



# 2017



**ANNUAL REPORT**



## Attention

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2017 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.

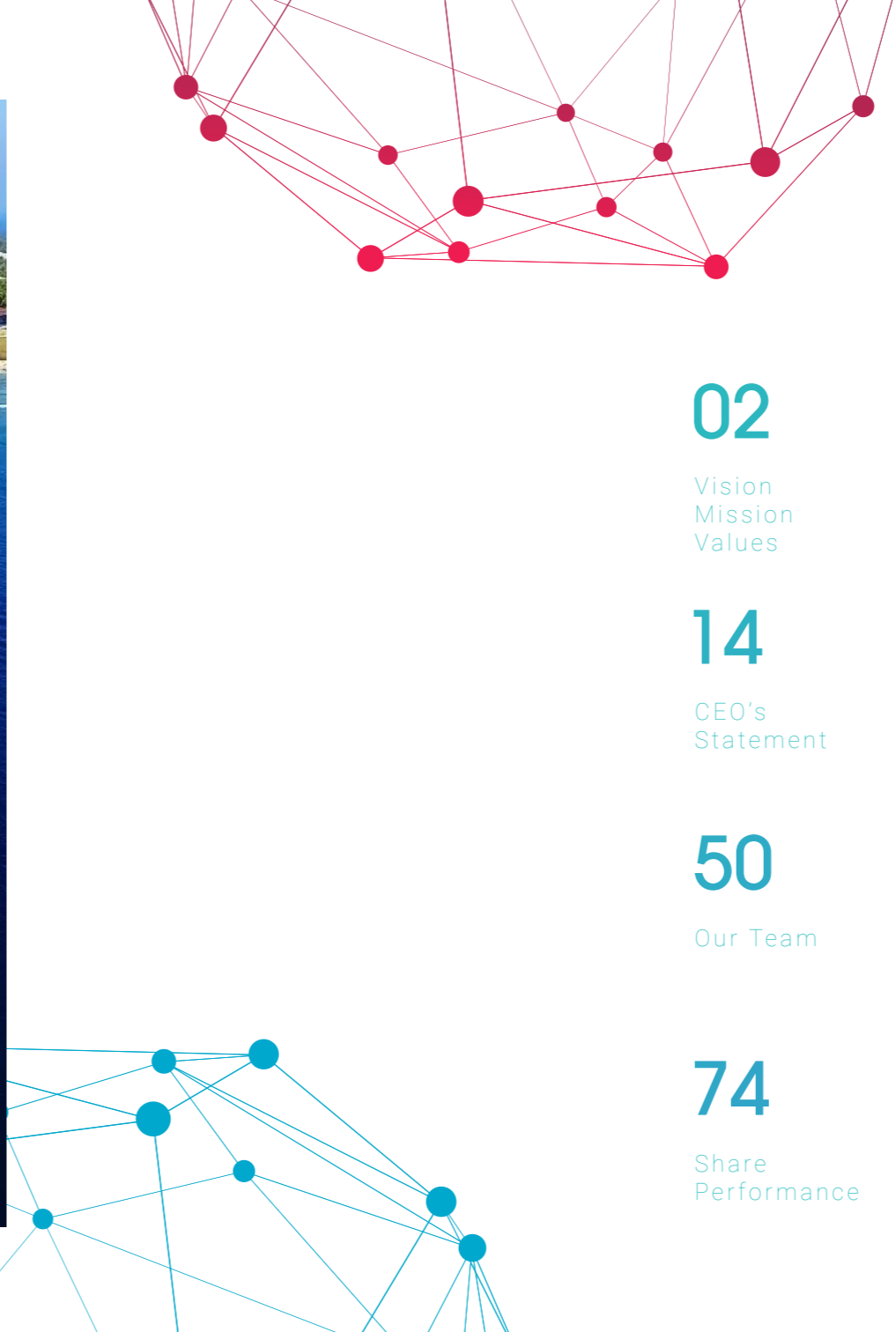
Unless otherwise stated in this Annual Report, the terms 'MTCC' and 'Company' refer to Maldives Transport and Contracting Company PLC and/or its subsidiaries. In this report currency is, unless otherwise indicated, in Maldivian Rufiyaa (1 US Dollar is MVR 15.42).

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 2017.

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.



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## Vision

To become the most dynamic Maldivian company with a global reach, delivering total solutions in construction, transportation and trading with excellence

## Mission

Maximize shareholders wealth by making our products and services the most trusted and admired.

We will do this by;

- delivering innovative, reliable and state-of-the-art construction solutions and marine related product portfolio.
- providing affordable and convenient transportation solutions with reliability.
- providing unparalleled customer support and service for every product and service we offer.
- and fostering continuous growth through employee development.

## 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

# 01

## OUR COMPANY



# OUR COMPANY

At MTCC we focus on building the nation, providing 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 core business consists of infrastructure development and construction, dredging, transport services and trading in products related to marine transport and construction. We are also the largest logistics service provider in the country and our docking service is the largest and most comprehensive in the country. Throughout its existence MTCC has positioned itself as the market leader in these areas.

Our business strategy revolves around offering the highest quality and reliability in all the products and services we offer. We adhere to stringent quality control systems and adopt the latest technological innovations customized to the 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 our position 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.

Our efforts are deeply rooted to the task of contributing towards nation building and economic growth.



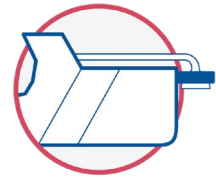
## Infrastructure Development and Construction

We are the pioneer and leading local contractor in harbor development, shore protection and marine infrastructure. We have developed immense capacity in infrastructure development and have the capability, expertise and the know-how to design, develop and deliver total solution to our customers with quality, reliability and efficiency. We have adopted our own methods of mobilization and operational procedures in reclamation and sheet piling projects to suit the unique logistical challenges faced in carrying out infrastructure projects in the Maldives.

In the initial years after MTCC was formed, we entered the construction industry, building schools, hospitals, health centers and other government buildings in several islands across the country. In 1997, the first harbor development project was awarded to us and

since then we have expanded our scope by adding a variety of services to our portfolio and introducing new solutions that suit the Maldives market.

We have the largest fleet of construction related machineries and equipment in the country with the capacity to execute several projects simultaneously in multiple locations across the country. Core areas of our diverse portfolio include harbor developments, shore/coastal protection, sheet piling, sewerage works, surveying, and building construction. We currently have projects in dozens of locations across the country.



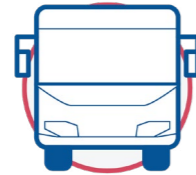
## Dredging and Reclamation

MTCC is the largest dredging and reclamation contractor in the Maldives. Today MTCC owns the largest dredging fleet in the country and offers its customers cutting-edge solutions to meet their requirements. Dredging, which is one of the Company's core activities was started in 1995 with just a few excavators. During the years since then the Company has acquired the latest technology and has found innovative solutions for the variety of challenges faced in executing dredging projects in the unique environment of the Maldives.

The Trailing Suction Hopper Dredger "Mahaa Jarrafu" was officially unveiled by His Excellency President Abdulla Yameen Abdul Gayoom at a special ceremony held in Hdh. Kulhudhuffushi on 12th November 2017.

The first project of Mahaa Jarrafu, Hdh. Kulhudhuffushi airport reclamation project was also inaugurated at this ceremony by the President.

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 industry in the Maldives and has made MTCC a regional player in dredging and reclamation. Core areas of this function include dredging, land reclamation and beach replenishment.



## Transport

As the country's first and largest public transport network, our Transport Service provides safe, affordable and convenient land and sea transportation services to over 45000 commuters daily.

With over 30 years of experience we recognize that, as a public service provider our services must be reliable and cater to the demands and requirements of communities to whom it is an essential part of their lives and livelihoods.

Our transport solutions are conscientious of the transport requirement of customers and provide services designed to meet their needs. Scheduled ferry services complemented with convenient terminals at Male'-Hulhumale and Male'-Villingili sectors offer

reliable ferry services between these islands, while the metro bus service offers reliable shuttle service within Hulhumale' and between Hulhumale' and Velana International Airport. The Company's "Express" and "Premium" services are designed to offer a world-class transport experience to our customers.

Our transport network also includes ferry services in Zone 3, which includes Kaafu, Alifu, Alifu Dhaalu and Vaavu atolls, Zone 5, which includes Thaa Atoll and Laamu Atoll, Zone 1 which includes Haa Alifu, Haa Dhaalu, and Shaviyani Atolls, Zone 2 which covers Noonu, Raa, Baa and Lhaviyani Atolls and Zone 6 which includes Gaafu Alifu Atoll and Gaafu Dhaalu Atoll.

Our private hire service offers comfortable chauffeur-driven, private buses and cars for hire. At present this service is available for travel between Hulhumale' and Velana International Airport and throughout Hulhumale'.

In addition to our core transport services we also provide vessel embarking and disembarking solution at Izzudheen Jetty, high speed charter service and cargo delivery service between Male', Hulhumale', Villingili, Gulhifalhu and Thilafushi.



## Trading

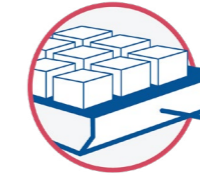
Our trading business commenced with the mechanization of dhonis soon after the formation of the Company. From the onset the objective was to provide access to Yanmar marine engines across the country. Together with the provision of engines came the supply of spare parts necessary to ensure the smooth operation of the nation's fleet of mechanized fishing vessels and thus the fishing industry.

