant and equipment	-	-	-	-	(1,409,560)	(1,409,560)	(2,130,356)
Closing balance	9,681,536	9,341,754	2,917,532	1,087,085	-	23,027,907	24,437,467
Accumulated depreciation							
Opening balance	2,944,801	3,303,370	1,948,148	872,502	603,033	9,671,854	9,860,946
Depreciation charge for the year	484,077	379,375	57,309	11,923	806,527	1,739,211	1,430,822
Transfer to property, plant and equipment	-	-	-	-	(1,409,560)	(1,409,560)	(1,619,914)
Closing balance	3,428,878	3,682,745	2,005,457	884,425	-	10,001,506	9,671,854
Net carrying amount							
Balance as at 31st December 2024	6,252,658	5,659,009	912,075	202,660	-	13,026,401	
Balance as at 31st December 2023	6,736,735	6,038,384	969,384	214,583	806,527		14,765,613

Company	West coast rasfannu beach pavilion MVR	CS building 3rd and 4th floor MVR	Fen building 3rd Floor MVR	Fen building 1st floor MVR	Fen building 4th Floor MQA MVR	MWSC canteen building MVR	Total 31/12/2024 MVR	Total 31/12/2023 MVR
Cost								
Opening balance	9,681,537	9,341,754	2,917,532	5,346,793	1,087,085	1,409,560	29,784,261	31,914,617
Transfer to Property, plant and Equipment	-	-	-	-	-	(1,409,560)	(1,409,560)	(2,130,356)
Closing balance	9,681,537	9,341,754	2,917,532	5,346,793	1,087,085	-	28,374,701	29,784,261
Accumulated depreciation								
Opening balance	2,944,801	3,303,370	1,948,148	4,456,721	872,502	603,033	14,128,575	1,431,667
Depreciation charge for the year	484,077	379,375	57,309	49,458	11,923	806,527	1,788,669	1,430,822
Transfer to Property, plant and Equipment	-	-	-	-	-	(1,409,560)	(1,409,560)	(1,619,914)
Closing balance	3,428,878	3,682,745	2,005,457	4,506,179	884,425	-	14,507,685	14,128,575
Net carrying amount								
Balance as at 31st December 2024	6,252,659	5,659,009	912,075	840,614	202,660	-	13,867,016	
Balance as at 31st December 2023	6,736,736	6,038,384	969,384	890,072	214,583	806,527		15,655,686

16.1 The Group has rented out one of it's buildings at Rasfannu (West coast beach pavilion), CS building 3rd and 4th floor and Fen building 1st, 3rd floors, a portion of 4th floor and canteen building to third parties and its subsidiary with the intention of earning monthly rental income, and company has adopted cost model to measure the investment property.

16.2 Investment properties disclosed at fair value

	31/12/2024 MVR	31/12/2023 MVR
West coast rasfannu beach pavilion	28,620,000	26,900,000
CS Building 3rd and 4th floor	22,100,000	23,200,000
Fen Building 3rd Floor	27,000,000	34,000,000
Fen Building 1st floor	26,000,000	14,600,000
Fen Building 4th Floor	9,600,000	11,900,000
MWSC Canteen Area	4,200,000	3,300,000
	117,520,000	113,900,000

16 INVESTMENT PROPERTY (CONTINUED)

16.2 Investment properties disclosed at fair value (Continued)

The fair value of the investment property is MVR 89,220,000/- (2023 : MVR 113,900,000/-) as at 31st December 2024 based on an independent valuation of properties carried out. The management carries out the exercise to determine the fair value of the investment property on annual basis.

The fair value measurement of investment property have been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since current price in an active market is not available the directors consider information from rent agreements with lessees and construction costs incurred.

16.3 Sensitivity of significant unobservable inputs of the fair value measurement

Investment Properties	Significant unobservable input	Price Per Sq.ft MVR	Sensitivity of fair value to unobservable input
West coast rasfannu beach pavilion	Est.price per Sq.	46-60	Positive correlate
CS Building 3rd and 4th floor	Est.price per Sq.	33	Positive correlate
Fen Building 3rd Floor	Est.price per Sq.	46 - 60	Positive correlate
Fen Building 1st floor	Est.price per Sq.	25-30	Positive correlate
Fen Building 4th Floor	Est.price per Sq.	46 - 60	Positive correlate
MWSC Canteen Area	Est.price per Sq.	46 - 60	Positive correlate

16.4 Company's assets pledged as security for loans and borrowings

Investment property	Bank / Lender	Currency	Facility amount MVR	Net Book Value 31/12/2024 MVR
Customer service building	HSBC	MVR	154,200,000	3,682,745
Total				3,682,745

16.5 Amounts recognised in profit or loss for investment properties

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Rental income from operating leases	10,468,923	9,249,619	12,988,923	11,409,619

17 INVENTORIES

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Raw materials	67,139,565	37,350,725	62,895,941	33,443,510
Consumable stock	416,157,701	454,202,421	412,101,192	450,868,502
Finished goods	20,799,746	19,348,952	19,535,975	17,510,203
Water inventory	2,613,095	2,844,777	2,432,500	2,844,777
Employee housing unit	30,276,982	30,985,963	30,276,982	30,985,963
	536,987,089	544,732,838	527,242,590	535,652,955
Less: Impairment for slow and non-moving items	(26,555,330)	(32,614,431)	(26,555,330)	(32,614,431)
	510,431,759	512,118,407	500,687,260	503,038,524

17.1 During the year, the Company has not capitalised borrowing cost on the employee housing unit work-in-progress (2023: MVR 5,481,425/-).

18 CONTRACT ASSETS

Unbilled revenue from external projects	311,204,270	333,145,099	311,204,270	333,145,099
Unbilled revenue from water consumption	45,729,099	52,958,743	45,729,099	52,958,743
Less: provision for impairments	(35,886,595)	(27,032,645)	(35,886,595)	(27,032,645)
	321,046,774	359,071,197	321,046,774	359,071,197

18.1 Movement of provision for impairment is as follows:

Opening balance	27,032,645	16,561,144	27,032,645	16,561,144
Provision during the year	8,853,950	10,471,501	8,853,950	10,471,501
Closing balance	35,886,595	27,032,645	35,886,595	27,032,645

18.2 Amounts relating to contract assets are balances due from customers from water consumption, unbilled revenue from external projects and construction retentions.

18 CONTRACT ASSETS (CONTINUED)

18.3 Unbilled water consumption includes water consumption as at the end of the reporting period amounting MVR 45,729,099/- (2023: MVR 52,958,742/-) which were not opened for billing cycle.

18.4 Revenue recognised on percentage completion amounting MVR 311,204,270/- (2023: MVR 333,145,099/-) but not invoiced until the agreed related milestones are achieved.

18.5 Construction retention is held by customers until the agreed related milestones are achieved.

18.6 Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

19 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Trade receivables	106,530,000	90,649,713	100,942,147	86,592,479
Amounts due from related parties **(Note 34)**	775,072,973	525,912,677	817,712,470	568,744,390
Provision for impairment of trade receivable **(Note 19.5)**	(158,550,296)	(145,264,101)	(156,198,005)	(143,449,857)
	723,052,677	471,298,289	762,456,612	511,887,012
Deposit and prepayments	101,478,909	118,366,214	99,984,424	116,207,664
Provision for Prepayments **(Note 19.6)**	(8,517,726)	(5,563,372)	(8,517,726)	(5,563,372)
	92,961,183	112,802,842	91,466,698	110,644,292
Other receivables	31,663,458	32,436,419	23,875,561	28,532,919
	124,624,641	145,239,261	115,342,259	139,177,211
Total trade and other receivables	847,677,318	616,537,550	877,798,871	651,064,223

19.1 There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

19.2 The amounts due from related parties are unsecured, interest free and have no fixed repayment terms. Accordingly, these amounts are shown as falling due within one year.

19.3 Other receivables of the Group include LC margin money MVR 5,392,933/- (2023: MVR 5,392,933/-), receivable from non-utility related income amounting MVR 10,491,357/- (2023: MVR 12,424,979/-), staff loans amounting to MVR 3,011,809/- (2023: MVR 4,774,820/-), rent receivable amounting MVR 4,910,613/- (2023: MVR 5,725,097/-), staff advances amounting MVR 229,262/- (2023: MVR 210,877/-) and interest receivable amounting MVR 44,539/- (2023: MVR 44,539/-).

19.4 Prepayments of the Group include advance payments made to suppliers amounting to MVR 115,513,831/- (2023: MVR 109,493,471/-) , security deposit MVR 3,309,371/- (2023: MVR 3,309,371/-).

19.5 Provision for impairment of trade receivable

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening balance	145,264,101	121,373,437	143,449,857	119,975,154
Provision during the year	27,211,695	25,183,648	26,673,648	24,767,687
Provision transfer during the year	(13,200,070)	-	(13,200,070)	-
Bad debt written-off	(725,430)	(1,292,984)	(725,430)	(1,292,984)
Closing balance	158,550,296	145,264,101	156,198,005	143,449,857

19.6 Provision for impairment of prepayment and advances

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening balance	5,563,372	-	5,563,372	-
Provision during the year	2,954,354	5,563,372	2,954,354	5,563,372
Closing balance	8,517,726	5,563,372	8,517,726	5,563,372

20 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Cash in hand	11,687,878	5,951,378	8,618,837	3,094,749
Cash at banks	47,350,907	89,178,080	41,724,174	86,770,104
Less: provision for impairment on bank balance	(184,605)	(212,003)	(184,605)	(212,003)
	58,854,180	94,917,455	50,158,406	89,652,850

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
MWSC
Male', Maldives

20 CASH AND CASH EQUIVALENTS (CONTINUED)

20.1 Provision for impairment on bank balance (Continued)

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening balance	212,003	230,494	212,003	230,494
Provision during the year	(27,398)	(18,491)	(27,398)	(18,491)
Closing balance	184,605	212,003	184,605	212,003

21 CAPITAL AND RESERVES

21.1 Authorized Share Capital

The total authorised number of ordinary shares is 267,000 shares (2023: 267,000 shares) with a par value of MVR 1,000 per share (2023: MVR 1,000 per share).

21.2 Issued and fully paid share capital

Issued and fully paid share capital comprises 267,000 ordinary shares of MVR 1,000/- each.

	31/12/2024 MVR	31/12/2023 MVR
Government of Maldives - 213,600 ordinary shares	213,600,000	213,600,000
Hitachi Limited - 53,400 ordinary shares	53,400,000	53,400,000
	267,000,000	267,000,000

21.3 Dividend and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled one vote per share at shareholders' meetings of the Company.

The Company has declared dividends amounting to MVR 68,100,766/- for the year ended 31st December 2024 (2023: MVR 114,319,879/-).

21.4 Share allotment gain

The difference between the consideration received for shares and the par value of shares allotted by the company has been shown as share allotment gain.

	Consideration paid for shares MVR	Value of shares allotted MVR	Gain MVR
Government of Maldives	213,603,042	213,600,000	3,042

21.5 General Reserve

At the 33rd Annual General Meeting held on 31st July 2024, the Board resolved to transfer 40% of the previous year net profit to the general reserve. Consequently, for the financial year 2024, an amount of MVR 45,400,510 (2023: MVR 76,213,253/-) has been transferred to the company's general reserve account. Management maintaines this reserve as a practice, with no regulatory or internal requirement to do so and this fund is not assigned for any special purpose.

22 NON-CONTROLLING INTEREST

	GROUP	
	31/12/2024 MVR	31/12/2023 MVR
Opening Balance	27,225,678	24,368,245
Dividends declared	(1,448,818)	(1,282,077)
Share of net profit of subsidiary	4,977,910	4,139,510
Closing Balance	30,754,770	27,225,678

23 INTEREST-BEARING LOANS AND BORROWINGS

	GROUP/COMPANY	
	31/12/2024	31/12/2023
Non- Current:	MVR	MVR
State Bank of India - Male' Branch	28,912,500	67,462,500
Maldives Islamic Bank term loan - I	28,191,583	44,986,218
Loan from related parties	16,867,337	44,536,071
Maldives Finance Leasing Company - I	1,913,692	8,992,617
Habib Bank Limited	33,731,250	53,006,250
Maldives Islamic Bank term loan - II	31,969,876	-
Maldives Finance Leasing Company - II	7,990,318	-
	149,576,556	218,983,656
Current :		
State Bank of India - Male' Branch	38,550,000	38,550,000
Maldives Islamic Bank term loan - I	16,794,958	15,354,296
Loan from related parties	32,658,590	35,629,668
Mauritius Commercial Bank	10,398,922	4,102,511
Maldives Finance Leasing Company - I	7,078,925	6,293,087
Habib Bank Limited	19,275,000	19,275,000
Maldives Islamic Bank term loan - II	3,030,124	-
Maldives Finance Leasing Company - II	2,009,682	-
	129,796,201	119,204,562
Total borrowings	279,372,757	338,188,218

23.1 Movement of interest bearing liabilities

	GROUP/COMPANY				
	Balance as at 1/1/2024 MVR	Loans obtained MVR	Transfers MVR	Repayment MVR	Balance as at 31/12/2024 MVR
HSBC term loan **(Note 23.1.1)**	106,012,500	-	(70,675,000)	(35,337,500)	-
State Bank of India - Male' Branch	-	-	70,675,000	(3,212,500)	67,462,500
Maldives Islamic Bank term loan - I	60,340,515	-	-	(15,353,973)	44,986,542
Loan from related parties	80,165,738	-	-	(30,639,846)	49,525,892
Habib Bank Limited	72,281,250	-	-	(19,275,000)	53,006,250
Mauritius Commercial Bank	4,102,511	49,505,659	-	(43,209,213)	10,398,957
Maldives Finance Leasing Company - I	15,285,704		-	(6,293,088)	8,992,616
Maldives Islamic Bank term loan - II	-	35,000,000	-	-	35,000,000
Maldives Finance Leasing Company - II	-	10,000,000	-	-	10,000,000
	338,188,218	94,505,659	-	(153,321,120)	279,372,757

23.1.1 Following the closure of operations by the HSBC Malé branch, the Company has agreed to transfer the outstanding loan balance, amounting to MVR 70,675,000/-, to the State Bank of India Male' Branch. This transfer will be carried out under terms and conditions that are similar to those previously agreed upon with HSBC.

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

23.2 Maturity analysis

The exposure of the Group's/Company's borrowings to interest rate changes and contractual repricing dates at the end of the reporting period are as follows:

	GROUP/COMPANY	
	31/12/2024 MVR	31/12/2023 MVR
6 months or less	71,971,153	61,637,361
6 - 12 months	57,825,048	57,567,201
1- 5 years	149,576,556	218,983,656
	279,372,757	338,188,218

23.3 The exposure of the Group/Company's borrowings is as follows:

	31/12/2024 MVR	31/12/2023 MVR
-At variable rates	120,468,749	178,293,750
-At fixed rates	158,904,008	159,894,468
	279,372,757	338,188,218

23.4 The carrying amount and the fair value of the borrowings are as follows:

The carrying values approximate the fair values.

	Fair Value		Carrying amount	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
SBI term loan	67,462,500	106,012,500	67,462,500	106,012,500
Maldives Islamic Bank term loan	79,986,542	60,340,515	79,986,542	60,340,515
Loan from related parties **(Note 32)**	49,525,892	80,165,738	49,525,892	80,165,738
Mauritius Commercial Bank	10,398,957	4,102,511	10,398,957	4,102,511
Maldives Finance Leasing Company	18,992,617	15,285,704	18,992,617	15,285,704
Habib Bank Limited	53,006,249	72,281,250	53,006,249	72,281,250
	279,372,757	338,188,218	279,372,757	338,188,218

23.5 The fair values are based on cash flows discounted using following borrowing rates:

	2024	2023
Maldives Islamic Bank term loan	9%	9%
Loan from related party: Hitachi Aqua-Tech Engineering	8.35%	8.35%
Loan from related party: Mitsubishi HC Capital Asia Pacific	8.50%	8.50%
Mauritius Commercial Bank	10%	10%
Maldives Finance Leasing Company	11.75%	11.75%
Habib Bank Limited	9%	9%
MFLC Fahi Business loan	11.75%	-
MIB Sale and lease back financing facility	10%	-
State Bank of India - Male' Branch	10%	-

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

23.6 Details of interest bearing loans and borrowings

Lender	Total loan	Repayment term	Interest rate	Securities/pledged assets
Habib bank limited (Financing of external projects)	MVR. 77,100,000/-	Facility was obtained on 16th June 2022 for financing the purchase of materials related to MWSC's external projects and has to be repaid within 5 years from the following month of disbursement with a 12 month grace period form first disbursement.	3-day T-bill rate + 3.0% or floor of 9.5% p.a (whichever is higher)	i. Mortgage over the machinery / equipment being financed under facility 2 (Bottled Water Plant No. 2)- Combined Collateral with Facility No.2 ii. Mortgage over Machinery (PET Preform Plant No. 2) iii. Combined Collateral Mortgage over MWSC's Bottled Water Factory (Mortgage over Head lease rights of the Land favouring MWSC and Mortgage over buildings)
Hitachi Aqua-Tech Engineering	US$. 1,333.000/-	Facility has been obtained on 16th April 2019 for acquiring the 3000m3 RO plant and has to be repaid in 20 quarterly instalments.	Fixed rate at 5.5%	-
Mauritius Commercial Bank	MVR 4,102,476/-	Facility has been obtained on 7 September 2022 for financing the water storage facility at Gulhifalhu and has to be repaid in 72 monthly instalments after a 12-months grace period.	Fixed rate of 10%	First Rank Mortgages on the following land plots: (i) MWSC Facility Building in Villimale' (ii) Hulhumale' Lot 10004 Floating Charge on the Assets
Maldives Islamic Bank (MWSC Hiyaa Project)	US$ 4,378,506/-	Facility has been obtained on 28 June 2022 for financing the Hiyaa project tower 1 and the loan to be repaid in 60 monthly instalments after 12 months grace period.	Fixed rate at 9%	Property, plant and equipment at K.Maafushi and R.Dhuvaafaru.
Mitsubishi HC Capital Asia Pacific	US$. 1,277,913/-	Facility has been obtained on 8 February 2019 for financing the supply, installation and commissioning of a 3000M3/day RO plant in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over 3000m3/day RO Plant for Hulhumale' Phase II project supplied under this facility.

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

23.6 Details of interest bearing loans and borrowings (Continued)

Lender	Total loan	Repayment term	Interest rate	Securities/pledged assets
MFLC Fahi Business loan	MVR 10,000,000	Facility has been obtained on December 2024 for working capital requirement of the company and has to be repaid in 48 monthly installments.	Fixed rate at 11.75%	i. Mortgage over the machinery / equipment being financed under facility 2 (Bottled Water Plant No. 2)- Combined Collateral with Facility No.2 ii. Mortgage over Machinery (PET Preform Plant No. 2) iii. Combined Collateral Mortgage over MWSC's Bottled Water Factory (Mortgage over Head lease rights of the Land favouring MWSC and Mortgage over buildings)
HSBC Limited (20 Island Water & Sewerage System Project)	MVR. 154,200,000/-	Facility was obtained on 23 July 2021 for financing MWSC's 20 island water and sewer projects. Loan disbursement is to be made in 5 equal disbursement of MVR 30.84 million, out of which 1 disbursement has been made in 2021. Each disbursement is to be repaid in 48 monthly instalments after 12 months grace period.	1 month T-bill rate + 6% per annum	Mortgage of leasehold right of 'Customer Service Building Land Area and Mortgage of RO plants in MWSC Male' main compound.
Mitsubishi HC Capital Asia Pacific	USD. 741,470/-	Facility has been obtained on 8 February 2019 for financing the supply, installation & commissioning of 1.8Mw generator set in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over 1.8MW Generator Set for Hulhumale' Phase II project supplied under this facility.
Hitachi Aqua-Tech Engineering-RO Plant 3000m3	USD 1,606,600/-	Facility has been obtained on 22 November 2022 for financing the purchase of material supply for 3000TPD RO plant at K.Hulhumale'and has to be paid in 12 quarterly instalments.	Fixed rate at 8.5%	-

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

23.6 Details of interest bearing loans and borrowings (Continued)

Lender	Total loan	Repayment term	Interest rate	Securities/pledged assets
Mitsubishi HC Capital Asia Pacific	USD. 3,988,107/-	Facility has been obtained on 8 February 2019 for financing the supply of water & sewerage system materials in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over Water & Sewerage System Materials for Hulhumale' Phase II project supplied under this facility.
Hitachi Aqua-Tech Engineering-Fire Hydrant	USD. 3,111,549.41/-	Facility has been obtained on 7 March 2022 for financing the supply and delivery of materials & equipment's required for the provision of water, sewer & fire hydrant network systems in Hulhuamle'Phase II and has to be repaid in in 12 quarterly instalments from the date of delivery.	Fixed rate at 8.5%	-
Maldives Finance Leasing Company (Glass Bottling Project)	USD 1,600,000	Facility has been obtained on 15 September 2021 for financing the purchase, transport, installation, commissioning, and other investment costs of Glass Bottling Project and has to be paid in 48 monthly instalments after 6 months grace period.	Fixed rate at 11.75%	Mortgage over Glass Water Bottling Plant with other related assets / machineries.
MIB Sale and lease back financing facility	USD 2,269,779.51/-	Facility has been obtained on 29 July 2024 for working capital requirement of the company and has to be paid in 60 monthly installments after 12 months of grace period.	Fixed rate at 10%	Property, plant and equipment at Hdh. Kulhudhuffushi , RO plant and panel boards at MWSC main compound and MWSC RO Annex 1 building.
State Bank of India (20 Island Water & Sewerage System Project)	MVR. 70,675,000/-	Facility was obtained on 01 December 2024 takeover of the existing loan from HSBC which was obtained for the purchase of materials related to MWSC's external projects and has to be repaid within 24 months from the following month of disbursement.	1-month T-bill rate + 6.0%	i. First priority mortage on leasehold rights of Customer Service building. ii. Mortgage over 9 RO plants annexed to Fen Building.

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

23.7 Maturity analysis of undiscounted non-current loans and borrowings is as follows;

	GROUP/COMPANY	
	31/12/2024 MVR	31/12/2023 MVR
Between 1 to 2 years	105,529,165	127,140,761
Between 2-5 years	59,373,337	117,197,020
	164,902,502	244,337,781

24 LEASES

24.1 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.

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 Joint Venture Agreement and the Assets Transfer Agreement dated 30th March 1995 and 9th 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.

Set out below are the carrying amounts of right of use assets recognised and the movements during the

24.2 Right of use assets

	GROUP				
	Male' leasehold right	Land	Building	Total 31/12/2024	Total 31/12/2023
Cost	MVR	MVR	MVR	MVR	MVR
Opening balance	16,158,717	271,483,878	35,010,620	322,653,215	301,766,570
Additions during the year	-	-	5,624,109	5,624,109	348,873
Modifications during the year	-	-	-	-	20,537,772
Closing balance	16,158,717	271,483,878	40,634,729	328,277,324	322,653,215
Accumilated depreciation					
Opening balance	13,149,699	23,915,966	21,187,076	58,252,741	47,103,153
Charge for the year	81,324	7,699,312	3,051,125	10,831,761	11,149,588
Closing balance	13,231,023	31,615,278	24,238,201	69,084,502	58,252,741
Net book value					
As at 31st December 2024	2,927,694	239,868,600	16,396,528	259,192,822	
As at 31st December 2023	3,009,018	247,567,912	13,823,544		264,400,474

24.3 Right of use assets

	COMPANY				
	Male' leasehold right MVR	Land MVR	Building MVR	Total 31/12/2024 MVR	Total 31/12/2023 MVR
Opening balance	16,158,717	273,387,028	3,946,189	293,491,934	272,954,162
Additions during the year	-	-	624,044	624,044	20,537,772
Closing balance	16,158,717	273,387,028	4,570,233	294,115,978	293,491,934
Accumilated depreciation					
Opening balance	13,149,699	23,844,126	202,574	37,196,399	29,991,359
Charge for the year	81,324	7,699,312	300,225	8,080,861	7,205,040
Closing balance	13,231,023	31,543,438	502,799	45,277,260	37,196,399
Net book value					
As at 31st December 2024	2,927,694	241,843,590	4,067,434	248,838,718	
As at 31st December 2023	3,009,018	249,542,902	3,743,615		256,295,535

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD. MWSC Male', Maldives

24 LEASES (CONTINUED)

24.4 Company's assets pledged as security for loans and borrowings

Right-of-use assets	Bank / Lender	Currency	Facility amount	NBV as at 31/12/2024 MVR
Male' leasehold land	HSBC	MVR	154,200,000	2,992,010
Dhuvaafaru land	MIB	USD	4,378,506	3,922,198
Maafushi land	MIB	USD	4,378,506	3,614,704
Hulhumale leased land plot 10004	MCB	MVR	2,374,909	144,407,787
Villimale land	MCB	MVR	2,374,909	9,775,921
Hulhumale leased land plot 10618	HBL	MVR	77,100,000	3,840,985
Total				168,553,605

Set out below are the carrying amounts of lease labilities and the movements during the period.

24.5 Lease liabilities

	Interest rate	Maturity	GROUP 31/12/2024 MVR	GROUP 31/12/2023 MVR	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
Non- current	8% - 10%	2026-2077	288,258,351	288,964,582	274,490,121	275,110,141
Current	8% - 10%	2025	11,185,952	12,884,918	849,730	177,915
			299,444,303	301,849,500	275,339,851	275,288,056
Opening balance			301,849,500	277,976,335	275,288,056	254,435,467
Additions during the year			5,624,109	10,348,873	624,044	-
Interest charged during the uear			28,109,755	28,881,339	26,985,222	27,427,192
Modification during the year			-	20,537,772	-	20,537,772
Payments made during the year			(36,139,061)	(38,044,585)	(27,557,471)	(27,112,375)
Capitalised lease interest during the year			-	2,149,766	-	-
Closing balance			299,444,303	301,849,500	275,339,851	275,288,056

The following are the amounts relating to leases recognised in profit or loss:

	GROUP 2024 MVR	GROUP 2023 MVR	COMPANY 2024 MVR	COMPANY 2023 MVR
Depreciations charge of Right-of-use-assets				
Leasehold right	81,324	81,325	81,324	81,325
Land	7,699,312	6,924,656	7,699,312	6,924,656
Building	3,051,125	4,143,607	300,225	199,059
	10,831,761	11,149,588	8,080,861	7,205,040
Interest expense on lease liabilities				
Land	25,815,121	26,579,477	26,590,550	27,025,292
Building	1,489,904	1,497,132	394,672	401,900
Equipments	804,730	804,730	-	-
	28,109,755	28,881,339	26,985,222	27,427,192
Total amount recognised in profit or loss	38,941,516	40,030,927	35,066,083	34,632,232

