MTCC

ANNUAL REPORT 2018

Attention

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2018 is compiled in accordance with the Companies Act of the Republic Maldives, the Listing Rules of the Stock Exchange, the Securities Act of the Republic of Maldives, the Cooperate Governance Code of capital Market Development Authority Requirements, Securities (Continuing Disclosure Obligations of Issuers) Regulation and Regulation for Companies.

Unless otherwise stated in this Annual Report, the terms 'MTCC' and 'Company' refer to Maldives Transport and Contracting Company PLC and/or its subsidiaries. In this report currency is, unless otherwise indicated, in Maldivian Rufiyaa (1 US Dollar is MVR 15.42).

MTCC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Reference to a 'year' in this report are, unless otherwise indicated, reference to the Company's financial year ending 31st December 2018.

In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date.

This Annual Report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and MTCC plans and objectives to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. MTCC cannot guarantee future results and thus cannot be legally held responsible for levels of activity, performance or achievements.

Contents

Our Vision

To be the leading dredging, construction, transport and engineering solution provider in the Maldives.

Our Mission

To maximize shareholders wealth by:

- Delivering innovative, renewable construction and engineering solutions.
- Providing convenient, safe and reliable transport solutions.
- And fostering continuous growth.

Values

Employee development

We are committed to effective employee training and development strategies to ensure staff expertise and excellence.

Integrity

We believe that our actions should be honest, ethical and transparent, respecting the diversity of our clients and each other.

Innovation

We pursue creative ideas incorporating technological advances that have the potential to shape the industry.

Excellence

We deliver a superior experience for all our customers, sensing their needs and exceeding their expectations, through committing ourselves to continuous improvement.

Community

We contribute to the development of our society and fulfill our corporate social responsibility.

Environment

We strive to reduce our environmental impact on the earth and its resources.

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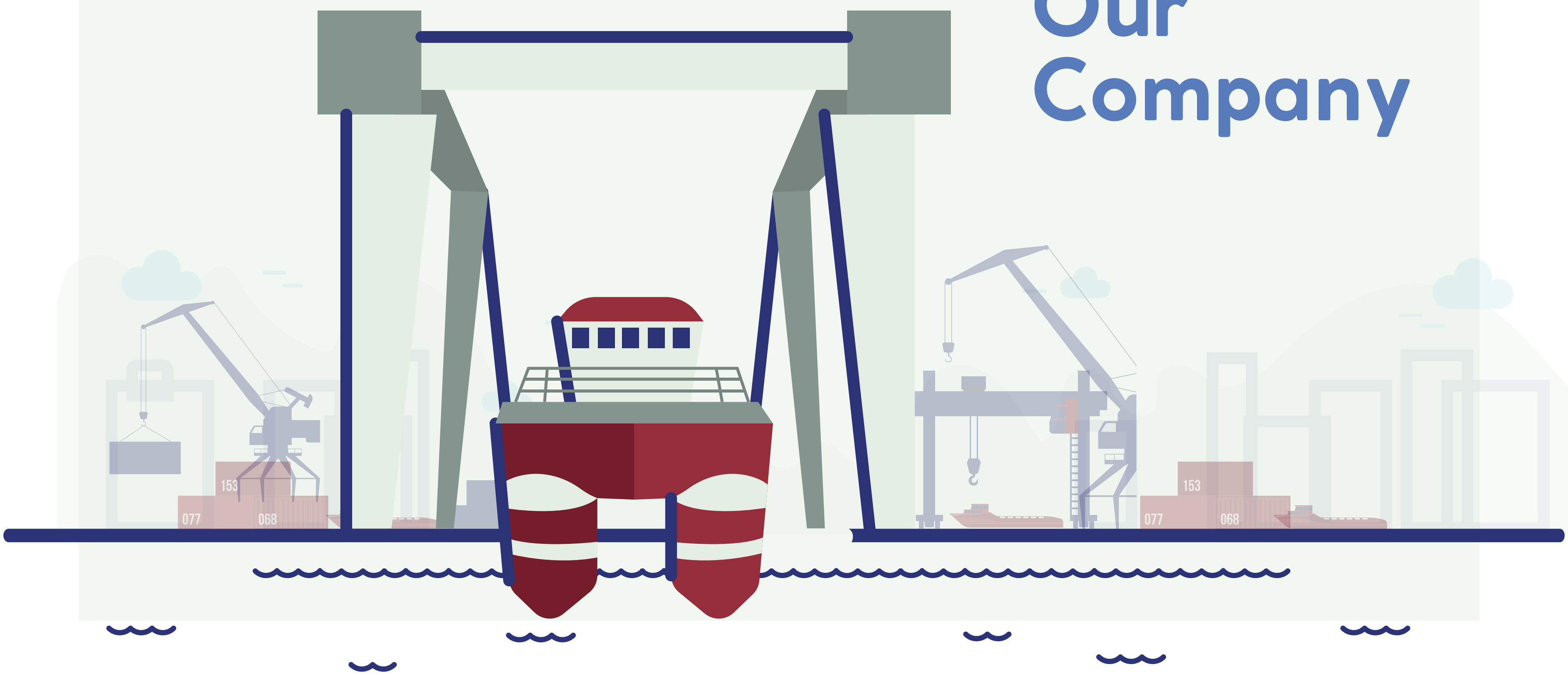
Our Company




M T C C

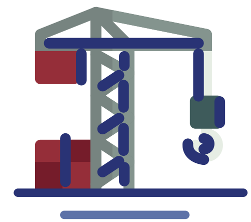
Our Company

MTCC was incorporated in 1980, at a crucial time in the country's journey of development. We have played an important role in the development of economic and social infrastructure since our inception. At MTCC we focus on building the nation, building harbors, roads, airports and the infrastructure that is needed to move the country forward. We move people to work and goods to the market with our nationwide transport network. We drive key industries of the nation with our products and services.

Our business strategy revolves around offering the highest quality and reliability in all the products and services we offer. We adhere to international quality control systems and adopt the latest technological innovations customized to local needs and to our unique environment. We are relentless in our effort to recruit and retain qualified employees.

Our focus is on sustainability through strategic diversification and expansion of our customer base. We continue to develop our capacity to serve the changing needs of the market. We are committed to ensure that we lead the way in the businesses we have developed and that the position we have achieved is sustained both locally and internationally in an increasingly challenging and competitive environment.

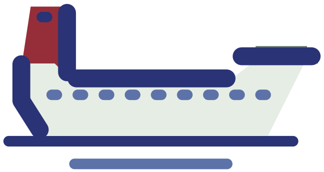
We owe our success to the trust placed on us by our customers, partners and other stakeholders and to the dedication, commitment and hard work of Our Team.



Infrastructure Development & Construction

We are the pioneer and leading local contractor in infrastructure development and construction in the Maldives. We have introduced new technology and innovative methods and modernized the sector. We have adopted our own methods of mobilization and operational procedures to suit the unique logistical challenges faced in carrying out infrastructure projects in the Maldives. We are constantly building on our experience with each and every project we complete. We have the largest fleet of equipment in the country and we have the capacity to execute several projects simultaneously in multiple locations across the country.

We have gained the confidence of the market and built our reputation for our capacity and skill in the execution of infrastructure development projects such as harbor development, shore protection, beach replenishment and sheet piling. During recent years we have proven our capability in new areas such as airport and road construction, mega construction projects and water and sewerage projects.



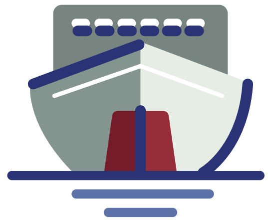
Dredging & Reclamation

Dredging and Reclamation is an area that has expanded vastly during the last few years. A new Dredging and Reclamation Department was created in 2016 to ensure dedicated focus on the development and expansion of the sector and to maximize revenue from the sector. This was also an important step taken in preparation for the arrival of Mahaa Jarraafu in 2017.

Dredging and Reclamation, which is one of the Company's core activities, was started in 1995 with just a few excavators. Since then, the Company has acquired the latest technology in dredging and has found innovative solutions for the variety of challenges faced in executing dredging projects in the unique environment of the Maldives.

Today MTCC owns the largest dredging and reclamation fleet in the country and offers its customers cutting-edge solutions to meet their requirements. We have been the largest dredging and reclamation contractor even before Mahaa Jarraafu was added to our fleet.

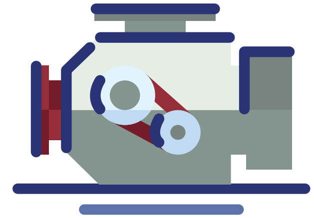
The addition of the 3700-cubic meter hopper dredger to the existing fleet of IHC 1800 and 1600 cutter suction dredgers has revolutionized the dredging and reclamation industry in the Maldives and has made us a regional player in dredging and reclamation. Together with our experienced engineers and professionals, we have gained the capacity to deliver the most challenging dredging and reclamation projects successfully to the satisfaction of our customers. Our procedures and methods are founded on international safety standards.



Transport

MTCC's transport service which began in 2001, is an integral part of the lives of Maldivians. Today we serve 16 million passengers a year on our transport network serving the atolls and our transport services in the greater Male Region. The importance of the services we offer on our nationwide networks continues to grow for families and businesses across the country. We reach 85% of the population and our ferry network connects the dispersed islands and atolls of Maldives. With well-structured and reliable scheduled transport services, we offer the public, the possibility to plan ahead and make travel plans for business or pleasure.

As the country's first and largest public transport network, our objective is to provides safe, affordable and convenient land and sea transportation services to the public. Our transport team continuously reviews our ferry schedules and make improvements to suit the needs of our customers. We visit the markets and ensure continuous improvements in the safety, reliability and comfort we offer to our passengers.

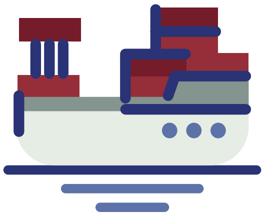


Trading

Our trading business commenced with the mechanization of dhonis, soon after the formation of the Company. From the onset the objective was to provide access and solutions for fishermen and boat owners across the country. Together with the provision of engines came the supply of spare parts necessary to ensure the smooth operation of the nation's fleet of mechanized fishing vessels and thus the fishing industry. More products were introduced, mainly targeted to the fisheries sector. Engine oil, marine coatings, inboard and outboard marine engines, marine generators, steering systems, industrial gas and fiber composites for boat building were added to the Company's trading portfolio over the years. Today we offer a range of high-quality products from leading brands for the Maldivian market. The hub of our trading business is the Kashavaru Showroom at Henveiru Sawmill.

Our products and brands are trusted and well established in the Maldivian market and play a crucial role in the various economic sectors of the country. The current range of products includes Yanmar, Suzuki, Castrol, PPG, and Scott Bader. We also offer heavy machinery from XCMG, Donaldson Filters, Marol steering systems and a variety of other products for the marine sector.

Our products are offered with outstanding customer service combined with excellent after sales support, provided through highly skilled engineers and technicians.



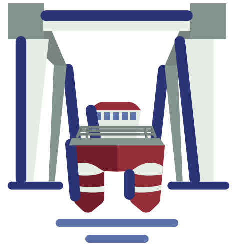
Logistic

Our Logistical Services provides domestic and international logistical services along with ship agency services. We have the largest steel vessel fleet operated in the Maldives.

Our Logistics Services was formed to provide logistics services needed for the projects undertaken by the Company. However, we have begun offering our services to public and private customers during recent years. Our international logistic services include break bulk cargo delivery service in flat top barges and tugs.

Due to the number of projects conducted by the Company across various parts of the country, our tugs and barges are mainly engaged in the delivering rock boulders and other materials required for Government coastal protection and infrastructure development projects.

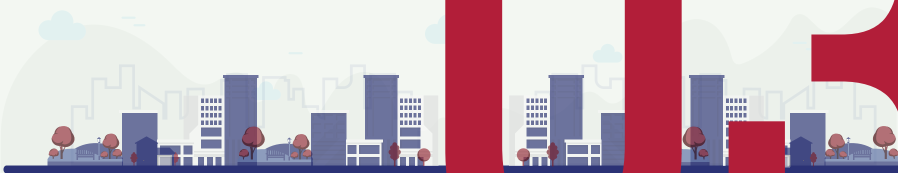
Our ship agency service provides a full range of agency services to vessels arriving in the Maldives. The agency service provides inward and outward clearance for Company vessels and to other clients. Our services include bunkering services, provision of fresh water and supplies, waste disposal and conducting minor repairs on board.



Engineering & Docking Services

Although our engineering and docking services was formed to provide maintenance to the Company's fleet of vessels and vehicles, today our services are offered to public and private customers in the market. Our boatyard located in Thilafushi, Male' Atoll has the capacity to accommodate 20 vessels of various sizes at a time. Along with the 200-ton boat hoist installed in 2017, our boatyard boasts the largest capacity for docking services in the Maldives.

Our docking service is offered using boat hoist, slipway, boat trailer and air bag technology.
Our boatyard offers a one-stop solution to our customers with a comprehensive range of complementary services which includes welding, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks.
In addition to offering services to individual vessels that require our services we also offer fleet maintenance services to resorts and other parties on contract.



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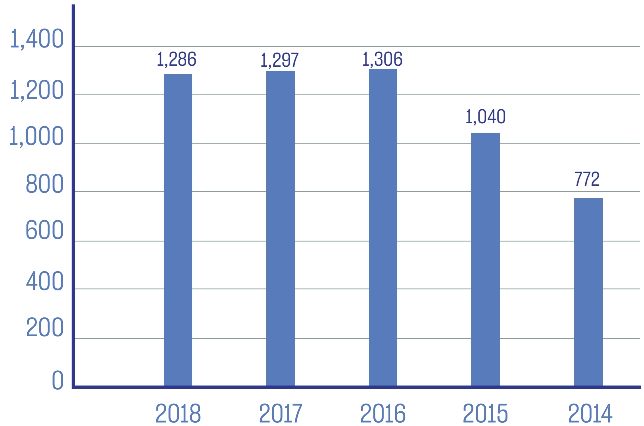
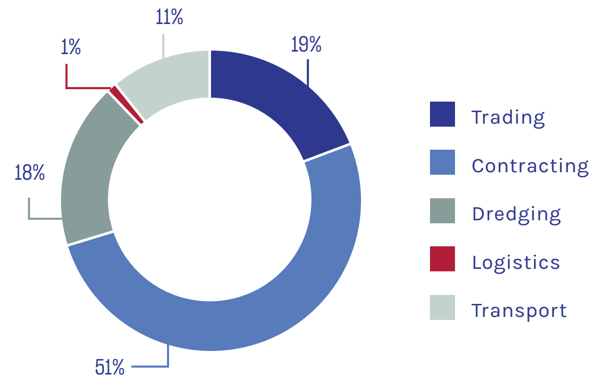
Financial Highlights

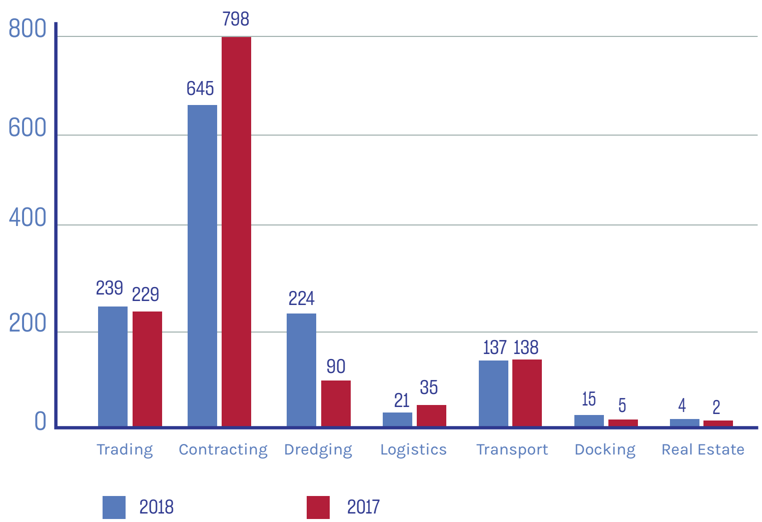
Revenue (MVR in Millions)



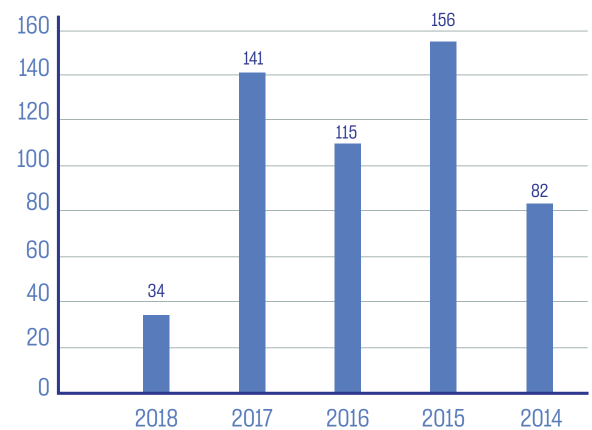
2018



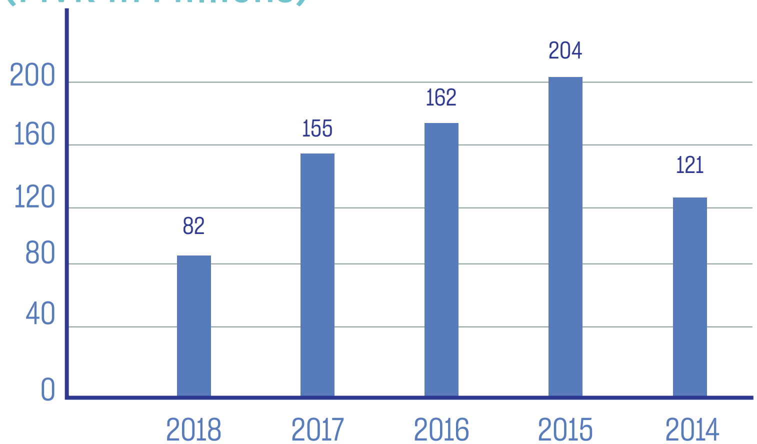
Segment Revenue (MVR in Millions)



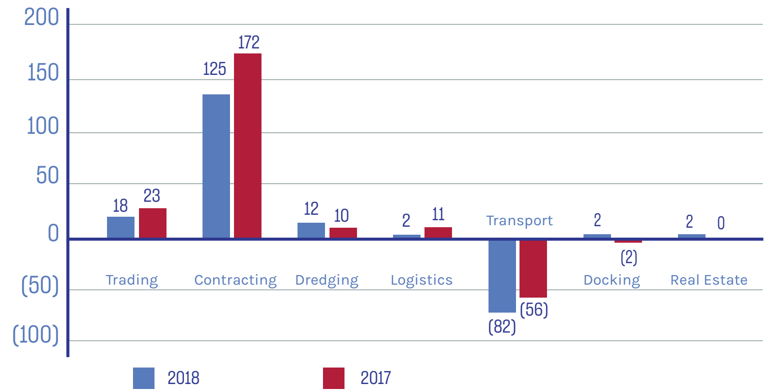
Profit After Tax (MVR in Millions)



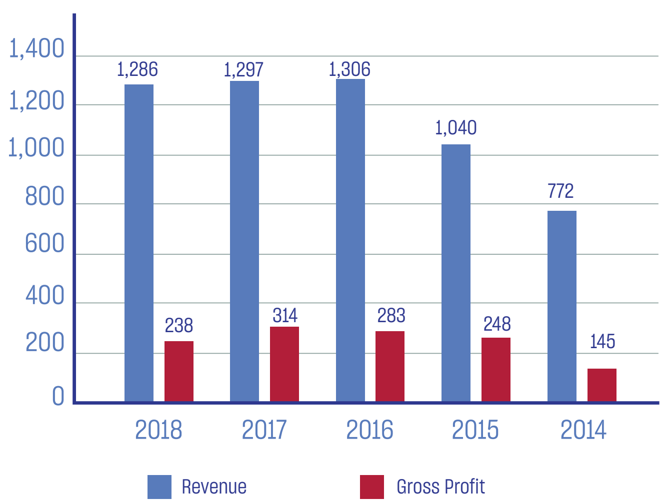
Operating Profit (MVR in Millions)



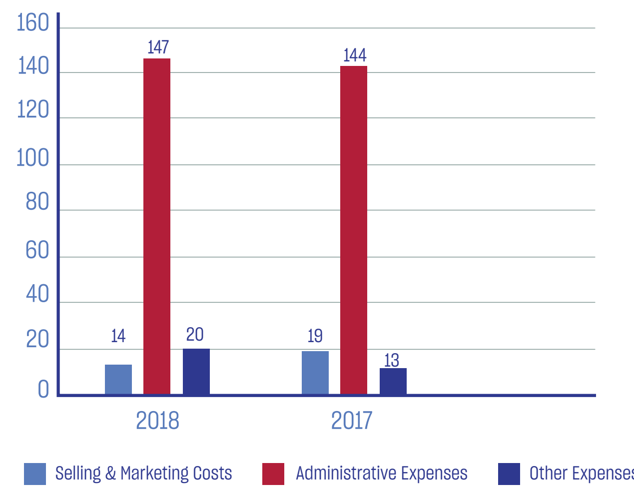
Segment Profit / (loss) (MVR in Millions)



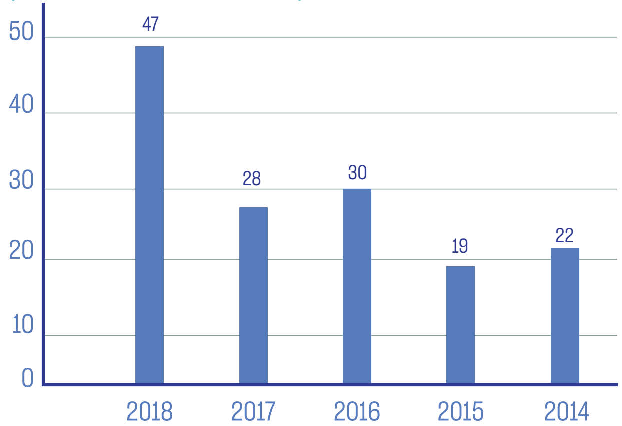
Revenue and Gross Profit



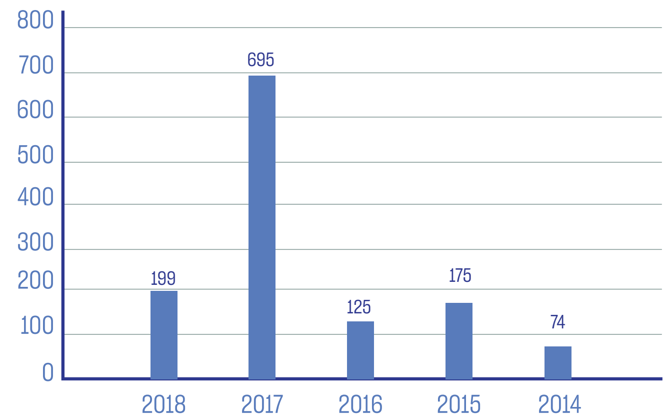
Operating Expenses (MVR in Millions)



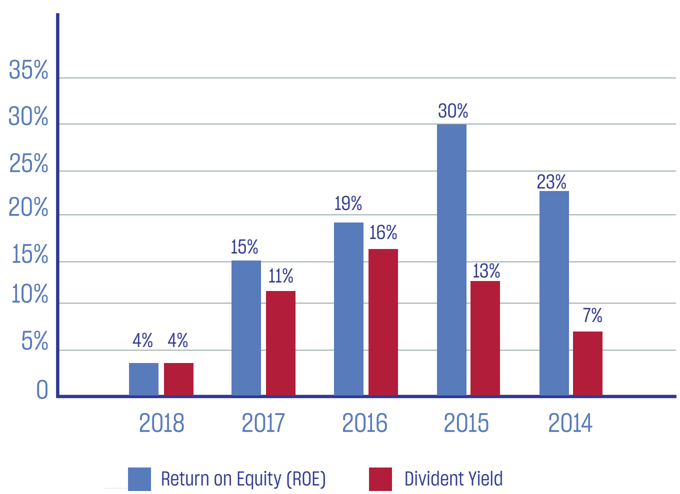
Finance Cost (MVR in Millions)



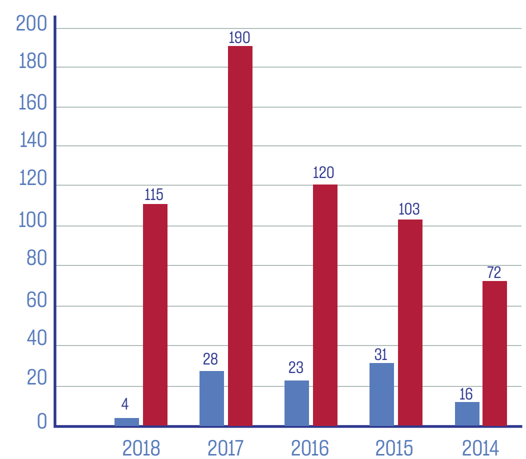
Capital Investments (MVR in Millions)



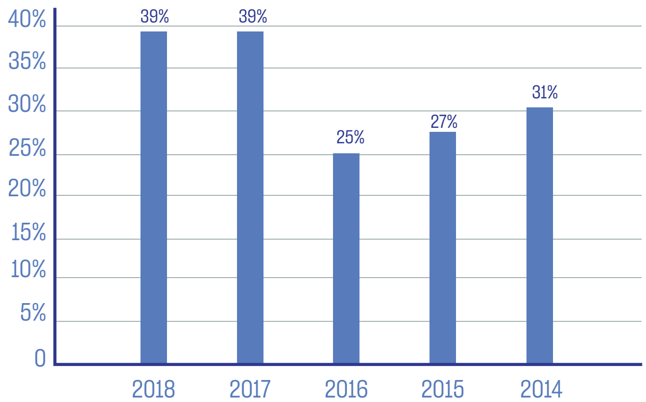
Return on Equity and Dividend Yield



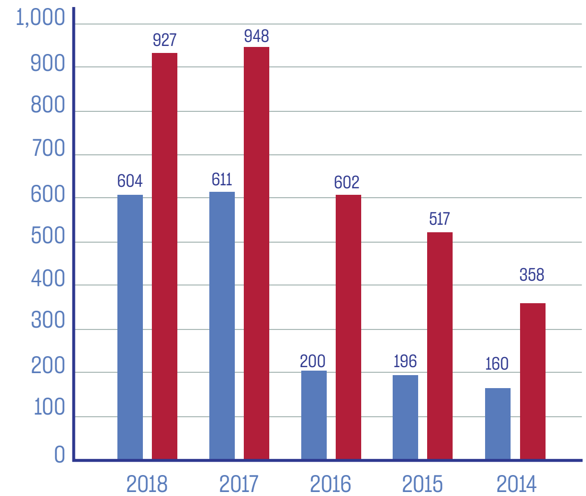
Earnings Per Share and Net Asset Value Per Share



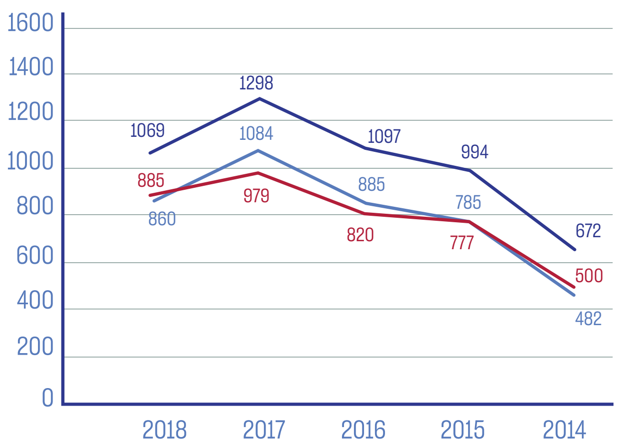
Total Gearing Ratio (%)



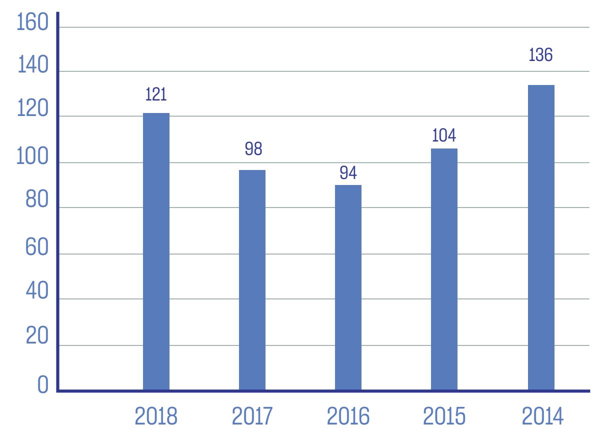
Net Debt to Equity (MVR in Millions)



Working Capital (MVR in Millions)



Working Capital Cycle (Days)



Financial Highlights of the Past 5 Years

(all amounts in Maldivian Rufiyaa)

	2018		2017		2016		2015		2014	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
Sales	1,285.69	1,281.44	1,296.66	1,294.18	1,306.50	1,289.97	1,040.30	1,043.39	772.48	776.09
Cost of Sales	1,047.46	1,040.96	982.76	985.06	1,023.01	1,004.00	792.33	797.88	627.76	630.25
Gross Profit	238.23	240.48	313.90	309.12	283.49	285.97	247.96	245.51	144.72	145.85
Expenses and Other Income (net)	156.55	157.27	158.93	154.19	121.27	125.21	43.53	44.21	24.04	23.90
Operating Profit	81.68	83.21	154.97	154.93	162.22	160.76	204.44	201.30	120.68	121.95
Financing Cost	46.91	46.91	27.63	27.63	30.49	30.49	18.76	18.76	21.55	21.55
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Net Profit Before Tax	34.77	36.30	127.34	127.30	131.73	130.27	185.68	182.54	99.13	100.40
Business Profit Tax	0.49	0.25	(13.60)	(13.62)	16.35	15.82	29.30	29.30	17.48	17.48
Net Profit After Tax	**34.28**	**36.05**	**140.94**	**140.92**	**115.38**	**114.45**	**156.38**	**153.24**	**81.64**	**82.91**
Non- Current Assets	1,082.01	1,088.96	1,036.44	1,042.51	385.93	392.04	346.09	353.17	220.16	227.26
Current Assets	1,068.92	1,086.53	1,297.60	1,310.97	1,097.48	1,107.03	993.76	973.01	671.53	670.86
Total Assets	**2,150.93**	**2,175.49**	**2,334.04**	**2,353.48**	**1,483.41**	**1,499.07**	**1,339.85**	**1,326.18**	**891.69**	**898.12**
Non-Current Borrowings	316.32	316.32	387.77	387.77	43.60	43.60	45.37	45.37	26.42	26.42
Non-Current Liabilities	22.11	21.04	19.46	18.50	17.03	16.06	-	-	7.20	7.20
Current Liabilities	885.37	903.40	978.96	993.49	820.40	830.96	777.00	757.16	499.64	496.76
Total Liabilities	1,223.80	1,240.76	1,386.19	1,399.76	881.03	890.62	822.37	802.52	533.26	530.38
Working Capital	183.55	183.13	318.64	317.48	277.08	276.07	216.76	215.85	171.88	174.10
Net Assets	**927.13**	**934.73**	**947.85**	**953.72**	**602.38**	**608.45**	**517.48**	**523.66**	**358.43**	**367.74**
Gross Profit Ratio	18.53%	18.77%	24.21%	23.89%	21.70%	22.17%	23.84%	23.53%	18.73%	18.79%
Net Profit Ratio	2.67%	2.81%	10.87%	10.89%	8.83%	8.87%	15.03%	14.69%	10.57%	10.68%
Earnings Per Share (MVR)	4.26	4.49	28.19	28.18	23.08	22.89	31.28	30.65	16.33	16.58
Dividend Per Share (MVR)	2.60	2.60	2.40	2.40	3.20	3.20	1.00	1.00	0.80	0.80
Share Capital (Millions)	40.19	40.19	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Net Assets Value per Share (MVR)	115.35	116.29	189.57	190.74	120.48	121.69	103.50	104.73	71.69	73.55
Return on Equity (ROE)	3.70%	3.86%	14.87%	14.78%	19.15%	18.81%	30.22%	29.26%	22.78%	22.55%
Gearing Ratio (Long Term Debt to Equity)	34.12%	33.84%	40.91%	40.66%	7.24%	7.17%	8.77%	8.66%	7.37%	7.18%
Current Asset Ratio	1.21	1.20	1.33	1.32	1.34	1.33	1.28	1.29	1.34	1.35
Quick Asset Ratio	0.97	0.97	1.11	1.11	1.05	1.04	1.01	1.02	0.96	0.98

04

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the annual report and consolidated financial statements of MTCC for the year ended 31 December 2018. As predicted, this was another tough and testing twelve months which we closed yet again with good financial results, though it is comparatively low compared to the previous year.

Since this is my first message as Chairman of our Company, I want this message to be a record you can use as a reference on how we plan to run MTCC in the long term. Coming in to MTCC with my knowledge in business from outside has its advantages. Someone with fresh set of eyes can ask new questions and look at challenges in a different way. We had faced a lot of hurdles during the past year and the entire team at MTCC is focused on tackling our issues head on and making progress across multiple metrics.

It is clear we have work to do. In 2018, as a result of weak execution of our plans coupled with the challenges we faced during the year we reported less satisfactory results compared to the previous year. In 2019 we are doing everything in our power to return MTCC to a position of strength, and we will need your support and patience to make sure we do so. I am confident that we can.

We are trying to place MTCC on firmer financial footing in 2019 by focusing on placing our balance sheet at a healthier place. We have plans to reduce the loss we are making from our public transport segment by negotiating with the Government of Maldives to arrange a subsidy. Since the current Government of Maldives has a massive plan to expand the public transport network of the county through MTCC, we are expecting the loss from this segment to grow further in 2019 and beyond. The dialogue is already in place and we are hoping that the subsidy will be arranged during 2019.

I am aware that a lot of expectations were placed on the huge investment we had made to acquire Mahaa Jarraafu. Although we worked on several massive reclamation projects during the year, we made a loss from this segment mainly due to the fact that all these projects were carried out at a price which did not cover the total cost of the operation. The decision to continue these projects at a considerably lower margin was due to the political pressure by the previous Government and I assure you that in my tenure as Chairman these issues will be rectified and the Dredging and Reclamation segment will be a profitable segment in 2019.

“Our goal is to focus on our key strengths and develop all our business segments to create value for our customers and improve top-line and bottom-line performance.”

We have strong business fundamentals in all of our business segments to further develop and build on. I am confident that we are on the right path and that, the strategies we have put in place will pay off in 2019 and beyond. Our flexible business model of working across our core business segments, providing diverse solutions and products with transferable capability, enables us to respond to market volatility in our respective market segments.

“I am excited
by the growth opportunities
I see across MTCC’s markets.

We will achieve success
through discipline in our
capital spending, our
advanced project execution,
operational excellence,
and our relentless focus on
business fundamentals.”

With our strong earning potential, combined excellence of our employees and prudent management, we are well positioned for further growth in the coming years. We will continue to adhere to our development strategies of value-oriented growth, innovation-driven development, integrated resource allocation and openness to cooperation. In accordance with our objective of progressing at a steady pace, we will strive to improve our products and solutions and achieve steady improvements in operational results. On top of that we will actively pursue market opportunities while implementing necessary structural adjustments to maximize the wealth of shareholders.

The Board is committed to continuing our efforts to refine our corporate governance structure and practices to reflect the best interests of all stakeholders. We believe that openness and transparency, accountability and responsibility should run throughout the Company. The Board takes matters of ethics and compliance very seriously and aims to set a tone at the top which pervades throughout the organization.

Over the years, our professional belief in ethics and quality has evolved into a set of corporate standards and practices which we use as our benchmark for excellence. This attitude of providing the highest level of quality in all our endeavors has paid-off at every step of the way. Today, we pride ourselves on being a trustworthy household name in Maldives and beyond.

We would not have achieved our success without the blessing of Almighty Allah, from whom we seek for guidance. We pray that with the grace of Almighty Allah, we will see more prosperous years ahead that takes us forward towards maximizing the wealth of our shareholders.

On behalf of the shareholders, the Board of Directors, management and staff of MTCC, I convey my best wishes and sincere gratitude to His Excellency President Ibrahim Mohamed Solih, for the trust he had in MTCC and the continued support and guidance we have received throughout this period.

I take this opportunity to thank our shareholders for their continued confidence; the trust and loyalty of our clients and business partners; and the commitment and professionalism of our management and staff. I would also like to extend my heartfelt appreciation to the Board of Directors of MTCC for their wise counsel and support.

We are well positioned to win. We have the plan, the assets and most importantly, we have the people who are hungry to make a difference and provide solutions for our customers in new ways. I am excited for the year 2019 and what we will accomplish during the year.

Mohamed Faheem
Chairman

05

CEO's Statement

Although our financial performance for the year 2018, on the face of it, is less satisfactory than the previous year, it must be seen in the context of the challenges we faced during the year. Although our total earnings for the year stood at MVR 1.28 billion (MVR 1.29 billion in 2017), our profit before tax declined by 73% compared to the previous year, mainly owing to the increase in operational costs, cost of sales and financing cost, we had to service during the year.

During the year we faced several challenges in almost all our business segments. Most notable was the growing loss from our public transport segment which saw an increase of 44% compared to the previous year, although the total revenue from the segment stood constant at MVR 137 million in 2018 and 2017.

The change in the travelling pattern of Hulhumale' ferry commuters following the opening of Sinamale bridge coupled with the increasing loss from our Atoll ferry service contributed heavily to the loss from this segment.

In the construction and projects management segment we were not able to work on as many projects as we did in the previous year mainly due to the decrease in the number of projects we were able to secure during the year, and most significantly due to the unsettled disputes with Ministry of Housing and Infrastructure and island communities on the projects we secured and mobilized. The unsettled disputes led to 12 projects being completely stalled after mobilization which ultimately contributed to the decrease in revenue compared to the previous year. However, we are glad that most of the disputes with the Ministry and the island communities have been settled in 2019 and we have resumed work on most of these projects now.

In the area of dredging and reclamation, we worked on several significant projects during the year, notably Hdh. Kulhudhufushi, Sh. Funadhoo, K. Madivaru, K. Kagi, Sh. Komandoo, K. Guraidhoo and K. Huraa reclamation project. However, we made a loss before tax of MVR 13.60 million from this segment mainly due to the pressure from the previous Government to undertake these massive reclamation projects at cost, which did not allow us to cover the huge finance costs payable during the year to service our borrowings for Mahaa Jarraafu. Moving forward we will revive this segment in 2019 and continue to secure projects at a margin that proves profitable to us.

The Trading segment and Engineering and Docking segment had a solid year with an increase in revenue of 4.5% and 209% respectively. The investment made to strengthen our engineering and docking service yielded rewards with significant returns on the assets employed for the operation.

MREIC our 100% owned subsidiary company had an outstanding year with growth in both revenue and profit before tax of 72% and 5515% respectively. The Company's business direction was restructured during the year to cater to the changing real estate and construction industry of the Maldives, which significantly improved their performance during the year.

Nevertheless, our performance at segmental level shows that we still have scope for further improvement. We are confident about the road ahead, given the exciting PSIP budget of the government for the year 2019 and the prospects of growth we foresee in the industries and markets in which we operate.

We closed the year with an annual revenue of MVR 1.28 billion, which was a slight 0.85% decrease from MVR 1.29 billion in 2017, and a net profit before tax of MVR 34.76 million, a decrease of 73% compared to MVR 127.34 million recorded in 2017.

During 2018, we invested heavily on creating the resources needed for expansion and the achievement of our goals. A total of MVR 199 million was invested in capital assets during the year. We also continued to invest in our human capital to ensure that our team is equipped with the knowledge and skills to face the challenges of tomorrow. A total of MVR 8 million was invested in training and development during the year. With this year's financial performance, the Company's net asset value per share decreased to MVR 115 in 2018 from MVR 190 in 2017, while earning per share decreased from MVR 28 in 2017 to MVR 04 in 2018.

Looking ahead, we see significant opportunities to further increase the value we deliver, by boosting growth in our existing core business segments while driving customer and operational excellence. As we come closer to completion of harbors in almost all inhabited islands of Maldives, our focus will shift to other areas of infrastructure development, mainly land reclamation, sewerage and road construction, in order to maximize the return on our assets. Further we are expecting a busy schedule for "Mahaa Jarraafu" as we see a number of huge potential projects lined up for next year and beyond. At the same time, with the expansion of general trading and docking service we will capture new growth by continuing to leverage products and solutions that have been proven in the Maldives. We will continue to grow organically through enhanced investments in all our business segments towards acquiring a bigger market share in the private sector, especially in the tourism industry. We have increased our marketing efforts to the private sector, and we see mutual gains for our customers in the private sector and for our Company.

We have intensified our reform initiatives and implemented strict controls over our investment plans, operational costs and cost of sales. We will continue to improve our operating results overall through unrelenting joint efforts to explore new markets, optimize our operation, reduce costs and improve risk management. Clearly, we can still improve operational excellence by making further progress in our product and service delivery and our commitment to quality. I am confident in our ability to explore and capture new markets and opportunities and deal with the challenges ahead, as we look towards our goal of improving the lives of all Maldivians.

We thank Almighty Allah for the blessings bestowed upon us. We pray for more prosperous years ahead towards maximizing value for our shareholders. The success we enjoy today would not have been realized if it wasn't for the special consideration given to us by the government. I convey my sincere gratitude to His Excellency President Ibrahim Mohamed Solih for the trust he has placed in us and for the continued support and guidance we have received throughout this period.

I would also like to assure our majority shareholder, the Government of Maldives and the general public that we are firm and focused on the task of building and developing the infrastructure of the nation.

I note with appreciation the important contribution by the Board of Directors for their guidance in steering the Company towards the future. I also thank all the shareholders for the confidence they have placed in the Board of Directors and the management.

We would not be where we are today, without the commitment and passion of our management team and our driving force, the hardworking employees who serve the Company across the country. I applaud with gratitude the hard work of all our employees that has paved the way for the Company to make successive strides towards achieving our strategic goals and increasing our market share in every single line of our business.

We assure our shareholders that we will maintain a prudent and proactive approach to business development and vigorously implement our strategies. We will further our efforts in internal reform and structure adjustments and promote innovation-driven growth with improved quality and efficiency. We will continue to make progress in all our business segments, growing stronger and delivering greater value to our shareholders and to our society.

Hassan Shah

Hassan Shah
Chief Operating Officer

06

Board Of Directors

Mr. Mohamed Faheem

Chairman/Non-Executive Director

Mr. Mohamed Faheem was appointed to the Board as the Chairman by the majority shareholder (Government) on 11th February 2019. Mr. Faheem is an entrepreneur with over twenty years of experience in business in various leadership positions. During his long business career, Mr. Faheem has introduced new products and brands in the Maldives and has helped expand businesses in the area of trade and retail.

Along with his business career, Mr. Faheem also has a strong background of public and social services both at the regional level and the national level. In 2008 Mr. Faheem was appointed as an Atoll Councilor in the Noonu Atoll Council and served in the Council until 2009. Mr. Faheem served as Deputy Minister of State at the Ministry of Home Affairs from 2009 to 2011. In 2011 he was elected to the Noonu Atoll Council from the Kendhikulhudhoo Constituency and served in the Atoll Council until 2014.

Mr. Faheem holds a Certificate in Teaching from the Institute of Teacher Training, Maldives.

Mr. Faheem does not own any shares of the Company.

Mr. Hassan Shah

Chief Executive Officer/ Executive Director

Mr. Hassan Shah was appointed to the post of Chief Executive Officer and Executive Director of the Board of Directors on 11th December 2018. Prior to his appointment as CEO of MTCC, Mr. Shah served at the Ministry of Environment as the Minister of State, Chairman of Maldives Ports Limited (MPL) and as a member of the Elections Commission of the Maldives.

Mr. Shah is a registered Environmental Impact Assessment (EIA) Consultant and serves as an EIA reviewer at Ministry of Tourism and at the Environmental Protection Agency of the Maldives. Mr. Shah was also a Director of Water Solutions Private Limited, a private water, wastewater, environment and project management consultancy firm registered in the Maldives from 2005 until 2018.

Mr. Shah has also been a consultant for several marine infrastructure development projects in the Maldives and brings in a rich mix of engineering experience in shore protection, dredging and reclamation to the Company. Mr. Shah holds a Bachelor's Degree in Environmental Science from Yuvaraja's college, University of Mysore. He has also participated in several workshops, seminars and conferences in the area of environmental protection, engineering, management and governance.

Mr. Shahid Hussain Moosa

Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd. for two years as the General Manager of LinkServe Plus, Hulhumale.

A veteran of the hospitality and tourism industry, Mr. Shahid brings with him 29 years of experience, specifically in project management and operations management. During his distinguished tenure in the tourism and hospitality industry of the Maldives, Mr. Shahid has served as Director of Operations at Komandoo Island Resort, Executive Assistant Manager, Operations at Kuredu Island Resort and Spa as well as Project Manager at Komandoo Island Resort during its construction.

Mr. Shahid holds an Advance Certificate in Hospitality Management from University of Birmingham, United Kingdom. He has also participated in various training programs in management and public relations.

Mr. Nasrath Mohamed

Non-Executive Independent Director

Mr. Nasrath Mohamed was first elected to the Board of Directors at the Annual General Meeting held on 29 May 2013. He was reelected to the Board by public shareholders on 26 April 2018. Mr. Nasrath has more than 13 years of experience in sales, customer service, business management and currently serves as Manager, Client Services at Allied Insurance Company of the Maldives Pvt Ltd.

While Mr. Nasrath Mohamed has served as a Member of the Board of Directors of the Company since 2013, he had also served as a Director of the Board of Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC during the period 2013 to 2016. Mr. Nasrath holds a Master of Business Administration (MBA) from Victoria University, Australia, a Bachelor of Business (Management and Marketing) Degree from Edith Cowan University, Australia and an Associate Degree of Business from Perth Institute of Business & Technology, Australia. He also holds Executive Diploma in Directorship from Singapore Management University, Singapore.

Nasrath has also participated in several workshops, seminars and conferences in the area of operations, management and governance.

Mr. Nasrath owns 19 shares of the Company

Mr. Mansoor Zubair
Non-Executive Independent Director

Mr. Mansoor Zubair was elected as a Non-Executive Independent Director of the Board of Directors by public shareholders on 29 August 2017. He was re-elected by public shareholder on 26 April 2018. Mr. Zubair has also served as a member of the Board of Directors of the Company from 2009 to 2013.

Mr. Mansoor Zubair has served at the Maldives Monetary Authority in various capacities from 2000. Prior to that he served at the Ministry of Finance and Treasury since 1998. Mr. Mansoor Zubair is currently the Assistant Executive Director of the Statistics Division of Maldives Monetary Authority. Mr. Zubair also served as a member of the Board of Directors of Maldives Integrated Tourism Development Corporation from 2016 to 2018.

Mr. Mansoor Zubair holds a Master of Business Administration degree from the Open University of Malaysia and a Bachelor of Commerce (Banking and Finance) degree from Curtin University of Technology, Australia.

Mr. Zubair owns 20 shares of the Company.

Mr. Abdulla Shaairu
Non-Executive Independent Director

Mr. Abdulla Shaairu was appointed as a Non-Executive Independent Director of the Board by the majority shareholder (Government) on 6 February 2019. Prior to his current tenure in the Board, Mr. Shaairu also served as a Director of the Board from 2009 to 2012.

Mr. Abdulla Shaairu is a lawyer by profession and has represented various local and foreign high-profile clients as criminal defense lawyer and in various commercial litigations. He was a member of the Social Housing Committee of the Ministry of Housing and Urban Development from 2005 to 2007. Mr. Shaairu holds a Diploma of Law and Sharia from the Institute of Islamic Education, Maldives.

Mr. Shaairu owns 40 shares of the Company.

Mr. Sinaan Ali
Non-Executive Independent Director

Mr. Sinaan Ali was appointed as a Non-Executive Independent Director of the Board by the majority shareholder (Government) on 6 February 2019. Prior to his current tenure in the Board, he served as a Director of the Board from 2014 to 2016.

Mr. Sinaan Ali has had a long career in broadcasting and journalism spanning over 19 years and currently serves as the Chief Executive Officer and Editor in one of the largest media companies. He has also been a senior contributor and columnist for various publications. Mr. Sinaan Ali is a Senior Fellow Journalist of the Royal Institute of Journalism (Singapore) and received the National Award in Journalism in 2015. From 2016 to 2018 he served as a member of the Board of Directors of Island Aviation Limited.

Mr. Sinaan Ali holds a Master of Business Management (MBA) from the Angela Ruskin University, London and a Postgraduate Diploma in Journalism from the Asian College of Journalism, Chennai, India.

Mr. Sinaan Ali does not own shares of the Company.

07

Management Team

Mr. Hassan Shah
Chief Executive Officer/ Executive Director

Mr. Hassan Shah was appointed to the post of Chief Executive Officer and Executive Director of the Board of Directors on 11th December 2018. Prior to his appointment as CEO of MTCC, Mr. Shah served at the Ministry of Environment as the Minister of State, Chairman of Maldives Ports Limited (MPL) and as a member of the Elections Commission of the Maldives.

Mr. Shah is a registered Environmental Impact Assessment (EIA) Consultant and serves as an EIA reviewer at Ministry of Tourism and at the Environmental Protection Agency of the Maldives. Mr. Shah was also a Director of Water Solutions Private Limited, a private water, wastewater, environment and project management consultancy firm registered in the Maldives from 2005 until 2018.

Mr. Shah has also been a consultant for several marine infrastructure development projects in the Maldives and brings in a rich mix of engineering experience in shore protection, dredging and reclamation to the Company. Mr. Shah holds a Bachelor's Degree in Environmental Science from Yuvaraja's college, University of Mysore. He has also participated in several workshops, seminars and conferences in the area of environmental protection, engineering, management and governance.

Mr. Shahid Hussain Moosa
Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd. for two years as the General Manager of LinkServe Plus, Hulhumale.

A veteran of the hospitality and tourism industry, Mr. Shahid brings with him 29 years of experience, specifically in project management and operations management. During his distinguished tenure in the tourism and hospitality industry of the Maldives, Mr. Shahid has served as Director of Operations at Komandoo Island Resort, Executive Assistant Manager, Operations at Kuredu Island Resort and Spa as well as Project Manager at Komandoo Island Resort during its construction.

Mr. Shahid holds an Advance Certificate in Hospitality Management from University of Birmingham, United Kingdom. He has also participated in various training programs in management and public relations.

Mr. Mohamed Hilmy
Chief Financial Officer

Mr. Mohamed Hilmy joined MTCC in 2011 and currently holds the position of Chief Financial Officer of the Company. During his seven years of service at MTCC, he has held various executive posts at the Company including the posts of Chief Accountant and Financial Controller of the Company. Prior to joining MTCC Mr. Hilmy worked at Maldives Ports Limited and at Price Waterhouse and Coopers in the field of audit assurance service and finance.

Mr. Hilmy represented MTCC in the Board of Directors of Maldives Finance Leasing Company till 4th April 2014. Subsequently he has also served as an Executive Member of the Board of Directors of MTCC from 7th July 2015 to 19th December 2016. At present he is a Member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited (MREIC), a fully owned subsidiary of MTCC.

Mr. Hilmy is a fellow member of the Association of Chartered Accountants (ACCA) and is a Certified Chartered Accountant.

Mr. Ibrahim Latheef

General Manager - Human Resources & Administration Department

Mr. Ibrahim Latheef joined MTCC in 1999 and currently holds the position of General Manager in charge of the Human Resource and Administration Department of the company. During his nineteen years of service, Mr. Ibrahim Latheef has served the Company in the capacity of Department Head of several Departments which includes Business Development Department, Administration Department, Procurement Department, Building Security and Services Department. He has also served as the Division Head of Transport and Engineering & Docking Department.

Mr. Latheef holds a master's degree in Business Administration from the Open University Malaysia, Malaysia and a Bachelor of Arts (Hons) Degree in Marketing from the University of Hertfordshire, United Kingdom. Mr. Latheef is a Chartered Marketer of Chartered Institute of Marketing and a member of Society for Human Resource Management. He is a certified Balanced Scorecard Professional (BSP) and a certified KPI professional (KPIP).

Mr. Mohamed Khusham

General Manager - Engineering & Docking Department

Mohamed Khusham joined MTCC in 2016 and currently holds the position of General Manager in charge of the Engineering and Docking Department of the Company. During his two years of service at MTCC, he has also held the position of General Manager of the Construction and Projects Management Department of the Company. Mr. Khusham brings in a rich mix of experience and knowledge to the Company gained during his service as the Commissioner of Prisons, Maldives Correctional Service and Inspector General of judiciary, Judicial Services Commission.

Mr. Khusham holds a Diploma of Business from the New Horizon Learning Centre, Western Australia and a Bachelor's Degree in Security and Law Enforcement Studies from the Institute for Security and Law Enforcement Studies and University of Western Australia.

Mr. Ismail Adhuham

General Manager - Trading Department

Mr. Ismail Adhuham joined MTCC in 2014 and currently holds the position of General Manager in charge of the Trading Department of the Company. Mr. Adhuham's experience prior to joining MTCC is of great value to the Company. He has served as the General Manager at AAA Hotel and Resorts, Marketing Representative at the Code Marketing UK Limited and the Human Resources and Marketing Manager at the Allied Insurance Company of the Maldives.

Mr. Adhuham holds a Master's Degree in Business Administration from Warnborough College, Ireland and a Bachelor 's Degree in Management and Marketing from Edith Cowan University, Australia. He also holds an Associate Degree from the Australian Institute of Business and Technology and is a registered insurance professional at Maldives Monetary Authority.

Mr. Shifau Ali

General Manager – Marketing & Business Development Department

Mr. Shifau Ali joined MTCC in 2007 and currently holds the position of General Manager in charge of the Marketing and Business Development Department of the Company. During his eleven years of service at MTCC, Mr. Shifau Ali has also served the Company as the Division Head of Support Service Division, Financial Controller of the Company and as the Department Head of Procurement Department and Accounts & Finance Department.

At present Mr. Shifau Ali also serves as a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited (MREIC), a fully owned subsidiary of MTCC.

Mr. Shifau Ali holds a Bachelor's (Hons) Degree in Accounting and Finance from the University of East London and is currently pursuing professional qualification from the Association of Certified Chartered Accountants (ACCA).

Mr. Ali Nashath

Chief Internal Auditor

Mr. Ali Nashath joined MTCC in 2017 and currently holds the position of Chief Internal Auditor of the Company. With more than seventeen years of experience in auditing and assurance he has brought extensive improvements to the internal auditing function of MTCC. He has spent his career in the auditing and assurance function in some of the major state-owned organizations as well as in private companies.

Prior to joining MTCC Mr. Nashath held the posts of Chief Financial Officer at Maldives Road Development Corporation Limited and Head of the Internal Audit Department of Fuel Supplies Maldives (a subsidiary of STO). He has also served in the internal audit department of State Trading Organization for more than eight years.

Mr. Ali Nashath is a Certified Chartered Accountant and is a member of the Association of Chartered Certified Accountant (ACCA) UK. Mr. Nashath holds a Master's Degree in Business Administration from the Open University of Malaysia. He has also completed several professional and technical courses in the field of auditing and investigation, and is currently pursuing qualification for Certified Internal Auditors from Institute of Internal Auditors (IIA Global)

Ms. Fathimath Liusha

Company Secretary

Ms. Fathimath Liusha joined MTCC in 1997 and currently holds the position of Company Secretary in charge of the Investor Relations Department of the Company. During her twenty-one years of service at MTCC, Ms. Liusha has also served the Company in the capacity of Department Head of Human Resources & Administration Department and Manager of several Departments which includes Administrative Department, Legal Department and Corporate Department.

Ms. Fathimath Liusha holds a Master's Degree in Business Administration from the Open University Malaysia, Malaysia and Bachelor of Arts (Hons) Degree in International Business Administration from University of Northumbria Newcastle, UK.

Mr. Ahmed Latheef

Asst General Manager - Construction & Project Management Department

Mr. Ahmed Latheef joined MTCC in 1999 and currently holds the position of Assistant General Manager in charge of the Construction and Projects Management Department of the company. During his nineteen years of service at MTCC, Mr. Ahmed Latheef has served the Company in various technical and managerial capacity including the position of Engineer and Senior Engineer of Construction & Projects Management Department.

Mr. Ahmed Latheef holds a Master of Science Degree in Quantity Surveying and a Bachelor of Science (Hons) Degree in Construction and Project Management from the Heriot Watt University, Scotland.

Ms. Aishath Susan Haneef

Asst General Manager - Legal Affairs Department

Aishath Susan Haneef joined MTCC in 2000 and currently holds the position of Assistant General Manager in charge of the Legal Affairs Department of the company. During her eighteen years of service at MTCC, Ms. Aishath Suzan Haneef has also served the Company in the capacity of Department Head of several Departments which includes Corporate Department, Business Development Department, Marketing Department, Rental Department, Building Services and Security Department, Corporate Bureau and Human and Administrative Department.

Ms. Susan is a visiting lecturer at Maldives National University and Villa College and has conducted guest lectures at universities abroad.

Ms. Susan holds a Master 's Degree in Business Administration (Marketing) from the University of Southern Queensland, Australia and a Bachelor 's Degree in Business Administration (International Business) from the University of East London, United Kingdom.

Mr. Ahmed Salaam

Asst General Manager - Information Communication & Technology Department

Mr. Ahmed Salam joined MTCC in 1991, and currently holds the position of Assistant General Manager in charge of the Information Communication & Technology Department of the Company. During his twenty-seven years of service at MTCC, Mr. Ahmed Salam has also served the Company in various technical and managerial capacity including the position of Software Programmer and Manager of Information Systems Department

Mr. Salam holds a Bachelor 's Degree in Computer Science from the University of Wollongong, Australia and is a Certified Information Systems Security Professional (CISSP) from Koenig Dubai.

Mr. Hussain Zuhury

Asst General Manager – Logistical Operations Department

Mr. Hussain Zuhury joined MTCC in 2002 and currently holds the position of Assistant general Manager in charge of the Logistical Operations Department of the company. During his seventeen years of service at the Company, Mr. Hussain Zuhury has also served the Company in various managerial capacity including the position of Manager of the Rentals Department and Senior Manager of the Logistical Operations Department.

Hussain Zuhury holds a Master's Degree in Business Administration from the Open University Malaysia, and a Bachelor's Degree in Business Administration from Limkokwing University of Creative Technology, Malaysia

Mr. Mohamed Nazim

Asst General Manager – Transport Services Department

Mr. Mohamed Nazim joined the Company in 2000 and currently holds the position of Assistant General Manager in charge of the Transport Service Department of the Company. During his eighteen years of service at MTCC, Mr. Mohamed Nazim has served the Company in the capacity of Senior Manager of Transport Services Department and Manger of several Departments which includes, Transport Services Department, Procurement Department, Thilafushi Business Department and Logistics Department.

Mohamed Nazim holds a Master's Degree in Business Administration from the University of the West of England

Mr. Waseem Akram

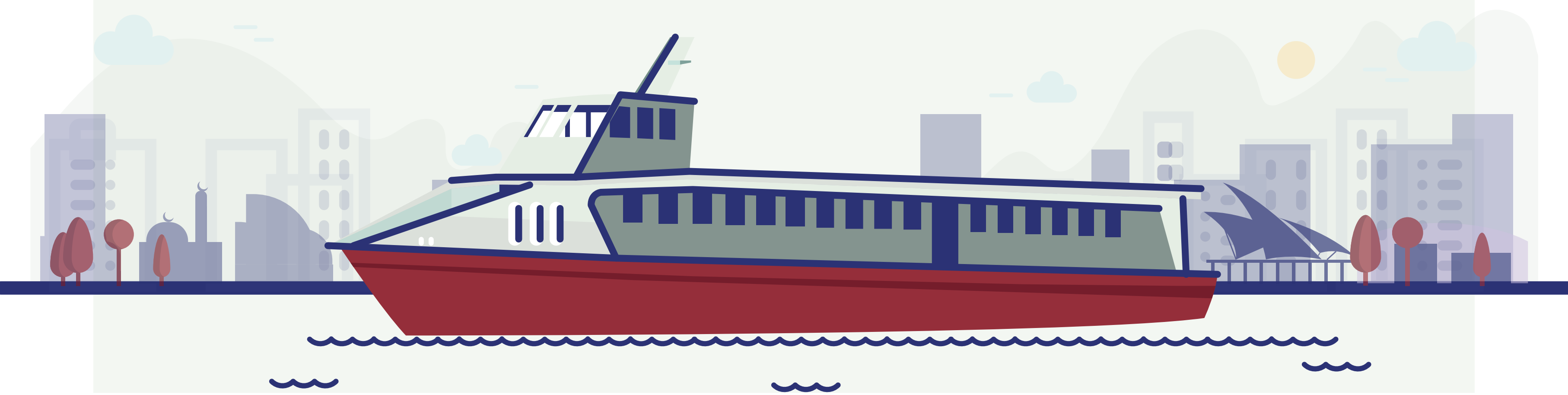
Financial Controller – Finance Department

Mr. Waseem Akram joined MTCC in 2012 and currently holds the position of Financial Controller of the Company. Prior to joining MTCC he has worked as an Assistant Manager – Audit, Assurance and Tax at Price Waterhouse Coopers and as a Senior Auditor at Kreston MNS & Co.

Mr. Waseem Akram is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL), Associate Member of Certified Public Accountants of Australia (ASA), a senior member of Accounting Technicians of Sri Lanka (AATSL), and an associate member of the Institute of Certified Management Accountants of Sri Lanka (ICMA).

08

Business Review



Infrastructure Development & Construction

MTCC is the leader in infrastructure development and construction in the Maldives. We have pioneered know-how and technology in various areas of our work that have revolutionized the construction industry in the Maldives. Our scope in land and marine infrastructure development includes harbor construction, shore protection, beach replenishment and sheet piling. As an important partner in nation building we have gained nationwide trust and recognition for our capacity and expertise in the area.

As the major contractor in the Maldives, we have completed several infrastructure development projects in the Maldives. During the year we have entered into new areas of infrastructure development and have built our capacity to work in those areas. These include airport and road construction, water and sewerage infrastructure and major building construction projects.

We have developed our own mobilization techniques and operational procedures to suit the unique environmental and logistical challenges faced in carrying out infrastructure projects in the dispersed islands of the Maldives. We are constantly building up our expertise with the experience gained from each project that is completed. We have the largest fleet of machinery and equipment in the country and have the capacity to execute several projects simultaneously in multiple locations across the length of the country.

Our Services

- Coastal protection
- Harbor construction
- Airport construction
- Building construction
- Road & bridge construction
- Water & sewerage
- Electrification
- Surveying (topographic, hydrographic, engineering)
- Environmental consultation

Review

Over the years the Construction and Project Management segment has been the biggest contributor to the Company's revenue and earnings and 2018 was no exception. The ability to undertake projects of varying sizes across the country is the strength that drives our work. During the year our team worked on 47 projects of which 24 were completed.

During the year, Construction and Project Management segment contributed MVR 645 million towards the total group revenue, which represents 50.16% of the total group revenue. However, this is 19.15% less compared to the segmental revenue of 2017.

Greater Diversification

Harbor construction, dredging and reclamation has been our most important lines of work since the Company was formed and the total revenue of the Company was extremely dependent on Construction and Project Management segment. As harbors have been constructed in most of the islands, we are now focused on entering into and expanding our scope in the other infrastructure development projects in this industry. As such we have built our capacity in various areas of infrastructure development and construction and have started seeing positive results of our efforts when we look at the array of projects, we have undertaken during 2018.

During the year, we have undertaken several major airport projects, Road construction projects and water and sewerage projects. We are proud to announce that a major part of our revenue for 2018 has been contributed by these projects. The fact that all the airports constructed in the Maldives in 2018 was undertaken by MTCC is proof of the confidence our clients have in our capacity to undertake such projects. We are also proud to announce that during the year, we won one of the largest water and sewerage projects ever conducted in the Maldives at Addu City.

Key Projects Completed During the Year

During 2018 we have successfully completed several major projects across the country. One of the most important projects we undertook during the year was the water and sewerage projects for Maradhoo, Maradhoo-Feydhoo, and Feydhoo in Addu City. Under this project, sewerage connections will be provided to 2500 households in Addu City and this is one of the largest projects of this kind ever undertaken in the country.

Other important projects conducted during the year includes, Hdh. Kulhudhuffushi airport development project, Sh. Funadhoo airport development project and Gdh. Maavaarulu airport development project. Key projects undertaken in 2018 also include the road construction project of Sh. Funadhoo and Sh. Komandoo reclamation project. Work on the Kulhudhuffushi harbor expansion projects worth MVR 126 million which commenced in December 2018 is also one of the key projects undertaken during the year.

Airport Construction Projects

We won and undertook three airport construction projects in 2018. The MVR 65 million Hdh. Kulhudhuffushi airport project includes construction of a 1220 m long, 30 m wide runway, a 45 m long, 15 m wide taxiway and an apron of 150 m by 50 m. Work on this project, which was awarded to us in February 2018 was completed in 245 days.

The Sh. Funadhoo airport project which includes the construction of a 1200 m long, 30 m wide runway, a 90 m long, 15 m wide taxiway and an apron of 150 m by 50 m., was begun in April 2018. 85% of this project worth MVR 49 million was completed by the end of the year.

Work on the Gdh. Maavaarulu airport project also commenced in April 2018 and 71% of the work was completed by the end of the year. The project valued at MVR 57 million includes the construction of a 1200 m long, 30 m wide runway, a 60 m long, 30 m wide taxiway and an apron of 120 m by 45 m.

Building Our Capacity

Our scope of work has expanded during the year and new projects undertaken during the year include road construction and airport construction projects in addition to water and sewerage projects and we have successfully completed several projects in these areas.

During the year we have worked on building our capacity by expanding our equipment fleet. The addition of a new set of road laying equipment, an excavator and other machinery and equipment fleet now offers us the possibility to work on three airport construction and road construction projects simultaneously.

Efficiency In Material Management

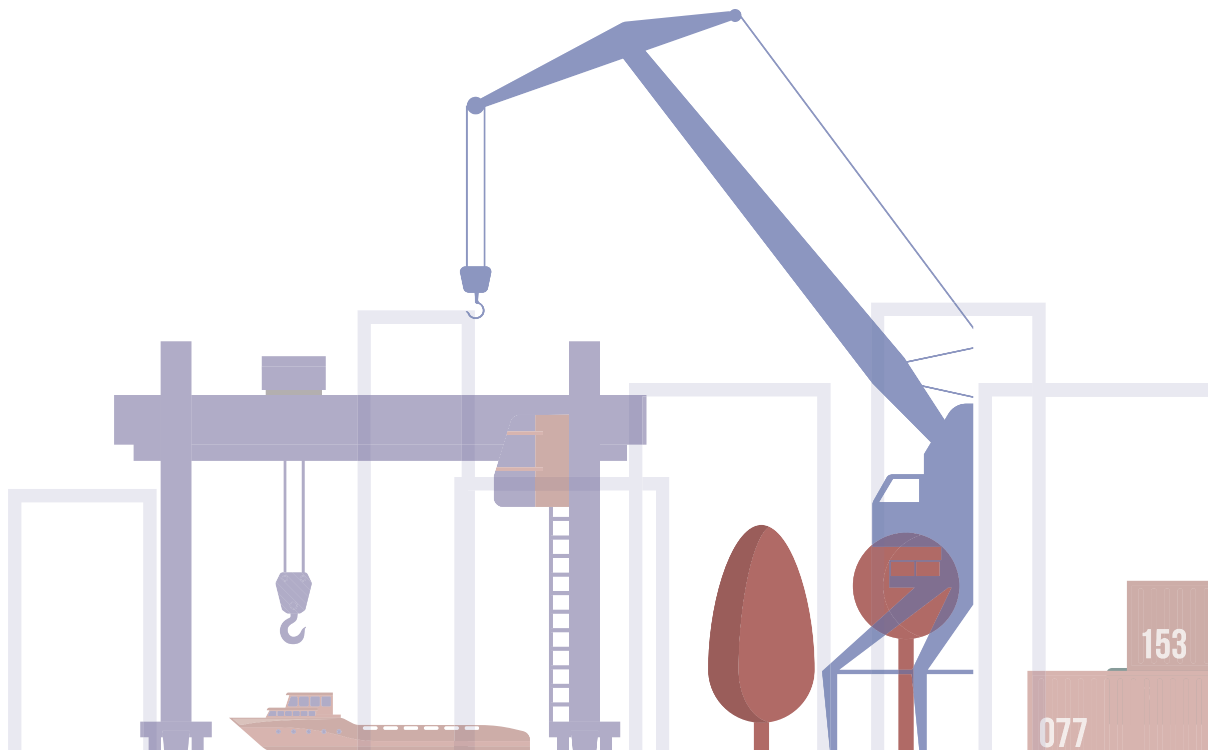
Greater efficiency and performance-driven project management has been one of the major themes during the last few years. The Company's 'material management and logistics plan was devised and implemented in 2017, to create formal structures for efficient material management. Under the plan a material management section was formed to manage delivery of construction materials and related logistics in a more efficient manner. We continued our efforts on strengthening the processes and systems during 2018.

Advances In The Survey Capability

In 2017 we made further advances in our survey sector and our capacity to conduct environment impact assessments. We started sub bottom deep sea water surveys during the year with advanced equipment. Keeping up with the Company's position as a pioneer in many of the areas of the Company's sphere of work, we are the first to offer this service in the country and a huge advancement to our already sophisticated survey work.

Our survey equipment includes a robotic total station for use in topographic surveys, an Image Station, a Hydron survey boat that can be remotely operated to take bathymetric data from shallow area that normal boats cannot access, a drone to plan surveys of large reclamation areas, and an LN100, a TOPCON layout navigator for setting out surveys and take as-built data especially for building structures.

With advances we have made in sub-bottom profiling and hydrographic surveying, we have utilized our capacity to assess the sediment and rock layers of areas that are marked for dredging and reclamation in order to further improve the Company's performance in dredging and reclamation projects. As such ten hydrographic surveys were conducted during the year.
In 2017 we began conducting environmental assessment work for the Company's own projects. This was expanded during 2018 and fourteen such projects were undertaken during the year.



Dredging & Reclamation

The dredging and reclamation segment has vastly expanded during the last few years. With the rapid inflow of new investments into the country, we expect further expansion in the sector in the near future. The Dredging and Special Projects Department was created in 2016 to ensure dedicated focus is given to dredging and reclamation, in order to maximize revenue from the segment. The creation of the new department was also an important step taken in preparation of the arrival of the trailing suction hopper dredger Mahaa Jarraafu in 2017.

Dredging and reclamation, which is one of the Company's core activities was started in 1995 with just a few excavators. During the years since, we have acquired the latest technology and have found innovative solutions for the variety of challenges faced in executing dredging and reclamation projects in the unique environment of the Maldives.

We own the largest dredging and reclamation fleet in the country, and we offer our customers cutting-edge solutions to meet their requirements. Even prior to the arrival of Mahaa Jarraafu, we have been the largest dredging and reclamation contractor in the Maldives. The 3700-cubic meter hopper dredger was an addition to the already existing fleet of IHC 1800 and 1600 cutter suction dredgers.
With the addition of the new dredger we have now become a significant dredging Company in the region. With the largest fleet in the country and the most experienced experts and professionals in the field, we have the capacity to complete and deliver the most challenging reclamation projects to the satisfaction of our customers. Our team comprises of a hundred staff and our standards and procedures comply with international safety standards.

Review

Mahaa Jarraafu was added to our fleet in 2017. The inaugural project for the dredger was the Hdh. Kulhudhuffushi airport reclamation project which commenced during the same year. The reclamation work of the Kulhudhuffushi airport project was completed in January 2018.

In addition to the Kulhudhuffushi reclamation project, other major reclamation projects were undertaken during the year in review. After the Kulhudhuffushi reclamation project, Mahaa Jarraafu was deployed for the reclamation work of the Sh. Funadhoo airport project. Our work in Sh. Funadhoo, which commended in November 2017 was completed in April 2018.

Other major projects that were undertaken and completed during the year includes K. Madivaru reclamation project, K. Kagi reclamation project, Sh. Komandoo reclamation project, K. Guraidhoo reclamation project and K. Huraa reclamation project.

Out of the eight projects that were completed during the year, the K. Kagi project was the first private sector project in which Mahaa Jarraafu was utilized for reclamation. Other project conducted with the use of Mahaa Jarraafu includes the reclamation of Sh. Komandoo, completed during the year and the reclamation projects in K. Thilafushi, K. Huraa and K. Maavaarulu which were ongoing as of end 2018.

During the year, Dredging and Reclamation Segment contributed MVR 224 million towards the total group revenue, which represents 17.41% of the total group revenue. This is a 149.32% in increase in revenue compared to the segmental revenue of 2017.


Castrol
CASTROL CAREMAX
OIL TEST KIT
IT'S MORE THAN JUST OIL. IT'S LIQUID ENGINEERING.
Castrol
TLX304
GREASE
Castrol
Offshore

Trading

The objective of the Trading Segment is to provide access to products and services required for marine transport, industrial power generation, tourism and fisheries industries of the country. Our trading business commenced with the mechanization of dhonis soon after the formation of the Company. Even at the onset the objective was to offer access to our services to boat owners across the country.

Together with the provision of Yanmar engines came the supply of spare parts necessary to ensure the smooth operation of the fleet of mechanized fishing vessels and the fishing industry. More products were introduced mainly targeted to the fisheries sector. Lubricants, marine coatings, outboard marine engines were added to the Company's trading portfolio.

Today we offer a range of high-quality products from leading brands for the Maldivian market together with aftersales services provided by our highly trained professional technicians. The hub of our trading business is the Kashavaru Showroom.

Products & brands

Our products and brands are trusted and well established both in the world and the Maldivian market

Yanmar

YYanmar (marine engines, generators and water pumps) product range was introduced to the Maldives market in 1973. It was the first marine engine widely used in the country. The brand presently holds more than 80% of market share and it has been the first choice of Maldivian fisherman and vessel owners for the last four decades.

Castrol

Castrol lubricants were formally introduced into our product range in 1994. The brand soon became the market leader in the Maldives with a sale of more than 1 million liters per year. The product holds a market share of 80% in the local marine sector and 90% in the power generation sector.

Suzuki outboard engines

Suzuki outboard engines, a global market leader in marine engines, were introduced to the Maldivian market by the Company in 2007 and has rapidly gained the trust of customers in the Maldivian market. Its quality, reliability and most of all its low fuel consumption is well recognized by its users.

PPG (Marine and protective coating)

PPG marine and protective coating products are trusted for their durability and is one of the most recognized and trusted marine and protective coating brands in the world. Coating solutions offered by PPG includes antifouling for marine vessels, tank coating, and anti-corrosive coatings for marine and industrial environments.

Scott Bader

Scott Bader composites, resins, and related products were introduced to the country's boat building sector in 2015. The Scott Bader brand is one of the most established names for synthetic resins and polymers in the world. We offer Scott Bader resins, gelcoats, pigment pastes, chemicals and waxes to our clients.

XCMG

XCMG products were added to our product line in 2017. We distribute XCMG machinery and equipment required for the construction and industrial sectors.

Industrial Gas

We provide industrial gases including oxygen, acetylene and argon. The service offers customers the opportunity to purchase industrial gas as and when required, without having to experience the complications in importing and storing gas for themselves.

Marol Steering

Marol is an advanced engineering and technology brand specializing in hydraulic and electronic controls for the marine sector. We have offered Marol steering systems for both inboard and outboard engines since 2003.

Other products

We offer a range of other products for the marine sector including Donaldson Filters, Hamilton water jets and a range of boating accessories such as maintenance free batteries, electric bilge pumps, radars, flood lights and search lights, from our Kashavaru Showroom.

Review

During the year we continued our work to promote the products we carry, building lasting relationships with customers in various sectors across the country and establishing sustainable business arrangements with major consumers of our products. We focused heavily on ensuring that customers' needs are identified, and steps were taken to ensure that we meet those needs.

This was achieved through a combination of market visits, promotions and training programs conducted throughout the year.

During the year, the Trading Segment contributed MVR 239 million towards total Group revenue. This is a 4.50% in increase in revenue compared to the segmental revenue of 2017.

Strengthening Our Relationship With Corporate Clients

Several meetings were held with various corporate clients who are major consumers of lubricants, to understand their requirements and to provide information on the high standards of service we offer. In this regard, meetings were held with STELCO, Fenaka Corporation, Fuel Supplies Maldives, Maldives Airports Company Limited and HPL Group.

We continued to strengthen our relationship with STELCO, which uses Castrol as their preferred lubricant for the Company's power generation in Male', Hulhumale' and nearby atolls. An agreement was also signed with Fenaka Corporation in September of the year to cater to all their lubricant requirements for the 136 powerhouses they operate in 15 atolls.

A sales contract was also signed with Al-Shali Marine Maldives during the year, under which Al-Shali Marine agreed to use Yanmar inboard engines and Suzuki outboard engines as their preferred engine for the vessels they manufacture.

Market Visits To Increase Sales And Brand Awareness

During the year we conducted several sales and marketing visits to customers in various parts of the country. Our teams visited islands in Haa Alifu Atoll, Shaviyani Atoll, Raa Atoll, Male' Atoll. Alif Alif Atoll and Alif Dhaalu Atoll, Faafu Atoll, Dhaalu Atoll and Fuamulah.

The overall objective of the visits was to promote our range of marine products and increase sales of Suzuki, Yanmar, Castrol, Sigma and Scott Bader. Our visits were focused on meeting specialist business sectors in the islands, in order to offer the products most suitable for their specific requirements and generate sales for those products and brands. Our aim was to promote Suzuki outboard engines for guesthouses, Yanmar and Scott Bader for boat builders and Castrol for boat owners.

The visits also served the purpose of gaining an understanding of the level of competitor activity and strength in various markets as well as identifying customer grievances relating to access to spare parts and aftersales services. Potential sales of products were also identified during the visits and follow ups were made on those potential sales upon return to Male'.

During island visits our teams also met with individual customers and potential customers especially in the boat building sector and offered advice and guidance on products that can be used for their vessels under construction.

Training Programs And Seminars

Several training programs were conducted on various products throughout the year. A Castrol seminar for resorts was held in September 2018 in which technical information on Castrol products were given to resident technicians and engineers.

Several product awareness programs and training programs on Suzuki outboard engines were also held during the year. These include Suzuki Service Seminars held in Alif Alif Atoll, Haa Alif Atoll, Haa Dhaalu Atoll and Raa Atoll, to provide technical information and educate customers on the use and maintenance of Suzuki engines. Existing customers, boat builders and potential customers participated in the events. During the year an awareness program on Suzuki outboard engines was also held for staff of our Transport Service Segment.

An awareness program for staff of our Logistic Service Segment was also held during the year in which tug boat engineers, mechanics and oilers were educated on operations and routine maintenance of Yanmar engines. Training sessions on Yanmar were also held during the year with Yanmar Asia (S) Corporate Pte. Ltd.

Visit Of Castrol Delegates To Maldives

Delegates from BP Singapore visited Maldives during the year and discussions were held between BP Singapore and the Company on ways to further strengthen business relations and conduct joint marketing activities to promote sales. During the visit, in-house training sessions on the use of Castrol portable test kits were conducted for our technical staff. Meetings with our major corporate clients were also held during this visit.

Performance In Castrol

The Company was selected as a member of the Castrol Ambassador Club - Masterclass for outstanding performance in Asia (Marine & Energy market). We attended the first ever Castrol Ambassador Club - Masterclass event held in the United Kingdom in October 2018.

In 2018 we achieved sales of one million liters of Castrol. We have also gained the capacity to offer sample testing as per Castrol and engine manufacturers guidelines and conduct field tests using test kits that can provide users with on-point lub oil analysis using oil samples collected from generators.

Launching Of Service Warranty For Suzuki Aftersales

During 2017 and 2018, we have sold over 300 units of Suzuki Outboard engines to the Maldivian outboard market. Key markets include transport providers, guesthouses, resorts, and government institutions. The market share of Suzuki Outboard has increased over the last five years making Suzuki engines the second most preferred engine in the outboard motor market in Maldives.

The significant increase in the use of Suzuki engines required us to standardize the aftersales service provided through our workshop. In order to improve our service standards and gain greater trust and confidence of our customers, we launched the Suzuki Service Warranty in July 2018.

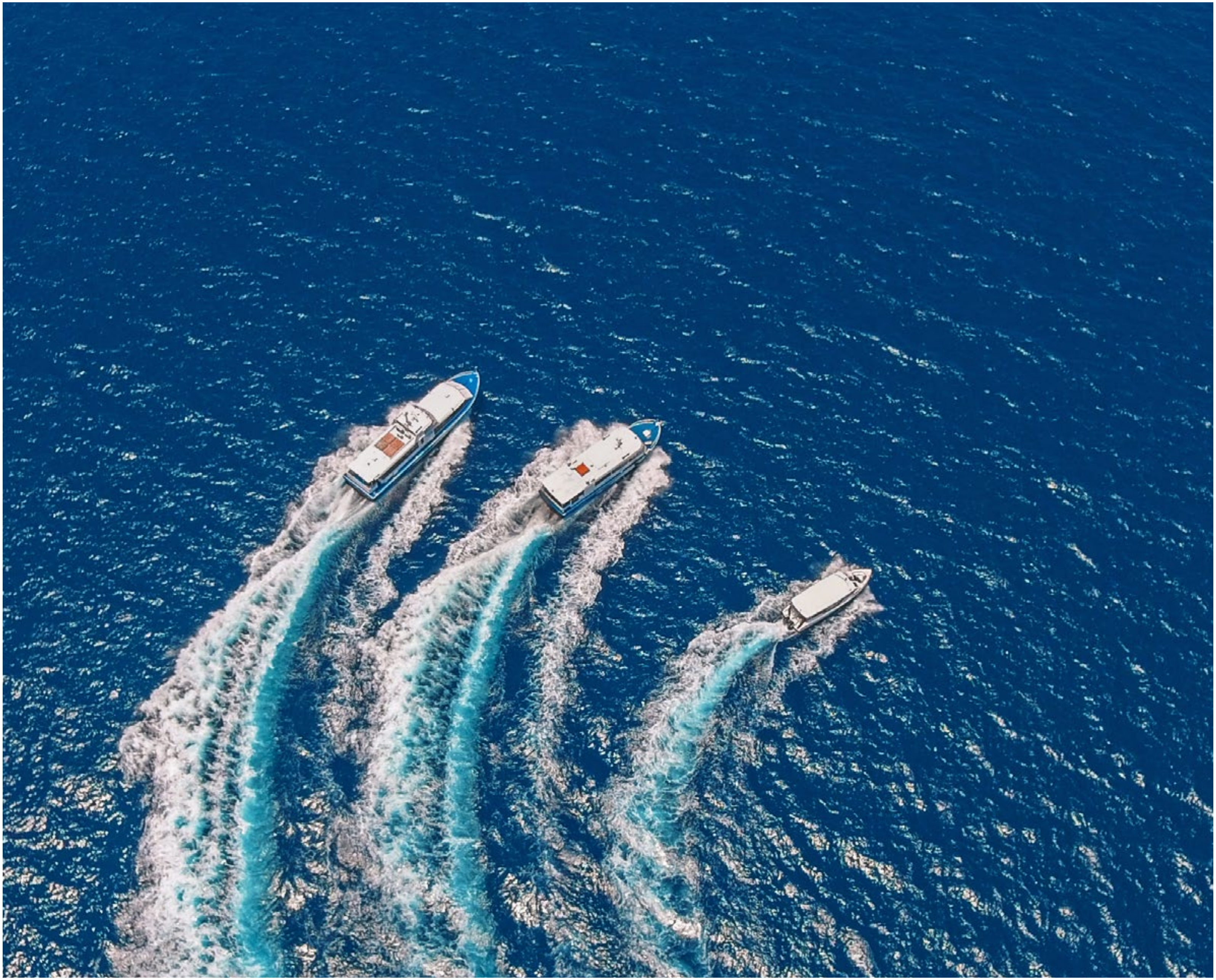
Effective Annual Promotions

Our annual promotional programs have always played an important role in promoting product awareness and sales of the brands we carry. In addition to offering a platform to educate potential customers our annual promotional campaigns help boost sales of targeted products.

Molhu odi akah - Gadha Resin was aimed at encouraging brand switching and increase sales of Scott Bader products. Sales events were held at the North Harbor and in Thilafushi and the campaign was promoted through direct marketing in various islands, social media, online media and TV advertising.

Saabas Yanmar Promotion was held during the year with the objective of increasing brand awareness of Yanmar marine engines. During the promotion discounts were offered for selected Yanmar Engines. Outdoor events were held in Male' and Thilafushi. The campaign was promoted heavily in islands across the country. Campaign promotion also included online and TV advertising and direct marketing.

Kashavaru Promo is a year-end sale that offered discounts on selected products we carry.



Transport Services

MTCC's transport services which began in 2001, has now become part of everyday life for Maldivians. Today our transport network which spans the length and breadth of the country, toget her with our sea and land transport service in the Greater Male' Area serves 16 million passengers annually. With a comprehensive range of travel options, our transport network reaches 85% of the population and is growing in importance as an essential part of life for families and businesses.

Until the opening of the Sinamale' Bridge in 2018, our transport services in the Greater Male' Region were an essential element that kept the engines of the national economy running and families connected in the region. The network acted as the glue that kept the area intact as a single unit, with thousands travelling between the islands in the network every day for work and to meet family and friends.

Our Rashu Link and Ferry Link connects a large part of the dispersed islands in the country and offers predictability in travel to islands and the opportunity for the populations living and working in the islands to plan their travel and the carriage of goods for business.

As the country's largest public transport network, our objective is to provide safe, affordable and convenient land and sea transportation services across the country. Our team works to ensure that boat schedules are in line with market demand and that the vessels and other facilities used in the operations offer reliability, safety and comfort for those who depend on these services.

Services

As at 31st December 2018

Hulhumale' Ferry and Bus Services

Premium Link: Our Premium Ferry service in the Male'-Hulhumale' sector.

Metro Bus: Serves Hulhumale' along its main transport routes and between Hulhumale' and Velana International Airport (VIA).

Private Hire: Bus and car hire service within Hulhumale and between Male/Hulhumale' and VIA
Cargo services: Cargo service between Male', and Hulhumale'.

Villingili Ferry Service:

Ferry Link (West):
Ferry service between Male' and Villingili, Male' and Thilafushi & Male' and Gulhifalhu.

Cargo Service:
Cargo delivery service to and from Male', Villingili, Gulhifalhu & Thilafushi.

Intra Atoll & Inter Atoll Ferry Services

Ferry Service (Atoll Ferries):
Zone 1: Haa Alifu, Haa Dhaalu & Shaviyani Atoll
Zone 2: Noonu, Raa & Baa Atol
Zone 3: Kaafu, Alifu Alifu, Alifu Dhaalu & Vaavu Atoll
Zone 5: Thaa & Laamu Atoll
Zone 6: Gaafu Alifu & Gaafu Dhaalu Atoll

Other Services

Charters: Speedboat and dhoni charter trips to anywhere in the Maldives

Review

During the year we continued to expand our services, built in greater efficiencies in all our sectors and continued to offer greater customer convenience. Our transport services in the Greater Male' Region were reviewed, and changes were made, with the opening of the Sinamale' Bridge and the subsequent transformation of transport in the region. While some of our sea transport services were terminated due to decreasing demand our land transport services were expanded during the year.

During the year, transport segment contributed MVR 137 million towards the total group revenue. This is a 0.27% decrease in revenue compared to the segmental revenue of 2017.

Changes Brought To Hulhumale' Ferry Service And Premium Ferry Services

During the first quarter of the year, major changes were brought to our transport services between Male' and Hulhumale' The two premium ferry vessels that were being built in Innamaadhoo, R. Atoll were completed and were introduced to our fleet of Premium ferries.

During the second quarter we reduced our regular ferry services and increased Premium services in the route. With the opening of Sinamale' Bridge and the fall in demand for ferry services, we reduced our frequency on the route and brought about changes to staff structure and staff duties to minimize the costs. At the same time, we stopped our service of transporting motorcycles on our ferries. Demand for ferry services was under continues review since the opening of the bridge and by the end of the year regular ferry services were altogether terminated. However, with the termination of regular ferry services, the frequency of Premium ferries in the route was increased.

Expansion Of Express Link

Major changes were also brought to our services in the Express Link that serves between Male' and Velana International Airport and between Male' and Hulhumale'. Our Express Link fleet was expanded during the first quarter with the procurement of two new speedboats. The operational hour of the Hulhumale' Express Service was also extended to 10.10 pm.

Frequency of the Express Link services between Male' and Hulhumale' and between Male' and Velana International Airport were reduced in the third quarter due to the change in demand in sea transport in the region with the opening of the Sinamale' Bridge. With further reduction in demand Express Services in the two sectors were terminated later during the year.

Expansion Of Sea Transport Charter Services

The speedboat charter service between Male' and Hulhumale' was reintroduced during the year 2017 as it was identified as a potential area for revenue generation. Additional efforts were made to expand the service in 2018. As a result of the efforts made to expand the service, at the end of the year we had 12 vessels in the fleet in operation with seating capacity ranging from 20 to 67 passengers. The vessels in the fleet include those vessels used in the Express Service before the service was terminated.

Promotion And Expansion Of Private Hire Services

Work on making inroads into the private hire market in Hulhumale' commenced in 2017, and vehicles required for the service were procured and brought into operation during the year. The marketing and promotional campaign that began in 2017 to promote charter services continued throughout 2018. These include visits to guesthouses in Hulhumale' to provide information on private hire services. Furthermore, with the opening of the Sinamale' Bridge we commenced car and van private hire services between Male' and Hulhumale'

Expansion Of Metro Bus Service

The Metro Bus Service serves Hulhumale' along its main transport routes and between Hulhumale' and Velana International Airport (VIA). In order to expand the Metro Bus Service work on procuring new buses to expand our fleet, commenced during the year. We also made changes to bus routes and bus stops based on the changing patterns of customer demand. Furthermore, we introduced new routes in order to offer convenient connections with the Male' Hulhumale' bus services operated via the Sinamale' Bridge.

Automation Of Services

Work on introducing greater automation into our services, in order to offer greater convenience to passengers and meet our objective of reducing operational costs, continued during 2018. During the year, automated fare collection systems were installed and tested in Rannaa Gimatha and an agreement was signed with a foreign service provider to automate fare collection on our fleet of buses used in the Hulhumale' Metro Bus Service

Construction Of New Terminals And Improvement Of Terminal Facilities

In order to offer greater convenience and comfort to our customers we continued our work during the year, on improving services at our terminals. Work on expanding the Hulhumale' Ferry Terminal that began in December 2017 continued throughout the year in review. A refreshment kiosk was opened in Rannaa Gimatha in the Male'-Villingili Ferry to improve services for customers using our services on the route.

During the year a ferry schedule display system developed by the Company's ICT department in association with the ICT Department of Maldives Monetary Authority was installed at the Dhaannaa Gimatha.

Work on building terminals in the atolls also continued in 2018. Fencing of the plot allocated for K. Maafushi terminal was completed during the year and preparations were made to tender the construction of AA. Dhigurah terminal. The outsourcing of terminal services at AA. Ukulhas was also completed by the end of 2018.

In the last quarter of 2018 Gate 1 at Fennaa Gimatha (Hulhumale' Ferry Terminal) was transferred for the use of airport ferry service operated by Airport Ferry Operators Association.

Development Of Services On The Comprehensive Transport Network

During the year, visits were made to several atolls in order to understand their needs and concerns and to evaluate the services offered in those routes. Visits were made to K. Maafushi, Thulusdhoo, Huraa, Dhiffushi and Himmafushi and meetings were held with the Island Councils to discuss ways to improve services on those routes. Similar discussions were also conducted with Councils of AA. Ukulhas, and Adh. Mahibadhoo, Dhangethi and Dhigurah during visits to those islands. Discussions were also held with K. Maafushi Council about the new ferry terminal planned for construction on the island.

Improvements were made to ferry services during the year, based on findings made on visits to various islands. Some of the changes and improvements made during the year includes outsourcing the Shaviyani.Atoll and Noonu Atoll ferry services and bringing about changes to ferry schedules, to align with customer demand in many of the routes. Furthermore, engine upgrades were made, and cushioned seating was installed in several vessels used in the services. To offer greater convenience to customers, we also established a mechanism to offer live updates of ferry schedules and services on Viber groups.

Engineering And Docking

Our Engineering and Docking Service offers docking service for vessels of various sizes using boat hoist, cranes via duplex slings, slipway, boat trailers and air bag technology along with complementing engineering services. With the objective of providing a one-stop solution for our clients, we also offer a host of other engineering service including welding, blasting and painting, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks.

We also provide other value-added services which includes the provision of accommodation to our customers' staff and the provision of water and electricity for use in the repair of vessels.

In our unrelenting effort to improve efficiency and the quality of services provided, we continuously introduce new technologies, invest in specialized machinery and equipment. With our recently installed 200-ton boat hoist, our dockyard boasts one of the largest boat hoists in the country and has the capacity to service more than 20 vessels of varying sizes at a time.

Review

The Engineering and Docking Segment contributed MVR 15.44 million towards the Group's total revenue in 2018 in comparison to the MVR 5 million contributed in 2017, achieving an increase of over 208% during the year.

Expansion Of Service To External Customers

With the installation of the 200-ton boat hoist in 2017 and the expansion of the facility, we have acquired the capacity to offer comprehensive engineering solutions to marine vessels of all kinds. Since the inception of the engineering and docking service, our sole objective has been on catering to internal requirements of the Company. However, upon inauguration of the MTCC boatyard in 2017, and the concurrent expansion of our facilities we have built our capacity to service our own vessels while serving customers outside the Company. Hence, we have turned our focus on the external market during recent years.

With this change, we have now begun to undertake fleet management on contract basis from various private and corporate customers on retainer basis. During the year in review, 212 of the 274 vessels that docked at our boatyard were from external parties.

Underwater Welding And Cutting Services

We have introduced underwater welding and cutting services during the year and plan to expand the service during 2019. Along with underwater welding and cutting we also plan to add water blasting and barnacle cleaning services to our service portfolio in 2019.

Staff Development

Our current emphasis is on employing new technologies, investing in specialized machinery and providing skills trainings for our workforce to ensure efficient, high-quality services to our customers. We also work relentlessly to ensure a safe working environment for our staff through safe, innovative work methods. During the year staff training programs were conducted in preparation for the expansion of our services.

Logistics

Our Logistical Services provides domestic logistics, international logistical and ship agency services to our customers. Our logistics fleet is the largest steel vessel fleet in the Maldives. which comprises of three tug and barge units used for international logistics services, and several barges, four tugboats and two landing craft in our domestic fleet.

Our domestic fleet is primarily used to provide logistics services for major infrastructure development projects conducted by the Company. However, as we have increased our capacity and efficiency during recent years, we have begun offering our services to parties outside the Company.

Our international logistic services include break bulk cargo delivery service in flat top barges and tugs. The Company's tugs and barges are extensively operated between Tuticorin, India and Maldives in transporting rock boulders and construction materials required for shore protection and infrastructure development projects carried out by the Company for the Government.

In 2017, a specialized barge designed in consideration of the harbor entrance and depth of island harbors, with the capacity to carry concrete blocks to more than one island, was added to our fleet.

Our ship agency service provides a full range of agency services to vessels arriving in the Maldives. We provide inward and outward clearance for Company vessels and to other clients. Our services include bunkering services, provision of fresh water and supplies, waste disposal and conducting minor repairs on board. As we offer our services to a large number of military vessels, and the fact that they have been regular customers, is testimony to the high quality of the services we provide.

Review

During the year, Logistics Service segment contributed MVR 20 million towards the total group revenue, which represents 1.61% of the total group revenue. However, this is 41% less compared to the segmental revenue of 2017.

Logistics Services

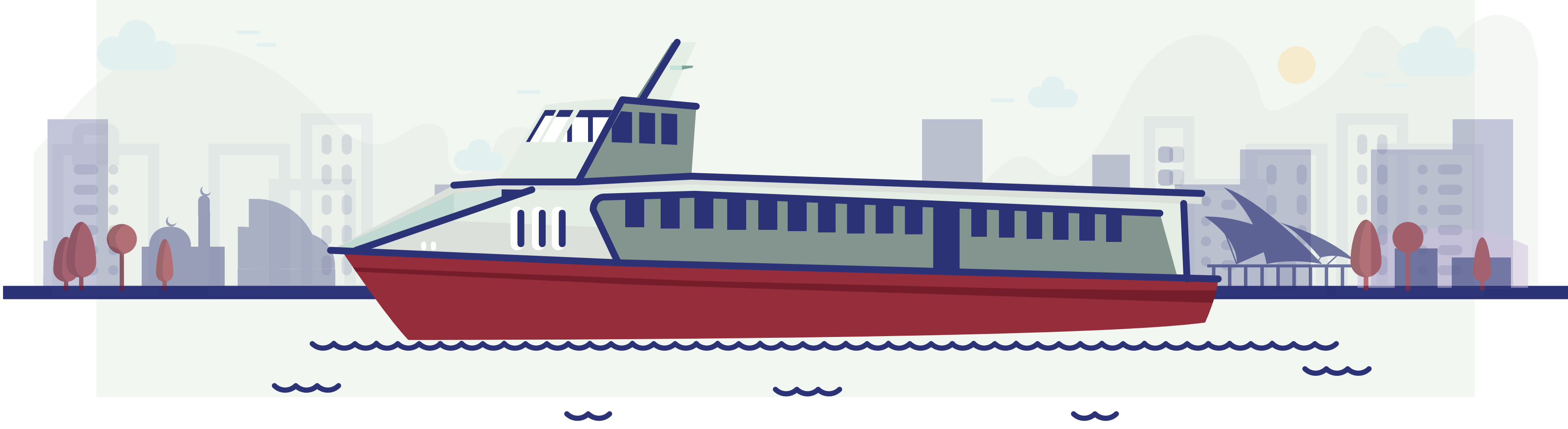
In 2018 our vessels carried 69,900 tons of rock boulder for various infrastructure development projects conducted in different atolls of the country. Eighty-eight trips were made on our vessels in the domestic fleet, while a furthermore 22 trips were made on our international logistics fleet. In order to increase our capacity in our domestic logistics services, we procured an additional barge and landing craft and added those to our fleet during the year

Ship Agency Service

Our bunkering and ship agency service delivered 1.36 million liters of diesel to various vessels during the year. Our customers are predominantly made up of Indian naval and coast guard vessels.

09

Our Team



Our team has been the driving force behind the Company's development since its inception in 1980. Our success lies with our employees; the members of our team who work tirelessly every day, to deliver our services and solutions across the country.

Our team performs in an evolving business landscape that requires competence, empowerment and teamwork that offers synergies within the Company. We recruit, train and recompense people according to a strategy that aims to organize our business effectively, accelerate development of our people, grow and strengthen our leadership capability and enhance employee performance through strong engagement. We are proud of our team's professionalism, dedication and commitment.

Employee Overview

As at 31st December 2018, our workforce stood at 1706 compared with 1720 as at 31st December 2017. The number of staffs employed during the past three years was driven by our continued efforts to expand our respective business segments and bring in greater efficiency to our business processes.

Details	2016	2017	2018
No. Of Employees	1440	1720	1706

Employee Development

Employee development is one of the core values of the Company. We are committed to effective employee training and development strategies to ensure that we have the adequate skills and expertise to lead in our respective business segments.

During the year, we continued our program of providing academic education opportunities from first degree to professional qualifications in important areas for the Company. Fourteen employees are currently continuing their studies under the programs.

Furthermore, as part of strengthening our staff training program negotiations were carried out with various training institutes around the globe. In order to develop and retain necessary talent, we conducted a variety of local and international training programs. In 2018 we spent MVR 8 million for training and skill development programs.

Employee Recognition

We encourage staff to be creative and solution oriented in order to deliver our products and services effectively to our customers. We encourage, support, recognize and reward outstanding individual and team performance for creativity and innovation. During the year we acknowledged the contribution of members of staff who have served the Company for a significant period of time and we introduced the Excellence Award for employees who have shown outstanding performance.

A total of 35 employees who has served for more than 15 years were awarded in four different categories; Blue, Bronze, Gold and Platinum. In 2018, 790 employees qualified for the Performance Evaluation Increment allowance in accordance with the Performance Evaluation and Rewarding Policy. Eight staff retired under the Company's retirement policy. During the year the Company awarded Hajj & Umrah Pilgrimage opportunity to 04 employees.

Youth employment

We continued our efforts to create employment for youth and motivate them to join our work force during the year. We launched Hunavaru program to attract youth to develop technical skills required for the Company. At the same time, we also offered internships for college students during the year.

Recruiting The Best

Our efforts to recruit the best candidates to our team and to retain the members of our team continued during the year. We are proud to announce that that the Corporate staff Bonus Scheme, which was approved by the Board of Directors during 2016, continued during 2018. We also inaugurated a staff discount scheme for the first time in association with numerous businesses.

Diversity And Inclusion

We aim for a diverse workforce and an inclusive work environment that respects and supports all our people and helps improve our business performance. Our diversity and inclusion approach focuses on talent acquisition, progression and retention. We believe that diverse teams are more engaged, and therefore deliver better business performance. By embedding diversity and inclusion in our operations, we have a better understanding of the needs of our employees as well as the needs of our varied customers, partners and stakeholders, at the same time benefit from a wider talent pool.

Equal opportunity in recruitment, career development, promotion, training and rewards for all employees, including those with disabilities is significant to us. Where possible, we make reasonable adjustments in job design and provide appropriate training for employees with disabilities.

Club MTCC

'Club MTCC', primarily responsible for promoting unity amongst the members of our team, offer a platform to develop team spirit, friendship and unity amongst our Team MTCC. Club MTCC is the core of social interaction within the Company. The Club conducts several activities each year among its staff and represent the Company in external tournaments and gatherings to increase motivation and raise the competitive winning spirit among the team.

During the year Club MTCC conducted a wide variety of staff activities including sports and social events and contributed to the society. Major activities conducted by Club MTCC during the year includes

MTCC's 37th Annual Staff Event
Human resource awards and excellence awards were distributed to the staff at the event.

Coca Cola Long Run 2018
64 staff participated in the event.

'Club MTCC Futsal Cup 2018'
Organized by Club MTCC, 14 men's teams and 3 women's teams participated in the tournament.

'Club Maldives Futsal Cup 2018'
The most popular futsal tournament in the Maldives open for government offices, institutes and public companies.

Inter Office Billiards Competition 2018
Our team participated in this popular billiards tournament open for government offices, institutes and public companies..

Club MTCC Annual Trip 2018
Organized by Club MTCC, 64 staff participated in the annual trip which was held at Adhaaran Hudhuranfushi Resort.

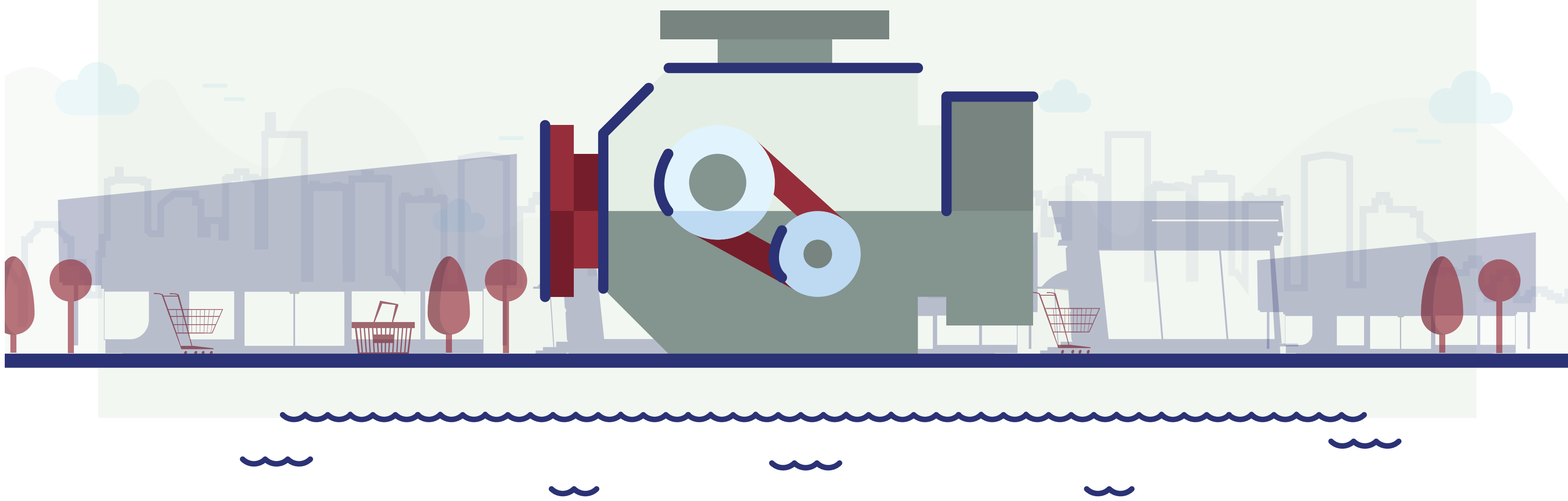
Inter-Office Badminton Tournament 2018
Participated in the tournament open for government offices, institutes and public companies.v

'Villi Mu' Assassa Cup 2018
Organized by Club MTCC this is a futsal tournament organized for the institutes operating in Villingili. A total of 13 institutes took part in the tournament

Mas Foari 2018
18 teams participated in the fishing tournament

10

Corporate Social Responsibility



Contributing To The Realization Of A Better Society As A Good Corporate Citizen

Since our inception, the spirit of contributing to the society has been an integral part of our corporate culture. Guided by our corporate vision and core values, we seek to promote corporate social responsibility through all our activities with the aim of creating economic value and actively contribute towards the development of a harmonious sustainable society.

Our approach to CSR is to use our resources, expertise and know-how to forge partnerships that will create a positive impact in the communities in which we operate. We work closely with local and international NGO's to execute our corporate social responsibility plans. We believe that NGO's can play an important role in promoting and executing CSR in a number of ways. They represent a broad range of interests across society and engage with a wide range of stakeholders to champion those interests.

We are committed to all our stakeholders including shareholders, customers, employees and the communities where we do business while complying with national and international laws and regulations. In 2018 we focused our CSR contributions on enhancing education, youth empowerment, empowering people with special needs, environmental sustainability and fostering a sound workplace for our employees.

Youth Education & Empowerment

As youth education and empowerment are vital to community development and advancement. a number of our CSR activities are focused on this area. As such we continue to provide different forms of aid and assistance to youth with the objective of ensuring that the next generation of youth has a solid basis upon which to build a better future for themselves and their communities.

Through our Schools Partnership Internship Program Dhasvaru, we work in collaboration with local secondary schools to help students acquire knowledge of the corporate environment before they embark on their journey of employment. During the year we contributed towards various sports, education and social youth welfare causes and events. Most noteworthy of which are the support we have continued to provide to Kuda Kudhinge Hiyaa since 2017, under which we have continued to sponsor two teachers, and an on-the-job training program in the local half way house for people recovering from drug abuse on their journey of recovery and resumption of a normal life in society. Additionally, during the year, we provided the surfing community of Male, ferry services, free of charge to and from K. Thanburudhoo during the surfing season, as the surfing area of Male' was closed for the construction of Sinamale' bridge.

Respecting The Ideal Of Normalization

Respecting the ideal of normalization advocated by the United Nations, we continued our program of proactively employing disabled persons, a program which began in 2015. We also sponsored a variety of activities by local NGOs whose main focus is assisting people with disabilities.

A Sustainable Environment For A Sustainable Business

We consider a sustainable environment to be the basis for a sustainable business. In 2018 we sponsored and contributed towards a variety of activities aimed at conservation and creating awareness about the environment conducted by NGOs and schools.

We actively participated in the Suzuki Clean-up the World campaign carried out in K. Maafushi in August 2018, in collaboration with the local NGO, Save the Beach. With the help 150 volunteers including our staff we were able to collect more than four tons of waste. This was the fourth year of collaboration between Save the Beach Maldives and MTCC to host the Suzuki Clean-up the World Campaign in the Maldives.

Building A Diverse & Sound Workplace

We believe every employee has a relationship with the management, business operations of the Company and fellow employees. Hence how employees relate to each is key to a sound workplace.

In order to foster the culture and values that would help build a sound workplace, we continued to provide training and career development opportunities, sports and recreation facilities to our employees. We are making efforts to make our workplace more attractive in order to hire and retain talent. These efforts include providing fair and impartial evaluation, comprehensive employee benefits, and assistance in achieving work life balance. We also believe it is vital to mobilize human resources with diverse skills and talent and continually create new value. Hence, the Company is working to promote greater involvement of women in the workplace, employ a multicultural workforce, and utilize the experience of veteran employees.

Our Responsibility As A Corporate Citizen

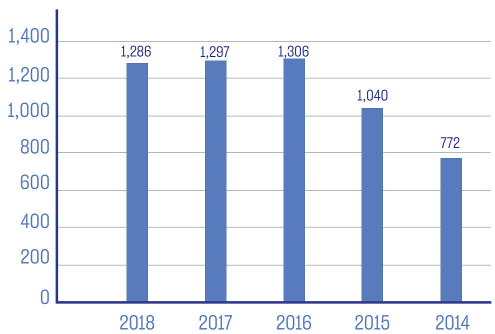
We believe that as a public listed company with our arms spread across the nation, the proper payment of government taxes is one of the most fundamental and important responsibilities to our society. We pay taxes in accordance with tax related laws and ordinances and ensure that tax accounting and other related processes are carried out unfailingly, according to the law.

11

Financial Review

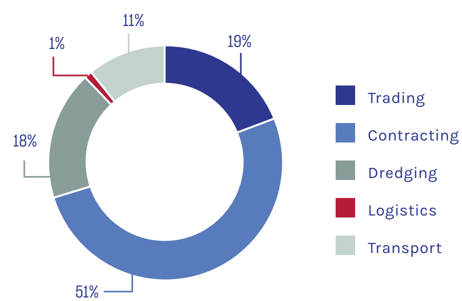
Revenue

Revenue (MVR in Millions)



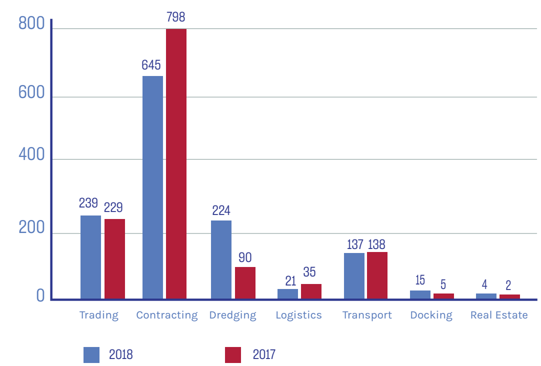
During the year ended 31 December 2018, the group has generated a total revenue of MVR 1.286 million, slightly below that of the previous year.

2018



Geographically the core business units of the Group are based in Male', Thilafushi' and construction sites across the Maldives. The business units are operationally divided into seven strategic business segments, namely Trading, Contracting, Dredging, Logistics, Transport, Real Estate and Docking & Maintenance Service.
Out of all these segments, the main stream of the revenue to the Group was generated from Trading, Contracting, Dredging, Logistics and Transport segment, while most of the profit of the Company was earned mainly from Contracting and Trading during the year ended 31 December 2018.

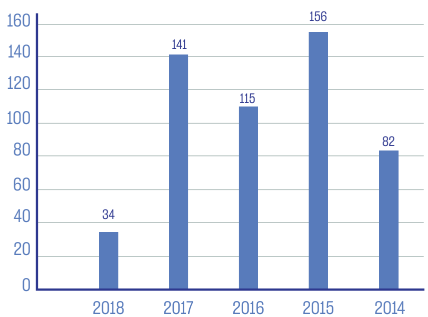
Segment Revenue (MVR in Millions)



During the year ended 31 December 2018, out of the total Group revenue of MVR 1.286 million, Trading contributed MVR 239 million (2017: MVR 229 million), Contracting MVR 645 million (2017: MVR 798 million), Dredging MVR 224 million (2017: MVR 90 million), Logistics MVR 21 million (2017: MVR 35 million), Transport MVR 137 million (2017: MVR 138 million), Docking & Maintenance Services MVR 15 million (2017: MVR 5 million) and Real Estate MVR 4 million (2017: MVR 2 million).

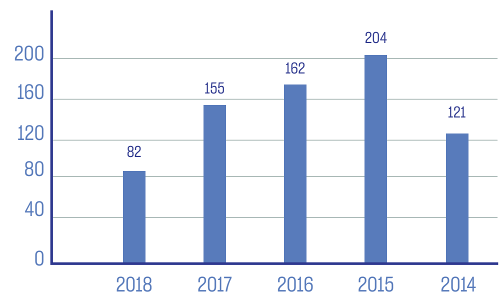
Net Profits

Profit After Tax (MVR in Millions)



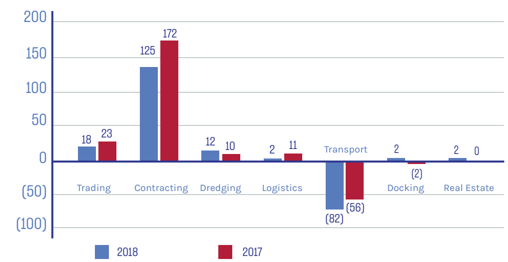
The Group profit after tax (PAT) for the year ended 31 December 2018 has decreased by 76% compared to the previous year, basically as a result of a drop in construction contracts and increase in losses from the transport segment.

Operating Profit (MVR in Millions)



The significant drop in operating profit is due to the increase in finance cost relating to the investment in dredger during the year 2017 and losses suffered from the transport segment as a result of the sudden fall in number of passengers following the opening of the bridge between Male and Hulhumale'

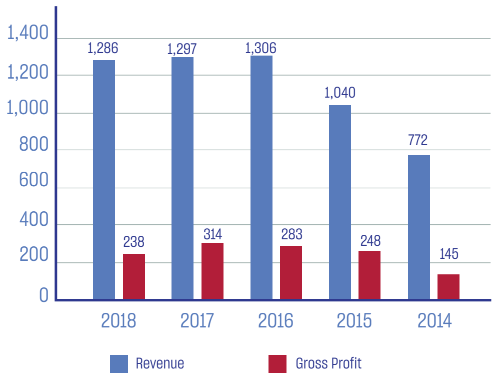
Segment Profit / (loss) (MVR in Millions)



Out of the total operating profit of MVR 82 million posted by the Group for the year ended 31 December 2018; MVR 18 million (2017: MVR 23 million) is attributable to Trading, Contracting MVR 125 million (2017: MVR 172 million), Dredging MVR 12 million (2017: MVR 10 million), Logistics MVR 2 million (2017: MVR 11 million), Transport MVR (82) million [2017: MVR (56) million], Docking & Maintenance Services MVR 2 million 2017: MVR (2) million] and Real Estate MVR 2million [2017: Nil)

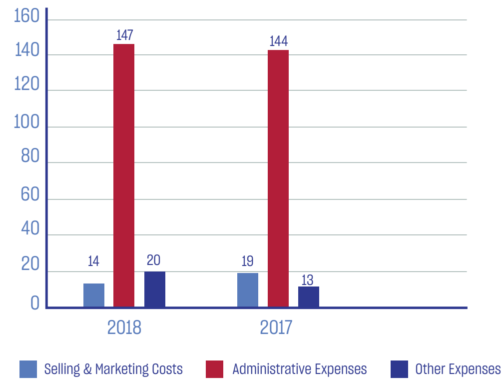
Operating Income and Expenses

Revenue and Gross Profit



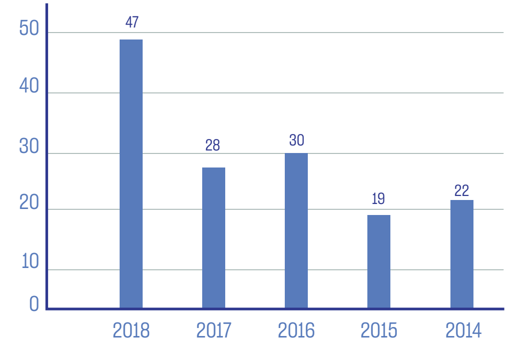
The overall profit margin of the group has decreased by 5.7% from 24.2% in 2017 to 18.5% during the financial year 2018. However, as the scale of operation expanded, administrative expenses have increased by 2% compared to 2017 due to the increase in staff costs, rent and insurance expenses. Selling and marketing expenses shows a decrease of 26% due to the decrease in provision for bad & doubtful debts. Other expenses show an increase of 54% due to increase in expense over imports of materials.

Operating Expenses (MVR in Millions)



Other income has increased mainly due to increase in rent income and surplus margin from insurance claims due to loss of a barge in 2017 caused by storm. Dividend received from investment in shares of Bank of Maldives amounting to MVR 4.82 million (2017: MVR 4.38 million) and profit from Tamwil Taksit Asset Financing amounting to MVR 2.95 million (2017: 3.35 million) has also been classified under Other income.

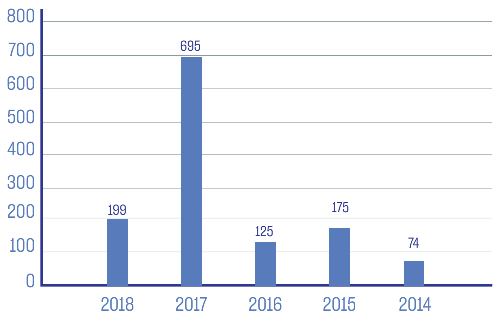
Finance Cost (MVR in Millions)



Net Finance Costs of MVR 47 million for the year ended 31 December 2018 shows an increase of 68% compared to the previous year basically due to increase interest cost by MVR 26 million incurred towards the financing of the new dredger.

Long Term Investments

Capital Investments (MVR in Millions)



The Group has made investments in capital assets during the year amounting to MVR 199 million (2017: MVR 695 million) through finance leases, term loans and operating cash flows. Investments in capital assets in 2018 mainly include machineries and equipment for construction projects and vessels for logistics & transport operations financed through various sources during the year 2018.

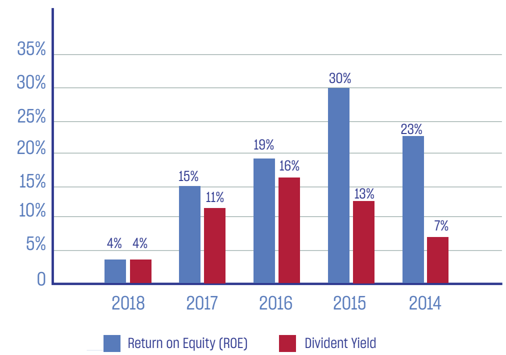
Investments towards developments of new warehouses and showroom buildings, amounting to MVR 47 million and advances paid for implementation of a new Enterprise Resource Plan (ERP) software, amounting to MVR 12 million have also been included under capital work in progress. Further, MVR 36 million have also been accounted under capital work in progress as amount payable towards the acquisition of land to construct housing units under the Hiyaa project.

Additional investments include MTCC's investment in shares of Bank of Maldives Plc. which has been considered as an available for sale investments. By the end of the year, the shares of Bank of Maldives had a market price of MVR 200 (2017: MVR 340) per share and the highest traded price during the year was recorded as MVR 320.

Consequently, MTCC has also received dividends of MVR 4,820,112 (2017: MVR 4,381,920) from the investment in shares of Bank of Maldives Plc. during the year ended 31 December 2018. Investment in shares of Airport Investment Maldives Private Limited (associate) had already been impaired and provision has been made in the year ended 31 December 2011 for the full investment of MVR 2.5 million. Investment in shares of Maldives Real Estate Investment Corporation (subsidiary) is consolidated and results are reflected in the group columns of the financial statements.

Shareholders Return

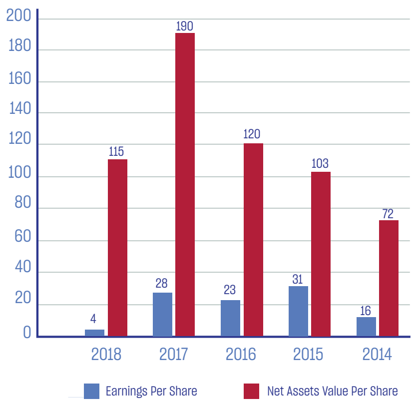
Return on Equity and Dividend Yeild



The Group has not accumulated a return to the equity holders for the year ended 31 December 2018 due to restatement provision towards the retirement benefits of employees and reversal of fair value reserves caused by drop in BML market value per share. The net asset value per shares has decrease compared to the previous year due to issue of new right issue of shares in the beginning of the financial year 2018.

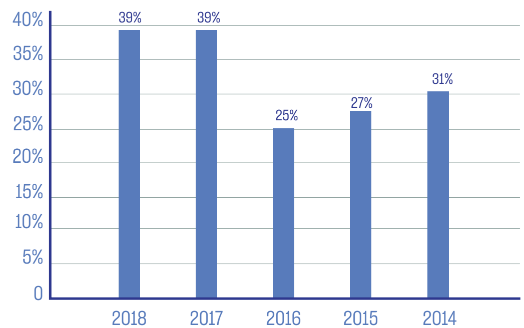
Debt Finance

Earnings Per Share and Net Asset Value Per Share



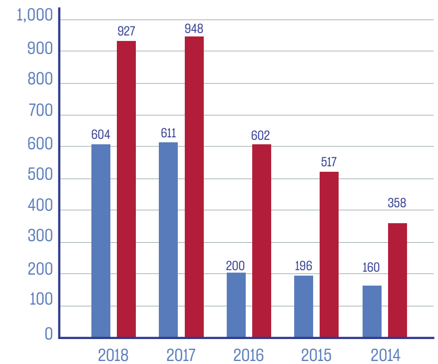
During the year ended 31 December 2018 the Company has declared a dividend of MVR 2.6 (2017: MVR 2.4) per share from the net profits of 2017. The advance received from the shareholders for the rights issue of ordinary shares were kept under equity as of 31 December 2017 and allotments were done in the beginning of the financial year 2018. A total number of 3,037,749 shares were issued during the year at a par value of MVR 5 per share with a premium of MVR 57 per share.

Total Gearing Ratio (%)



The Company has purchased MVR 34 million worth of machineries, vehicles and equipment from long term loans including finance leases during the year and repaid MVR 97 million short-term and long-term loans, and MVR 49 million as interest expenses over the outstanding loans.

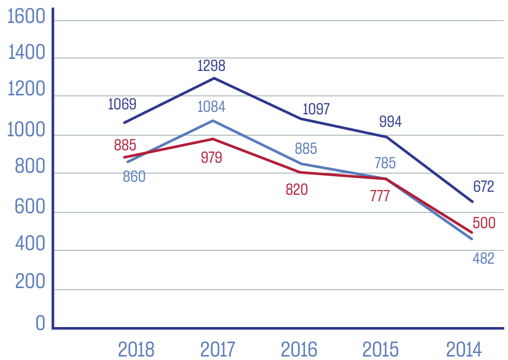
Net Debt to Equity (MVR in Millions)



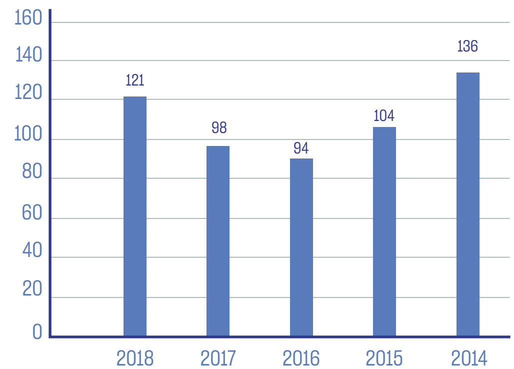
The net debt capital (Borrowings net of cash and cash equivalents) of the Company has stood at almost the same level due to investment in capital assets equal to MVR 164 million from operating cashflows and increase in bank overdrafts.

Working Capital

Working Capital (MVR in Millions)



Working Capital Cycle (Days)



The working capital cycle of the Company has increased to 121 days in 2018 compared to 2017 (98 days). The increase is due to decrease in inventory residency period from 84 days to 74 days and decrease in debt collections from 254 days to 253 days. The credit settlement period also decreased to 206 days from 240 days in 2017.

Current Ratio has decreased in 2018 (1.21x) compared to 2017 (1.33x) along with the decrease in Quick Assets Ratio as well in 2018 (0.97x) compared 2017 (1.11x).

Cash & Cash Equivalents and Bank Overdrafts as at 31 December 2018 shows a significant drop due to increase in bank overdrafts and investments in capital assets from operating cashflows.

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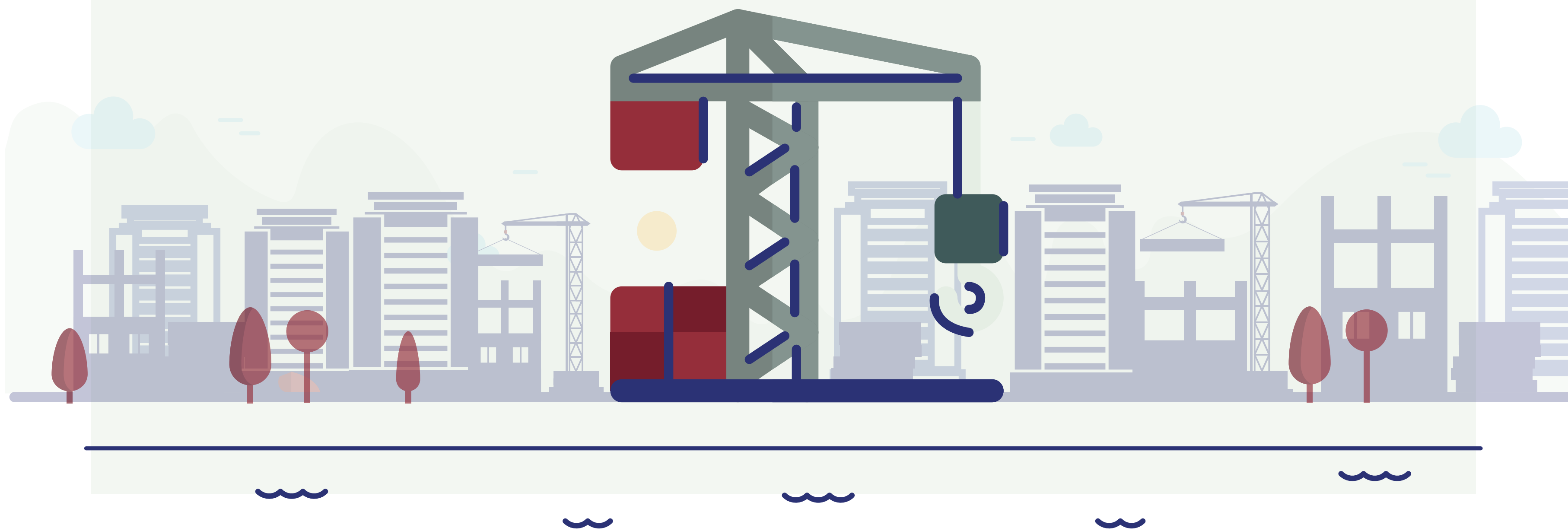
Future Outlook



The government's pledge to continue the development of the national infrastructure & the allocation of MVR 6.62 billion for public sector investments in the national budget for 2019 is a promising sign for the Company.

In 2019 and beyond we expect to see a huge boost in infrastructure development and the transport and fisheries industries. This will offer huge opportunities for our businesses. However, we are also aware that increasing competition from both domestic and international competitors will challenge our operational efficiency. Hence, we will focus on flawless execution and customer satisfaction in all aspects of our business in order to reap the full benefit of economic growth and maintain our position in our respective business segments.

Our aim is to improve internal management systems and capacity, expand the construction, docking and trading portfolios and decrease dependency on government projects by tapping into the private sector. We have also planned to re-strategize our transport services and tap into niche sea and transport markets. Furthermore, we are working to implement ISO 9001-2015 standards in all our operations by the end of the year. Our financial target for 2019 is to achieve total revenue of MVR 1.85 billion.

Construction & Project Management

The focus for the year will mainly be directed towards public sector infrastructure development projects. We believe that several new projects from the same market sectors in which we are currently operating will be open in 2019. This would include shore protection, airport development, road development, water and sewerage projects and building projects. As we have seen a decline in the construction of new harbours in recent years, our focus will be to increase the numbers of water and sewerage, airport and road construction projects.

We are in the process of increasing our inventory of machinery and human resources in order to increase our capacity in those areas to position ourselves to win projects in those areas. Furthermore, the addition of Mahaa Jarraafu to our dredging and reclamation fleet in 2017 has opened up prospects for new reclamation projects within the tourism industry which in turn will create opportunities for shore protection and resort development projects.

With the government's proposed budget of MVR 6.62 billion for public sector investment programs for the year, the prospects for our business looks promising. Our financial target for the year is to achieve annual segmental revenue of MVR 901 million.

Dredging & Reclamation

We are the largest dredging and reclamation contractor with the biggest dredging fleet in the country. We offer our customers cutting-edge solutions to meet their requirements. We have a strong reputation for delivering high quality projects and services by providing flexible, cost-effective and on-time solution for our clients. The 3700-cubic meter hopper dredger Mahaa Jarraafu is a great addition to our fleet which gives us an advantage over international dredging companies operating in the Maldives.

As at end of 2018 we have four reclamation projects in hand, and these will be some of the first projects that will be completed during the year. Our aim is to win reclamation projects in the rapidly growing tourism sector and to maximize our revenue from public sector reclamation projects. With the Government's proposed budget of MVR 310.84 million for reclamation projects in 2019, the outlook for our business looks promising. Our financial target for the year 2019 is to achieve an annual revenue of MVR 533 million from this segment.

Logistics

We provide logistical support for the Company's operations and to customers in the public and private sectors. Our services include domestic and international shipping and ship agency services.

Although we have achieved huge improvements in the delivery of rock boulders to projects conducted across the country with the current fleet of international tug and barges, we are unable to cater fully to the requirement of the Company. Work is underway to expand and revitalize our aging domestic fleet of vessels during the year 2019. At the same time, we have decided to invest in new machinery and equipment to enter into the new overland logistics sector that has been created with the opening of the Sinamale' Bridge.

The Government's proposed budget of MVR 6.6 billion for PSIP projects is promising for the Segment. The potential increase in dredging and reclamation projects undertaken by the Company will create opportunities for our domestic and international logistics operations. Our revenue target from this segment for 2019 is MVR 30 million.

Trading

Most of the products in our product portfolio are directly related to the marine industry. Hence our customers comprise mainly of boat owners and resorts. In addition to that, utility companies are an important market segments for some of the products in our product portfolio.

In 2019 we aim to increase sales of our products through targeting the fisheries and tourism industries, logistics service operators, transport service providers and utilities companies. We would ensure increase in sales of heavy machineries and vehicles by XCMG by focusing on building a loyal customer base in the construction sector and boost our sales of boat building composites and related products through promoting our products to local boat builders across the country.

The Government's pledge to provide 24-hr electricity to all inhabited islands will expand the market for lubricants, as power stations are one of the most important market segments in the lubricant market. At the same time, with several new resort and airport development projects underway we expect to see an expansion of the market not only for Castrol, but also for other marine products such as Sigma protective coatings, Marol steering system, along with Yanmar and Suzuki engines. Our financial objective for the year is to achieve a revenue target of MVR 256 million, reduce costs of sale and achieve a reduction of 5% in operational costs.

Engineering & Docking

Along with vessel docking services we offer a range of engineering service, vessel repair services, welding metal fabrication, machining, blasting and fleet management services. We also provide value add services such as the provision of water, electricity, accommodation and tools to our clientele. There are an estimated 13,582 fiber and wooden vessels and 336 steel vessels in operation in Maldives, with the numbers increasing each year. Hence the demand for docking and maintenance services are increasing annually. As the largest transport and logistic provider, the Company also owns and operates a fleet of 91 vessels which includes, tugs, barges, wooden and fiberglass vessels.

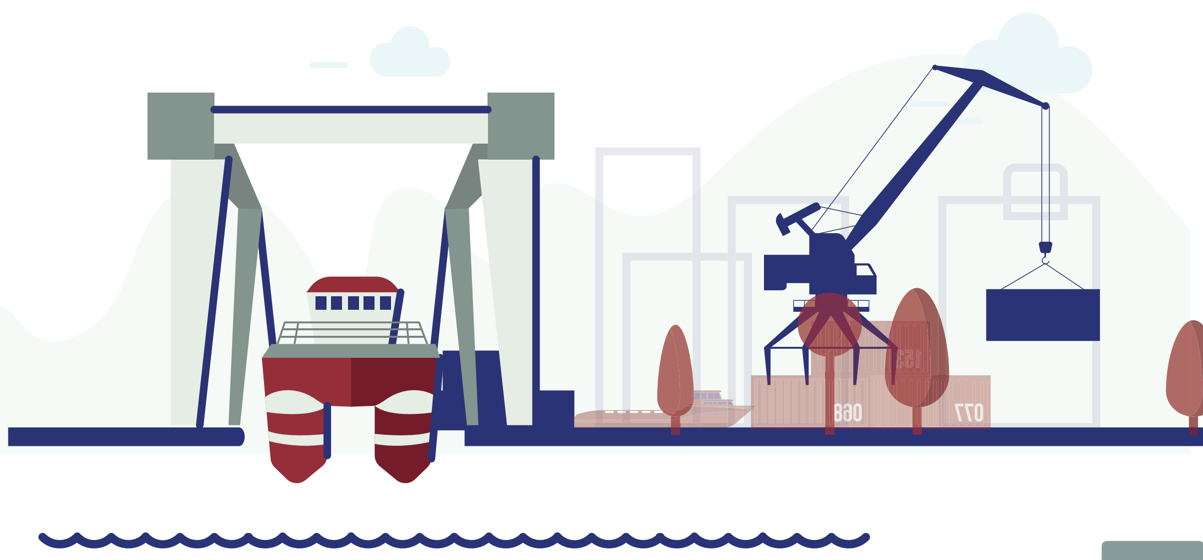
While our focus has been on catering to the Company's internal requirements, we have shifted our focus to expanding our services to external customers during the last two years. Our emphasis is on employing new technologies, investing in specialized machinery and ensuring training for our workforce in order to provide efficient, high-quality services. We have planned to add new services such as underwater cutting and welding into our service portfolio and build a loyal base of clients to whom we offer total engineering solution through retainer agreements. With these developments we aim to achieve a revenue target of MVR 32 million in 2019 from this segment.

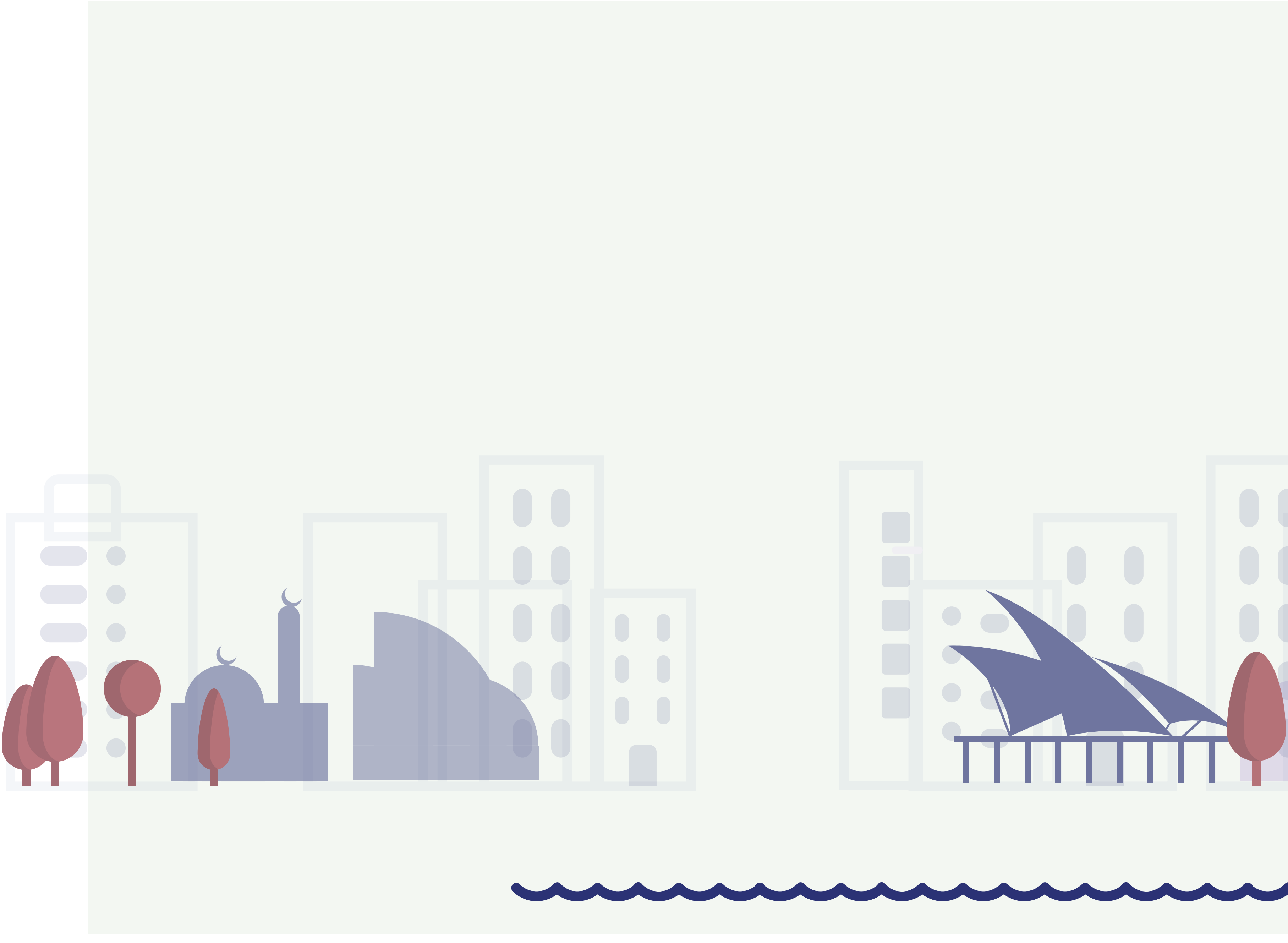
Transport

We have been providing public transport services since year 2001 and currently serve more than 16 million commuters annually on our nationwide transport network. Although we have been operating as a monopoly in many of the transport routes, we have made losses due to controlled ticket prices and increase in the cost of operations and fuel prices.

During the next three years we are targeting to transform our transport services by adding profitable premium services into our portfolio together with the introduction of a modern fleet of vessels into our operations. We also see favorable business opportunities in the Hulhumale sector which can be capitalized upon, by entering into additional transport related ventures and the development of the available land plots at our disposal.

We have planned to introduce new services as well as expand our current portfolio of services during the next three years. These include the introduction of Thilafushi/Gulhifalhu Express services, expansion of private hire services and entering into agreements with resorts and guest houses for hire trips and expansion of speed charter services. At the same time, we have planned for the expansion of our automatic fare collection system to reduce operational costs.





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Share Performance

Share Performance

A rights issue was exercised from on 19th October 2017 to 31st December 2017. And with the allotment of new shares the shareholding of the Company changed on 14th February 2018.

Share Ownership

As of 31st December 2018, the Government of Maldives held 64.20% of the shares of the Company, 4.65% of shares were held by Maldives National Shipping Limited, a Company wholly owned by the Government of Maldives and 31.15% was held by the public.

The Government of Maldives is the only shareholder who hold more than 5% of the shares of the Company.

The shareholding structure of the Company as of end 2018 is shown below;

	No. Of Shares	Face Value Of Share (Mvr)	Percentage Held
Government of Maldives	5,160,360	25,801,800	64.20%
General Public	2,503,469	12.517,345	31.15%
Maldives National Shipping Limited	373,920	1,869,600	4.65%
Total	**8,037,749**	**40,188,745**	**100%**

MTCC's initial public offering (IPO) was in 1980 and shares were sold at a face value of MVR 50.00 per share. In the year 2017, the Memorandum of Association was amended, and the face value was changed to MVR 5.00.

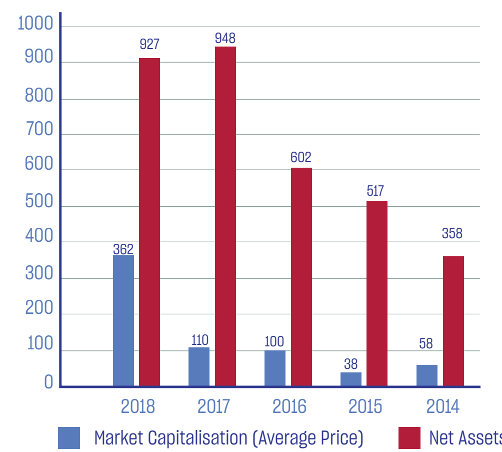
Capital Market Oriented Key Data

Our shares continue to be traded at Maldives Stock Exchange and during the year, we saw 956 shares traded in the market. This is an increase of 801.89% compared to 2017. The highest traded price during the year was MVR155.00 where the lowest traded price was MVR 45.00.

The last traded price was MVR 45.00. Based on the net asset value of our shares we believe the market value does not reflect the true value of our shares. Market capitalization at the last traded price in 2018 was MVR 361.70 million while market capitalization at the last traded price in 2017 was MVR110 million.

	2017	2018
Lowest traded price (MVR)	15.50	45
Highest traded price (MVR)	30.00	155
Last traded price (MVR)	22.00	45
Weighted average traded price (MVR)	13.16	53.43
No. of shares traded	106	956
Market capitalization (MVR millions)	110	362
Dividend Yield	10.91%	5.78%
Earnings per share (MVR)	28.19	4.26
Price Earnings Ratio	0.76	10.55

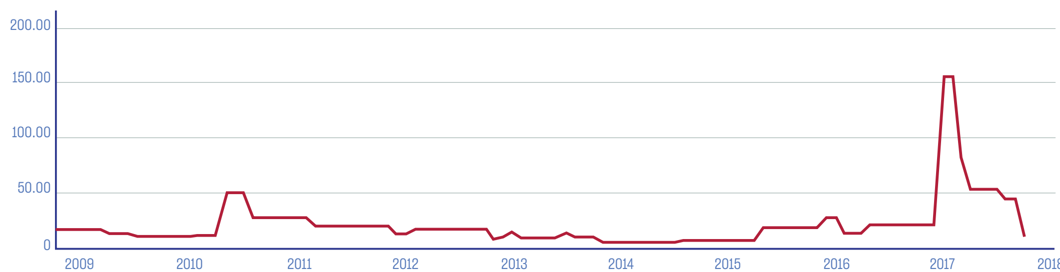
Net Assets and Market Capitalisation



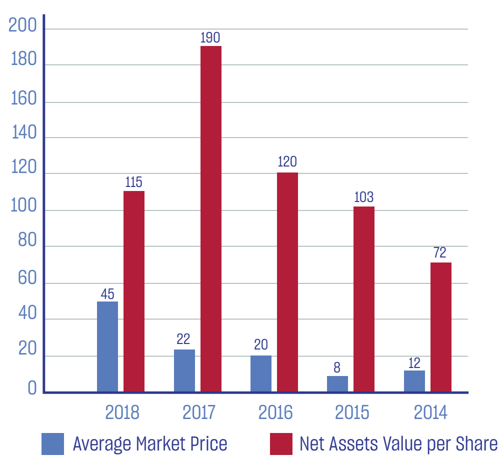
Dividend For Shares

The governing objective of the Board of Directors and the Management has been to maximize the value of the Company for its shareholders. The dividend policy of the Company is to increase the flow of dividend to shareholders through time.

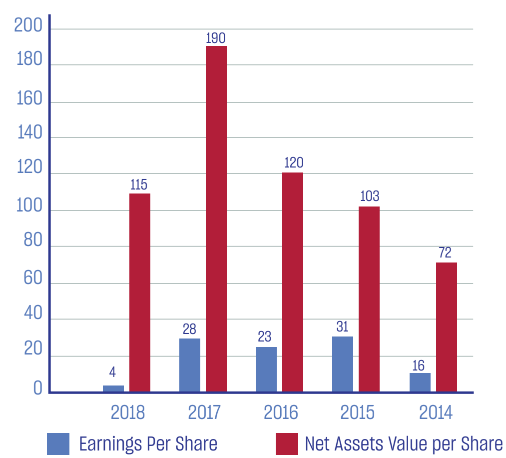
Share Price Movement - Mvr Per Share



Market Price And Net Assets Value Per Share



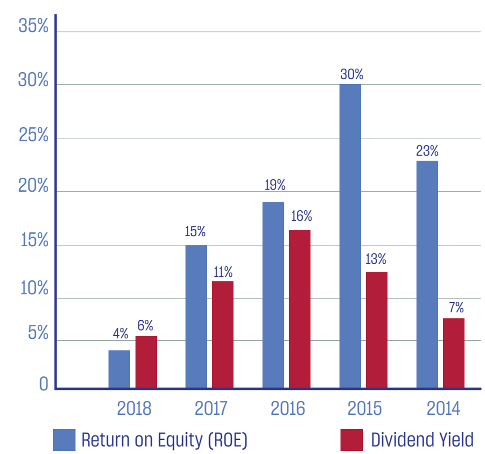
Earnings Per Share And Net Asset Value Per Share



Shareholders Returns

The Group has not accumulated a return to the equity holders for the year ended 31 December 2018 due to restatement provision towards the retirement benefits of employees and reversal of fair value reserves caused by drop in BML market value per share. The net asset value per shares has decrease compared to the previous year due to issue of new right issue of shares in the beginning of the financial year 2018. During the year ended 31 December 2018 the Company has declared a dividend of MVR 2.6 (2017: MVR 2.4) per share from the net profits of 2017. The advance received from the shareholders for the rights issue of ordinary shares were kept under equity as of 31 December 2017 and allotments were done in the beginning of the financial year 2018. A total number of 3,037,749 shares were issued during the year at a par value of MVR 5 per share with a premium of MVR 57 per share.

Return On Equity And Dividend Yield



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Subsidiary Company

Maldives Real Estate Investement Corporation

Maldives Real Estate Investment Corporation (MREIC) Pvt Ltd. is a wholly owned subsidiary of Maldives Transport and Contracting Company Plc. The Company was incorporated as the real estate arm of MTCC to explore and seek opportunities in the growing real estate market in the Maldives. The real estate services of the Company include sales and lease of properties supplemented by a wealth of facility management services which include repair and maintenance services, office gardening services, building security services and janitorial services.

The Company's Board of Directors was reconstituted in 2017, and the Company was restructured to facilitate the growth of Company.

The Company achieved a total revenue of MVR 4.26 million in 2018, a 72% increase compared to 2017 and a profit before tax of MVR 1.8 million, an increase of 5515% compared to 2017.

Review

Entry Into Construction Chemicals

We have invested heavily to diversify our business into other areas. During the year we have successfully entered into the specialized solution-based construction chemicals market. We have obtained the distributorship of the world-renowned construction chemicals brand "Sika", the first shipment of which, was delivered during the year. We aim to open our first retail outlet in Male' during 2019.

Investments In Concrete Pumping Machinery

We have made further investment to commence rental service of concrete pumps and concrete mixers to support the real estate and construction industry. The concrete pumping service commenced during the year and the service which is currently available only in Male' will be extended to Hulhumale' in the near future. We will keep on exploring other possible avenues to achieve further growth in this industry.

A More Skilled Workforce To Undertake Major Projects

During the year strategic changes were also made to the Company's operations in order to gain operational efficiency and to improve our internal processes. We currently have a staff strength of 72 with 28 local staff and 44 expatriate staff members. Our workforce which offered maintenance and cleaning services up until 2017, has now been transformed into a skilled workforce enabling us to undertake larger projects in our markets. We have thus undertaken the development of Villingilli and Hulhumale ferry terminal and the development of a new office building at Hulhumale' terminal and several projects of government ministries and public companies during the year.

Building Maintenance Services

We continued our building maintenance service during the year and provided building maintenance services for 704 housing units in Hulhumale' under a contract with the Ministry of Housing and infrastructure. We will continue to invest in competent technical staff to improve our strength in renovation and maintenance services with the objective to tap the growing needs of the market.

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Corporate Governance

Directors Governance Report

The Company endeavors to strengthen governance and increase transparency in the conduct of the Company' s operations from year to year. MTCC is governed in accordance with the principles set forth in the Company's Act (10/96), Corporate Governance Code of the Capital Market Development Authority, Listing Rules of the Maldives Securities Depository, Securities Act and the Company's Articles of Association. We are fully compliant with all corporate governance principles that are applicable to public companies. As a result, we are able to ensure that the trust and confidence of the Company's shareholders and customers are maintained.

Governance Structure of the Company

(1) Shareholders of the Company	• Shareholders Meeting
(2) Committees of the Board of Directors	• Board of Directors • Audit and Risk Committee • Nominating and Remunerations Committee • Corporate Governance and Compliance Committee
(3) Chief Executive Office, the Executive Management and the functions established to manage the Company's governance, risk, compliance, ethics and controls.	• Chief Executive Office • Executive Management • Internal Audit • Risk Management • Business Controls • Compliance and business ethics • Corporate social responsibility

Role Of The Board Of Directors

The Board of Directors is the ultimate governing authority of the Company. The Board is responsible for setting the Company's strategic business objectives and policies, providing guidance to the management, facilitating financial and human resources for the Company, establishing, assessing and monitoring internal controls and identifying and managing the risks for the Company. The Board is accountable to ensure that the Company's businesses are sustainable and profitable for the long-term.

In compliance with the Company Act 10/96, the Articles of Association and Memorandum of Association of the Company, the Corporate Governance Code of the Capital Market Development Authority, Listing Rules of the Maldives Securities Depository and Securities Act, it is the responsibility of the Board to do what is required, directly and indirectly, to ensure the objectives of the Company are achieved. The Company has to be fully compliant with the governance code of the Capital Market Development Authority and is accountable for non-compliance to any of its clauses.

Role Of The Chairperson

The Chairperson takes the lead role in managing the Board and facilitating effective communication among Directors. The Chairperson is responsible for matters pertaining to governance, including the organization, composition and effectiveness of the Board and its committees, and the performance of individual Directors in fulfilling their responsibilities. The Chairperson is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairperson acts as the communicator to provide adequate information to shareholders in various matters relating to the Company.

The positions of Chairperson and Chief Executive Officer are held by two separate individuals, and there are no business or family relations between the two individuals who occupy these two positions.

Role Of The Chief Executive Officer

The Chief Executive Officer is responsible for establishing the strategic and operational orientation of the Company in conformity with the policies determined by the Board of Directors and in so doing, provide leadership and vision for the effective overall management, profitability, increasing shareholder value and growth of the Company. The Chief Executive Officer is also responsible for brand equity and all matters associated with the management of the Company and for achieving the annual and long-term business targets of the Company.

Responsibilities Of The Board Of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. The Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth.

The Board exercises its duties with care, skill and diligence and independent judgement. The Board sets strategic goals and seek accountability for their fulfillment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

Composition of the Board

In accordance with article 63 of the Company's Articles of Association, the Board of Directors is comprised of seven directors; five representing the Government of Maldives and two elected by public shareholders, which is in proportion to the percentage of shares held by the Government and public shareholders. This is subject to change by an equivalent proportion, in the event of a change in the proportion of shares held by shareholders of the Company.

Out of the seven directors, two are Executive Directors and the remaining members are Independent Directors.

Appointment And Election Of Directors

Application for public directorship of the Board is open to all shareholders. Written notice is given to the majority and minority shareholders in accordance to the Articles of Association and Corporate Governance Code to make their nominations.

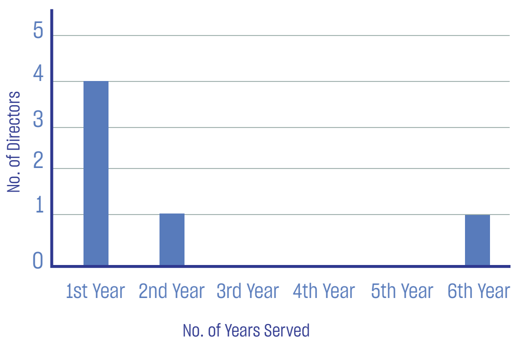
Applicants from public shareholders are evaluated by the Nominating and Remunerations Committee and submitted to the Board of Directors with the Committee's recommendations, for approval of candidates and submission to the Annual General Meeting of the preceding year. Public Directors are elected by a vote among shareholders at the Annual General Meeting.

Directors representing the shareholding of the Government are nominated by the Government and evaluated by the Nominating and Remunerations Committee. The Board endorses nominations which fulfils the criteria set by the Board for such nominations. The endorsed nominations, along with their Curriculum Vitae are then presented at the annual general meeting.

Tenure Of Directors

In accordance with clause 69 of the Articles of Association of the Company, the tenure of Directors appointed or elected at an annual general meeting, expires at the next annual general meeting of the Company.

In accordance with clause 70 of the Articles of Association, with the exemption of Executive Directors, who are appointed to the Board due to the position in which they serve the Company, a person can serve as a Director of the Board for a maximum of six terms consecutively. Mr. Nasrath Mohamed is the only Director currently in the Board who is serving his sixth consecutive year.



Changes To The Board Of Directors In 2018

Directors of the Board as of 31st December 2018.

Name	Appointed/Elected
Mr. Hassan Shah	11 December 2018
Mr. Mansoor Zubair	29 August 2017 (First elected) 26 April 2018 (Last elected)
Mr. Nasrath Mohamed	29 May 2013 (First elected) 26 April 2018 (Last elected)
Ms. Nashima Abdul Latheef	1 November 2015
Mr. Ahmed Abdulla	5 April 2016

Directors whose terms ended during 2018.

Name	Appointed/Elected	Terminated/Ended
Mr. Ahmed Niyaz	6 December 2016	22 November 2018
Mr. Ibrahim Ziyath	14 June 2016	22 November 2018
Mr. Ahmed Kurik Riza	19 December 2016	31 December 2018
Mr. Hasan Muneer	18 December 2016	26 April 2018
Mr. Mohamed Farshath	29 August 2017	26 April 2018
Ms. Aishath Fazeena	29 August 2017	26 April 2018

Non-Executive Directors

According to Clause 67 of the Company's Articles of Association, Non-Executive Directors are members of the Board of Directors who do not hold any executive posts in the Company, and therefore are not Executive Directors. Clause 68 of the Articles of Association of the Company mandates that half of the members of the Board of Directors be Non-Executive Directors. Of the seven members of the Board of Directors, five members are Non-Executive Directors. The Executive Directors of the Board are the Company's Chief Executive Officer and the Chief Operating Officer.

It is imperative that Non-Executive Directors are provided complete information on the Company's businesses and the economic sectors to which the businesses belong. As such arrangements are in place to ensure management reports and board papers are distributed to Non-Executive Directors, with ample time ahead of meetings. Furthermore, an induction program is held for Non-Executive Directors to create awareness about the Company and the Company's businesses.

Clause 1.6 (c), of the Corporate Governance Code mandates that Non-Executive and Independent Directors of the Company hold at least one meeting in a year without the attendance of Executive Directors of the Company. As such, one Non-Executive Board meeting was held during the year in review. During this meeting Non-Executive Directors discussed the performance, risks, flow of information to the Board, strategy, strengths and weaknesses of the leadership, governance and compliance of the Company.

Directors Independence And Conflict Of Interest

Clause 77 of the Articles of Association of the Company requires Directors to disclose any conflicts of interest. As such the Directors have resolved to abstain from participating in discussions or voting on occasions where potential conflicts of interest arise. There are no potential or perceived conflicts of interest of any member of the Board directly related to the work of the Company.

During the year there was no conflicts of interest of Directors, directly or indirectly related to the work of the Company and no contracts or transactions were made by the Company with Directors or the Management during the year.

In 2018 there was no conflicts of interest of Directors, directly or indirectly related to the work of the Company's subsidiaries and no contracts or transactions were made by the Company's subsidiaries with Directors or the Management during the year.

In 2018, the Company has signed several agreements with the majority shareholder, Government of Maldives to carryout various projects.

In 2018 no contracts have been made with any of the major shareholders of the Company to provide any service to the Company's subsidiaries. Furthermore, no service contracts were entered into, with any person nominated for directorship of the Company, at the next annual general meeting.

Board Performance Evaluation

The link between a high performing board and the successful performance of the Company is widely accepted. A regular evaluation process to obtain feedback on the collective performance of the Board as a whole and that of individual Directors is necessary for effective Board functioning and on-going development and improvement.

In accordance with clause 2.2 of the Corporate Governance Code a policy to review the performance of Board members was drafted and an evaluation of the Board of Directors was carried out in 2018. The evaluation of the Chairman, Board of Directors, Chief Executive Officer, Committees of the Board and Company Secretary was conducted in November 2018. The evaluation was conducted using an online questionnaire, the assessor kept in confidence. In addition to achieving an understanding of the effectiveness of the Board and the Company, areas that require improvement were identified in the evaluation.

Directors' Development

Clause 1.7 of the Corporate Governance Code mandates that Directors of the Board are provided with adequate training to fulfil their functions. Ensuring that the Board of Directors understands the Company's governance and the lines of business of the Company is the responsibility of the Chairman.

In order to fulfil this mandate a Directors Training and Induction Policy has been established. In accordance with the Induction

Policy, Directors who join the Board of Directors are provided information on the Company's businesses and other activities and on the policies related to the Company's governance.

Continuing education enables Directors to enhance their understanding of the Company's business and remain current regarding issues or matters of governance that may impact the Company.

In 2018, Directors attended a total of 19 training programs conducted abroad. These trainings programs were in the areas of;

- Corporate governance
- Finance and accounting
- Budget control
- Risk management and Compliance
- Senior management skills

Directors As Shareholders Of The Company

Directors who represent the Government are not required to be Company's shareholders. Public shareholders can only be represented by shareholders of the Company.

Meetings Of The Board Of Directors

The Directors are given notice of Board meetings as stated in the Articles of Association and Directors may suggest inclusion of additional items in the agenda. The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management, finalize the agenda for Board meetings, and distribute the agenda with supplementary documents in advance to the Directors.

The Company's Heads of Departments and Divisions are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion, approval or decision at Board or Committee meetings. Such matters are communicated by them to the Company Secretary in advance, so that they are included in the agenda of Board or Committee meetings.

The Directors of the Board and the management firmly believes in the importance of an effective Board, in order question and make clarifications from the management and have constructive discussion and debate on issues that are presented to the Board by the management.
In this regard, the management provides details of resources required, risks and means of mitigating risk, financial implications and outcomes of issues presented to the Board for its advice and consultation.

Furthermore, the management provides performance reports which include information on estimated budgets in addition to quarterly financial reports. The budget and business plans are presented to the Board for review every quarter.

Attendance Of Directors At Meetings Of The Board

Mr. Ahmed Niyaz
Independent Director
15/15

Mr. Ibrahim Ziyath
Executive Director
14/14

Mr. Hassan Shah
Executive Director
2/2

Mr. Ahmed Kurik Riza
Executive Director
16/17

Ms. Nashima Abdul Latheef
Non - Executive Independent Director
14/18

Mr. Ahmed Abdulla
Non - Executive Independent Director
18/18

Mr. Hassan Muneer
Non - Executive Director
4/5

Mr. Nasrath Mohamed
Non - Executive Independent Director
18/18

Mr. Mohamed Farshath
Non - Executive Independent Director
5/5

Mr. Mansoor Zubair
Non - Executive Independent Director
17/18

Ms. Aishath Fazeena
Non - Executive Independent Director
4/5

Key Decisions And Recommendations By The Board Of Directors During The Year

Review And Approval Of Financial Reports

- Approved the Audited Financial Accounts for the year 2017 and reviewed quarterly results of 2018.
- Approved the dividend for the year 2017 to be proposed to AGM 2018.
- Approved the business plan proposed for year 2019 and continued to review the business plan quarterly
- Approved the financial statement and Directors' report of 2017 and appointed signatories to sign the statements to be submitted for shareholder approval at AGM 2017.
- Approved the dividend for 2017, to be submitted for shareholder approval at the annual general meeting,
- Approved the quarterly reports, which were all published within the timeframe afforded.
- Approved the amount to be distributed as bonus for 2017.

Strategic Decisions

- Discussed changes that needed to be brought to transport services, in light of the opening of the Male' - Hulhumale' bridge and sanctioned to stop regular ferry services and Express services in the sector and continue the Premium Ferry services in the sector.
- Discussed measures that can be taken to minimize the loss from the transport services and to discuss with the Government on ways to make it a profitable sector.
- Approved the land for the construction of Male'-Villingili Ferry Terminal.
- Approved a qualification criteria and process for evaluation for apartments in the MTCC Hiyaa Project.
- Permitted the disposal of old and unusable assets.
- Reviewed construction projects undertaken by the Company and offered guidance to the management on increasing the efficiency of project management.

Appointment Of Members

- Endorsed the appointment of Mr. Ahmed Niyaz for the post of Chairman of the Board and Mr. Ibrahim Ziyath for the post of Chief Executive Officer.
- Appointed Deputy Managing Director, Mr. Ahmed Kurik Riza as acting CEO upon termination of Mr. Ibrahim Ziyath from the post.
- Endorsed Mr. Hassan Shah as Chief Executive Officer of the Company.

Matters Related To Governance

- Approved the Board Evaluation Policy.
- Evaluation of the Board was conducted in 2018.
- Approved the Procurement Policy submitted to the Board with amendments.
- Approved the Corporate Social Responsibility Policy.
- Approved the Insider Trading Policy.
- Approved the Conflict of Interest and Disclosure Policy.
- Approved the Directors Training and Induction Policy.
- Approved Haj and Umra Guidelines with amendments.
- Reconstituted the Board Committees for 2018.

Matters Related To General Meeting

- Approved to propose to the annual general meeting, amendments to the Articles of Association relating to changes in the number of shares of the Company subsequent to the rights issue.
- Approved for submission to the annual general meeting, external auditors of the Company for 2018.
- Approved the use of the voting software for use in the 2017 annual general meeting.
- Approved to publish the minutes of the 2017 annual general meeting.

Shareholders Meetings

Important issues relating to the Company are decided at the annual general meeting of shareholders. The annual general meeting provides the opportunity for shareholders to exercise their powers and rights in matters relating to the Company.

Each shareholder is entitled to be present (or be represented by proxy) and exercise the right to vote according to the number of shares held by the shareholder. The Articles of Association and the Memorandum of Association are published on the Company's website. Amendments to the same can only be made with the approval of shareholders at a shareholders meeting of the Company.

Clause 3.7.1 of the listing rules of the Maldives Stock Exchange mandates that an annual general meeting be held not later than five months after the end of each financial year. And clause 54 of the Company's Act mandates that a shareholders meeting be held once each calendar year and that no more than 15 months shall elapse between two shareholders meetings.

The annual general meeting of 2017 was held on 26 April 2018. The following were concluded in the meeting;

- Approval of the minutes of annual general meeting of 2016.
- Submission and approval of the Directors Report for 2017.
- Submission and approval of the Company's audited Balance Sheet and Profit and Loss Statements for 2017.
- Ratified the proposal made by the Board of Directors on the distribution of dividends to shareholders.
- Approved auditors for the Company for 2018 and fees payable to the auditors thus approved.
- Approved the resolution submitted on the amendments to the Company's Memorandum of Association.
- Appointment of Directors for the year ahead.

Relationship With Shareholders

The Company seeks effective channels to communicate with shareholders and strives to maintain the relationship with shareholders through various means.

The financial and strategic achievements of the Company are disclosed to the shareholders through quarterly reports every quarter. Regular updates on projects undertaken and business segments of the Company are provided to the shareholders on a timely basis throughout the year, through various media and the Company website. The Company also shares information about significant business developments with shareholders through announcements, press releases and through posts on the Company website. Meetings were held between the Board of Directors and the majority shareholders to address and discuss Company's concerns.

Shareholders have the opportunity to share their views and question the Board and the management on matters related to the Company, at the annual general meeting.

Independent Audits

KPMG was appointed as the Company's External Auditors for 2018 at the Annual General Meeting of 2017. The External Auditors KPMG has no other service contracts with the Company in 2018.

The Company's Internal Audit is conducted by the Internal Audit Department and is overseen by the Audit and Risk Committee. The Audit and Risk Committee reviews the audit reports and advises the Board of Directors on the findings and recommendations made in the reports. The Board of Directors reviews the recommendations in the audits, and necessary action is taken on issues highlighted in the reports. Follow up audits are conducted to evaluate actions taken on recommendations. Such audits are also submitted to the Audit and Risk Committee.

Internal Controls

The Directors of the Board are satisfied and are constantly reviewing the measures established for financial and operational controls, strategies and policies of risk management and compliance at the Company. These measures are reviewed on a regular basis.

In order to safeguard the assets, resources and the interest of the shareholders of the Company, the Audit and Risk Committee has been entrusted with the responsibility of risk management. The Audit and Risk Committee together with the Internal Audit Department continue to discharge their duty to strengthen the internal controls of the Company. The Internal Audit Department reviews the standard operating procedures and establishes controls as and when necessary.

During the year process audits, special audits and surprise audits were conducted to identify and take steps to mitigate risks and improve the internal controls established in the Company.

The Policies that have been established and implemented in 2018 include Insider Trading Policy, Conflict of Interest and Disclosure Policy, Policy on Induction and Training of Directors and Board Evaluation Policy. The Corporate Governance and Compliance Committee is currently working to formulate a whistle blower policy.

Declaration

The responsibilities of the Board relating to governance and management and financial statements of the Company and the declarations related to those are stated below. We declare that the information presented in this statement is true and accurate.

In accordance with the principles of corporate governance, Listing Rules, Securities Act and the Company's Act, the Directors of Board and the management of the Company have made all efforts to ensure that the Company is governed and managed in a fair and transparent manner,

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with all applicable laws and regulations.

Annual Report

Clause 3.5.1 of the Listing Rules of Maldives Stock Exchange mandates that the annual report of the Company be published not late than four months after the end of each financial year. The 2018 Annual Report has been published on 26th May 2019, as per extension authorized by Capital Market Development Authority. The information contained in the Annual Report is an accurate and true representation of the activities and operations of the Company in 2018.

Financial Statements

The Directors are required by the Companies Act, Corporate Governance Code and the Listing Rules of Maldives Stock Exchange to prepare financial statements for each financial year. The financial statements contain the balance sheet, statement of income and expenditure, cash flow statement, changes in shareholder equity and notes related to the financial statements. The Chairman, Chief Executive Officer and the Chief Financial Officer have put their signatures to affirm that the financial statements are true and accurate, and the financial statements of the Company and the group are prepared in accordance to the International Financial Reporting Standards (IFRS).

We also affirm that if there have been any significant areas where accounting procedures are non-compliant to the regulations, they have been stated in the financial statements and that there have been no post balance sheet events which would have required it to be revised.

Dividend

The dividend distributed to the shareholders is proposed by the Board of Directors in consideration of the Company's profit, financial status and its future investments. The dividend for each year is determined by the Board of Directors in accordance with the Company's dividend policy and submitted to the annual general meeting for approval. Considering the low profit made in 2018 and current financial situation of the company the Board has decided not to declare dividend for the year 2018.

Outlook

The strategic business plan of the Company is carefully reviewed by the Board of Directors. The strategic objective of the Company is to shape and transform the Company's businesses for long-term competitiveness and profitability.

Further, the Company aims to invest in areas that will ensure sustainability of the Company's businesses. The Board of Directors is confident that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the Company will continue to adopt the going concern basis in preparing the financial statements.

Mohamed Faheem
Chairman

Hassan Shah
Chief Executive Officer

Audit And Risk Committee

Recognizing the importance of strengthening the Company's management through effective monitoring of the Company's operations, changes to the business environment and management of risk, a risk function was incorporated into the terms of reference of the Committee and the Committee was renamed the Audit and Risk Committee.

The Audit and Risk Committee consists of three Non-Executive Independent Directors who possess the capacity to understand and review financial statements and undertake the responsibilities of the Committee.

Ms. Nashima Abdul Latheef served as the Chairman of the Committee until 8 May 2018. Mr. Mansoor Zubair served as the Chairperson of the Committee from 15 May 2018 to the end of the year.

The Audit and Risk Committee met 16 times during 2018. The meetings of the Committee were attended by the Chief Executive Officer, Chief Financial Officer, Financial Controller and Auditors as and when required by the Committee.

Role And Responsibilities

The function of the Audit & Risk Committee is to assist the Board in its oversight of the following, in relation to the MTCC Group:

1. The integrity of the financial statements and the Company's financial reporting processes.
2. The independent auditor's qualifications and independence.
3. The performance of the Company's internal audit function and independent auditors.
4. Compliance by the Company with legal and regulatory requirements.
5. To assure that there is in place, an effective system of controls reasonably designed to;

    i. Safeguard assets and income of the Company

    ii. Maintain compliance with Company's ethical standards, policies, plans and procedures
6. Guidelines, policies and processes for identifying, monitoring and mitigating risks.

Changes To The Committee

Members of the Committee as of 31 December 2018.

Name	Appointed/Elected
Mr. Mansoor Zubair	18 September 2017
Mr. Ahmed Abdulla	18 September 2017
Mr. Nasrath Mohamed	18 September 2017

Members who left the Committee in 2018.

Name	Appointed/Elected	Terminated/Ended
Ms. Nashima Abdul Latheef	18 September 2017	8 May 2017

The Audit and Risk Committee met 16 times during 2018. The attendance of members of the Committee is as follows:

Mr. Mansoor Zubair

Non - Executive Independent Director

16/16

Mr. Ahmed Abdullah

Non - Executive Independent Director

16/16

Ms.Nashima Abdul Latheef

Non - Executive Independent Director

5/5

Mr. Nasrath Mohamed

Non - Executive Independent Director

15/16

Activities During The Year

In 2018 the Committee focused on monitoring the integrity of financial reporting systems, internal controls and risk management. Reports of the Audit and Risk Committee meetings were submitted to the Board of Directors for deliberations and decision-making.

Financial Reporting

- Approved the submission of the 4th quarterly report of 2017 to the Board.
- Reviewed financial statements of 2017 and advised the Board on the amount of dividend that may be declared for 2017.
- Reviewed and submitted to the Board, the budget and business plan for 2019 with the Committee's recommendations.
- Formulated and submitted to the Board, an action plan drawn up to achieve the targets set in the budget and business plan of 2019.
- Reviewed the quarterly reports of 2018 and submitted the same to the Board with the Committee's recommendations.

Governance

- Amended the Committee's charter in view of the change in the number of Committee members and submitted to the Board for approval.

Risk Management

- Discussed ways to reduce losses made from transport services and submitted Committee's recommendations to the Board.
- Conducted audits and held discussions and advised the management on areas of improvement to strengthen the risk management function of the Company. Established a risk register of the Company

Internal Controls

- Amended the Credit Policy of the Company and submitted to the Board for approval.
- Reviewed audit reports of departments, important projects and functions of the Company and submitted the reports to the Board with the Committee's recommendations.
- Amended and improved the Fixed Assets Policy of the Company and submitted the same to the Board for approval.

Internal Audit

- Discussed the audit work plan for 2018, resolved that the Capex budget needed verification and approved the audit work plan.
- Discussed changes to the charter of the Internal Audit Department and other relevant policies of the Company that need to be changed, in order to strengthen the internal audit function of the Company and submitted recommendations to the Board.

External Audit

- Submitted to the Board, the Committee's recommendations on extending the term of external auditors to three years.
- Submitted to the Board, the Committee's recommendation on the disposal of obsolete, unusable assets of the Company.

The Internal Audit Department acts on behalf of the Audit Risk Committee in ensuring the effectiveness of the internal controls.

The Audit and Risk Committee believes that the system of internal controls and risk management controls currently in place in the Company are sound and effective. The Committee will continue to review the internal audit function, internal controls and financial conduct of the Company. I take this opportunity to express my sincere gratitude to all the members of the Committee who work with me to ensure that the all the responsibilities of the Audit and Risk Committee are fulfilled.

Mansoor Zubair

Chairperson
Audit and Risk Committee

Nominating And Remuneration Committee

The Nominating Committee and Remuneration Committee were combined as one committee as the Board believed that the expertise of the Directors in the separate committees can be better utilized in executing the functions and scope of the two committees. Members of the committee are aware of the distinct responsibilities of the two committees and the Board of Directors are confident that the combined committee will be able to execute these separate roles.

Ms. Aishath Fazeena served as the chairperson of the committee until 26 April 2018. Ms. Nashima Abdul Latheef served as Chairperson of the Committee from 15 May 2018 to the end of the year. The Nominating and Remuneration Committee consists of three Non-Executive Directors, all of these Directors being Independent Directors.

Role And Responsibilities

1. Developing policies on employee remuneration and determining the structure and the amount of remuneration packages of individual Directors and general employees of the Company.

2. In determining such policy, no Director or manager shall be involved in any decisions relating to their own remuneration.

3. In determining such policy, the committee shall consider relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Development Authority's Governance Code and guidance related to such matters.

4. Review the pertinence and relevance of the existing remuneration policy.

5. Approve the design of, and determine targets for any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

6. Establish the Pension Policy of the Company and organize matters related to pensions in compliance with the law.

7. Ensure that payments made to employees upon termination from employment as agreed in the employment contract, are fair to the employee terminated, and the Company.

8. Oversee any major changes in employee benefit structures throughout the Company.

9. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.

10. Work to ensure that a plan of succession is in place for Directors and senior executive, taking into consideration, the challenges and opportunities that the Company may face in the future and the skill and capability required of Directors and senior executives.

11. Keep up to date and fully informed of changes to strategic matters and the business environment that could affect the Company and the markets in which it operates.

12. Identify and submit to the Board for approval, candidates to fill Board vacancies as and when they arise.

13. Develop and implement a conflict of interest policy applicable to Directors, executives and employees of the Company.

14. Ensure that Directors disclose personal business interests that may give rise to conflict of interests with the Company.

15. Evaluate the performance of the Board regularly.

Changes To The Committee

Members of the Committee as of 31 December 2018.

Name	Appointed/Elected
Mr. Nasrath Mohamed	8 May 2018
Mr. Mansoor Zubair	8 May 2018
Ms. Nashima Abdul Latheef	18 September 2017

Members who left the Committee in 2018.

Name	Appointed/Elected	Terminated/Ended
Mr. Hassan Muneer	18 September 2017	26 April 2018
Ms. Aishath Fazeena	18 September 2017	26 April 2018 (end of tenure)
Mr. Mohamed Farshath	18 September 2017	26 April 2018 (end of tenure)
Mr. Ahmed Abdulla (temporary member)	3 April 2018	3 April 2018

The Nominating and Remuneration Committee met 5 times during 2018. The attendance of members of the Committee is as follows:

Ms. Nashima Abdul Latheef
Non - Executive
Independent Director

5/5

Mr. Mohamed Farshath
Non - Executive
Independent Director

2/2

Mr. Nasrath Mohamed
Non - Executive
Independent Director

2/2

Mr. Hassan Muneer
Non - Executive
Independent Director

3/3

Mr. Ahmed Abdulla (temporary member)
Non - Executive
Independent Director

1/1

Mr. Mansoor Zubair
Non - Executive
Independent Director

2/2

Ms. Aishath Fazeena
Non - Executive
Independent Director

2/2

Activities During The Year

- Evaluated the applicants for public directorship of the Company and made recommendations to the Board for approval as nominees for AGM 2017.
- Discussed the paper on amendment of Hajj and Umra guidelines and submitted the paper with the Committee's recommendations to the Board for approval.
- Discussed the policy on recruitment and hiring for employment and submitted the same with the Committee's recommendations to the Board for approval.
- Submitted to the Board, the Committee's recommendations on changing the titles of posts in executive management of the Company

Governance

- Amended the Committee's charter in view of the change in the number of Committee members and submitted to the Board for approval.

The Committee notes that the Company does not have a Board's policy on gender diversity in the boardroom at the moment. The Committee will continue to do what is required and hold discussions with relevant agencies to ensure that the objective of formulating a gender diversity policy for the Board is achieved.
I take this opportunity to express my sincere gratitude to the all members of the Committee who work with me to ensure that the responsibilities of the Nominating and Remuneration Committee are fulfilled.

Sinaan Ali

Chairperson
Nominating and Remuneration Committee

Corporate Governance And Compliance Committee

The main purpose of Corporate Governance and Compliance Committee is to create, review and improve the corporate governance measures within the Company.

The Corporate Governance and Compliance Committee consists of three Non-Executive Directors, the majority of which are Independent Directors. Mr. Mohamed Farshath served as the Chairperson of the Committee until 26 April 2018. Mr. Ahmed Abdulla served as the Chairperson of the Committee from 15 May 2018 to the end of the year.

Role And Responsibilities

1. Develop and monitor the Company's overall approach to corporate governance and, implement, administer, and continue to develop a system of corporate governance within the Company.

2. Undertake an annual review of corporate governance policies and practices of the Company and make recommendations for improvements where necessary.

3. Advise the Board and its committees on corporate governance issues.

4. Develop and implement an orientation and educational program for newly appointed members of the Board.

5. Develop a process for assessing the effectiveness of the Company, Board, individual Directors and Board committees and ensure that the Board conducts these evaluations, annually.

6. Ensure that charters of the Board and its committees are reviewed annually.

7. Develop the Dividend Policy of the Company and review it regularly.

8. Establish a business code of ethics for the Company and review it as and when required.

9. Ensure that appropriate methods are established for stakeholders to submit their recommendations and inquiries to the relevant agencies established in the Company.

Changes To The Committee

Members of the Committee as of 31 December 2018.

Name	Appointed/Elected
Ms. Nashima Abdul Latheef	8 May 2018
Mr. Ahmed Abdulla	8 May 2018
Mr. Mansoor Zubair	18 September 2017

Members who left the Committee in 2018.

Name	Appointed/Elected	Terminated/Ended
Mr. Mohamed Farshath	18 September 2017	26 April 2018 (end of tenure)
Ms. Aishath Fazeena	18 September 2017	26 April 2018 (end of tenure)
Mr. Nasrath Mohamed	9 January 2017	8 May 2018

The Corporate Governance and Compliance Committee met 2 times during the year. The attendance of members of the Committee is as follows:

Ms. Nashima Abdul Latheef
Non - Executive
Independent Director
2/2

Mr. Ahmed Abdulla
Non - Executive
Independent Director
2/2

Mr. Mansoor Zubair
Non - Executive
Independent Director
2/2

Mr. Mohamed Farshath
Non - Executive
Independent Director
0/0

Ms. Aishath Fazeena
Non - Executive
Independent Director
0/0

Mr. Nasrath Mohamed
Non - Executive
Independent Director
0/0

Activities During The Year

- Amended the Committee's charter in view of the change in the number of Committee members and submitted to the Board for approval.
- Developed the Board Evaluation Policy and submitted to the Board for approval.
- Developed the Conflict of Interest and Disclosure Policy and submitted to the Board for approval.
- Developed the Directors Training and Induction Policy and submitted to the Board for approval.
- Developed the Insider Trading Policy and submitted to the Board for approval.

The Committee recognizes that significant amount of work is needed to strengthen governance of Company. The Board of Directors and the Management review the Company's businesses, and the laws and regulations pertaining to the governance of the Company and work to ensure that the Company remains fully compliant.

Abdulla Shairu

Chairperson
Corporate Governance
and Compliance Committee

Remuneration Report

The Company remains partially compliant to clause 2.4 of the Corporate Governance Code of the Capital Market Development Authority, which requires the Company to disclose the remunerations paid to individual members of the Board of Directors and key management due to the competitive business and employment environment it operates in. The Board of Directors decided only to disclose the aggregate remuneration paid to the key management.

The Board of Directors endeavors to ensure that the remunerations paid by the Company are kept at a moderate level. However, in determining salaries and incentives of the Company the Board considers trends and references of remuneration applied in the market by companies of similar size that perform similar businesses and ensure that they are in line with best practices. The Board of Directors are remunerated as per clause 73 of the Articles of Association of the Company, which states that the remuneration and fees of Directors shall be approved by shareholders at the Annual General Meeting.

As approved in the Annual General Meeting 2014, the remuneration of Board Directors comprises of MVR 10,000 paid as monthly salary and MVR 500 as sitting allowance for each meeting of the Board and Committees of the Board. In addition to the remuneration package as a Board Director, the Chairman also receives Chairman Allowance of MVR 7,000.

Directors do not receive any remunerations in addition to those approved at the Annual General Meeting. The Board of Directors receive medical insurance under the Medical Insurance Scheme of the Company.

Remunerations paid to Executive Directors of the Board are paid over and above the remunerations they receive from their employment at the Company.

The Chief Executive Officer/ Executive Director of the Company also serves as the Chairman of the Board of Maldives Real Estate Investment Corporation Private Limited, a subsidiary in which the Company owns 100% of its shares. The Chief Executive Officer/ Executive Director is entitled to the remunerations paid for Chairman and Directors of the Board of Maldives Real Estate Investment Corporation Private Limited.

The Chief Executive Officer / Executive Director is also a member of the Board of Directors of Airport Investment Pvt. Ltd., a Company in which MTCC owns 33.33 percent of the shares. However, no additional remuneration is paid for this position.

Directors of the Board are entitled to shares and debt securities of the Company. However, no Director of the Board has been awarded the right to receive shares and debt securities of the Company’s subsidiaries.

Total remunerations paid to Directors of the Board in 2018 is MVR 1,106,419.34

Details of Remunerations Paid to Directors of the Board in 2018

Name	Total (MVR)
Mr. Ahmed Niyaz	189,400.00
Mr. Ibrahim Ziyath	114,000.00
Mr. Hassan Shah	8,000.00
Mr. Ahmed Abdulla	133,519.34
Mr. Ahmed Kurik Riza	128,000.00
Ms. Nashima Abdul Latheef	133,000.00
Mr. Hassan Muneer	41,833.33
Mr. Nasrath Mohamed	137,500.00
Ms. Aishath Fazeena	41,833.33
Mr. Mohamed Farshath	41,833.33
Mr. Mansoor Zubair	138,000.00

The shares owned by the Directors of the Company have been purchased by the Directors in their individual capacity and no service contracts of the Company have been awarded to any of the Board Directors or any member of the key management. In 2018, no Board Director was awarded notice period, severance pay or stock options. No member of the key management was awarded notice period, nor severance pay in 2018.

The top management of the Company consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, General Managers and Assistant General Managers. The remunerations of members of top management have been established as per the Company's Salary and Benefits Policy. The remuneration package of the members of the top management is reviewed by the Nominating and Remuneration Committee and approved by the Board of Directors. The remuneration package of members of the top management comprises of a monthly basic salary and allowances.

In 2018 the aggregate remuneration paid to members of the top management amounts to MVR 8,785,821

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Financial Statements

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Independent Auditors' Report To the Shareholders of Maldives Transport and Contracting Company PLC

Opinion

We have audited the financial statements of Maldives Transport and Contracting Company PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (together with the Group), which comprise the consolidated and separate statement of financial position as at 31 December 2018 and consolidated and separate statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information set out in pages 98 to 170.

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion - Company

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Of Matter – Restatement Of Comparative Balances

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Key Audit Matters

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

Construction Revenue

(Refer to the significant accounting policies in note 2.1 and note 2.21 of the consolidated and separate financial statements)

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Risk Description	Our Response
A significant portion of the Group's revenue relates to the revenue from construction contracts including dredging contracts amount of MVR 868.6 Mn for the year ended 31 December 2018. The revenue on construction contracts is recognized over time by measuring progress towards complete satisfaction of performance obligations as at the reporting date, measured based on the proportion of contract cost incurred for the work performed to date relative to the estimated total contract costs, using input method. Furthermore, the amount of revenue and profit is influenced by valuation of variation orders and claims which involve uncertainty about the outcome of discussions with customers on variation orders and claims. The recognition of revenue and profit therefore rely on estimates in relation to the final out-turn of costs on each contract. Changes to these estimates could give rise to material variances in the amount of revenue and profit / loss recognized. We focus on this area as a key audit matter due to the degree of management judgment involved in estimation of revenue over the course of contracts.	Our audit procedures included; • Identification of processes, relevant controls and testing of the operating effectiveness of the key controls in relation to the construction revenue. • Inspecting a sample of project budgets, contract agreements with customers and subcontractors to identify key terms and conditions including performance obligations and recalculation of revenue with reference to the input method in accordance with International Financial Reporting Standard 15 Revenue from contracts with customers. (IFRS 15). • Assessing the accuracy of management's forecast by comparing the historical financial performance of selected completed contracts and ongoing contracts with the original budgets for those contracts and challenging management's judgment by obtaining and assessing information to support the forecast assumptions. • Obtaining confirmations from lawyers in order to assess if there are any legal proceedings in respect of the construction contracts. • Visiting sites for selected contracts and identifying areas of complexity through observation and discussions with site personnel. • Analyzing correspondence with variations and claims both in terms of contract revenue and contract costs and challenging the estimates of variations and claims made in the financial statements. • Reviewing and challenging components of budgets, cost committed to date and discussed with project management personnel regarding their assessment of probable actual costs, potential foreseeable losses, liquidated damages to be made, and status of the selected projects. • Evaluation of the adequacy of the disclosures in financial statements in accordance with the requirements of IFRS 15.

Impairment of contract assets, trade and other receivables and transition impact with the adoption of IFRS 9 – Financial Instruments

(Refer to the significant accounting policies in note 2.1 and note 11 of the consolidated and separate financial statements)

Risk Description	Our Response
As disclosed in Note 11 to the financial statements, the Group has recorded MVR 729.2 Mn and MVR 80.1 Mn as at 31 December 2018 as trade, other receivables and contract assets and expected credit losses (ECL) respectively. Further, as permitted by the transitional provision of IFRS 9, the impact of adopting IFRS 9 is considered as an adjustment to the equity as at 1 January 2018, without restating the comparative information. Note 2.1 B to these financial statement provides the impact on transition to IFRS 9 - Financial Instruments on Retained earnings as at 1 January 2018. IFRS 9 – Financial Instruments introduces an ECL model which takes into account judgments in setting the assumptions such as forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgements over the use of data inputs required.	Our audit procedures included, • Evaluating the appropriateness of the accounting policies and methodology applied based on the requirements of IFRS 9 with our business understanding and industry practice. • Assessing the reasonableness of key judgements and assumptions incorporated into the impairment calculations by using our own KPMG specialists. • Evaluating the appropriateness and testing the mathematical accuracy of the estimation of provision for impairment. • Evaluating the completeness, accuracy and relevance of data used in preparation of the impairment provision and transition adjustments.

Impairment Of Contract Assets, Trade And Other Receivables And Transition Impact With The Adoption Of Ifrs 9 – Financial Instruments

(Refer to the significant accounting policies in note 2.1 and note 11 of the consolidated and separate financial statements)

Risk Description	Our Response
The Group has applied new accounting policies, including transition option elections and practical expedients with the application of new significant judgments and estimates which are subject to estimation of uncertainty and management bias. Impairment of trade and other receivables and contract assets and transition impact are considered to be a key audit matter owning to the significance of trade and other receivables and contract assets, the high degree of complexity and judgement used in those estimates.	• Assessing the disclosures in the financial statements in relation to impairment of contract assets, trade and other receivables with reference to the requirements of IFRS 9 including transition disclosure.

Impairment Of Property, Plant And Equipment Of Transport Segment

(Refer to the significant accounting policies in note 2.6 and note 5 of the consolidated and separate financial statements)

Risk Description

As per Note 6 to the financial statements, property, plant and equipment includes, net carrying value of MVR 64 Mn in relation to transport segment as at 31 December 2018.

The Management has identified the transport segment as a separate cash generating unit and determined that transport CGU has impairment indications in accordance with IAS 36 – Impairment of Assets.

A number of factors, including but not limited to; significant increase in the operating losses and significant adverse effects due to opening of Sinamale' bridge connecting Male', Hulhule', and Hulhumale' islands in November 2018, could result in significant impairment of transport segment's property, plant and equipment.

The management assessment of Impairment of transport segment's property, plant and equipment was based on a fair valuation performed by an independent external valuer engaged by the Company.

We identified impairment of transport segment's property, plant and equipment as a key audit matter because the determination of the fair values involves significant assumptions, judgments and estimations. Particularly the fair values are sensitive to the key assumptions applied.

Our Response

Our audit procedures included,

- Assessing the objectivity, independence, competence and qualification of the external valuer.
- Assessing the valuation methodology and challenging the key assumptions applied and conclusions made in deriving the fair values of the transport segment's property, plant and equipment with the assistance of our own internal property valuation specialists.
- Reviewing and challenging the reasonableness of key assumptions and critical judgment areas which underpin the fair value.
- Performing physical inspection of selected assets to evaluate existence of impairment indicators.

Other Information

The Board of Directors (the Board) is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of Board of Directors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements.

- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We also provide The Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is R. W. M. O. W. D. B. Rathnadiwakara.

kpmg.

Chartered Accountants

Male'
18 May 2019

Consolidated Statement of Financial Position – Group

(all amounts in Maldivian Rufiyaa)

ASSETS

	NOTE	As at 31 December		As at 01 January
		2018	2017 Restated*	2017 Restated*
Non-current assets				
Property, plant and equipment	6	964,907,076	915,212,302	331,902,142
Intangible assets	7	12,791,255	455,132	936,209
Investment in subsidiary	8	-	-	-
Equity investments	9	43,819,200	74,492,640	32,864,400
Deferred tax assets	10	53,395,558	36,099,852	7,581,920
Trade and other receivables	11	7,097,597	10,181,549	12,648,642
		1,082,010,686	1,036,441,475	385,933,313
Current assets				
Inventories	12	208,831,962	213,227,617	238,867,752
Trade and other receivables	11	700,893,117	979,497,276	826,135,640
Contract assets	11	98,469,281	-	-
Business profit tax receivable	22	2,641,169	-	-
Cash and cash equivalents	13	58,089,390	104,876,379	32,475,637
		1,068,924,919	1,297,601,272	1,097,479,029
Total assets		2,150,935,605	2,334,042,747	1,483,412,342

EQUITY AND LIABILITIES

Equity

Share capital	14	40,188,745	25,000,000	25,000,000
Share premium	14	173,151,693	-	-
General reserve	14	225,000,000	225,000,000	225,000,000
Advance received from shareholders	14	-	183,355,845	-
Fair value reserves	14	35,215,414	61,287,838	30,475,099
Retained earnings		453,572,183	453,212,692	321,911,685
Total equity		**927,128,035**	**947,856,375**	**602,386,784**

LIABILITIES

Non-current liabilities

Borrowings	15	316,324,857	387,769,106	43,598,196
Employee retirement benefit	17	22,112,852	19,458,297	17,028,328
		338,437,709	407,227,403	60,626,524

Current liabilities

Borrowings and bank overdrafts	15	106,972,254	89,873,090	50,047,395
Shareholder loan	16	238,524,767	238,524,767	138,524,767
Trade and other payables	17	369,181,732	634,742,369	625,830,206
Contract liabilities	17	170,691,108	-	-
Business profit tax payable	22	-	15,818,743	5,996,666
		885,369,861	978,958,969	820,399,034
Total liabilities		**1,223,807,570**	**1,386,186,372**	**881,025,558**
Total equity and liabilities		**2,150,935,605**	**2,334,042,747**	**1,483,412,342**

* See note 30 for details regarding the restatement for changes in accounting policies.

These financial statements were approved by the Board of Directors on 18th May 2019.

Mohamed Faheem
Chairman

Hassan Shah
Chief Executive Officer

Mohamed Hilmy
Chief Financial Officer

The notes on pages 98 to 170 are an integral part of these financial statements.

Separate Statement of Financial Position - Company

(all amounts in Maldivian Rufiyaa)

ASSETS

	NOTE	As at 31 December		As at 01 January
		2018	2017 Restated*	2017 Restated*
Non-current assets				
Property, plant and equipment	6	964,963,739	914,348,239	331,074,822
Intangible assets	7	12,787,588	445,965	921,542
Investment in subsidiary	8	7,102,500	7,102,500	7,102,500
Equity investments	9	43,819,200	74,492,640	32,864,400
Deferred tax assets	10	53,189,401	35,936,937	7,427,148
Trade and other receivables	11	7,097,597	10,181,549	12,648,642
		1,088,960,025	1,042,507,830	392,039,054
Current assets				
Inventories	12	208,106,245	212,487,783	238,867,752
Trade and other receivables	11	719,590,555	994,897,754	838,869,865
Contract assets	11	98,469,281	-	-
Business profit tax receivable	22	2,454,896	-	-
Cash and cash equivalents	13	57,904,904	103,585,399	29,291,460
		1,086,525,881	1,310,970,936	1,107,029,077
Total assets		**2,175,485,906**	**2,353,478,766**	**1,499,068,131**

EQUITY AND LIABILITIES

Equity

Share capital	14	40,188,745	25,000,000	25,000,000
Share premium	14	173,151,693	-	-
General reserve	14	225,000,000	225,000,000	225,000,000
Advance received from shareholders	14	-	183,355,845	-
Fair value reserves	14	35,215,414	61,287,838	30,475,099
Retained earnings		461,168,216	459,079,758	327,970,177
Total equity		**934,724,068**	**953,723,441**	**608,445,276**

LIABILITIES

Non-current liabilities

Borrowings	15	316,324,857	387,769,106	43,598,196
Employee retirement benefit	17	21,037,843	18,500,632	16,065,043
		337,362,700	406,269,738	59,663,239

Current liabilities

Borrowings and bank overdrafts	15	106,972,254	89,873,090	50,047,395
Shareholder loan	16	238,524,767	238,524,767	138,524,767
Trade and other payables	17	387,211,009	649,051,800	636,928,492
Contract liabilities	17	170,691,108	-	-
Business profit tax payable	22	-	16,035,930	5,458,962
		903,399,138	993,485,587	830,959,616
Total liabilities		**1,240,761,838**	**1,399,755,325**	**890,622,855**
Total equity and liabilities		**2,175,485,906**	**2,353,478,766**	**1,499,068,131**

* See note 30 for details regarding the restatement for changes in accounting policies.

These financial statements were approved by the Board of Directors on 18th May 2019.

Mohamed Faheem
Chairman

Hassan Shah
Chief Executive Officer

Mohamed Hilmy
Chief Executive Officer

The notes on pages 98 to 170 are an integral part of these financial statements.

Statement of Profit or Loss and other Comprehensive Income

(all amounts in Maldivian Rufiyaa)

As at 31 December

	NOTE	GROUP 2018	GROUP 2017 Restated*	COMPANY 2018	COMPANY 2017 Restated*
Revenue	5	1,285,696,244	1,296,657,136	1,281,440,000	1,294,177,082
Cost of sales	19	(1,047,465,025)	(982,755,035)	(1,040,959,587)	(985,056,531)
Gross profit		238,231,219	313,902,101	240,480,413	309,120,551
Other income	18	24,948,685	16,972,932	24,948,685	16,972,932
Selling and marketing expenses	19	(8,364,940)	(12,312,852)	(8,364,940)	(12,312,852)
Administrative expenses	19	(147,367,335)	(144,404,886)	(148,081,045)	(139,655,642)
Impairment loss on trade receivables	19				
and contract assets	19	(5,607,257)	(6,545,103)	(5,607,257)	(6,545,103)
Other operating expenses		(20,160,947)	(12,647,470)	(20,160,947)	(12,647,470)
Operating profit	21	81,679,425	154,964,722	83,214,909	154,932,416
Finance income	21	259,200	321,328	259,200	321,328
Finance costs	21	(47,173,199)	(27,949,550)	(47,173,199)	(27,949,550)
Net finance costs		(46,913,999)	(27,628,222)	(46,913,999)	(27,628,222)
Profit before tax	22	34,765,426	127,336,500	36,300,910	127,304,194
Tax expense		(492,398)	13,607,022	(245,331)	13,620,148
Profit after tax for the year		**34,273,028**	**140,943,522**	**36,055,579**	**140,924,342**

OTHER COMPREHENSIVE INCOME:

	NOTE	GROUP 2018	GROUP 2017 Restated*	COMPANY 2018	COMPANY 2017 Restated*
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of Retirement Benefit Obligations	17	3,079,270	2,773,512	3,016,229	2,570,870
Equity investments -	9	(30,673,440)	41,628,240	(30,673,440)	41,628,240
net change in fair value	10				
Related tax		4,139,125	(11,231,528)	4,148,582	(11,201,132)
Other comprehensive income for the year, net of tax		(23,455,045)	33,170,224	(23,508,629)	32,997,978
Total comprehensive income for the year	23	**10,817,983**	**174,113,746**	**12,546,950**	**173,922,320**
Earnings per share		**4.43**	**25.31**	**4.66**	**25.30**

The notes on pages 98 to 170 are an integral part of these financial statements.

Statement of Changes in Equity

(all amounts in Maldivian Rufiyaa)

	GROUP							
	NOTE	Share Capital	Share Premium	General Reserve	Advance Received from Shareholders	Fair Value Reserves	Retained Earnings	Total
Balance at 1 January 2017								
As previously reported		25,000,000	-	225,000,000	-	30,475,099	336,385,764	616,860,863
Adjsutment for Employee retirement benefit	4.3	-	-	-	-	-	(14,474,079)	(14,474,079)
As restated		25,000,000	-	225,000,000	-	30,475,099	321,911,685	602,386,784
Profit for the year - Restated		-	-	-	-	-	140,943,522	140,943,522
Other comprehensive income for the year - Restated		-	-	-	-	30,812,739	2,357,485	33,170,224
Total comprehensive income for the year		-	-	-	-	30,812,739	143,301,007	174,113,746
Transactions with the owners			-	-				
Advance received for rights issue of shares	14	-	-	-	183,355,845	-	-	183,355,845
Dividend declared	25	-	-	-	-	-	(12,000,000)	(12,000,000)
Total contributions and distributions		-	-	-	183,355,845	-	(12,000,000)	171,355,845
Balance at 31 December 2017		**25,000,000**	-	**225,000,000**	**183,355,845**	**61,287,838**	**453,212,692**	**947,856,375**
Balance at 1 January 2018		25,000,000	-	225,000,000	183,355,845	61,287,838	453,212,692	947,856,375
Adjustment on initial application of IFRS 9, net of tax (note 11)		-	-	-	-	-	(15,632,769)	(15,632,769)
Profit for the year		-	-	-	-	-	34,273,028	34,273,028
Other comprehensive income for the year		-		-	-	(26,072,424)	2,617,379	(23,455,045)
Total comprehensive income for the year		-	-	-	-	(26,072,424)	21,257,638	(4,814,786)
Transactions with the owners								
Advance received for rights issue of shares	14	-	-	-	4,984,593	-	-	4,984,593
Rights issue of ordinary shares	14	15,188,745	173,151,693	-	(188,340,438)	-	-	-
Dividend declared	25	-	-	-	-	-	(20,898,147)	(20,898,147)
Total contributions and distributions		15,188,745	173,151,693	-	(183,355,845)	-	(20,898,147)	(15,913,554)
Balance at 31 December 2018		**40,188,745**	**173,151,693**	**225,000,000**	-	**35,215,414**	**453,572,183**	**927,128,035**

Balance at 1 January 2017	NOTE	Share Capital	Share Premium	General Reserve	Advance Received from Shareholders	Fair Value Reserves	Retained Earnings	Total
		COMPANY						
As previously reported		25,000,000	-	225,000,000	-	30,475,099	341,625,464	622,100,563
Adjsutment for Employee retirement benefit	4.3	-	-	-	-	-	(13,655,287)	(13,655,287)
As restated		25,000,000	-	225,000,000	-	30,475,099	327,970,177	608,445,276
Profit for the year - Restated		-	-	-	-	-	140,924,342	140,924,342
Other comprehensive income for the year - Restated		-	-	-	-	30,812,739	2,185,239	32,997,978
Total comprehensive income for the year		-	-	-	-	30,812,739	143,109,581	173,922,320
Transactions with the owners								
Advance received for rights issue of shares	14	-	-	-	183,355,845	-	-	183,355,845
Dividend declared	25	-	-	-	-	-	(12,000,000)	(12,000,000)
Total contributions and distributions		-	-	-	183,355,845	-	(12,000,000)	171,355,845
Balance at 31 December 2017		25,000,000	-	225,000,000	183,355,845	61,287,838	459,079,758	953,723,441
Balance at 1 January 2018		25,000,000	-	225,000,000	183,355,845	61,287,838	459,079,758	953,723,441
Adjustment on initial application of IFRS 9, net of tax (note 11)		-	-	-	-	-	(15,632,769)	(15,632,769)
Profit for the year		-	-	-	-	-	36,055,579	36,055,579
Other comprehensive income for the year		-	-	-	-	(26,072,424)	2,563,795	(23,508,629)
Total comprehensive income for the year		-	-	-	-	(26,072,424)	22,986,605	(3,085,819)
Transactions with the owners								
Advance received for rights issue of shares	14	-	-	-	4,984,593	-	-	4,984,593
Rights issue of ordinary shares	14	15,188,745	173,151,693	-	(188,340,438)	-	-	-
Dividend declared	25	-	-	-	-	-	(20,898,147)	(20,898,147)
Total contributions and distributions		15,188,745	173,151,693	-	(183,355,845)	-	(20,898,147)	(15,913,554)
Balance at 31 December 2018		40,188,745	173,151,693	225,000,000	-	35,215,414	461,168,216	934,724,068

The notes on pages 98 to 170 are an integral part of these financial statements.

Statement of Cash Flows

(all amounts in Maldivian Rufiyaa)

Year ended 31 December

		GROUP		COMPANY	
	NOTE	2018	2017 Restated*	2018	2017 Restated*
Cash flows from operating activities					
Cash generated from operations	24	292,105,822	132,611,575	293,306,673	133,303,130
Interest paid		(46,977,482)	(21,213,691)	(46,977,482)	(21,213,691)
Retirement benefits paid	17	(1,401,650)	(1,248,425)	(1,222,860)	(1,115,745)
Business profit tax paid	22	(29,350,167)	(16,320,361)	(29,081,315)	(15,513,805)
Net cash generated from operating activities		214,376,523	93,829,098	216,025,016	95,459,889
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(186,099,798)	(695,010,695)	(186,641,797)	(694,748,289)
Purchase of intangible assets	7	(12,640,895)	(31,431)	(12,640,895)	(31,431)
Proceeds from sale of property, plant and equipment	24	6,306,566	4,489,341	6,306,566	4,489,341
Net cash used in investing activities		(192,434,127)	(690,552,785)	(192,976,126)	(690,290,379)
Cash flows from financing activities					
Interest received		259,200	321,328	259,200	321,328
Repayments of borrowings		(97,921,136)	(43,498,453)	(97,921,136)	(43,498,453)
Proceeds from borrowings		34,318,744	554,499,385	34,318,744	554,499,385
Advance received from shareholders		4,984,593	183,355,845	4,984,593	183,355,845
Dividends received		4,820,112	4,381,920	4,820,112	4,381,920
Dividends paid to the shareholders	25	(28,128,549)	(2,931,269)	(28,128,549)	(2,931,269)
Net cash generated from / (used in) financing activities		(81,667,036)	696,128,756	(81,667,036)	696,128,756
Net increase / (decrease) in cash, cash equivalents and bank overdraft		(59,724,640)	99,405,069	(58,618,146)	101,298,266
Cash, cash equivalents and bank overdrafts at beginning of the year	13	104,876,379	5,471,310	103,585,399	2,287,133
Cash, cash equivalents and bank overdrafts at end of the year	13	**45,151,739**	**104,876,379**	**44,967,253**	**103,585,399**

The notes on pages 98 to 170 are an integral part of these financial statements.

Notes to the financial statements

1. General Information

Maldives Transport and Contracting Company PLC (the "Company") and its Subsidiary (the "Group" is a group incorporated and domiciled in Maldives. The Company is a public limited liability company incorporated in the Republic of Maldives under the Act 4/81 on 18 December 1980. The Company was re-registered with the Ministry of Trade and Industries on 12 February 1990.

The principal activities undertaken by the Group include trading, contracting, marine transportation, ship agency, docking services, real estate and auctioning. The address of its registered office is MTCC Tower, Boduthakurufaanu Magu, Male' 20057, Republic of Maldives. The Group's shares are listed on the Maldives stock exchange.

2. Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied over the years, unless otherwise stated.

Basis Of Preparation

The financial statements of Maldives Transport and Contracting Company Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost basis, except for FVOCI financial asset that has been measured at fair value.

This is the first set of the Group's annual financial statements in which IFRS 15 revenue from contracts with customers and IFRS 9 financial insturments have been applied. Changes to significant accounting policies are described in note 2.1.

2.1 Changes In Significant Accounting Policies

The Group has initially applied IFRS 15 (see A) and IFRS 9 (see B) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. An increase in impairment loss was recognised on financial assets, refer note 2.1 B.

A. Ifrs 15 Revenue From Contracts With Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

B. Ifrs 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.
Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

2.1 Changes In Significant Accounting Policies (Contd)

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings (for a description of the transition method, see (iii)).

	GROUP Impact of Adopting IFRS 9 on 1 January 2018 MVR	COMPANY Impact of Adopting IFRS 9 on 1 January 2018 MVR
Retained Earning		
Recognition of expected credit losses under IFRS 9	18,391,493	18,391,493
Less : Related tax	(2,758,724)	(2,758,724)
Impact as at 1 January 2018	**15,632,769**	**15,632,769**

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 2.10.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements

	NOTE	Original Classification under IAS 39	New Classification Under IFRS 9	Original Carrying Amount Under IAS 39 MVR	New Carrying Amount Under IFRS 9 MVR
Financial Assets					
Equity Securities	a	Available - for - sale	FVOCI - equity instrument	74,492,640	74,492,640
Trade and other receivables	b	Loans and receivables	Amortised cost	784,871,431	766,479,937
Cash and cash equivalents		Loans and receivables	Amortised cost	104,876,379	104,876,379
Total Financial assets				**964,240,450**	**945,848,956**
Financial Liabilities					
Bank overdrafts		Other financial liabilities	Other financial liabilities	-	-
Borrowings		Other financial liabilities	Other financial liabilities	477,642,196	477,642,196
Shareholders loan		Other financial liabilities	Other financial liabilities	238,524,767	238,524,767
Trade payables		Other financial liabilities	Other financial liabilities	654,200,666	654,200,666
Total financial liabilities				**1,370,367,629**	**1,370,367,629**

a. These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

b. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of MVR 18,391,493 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	IAS 39 Carrying Amount at 31/12/2017 MVR	Reclassification MVR	Re-measurement MVR	IFRS 9 Carrying Amount 1/1/2018 MVR
GROUP				
Financial Asset at amortised cost				
Trade and other receivables :	-	-		-
Brought forward: Loans and receivables	784,871,431	-	-	784,871,431
Re-measurement	-	-	(18,391,493)	(18,391,493)
Total amortized cost	784,871,431	-	(18,391,493)	766,479,938

	IAS 39 Carrying Amount at 31/12/2017 MVR	Reclassification MVR	Re-measurement MVR	IFRS 9 Carrying Amount 1/1/2018 MVR
COMPANY				
Financial Asset at amortised cost		-		
Trade and other receivables :		-		
Brought forward: Loans and receivables	800,797,019	-	-	800,797,019
Re-measurement	-	-	(18,391,493)	(18,391,493)
Total FVOCI	800,797,019	-	(18,391,493)	782,405,526

2.1 Changes In Significant Accounting Policies (Contd)

ii. Impairment Of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows;

	Group MVR	Company MVR
Loss allowance as at 31 December 2017 under IAS 39	66,941,014	59,873,514
Additional impairment loss as at 1 January 2018 on;	18,391,494	18,391,494
Loss allowance as at 1 January 2018 under IFRS 9	85,332,508	78,265,008

Additional information about how the Group measures the allowance for impairment is described in Note 2.10

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method as described below.

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

- The designation of investments in equity instruments not held for trading.

2.2 New Accounting Standards

Following new standards, amendments to standards and interpretations applicable to the financial statements of the Group are effective for annual periods beginning after 1st January 2019 and earlier application is permitted, however the company has not applied the following new or amended standards interpretations in these financial statements.

IFRS 16 - Leases

IFRS 16 replaces existing leases guidance, including IAS 17 leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC 15 – Operating leases incentive and SIC 27 – Evaluating the substance of transactions involving the legal form of a leases with effect from 1st January 2019.

The Group is in the process of assessment of the potential impact and not yet completed the detail assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing interest rate at 1st January 2019 and other relevant factors.

Other Standards

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

- IFRIC 23 - Uncertainty over income tax treatments

- Annual improvements to IFRS standards 2015-2017 cycle - various standards

- Amendments to references to conceptual framework in IFRS standards

2.3 Consolidation

(a) Subsidiary

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Acquisition-related costs are expensed as incurred.

(b) Business Combination

The business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Board of Directors considers a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Thus the primary segments of the Group are as follows:

i) Trading
ii) Contracting
iii) Dredging
iv) Logistics
v) Transport
vi) Docking & Maintenance
vii) Real Estate
viii) Others

2.5 Foreign Currency Translation

(a) Functional And Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Group's functional and presentation currency.

(b) Transactions And Balances

"Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in 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 at the dates of the initial transactions.

2.6 Property, Plant And Equipment

All property, plant and equipment, which are initially recorded at historical cost, is stated at cost less depreciation. Cost includes the transfer value of the assets, or their purchase cost, or the cost of construction, together with any incidental expenses of acquisition.

2.6 Property, Plant And Equipment (Contd)

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. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, commencing from the month in which the assets were purchased up to the date of disposal, as follows:

Land Improvements and Buildings	
Buildings (other than MTCC tower)	10 years
MTCC Tower	25 years
Plant and Machinery	
Plant and Machinery	5 years
Excavators	5-7 years
Wheel Loaders	5 years
Cranes	5 years
Motor Vehicles	
Motor Vehicles	5 years
Dump Trucks	5 years
Vessels	
Dredging Vessels	10-25 years
Vessels	5-10 years
Tug Boats	5-10 years
Furniture and Office / Communication Equipment	
Furniture and Fittings	4 years
Office Equipment	3 years
Sundry Assets	
Tools	3 years
Other Assets	3 years

When values of acquisitions are less than MVR 5,000 those assets are depreciated fully in the year of acquisition irrespective of their useful lifetime.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Buildings constructed on leasehold land and improvements made to leasehold premises are amortised over the unexpired period of the lease or economic useful life, whichever is lower.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Sundry assets comprises of containers, cylinders, water tanks, tools and other light equipments used for construction works.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of sell. Impairment losses are recognized in profit or loss.

2.7 Intangible Assets

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives (not exceeding five years). The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.8 Impairment Of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Non-Current Assets Held For Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

At each reporting date, the Group reviews the carrying amounts if its non-financial assets to determine whether there is any indication of impairment. If such indications exists, then the assets recoverable amount is estimated for impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUS.

2.10 Financial Instruments

i. Recognition And Initial Measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification And Subsequent Measurement

Financial Assets – Policy Applicable From 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Business Model Assessment: Policy Applicable From 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment Whether Contractual Cash Flows Are Solely Payments Of Principal And Interest: Policy Applicable From 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2.10 Financial Instruments (Contd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- *contingent events that would change the amount or timing of cash flows;*
- *terms that may adjust the contractual coupon rate, including variable-rate features;*
- *prepayment and extension features; and*
- *terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets – Subsequent Measurement And Gains And Losses Policy Applicable From 1 January 2018

Financial Assets At Amortized Cost :

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Equity Investments At Fvoci

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial Assets- Policy Applicable Before 1 January 2018

The Company classified its financial assets into one of the following categories:

- *loans and receivables;*
- *available for sale;*

Financial Assets - Subsequent Measurement And Gains And Losses: Policy Applicable Before 1 January 2018

Available For Sale

Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Loans And Receivables

Measured at amortised cost using the effective interest method

Financial Liabilities – Classification, Subsequent Measurement And Gains And Losses

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

iii De-recognition

Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial Liabilities

The Group derecognizes a financial liability when its contractual obligations are discharges or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment Of Financial Assets

i. Non-Derivative Financial Assets

Policy Applicable From 1 January 2018

Financial assets and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset would increase significantly if it is more than 15-60 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

- The financial asset is more than 90-180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit Impaired Financial Assets

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

2.10 Financial Instruments (Contd)

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

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or being more than 90-180 days past due;

- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- It is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

Presentation Of Allowance For ECL In The Statement Of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write Off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Non-Derivative Financial Assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- Default or delinquency by a debtor;

- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;

- Indications that a debtor or issuer would enter bankruptcy;

- Adverse changes in the payment status of borrowers or issuers;

- The disappearance of an active market for a security because of financial difficulties; or

- Observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial asset

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.

Financial Assets Measured At Amortized Cost

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Available-For-Sale Financial Assets

Impairment losses on available-for-sale financial assets were recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognized, then the impairment loss was reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes import duty, insurance, freight, port charges and bank charges. The cost does not include borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Construction Contracts

A construction contract is defined by IFRS 15, 'Revenue from Contracts with Customers', as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised 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 recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised 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.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

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 recognised profits (less recognised 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 recognised on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognised profit or loss exceeds the progress billings, the balance is shown under receivables and prepayments as due from customers on contracts.

2.13 Trade And Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment. Trade receivables are classified as financial assets and accounting policies are described in note 2.10 (financial instruments).

2.14 Cash And Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.15 Employee Benefits

Retirement Benefit Plans

The Group's net obligation in respect of defied benefit plans is calculated separately for each plan by estimating the amount of future benefi that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets

The calculation of defied benefi obligations is performed annually by a qualifid actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value

2.15 Employee benefits (Contd)

of economic benefis available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefis, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defied benefi liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defied benefi liability (asset) for the period by applying the discount rate used to measure the defied benefi obligation at the beginning of the annual period to the then-net defied benefi liability (asset), taking into account any changes in the net defied benefi liability (asset) during the period as a result of contributions and benefi payments. Net interest expense and other expenses related to defied benefi plans are recognised in profi or loss.

When the benefis of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profi or loss. The Group recognises gains and losses on the settlement of a defied benefi plan when the settlement occurs.

Pension Contribution Plans

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

2.16 Share Capital

Ordinary shares are classified as equity.

2.17 Financial Liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group's non-derivative financial liabilities consist following. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

2.18 Borrowings And Loans From Shareholders

Borrowings and loans from shareholders are recognised initially at fair value, net of transaction costs incurred. Borrowings and loans from shareholders are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings and loans from shareholders are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be immaterial.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

2.20 Current And Deferred Business Profit Tax

The tax expenses for the period comprises current business profit tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The provisions for business profit tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Business Profit Tax Act.

The Group is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000, with effect from 18 July 2011.

Deferred business profit tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred business profit tax asset is realised or the deferred business profit tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit taxes assets and liabilities relate to business profit taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Revenue

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 2.1.

A. Revenue Streams

The Group generates revenue from the construction and dredging projects, Provision of Transport service to the general public and for personal hires, trading in products related to marine transport and construction, provision of logistics services and docking and maintenance services. Other services of revenue include rental income from properties and advertisement income.

	GROUP		COMPANY	
	2018 MVR	2017 MVR	2018 MVR	2017 MVR
Revenue from contracts with customers	1,285,696,244	1,296,657,136	1,281,440,000	1,294,177,082
Other Income	10,863,427	9,239,347	10,863,427	9,239,347

2.21 Revenue (Contd)

B. Disaggregation Of Revenue From Contracts With Customers

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition for the Group.

Reportable Segments		Timing of revenue recognition: Products Transferred at a Point in Time	Products Transferred Over Time	Revenue from Contracts with Customers	Other Revenue
Trading	2018	239,141,363	-	239,141,363	-
	2017	228,845,524	-	228,845,524	-
Construction	2018	-	644,886,451	644,886,451	-
	2017	-	797,608,134	797,608,134	-
Dredging	2018	-	223,825,322	223,825,322	-
	2017	-	89,774,399	89,774,399	-
Logistics	2018	20,703,784	-	20,703,784	-
	2017	35,129,869	-	35,129,869	-
Transport	2018	137,442,185	-	137,442,185	-
	2017	137,814,735	-	137,814,735	-
Docking and maintenance	2018		15,440,895	15,440,895	-
	2017		5,004,421	5,004,421	-
Real estate	2018	4,256,244		4,256,244	-
	2017	2,480,054		2,480,054	-
Others	2018	-	-	-	10,863,427
	2017	-	-	-	9,239,347

The Group revenue consist of all the segments related to the Company except for the real estate segment.

C. Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	GROUP		COMPANY	
	31/12/2018 MVR	31/12/2017 MVR	31/12/2018 MVR	31/12/2017 MVR
Receivables, which are included in trade and other receivables	657,161,257	784,871,431	677,153,990	800,797,019
Contract assets	98,469,281	-	98,469,281	-
Contract liabilities	170,691,108	-	170,691,108	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction and dredging contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts, for which revenue is recognized over time.

The amount of MVR 249,080,440 recognized in contract liabilities at the beginning of the year has been recognized as revenue for the year ended 31 December 2018.

No information is provided about remaining performance obligations at 31 December 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

D. Performance Obligations And Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers. Including significant payment terms, and the related revenue recognition policies.

Type Of Product / Service	Nature & Timing Of Satisfaction Of Performance Obligations, Including Significant Payment Terms	Revenue Recognition Under Ifrs 15 (Applicable From 1 January 2018)	Revenue Recognition Under Ias 18 (Applicable Before 1 January 2018)
Construction & Dredging Contracts	The Group carries out construction and dredging projects based on customers' specifications and on customers' lands.	Revenue is recognized over time by measuring progress towards complete satisfaction of performance obligation at the reporting date, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contracts costs, using input method.	If the outcome of a construction contract could be estimated reliably, then contract revenue was recognized in proportion to the stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognized only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognized as they were incurred. An expected loss on a contract was recognized immediately in profit or loss.
		Advances received were included in contract liabilities	Advances received were included in advance received from customers.

2.21 Revenue (Contd)

Type Of Product / Service	Nature & Timing Of Satisfaction Of Performance Obligations, Including Significant Payment Terms	Revenue Recognition Under Ifrs 15 (Applicable From 1 January 2018)	Revenue Recognition Under Ias 18 (Applicable Before 1 January 2018)
Trading Division – Industrial Products And Related Spare Parts	Customers obtain control of the products when the goods are delivered to the customers.	Revenue is recognized when the goods are delivered to the customer, the customer has accepted the products and collectability of related receivables is reasonably assured.	Revenue was recognized when the goods were delivered to the customer, the customer has accepted the products and collectability of related receivables was reasonably assured.
Transport Services	Customers consumes the service at the point of providing the service.	Revenue is recognized when the transport service is provided to the customers.	Revenue was recognized when the transport service was provided to the customers.
Logistics Services	Customers receives the service at the point of providing the service.	Revenue is recognized when the logistics service is provided to the customers.	Revenue was recognized when the logistics service was provided to the customers.
Real Estate	Customers receives the service at the point of providing the service.	Revenue is recognized when the logistics service is provided to the customers.	Revenue was recognized when the logistics service was provided to the customers.
Docking And Maintenance Services	Customers receives the service over the time period.	Revenue is recognized when the service is provided to the customers over the time period.	Revenue is recognized when the service is provided to the customers over the time period.

The Group recognises other income sources as follows:

(A) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

(B) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(C) Rental Income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

2.22 Leases

(A) As Lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(B) As Lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.23 Dividend Distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.24 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 Comparatives

Comparatives are consistent with those of prior year and no material adjustments for comparatives were made during the year.

3 Financial Instruments - Fair Values And Risk Management

The effect of initial applying IFRS 9 on the Group's financial instruments is described in Note 2.1. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- *Credit Risk - Refer Note 3 (Ii)*
- *Liquidity Risk - Refer Note 3 (Iii)*
- *Market Risk - Refer Note 3 (Iv)*

i. Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit and risk committee oversees how management monitors compliance with the Group's risk management policies and procedures. and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit and risk committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

3 Financial Instruments - Fair Values And Risk Management (Contd)

ii Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	GROUP		COMPANY	
	31/12/2018 MVR	31/12/2017 MVR	31/12/2018 MVR	31/12/2017 MVR
Impairment loss on trade receivables and contract assets arising from contracts with customers	80,141,761	62,939,028	73,074,261	55,871,528
	80,141,761	62,939,028	73,074,261	55,871,528

Trade Receivables And Contract Assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The maximum exposure to credit risk of trade and other receivable at the reporting date was:

	GROUP Carrying Amount		COMPANY Carrying Amount	
	2018 MVR	2017 MVR	2018 MVR	2017 MVR
Trade receivables and contract assets	657,161,257	784,871,431	677,153,990	800,797,019
Cash at bank	40,933,429	95,340,869	40,768,627	94,174,203
	698,094,686	880,212,300	717,922,617	894,971,222

Comparative Information Under Ias 39

An analysis of the Trade receivables not past due and past due together with the related impairment amounts of each as at 31st December 2017 is as follows;

Impairment Losses

	GROUP Carrying Amount		COMPANY Carrying Amount	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
The aging of trade receivables as at the reporting date was:				
Not past due	425,528,437	-	441,454,025	-
61-180 days	161,970,662	-	161,970,662	-
181-365 days	90,789,062	-	90,789,062	-
More than 365 days	163,896,523	62,939,028	156,829,023	55,871,528
Total	**842,184,684**	**62,939,028**	**851,042,772**	**55,871,528**

Expected Credit Loss Assessment For The Customers As At 1 January 2018 And 31 December 2018

Exposures within each credit risk grades are segmented by the type of the customers.

The Company uses an allowance Matrix to measure the ECLs of trade receivables from its customers in government and corporate segments.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

Non Government

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for non government customers segment as at 31 December 2018 for the Group.

	Weighted Average Loss Rate	Gross Carrying Amount MVR	Loss Allowance MVR
Not past due	0.90%	195,897,677	1,763,567
61-180 days	10.79%	16,323,152	1,761,004
181-365 days	8.15%	11,434,028	932,270
More than 365 days	24.92%	126,573,443	31,540,839
		350,228,300	35,997,680

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers segment as at 31 December 2018 for the Company.

	Weighted Average Loss Rate	Gross Carrying Amount MVR	Loss Allowance MVR
Not past due	0.90%	194,998,827	1,763,567
61-180 days	10.79%	16,323,152	1,761,004
181-365 days	8.15%	11,434,028	932,270
More than 365 days	20.48%	119,505,943	24,473,339
		342,261,950	28,930,180

Loss rates are based on actual credit loss experience over past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast.

Expected Credit Loss Assessment For Individual Specific Corporate Customers As At 31 December 2018

Special credit customers which are aged for a period of more than 12 months are assessed for specific impairment.

The Company has recognized an specific incremental impairment of MVR 2,898,809 as at 31 December 2018 (1 January 2018: Nil).

Government Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers segment as at 31 December 2018 for the Group.

	Weighted Average Loss Rate	Gross Carrying Amount MVR	Loss Allowance MVR
1-60 days	0.04%	185,564,074	73,192
61-180 days	0.34%	92,480,953	318,894
181-365 days	0.37%	36,264,252	134,664
More than 365 days	67.44%	64,672,173	43,617,331
		378,981,452	44,144,081

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers segment as at 31 December 2018 for the Company.

	Weighted Average Loss Rate	Gross Carrying Amount MVR	Loss Allowance MVR
1-60 days	0.04%	206,455,657	73,192
61-180 days	0.34%	92,480,953	318,894
181-365 days	0.37%	36,264,252	134,664
More than 365 days	67.44%	64,672,173	43,617,331
		399,873,035	44,144,081

Loss rates are based on actual credit loss experience over past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast.

Expected Credit Loss Assessment For Individual Specific Government Customers As At 31 December 2018

Government customers which are aged for a period of more than 12 months are assessed for specific impairment.

The Company has recognized an specific incremental impairment of MVR 10,876,210 as at 31 December 2018 (1 January 2018: 7,082,275).

Cash And Cash Equivalents

The Group and the Company held cash and cash equivalents of MVR 40,933,429 and MVR 40,768,627 at 31 December 2018 (2017 : MVR 95,340,869 and MVR 94,174,203). The cash and cash equivalents are held with banks.

On initial application of IFRS 9, the Group did not have a significant impact on impairment allowance on cash and cash equivalents as at 1 January 2018.

3 Financial Instruments - Fair Values And Risk Management (Contd)

iii. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments .

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the group maintains MVR 38,340,000 overdraft facility that is secured.

Exposure To Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

		CONTRACTUAL CASH FLOWS		
GROUP 31 DECEMBER 2018	Carrying Amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	12,937,651	12,937,651	-	-
Borrowings	410,359,460	94,034,603	264,281,031	52,043,826
Sharholders loan	238,524,767	238,524,767	-	-
Trade and other payables	369,181,732	369,181,732	-	-
	1,031,003,610	714,678,753	264,281,031	52,043,826

GROUP 31 DECEMBER 2017				
Non- derivative financial liabilities				
Bank overdrafts	-	-	-	-
Borrowings	477,642,196	89,873,090	316,800,252	70,968,854
Sharholders loan	238,524,767	238,524,767	-	-
Trade and other payables	634,742,369	634,742,369	-	-
	1,350,909,332	963,140,226	316,800,252	70,968,854

COMPANY 31 DECEMBER 2018				
Non- derivative financial liabilities				
Bank overdrafts	12,937,651	12,937,651	-	-
Borrowings	410,359,460	94,034,603	264,281,031	52,043,826
Sharholders loan	238,524,767	238,524,767	-	-
Trade and other payables	387,211,009	387,211,009	-	-
	1,049,032,887	732,708,030	264,281,031	52,043,826

COMPANY 31 DECEMBER 2017				
Non- derivative financial liabilities				
Bank overdrafts	-	-	-	-
Borrowings	477,642,196	89,873,090	316,800,252	70,968,854
Sharholders loan	238,524,767	238,524,767	-	-
Trade and other payables	649,051,800	649,051,800	-	-
	1,365,218,763	977,449,657	316,800,252	70,968,854

As disclosed in Notes to the financial statements, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. The covenants are monitored on a regular basis and regularly reported to management to ensure compliance with the agreements.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv. Market Risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	2018		2017	
	EUR	USD	EUR	USD
Trade receivables	-	(3,423,969)	-	(4,427,814)
Trade payables	-	2,400,635	-	1,929,129
Borrowings	3,795,343	23,458,014	4,592,277	25,416,869
Net Statement of financial position exposure	**3,795,343**	**22,434,680**	**4,592,277**	**22,918,184**

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2018	2017	2018	2017
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	17.9856	18.6890	17.6943	18.8640

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, US dollar against all other currencies at 31 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. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases .

	Change in USD rate	Effect on Profit before Tax	Effect on Pre-Tax on equity
2017	+ 5 %	17,669,920	17,669,920
	- 5 %	(17,669,920)	(17,669,920)
2018	+ 5 %	17,297,138	17,297,138
	- 5 %	(17,297,138)	(17,297,138)

	Change in EUR rate	Effect on Profit before Tax	Effect on Pre-Tax on equity
2017	+ 5 %	4,285,513	4,285,513
	- 5 %	(4,285,513)	(4,285,513)
2018	+ 5 %	3,357,797	3,357,797
	- 5 %	(3,357,797)	(3,357,797)

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

3 Financial Instruments - Fair Values And Risk Management (Contd)

Exposure to interest rate risk

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

	NOMINAL AMOUNTS	
	2018	2017
Fixed-rate instruments		
Financial liabilities	140,455,838	140,292,354
Variable-rate instruments		
Financial liabilities	282,841,273	337,349,842

Fair value sensitivity analysis for fixed-rate instruments

The Group 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	Effect on Profit before Tax
Variable- rate instruments		
2018	+100	2,262,730
	-100	(2,262,730)
Variable- rate instruments		
2017	+100	2,698,799
	-100	(2,698,799)

Other Market Price Risk

The Group is exposed to equity price risk , which arises from equity securities at FVOCI (2017: available-for-sale). The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices.

The primary goal of the Group's investment strategy is to maximise investment returns.

Sensitivity analysis - Equity price risk

All of the Group's equity investments are listed on Maldives Stock Exchange. For such investments classified at FVOC I (2017: available-for-sale), a 2% increase/decrease in the price at the reporting date would have increased/ decreased equity by MVR 876,384 after tax (2017: an increase/decrease of MVR 1,489,853 after tax).

Capital 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.

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 excluding trade and other payables, as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratios as at 31 December 2018 and as at 31 December 2017 were as follows:

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Total borrowings	423,297,111	477,642,196	423,297,111	477,642,196
Less: Cash and cash equivalents	(45,151,739)	(104,876,379)	(44,967,253)	(103,585,399)
Net debt	378,145,372	372,765,817	378,329,858	374,056,797
Total equity	927,128,035	947,856,375	934,724,068	953,723,441
Total capital	1,305,273,407	1,320,622,192	1,313,053,926	1,327,780,238
Gearing ratio	29%	28%	29%	28%

3.1 Accounting Classifications And Fair Values

Group

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. Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

As at 31 December 2018		Carrying Amount				Fair Value			
		FVOCI Equity Instruments	Financial Assets at Amortized Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	43,819,200	-	-	43,819,200	43,819,200	-	-	43,819,200
		43,819,200	-	-	43,819,200	43,819,200	-	-	43,819,200
Financial assets not measured at fair value									
Trade and other receivables*	11	657,161,257	-	-	657,161,257	-	-	-	-
Cash and cash equivalents	13	58,089,390	-	-	58,089,390	-	-	-	-
		715,250,647	-	-	715,250,647	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	410,359,460	410,359,460	-	410,003,601	-	410,003,601
Shareholders loan	16	-	-	238,524,767	238,524,767	-	242,659,156	-	242,659,156
Trade and other payables*	17	-	-	561,985,692	561,985,692	-	-	-	-
Bank overdrafts	15	-	-	12,937,651	12,937,651	-	-	-	-
		-	-	1,223,807,570	1,223,807,570	-	652,662,757	-	652,662,757

*Other receivables and other payables that are not financial assets and liabilities are not included.

3.1 Accounting Classifications And Fair Values (Contd)

Group

As at 31 December 2017		Carrying Amount				Fair Value			
		Loans and receivables	Available for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	-	74,492,640	-	74,492,640	74,492,640	-	-	74,492,640
		-	74,492,640	-	74,492,640	74,492,640	-	-	74,492,640
Financial assets not measured at fair value									
Trade and other receivables*	11	784,871,431	-	-	784,871,431	-	-	-	-
Cash and cash equivalents	13	104,876,379	-	-	104,876,379	-	-	-	-
		889,747,810	-	-	889,747,810	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	477,642,196	477,642,196	-	477,227,990	-	477,227,990
Shareholders loan	16	-	-	238,524,767	238,524,767	-	241,933,356	-	241,933,356
Trade and other payables*	17	-	-	654,200,666	654,200,666	-	-	-	-
Bank overdrafts	15	-	-	-	-	-	-	-	-
		-	-	1,370,367,629	1,370,367,629	-	719,161,346	-	719,161,346

**Other receivables and other payables that are not financial assets and liabilities are not included*

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

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Other financial liabilities are measured at discounted cashflows using the risk adjusted average discount rate to the expected future payments.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

Company

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.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

		Carrying Amount				Fair Value			
As at 31 December 2018		FVOCI Equity Instruments	Financial Assets at Amortized Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	43,819,200	-	-	43,819,200	43,819,200	-	-	43,819,200
		43,819,200	-	-	43,819,200	43,819,200	-	-	43,819,200
Financial assets not measured at fair value									
Trade and other receivables*	11	677,153,990	-	-	677,153,990	-	-	-	-
Cash and cash equivalents	13	57,904,904	-	-	57,904,904	-	-	-	-
		735,058,894	-	-	735,058,894	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	410,359,460	410,359,460	-	410,003,601	-	410,003,601
Sharholders loan	16	-	-	238,524,767	238,524,767	-	242,659,156	-	242,659,156
Trade and other payables*	17	-	-	578,939,960	578,939,960	-	-	-	-
Bank overdrafts	15	-	-	12,937,651	12,937,651	-	-	-	-
		-	-	1,240,761,838	1,240,761,838	-	652,662,757	-	652,662,757

*Other receivables and other payables that are not financial assets and liabilities are not included.

3.1 Accounting Classifications And Fair Values (Contd)

Company

As at 31 December 2017	Note	Carrying Amount				Fair Value			
		Loans and receivables	Available for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	-	74,492,640	-	74,492,640	74,492,640	-	-	74,492,640
		-	74,492,640	-	74,492,640	74,492,640	-	-	74,492,640
Financial assets not measured at fair value									
Trade and other receivables*	11	800,797,019	-	-	800,797,019	-	-	-	-
Cash and cash equivalents	13	103,585,399	-	-	103,585,399	-	-	-	-
		904,382,418	-	-	904,382,418	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	477,642,196	477,642,196	-	477,227,990	-	477,227,990
Sharholders loan	16	-	-	238,524,767	238,524,767	-	241,933,356	-	241,933,356
Trade and other payables*	17	-	-	667,552,432	667,552,432	-	-	-	-
Bank overdrafts	15	-	-	-	-	-	-	-	-
		-	-	1,383,719,395	1,383,719,395	-	719,161,346	-	719,161,346

**Other receivables and other payables that are not financial assets and liabilities are not included*

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

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Other financial liabilities are measured at discounted cashflows using the risk adjusted average discount rate to the expected future payments.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

4 Significant Accounting Judgments, Estimates And Assumptions

"The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2018 discussed in the respective note.

4.1 Judgments

In the process of applying the accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Revenue is recognized over time by measuring progress towards complete satisfaction of performance obligation at the reporting date, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contracts costs, using input method.

4.2 Estimates And Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the below policies. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A) Construction Contracts

Revenue is recognized over time by measuring progress towards complete satisfaction of performance obligation at the reporting date, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contracts costs, using input method.

B) Impairment Of Contract Assets, Trade And Other Receivables

Measurement of ECL allowance for contract assets, trade and other receivables: Key assumptions in determining the probability of default, loss given default and macro economic factors.

C) Retirement Benefit

Measurement of defined benefit obligation: Key actuarial assumptions.

5 Segment Information - Group

At 31 December 2018, the Group is organised into seven main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Contracting: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.

(3) Dredging: Dredging and land reclamation.

(4) Logistics: International and local logistics, and transport services and ship agency services.

(5) Transport : Ferry service all over the atolls in Maldives and land transport services in 'Hulumale' and 'Hulhule'.

(6) Docking and Maintenance : Anchoring and docking services, repair and maintenance services.

(7) Real Estate : Development and management of housing units and providing all kinds of repair and maintenance services.

The segment results of the Group for the year ended 31 December 2018 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Revenue	239,141,363	644,886,451	223,825,322	20,703,784	137,442,185	15,440,895	-	1,281,440,000
Other income	3,121,192	110,720	-	6,202,935	7,062,453	152,045	8,299,340	24,948,685
Operating profit / (loss)	18,290,217	125,039,807	12,075,630	1,735,510	(81,793,609)	1,714,193	2,803,708	83,214,909
Finance costs - net (Note 21)	(4,502,214)	(11,967,903)	(25,679,125)	(4,764,757)	-	-	-	(46,913,999)
Profit / (loss) before tax	13,788,003	113,071,904	(13,603,495)	(3,029,247)	(81,793,609)	1,714,193	2,803,708	36,300,910
Business profit tax	-	-	-	-	-	-	(218,272)	(245,331)
Profit after tax	**13,788,003**	**113,071,904**	**(13,603,495)**	**(3,029,247)**	**(81,793,609)**	**1,714,193**	**2,585,436**	**36,055,579**

The segment results of the Group for the year ended 31 December 2017 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Revenue	228,845,524	797,608,134	89,774,399	35,129,869	137,814,735	5,004,421	-	1,294,177,082
Other income	3,939,314	633,067	-	-	4,619,500	143,999	7,637,052	16,972,932
Operating profit / (loss)	22,905,819	172,029,446	9,523,505	11,384,358	(55,864,888)	(1,828,163)	(3,217,659)	154,932,416
Finance costs - net (Note 21)	(4,763,350)	(8,661,997)	(8,545,853)	(4,563,366)	(1,093,656)	-	-	(27,628,222)
Profit / (loss) before tax	18,142,469	163,367,449	977,652	6,820,992	(56,958,544)	(1,828,163)	(3,217,659)	127,304,194
Business profit tax	-	-	-	-	-	-	13,620,149	13,620,148
Profit after tax	**18,142,469**	**163,367,449**	**977,652**	**6,820,992**	**(56,958,544)**	**(1,828,163)**	**10,402,490**	**140,924,342**

Other segment items included in the Group income statement are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Year ended 31 December 2018								
Depreciation (Note 6)	1,602,209	52,396,400	44,820,322	14,364,286	14,056,024	4,372,862	4,365,276	135,977,379
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	228,488	66,361	92,962	-	5,607,257
Impairment for inventories (Note 12)	750,000	1,108,016	-	-	-	-	-	1,858,016
Amortisation (Note 7)	3,692	1,145	-	-	-	-	294,435	299,272
Year ended 31 December 2017								
Depreciation (Note 6)	1,891,102	54,804,083	14,318,365	15,360,035	12,468,235	2,295,158	4,546,222	105,683,200
Impairment for trade receivables (Note 11)	4,615,125	1,929,978	-	-	-	-	-	6,545,103
Impairment for inventories (Note 12)	-	1,437,682	-	-	-	-	-	1,437,682
Amortisation (Note 7)	6,255	1,940	-	-	-	-	498,813	507,008

The segment assets and liabilities of the Group at 31 December 2018 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Assets	196,630,571	693,041,074	829,691,992	88,983,653	86,452,485	61,789,501	188,894,474	2,175,485,906
Liabilities	190,837,914	351,573,847	431,787,661	103,284,000	7,427,221	3,465,650	131,493,962	1,240,761,838
Capital expenditure (Note 6 and 7)	27,552,491	27,285,483	41,906,130	27,744,124	10,792,175	461,555	60,191,281	186,888,713

The segment assets and liabilities of the Group at 31 December 2017 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Assets	191,832,290	1,023,052,163	725,392,609	82,486,196	85,944,701	45,810,983	173,965,226	2,353,478,766
Liabilities	172,009,268	490,958,640	485,373,618	88,115,600	8,347,145	4,545,201	132,851,306	1,399,755,325
Capital expenditure (Note 6 and 7)	16,429,318	54,762,337	547,226,075	21,522,657	31,597,711	21,664,803	1,576,819	694,779,720

5 Segment Information - Company

At 31 December 2018, the Company is organised into six main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Contracting: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.

(3) Dredging: Dredging and land reclamation.

(4) Logistics: International and local logistics, and transport services and ship agency services.

(5) Transport : Ferry service all over the atolls in Maldives and land transport services in 'Hulumale' and 'Hulhule'.

(6) Docking & Maintenance : Anchoring and docking services, repair and maintenance services.

The segment results of the Company for the year ended 31 December 2018 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Revenue	239,141,363	644,886,451	223,825,322	20,703,784	137,442,185	15,440,895	-	1,281,440,000
Other income	3,121,192	110,720	-	6,202,935	7,062,453	152,045	8,299,340	24,948,685
Operating profit / (loss)	18,290,217	125,039,807	12,075,630	1,735,510	(81,793,609)	1,714,193	2,803,708	83,214,909
Finance costs - net (Note 21)	(4,502,214)	(11,967,903)	(25,679,125)	(4,764,757)	-	-	-	(46,913,999)
Profit / (loss) before tax	13,788,003	113,071,904	(13,603,495)	(3,029,247)	(81,793,609)	1,714,193	2,803,708	36,300,910
Business profit tax	-	-	-	-	-	-	(218,272)	(245,331)
Profit after tax	**13,788,003**	**113,071,904**	**(13,603,495)**	**(3,029,247)**	**(81,793,609)**	**1,714,193**	**2,585,436**	**36,055,579**

The segment results of the Company for the year ended 31 December 2017 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Revenue	228,845,524	797,608,134	89,774,399	35,129,869	137,814,735	5,004,421	-	1,294,177,082
Other income	3,939,314	633,067	-	-	4,619,500	143,999	7,637,052	16,972,932
Operating profit / (loss)	22,905,819	172,029,446	9,523,505	11,384,358	(55,864,888)	(1,828,163)	(3,217,659)	154,932,416
Finance costs - net (Note 21)	(4,763,350)	(8,661,997)	(8,545,853)	(4,563,366)	(1,093,656)	-	-	(27,628,222)
Profit / (loss) before tax	18,142,469	163,367,449	977,652	6,820,992	(56,958,544)	(1,828,163)	(3,217,659)	127,304,194
Business profit tax	-	-	-	-	-	-	13,620,149	13,620,148
Profit after tax	**18,142,469**	**163,367,449**	**977,652**	**6,820,992**	**(56,958,544)**	**(1,828,163)**	**10,402,490**	**140,924,342**

Other segment items included in the Company income statement are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Year ended 31 December 2018								
Depreciation (Note 6)	1,602,209	52,396,400	44,820,322	14,364,286	14,056,024	4,372,862	4,365,276	135,977,379
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	228,488	66,361	92,962	415,395	5,607,257
Impairment for inventories (Note 12)	750,000	1,108,016	-	-	-	-	-	1,858,016
Amortisation (Note 7)	3,692	1,145	-	-	-	-	294,435	299,272
Year ended 31 December 2017								
Depreciation (Note 6)	1,891,102	54,804,083	14,318,365	15,360,035	12,468,235	2,295,158	4,546,222	105,683,200
Impairment for trade receivables (Note 11)	807,778	3,948,276	851,501	266,704	77,460	108,511	484,873	6,545,103
Impairment for inventories (Note 12)	-	1,437,682	-	-	-	-	-	1,437,682
Amortisation (Note 7)	6,255	1,940	-	-	-	-	498,813	507,008

The segment assets and liabilities of the Company at 31 December 2018 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Assets	196,630,571	693,041,074	829,691,992	88,983,653	86,452,485	61,789,501	218,896,630	2,175,485,906
Liabilities	190,837,914	351,573,847	431,787,661	103,284,000	7,427,221	3,465,650	152,385,545	1,240,761,838
Capital expenditure (Note 6 and 7)	27,552,491	27,285,483	41,906,130	27,744,124	10,792,175	461,555	51,146,755	186,888,713

The segment assets and liabilities of the Company at 31 December 2017 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Assets	191,832,290	1,023,052,163	725,392,609	82,486,196	85,944,701	45,810,983	198,959,824	2,353,478,766
Liabilities	172,009,268	490,958,640	485,373,618	88,115,600	8,347,145	4,545,201	150,405,853	1,399,755,325
Capital expenditure (Note 6 and 7)	16,429,318	54,762,337	547,226,075	21,522,657	31,597,711	21,664,803	1,576,819	694,779,720

6 Property, Plant And Equipment - Group

(all amounts in Maldivian Rufiyaa)	Land Improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry Assets	Capital Work-in-Progress	Total
At 01 January 2017								
Cost	116,686,223	562,850,578	37,062,278	46,015,945	209,625,706	35,985,763	14,789,345	1,023,015,838
Accumulated depreciation	(84,207,295)	(406,263,548)	(20,869,542)	(39,141,183)	(112,049,546)	(28,582,582)	-	(691,113,696)
Net book amount	**32,478,928**	**156,587,030**	**16,192,736**	**6,874,762**	**97,576,160**	**7,403,181**	**14,789,345**	**331,902,142**
Year ended 31 December 2017								
Opening net book amount	32,478,928	156,587,030	16,192,736	6,874,762	97,576,160	7,403,181	14,789,345	331,902,142
Additions	1,407,296	87,939,684	6,812,379	5,446,053	533,436,475	2,860,643	57,108,165	695,010,695
Transferred from capital work in progress	20,782,141	11,516,611	-	-	16,604,065	-	(48,902,817)	-
Disposals - Cost	-	(808,266)	(626,834)	(796,156)	(18,049,722)	(77,077)	-	(20,358,055)
Disposals - Accumulated depreciation	-	808,266	626,834	794,040	12,263,454	73,789	-	14,566,383
Depreciation charge (Note 19)	(4,534,722)	(71,773,022)	(1,273,210)	(4,632,590)	(19,402,074)	(4,293,245)	-	(105,908,863)
Closing net book amount	**50,133,643**	**184,270,303**	**21,731,905**	**7,686,109**	**622,428,358**	**5,967,291**	**22,994,693**	**915,212,302**
At 31 December 2017								
Cost	138,875,660	661,498,607	43,247,823	50,665,842	741,616,524	38,769,329	22,994,693	1,697,668,478
Accumulated depreciation	(88,742,017)	(477,228,304)	(21,515,918)	(42,979,733)	(119,188,166)	(32,802,038)	-	(782,456,176)
Net book amount	**50,133,643**	**184,270,303**	**21,731,905**	**7,686,109**	**622,428,358**	**5,967,291**	**22,994,693**	**915,212,302**
Year ended 31 December 2018								
Opening net book amount	50,133,643	184,270,303	21,731,905	7,686,109	622,428,358	5,967,291	22,994,693	915,212,302
Additions	-	50,755,974	775,186	4,844,602	27,559,290	4,917,641	97,247,105	186,099,798
Transferred from capital work in progress	-	16,805,162	-	-	7,980,127	-	(24,785,289)	-
Disposals - Cost	(13,349,849)	(23,783,916)	(1,115,014)	(2,164,994)	(6,964,541)	(22,925)	-	(47,401,239)
Disposals - Accumulated depreciation	13,349,849	23,783,916	1,115,014	2,161,651	6,921,252	20,639	-	47,352,321
Depreciation charge (Note 19)	(6,420,290)	(93,197,864)	(4,120,895)	(4,846,786)	(23,142,666)	(4,627,605)	-	(136,356,106)
Closing net book amount	**43,713,353**	**158,633,575**	**18,386,196**	**7,680,582**	**634,781,820**	**6,255,041**	**95,456,509**	**964,907,076**
At 31 December 2018								
Cost	125,525,811	705,275,827	42,907,995	53,345,450	770,191,400	43,664,045	95,456,509	1,836,367,037
Accumulated depreciation	(81,812,458)	(546,642,252)	(24,521,799)	(45,664,868)	(135,409,580)	(37,409,004)	-	(871,459,961)
Net book amount	**43,713,353**	**158,633,575**	**18,386,196**	**7,680,582**	**634,781,820**	**6,255,041**	**95,456,509**	**964,907,076**

6 Property, Plant And Equipment - Company

(all amounts in Maldivian Rufiyaa)

	Land Improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry Assets	Capital Work-in-Progress	Total
At 01 January 2017								
Cost	116,686,223	562,822,592	37,062,278	45,448,914	209,625,706	35,598,131	14,789,345	1,022,033,189
Accumulated depreciation	(84,207,295)	(406,261,770)	(20,869,542)	(39,048,757)	(112,049,546)	(28,521,457)	-	(690,958,367)
Net book amount	**32,478,928**	**156,560,822**	**16,192,736**	**6,400,157**	**97,576,160**	**7,076,674**	**14,789,345**	**331,074,822**
Year ended 31 December 2017								
Opening net book amount	32,478,928	156,560,822	16,192,736	6,400,157	97,576,160	7,076,674	14,789,345	331,074,822
Additions	1,407,296	87,748,979	6,812,379	5,378,727	533,436,475	2,856,268	57,108,165	694,748,289
Transferred from capital work in progress	20,782,141	11,516,611	-	-	16,604,065	-	(48,902,817)	-
Disposals - Cost	-	(808,266)	(626,834)	(796,156)	(18,049,722)	(77,077)	-	(20,358,055)
Disposals - Accumulated depreciation	-	808,266	626,834	794,040	12,263,454	73,789	-	14,566,383
Depreciation charge (Note 19)	(4,534,722)	(71,761,374)	(1,273,210)	(4,509,371)	(19,402,074)	(4,202,449)	-	(105,683,200)
Closing net book amount	**50,133,643**	**184,065,038**	**21,731,905**	**7,267,397**	**622,428,358**	**5,727,205**	**22,994,693**	**914,348,239**
At 31 December 2017								
Cost	138,875,660	661,279,916	43,247,823	50,031,485	741,616,524	38,377,322	22,994,693	1,696,423,423
Accumulated depreciation	(88,742,017)	(477,214,878)	(21,515,918)	(42,764,088)	(119,188,166)	(32,650,117)	-	(782,075,184)
Net book amount	**50,133,643**	**184,065,038**	**21,731,905**	**7,267,397**	**622,428,358**	**5,727,205**	**22,994,693**	**914,348,239**
Year ended 31 December 2018								
Opening net book amount	50,133,643	184,065,038	21,731,905	7,267,397	622,428,358	5,727,205	22,994,693	914,348,239
Additions	-	48,603,991	375,186	4,654,039	27,559,290	4,852,733	100,596,558	186,641,797
Transferred from capital work in progress	-	16,805,162	-	-	7,980,127	-	(24,785,289)	-
Disposals - Cost	(13,349,849)	(23,783,916)	(1,115,014)	(2,164,994)	(6,964,541)	(22,925)	-	(47,401,239)
Disposals - Accumulated depreciation	13,349,849	23,783,916	1,115,014	2,161,651	6,921,252	20,639	-	47,352,321
Depreciation charge (Note 19)	(6,420,290)	(93,113,147)	(4,083,416)	(4,688,977)	(23,142,666)	(4,528,883)	-	(135,977,379)
Closing net book amount	**43,713,353**	**156,361,044**	**18,023,675**	**7,229,116**	**634,781,820**	**6,048,769**	**98,805,962**	**964,963,739**
At 31 December 2018								
Cost	125,525,811	702,905,153	42,507,995	52,520,530	770,191,400	43,207,130	98,805,962	1,835,663,981
Accumulated depreciation	(81,812,458)	(546,544,109)	(24,484,320)	(45,291,414)	(135,409,580)	(37,158,361)	-	(870,700,242)
Net book amount	**43,713,353**	**156,361,044**	**18,023,675**	**7,229,116**	**634,781,820**	**6,048,769**	**98,805,962**	**964,963,739**

(a) The buildings have been constructed on the land that belongs to the Government of Maldives, for which a rental of MVR 14,605,240 (2017: MVR 14,421,093) is paid per annum.

(b) Capital work in progress includes construction of ferries, warehouses and buildings.

(c) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, Rentals Plaza, barges (kurimagu 8 and 10), tug boats (Tango 6 and 575), steel landing craft (Leema 1), dredgers (Mahaa Jarrafu and Jarrafa 3) and machineries (excavators & wheel loaders). (Note 15).

7 Intangible Assets

	GROUP		COMPANY	
	2018	2017	2018	2017
At 01 January				
Opening net book amount	455,132	936,209	445,965	921,542
Additions	246,916	31,431	246,916	31,431
Additions - Work in Progress	12,393,979	-	12,393,979	-
Disposals - Cost	(5,031,522)	-	(5,031,522)	-
Disposals - Accumulated amortisation	5,031,522	-	5,031,522	-
Amortisation charge (Note 19)	(304,772)	(512,508)	(299,272)	(507,008)
Closing net book amount	**12,791,255**	**455,132**	**12,787,588**	**445,965**
At 31 December				
Cost	15,430,832	7,821,459	15,414,332	7,804,959
Amortisation charge	(2,639,577)	(7,366,327)	(2,626,744)	(7,358,994)
Net book amount	**12,791,255**	**455,132**	**12,787,588**	**445,965**

Intangible assets work-in-progress include the payment made for new Enterprise Resource Plan (ERP) software.

8 Investment In Subsidiary

	GROUP		COMPANY	
	2018	2017	2018	2017
Maldives Real Estate Investment Corporation Private Limited (MREIC)	-	-	7,102,500	7,102,500

The Company is engaged in the business of development and management of housing units and providing all kinds of repair & maintenance services. MREIC is a fully owned subsidiary of the Company.

9 Equity Investments

	GROUP		COMPANY	
	2018	2017	2018	2017
Shares in Bank of Maldives Plc	43,819,200	74,492,640	43,819,200	74,492,640
At the end of the year	**43,819,200**	**74,492,640**	**43,819,200**	**74,492,640**

Equity investments at Fair Value through Other Comprehensive Income (FVOCI), comprising principally marketable equity securities, are measured at fair value annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to the Maldives Stock Exchange quoted bid prices at Level 1 hierarchy. This equity investment was classified as available for sale investment as at 31 December 2017.

Movement of the equity investments is as follows;

As at 31 December 2018	Opening Balance	Movement During the Year	Closing Balance
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	74,492,640	(30,673,440)	43,819,200

As at 31 December 2017	Opening Balance	Movement During the Year	Closing Balance
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	32,864,400	41,628,240	74,492,640

10 Deferred Tax Asset

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Balance as at 1 January	36,099,852	7,581,920	35,936,937	7,427,148
Adjustment on initial application of IFRS 9	2,758,724	-	2,758,724	-
Amounts recognized in profit and loss	10,397,857	39,749,460	10,345,158	39,710,921
Amounts recognized in OCI				
Effect on employee retirement benefit	4,601,016	(10,815,501)	4,601,016	(10,815,501)
Effect on equity investments at FVOCI	(461,891)	(416,027)	(452,434)	(385,631)
Balance as at 31 December	53,395,558	36,099,852	53,189,401	35,936,937

	GROUP		COMPANY	
Deferred tax asset as at 31 December 2018	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, plant and equipment	325,020,472	48,753,071	324,721,109	48,708,166
Provisions and impairments	50,194,774	7,529,216	50,194,774	7,529,216
Equity investments on FVOCI	(41,429,898)	(6,214,485)	(41,429,898)	(6,214,485)
Employee retirement benefit	22,112,852	3,316,928	21,037,843	3,155,676
Intangible assets	72,185	10,828	72,185	10,828
	355,970,385	53,395,558	354,596,013	53,189,401

	GROUP		COMPANY	
Deferred tax asset as at 31 December 2017	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, plant and equipment	271,654,718	40,748,207	271,526,286	40,728,942
Provisions and impairments	21,642,960	3,246,444	21,642,960	3,246,444
Equity investments on FVOCI	(72,103,338)	(10,815,501)	(72,103,338)	(10,815,501)
Employee retirement benefit	19,458,297	2,918,745	18,500,632	2,775,095
Intangible assets	13,044	1,957	13,044	1,957
	240,665,681	36,099,852	239,579,584	35,936,937

11 Contract Assets, Trade And Other Receivables

	GROUP		COMPANY	
	2018	2017	2018	2017
Financial assets				
Trade receivables	157,106,775	137,088,968	149,140,425	128,392,509
Less: provision for impairment of trade receivables	(35,997,680)	(48,742,621)	(28,930,180)	(41,675,121)
Trade receivables (net)	121,109,095	88,346,347	120,210,245	86,717,388
Retention receivable from contracts	94,652,244	93,616,018	94,652,244	93,616,018
Deposits	8,093,266	5,625,775	8,093,266	5,625,775
Contract assets	98,469,281	-	98,469,281	-
Contract unbilled receivables	-	120,273,579	-	120,273,579
Receivables from related parties (Note28 iii)	378,981,452	491,206,119	399,873,035	508,760,666
Less: provision for impairment of related party receivables	(44,144,081)	(14,196,407)	(44,144,081)	(14,196,407)
	657,161,257	784,871,431	677,153,990	800,797,019
Non-financial assets				
Prepayments & deposits	109,123,242	147,515,604	109,123,242	147,515,604
Other receivables	50,973,500	61,293,776	49,678,205	60,768,666
Less : Provision for impairment other receivables	(10,798,004)	(4,001,986)	(10,798,004)	(4,001,986)
	149,298,738	204,807,394	148,003,443	204,282,284
	806,459,995	989,678,825	825,157,433	1,005,079,303
Classified as:				
Non-current	7,097,597	10,181,549	7,097,597	10,181,549
Current	700,893,117	979,497,276	719,590,555	994,897,754
Contract assets	98,469,281	-	98,469,281	-
	806,459,995	989,678,825	825,157,433	1,005,079,303

The carrying amount of the trade and other receivables approximates its fair value.

Other receivables mainly consist of LC margin of MVR 2,618,058 (2017: MVR 3,133,838), input tax of MVR 2,406,989 (2017: MVR 1,427,455), advance paid to suppliers MVR 40,855,855 (2017: MVR 46,502,137) and cash advance of MVR 86,510 (2017: MVR 318,330).

11 Contract Assets, Trade And Other Receivables (Contd)

The Group provision for trade and other recievables comprise of trade recievable collective provision of MVR 42,153,004, specific provision of MVR 37,988,756 and provision for other recievables equal to MVR 10,798,005. The movement of provision for trade and other receivables are as follows;

	GROUP		COMPANY	
	2018	2017	2018	2017
Opening balance	66,941,014	61,060,344	59,873,514	53,992,844
Adjustment on initial application of IFRS 9	18,391,494	-	18,391,494	-
Provisions made during the year (Note 19)	5,607,257	6,545,103	5,607,257	6,545,103
Amounts written-off during the year	-	(664,433)	-	(664,433)
Closing balance	90,939,765	66,941,014	83,872,265	59,873,514

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 25,641,035 (2017: MVR 30,504,350) net of deferred profit of MVR 2,243,488 (2017: MVR 3,002,478), the movement of the scheme is as follows;

	GROUP		COMPANY	
	2018	2017	2018	2017
At the beginning of the year	33,506,828	33,596,595	33,506,828	33,596,595
- Sales during the year	21,342,499	20,416,195	21,342,499	20,416,195
- Payments received during the year	(26,964,804)	(20,505,962)	(26,964,804)	(20,505,962)
At the end of the year	27,884,523	33,506,828	27,884,523	33,506,828
Less : Deferred tawmil taksit profit	(2,243,488)	(3,002,478)	(2,243,488)	(3,002,478)
	25,641,035	30,504,350	25,641,035	30,504,350

Maturity of the tawmil taksit scheme:	GROUP		COMPANY	
	2018	2017	2018	2017
Below 1 year	18,543,438	20,322,801	18,543,438	20,322,801
Between 1 to 2 years	7,097,597	10,181,549	7,097,597	10,181,549
	25,641,035	30,504,350	25,641,035	30,504,350

12 Inventories

	GROUP		COMPANY	
	2018	2017	2018	2017
Work in progress - Projects	14,217,561	3,874,500	14,217,561	3,874,500
Materials - Contracting department	37,539,905	47,685,257	37,539,905	47,685,257
Lubricants, paints and building materials	16,537,936	11,637,267	16,537,936	11,637,267
Engines, generators and spare parts	92,172,143	120,646,033	92,172,143	120,646,033
Consumables	82,445,561	61,607,688	81,719,844	60,867,854
Provision for slow moving items	(34,081,144)	(32,223,128)	(34,081,144)	(32,223,128)
	208,831,962	213,227,617	208,106,245	212,487,783

13 Cash And Cash Equivalents

	GROUP		COMPANY	
	2018	2017	2018	2017
Cash in hand	4,218,310	9,535,510	4,198,626	9,411,196
Cash at bank	40,933,429	95,340,869	40,768,627	94,174,203
Cash at bank and in hand	45,151,739	104,876,379	44,967,253	103,585,399

Cash, cash equivalents and bank overdrafts include the following for the purposes of cash flow statement:

	2018	2017	2018	2017
Cash and cash equivalents	58,089,390	104,876,379	57,904,904	103,585,399
Bank overdrafts (Note 15)	(12,937,651)	-	(12,937,651)	-
	45,151,739	104,876,379	44,967,253	103,585,399

14 Share Capital And Reserves

Share Capital

Share Capital	Number of shares	Amount MVR
At 1 January 2017	5,000,000	25,000,000
At 31 December 2017	5,000,000	25,000,000
Rights issue of ordinary shares	3,037,749	15,188,745
At 31 December 2018	8,037,749	40,188,745

The total authorised number of ordinary shares are 10,000,000 shares (2017: 5,000,000 shares) with a par value of MVR 5.00 per share (2017: MVR 5.00 per share). During the year 2018 the Company has issued new right issue of one ordinary share for par value of MVR 5.00 per share with a share premium of MVR 57.00 per share.

B) General Reserves

General reserves are the retained earnings of a company which are kept aside out of the Company's profits to increase the working capital, to issue bonus shares and to strengthen the financial position of the company.

C) Share Premium

Share premium is the amount received by a company over and above the face value of its shares, the Company has issued new rights issue of 3,037,749 ordinary shares at MVR 62 per share with a share premium of MVR 57 per share at the par value of MVR 5 during the financial year ended 31 December 2018.

D) Fair Value Reserves

Fair value reserves are the net of revaluation gain or loss (except for impairment losses) from FVOCI financial assets, gain or loss from revaluations are recognized under statement of other comprehensive income whether it is due to normal market fluctuations.

E) Advance Received From Shareholders

Advance received from shareholders represents the cash received for the new right issue of ordinary share capital at the par value of MVR 5.00 per share with a share premium of MVR 57.00 per share, the allotment was made on 14 February 2018 and the full amount was shown as advance under the equity as of 31 December 2017.

15 Borrowings And Bank Overdrafts

	GROUP		COMPANY	
	2018	2017	2018	2017
Non-current				
Bank and other borrowings	316,324,857	387,769,106	316,324,857	387,769,106
Current				
Bank overdrafts (Note 13)	12,937,651	-	12,937,651	-
Bank and other borrowings	94,034,603	89,873,090	94,034,603	89,873,090
	106,972,254	89,873,090	106,972,254	89,873,090
Total borrowings	423,297,111	477,642,196	423,297,111	477,642,196

Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, Rentals Plaza, barges (kurimagu 8 and 10), tug boats (Tango 6 and 575), steel landing craft (Leema 1), dredgers (Mahaa Jarrafu and Jarrafa 3) and machineries (excavators & wheel loaders).

15 Borrowings And Bank Overdrafts (Contd)

	GROUP		COMPANY	
	2018	2017	2018	2017
Maturity of non-current borrowings:				
Between 1 to 2 years	161,202,580	167,933,675	161,202,580	167,933,675
Between 3 to 5 years	103,078,451	148,866,577	103,078,451	148,866,577
Between 6 to 10 years	52,043,826	70,968,854	52,043,826	70,968,854
	316,324,857	387,769,106	316,324,857	387,769,106

The interest rate exposure of the borrowings of the Company is as follows :

- at floating rate	282,841,273	337,349,842	282,841,273	337,349,842
- at fixed rates	140,455,838	140,292,354	140,455,838	140,292,354
	423,297,111	477,642,196	423,297,111	477,642,196

16 Shareholder Loan

	GROUP		COMPANY	
	2018	2017	2018	2017
Loans from a shareholder (Note 28 v)	238,524,767	238,524,767	238,524,767	238,524,767

17 Contract Liabilities, Trade And Other Payables

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Trade payables	101,398,289	170,871,662	98,775,531	168,546,166
Accrued expenses	5,383,989	11,542,780	5,048,334	11,163,247
Payables to related parties (Note 28 iii)	104,605,516	95,765,210	127,505,172	113,657,308
Contract liabilities	170,691,108	-	170,691,108	-
Contract billed in advance	-	249,080,440	-	249,080,440
Employee retirement benefit [Note 17(a)]	22,112,852	19,458,297	21,037,843	18,500,632
Payable for acquisition of land	36,000,000	-	36,000,000	-
Other payables	121,793,938	107,482,277	119,881,972	106,604,639
	561,985,692	654,200,666	578,939,960	667,552,432

Classified as:				
Non-current	22,112,852	19,458,297	21,037,843	18,500,632
Employee retirement benefit				
Current	369,181,732	634,742,369	387,211,009	649,051,800
Trade and other payables	170,691,108	-	170,691,108	-
Contract liabilities	539,872,840	634,742,369	557,902,117	649,051,800

Other payables mainly consist of unpaid dividend amounting to MVR 43,766,226 (2017: MVR 50,996,228), GST payable amounting to MVR 4,322,832 (2017: MVR 6,385,773) and advance received from customers amounting to MVR 47,270,095 (2017: MVR 36,557,412).

Payable for acquisition of land is accounted under capital work in progress in note 6 of the financial statements, for which the Group has a commitment to pay for the acquisition of the land to construct housing units for the Company staff and other customers.

A) Employee Retirement Benefit

	GROUP		COMPANY	
	2018 MVR	2017 Restated*	2018 MVR	2017 Restated*
Opening Balance	19,458,297	17,028,328	18,500,632	16,065,043
Current Service Cost	6,240,393	5,668,603	5,925,271	5,383,212
Interest Cost	895,082	783,303	851,029	738,992
Acturial loss/(gain)	(3,079,270)	(2,773,512)	(3,016,229)	(2,570,870)
	23,514,502	20,706,722	22,260,703	19,616,377
Less: Payments During the Year	(1,401,650)	(1,248,425)	(1,222,860)	(1,115,745)
Closing Balance	22,112,852	19,458,297	21,037,843	18,500,632

Following amounts are recognized in profit or loss and Other comprehensive income during the year in respect of retirement benefit obligation

	GROUP		COMPANY	
	2018 MVR	2017 MVR (Restated)	2018 MVR	2017 MVR (Restated)
Amount Recognized in Profit or Loss				
Current Service Cost	6,240,393	5,668,603	5,925,271	5,383,212
Interest Cost	895,082	783,303	851,029	738,992
	7,135,475	6,451,906	6,776,300	6,122,204
Amount Recognized in Other Comprehensive Income				
Acturial loss/(gain)	(3,079,270)	(2,773,512)	(3,016,229)	(2,570,870)
	(3,079,270)	(2,773,512)	(3,016,229)	(2,570,870)

* See note 30 for details regarding the restatement for changes in accounting policies.

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2018 and the aprropraite adjustements have been adjusted in the financial statements. Key assumptions used in the calculation are as follows;

	GROUP		COMPANY	
	2018	2017	2018	2017
Expected Salary Inflation	1.00%	1.00%	1.00%	1.00%
Discount Rate	4.60%	4.60%	4.60%	4.60%
Morality Rate	Age 67-70	Age 67-70	Age 67-70	Age 67-70
Staff Turnover Rate	5% - 20 % - Age 55	5% - 20 % - Age 55	5% - 20 % - Age 55	5% - 20 % - Age 55
Disability / Illness Rate	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70

17 Contract Liabilities, Trade And Other Payables (Contd)

Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the 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			
	2018		2017	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	22,788,686	675,834	20,082,034	623,737
1% decrease in salary inflation rate	21,541,785	(571,067)	18,931,447	(526,850)
1% increase in discount rate	19,855,088	(2,257,764)	17,447,755	(2,010,542)
1% decrease in discount rate	24,786,031	2,673,179	21,841,031	2,382,734
1% increase in staff turnover rate	21,707,943	(404,909)	19,067,274	(391,023)
1% decrease in staff turnover rate	22,532,128	419,276	19,861,804	403,507

	COMPANY			
	2018		2017	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	21,682,411	644,568	19,094,600	593,968
1% decrease in salary inflation rate	20,493,167	(544,676)	17,998,866	(501,766)
1% increase in discount rate	18,871,791	(2,166,052)	16,577,298	(1,923,334)
1% decrease in discount rate	23,602,784	2,564,941	20,780,180	2,279,548
1% increase in staff turnover rate	20,637,811	(400,032)	18,119,832	(380,800)
1% decrease in staff turnover rate	21,452,248	414,405	18,893,829	393,197

18 Other Income

	GROUP		COMPANY	
	2018	2017	2018	2017
Other incomes	2,337,608	3,669,472	2,337,608	3,669,472
Dividend income	4,820,112	4,381,920	4,820,112	4,381,920
Rent income	8,525,819	5,569,875	8,525,819	5,569,875
Tawmil taksit profit	2,958,651	3,348,877	2,958,651	3,348,877
Profit on sale of property, plant & equipment	6,306,495	2,788	6,306,495	2,788
	24,948,685	16,972,932	24,948,685	16,972,932

19 Expenses

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Depreciation (Note 6)	136,356,106	105,908,863	135,977,379	105,683,200
Amortisation (Note 7)	304,772	512,508	299,272	507,008
Employee benefit expense (Note 20)	279,283,393	236,757,645	273,851,393	229,004,341
Materials and consumables	437,580,579	472,732,965	436,748,385	485,410,447
Director fees	1,432,552	1,735,618	1,106,419	1,380,231
Lease rent and hiring expenses	97,938,250	96,338,609	93,253,425	90,963,806
Sub contract expenses	89,147,056	67,826,182	89,147,056	67,826,182
Repairs and maintenance	34,889,190	35,507,445	38,628,211	35,449,806
Transportation, travel and inspection	33,698,836	30,445,321	33,488,369	30,002,699
Electricity, water, insurance & communication	36,845,860	29,052,021	35,788,495	28,819,828
Accounting and professional charges	1,180,514	1,054,073	1,142,571	926,949
Consultation, legal fees and service charges	932,669	560,128	932,669	560,128
Bank charges	6,566,302	7,248,051	6,566,302	7,237,099
Zakath	1,471,017	1,603,857	1,471,017	1,603,857
Advertising, sales promotion & marketing	8,364,940	12,312,852	8,364,940	12,312,852
Training expenses	8,278,594	11,898,142	8,278,594	11,754,714
Security charges	56,169	3,047,420	3,710,795	3,047,420
License and registration fees	2,616,254	3,212,981	2,602,589	3,212,981
Printing and stationery	4,310,209	3,506,742	4,253,797	3,453,806
Loss on sale of assets	48,847	1,305,119	48,847	1,305,119
Provision for non moving inventory	1,858,016	1,437,682	1,858,016	1,437,682
Provision for impairment of receivables	5,607,257	6,545,103	5,607,257	6,545,103
Other expenses	40,198,122	28,116,019	40,047,978	27,772,340
Total	**1,228,965,504**	**1,158,665,346**	**1,223,173,776**	**1,156,217,598**

Classified as:	1,047,465,025	982,755,035	1,040,959,587	985,056,531
Cost of sales	8,364,940	12,312,852	8,364,940	12,312,852
Selling and marketing expenses	147,367,335	144,404,886	148,081,045	139,655,642
Administrative expenses	20,160,947	12,647,470	20,160,947	12,647,470
Other operating expenses	5,607,257	6,545,103	5,607,257	6,545,103
Impairment loss on trade & other receivables	**1,228,965,504**	**1,158,665,346**	**1,223,173,776**	**1,156,217,598**

20 Employee Benefit Expense

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Wage and salaries	191,916,170	161,916,604	187,685,374	155,123,335
Other allowance	47,162,136	40,495,984	46,884,776	40,298,134
Pension contribution	4,914,876	4,644,176	4,728,932	4,470,653
Staff food allowance	13,534,401	12,793,011	13,484,164	12,704,765
Staff medical expenses	869,478	766,559	854,161	761,334
Bonus	7,741,373	5,476,459	7,741,373	5,476,459
Retirement benefit	7,135,475	6,451,906	6,776,300	6,122,204
Visa fees	2,970,099	2,928,328	2,707,899	2,773,053
Staff welfare	3,039,385	1,284,618	2,988,414	1,274,404
	279,283,393	236,757,645	273,851,393	229,004,341

21 Finance Costs (Net)

	GROUP		COMPANY	
	2018	2017 Restated*	2018	2017 Restated*
Finance cost				
Interest expense on borrowings	51,276,321	24,714,339	51,276,321	24,714,339
Interest expense on bank overdraft	11,572	1,103,622	11,572	1,103,622
Net foreign exchange (gain) / loss	(4,114,694)	2,131,589	(4,114,694)	2,131,589
	47,173,199	27,949,550	47,173,199	27,949,550
Finance income				
Interest income	(259,200)	(321,328)	(259,200)	(321,328)
	(259,200)	(321,328)	(259,200)	(321,328)
Net finance costs	46,913,999	27,628,222	46,913,999	27,628,222

22 Tax Expense

	GROUP		COMPANY	
	2018	2017	2018	2017
Current tax expense	10,890,255	26,142,438	10,590,489	26,090,773
Deferred tax (Note 10)	(10,397,857)	(39,749,460)	(10,345,158)	(39,710,921)
	492,398	(13,607,022)	245,331	(13,620,148)

Reconciliations between business profit tax expenses and the accounting profit :

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Profit before tax	34,765,426	127,336,500	36,300,910	127,304,194
Add: Non-deductible expenses	222,468,473	157,305,942	218,035,484	156,200,299
	257,233,899	**284,642,442**	**254,336,394**	**283,504,493**
Less: Deductible expenses	(184,132,198)	(109,859,520)	(183,483,136)	(109,316,009)
Taxable income	73,101,701	174,782,922	70,853,258	174,188,484
Tax free allowance	(500,000)	(500,000)	(250,000)	(250,000)
Net taxable income	**72,601,701**	**174,282,922**	**70,603,258**	**173,938,484**
Tax calculated at the rate of 15%	10,890,255	26,142,438	10,590,489	26,090,773
Tax charge during the year	**10,890,255**	**26,142,438**	**10,590,489**	**26,090,773**

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Current tax (receivables) / payable:				
At the beginning of the year	15,818,743	5,996,666	16,035,930	5,458,962
Tax charged during the year	10,890,255	26,142,438	10,590,489	26,090,773
Tax paid during the year	(29,350,167)	(16,320,361)	(29,081,315)	(15,513,805)
At the end of the year	(2,641,169)	15,818,743	(2,454,896)	16,035,930

23 Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	GROUP 2018	GROUP 2017 Restated*	COMPANY 2018	COMPANY 2017 Restated*
Profit attributable to equity holders	34,273,028	140,943,522	36,055,579	140,924,342
Weighted average number of ordinary shares	7,729,196	5,569,329	7,729,196	5,569,329
Basic earnings per share (MVR per share)	4.43	25.31	4.66	25.30

During the year January 2018 the Company has issued new right issue of one ordinary share for par value of MVR 5.00 per share with a share premium of MVR 57.00 per share.

24 Cash Generated From Operations

	GROUP		COMPANY	
	2018	2017	2018	2017
Profit before tax for the year	34,765,426	127,336,500	36,300,910	127,304,194
Adjustments for:				
Depreciation (Note 6)	136,356,106	105,908,863	135,977,379	105,683,200
Amortization of intangible assets (Note 7)	304,772	512,508	299,272	507,008
Loss on sale of property, plant and equipment	48,847	1,305,119	48,847	1,305,119
Profit on sale of property, plant and equipment	(6,306,495)	(2,788)	(6,306,495)	(2,788)
Balance c/f	165,168,656	235,060,202	166,319,913	234,796,733
Provision for doubtful debts	5,607,257	6,545,103	5,607,257	6,545,103
Provision for slow/non moving inventories	1,858,016	1,437,682	1,858,016	1,437,682
Provision for retirement	7,135,475	6,451,906	6,776,300	6,122,204
Interest expenses	51,287,893	25,817,961	51,287,893	25,817,961
Unrealised gains on revaluation of loans	(3,680,344)	-	(3,680,344)	-
Dividend income	(4,820,112)	(4,381,920)	(4,820,112)	(4,381,920)
Interest income	(259,200)	(321,328)	(259,200)	(321,328)
Changes in working capital:				
Trade and other receivables	154,909,669	(37,166,067)	151,612,709	(39,832,320)
Inventories	2,537,639	24,202,453	2,523,522	24,942,287
Trade and other payables	(87,639,127)	(125,034,417)	(83,919,281)	(121,823,272)
Cash generated from operations	292,105,822	132,611,575	293,306,673	133,303,130

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

Net book amount (Note 6 and 7)	48,918	5,791,672	48,918	5,791,672
Profit / (loss) on sale of property, plant & equipment	6,257,648	(1,302,331)	6,257,648	(1,302,331)
Proceeds from sale of property, plant & equipment	6,306,566	4,489,341	6,306,566	4,489,341

25 Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 2.60 (2017: MVR 2.40) per share amounting to MVR 20,898,147.40 has been declared in the annual general meeting held on 26 April 2018 and paid during the year ended 31 December 2018 (2017: MVR 12,000,000).

26 Contingencies

Contingent Liabilities

The Company enjoyed a bank guarantee facility of MVR 84,810,000 (2017: MVR 84,810,000) as at the reporting date.

There were no material contingent liabilities other than disclosed above as at the reporting date.

Contingent Assets

There were no material contingent assets recognised at the reporting date.

27 Commitments

Capital Commitments

There were no material capital commitments outstanding at the statement of financial position date.

Operating Lease Commitments

"The Group leases a number of lands under operating leases. The leases typically run for a period of 5 to 15 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain operating leases, the Group is restricted from entering into any sub-lease arrangements.

The land leases were entered into many years ago as combined lease of lands. The Group determined that the land leases are operating leases. The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Group does not have an interest in the residual value of the lands. As a result, it was determined that substantially all of the risks and rewards of the lands are with the landlord.

The operating lease commitments towards the existing lands are listed below;

	Less than one Year MVR	2 to 5 Years MVR	More than 5 Years MVR	Total 31/12/2018 MVR	Total 31/12/2017 MVR
Lease rentals falling:					
Male' Land Plots	4,077,485	16,309,942	40,774,854	61,162,281	65,239,766
Thilafushi Land Plots	3,000,000	12,000,000	10,000,000	25,000,000	28,000,000
Gulifalhu Land Plot	6,000,000	10,000,000	-	16,000,000	22,000,000
Hulhumale Land Plots	745,002	3,337,478	5,716,981	9,799,461	10,544,463
	13,822,488	41,647,420	56,491,835	111,961,742	125,784,230

Financial Commitments

There were no material financial commitments outstanding at the statement of financial position date.

28 Related Party Transactions

The Government of Maldives holds 64.2% (2017: 55.3%) of the voting rights of the Company as at 31 December 2018 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2018, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions

The following transactions were carried out, on commercial terms and conditions, with related parties:

	GROUP		COMPANY	
	2018	2017	2018	2017
Construction revenue	654,950,111	870,646,624	654,950,111	870,646,624
Trading revenue	49,320,114	31,223,020	49,608,107	31,747,834
Others sales and services	6,230,152	9,317,270	6,230,152	9,317,270
Construction materials purchased	128,678,484	45,642,976	128,678,484	45,642,976
Dividends	23,932,740	6,641,136	23,932,740	6,641,136
Others goods and services purchased	-	-	23,217,042	17,813,870

(ii) Receivables From Related Parties (Note 11)

	GROUP		COMPANY	
	2018	2017	2018	2017
Construction revenue	351,320,292	476,097,728	372,211,875	493,652,275
Trading revenue	13,605,943	6,591,269	13,605,943	6,591,269
Others sales and services	14,055,217	8,517,122	14,055,217	8,517,122
	378,981,452	491,206,119	399,873,035	508,760,666

(iii) Payables To Related Parties (Note 17)

	GROUP		COMPANY	
	2018	2017	2018	2017
Construction materials purchased	47,534,759	41,618,503	70,434,415	59,510,601
Dividends	14,389,128	23,932,740	14,389,128	23,932,740
Others goods and services purchased	42,681,629	30,213,967	42,681,629	30,213,967
	104,605,516	95,765,210	127,505,172	113,657,308

28 Related Party Transactions (Contd)

(iv) Transactions With Subsidiary

Name of the Company	Nature Of The Transaction	For The Year Ended		Balance Due To As At 31 December	
		2018	2017	2018	2017
Maldives Real Estate Investments Corporation Private Limited	Purchase of goods and services	23,217,042	17,813,870	2,008,073	337,551
(Fully owned subsidiary)	Payments made	21,546,520	15,767,063		

(v) Loans From A Shareholder

	GROUP		COMPANY	
	2018	2017	2018	2017
Trade loan	18,524,767	18,524,767	18,524,767	18,524,767
Mudarabah equity finance	220,000,000	220,000,000	220,000,000	220,000,000
	238,524,767	238,524,767	238,524,767	238,524,767

The movement in the year can be analysed as follows;

Beginning of the year	238,524,767	138,524,767	238,524,767	138,524,767
Loans received during the year	-	100,000,000	-	100,000,000
End of the year	238,524,767	238,524,767	238,524,767	238,524,767

Trade loan received from Ministry of Finance & Treasury amounting to MVR 18,524,767, which is unsecured and payable within one year and carries an interest rate of 8% per annum, accordingly the amount has been shown as falling due within one year.

Mudarabah equity finance received from Ministry of Finance & Treasury amounting to MVR 220 million, which is unsecured and payable within 3 months under "Mudarabah" agreement and carries an average equity margin of 10.6% per annum from the gross profit of Trading division, accordingly the amount has been shown as falling due within one year.

(vi) Collectively, But Not Individually Significant Transactions

The Group has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organisations, collectively referred to as government entities. The Group has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

(vii) Key Management Remuneration

	GROUP		COMPANY	
	2018	2017	2018	2017
Directors' remuneration	1,432,552	1,735,618	1,106,419	1,380,231
Key management remuneration	8,785,821	8,092,824	8,425,821	8,465,940
	10,218,373	9,828,442	9,532,240	9,846,171

Key management personnel include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Managers and Assistant General Managers.

29 Events After The Reporting Date

No significant events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.

30 Restatement Of Comparative Information

During the current financial year, it was discovered that the liabilities and expenses relating to Group employees' retirement benefits has been omitted in its financial statements. As a consequence, expense and the retirement benefits liabilities have not been recognized since 2012. This error had been corrected by restating each of the effected financial line items for the prior years as required by the IAS 8 - "Changes in Accounting Policies, Estimates and Errors". The following note summarizes the impacts on the financial statements of the Group due to the restatements and reclassifications made by the Group during the year ended 31st December 2018.

A. Statement Of Financial Position

	GROUP			COMPANY		
As at 1st January 2017	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Retained Earnings (Note A)	336,385,764	(14,474,079)	321,911,685	341,625,464	(13,655,287)	327,970,177
Total Equity	**616,860,863**	**(14,474,079)**	**602,386,784**	**622,100,563**	**(13,655,287)**	**608,445,276**
Defined Benefit Obligation	-	17,028,328	17,028,328	-	16,065,043	16,065,043
Total Non Current Liabilities	**43,598,196**	**17,028,328**	**60,626,524**	**43,598,196**	**16,065,043**	**59,663,239**
Deferred Tax Assets	5,027,671	2,554,249	7,581,920	5,017,392	2,409,756	7,427,148
Total Non Current Assets	**383,379,064**	**2,554,249**	**385,933,313**	**389,629,298**	**2,409,756**	**392,039,054**

	GROUP			COMPANY		
31st December 2017	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Retained Earnings (Note A)	469,752,245	(16,539,552)	453,212,693	474,805,296	(15,725,537)	459,079,759
Total Equity	**964,395,928**	**(16,539,552)**	**947,856,376**	**969,448,979**	**(15,725,537)**	**953,723,442**
Defined Benefit Obligation (Note 44.1.3)	-	19,458,297	19,458,297	-	18,500,632	18,500,632
Total Non Current Liabilities	**387,769,106**	**19,458,297**	**407,227,403**	**387,769,106**	**18,500,632**	**406,269,738**
Deferred Tax Assets	33,181,108	2,918,745	36,099,853	33,161,843	2,775,095	35,936,938
Total Non Current Assets	**1,033,522,731**	**2,918,745**	**1,036,441,476**	**1,039,732,736**	**2,775,095**	**1,042,507,831**

Note A	GROUP			COMPANY		
	1/1/2017 MVR	31/12/2017 MVR	Total MVR	1/1/2017 MVR	31/12/2017 MVR	Total MVR
Recognition of Defined Benefit Obligation	17,028,328	2,429,969	19,458,297	16,065,043	2,435,589	18,500,632
Recognition of Deferred Tax Asset	(2,554,249)	(364,496)	(2,918,745)	(2,409,756)	(365,339)	(2,775,095)
	14,474,079	**2,065,473**	**16,539,552**	**13,655,287**	**2,070,250**	**15,725,537**

B. Statement Of Comprehensive Income

for the year ended 31 December 2017	GROUP			COMPANY		
	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Profit or Loss for the Year						
Administrative Expenses	(139,201,405)	(5,203,481)	(144,404,886)	(134,649,183)	(5,006,459)	(139,655,642)
Tax Expense for the Year	12,826,500	780,522	13,607,022	12,869,179	750,969	13,620,148
Impact on Profit for the Year	**145,366,481**	**(4,422,959)**	**140,943,522**	**145,179,832**	**(4,255,490)**	**140,924,342**
Other Comprehensive Income						
Equity investments - net change in fair value	41,628,240	-	41,628,240	41,628,240	-	41,628,240
Deficit for the Year	-	2,773,512	2,773,512	-	2,570,870	2,570,870
Recognition of Deferred Tax Asset	(10,815,501)	(416,027)	(11,231,528)	(10,815,501)	(385,631)	(11,201,132)
Impact on Other Comprehensive Income	30,812,739	2,357,485	33,170,224	30,812,739	2,185,239	32,997,978
Impact on Total Comprehensive Income	176,179,220	(2,065,474)	174,113,746	175,992,571	(2,070,251)	173,922,320
Earnings per share	**29.07**	**(0.88)**	**28.19**	**29.04**	**(0.85)**	**28.18**

for the year ended 31 December 2017	GROUP			COMPANY		
	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Provision for retirement	-	6,451,906	6,451,906	-	6,122,204	6,122,204
Retirement benefit paid	(1,248,425)	-	(1,248,425)	(1,115,745)	-	(1,115,745)
Deferred tax	-	(780,522)	(780,522)	-	(750,969)	(750,969)
	(1,248,425)	**5,671,384**	**4,422,959**	**(1,115,745)**	**5,371,235**	**4,255,490**

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Corporate Information

Corporate Information

Company Name

Maldives Transport and Contracting Company PLC.

Company Status

Registered as a Public Limited Company
With Ministry of Economic Development
Under Company Law No. 10/96

Registered Office

MTCC Tower,
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Male', 20057, Maldives
Phone: +960 332 6822
Fax: +960 332 3221
Email: info@mtcc.com.mv
Website: www.mtcc.com.mv

Registration No: C - 680
Registration Date: 18th December 1980
Company Secretary: Ms. Fathimath Liusha

Bankers, Auditors & Lawyers

Bankers

Bank of Maldives plc.
Boduthakurufaanu magu,
Male', Maldives
Post Code: 20094

Phone: +960 333 0102 / 332 2948
Fax: +960 332 8233
Email: info@bml.com.mv
Website: www.bankofmaldives.com.mv

HSBC Limited
MTCC Tower, 1st flor,
Boduthakurufaanu Magu, Male', Maldives
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Email: maldivesbranch@hsbc.com.lk
Website: www.maldives.hsbc.com

Bank of Ceylon
H. Aage, Boduthakurufaanu Magu,
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Habib Bank Limited
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State Bank of India
H.sunleet, Boduthakurufaanu Magu,
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Auditors

External

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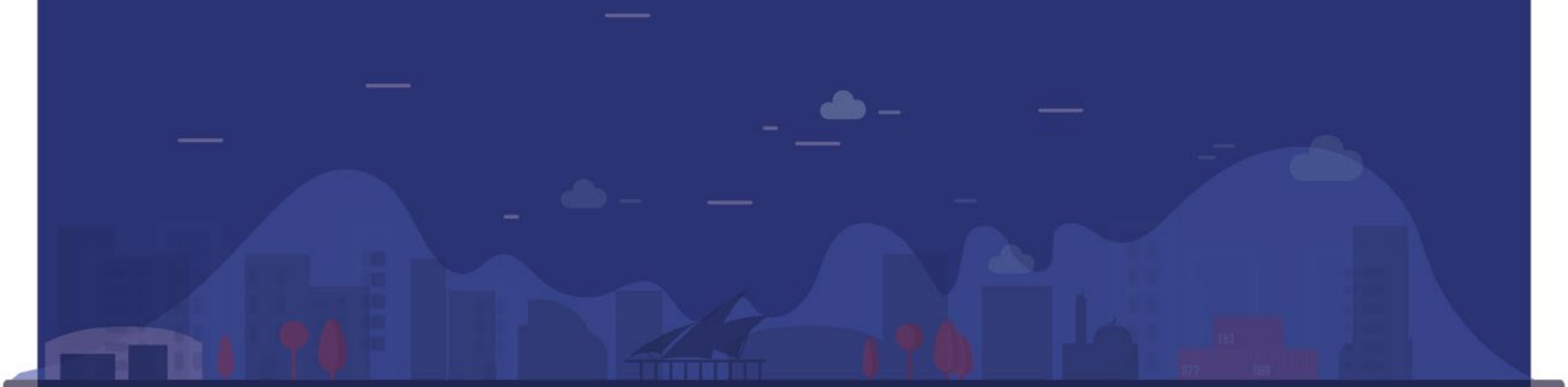

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