More and more products were introduced mainly targeted to the fisheries industry. Engine oil, marine coatings, outboard marine engines were added to the Company's trading portfolio over the years since.

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.

Our products and brands are trusted and well established in the Maldivian market. The current range of products includes Yanmar, Suzuki, Castrol, PPG, Caterpillar and Hamilton and the newest addition to our product portfolio Scott Bader. Dealership agreements have also been signed with MAN Trucks, India and XCMG, the leading Chinese heavy machinery manufacturer.

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

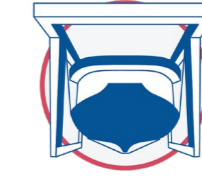


## Logistics

Our Logistical Services provides domestic and international logistical services along with ship agency services to our customers. We are proud that MTCC has the largest fleet of domestically and internationally operated steel vessel fleet of tugs, barges and landing crafts in the Maldives.

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, sand and aggregate required for the shore protection and infrastructure development projects carried out by MTCC across the country. During 2017 the domestic fleet was expanded with a specialized barge that can carry concrete blocks to more than one island, designed in consideration of the harbor entrance and depth of island harbors.

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 clients. Our services include bunkering services, provision of fresh water and supplies, waste disposal and conducting minor repairs on board.



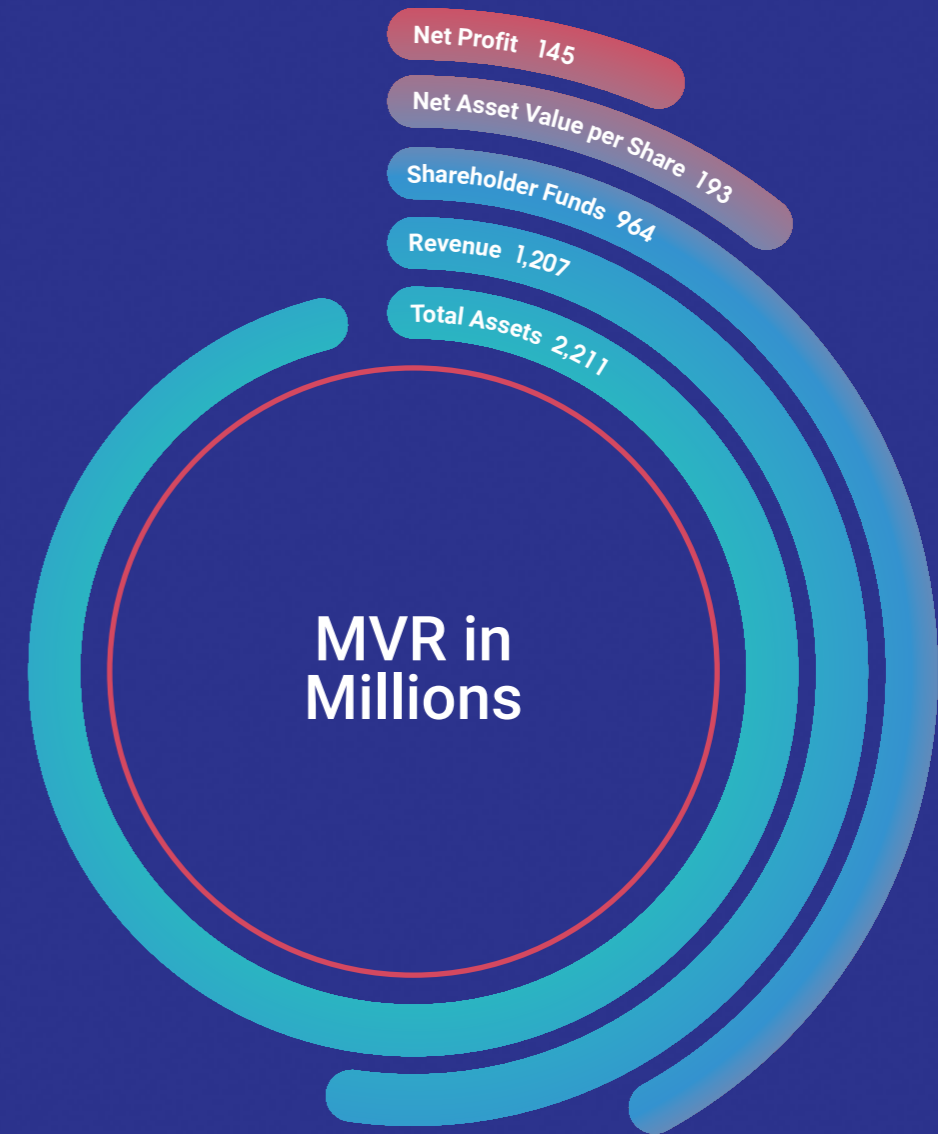
## Engineering and Docking Services

Our Engineering and Docking service offers docking services is one of the country's largest boatyard with the capacity to offer docking and a comprehensive range of related services. The boatyard boasts the largest boat hoist in the country with a capacity of 200 tons. This is complemented by a comprehensive range of services that includes welding, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks.

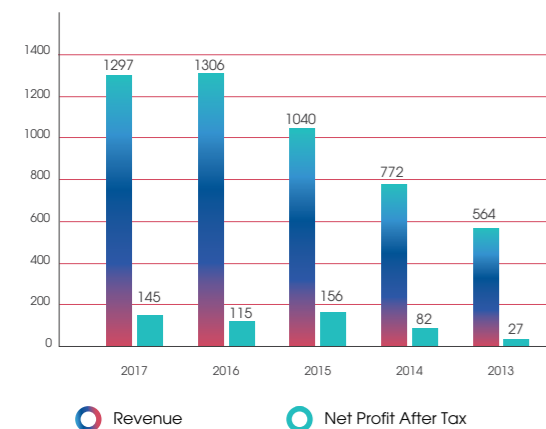
In its unrelenting effort to improve efficiency and the quality of services provided, we continuously introduce new technologies and invest in specialized machinery and equipment. Our aim is to provide required training to our staff, while ensuring a safe working environment through safe innovative work methods. The boatyard has the capacity to service more than twenty vessels at a time and offers its services to resorts and boat owners across the country.

# 02

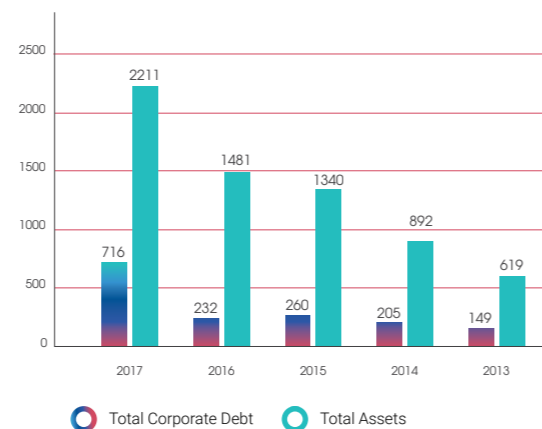
## FINANCIAL HIGHLIGHTS



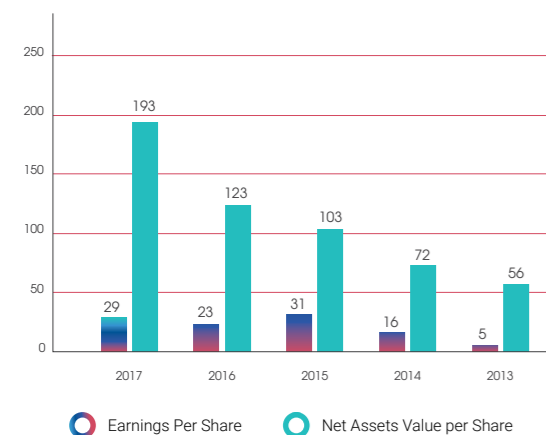
### Revenue and Net Profit (MVR in millions)



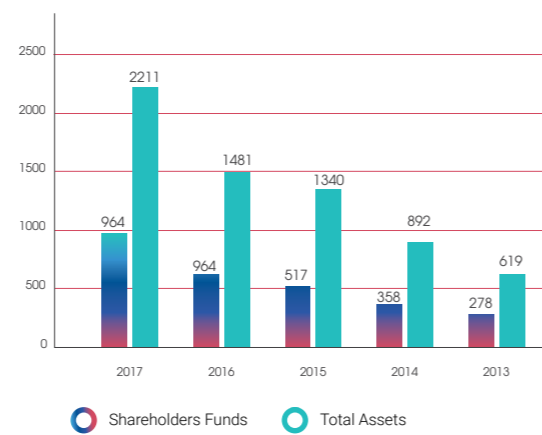
### Total Corporate Debt and Assets (MVR in millions)



### Earnings per Share and Net Asset Value per Share (MVR in millions)



### Shareholders Funds and Total Assets (MVR in millions)



## Financial Highlights of the Past 5 years

(all amounts in Maldivian Rufiyaa (Millions))

	2017		2016		2015		2014		2013	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
Sales	1,296.66	1,294.18	1,306.50	1,289.97	1,040.30	1,043.39	772.48	776.09	564.02	564.02
Cost of Sales	982.76	985.06	1,023.01	1,004.00	792.33	797.88	627.76	630.25	486.81	486.81
Gross Profit	313.90	309.12	283.49	285.97	247.96	245.51	144.72	145.85	77.22	77.22
Expenses and Other Income (net)	153.73	149.18	121.27	125.21	43.53	44.21	24.04	23.90	24.77	24.75
Operating Profit	160.17	159.94	162.22	160.76	204.44	201.30	120.68	121.95	52.45	52.47
Financing Cost	27.63	27.63	30.49	30.49	18.76	18.76	21.55	21.55	17.51	17.51
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
<b>Net Profit Before Tax</b>	<b>132.54</b>	<b>132.31</b>	<b>131.73</b>	<b>130.27</b>	<b>185.68</b>	<b>182.54</b>	<b>99.13</b>	<b>100.40</b>	<b>34.94</b>	<b>34.96</b>
Business Profit Tax	(12.83)	(12.87)	16.35	15.82	29.30	29.30	17.48	17.48	8.19	8.19
<b>NET PROFIT AFTER TAX</b>	<b>145.37</b>	<b>145.18</b>	<b>115.38</b>	<b>114.45</b>	<b>156.38</b>	<b>153.24</b>	<b>81.64</b>	<b>82.91</b>	<b>26.75</b>	<b>26.77</b>
Non- Current Assets	1,033.52	1,039.73	383.38	389.63	346.09	353.17	220.16	227.26	199.68	206.79
Current Assets	1,177.33	1,190.70	1,097.48	1,107.03	993.76	973.01	671.53	670.86	419.44	420.36
<b>TOTAL ASSETS</b>	<b>2,210.85</b>	<b>2,230.43</b>	<b>1,480.86</b>	<b>1,496.66</b>	<b>1339.85</b>	<b>1326.18</b>	<b>891.69</b>	<b>898.12</b>	<b>619.12</b>	<b>627.14</b>
Non-Current Borrowings	387.77	387.77	43.60	43.60	45.37	45.37	26.42	26.42	20.17	20.17
Non-Current Liabilities	-	-	-	-	-	-	7.20	7.20	16.86	16.86
Current Liabilities	858.69	873.21	820.40	830.96	777.00	757.16	499.64	496.76	304.58	304.56
<b>Total Liabilities</b>	<b>1,246.46</b>	<b>1,260.98</b>	<b>864.00</b>	<b>874.56</b>	<b>822.37</b>	<b>802.52</b>	<b>533.26</b>	<b>530.38</b>	<b>341.61</b>	<b>341.60</b>
<b>Working Capital</b>	<b>318.64</b>	<b>317.49</b>	<b>277.08</b>	<b>276.07</b>	<b>216.76</b>	<b>215.85</b>	<b>171.88</b>	<b>174.10</b>	<b>114.86</b>	<b>115.79</b>
<b>NET ASSETS</b>	<b>964.39</b>	<b>969.45</b>	<b>616.86</b>	<b>622.10</b>	<b>517.48</b>	<b>523.66</b>	<b>358.43</b>	<b>367.74</b>	<b>277.51</b>	<b>285.54</b>
Gross Profit Ratio	24.21%	23.89%	21.70%	22.17%	23.84%	23.53%	18.73%	18.79%	13.69%	13.69%
Net Profit Ratio	11.21%	11.22%	8.83%	8.87%	15.03%	14.69%	10.57%	10.68%	4.74%	4.75%
Earnings Per Share (MVR)	29.07	29.04	23.08	22.89	31.28	30.65	16.33	16.58	5.35	5.35
Dividend Per Share (MVR)	2.40	2.40	3.20	3.20	1.00	1.00	0.80	0.80	0.75	0.75
Share Capital (Millions)	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Net Assets Value per Share (MVR)	192.88	193.89	123.37	124.42	103.50	104.73	71.96	73.55	55.50	57.11
Return on Equity (ROE)	15.07%	14.98%	18.70%	18.40%	30.22%	29.26%	22.78%	22.55%	9.64%	9.37%
Gearing Ratio (Long Term Debt to Equity)	40.21%	40.00%	7.07%	7.01%	8.77%	8.66%	7.37%	7.18%	7.27%	7.07%
Current Asset Ratio	1.37	1.36	1.34	1.33	1.28	1.29	1.34	1.35	1.38	1.38
Quick Asset Ratio	1.12	1.12	1.05	1.04	1.01	1.02	0.96	0.98	0.94	0.94





## CHAIRMAN'S STATEMENT

# 2017

Dear Shareholders,

Since our modest beginnings in 1980, we have stayed true to our mission of delivering the finest quality services and products in all our business segments. We believe the success and growth of our business can be attributed to consistency in terms of standards and policies coupled with the support of the Government of Maldives and the efforts of our business partners.

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 2017. As predicted, this was another tough and testing twelve months which we closed yet again with strong financial results. We maintained the steady growth trend in our financial performance, which I believe is a testament to the strength of our business, and I am confident that we are on the right path and that the strategies we have put in place are paying off. Our flexible business model of working across our core business segments, providing diverse solutions and products with transferable capability, meant we could respond to the market volatility of our respective market segments.

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.

As you will read, we achieved success through discipline in our capital spending, refined project execution, operational excellence, and relentless focus on business fundamentals. With our strong balance sheet, 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.

Internal controls were strengthened to minimize business risks while emphasis was placed on capturing a bigger market share from the private sector. 2017 was also etched in the historical records of the Maldivian capital market as we successfully completed the first ever rights issue campaign in the Maldives raising Mrf 188.34 million in the campaign. During the process we successfully updated our shareholders registry and strengthened investor relations. I take this opportunity to assure all our shareholders that we will continue to find effective and result driven strategies to further enhance our business in 2018 and beyond.

The Board is committed to continue the work on refining our corporate governance structure and practices to reflect the best interests of all our stakeholders. We believe that openness and

**“Today, we pride ourselves on being a trustworthy household name in Maldives and beyond.”**

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.

Our corporate social responsibility has played a fundamental role in our success. Investing in our human capital remains a top priority. During the year we have made good progress in our commitments to make the Company a great place to work, not least with our short and long-term training program, which had a strong intake. We have also been involved in multiple education outreach and apprentice programs, fulfilling our commitment to help children and young people develop their aspirations. We recognize there is more to do, and we are determined to make advances in the year ahead.

We would not have achieved our successes without the blessing of Almighty Allah, from whom we seek guidance. We pray to Almighty Allah for more prosperous years ahead and for success in maximizing the wealth of our shareholders.

On behalf of the shareholders, the Board of Directors, management and staff of MTCC, I convey our best wishes and sincere gratitude to His Excellency President Abdulla Yameen Abdul Gayoom, for the trust he has placed in MTCC and the continued support and guidance we have received throughout this period.

I take this opportunity to acknowledge the continued confidence and encouragement of our shareholders; 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 express my appreciation to the Board of Directors of MTCC for their wise counsel and support.

We enter fiscal year 2018 well positioned, more focused and more aligned to the core needs of our customers. We recognize that we serve a vital role in the development of the nation, and we will continue to find ways to grow our businesses and increase our value in the markets we serve each and every day. I am proud of the progress we made in advancing our goals in the year 2017 and I am energized about the prospects to come.

**Ahmed Niyaz**

**Chairman**



CEO'S  
STATEMENT

04

Dear Shareholders,

2017 was a good year of solid progress for MTCC and have continued to deliver consistent strong results in our core business segments. During the year we have worked on rapidly developing and investing in areas where investment is needed the most, while increasing the profitability of our businesses. Our organic growth initiatives are delivering tangible results and I take great pleasure in announcing that for a sixth consecutive year our operating profits are at an all-time high after deducting the effects of Government transport subsidy that we have enjoyed during the period 2013 to 2016.

**Operating profit growth after eliminating the effects of Govt Transport Subsidy (MVR in Millions)**



**“ In 2017 we successfully completed the first ever rights issue campaign in the Maldives and etched a landmark event in the history of the Maldivian capital market. ”**

We have intensified our reform initiatives and implemented strict controls over our investment plans and cost of sales. Over the past year, our focus on transformation of growth and structural adjustments allowed us to improve the quality and efficiency of our assets as well as upgrade our operations, leading to a better end product on all of our core business segments. Under the leadership of our Board of Directors and Management, our staff united to advance the goals we set for the year 2017. We achieved significant improvements in our operating results overall through unrelenting joint efforts to explore new markets, optimize our operations, reduce costs and improve risk management.

In addition to fortifying our core business segments we also remained focused on transforming underperforming business segments and creating long-term sustainable growth that creates value for our shareholders and maintain our lead in all our business segments. In construction and infrastructure development we turned our focus towards completing the projects on hand rather than acquiring new projects while successfully introducing improved

techniques and methodologies to achieve effective project implementation and resource planning. Our strategy in the transport segment has always been to establish an effective transport network to create access and connectivity for rapid economic growth and a platform for economic activities to flourish. In that regard, we have successfully expanded our transport network with significant improvements and better customer service, covering the length and breadth of Maldives. In the area of dredging and reclamation, we initially expected the delivery of our hopper dredger "Mahaa Jarrafu" during the 2nd quarter of 2017. However, the delivery was delayed slightly and we were able to commence the maiden project of Mahaa Jarrafu during the 4th Quarter of 2017. In spite of the delay we managed to commence work on the Kulhudhufushi Airport project and secure Sh. Fonadhoo Airport Project during the year. The outlook for dredging and reclamation looks promising with several projects on the horizon for the year 2018. In general trading, we were successful in extending the dealership agreements with our existing portfolio of world renowned and respected brands, while ensuring enhanced aftersales services and extending our reach throughout the nation. During the year, we have also progressed rapidly on our quest to develop the largest and most comprehensive docking solution in the country and inaugurated "MTCC Boat Yard" with the largest boat hoist in the country.

In 2017 we successfully completed the first ever rights issue campaign in the Maldives and etched a landmark event in the history of the Maldivian capital market. The MVR 188.34 raised in the campaign will be primarily used to develop our capacity in the dredging and reclamation segment towards achieving our aspiration to go global in this segment.

Overall, I am pleased with the progress we made in 2017. Our purpose is very clear. We are here to





# 05

## BOARD OF DIRECTORS



**Mr. Ahmed Niyaz**  
Chairman /  
Independent Director

Mr. Ahmed Niyaz was appointed to the Board as the Chairman by the majority shareholder (Government) on 06th December 2016. Mr. Niyaz is a well-known business figure in the Maldives who is currently also serving in the Maldives Tourism Development Corporation (MTDC), as the Operations and Development Manager and as an Executive Director of the Board, where he provides his expertise on strategic planning, project management, financial analysis, policy implementation and operations. With an educational background in economics, sociology and political science, Mr. Niyaz has served as headmaster in various regional schools across the country.

Mr. Niyaz holds a Master of Business Administration Degree from Cardiff Metropolitan University, UK and Bachelor of Arts in Economics, Sociology and Political Science from University of Mysore, India. Mr. Niyaz, has acquired knowledge and professional experience in the field of management, governance, operations and tourism. Mr. Niyaz has completed the Executive Diploma in Directorship from Singapore Management University/Singapore Institute of Directors.

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



**Mr. Ibrahim Ziyath**  
Chief Executive Officer /  
Executive Director

Mr. Ibrahim Ziyath was appointed as the CEO of the Company and Executive Director of the Board of Directors on the 14th June 2016. Mr. Ziyath has served in senior management posts in some of the largest companies in the Maldives during the last ten years, including the posts of Deputy Managing Director of Fuel Supplies Maldives and Senior General Manager at State Trading Organization. He has served as the Chairman of the Board of Directors of Fuel Supplies Maldives and has also served as a Board Director of State Trading Organization and Lafarge Maldives Cement Pvt. Ltd. Mr. Ziyath also served as the Chairman of Maldives Structural Product (MSP) a subsidiary of State Trading Organization.

Mr. Ibrahim Ziyath holds a Masters of Business Administration Degree from the University of Ballarat, Australia and a Bachelor of Business Degree from the University of Edith Cowan, Australia. Mr. Ziyath has also participated in several workshops, seminars and conferences in the area of operations, management and governance.

Mr. Ziyath owns 40 shares of the Company.



**Mr. Ahmed Kurik Riza**  
Deputy Managing Director /  
Executive Director

Mr. Ahmed Kurik Riza was appointed as the Deputy Managing Director 14th July 2016 and as an Executive Director of the Board of Directors on the 19th December 2016. Mr. Riza has served in several senior management posts of major companies in the Maldives during the last ten years including the posts of General Manager, Procurement Department and Senior Manager in the Business Development Department of State Trading Organization. Mr. Riza also served as Board Director in the Board of Fuel Supplies Maldives and Allied Insurance Company of the Maldives Private Limited and STO Hotels and Resorts Private Limited.

Mr. Ahmed Kurik Riza is currently undertaking a Masters in Business Administration Degree from the British School of Commerce in Colombo and has acquired professional qualifications in project management, budgeting, cost control and public relations management consultancy.

Mr. Riza does not own shares of the Company.



**Ms. Aishath Fazeena**  
Non-Executive Independent Director

Ms. Aishath Fazeena was appointed as a Non-Executive Independent Director of the Board of Directors on 29th August 2017. Ms. Fazeena is a qualified financial professional and has been a visiting lecturer at MAPS College and Villa College for modules on Financial Accounting and Financial Management. Prior to that she has served at the Ministry of Education in various project management roles.

Ms. Aishath Fazeena holds a BSc. (Hons) Applied Accounting degree from Oxford Brooks University. Ms. Aishath Fazeena is a member of the Association of Chartered Accountants (ACCA).

Ms. Fazeena owns 20 shares of the Company.



**Mr. Mansoor Zubair**  
Non-Executive Independent Director

Mr. Mansoor Zubair was appointed as a Non-Executive Independent Director of the Board of Directors on 29th August 2017. Mr. Mansoor Zubair has served at the Maldives Monetary Authority in various capacities from 2000. Mr. Mansoor Zubair is currently the Assistant Executive Director of the Statistical Division of Maldives Monetary Authority. Prior to that he served at the Ministry of Finance and Treasury since 1998.

Mr. Zubair has also served as a member of the Board of Directors of the Company from 2009 to 2013. He is also serving as a member of the Board of Directors of Maldives Integrated Tourism Development Corporation since 2016.

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. Mohamed Farshath**  
Non-Executive Independent Director

Mr. Mohamed Farshath was appointed as a Non-Executive Director of the Board of Directors on 29th August 2017. Mr. Farshath is the Secretary General of the Maldives Media Council and is a member of the Board of Directors of State Trading Organization. He also served as a member of the Board of Directors Maldives Tourism Development Corporation.

Mr. Farshath has served in various capacities including that of Director and Chief Finance Controller, at the Civil Service Commission and prior to that at the Ministry of Tourism and Civil Aviation in various capacities including that of Assistant Director. During his career he has also served the private sector in senior managerial posts and as board member.

Mr. Farshath holds a Masters degree in Tourism Management from the University of Westminster, London and a BA (Hons) in Business Administration from Northumbria University, UK / Binary University Collage, Malaysia. Mr. Farshath also holds an Executive Diploma in Directorship from the Singapore Management University / Singapore Institute of Directors, Singapore.

Mr. Farshath owns 90 shares of the Company.



**Mr. Hassan Muneer**  
Non-Executive Director

Mr. Hassan Muneer was appointed to the Board as a Non-Executive Director on the 18th December 2016. Mr. Muneer is a seasoned businessman with more than 20 years of experience in the private sector. Mr. Muneer is the Founder and Managing Director of Copier Plus Pvt. Ltd. and has acquired professional training in business administration. Mr. Muneer's area of expertise includes project management, marketing, financial management and cost control. Mr. Muneer has also served as member of the Board of Directors of Island Aviation Services Ltd. from 2012 to 2016

Mr. Muneer owns 520 shares of the Company.



**Ms. Nashima Abdul Latheef**  
Non-Executive Independent Director

Ms. Nashima Abdul Latheef was appointed as Director of the Board on 01st November 2015. Ms. Nashima has a long record of service in the Government. She has served at the Ministry of Tourism in various posts including that of Assistant Director and at the Telecommunications Department as Deputy Director in Finance and Administration. She has also served as Director of the Board of Maldives Water and Sewerage Company.

Ms., Nashima has participated and completed several short-term courses in the area of corporate governance and is specialized in the field of statistics.

Ms. Nashima holds a Bachelor's Degree in Business Studies with Accounting (Hons) from Middlesex University. Ms. Nashima also has completed Executive Certificate in Directorship from Singapore Management University, Singapore.

Ms. Nashima owns 100 shares of the Company



**Mr. Ahmed Abdulla**  
Non-Executive Independent Director

Mr. Ahmed Abdulla who served as a member of the Board of MTCC from 13th May 2014 to 20th March 2016 was re-appointed as a member of the Board of Directors of MTCC on 05 April 2016. Mr. Ahmed Abdulla is also currently the Manager of the Technical Department of Maldives Industrial Fisheries Company (MIFCO). He has also served as the Manager, Engineering and Mechanical Services of the Transport Division of State Trading Organization (STO), and as Head of Projects, Head of Procurement, as Engineering Manager at MIFCO and as Engineering Manager of Felivaru Tuna Processing Plant.

Mr. Ahmed Abdulla holds a Bachelor's Degree in Engineering from the University of Southern Queensland, Australia, a National Technicians Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore and has attended several seminars and workshops in the field of management and quality management.

Mr. Abdulla owns 600 shares of the Company

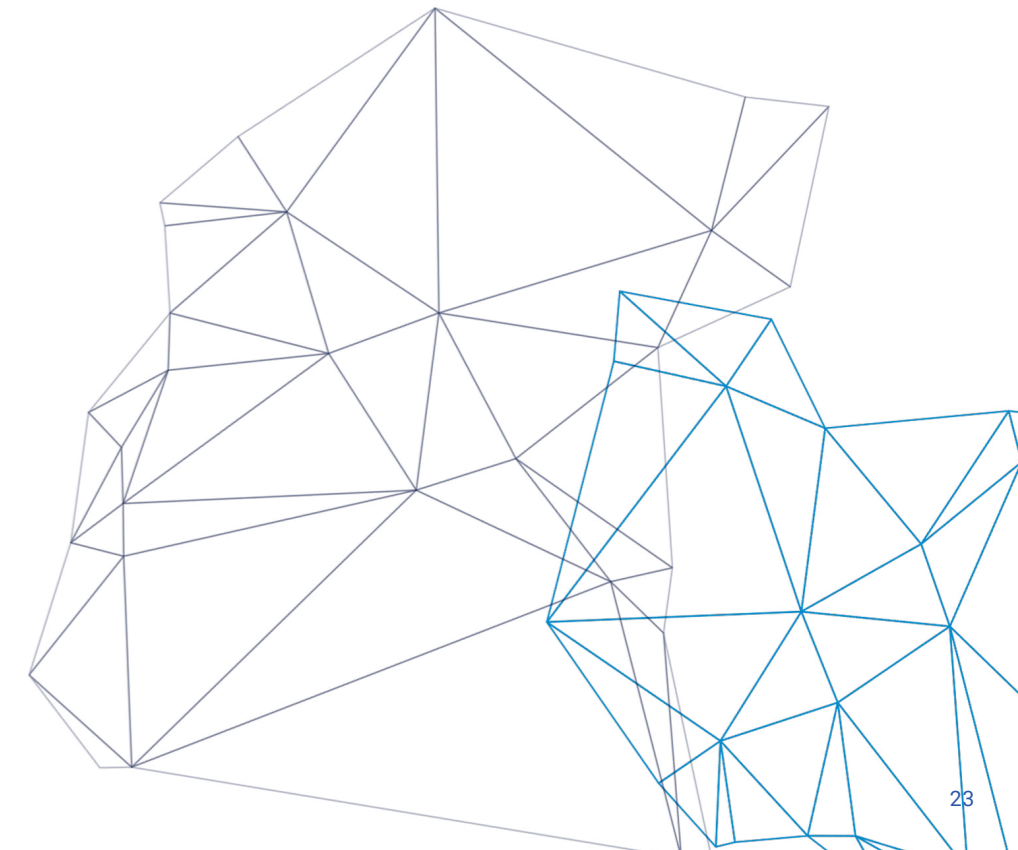


**Mr. Nasrath Mohamed**  
Non-Executive Independent Director

Mr. Nasrath Mohamed was elected to the Board of Directors at the Annual General Meeting held on 29 May 2013. He is an Independent, Non-Executive Director in the Company. Mr. Nasrath has worked in sales since 2001 and is currently the Head of Sales and Client Services at Allied Insurance Company. He had also served as a member of the board of director at Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC

Mr. Nasrath holds a Master of Business Administration from Victoria University, Australia, a Bachelor's Degree of Business (Major in Management and Marketing) from Edith Cowan University, Australia and has completed the Executive Certificate in Directorship from Singapore Management University / Singapore Institute of Directors, Singapore. Mr. Nasrath holds a Certificate in New Technologies and Changing Behaviors from the University of Oxford, UK, Certificate in Corporate Governance from the George Washington University and has completed the Accounting and Finance for Non-Finance Managers Program at the National University of Singapore.

Mr. Nasrath owns 20 shares of the Company.





# 06

## MANAGEMENT TEAM



**Mr. Ibrahim Ziyath**  
**Chief Executive Officer /**  
**Executive Director**

Mr. Ibrahim Ziyath was appointed to the post of Chief Executive Officer and Executive Director of the Board of Directors on 14th June 2016. Prior to his appointment as CEO of MTCC, Mr. Ziyath served at State Trading Organization Plc (STO) for 17 years in various Managerial and Senior Management posts, including that of Deputy Managing Director of Fuel Supplies Maldives Pvt. Ltd. (FSM), a subsidiary of STO. At STO Mr. Ziyath served as General Manager of the Planning & Replenishment Department and the Construction Materials Department, Senior General Manager of Home Improvement & Service Centre as well as the Procurement Department.

During his tenure at STO Mr. Ziyath has served as a Member of the Board of Directors of the Company and as the Chairman of FSM, member of the Board of Directors of Lafarge Maldives Cement Pvt. Ltd, and Maldives Structural Products Pvt. Ltd., all of which are subsidiaries of STO.

Mr. Ziyath holds a Master of Business Administration Degree from the University of Ballarat, Australia and a Bachelor of Business Degree from the University of Edith Cowan, Australia. He has also participated in several workshops, seminars and conferences in the area of operations, management and governance.



**Mr. Ahmed Kurik Riza**  
**Deputy Managing Director**

Mr. Ahmed Kurik Riza was appointed as the Deputy Managing Director of MTCC on 14th July 2016 and was appointed as an Executive Director of the Board of Directors of the Company on 19th December 2016. Prior to his appointment at MTCC Plc, Mr. Riza served at State Trading Organization Plc for 14 years in various managerial and senior management posts, including that of Senior Manager of Business Development Department and General Manager of the Procurement Department of the Company.

During his tenure at STO Mr. Riza has served as a Member of the Board of Directors of Fuel Supplies Maldives Pvt. Ltd., Allied Insurance Company of the Maldives Pvt. Ltd. and STO Hotels and Resorts Pvt. Ltd., all of which are subsidiaries of STO.

Mr. Riza holds an Advance Diploma in Business and Technology and is currently pursuing a Master's in Business Administration Degree from the British School of Commerce in Colombo. He has also acquired professional qualifications in project management, budgeting, cost control, public relations and in management consultancy.



**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 six 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. Ahmed Saeed**  
**General Manager**  
**Dredging & Special Projects**

Mr. Ahmed Saeed who holds the position of General Manager-Dredging and Special Projects, joined MTCC in 1993. During his 24 years of service at MTCC, Mr. Saeed has held various managerial and executive post at the Company including the position of Survey Officer, Engineer, Senior Engineer, Department Head of the Construction and Project Management Department, Division head of the Construction & Project Management Department and Division Head of Logistics Department. Mr. Ahmed Saeed brings in a wealth of project management and engineering knowledge and experience to the Company.

Mr. Saeed holds a Bachelor's (Hons) Degree in Civil Structural Engineering from the University of Bradford, United Kingdom.



**Mr. Ibrahim Latheef**  
**General Manager Human Resources**  
**& Administration Department**

Mr. Ibrahim Latheef joined MTCC in 1999 and today serves in the capacity of General Manager of the Human Resource and Administration Department. During his eighteen years of service, Mr. Latheef has served the Company in the capacity of Department Head of several departments which includes Business Development, Administration, Procurement and Building Security and Services departments. He has also served as 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 member of the Chartered Institute of Marketing (MCIM) and has attended the Oxford Leadership program on Global challenges in Transport, and various other training programs in the area of finance and management.





**Mr. Mohamed Khusham**  
**General Manager Construction & Projects Management Division**

Mr. Mohamed Khusham joined MTCC in 2016 and currently holds the post of General Manager in charge of the Construction and Projects Management Division 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 Division**

Mr. Ismail Adhuham joined MTCC in 2014 and currently serves in the position of General Manager in charge of the Trading Division of the Trading Department and also the Engineering & Docking Department. Mr. Adhuham's experience prior to joining MTCC is of great value to the Company. He has served as the General Manager of AAA Hotel and Resorts, Marketing Representative at the Code Marketing UK Limited and as 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 Support Service Division**

Mr. Shifau Ali joined MTCC in 2007 and currently serves in the position of General Manager of the Support Service Division of the Company which includes the responsibilities of Business Development & Public Relations Department, Information Communication & Technology Department, and the Legal Department. During his ten years of service at MTCC, Mr. Shifau Ali has also served as the 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 is currently the Chief Internal Auditor of the Company. With more than 15 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. 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 serves the Company in the post of Company Secretary in charge of the Corporate Affairs Department of the Company. During her twenty years of service at MTCC, Ms. Liusha has held various Managerial and Executive posts at the Company including the post of Manager, Administrative Department, Legal Department and Corporate Department, as well as the Department Head of Human Resources & Administration Department.

Ms. Fathimath Liusha holds a Bachelor of Arts (Hons) Degree in International Business Administration from University of Northumbria Newcastle, UK.



**Mr. Ahmed Latheef**  
**Head of Construction & Projects Management Department**

Mr. Ahmed Latheef joined MTCC in 1999 and currently serves the Company in the post of Department Head of the Construction and Projects Management Department. During his eighteen years of service at MTCC, Mr. Ahmed Latheef has held various technical and managerial posts of the Company including the position of Surveying Officer and Engineer, Contracting Department and Senior Engineer, 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**  
**Head of Legal Affairs**  
**Department**

Ms. Aishath Susan Haneef, currently the Department Head of the Legal Affairs Department joined the Company in 2000. During her seventeen years of service at MTCC, Ms. Susan has served in various departments of the Company in managerial and executive posts. She has served as the Department Head of Corporate Department, Business Development, Marketing, Rental, Building Services & Security and Corporate Bureau and Human Resources and Administrative Departments.

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**  
**Head of Information Communication**  
**& Technology Department**

Mr. Ahmed Salam joined MTCC in 1997, and currently serves in the capacity of Department Head of the Information Communication & Technology Department of the Company. During his twenty one years of service at MTCC, Mr. Ahmed Salam has held various Managerial posts at the Company, 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.



**Mr. Hussain Zuhury**  
**Head of Logistical**  
**Operations Department**

Mr. Hussain Zuhury, who is currently the Head of Logistical Operations Department joined MTCC in 2002. During his fifteen years of service at the Company, Mr. Zuhury has served in the posts 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**  
**Head of Transport**  
**Service Department**

Mr. Mohamed Nazim joined the Company in 2000 and currently assumes serves in the capacity of Department Head of the Transport Service Department of the Company. During his seventeen years of service at MTCC, Mr. Nazim has served as Assistant Manager of Transport Services Department, Manager of Procurement Department, Thilafushi Business Department and Logistics Department and Senior Manager of Transport Services Department.

Mr. Nazim has participated in several leadership programs in transport and management and holds a Cambridge International Diploma in Business.



**Mr. Waseem Akram**  
**Head of Finance**  
**Department**

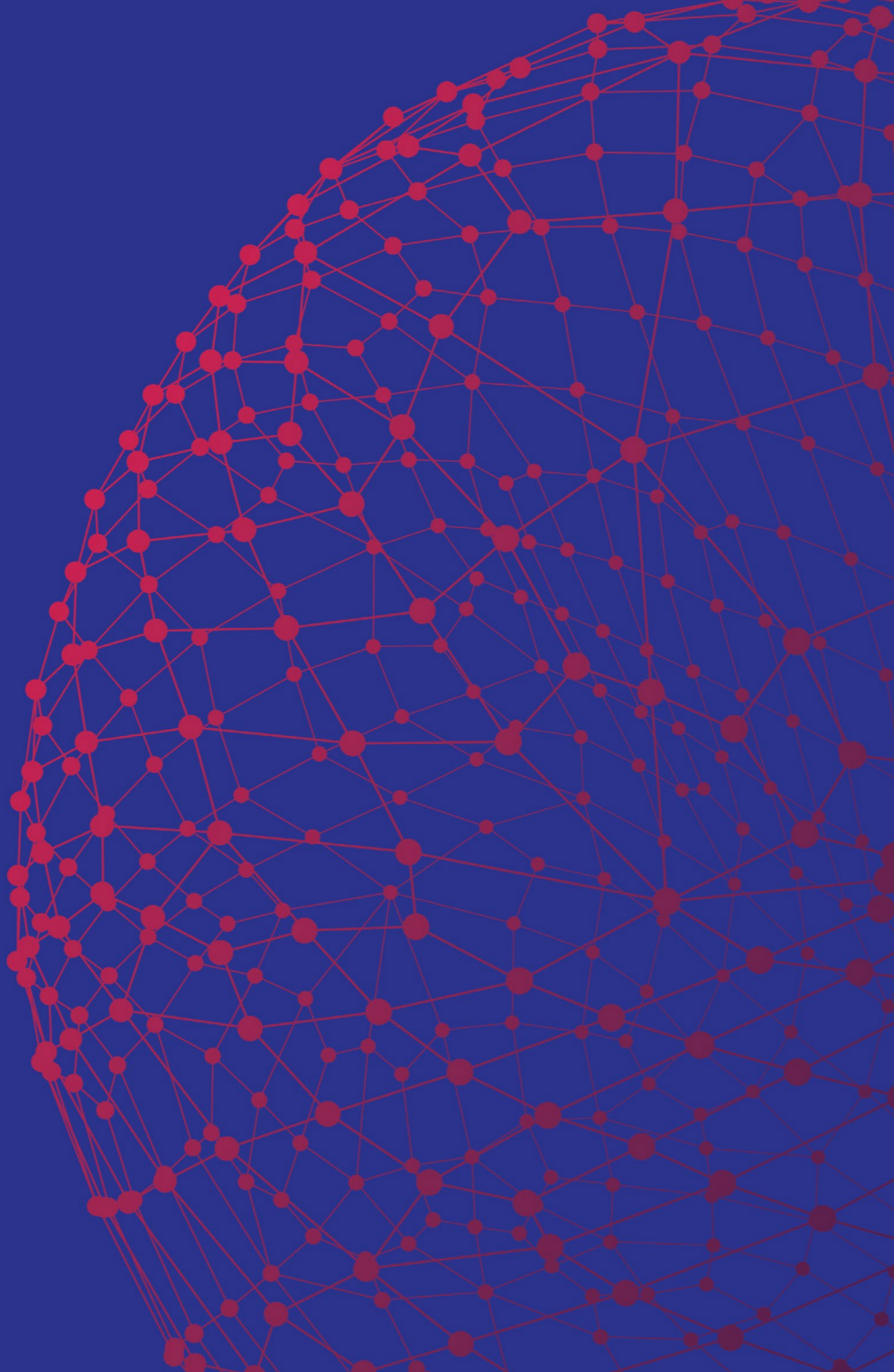
Mr. Waseem Akram joined MTCC in 2012 and currently serves in the capacity of Department Head at the Finance Department of the Company. Prior to joining MTCC he has worked as an Assistant Manager – Audit, Assurance and Tax at Price Waterhouse Coopers and as a Senior Auditor at Kreston MNS & Co.

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).



# 07

**BUSINESS  
REVIEW 2017**



# Construction & Project Management (CPM)

## Segment Profile

MTCC is a leader in infrastructure development and construction in the Maldives and have pioneered know-how and technology in various areas that has revolutionized the industry in the country. The Company is well-known for its expertise in marine infrastructure development, harbor construction, shore protection, beach replenishment and sheet piling. As the leading contractors in the country, MTCC has completed several major infrastructure development projects for the Government of Maldives.

The company has developed its own mobilization techniques, operational procedures and techniques to suit the unique environmental and logistical challenges faced in carrying out infrastructure projects in the dispersed islands of the Maldives. The Company is constantly building up its expertise with each project that is completed.

MTCC has the largest fleet of equipment in the country and has the capacity to execute several projects simultaneously in multiple locations across the length of the country. Core areas of Construction and Project management segment include harbor development, shore/coastal protection, sheet piling, sewerage works, surveying, and building construction.

With the change in the company structure, dredging and reclamation which was a key component of the segment is now under the newly formed dredging and reclamation segment. Hence the focus of construction and projects management segment is now on harbor construction, coastal protection, building construction and expansion into newly developed areas such as water and sewerage infrastructure, airport construction and road development projects. We have also expanded our capabilities in surveying, design and environment consultancy.

Our Services;

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

## Review

Over the years the Construction and Project Management segment has been the biggest contributor to the Company's revenue and earnings and 2017 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 66 projects of which 36 were completed.

Our strategies for the year focused on building an efficient pool of resources to meet project requirements, improve project planning, and reduce cost of sales while adhering to international standards towards undertaking mega infrastructure development projects. Our goal was to invest in areas where investment is needed the most while increasing the profitability of the businesses, in line with the Company's goals for the year. During the year, CPM contributed MVR 798 million, which is over 61% of the Group revenue with an increase of over 20% compared to the segmental revenue of 2016.

The majority of the projects undertaken by the construction and projects management segment during the year were harbor construction, land reclamation, shore protection and civil works. However, we undertook projects in other areas that include park development, breakwater works, jetty construction and water and sewerage projects.

## Projects completed during the year

Due to the steps taken during the previous years we were able to undertake greater number of projects and complete more projects within the year compared to previous years. Work was conducted on 66 projects during the year. The most important projects embarked during the year was development of Male' Industrial Village, Sultan Park Redevelopment and Gdh. Thinadhoo Museum and Park Project. Major two shore protection projects for airport development in Hdh. Kulhudhuffushi and Sh. Funadhoo also commenced during the year in review.

## Greater diversification

Expansion through diversification has been a key objective of the Company during the last few years. We have been making inroads into other new areas during the last three years. These areas include airport construction, electrification projects, and expansion of areas such as surveying and environment impact assessments. Although we have been undertaking water and sewerage projects in previous years, major inroads were made into the area in 2017 by winning key sewerage projects in S. Maradhoo, Maradhoo Feydhoo and Feydhoo. This will help the Company to strengthen and expand into the water and sewerage sector in the next few years.

## Advances in the survey capability

In 2017 we made further advances in our survey sector and capacity to conduct environment impact assessments. We started sub bottom deep sea water survey during the year and added a multibeam echo sounder and a sub-bottom profiler to our arsenal of equipment. Keeping up with MTCC's position as a pioneer in many of the areas of the Company's sphere of work, we are the first to offer sub-bottom deep sea water survey in the country. This is a huge advancement to our already sophisticated survey work. In 2016 we developed our survey capability with the introduction of an Image Station, a robotic total station for use in topographic surveys, a Hydron survey boat that can remotely be operated to take bathymetric data from shallow area the normal boats cannot access, a drone to plan surveys of large reclamation areas, and the introduction of a LN100, a TOPCON layout navigator that can be used for setting out surveys and take as-built data especially for building structures.

In 2017 we started doing our own environment impact assessments work for our projects.

## Efficiency in material management

Greater efficiency has been one of the major themes during the last few years. We have been making great strides in improving efficiency and shortening

delivery time of projects. With the addition of new machinery, equipment, tool, vehicles and vessels in the previous year, in 2017 we focused more on efficiency in material management. A material management and logistics policy was passed and implemented to create formal structures for efficient material management. As per the policy a material management section was formed to manage delivery and logistics in a more efficient manner.

## Changes in project management structure

One of the steps we took in 2016 in our program to bring in greater efficiency was the implementation of a structure for monitoring of projects and reducing communication gap. This contributed strongly to the improvement of our performance.

In 2017 significant changes were brought to the management structure by implementing a decentralized structure in which projects are managed and monitored under regional managers. This allowed us to empower project managers, to make the system more efficient. Furthermore, the risk and quality management policy was implemented during the year in review to maintain quality.

## Staff retention & motivation

With the expansion of the construction industry in the Maldives the demand for skilled and experienced workers in the industry increases and steps were taken to motivate our team and retain them. Promotions and salary increments were given during the year



# Dredging & Reclamation

## Segment Profile

The dredging and reclamation segment was created in 2016 to ensure dedicated focus is given in order to maximize the revenue from the Segment. The segment was formed in preparation for the arrival of our trailing suction hopper dredger Mahaa Jarrafu in 2017. Mahaa Jarrafu arrived in the Maldives during the year and was officially unveiled by His Excellency President Abdulla Yameen Abdul Gayoom at a special ceremony held in Hdh. Kulhudhuffushi on 12th November 2017. Hdh. Kulhudhuffushi Airport Reclamation Project, the first project of Mahaa Jarrafu was also inaugurated at this ceremony by the President.

Even prior to the arrival of Mahaa Jarrafu, MTCC has been the largest dredging and reclamation contractor in the Maldives. The 3700-cubic meter hopper dredger is an addition to the existing fleet of IHC 1800 and 1600 cutter suction dredgers with which the Company has become a significant Dredging Company in the region.

MTCC owns the largest dredging fleet in the country and offers its customers cutting-edge solutions to meet their requirements. Dredging is one of the Company's core activities that started in 1995 with

just a few excavators. During the years since then the Company has acquired the latest technology and has found innovative solutions for the variety of challenges faced in executing dredging projects in the unique environment of the Maldives.

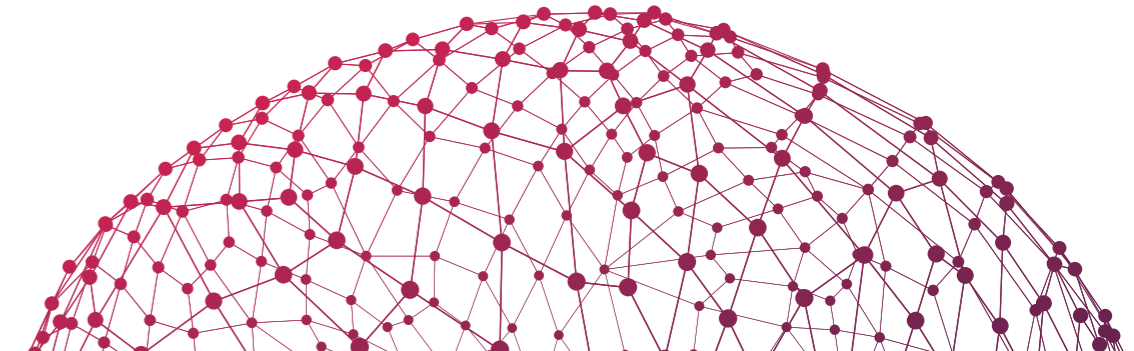
Core areas of Dredging and reclamation segment's portfolio include dredging, land reclamation and beach replenishment.

## Review

During the year in review the dredging and reclamation segment undertook five reclamation projects, the largest of which was the reclamation of land and shore protection in Hdh. Kulhudhuffushi. While two projects were completed during the year, two more including that of Hdh. Kulhudhuffushi were in the final stages of completion by the end of the year.

The second major dredging project for the Mahaa Jarrafu is the reclamation for the airport at Sh. Funadhoo which has been completed by end of March 2018.

The Dredging and reclamation segment contributed MVR 90 million to the Company's annual revenue during 2017. This is an increase of 15.4% from its contribution of MVR 78 million in 2016.





# Trading

## Segment Profile

The objective of the Trading segment is to provide access to products and services required for the development and growth of the marine transport, industrial power generation, tourism and fisheries industry of the country. Our trading business commenced with the mechanization of dhonis soon after the formation of the Company. 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 industry. Lube oils, 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 and have forayed into the boat building industry. The hub of MTCC's trading business is the Kashavaru Showroom.

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

**Yanmar** (marine engines, generators and water pumps) product range was introduced to the Maldives market in 1974. 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 vessels owners for the last three decades.

**Castrol Lubricants** were added to the product range in 1994, which became the market leader with a sale of more than 1 million liters per year. The product has a market share of 70% in the local marine industry.

**Suzuki Outboard** first introduced in the year 2007 rapidly gained trust in the market. Its quality, reliability and most of all its low fuel consumption is well recognized by its users. The brand presently holds a market share of 20% in the local marine industry.

**PPG (Marine and Protective Coating)** products are trusted for its durability in the market and holds the second position globally in the area of marine and protective coatings.

**Scott Bader** composites, resins, and related products were introduced to the country's boat building industry in 2015 and officially launched during the year in review. The Scott Bader brand is one of the most established names for synthetic resins and polymers in the world.

**Other Products** marketed and sold by MTCC include Hamilton Water Jets and Marol Steering Systems widely accepted in the global and domestic markets.

MTCC was appointed as the authorized distributor for XCMG heavy machinery in the year in review.

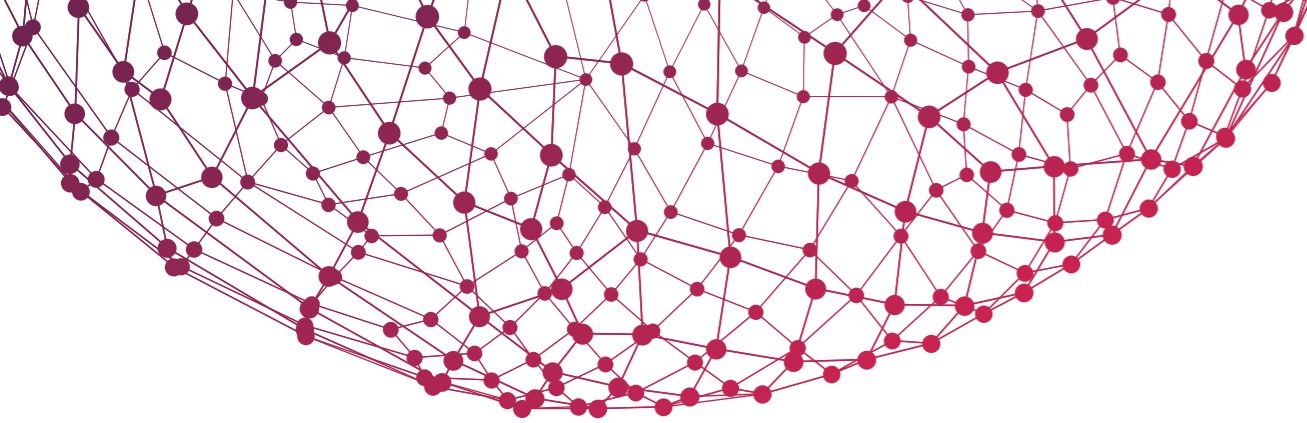
## Review

The objective of the year was to bring about a significant difference in the way customer relations are maintained and after sales is delivered. We focused heavily on ensuring that customers' needs are identified, and steps are taken to ensure that we meet those needs. This was achieved through a combination of market visits, promotions and training programs held throughout the year. Trading contributed MVR 229 million (17.7%) towards the total revenue of the Company.

### Market visits

During the year marketing visits were made to several atolls and islands specialized in fisheries, boat building, guest house tourism and other industrial activities. Our teams visited islands in Haa Alifu, Haa Dhaalu, Noonu, Raa, Lhaviyani, Vaavu, Dhaalu, Gaafu Alifu and Gaafu Dhaalu Atolls and met with existing customers to understand their needs and concerns relating to the products. We met with boat owners and boat builders to identify the requirements for ongoing projects and with councils to understand the overall market conditions in their respective islands.

Visits to Maafushi and Dhiffushi in Male' Atoll and to the islands in Vaavu Atoll islands offered the opportunity to meet with guest house operators, transport service providers, dive and excursion operators in the islands, while visits to resorts and



meetings with resort operators, offered the opportunity to assess their views on our products, devise solutions for challenges faced and provide information to them.

Boat builders are an essential market for the Company. Visits to Thilafushi were made to meet with customers and boat builders and see ongoing boat building projects. The teams provided detailed technical information and provided assistance to customers to identify their needs based on the vessels being produced. The visit to islands of Raa Atoll also provided the opportunity to meet major boat builders and promote Scott Bader, Yanmar, marine coatings and other products in our portfolio.

### Improvements in customer service and after sales services

Based on feedback received from the market visits steps were taken to make spares, paints and accessories more accessible. Free training offers were made for engineering service providers in the islands. And in order to provide more effective after sales services, plans were made to establish an engineering counter in the Kashavaru Showroom and to bring modifications to enable more convenient and effective customer services. Customer service training for counter staff continued during the year in review.

### Towards greater access: Kashavaru Outlet in Kulhudhuffushi

In our program to improve accessibility of our products, work on the establishment of Kashavaru sales and aftersales center at Hdh. Kulhudhufushi was conducted. Discussions were held with Island Council regarding the land required and suitable locations for the project were identified. The teams also met with local workshops and local engineers to discuss the possible effects of opening the Kashavaru showroom in the island.

### Green Taxi Program with Nissan

Representative of the Nissan Motor Company visited the Maldives in April to discuss the introduction of the green taxi program in the Maldives. The team met with the management of Hulhumale' Development Corporation to provide information. Discussions were held about land allocation from Hulhumale' Youth City for EV Charging stations.

### Effective annual promotions

Our annual promotional programs have always played an important role in promoting product awareness and sales of the brands we carry.

**Gadha Resin promo** held in April 2017 was aimed at building brand awareness and educate customers on Scott Bader products, promote sales and to encourage boat builders to switch to Scott Bader. The activity was promoted with a launch event at Kashavaru showroom.

**Jun Julaa promo** held in July of the year is a discount-based promotion on selected promotional products. This is as an effective tool to increase brand awareness and to generate sales in the short term. During the promotion discounts were offered for selective Suzuki engines, spare parts, and Yanmar Oil.

**Saabas Yanmar** Promotion was held with the objective of increasing brand awareness of Yanmar Engines, to penetrate further into the inboard engine market and acquire a larger market share of the outboard engines market. Discounts were offered for selected Yanmar Engines. Outdoor events were also held Male' North Harbour Area and Thilafushi and other islands.

The promotions were widely promoted with outdoor events, direct marketing, flyer distribution and e-marketing. The Saabas Yanmar promotion was promoted with a TV and radio advertising campaign.

### Installation and test trial of Yanmar 4JHYE (35HP) Engine in Maldives

In the second quarter of the year in review the first 4JHYE engine was installed in the Maldives on a vessel in Gdh Thinadhoo. Information regarding maintenance of the engine was provided to the first customer and was trained on Yanmar's recommended practices for engine maintenance. Sea trials and testing of the engine was conducted.

### Product training

Product training is essential for successful sales of products. During the year in review, our staff participated in PPG product training held in Jakarta and Suzuki technical service seminar held in Japan. Training for frontline staff on Scott Bader products was held internally to create greater awareness among staff of the products. With the appointment of MTCC as the authorized distributor for XCMG heavy machinery, our team also participated in the product training for XCMG in July, in Jiangsu, China.

### Entry into boat building

During the year we expanded our sphere into boat building. we oversaw the production of three vessels at R. Innamaadhoo, one of which was completed during the year. we also undertook the building of a 74 ft., double decker ferry for the transport segment of the company. By the end of the year work on the cabin mold construction has begun.

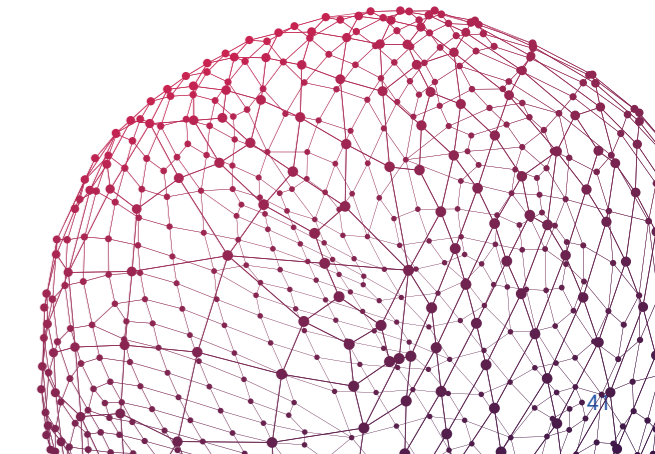
### Promoting the MTCC brand

Sponsorships provide an affiliation with key businesses and promotes MTCC as a brand. We were the Gold Sponsor for Travel Trade Maldives 2017 and cosponsor of Male' Midnight Run. Suzuki Marine was a Gold Partner of the TTM 2017 and representatives of Castrol took part in the TTM to meet with customers. Suzuki Marine was the Main Sponsor Partner of the Maldives Marine Expo 2017 and we took part in the Guest House Conference 2017 as a Gold Partner. MTCC was also a Gold Sponsor of the 37th Fishermen's Day celebration in HA. Ihavandhoo.

### Strengthening relationship with brands

During the year high level visits were made to selected brands during the year in order to strengthen the relationship with the brand and expand business opportunities. These include the visit to PPG, Indonesia and participation at the Suzuki Middle East and Africa Distributor meeting in Dubai.

In July 2017, a team from MAN Trucks visited the Maldives to discuss the work of the of MAN workshop in Thilafushi and we also enrolled in the Castrol Academy & the Castrol Asset Management online training program during the year to improve the capability of our team.





# Transport Services

## Segment Profile

MTCC's transport services has become part of everyday life for Maldivians. With a comprehensive range of travel options and a nationwide transport network that covers almost 85% of the Maldivian population, it is growing to be an essential part of life for families and businesses.

In the provision of transport services, we have focused on key areas where transport is essential. Passenger services between Male' and Velana International Airport, Hulhumale' and the islands in the Greater Male' Area are essential to keep the engines of the economy running and family life to go on as it is today. The network has been the glue that keeps 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.

MTCC's 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 first and largest public transport network, MTCC's Transport Service provides safe, affordable and convenient land and sea transportation services across the country. The Transport segment 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. MTCC's transport solutions are conscientious of the transport requirement of customers and provide services designed to meet their needs.

### Services

#### Hulhumale Ferry and Bus Services

##### Ferry Link (East):

Ferry service between Hulhumale' and Male'. The ferries offer space for passengers to transport their motorbikes along with them.

##### Express Link:

Fast and convenient scheduled speedboat service between Male' and Hulhumale' and between Male' and Airport'.

##### 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 Hulhumale' and VIA.

##### Cargo Service:

Affordable cargo delivery 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:

Affordable cargo delivery service to and from Male, Villingili, and Gulhifalhu & Thilafushi.

#### Intra atoll & Inter atoll ferry Services

##### Ferry Service (Atoll Ferries):

Intra and inter atoll ferry service in Zone 1 (Haa Alifu, Haa Dhaalu & Shaviyani Atoll), Zone 2 (Noonu, Raa & Baa Atoll) Zone 3 (Kaafu, Alifu, Alifu Dhaalu & Vaavu Atoll), Zone 5 (Thaa & Laamu Atoll) and Zone 6 (Gaafu Alifu & Gaafu Dhaalu Atoll)

#### Other services

##### Charters:

Speedboat and dhoni charter trips to anywhere in the Maldives.

##### Cargo services:

Cargo delivery service between Male', Villingili, Gulhifalhu and Thilafushi.



## Review

In 2017 we continued to expand our services, build in greater efficiency in all our transport solutions and continued to offer greater customer convenience. Our target for the year was to shift our transport business model into a profitable model which we can sustain for the long run. To achieve this our strategy was to expand our premium services which includes premium ferries, express services and land and sea charters through increasing access and generating higher demand for those services.

The transport segment contributed revenue of MVR 138 million to the Company an increase of 6.2% compared to the MVR 130 million in 2016.

### Expansion of Premium Ferry Service

In 2016 the Company introduced the Premium Link between Male' and Hulhumale' with two air-conditioned ferries and dedicated lounges at both terminals. The ferries each with a capacity of 147 passengers operates during peak hours. MVR 12.2 million was invested to introduce the new service in 2016. During the year in review we expanded our Premium service with the introduction of Koimala 6 our third Premium Ferry. The introduction of Koimala 6 to the Premium fleet enabled us to increase the frequency of the Premium Service between Male' and Hulhumale' from 1 hour to 30 mins.

### Expansion of Express Link

One area of focus during the year was the expansion of the Express Link that serves between Male' and Velana International Airport and between Male' and Hulhumale'. Funna, a 47-seater air-conditioned speed boat was brought back into operation after a long breakdown during the second quarter of the year and in order to expand the Express Link fleet. Orders for three new speedboats were placed during the year to serve the Express Link and the reintroduced charter service. One new speedboat was delivered during the year and was brought into operation during the third quarter.

### Reintroduction of charter services

The speedboat charter service between Male' and Hulhumale' which was suspended, was reintroduced during the 2017, as this was identified as a potential area for revenue generation. The designing of promotional materials for speedboat charter operations was carried out during fourth quarter.

### Promotion and expansion of private hire services

In order to make further inroads into the private hire market in Hulhumale' orders for three vans and a car were placed during the first quarter of the year

in review. The vehicles were brought into operation during the second and third quarters.

A marketing campaign was also conducted during the year to promote charter services. These include the release of a video to generate exposure for the services provided by the Company in Hulhumale', advertisements placed on the Company's ferries and direct marketing to guest houses in Hulhumale' to provide information on the private hire services. The prices of private hire were also revised to suit today's market conditions.

### 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 two new MAN buses were added to the fleet during the year. With the addition of the new vehicles, a Central Route was introduced during the second quarter of the year, that would offer greater convenience to residents and commuters.

### Automation of services

In order to offer greater convenience to passengers and meet our objective of increased profitability, efforts were made in the year to introduce greater automation to our services. Two automation gates were ordered

during the year and work on automating fare collection was also conducted during fourth quarter of the year. A study on automating fare collection on buses and at ferry terminals was conducted in October of the year and trial automatic fare collection was started on the Airport Bus Route during November.

### Additional revenue generation

During the year there was a drive to monetize advertising spaces and rental spaces on vessels and terminal facilities. In this respect the chair backs of ferries were contracted out as advertising spaces and advertising slots identified at terminals were awarded to various parties. The F&B space in Fenna Gimatha was also leased out to an international franchise during the year. Furthermore, the bidding process for the commercial land slot at the Villingili Terminal (Ranna Gimatha) began during the year.

### Improvement of terminal facilities

Work was conducted on various terminals to improve operational efficiency and customer convenience. The Villingili Male' temporary terminal (Dhaannaa Gimatha) was opened during the year with better facilities for passengers. Work on the design of the new

Meyna Gimatha was also conducted during the year. Refreshment Kiosks were opened in Fenna Gimatha and Meyna Gimatha in partnership with Coca Cola.

### Expansion of Hulhumale' Ferry Service

For the Hulhumale' Ferry Service the objective during the year was to ensure that we catered to the increased demand for travel in the sector. Two new vessels were introduced to the sector during the first quarter. In September, Niyaama-7 with a passenger capacity of 77 was introduced to the fleet. An additional vessel was hired and introduced to our fleet during October. Furthermore, an MOU was signed with the Airport Ferry Association to provide ferries to manage operations during peak hours.

### Development of 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 islands in Shaviyani, Baa, