

گزارهٔ فصلی سال ۱۳۹۷



QUARTERLY REPORT 2018



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KEY DEVELOPMENTS

Key developments in our business and service sectors during the quarter:

The 2017 Annual General Meeting of Maldives Transport and Contracting Company Plc was held on 26th April 2018 at Hotel Jen. The following was approved by the shareholders in the meeting.

- Minutes of the Annual General Meeting 2017.
- Directors Report 2017
- Audited financial statements for the year 2017.
- A dividend of MVR 2.60/- for each ordinary share (face value MVR 5/-)
- KPMG was selected as the external Auditors for 2017 for an Audit fee of MVR 381,600.00
- Appointment of Directors
- Amendment to the Memorandum of Association of the Company reflecting the share split.

A total of 35 construction projects were managed by the company out of which five projects were successfully completed, while one new project was started during the quarter.

MTCC carried out six dredging and special projects during this quarter. Ongoing projects include; Th. Guraidhoo Land Reclamation Project, K. Madivaru Island Land Reclamation Project, Sawmill Relocation Project and Land Reclamation plus Shore Protection at K.Thilafushi Project.

The expansion work of Fenna Gimatha Ferry Terminal started during the first quarter of the year and was continued throughout the second quarter. The purpose of expanding the ferry terminal is to cater to the growth in commuters in Hulhumale’.

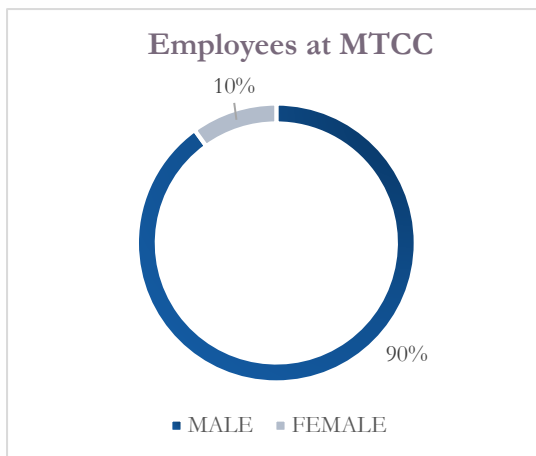
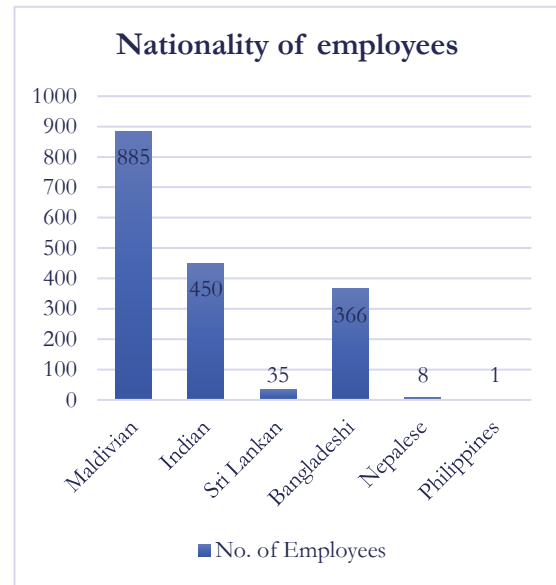
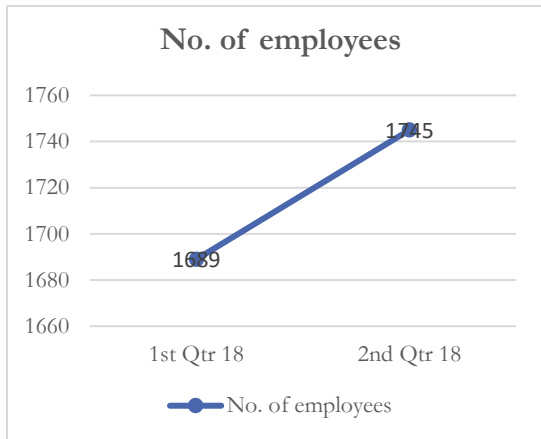
Additionally, MTCC started using two new premium link ferries in the company’s operations, to improve the efficiency of transportation and convenience of customers.