24.6 Maturity analysis of undiscounted non-current lease liabilities is as follows;

	GROUP 31/12/2024 MVR	GROUP 31/12/2023 MVR	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
Between 1 to 2 years	39,191,452	28,863,034	26,108,114	27,764,234
Between 2-5 years	83,777,506	87,076,151	82,127,506	85,703,351
Above 5 years	920,573,055	1,001,353,234	920,573,055	1,001,353,234
	1,043,542,013	1,117,292,419	1,028,808,675	1,114,820,819

25 NET INVESTMENT IN LEASE

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening Balance	74,758,766	-	74,758,766	-
Additions during the year	-	98,757,600	-	98,757,600
Advance payment	-	(21,059,313)	-	(21,059,313)
Fine Receivables	119,502	-	119,502	8,751
Interest on net investment in lease	5,373,219	3,316,885	5,373,219	3,316,885
Receipt of interest income on net investment in lease	(5,158,149)	(3,316,885)	(5,158,149)	(3,316,885)
Principal element of lease receivables received	(4,807,354)	(2,939,521)	(4,807,354)	(2,948,272)
Closing Balance	70,285,984	74,758,766	70,285,984	74,758,766

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Current	5,397,117	4,863,352	5,397,117	4,863,352
Non-Current	64,888,867	69,895,414	64,888,867	69,895,414
	70,285,984	74,758,766	70,285,984	74,758,766

25.1 Maturity analysis of non-current lease receivables is as follows

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Between 1 to 2 years	5,620,724	6,277,899	5,620,724	6,277,899
Between 2-5 years	18,822,980	17,710,172	18,822,980	17,710,172
Above 5 years	40,445,163	45,907,343	40,445,163	45,907,343
	64,888,867	69,895,414	64,888,867	69,895,414

25.2 Maturity analysis of undiscounted lease receivables is as follows;

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Less than 12 months	10,532,639	10,221,546	10,532,639	10,221,546
Between 1 to 2 years	10,220,465	10,172,202	10,220,465	10,172,202
Between 2-5 years	29,906,021	30,134,980	29,906,021	30,134,980
Above 5 years	48,254,981	58,227,144	48,254,981	58,227,144
	98,914,106	108,755,872	98,914,106	108,755,872
Less; Unearned finance income	(28,628,122)	(33,997,106)	(28,628,122)	(33,997,106)
Net investment in lease	70,285,984	74,758,766	70,285,984	74,758,766

26 GOVERNMENT GRANTS

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening Balance	10,157,716	11,086,000	10,157,716	11,086,000
Released to other income	(928,284)	(928,284)	(928,284)	(928,284)
Closing Balance	9,229,432	10,157,716	9,229,432	10,157,716
Non- current	8,301,148	9,229,432	8,301,148	9,229,432
Current	928,284	928,284	928,284	928,284
	9,229,432	10,157,716	9,229,432	10,157,716

The amount received as share application money from the Government in the month of January 2016, now has been considered as grant received from the government based on the approval received Ministry of Finance on 11th December 2019. The above amount treated as a grant and would be released to income statement over 15 years of period since then. There are no unfulfilled conditions or contingencies attached to these grants.

27 CONTRACT LIABILITIES

	GROUP/COMPANY	
	31/12/2024 MVR	31/12/2023 MVR
Construction retention	27,882,415	28,686,053
Contract advances	4,422,607	9,263,609
	32,305,022	37,949,662

28 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Trade payables	99,633,313	145,744,917	97,952,844	141,177,189
Amounts due to related parties **(Note 34)**	46,208,308	34,626,173	46,707,850	34,625,357
Accrued expenses	1,876,905	3,365,070	1,286,242	3,242,573
Other payables	35,496,684	31,747,912	34,862,500	31,277,977
Dividend payable	856,472,412	823,979,914	856,472,412	823,979,913
	1,039,687,622	1,039,463,986	1,037,281,848	1,034,303,009

28.1 The amount due to related parties are unsecured, interest free and have no fixed repayment period. Accordingly the entire amount's due have been presented as falling due within one year.

28.2 Accrued expenses of the Group consist with GST payable of MVR 798,439/- (2023: MVR 2,756,423/-) and other accruals of MVR 486,150/- (2023: MVR 608,647/-).

28.3 Other payables comprises of O&M sales collection payable MVR 7,901,817/- (2023: 7,901,817/-), O&M spare fund payable MVR 1,314,034/- (2023: MVR 1,314,034/-), advance received for Hiya employee housing project in Hulhumale MVR 2,540,310/- (2023: MVR 2,540,310/-), Fenaka Corporation collection payable MVR 1,847,180/- (2023: MVR 1,847,180/-), Legal expenses payable MVR 1,856,176/- (2023: MVR 1,856,176/-), Withholding tax provision MVR 15,817,462/- (2023: 12,255,442), and other payables of MVR 3,201,626/- (2023: MVR 3,563,018/-).

29 DEFINED BENEFIT OBLIGATION

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Opening balance	53,903,357	63,703,030	53,903,357	63,703,030
Current service cost	17,211,401	12,903,393	17,211,401	12,903,393
Interest cost	2,479,554	2,930,339	2,479,554	2,930,339
Actuarial gain	(83,158)	(24,974,161)	(83,158)	(24,974,161)
	73,511,154	54,562,602	73,511,154	54,562,602
Less: payments during the year	(332,411)	(659,245)	(332,411)	(659,245)
Closing balance	73,178,743	53,903,357	73,178,743	53,903,357

Following amounts are recognised in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation:

Amount recognised in profit or loss				
Current service cost **(Note 8.1.1)**	17,211,401	12,903,393	17,211,401	12,903,393
Interest cost **(Note 8.1.1)**	2,479,554	2,930,339	2,479,554	2,930,339
	19,690,955	15,833,732	19,690,955	15,833,732
Amount recognised in other				
Actuarial gain due to changes in experience	83,158	24,974,161	83,158	24,974,161
Actuarial gain	83,158	24,974,161	83,158	24,974,161

Retirement gratuity benefit liability is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31st December 2024 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

FOR THE YEAR ENDED 31ST DECEMBER 2024

29 DEFINED BENEFIT OBLIGATION (CONTINUED)

Significant estimates: actuarial assumptions and sensitivity

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Expected salary inflation	6.50%	4.62%	6.50%	4.62%
Discount rate	4.60%	4.60%	4.60%	4.60%
Mortality rate	A67/70 Ult	A67/70 Ult	A67/70 Ult	A67/70 Ult
Staff turnover rate	6.69% up to age 60	6.25% up to age	6.69% up to age 60	6.25% up to age 60
Disability/ illness rate	10% of A67/70 Ult	10% of A67/70	10% of A67/70 Ult	10% of A67/70 Ult

29.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	GROUP/COMPANY			
	2024 Liability MVR	2024 Change %	2023 Liability MVR	2023 Change %
Base	**73,178,743**		**53,903,356**	
1% increase in salary inflation	81,684,420	11.62%	59,837,700	11.01%
1% decrease in salary inflation	66,001,980	-9.81%	48,875,464	-9.33%
1% increase in discount rate	65,434,028	-10.58%	48,446,399	-10.12%
1% decrease in discount rate	82,524,938	12.77%	60,451,028	12.15%
1% increase in staff turnover rate	71,517,311	-2.27%	53,276,321	-1.16%
1% decrease in staff turnover	75,075,208	2.59%	54,592,275	1.28%

29.2 Analysis of maturity profile

The analysis was performed based on the future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

As at 31st December 2024	GROUP/ COMPANY		
Future expected working life	Number of employees	Average future expected working	Retirement benefit obligation
Within the next 12 months	2	1	330,621
Between 1-2 years	5	2	607,876
Between 2-5 years	18	3	3,455,365
Between 5-10 years	125	8	19,990,502
Beyond 10 years	856	13	48,794,379
Total	1,006	12	73,178,743

As at 31st December 2023	GROUP/ COMPANY		
Future expected working life	Number of employees	Average future expected working	Retirement benefit obligation
Within the next 12 months	1	0	287,121
Between 1-2 years	2	2	297,958
Between 2-5 years	20	4	3,068,325
Between 5-10 years	98	8	12,545,126
Beyond 10 years	857	13	37,704,827
Total	978	12	53,903,357

30 CAPITAL COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	GROUP/COMPANY	
	31/12/2024	31/12/2023
	MVR	MVR
Within one year	19,839,843	9,904,531

31 LEGAL CLAIMS AND CONTINGENCY

31.1 The Company filed a case against Global Projects Development Private Limited ("GPD") to recover liquidated damages amounting to US$ 2,476,252.48/- due to delays in completing contracted works. The Supreme Court ruled in favor of the Company, and enforcement proceedings are ongoing at the Civil Court. Despite court orders, GPD has stated its financial incapacity to settle the amount, and efforts are being made to identify and seize GPD's assets in Maldives. To date, limited funds have been recovered, and the feasibility of full recovery remains uncertain.

31.2 Day to Day Transport Services filed a claim for damages amounting to MVR 2,814,509/- due to the termination of an agreement by the Company. The Civil Court ruled in favor of the claimant, awarding MVR 1,856,176/-. The Company appealed the decision at the High Court and obtained a stay order, depositing the judgment amount as security. Given the weak legal grounds for contesting the termination, settlement negotiations are recommended to mitigate further financial exposure.

31.3 Sports Engineering and Recreation Asia Maldives Private Limited ("SEARA") filed a negligence claim against the Company seeking damages of MVR 4,620,220.87/-, alleging property damage caused by the Company while replacing water meters. Witness hearings have commenced at the Civil Court, and further proceedings are pending. It is unlikely that SEARA will establish the necessary legal elements to prove negligence on the part of the Company.

31.4 A former board member filed a claim against the Company alleging breach of contract for rescinding an apartment offer under the Company's housing scheme. The Civil Court ruled in favor of the Company, determining that no valid agreement existed. The claimant has appealed to the High Court, reiterating prior arguments. The Company's position remains strong, as documentary evidence supports that the offer was conditional and did not constitute a binding contract.

31.5 A former employee filed a claim against the Company for unlawful termination, seeking reinstatement and compensation. The Employment Tribunal ruled in favor of the Company, affirming that the termination was justified due to fraudulent transactions conducted by the claimant. The case has been appealed at the High Court, with the appellant arguing procedural deficiencies in the investigation process. While the Company has strong grounds to defend the appeal, there is a potential risk of financial liability equivalent to two months' salary if procedural inadequacies are established.

31.6 The Company has filed a tax appeal against MIRA challenging their audit findings, which include a tax liability of MVR 1,066,308.49/- related to contractual arrangements with a supplier. Documentary evidence supports the Company's position, and the case is pending a hearing at the Tax Appeal Tribunal. Should the Tribunal rule against the Company, an appeal at the High Court may be considered.

31.7 A former employee has filed an unfair dismissal claim against the Company, seeking reinstatement and compensation following termination. The case, filed on 17th December 2024, is in its preliminary stages with ongoing hearings at the Employment Tribunal. The Company maintains that the termination was conducted in compliance with due process and is supported by internal investigations.

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
MWSC
Male', Maldives

31 LEGAL CLAIMS AND CONTINGENCY (CONTINUED)

31.8 Another former employee has filed an unfair dismissal claim against the Company, seeking reinstatement and compensation following termination. Filed on 18th December 2024, the case remains in its early stages with ongoing hearings at the Employment Tribunal. The Company asserts that the termination followed proper procedures and is backed by substantial evidence.

31.9 The Company has initiated enforcement proceedings at the Civil Court to recover outstanding water meter bills amounting to MVR 253,445/-. The case seeks to enforce a prior Civil Court judgment issued on 24th October 2018. Given the nature of the case as an enforcement action of an existing judgment, the outcome is expected to be favorable to the Company.

31.10 Centex has filed a claim against the Company for breach of contract regarding a sewerage system construction project in Ha. Vashafaru, claiming MVR 4,471,558.46/-. All hearings have been completed, and the case is pending judgment. The Company maintains that the contract was terminated on reasonable grounds and in accordance with the contractual terms, and a favorable ruling is anticipated.

31.11 The Company was assigned to engage in business of providing public water supply and sewerage services and permit to install, maintain and operate pumping station and other facilities and equipment required for the water and sewerage network on Gulhifalu Island for 50 years through an operating license which has been granted by Environmental Protection Agency under the Ministry of Housing and Environment on 11th April 2011. According to this agreement, no any other person, body or institution permitted to produce desalinated water in this island. Further, the Government of Maldives has allocated the area to Gulhifalhu Industrial Zone Limited ("GIZL") to reclaim and develop through Global Project development Private Limited ("GPD") pursuant to the concession agreement signed between GIZL and GPD ("Area assignment agreement"). Accordingly, GIZL assigned 6 hectares (645,835 Sq.ft.) in Gulhifalu Island to MWSC to own and develop the land to be reclaimed as the Company's desire through an area assignment agreement signed between tripartite on 9th October 2011.

Accordingly, the Company has entered to an agreement with GPD on 9th October 2011 to reclaim the land area assigned to the Company. GPD should complete the reclamation before 31st December 2011 and revetment work is to be completed not later than 31st July 2012 at the reclaim price of MVR 194,196,126/- equivalent to the total of US$ 12,593,782.5/- (US$ 19.5/- per Sq.ft.). Upon completion, certificate shall be issued by the surveyor, GPD shall send a written notice to the Company with notofying land is ready.

As per the Area assignment agreement, GIZL shall, at the cost and expense of the Company, obtain all approvals for the registration of the land in accordance with the Maldives Laws and the relevant regulations of the Land Registration Authority so as to enable the land area to be owned by the Company or its nominee and entitled to the rights, powers, privileges and duties conferred under the Maldives Law, subject always to the Restrictive Covenants. For the avoidance of any doubt, GIZL shall ensure the Restrictive Covenants are recorded on the title deed.

The Company has made many efforts over the years to change the registration of the land to the Company. Through the letter MWSC-A/3/2024/4856 dated on 15th October 2024, the Company's lawyers have requested from the Ministry of Finance to expedite the land registration process and register the land under the Company name. As this land is related to the company's planned various and important projects and business ventures, and as this is the company's valuable asset, the company hasbrequested to sign a lease agreement with the government for 99 years relating to this land, after the government obtains ownership of the land through a trust with the beneficial owner remaining as the company. Therefore, the Company has shared a draft agreement along with this letter which confirms the beneficial owner of the land to the company. However, this has not been completed as at the date of the financial statements were authorised to issue.

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, trade and other payables including payables to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's principal financial assets include trade receivables, cash in hand and balances with the banks which arise directly from its operations.

The Group is exposed to foreign currency risk, liquidity risk ,credit risk and interest risk. The Group's senior management oversees the management of these risks and the Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

32.1 Foreign currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk in equivalent Maldivian Rufiyaa is as follows:

Group	2024		2023	
	EUR	US$	EUR	US$
Trade payables	-	(45,630,211)	-	(137,078,418)
Cash and cash equivalents	253,832	4,230,253	277,148	5,950,701
Borrowings	-	(124,349,278)	-	(316,295,765)
Net Statement of financial position exposure	253,832	(165,749,236)	277,148	(447,423,482)

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2024	2023	2024	2023
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	16.6395	16.6373	16.0759	16.9980

	2024 MVR	2023 MVR
Net foreign exchange loss arising from foreign purchases	(3,619,393)	(506,912)
Total net foreign exchange loss recognised in profit before income tax for the period	(3,619,393)	(506,912)

Company	2024		2023	
	EUR	USD	EUR	USD
Trade payables	-	(45,630,211)	-	(137,078,418)
Cash and cash equivalents	238,657	4,230,253	263,023	5,950,701
Borrowings	-	(124,349,278)	-	(316,295,765)
Net Statement of financial position exposure	238,657	(165,749,236)	263,023	(447,423,482)

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2024	2023	2024	2023
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	16.6395	16.6373	16.0759	16.9980

	2024 MVR	2023 MVR
Net foreign exchange loss arising from foreign purchases	(3,603,971)	(506,912)
Total net foreign exchange loss recognised in profit before income tax for the period	(3,603,971)	(506,912)

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.1 Foreign currency risk (continued)

Sensitivity Analysis

A reasonably possible strengthening / (weakening) of the Euro, US dollar against all the other currencies at 31st December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant ignores any impact of forecast sales and purchases.

Group		Change in US$ rate	Effect on profit before tax	Effect on pre-tax on equity
	2024	-5%	8,287,462	8,287,462
		5%	(8,287,462)	(8,287,462)
	2023	-5%	22,371,174	22,371,174
		5%	(22,371,174)	(22,371,174)

Group		Change in EUR rate	Effect on profit before tax	Effect on pre-tax on equity
	2024	-5%	(12,262)	(12,262)
		5%	(12,262)	(12,262)
	2023	-5%	(13,857)	(13,857)
		5%	(13,857)	(13,857)

Company		Change in US$ rate	Effect on profit before tax	Effect on pre-tax on equity
	2024	-5%	8,287,462	8,287,462
		5%	(8,287,462)	(8,287,462)
	2023	-5%	22,371,174	22,371,174
		5%	(22,371,174)	(22,371,174)

Company		Change in EUR rate	Effect on profit before tax	Effect on pre-tax on equity
	2024	-5%	(11,529)	(11,529)
		5%	11,529	11,529
	2023	-5%	(13,436)	(13,436)
		5%	13,436	13,436

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

32.2 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirement. The company is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, debt restructuring etc.

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.2 Liquidity risk (Continued)

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

Lender	Facility	Major Loan Covenants
Habib bank limited (Financing of external projects)	MVR. 77,100,000/-	No overdue with any other bank under the name of Male' Water and Sewerage Company Private Limited
Hitachi Aqua-Tech Engineering	US$. 1,333,000/-	No significant financial covenants
Mauritius Commercial Bank (LC)	MVR 10,398,957/-	No dividend declaration and/or payment should be made without the Bank's prior written consent
Maldives Islamic Bank (MWSC Hivaa Project)	US$ 4,378,506/-	No significant financial covenants
State Bank of India (20 Island Water & Sewerage System Project)	MVR. 70,675,000/-	Current ratio to be maintained above 1.0x Gearing ratio to be maintained below 1.0x Debt service cash Cover ratio to be maintained above 1.25x Debt equity ratio of 49% to 51% to be maintained
Mitsubishi HC Capital Asia Pacific	US$. 1,277,913/-	No significant financial covenants
Mitsubishi HC Capital Asia Pacific	US$. 741,470/-	No significant financial covenants
Mitsubishi HC Capital Asia Pacific	US$. 3,988,107/-	No significant financial covenants
Hitachi Aqua-Tech Engineering- Fire Hydrant	US$. 3,111,549.41/-	No significant financial covenants
Hitachi Aqua-Tech Engineering- RO Plant 3000m3	US$ 1,606,600/-	No significant financial covenants
Maldives Finance Leasing Company (Glass Bottling Project)	US$ 1,600,000	No significant financial covenants
Maldives Finance Leasing Company (Fahi Business Loan)	MVR 10,000,000	No significant financial covenants
Maldives Islamic Bank (Sale and Lease back financing facility)	US$ 2,269,779.51/-	No significant financial covenants

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	GROUP					
At 31st December 2024	Carrying amount	Contractual cash flow	Less than 12 months	Between 1 years and 2 years	Between 2-5 years	Above 5 years
	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payable	1,015,853,277	1,015,853,277	1,093,125,754	-	-	-
Borrowings	279,372,757	318,152,022	153,249,520	105,529,165	59,373,337	-
Lease liabilities	299,444,303	1,082,230,519	38,688,506	39,191,452	83,777,506	920,573,055
	1,594,670,337	2,416,235,818	1,285,063,780	144,720,617	143,150,843	920,573,055

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.2 Liquidity risk (Continued)

At 31st December 2023	GROUP					
	Carrying amount	Contractual cash flow	Less than 12 months	Between 1 years and 2 years	Between 2-5 years	Above 5 years
	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payable	1,017,043,160	1,017,043,160	1,017,043,160	-	-	-
Borrowings	338,188,218	392,917,383	148,579,601	127,140,761	117,197,020	-
Lease liabilities	301,849,500	1,148,196,595	30,904,176	28,863,034	87,076,151	1,001,353,234
	1,657,080,878	2,558,157,137	1,196,526,937	156,003,795	204,273,172	1,001,353,234

At 31st December 2024	COMPANY					
	Carrying amount	Contractual cash flow	Less than 12 months	Between 1 years and 2 years	Between 2-5 years	Above 5 years
	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payable	1,013,447,503	1,013,447,503	984,544,791	-	-	-
Borrowings	279,372,757	318,152,022	153,249,520	105,529,165	59,373,337	-
Lease liabilities	275,339,851	1,054,955,897	26,147,222	26,108,114	82,127,506	920,573,055
	1,568,160,111	2,386,555,422	1,163,941,533	131,637,279	141,500,843	920,573,055

At 31st December 2023	COMPANY					
	Carrying amount	Contractual cash flow	Less than 12 months	Between 1 years and 2 years	Between 2-5 years	Above 5 years
	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payable	1,012,176,315	1,012,176,316	1,012,176,316	-	-	-
Borrowings	338,188,218	392,917,383	148,579,601	127,140,761	117,197,020	-
Lease liabilities	275,288,056	1,142,035,275	27,214,456	27,764,234	85,703,351	1,001,353,234
	1,625,652,589	2,547,128,974	1,187,970,373	154,904,995	202,900,371	1,001,353,234

32.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned below.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all the customers who wish to trade on credit terms are subject to credit evaluation procedures. The Group has an established credit policy applied by which the credit status of each new customer is reviewed before credit is advanced. In addition, receivable balances are monitored on an ongoing basis so that to minimize the Group's exposure to bad debts.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

Measuring the ECL - Explanation of inputs, assumptions and estimation techniques

The Financial assets of MWSC mainly comprised of non-interest bearing trade receivables. Hence, simplified approach was followed for calculation of ECL. IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The Group calculates the Expected losses by grouping the receivables into categories of shared credit risk characteristics:

- Utility -Domestic Customers
- Utility- Commercial and Industrial Customers
- Utility - Government or Institutions
- Utility - Other Services
- Non-Utility - Government Customers
- Non-Utility - Other than Government Customers

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.3 Credit risk (continued)

Measuring the ECL - Explanation of inputs, assumptions and estimation techniques (Continued)

ECL has not been calculated for staff advances, cash and bank balances and other inter -company receivables. It is assumed that there will be no default in recovery of these assets.

The expected credit losses are based on the historical loss experience of the past 3-4 years and the future expected loss rates are then estimated.

The historical loss rates are determined by obtaining the ageing analysis of different groups of receivables and then analysing the collection of receivables from one ageing bracket to another and obtain a Probability of Default (PD) rate for each ageing bracket. MWSC considers the credit risk to have significantly increased for debts aged over 90 days and therefore over 90 days is taken as default. Loss Given Default (LGD) rate is obtained by considering receivables more than 90 days and a discount rate of 10% is used for the time value of delayed repayment.

These historical loss rates are adjusted for current and forward-looking information where it is identified to be significant. MWSC considers factors such as macroeconomic and national economic outlooks. Maldives forecasted GDP rate is considered for arriving at forward looking PD based on the report available in the IMF website "world economic outlook database". Judgemental model is adopted to arrive at the forward looking scalar, where the relationship between the loss rate and Maldives GDP is not logical or by applying the forward looking PD, the resultant ECL does not reflect the provisioning requirements based on current scenario. The PD is then adjusted on the forward looking scalar.

The Expected Credit loss is then calculated as Lifetime Expected Credit Loss = Carrying Value of Receivables x PD x LGD.

For related party receivables, ECL has been calculated separately, with the assumption that it will be recovered. Only time value loss from related party receivables have been considered as ECL.

For surcharges receivables on utility bills, it is a temporary policy of the company to waive off surcharge receivables on customers who pay overdue bills since 2020. Therefore 100% provision on surcharge receivables has been provided as ECL.

The following table provides information about the Company's exposure to credit risk and ECLs for non-interest bearing trade receivables and contract assets as at 31st December 2024.

	COMPANY			
As at 31st December 2024	**Expected loss rate**	**Gross carrying amount MVR**	**Exposure at default ("EAD") MVR**	**Loss allowance MVR**
Trade and other receivables				
1-30 days	41.47%	16,979,771	15,779,771	7,041,173
31-60 days	87.74%	3,166,581	2,998,909	2,778,514
61-90 days	89.00%	2,901,172	2,101,172	2,582,119
91-365 days	90.02%	10,339,735	4,339,735	9,307,725
More than 365 days	95.06%	67,554,888	55,934,421	64,218,682
		100,942,147	81,154,008	85,928,213
Related party receivables				
1-30 days	8.59%	58,051,103	58,051,103	4,988,598
31-60 days	8.59%	48,794,581	48,794,581	4,193,143
61-90 days	8.59%	100,104,325	100,104,325	8,602,425
91-365 days	8.59%	114,831,468	114,831,468	9,867,996
More than 365 days	8.59%	495,930,993	495,930,992	42,617,630
		817,712,470	817,712,470	70,269,792
ECL on cash at banks	0.44%	41,724,174	9,327,131	184,605
Contract assets	10.05%	356,933,369	356,933,369	35,886,595
Total		1,317,312,160	1,265,126,977	192,269,205

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.3 Credit risk (continued)

Measuring the ECL - Explanation of inputs, assumptions and estimation techniques (Continued)

The Company made a provision on gross carrying amount of trade and other receivables, related party receivables, surcharge receivables, cash at banks, and contract assets net of collateral securities amounting to MVR 202,675,127/- (2023: MVR 170,694,505/-).

	COMPANY			
As at 31st December 2023	**Expected loss rate**	**Gross carrying amount MVR**	**Exposure at default ("EAD") MVR**	**Loss allowance MVR**
Trade and other receivables				
1-30 days	57.97%	17,236,765	17,236,765	9,992,857
31-60 days	62.52%	4,343,361	4,483,075	2,715,358
61-90 days	62.69%	2,993,149	3,085,921	1,876,274
91-365 days	96.94%	18,823,703	8,110,170	18,248,603
More than 365 days	100.00%	43,195,501	43,195,501	43,195,501
		86,592,479	76,111,432	76,028,593
Related party receivables				
1-30 days	1.60%	53,659,099	53,659,099	857,617
31-60 days	3.21%	54,705,668	54,705,668	1,755,709
61-90 days	5.46%	104,671,548	104,671,548	5,712,925
91-365 days	6.99%	225,368,368	225,368,368	15,758,627
More than 365 days	33.25%	130,339,707	130,339,707	43,336,386
		568,744,390	544,169,612	67,421,264
ECL on cash at banks	0.24%	86,770,104	49,476,625	212,003
Contract assets	7.00%	386,103,841	376,840,232	27,032,645
Total		1,128,210,814	1,046,597,901	170,694,505

	GROUP			
As at 31st December 2024	**Weighted average loss rate**	**Gross carrying amount MVR**	**Exposure at default (EAD) MVR**	**Loss Allowance MVR**
Trade and other receivables				
1-30 days	39.49%	17,971,398	16,771,398	7,096,446
31-60 days	68.30%	4,133,606	3,965,934	2,823,379
61-90 days	72.77%	3,576,239	2,776,239	2,602,358
91-365 days	73.86%	12,956,734	6,956,734	9,569,414
More than 365 days	97.49%	67,892,023	58,662,181	66,188,907
		106,530,000	89,132,486	88,280,504
Related party receivables				
1-30 days	8.59%	58,051,103	58,051,103	4,988,598
31-60 days	8.59%	48,794,581	48,794,581	4,193,143
61-90 days	8.59%	100,104,325	100,104,325	8,602,425
91-365 days	8.59%	114,831,468	114,831,468	9,867,996
More than 365 days	9.40%	453,291,496	450,985,963	42,617,630
		775,072,973	772,767,440	70,269,792
ECL on cash at banks	0.39%	47,350,907	9,327,131	184,605
Contract assets	10.05%	356,933,369	356,933,369	35,886,595
Total		1,285,887,249	1,228,160,426	194,621,496

The Group made a provision on gross carrying amount of trade and other receivables, related party receivables, surcharge receivables, cash at banks, and contract assets net of collateral securities amounting to MVR 205,027,418/- (2023: MVR 172,508,749/-).

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
Male', Maldives

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.3 Credit risk (continued)

Measuring the ECL - Explanation of inputs, assumptions and estimation techniques (Continued)

As at 31st December 2023	GROUP Weighted average loss rate	Gross carrying amount MVR	Exposure at default ("EAD") MVR	Loss Allowance MVR
Trade and other receivables				
1-30 days	52.12%	19,172,061	18,706,694	9,992,857
31-60 days	60.22%	4,509,188	4,131,761	2,715,358
61-90 days	56.49%	3,321,600	3,104,690	1,876,274
91-365 days	91.17%	20,015,472	8,148,503	18,248,603
More than 365 days	99.00%	43,631,392	58,662,181	43,195,501
		90,649,713	92,753,829	76,028,593
Related party receivables				
1-30 days	1.68%	53,659,099	53,659,099	898,959
31-60 days	3.22%	54,705,668	54,705,668	1,759,844
61-90 days	5.46%	104,671,548	104,671,548	5,717,888
91-365 days	7.04%	225,368,368	225,368,368	15,863,439
More than 365 days	51.42%	87,507,994	87,507,994	44,995,378
		525,912,677	525,912,677	69,235,508
ECL on cash at banks	0.24%	89,178,080	49,476,625	212,003
Contract assets	7.00%	386,103,842	376,840,232	27,032,645
Total		1,091,844,312	1,044,983,363	172,508,749

Sensitivity analysis

Set out below are the changes to the ECL on non-interest bearing contract assets, trade and related party receivables as at 31st December 2024 that would result from reasonably possible changes in the parameter from the actual assumption used in Company's economic variable assumption.

Company	ECL MVR -1%	ECL MVR As at	ECL MVR +1%
Loss allowance as at 31st December 2024	190,346,513	192,269,205	194,191,897
Loss allowance as at 31st December 2023	168,987,560	170,694,505	172,401,450
Group			
Loss allowance as at 31st December 2024	192,675,281	194,621,496	196,567,711
Loss allowance as at 31st December 2023	170,783,662	172,508,749	174,233,836

32.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The investment decisions are made by Directors giving due relevance to the Group's financial strategy and market interest rates.

The interest rate profile of the Group' s/ Company' s interest-bearing financial instruments as reported to the management of the Group/ Company is as follows:

	31/12/2024 MVR	% of total loans	31/12/2023 MVR	% of total loans
Variable rate borrowings	120,468,749	43%	178,293,750	53%
Fixed rate borrowings - Maturity				
Less than 1 year	71,971,201	26%	61,379,562	18%
1-5 years	86,932,807	31%	98,514,906	29%
	279,372,757	100%	338,188,218	100%

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.4 Interest rate risk (Continued)

Fair value sensitivity analysis for fixed-rate instruments

The Group/ Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Increase / decrease in basis points	Impact on profit before tax	Impact on other components if equity
Variable rate instruments	rate	MVR	MVR
2024	- 100	2,793,727.57	2,374,668.43
	+ 100	(2,793,727.57)	(2,374,668.43)
2023	- 100	3,381,882.18	2,874,599.85
	+ 100	(3,381,882.18)	(2,874,599.85)

32.5 Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group **As at 31st December 2024**	Note	Carrying amount		
		Financial assets at amortized cost	financial liabilities at amortized cost	Total
		MVR	MVR	MVR
Financial assets not measured at fair value				
Contract assets	18	321,046,774	-	321,046,774
Trade and other receivables		747,162,940	-	747,162,940
Cash and cash equivalents	20	58,854,180	-	58,854,180
		1,127,063,894	-	1,127,063,894
Financial liabilities not measured at fair value				
Borrowings	23	-	279,372,757	279,372,757
Contract liabilities	27	-	32,305,022	32,305,022
Trade and other payables	28	-	1,015,853,277	1,015,853,277
		-	1,327,531,056	1,327,531,056

Group **As at 31st December 2023**	Note	Carrying amount		
		Financial assets at amortized cost	financial liabilities at amortized cost	Total
		MVR	MVR	MVR
Financial assets not measured at fair value				
Contract assets	18	359,071,197	-	359,071,197
Trade and other receivables		498,236,906	-	498,236,906
Cash and cash equivalents	20	94,917,455	-	94,917,455
		952,225,558	-	952,225,558
Financial liabilities not measured at fair value				
Borrowings	23	-	338,188,218	338,188,218
Contract liabilities	27	-	37,949,662	37,949,662
Trade and other payables	28	-	1,017,043,160	1,017,043,160
		-	1,393,181,040	1,393,181,040

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.5 Accounting classification and fair values (continued)

Company As at 31st December 2024	Note	Carrying amount Financial assets at amortized cost	financial liabilities at amortized cost	Total
Financial assets not measured at fair value				
Contract assets	18	321,046,774	-	321,046,774
Trade and other receivables		786,566,875	-	786,566,875
Cash and cash equivalents	20	50,158,406	-	50,158,406
		1,157,772,055	-	1,157,772,055
Financial liabilities not measured at fair value				
Borrowings	23	-	279,372,757	279,372,757
Contract liabilities	27	-	32,305,022	32,305,022
Trade and other payables	28	-	1,013,447,503	1,013,447,503
		-	1,325,125,282	1,325,125,282

Company As at 31st December 2023	Note	Carrying amount Financial assets at amortized cost	financial liabilities at amortized cost	Total
Financial assets not measured at fair value				
Contract assets	18	359,071,197	-	359,071,197
Trade and other receivables		538,745,381	-	538,745,381
Cash and cash equivalents	20	89,652,850	-	89,652,850
		987,469,428	-	987,469,428
Financial liabilities not measured at fair value				
Borrowings	18	-	338,188,218	338,188,218
Contract liabilities	27	-	37,949,662	37,949,662
Trade and other payables	20	-	1,012,176,315	1,012,176,315
		-	1,388,314,195	1,388,314,195

33 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt in light of changes in the Group's operations.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios as at 31st December was as follows:

	GROUP		COMPANY	
	31/12/2024 MVR	31/12/2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Total Borrowings **(Note 23)**	279,372,757	338,188,218	279,372,757	338,188,218
Less: Cash and Cash Equivalents **(Note 20)**	(58,854,180)	(94,917,455)	(50,158,406)	(89,652,850)
Net debt	220,518,577	243,270,763	229,214,351	248,535,368
Total equity	1,950,837,429	1,794,049,319	1,895,510,909	1,746,059,356
Total capital	2,171,356,006	2,037,320,082	2,124,725,260	1,994,594,724
Gearing ratio	10.16%	11.94%	10.79%	12.46%

AUDITOR GENERAL'S OFFICE

MALE' WATER & SEWERAGE COMPANY PVT. LTD.
MWSC
Reg. No. C-47/95
Male', Maldives

34 RELATED PARTY TRANSACTIONS

The Group is controlled by the Government of Maldives which owns 80% of the Company's shares. Hitachi Ltd owns 20% of the Company's shares. The Company holds 51% of the shares of Island Beverages Maldives Private Limited. Champa Brothers Maldives Private Limited holds 49% of the shares of Island Beverages Maldives Private Limited.

The following transactions were carried out with related parties:

		GROUP		COMPANY	
i) Sales of goods and services	Relationship	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Conrad Maldives Rangali Island	Affiliate company	339,693	383,562	134,569	87,925
Hurawalhi Island Resort	Affiliate company	-	283	-	-
Kuredu Island Resort	Affiliate company	175,678	152,745	-	-
Meeru Island Resort	Affiliate company	127,453	131,175	1,503	-
Trans Maldivian Airways Private Limited	Affiliate company	29,505	36,831	29,505	36,831
Veligandu Island Resort	Affiliate company	19,642	1,383	2,592	1,383
Vilamendhoo Island Resort	Affiliate company	-	434	-	-
Mirihi Island Resort	Affiliate company	2,364	185,480	2,364	185,480
State Trading Organization PLC	Affiliate company	8,590,719	7,129,006	8,590,719	6,522,815
Maldives Industrial Fisheries Co Limited	Affiliate company	1,251,235	2,028,903	546,427	1,050,578
Maldives Custom Services	Affiliate company	118,417	104,431	118,417	104,431
Island Aviation Services Limited	Affiliate company	252,402	367,253	3,238	52,149
Maldives Police Service	Affiliate company	3,936,600	3,153,450	3,936,600	3,153,450
Tree top health Private Limited	Affiliate company	5,136,375	5,694,473	4,825,498	5,312,800
Other Government related entities	Affiliate company	713,593,416	608,162,182	710,422,471	604,519,021
Island Beverages Maldives Private Limited	Subsidiary company	-	-	173,050,940	156,156,466
		733,573,499	627,531,591	901,664,843	777,183,329

ii) Purchases of goods and services					
Island Beverages Maldives Private Limited		-	-	86,352,571	604,812
Hitachi Aquatech Engineering Private Limited		86,200,472	82,998,902	86,200,472	82,998,902
Hitachi Limited		1,683,999	17,625,231	1,683,999	17,625,231
Other Government related entities		424,883,593	373,572,565	424,883,593	373,572,565
		512,768,065	474,196,698	599,120,635	474,801,509

iii) Year-end balances arising from sales, purchases of goods and services

		GROUP		COMPANY	
Receivables from related parties	Relationship	As at 2024 MVR	As at 2023 MVR	As at 2024 MVR	As at 2023 MVR
Conrad Maldives Rangali Island	Affiliate company	80,367	74,598	-	-
Hurawalhi Island Resort	Affiliate company	-	276	-	-
Kuredu Island Resort	Affiliate company	37,615	17,440	-	-
Meeru Island Resort	Affiliate company	19,250	19,250	-	-
Trans Maldivian Airways Private Limited	Affiliate company	-	65	-	-
Vakarufalhi Island Resort	Affiliate company	-	278,246	-	-
Veligandu Island Resort	Affiliate company	16,406	5,406	-	-
Mirihi Island Resort	Affiliate company	-	4	-	-
Tree Top Health Private Limited	Affiliate company	54,328	485,466	-	467,956
Police Shop	Affiliate company	2,135,878	774,266	2,135,878	769,147
State Trading Organization PLC	Affiliate company	2,199,956	2,303,380	1,991,604	2,156,713
Maldives Industrial Fisheries Co. Private Limited	Affiliate company	217,970	33,280	72,702	-
Island Aviation Services Limited	Affiliate company	186,119	235,895	3,317	52,289
Other Government related entities	Affiliate company	770,125,084	521,685,105	768,563,939	520,586,614
Island Beverages Maldives Private Limited	Subsidiary company	-	-	44,945,030	44,711,671
		775,072,973	525,912,677	817,712,470	568,744,390

34 RELATED PARTY TRANSACTIONS (CONTINUED)

iii) Year-end balances arising from sales, purchases of goods and services (continued)

Payables to related parties	Relationship	GROUP 31/12/2024 MVR	GROUP 31/12/2023 MVR	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
State Electric Company Limited	Affiliate company	17,423,786	15,506,713	17,386,257	15,506,713
Maldives Islamic Bank	Affiliate company	-	367,926	-	367,926
Dhiraagu PLC	Affiliate company	250,542	508,420	250,542	508,420
Public Service Media	Affiliate company	154,219	-	137,696	-
Housing Development Corporation Limited	Affiliate company	8,158,418	-	8,158,418	-
Road development coporation limited	Affiliate company	86,237	-	86,237	-
Fenaka Corporation Limited	Affiliate company	271,135	117,291	236,838	117,291
Waste management corporation limited	Affiliate company	51,526	-	51,526	-
MTCC	Affiliate company	701,870	-	661,621	-
Island Aviation Services Limited	Affiliate company	323,150	81,703	323,150	81,703
Fuel Supplies Maldives Private Limited	Affiliate company	18,767,288	17,311,104	18,767,288	17,029,240
Island Beverages Maldives Private Limited	Subsidiary company	-	-	636,340	281,048
Maldives Finance Leasing Company	Affiliate company	-	79,655	-	79,655
Hitachi Limited	Associate company	-	23,000	-	23,000
Male'City Council	Affiliate company	8,200	-	-	-
Hitachi Aqua-Tech Engineering Pte Limitec	Affiliate company	-	630,361	-	630,361
Maldives Post Limited	Affiliate company	11,937	-	11,937	-
		46,208,308	34,626,173	46,707,850	34,625,357

iv) Directors' remunerations

In 2024, a total remuneration of MVR 923,932/- (2023: MVR 918,330/-/-) was paid to company's directors.

	GROUP 31/12/2024 MVR	GROUP 31/12/2023 MVR	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
Directors' remunerations	1,362,005	1,418,893	923,932	918,330
	1,362,005	1,418,893	923,932	918,330

v) Loans from related parties (Note 24)

	GROUP 31/12/2024 MVR	GROUP 31/12/2023 MVR	COMPANY 31/12/2024 MVR	COMPANY 31/12/2023 MVR
Hitachi Aqua-Tech Engineering	17,172,115	31,576,241	17,172,115	31,576,241
Mitsubishi HC Capital Asia Pacific	32,353,777	48,589,497	32,353,777	48,589,497
	49,525,892	80,165,738	49,525,892	80,165,738

The terms and conditions of the loans from related parties are stated in Note 24.7.

vi) Terms and conditions

Water production services were made to the subsidiary company on a discount basis. All other transactions were made on normal commercial terms and conditions and at market rates.

35 RECLASSIFICATION OF COMPARATIVE INFORMATION

The comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the previously reported equity and profits.

35.1 Incorrectly recognition of Utility fixed monthly charges

Income Statement reclassification (Company)

Financial year ended 31st December 2023	Previous presentation MVR	Reclassification MVR	Current presentation MVR
Fixed monthly charges	23,856,768	(23,856,768)	-
Supply of utilities	979,991,677	23,856,768	1,003,848,445
	1,003,848,445	-	1,003,848,445

35 RECLASSIFICATION OF COMPARATIVE INFORMATION (CONTINUED)

35.1 Incorrectly recognition of Utility fixed monthly charges (Continued)

Income Statement reclassification (Group) Financial year ended 31st December 2023	Previous presentation MVR	Reclassification MVR	Current presentation MVR
Fixed monthly charges	23,856,768	(23,856,768)	-
Supply of utilities	979,991,677	23,856,768	1,003,848,445
	1,003,848,445	-	1,003,848,445

During the year 2023, management incorrectly recorded fixed monthly charges related to utility income under 'Other Income' instead of classifying them under 'Revenue from Supply of Utilities.

35.2 Incorrectly recognition rented building to subsidiary under group Investment Property

Statement of Financial Position reclassification (Group) Financial year ended 31st December 2023	Previous presentation MVR	Reclassification MVR	Current presentation MVR
Property Plant and Equipment - Cost	2,091,431,208	5,346,793	2,096,778,001
Investment Property - Cost	29,784,260	(5,346,793)	24,437,467
Property Plant and Equipment - Acc Depreciation	1,154,318,335	4,456,721	1,158,775,056
Investment Property - Acc Depreciation	14,128,575	(4,456,721)	9,671,854
	-	-	-

During the year 2023, management incorrectly classified the first floor of the Fen Building, which is leased to Island Beverages Maldives Private Limited ("the Subsidiary") under an operating lease, as Investment Property. However, since the property is considered owner-occupied at the group level, it should have been reclassified to Property, Plant and Equipment in the group financial statements.

36 Events after the reporting date

Dividend

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommends a dividend of MVR 255/- per share amounting to MVR 68,100,766/- for the financial year ended 31st December 2024. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

Registration in Viyana Board and Bond Issuance

The Company has completed its registration with the Maldives Viyana Board, a regulated segment of the securities market, on 3rd February 2025. This registration enables the Company to issue bonds through private placements, allowing eligible investors to participate via the Viyana Platform. The Company successfully issued a corporate bond through a private placement and received proceeds amounting to MVR 111,155,000/- for 5 years at 7.5% interest per annum. This issuance is part of a capital market financing program aimed at supporting the Company's long-term infrastructure investments and financial sustainability.

No other circumstences have arisen after the reporting date, that would require adjustments to or disclosures in the financial statements.

Auditor General’s Office
Chanbeylee Villa, 1st floor
Majeedhee Magu, Male', 20337

Tel: +960 332 3939
Email: info@audit.gov.mv
www.audit.gov.mv

+960 332 3209 mail@mwsc.com.mv www.mwsc.com.mv