A Memorandum of Understanding was signed by MTCC with China State Construction Pvt Ltd to improve transportation between Phase 1 and Phase 2.

During this quarter, a new voting software was developed by MTCC for the Annual General Meeting of 2017. This software was tested and successfully implemented for shareholder voting at the Annual General Meeting held on 26th April 2018.

HUMAN DEVELOPMENT

By the end of the 2nd Quarter of 2018, there were a total of 1745 staff employed at MTCC, which shows a 3.32% increase in the number of employees compared to the 1st Quarter of 2018.



We are committed to effective employee training and development strategies to ensure that we have the adequate skills and expertise to drive our businesses.

We have always worked to ensure that our staff remains competent in their areas of work, with knowledge and expertise of the latest developments in their field. As such, during the last quarter a total of 74 staff were enrolled in various local and overseas training programs.

CLUB MTCC

MTCC took part in the Coca-Cola Long Run which was held on 20th April 2018 at Hulhumale'. As we were the co-sponsors for this event, TFG provided a 12-week free training for MTCC staff who took part in the Half Marathon, 10km and 5km Long run.



MTCC participated in the largest annual futsal tournament in the country, Club Maldives Cup 2018, in which employees from government and public companies participate every year. MTCC made it to the Quarter Finals where we played against MPL on 10th April 2018. The game was won by MPL with a score of 2-1.

We also took part in Inter Office Billiard Championship in the Maldives, which was held from 24th March to 18th April 2018 at Galolhu Youth Center. MTCC played in the Quarter Finals against MNDF, where the game was won by MNDF with a score of 2-1.

To celebrate the 38th Anniversary of MTCC, an annual trip was organized for our staff at Adhaaran Hudhuranfushi Resort on 13th April 2018. The main objective of this event was all the staff to come together and share their experience and enjoy a fun filled trip.

MARKETING ACTIVITIES

During the 2nd Quarter of 2018, MTCC visited various atolls such as Fuvahmulah, R. Atoll, F. Atoll, Dh. Atoll, Ha. Atoll and Sh. Atoll with the aim of promoting marine products portfolio by consolidating sales, especially for Suzuki, Castrol, Yanmar, Sigma and Scott Bader.



MTCC also participated in the Travel Trade Maldives 2018 as the premium partner for the event, as well as featured in the exhibition to further promote the company's products. TTM is a well-recognized event among the stakeholders of the tourism industry in the Maldives.



BOARD ACTIVITIES

Changes were brought to the composition of the Board as per the amendments of the Articles of Association of the company, after the Annual General Meeting 2016. Previously there were a total of 10 directors, from whom 6 directors were appointed by the government and 4 elected by the public shareholders.

The Board of Directors currently comprises of 07 directors. With respect to the shareholding of the Company, 5 directors are appointed by the Government of Maldives and 2 directors are elected by the Public Shareholders at the Shareholder meeting. Mr.Mansoor Zubair and Mr.Nasrath Mohamed was elected by the Shareholders as directors representing the public shareholding.

BOARD OF DIRECTORS

Name	Position in Board
Mr. Ahmed Niyaz	Chairman
Mr. Ibrahim Ziyath	Chief Executive Officer
Mr. Ahmed Abdulla	Non- Executive Director
Mr. Ahmed Kurik Riza	Executive Director
Ms. Nashima Abdul Latheef	Non- Executive Director
Mr. Mansoor Zubair	Non- Executive Director
Mr. Nasrath Mohamed	Non- Executive Director

BOARD MEETINGS

Frequency of board and committee meetings are as follows;

	No. of meetings
Board Meeting	07
Audit & Risk Committee	03
N&R Committee	03
CGC Committee	01

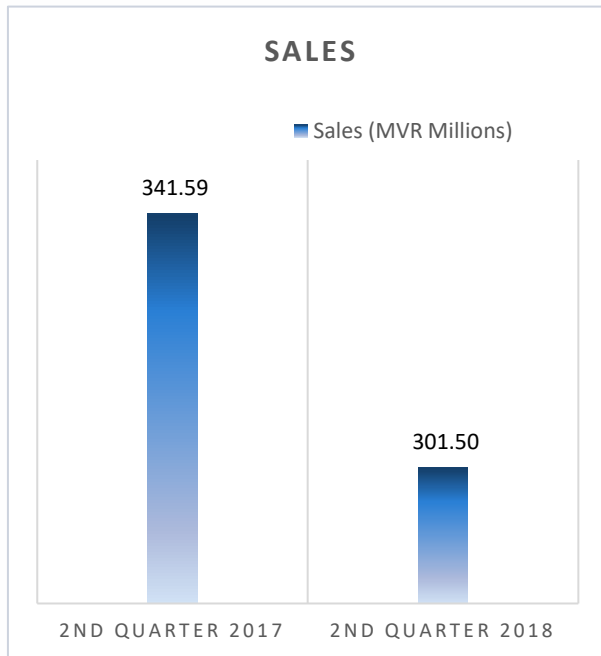
BOARD DECISIONS

- Approved the 1st Quarter Report 2018
- Approved the financial statements of 2017 and appointed signatories for the statements to be submitted for shareholder approval at AGM 2017
- Approved the Dividend for the year 2017
- Approved the agreement for development of the Male-Vilimale'-Male Ferry Terminal Land
- Approved the Director's Report for 2017
- Approved the amendment to Memorandum of Association after MTCC Rights Issue 2017.
- Approved the Hajj and Umra Guidelines
- Approved the name of external auditors to be submitted at AGM 2017.
- Approved the new MTCC voting software to be used at the AGM 2017
- Endorsed Mr. Ahmed Niyaz as Chairman of the Board, and Chief Executive Officer Mr. Ibrahim Ziyath as Managing Director
- Formation of the new committees for the year 2018
- Approved the Corporate Bonus for the year 2017

FINANCIAL REVIEW

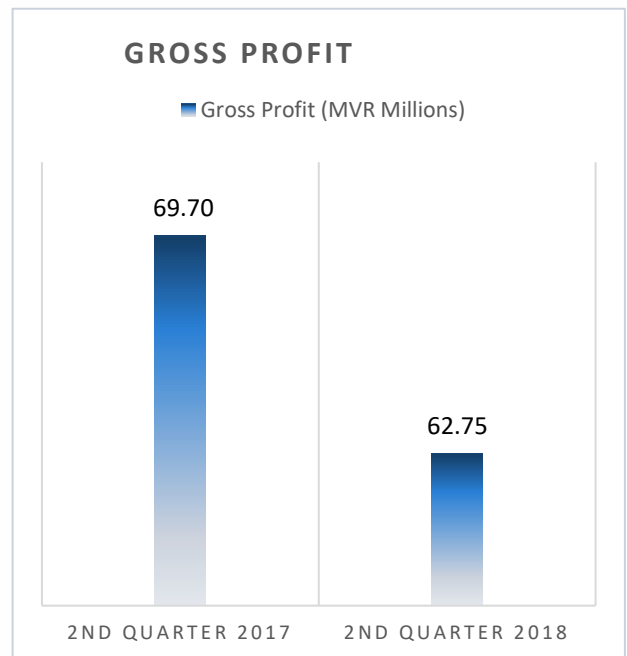
Sales

Sales of **MVR301.50 million**; decline of 11.74% year-on-year



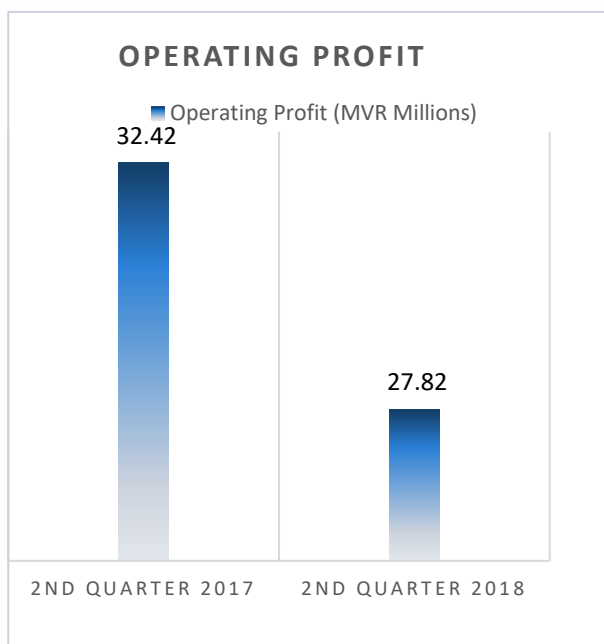
Gross Profit

Gross profit of **MVR62.75million**; decline of 9.96% year-on-year



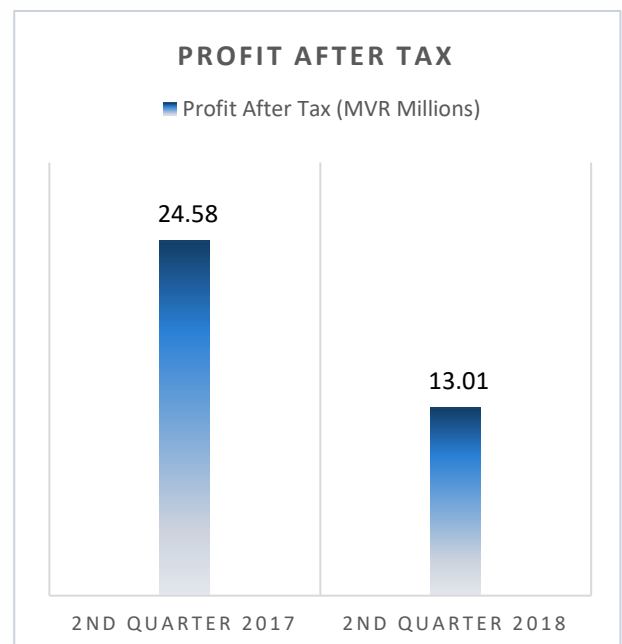
Operating Profit

Operating profit of **MVR27.82 million**; decline of 14.19% year-on-year



Profit After Tax

Profit after tax of **MVR13.01million**, decline of 47.06% year-on-year



Second Quarter Results

Second quarter earnings per share were MVR 1.62, a decline of 47% compared MVR 3.06 of the second quarter of 2017.

Sales have declined compared to the second quarter of last year mainly due to decrease in new construction projects.

Revenue generated from Contracting has decreased by 31% compared to the same period last year, meanwhile the net profits also declined by 14%.

Drop in sales of Logistics is basically due to drop in ship agency sales and major breakdowns of two sets of international logistic vessels. However, the total net profit has increased due to income from insurance proceeds received as compensation for the barge accident occurred in November 2017.

Revenue from land reclamation has doubled compared to the second quarter of the last year, however the net profits have declined due to increase in interest cost and other operating expenses incurred for the new dredger.

Revenue from Trading has decreased by 2% compared to the second quarter of last year. However, reduction in Sales & Marketing expenses have resulted in a growth of earnings by 25% compared to the same period last year.

Despite the slowdown in turnover and earnings in most of the segments, the Company has managed to post a net profit of MVR 13.01 million for the quarter after deducting a total finance cost of MVR 12.51 million for second quarter of 2018 compared to the finance cost of MVR 3.50 million of second quarter of 2017.

With these results, the total revenue for the first six month of this year ended to 30 June 2018 has decreased by 7.96%. However, the operating profit for the first half of financial year 2018 has increased by 4.04% compared to the first half of financial year 2017.

Outlook for the rest of the year

Despite the setbacks in revenue and earnings in the first half of the year, The Company remain optimistic of achieving the yearly targeted earnings for the financial year 2018. New airport development projects and major land reclamation projects, some of which has already been mobilized are expected to bring additional revenue and profits in the second half of the year.

FINANCIAL STATEMENTS

INCOME STATEMENT (UNAUDITED)

All amounts in MVR	2 nd Quarter 2018	2 nd Quarter 2017
Sales	301,498,307	341,594,041
Cost of sales	(238,741,489)	(271,893,827)
Gross profit	62,756,818	69,700,214
Selling and marketing costs	(2,290,446)	(4,681,012)
Administrative expenses	(37,212,217)	(32,017,099)
Other income	7,512,171	1,483,385
Other expenses	(2,942,797)	(2,061,139)
Operating profit	27,823,529	32,424,349
Finance costs	(12,510,610)	(3,501,915)
Profit before tax	15,312,919	28,922,434
Business profit tax	(2,296,938)	(4,338,365)
Profit after tax	13,015,981	24,584,069



Ibrahim Ziyath
Chief Executive Officer



Mohamed Hilmy
Chief Financial Officer

BALANCE SHEET (UNAUDITED)

All amounts in MVR	2 nd Quarter, 2018	2 nd Quarter., 2017
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	943,210,624	296,210,099
Financial investments	81,595,140	39,966,900
Intangible assets	255,192	657,149
Deferred tax	33,161,843	5,017,392
Trade and other receivable	6,881,995	14,590,127
<i>Total non-current assets</i>	1,065,104,794	395,827,156
<u>Current assets</u>		
Inventories	237,036,730	204,616,197
Trade and other receivables	725,503,186	794,538,854
Cash and cash equivalents	77,227,978	85,730,310
<i>Total current assets</i>	1,039,767,894	1,084,885,361
TOTAL ASSETS	2,104,872,688	1,480,712,517
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	40,188,745	25,000,000
Share premium	173,151,693	-
General reserve	225,000,000	225,000,000
Fair value reserve	61,287,838	30,475,099
Retained earnings	497,038,681	372,039,024
<i>Reserves</i>	956,478,212	627,514,123
<i>Total Equity</i>	996,666,957	652,514,123
<u>Liabilities</u>		
Borrowings	363,917,642	43,762,667
<i>Total non-current liabilities</i>	363,917,642	43,762,667
Trade and other payables	416,731,748	603,715,703
Borrowings	326,598,260	162,147,839
Bank overdrafts	958,081	18,572,185
<i>Total current liabilities</i>	744,288,089	784,435,727
Total liabilities	1,108,205,731	828,198,394
TOTAL EQUITY AND LIABILITIES	2,104,872,688	1,480,712,517

CASH FLOW STATEMENT (UNAUDITED)

All amounts in MVR	2 nd Quarter, 2018	2 nd Quarter 2017
Operating activities		
Profit before tax for the period	15,312,919	28,922,434
Adjustment for:		
Depreciation & amortization	34,254,653	24,502,051
Provision for impairment of receivables	2,000,000	1,000,000
Provision for inventory	2,000,000	-
Interest income	(58,698)	-
Interest expense	12,888,008	4,192,477
Working capital adjustments		
Decrease / (increase) in trade and other receivables	(14,540,442)	(54,686,173)
Decrease / (increase) in Inventories	(18,329,148)	31,204,405
(Decrease) / increase in trade and other payables	(16,851,629)	57,804,945
<i>Net cash flows from operating activities</i>	16,675,663	92,940,139
Investing activities		
Purchase of property plant & equipment	(28,366,963)	(30,705,908)
Interest received	58,698	-
<i>Net cash flows used in investing activities</i>	(28,308,265)	(30,705,908)
Financing activities		
Proceeds from borrowings	6,913,561	-
Repayment of borrowings	(21,486,706)	(9,201,940)
Interest paid	(12,888,008)	(4,192,477)
Dividend paid	(489,357)	(230,577)
<i>Net cash flows used in financing activities</i>	(27,950,510)	(13,624,994)
Net decrease in cash and cash equivalents	(39,583,112)	48,609,237
Cash and cash equivalents, and bank overdrafts- Opening	115,853,009	18,548,888
Cash and cash equivalents, and bank overdrafts – Closing	76,269,897	67,158,125

SEGMENTAL PERFORMANCE (UNAUDITED)

Period from 1st April – 30 th June 2018	Total	Trading	Contracting	Dredging	Logistics	Transport	Engineering & Docking	Others
Revenue	301,498,307	55,668,973	154,857,634	39,599,221	4,982,749	41,003,471	4,666,788	719,471
Operating profit / (loss)	27,823,529	8,568,861	44,188,178	8,211,676	4,272,180	(15,128,520)	(2,291,401)	(19,997,445)
Finance income / (cost)	(12,510,610)	(1,116,697)	(2,787,956)	(7,356,180)	(1,195,817)	-	-	(53,960)
Profit / (loss) before tax	15,312,919	7,452,164	41,400,222	855,496	3,076,363	(15,128,520)	(2,291,401)	(20,051,405)
Business profit tax	(2,296,938)	-	-	-	-	-	-	(2,296,938)
Profit / (loss) after tax	13,015,981	7,452,164	41,400,222	855,496	3,076,363	(15,128,520)	(2,291,401)	(22,348,343)

Period from 1st April – 30 th June 2017	Total	Trading	Contracting	Dredging	Logistics	Transport	Engineering & Docking	Others
Revenue	341,594,041	57,196,944	223,424,300	13,674,552	12,151,340	34,142,932	325,896	678,077
Operating profit / (loss)	32,424,349	6,941,919	49,344,085	3,018,947	2,766,198	(13,741,472)	756,246	(16,661,574)
Finance income / (cost)	(3,501,915)	(979,604)	(1,496,790)	-	(691,637)	(591,767)	-	257,883
Profit / (loss) before tax	28,922,434	5,962,315	47,847,295	3,018,947	2,074,561	(14,333,239)	756,246	(16,403,691)
Business profit tax	(4,338,365)	-	-	-	-	-	-	(4,338,365)
Profit / (loss) after tax	24,584,069	5,962,315	47,847,295	3,018,947	2,074,561	(14,333,239)	756,246	(20,742,056)

OUR SHARE

Trading of the company's share at Maldives Stock Exchange include three transactions during the second quarter of 2018. The Dividend yield for MTCC Share is being calculated based on dividend value of MVR 2.60 approved by the Shareholders in 2017 Annual General Meeting.

	2 nd Quarter, 2018	2 nd Quarter, 2017
Lowest traded price (MVR)	55	155
Highest traded price (MVR)	83	200
Last traded price (MVR)	55	155
Weighted average traded price (MVR)	63	199.41
No. of shares traded	280	76
Market capitalization (MVR millions)	442.08	77.50
Dividend Yield	4.73%	20.65%
Earnings per share (MVR)	1.15	49.17
Price Earnings Ratio	47.96	3.15

DECLARATION

CORPORATE GOVERNANCE CODE AND LISTING RULES COMPLIANCE

The Company follows the Corporate Governance Code, Listing Rules, CDOI regulation and Securities Act. The Company complies with the provisions of its internal policies and procedures and other applicable rules and regulations and operate the company in fair and transparent manner.

RULES OF REPORTING

This Report has been prepared in compliance with CMDA's Minimum Quarterly Reporting Requirements for Listed Companies. The 2nd quarter report of 2018 includes the milestones achieved during the quarter. It also includes the share activities at the Maldives Stock Exchange and discloses all information obligated by the Continuing Disclosure Obligations of Issuers of the Capital Market Development Authority.

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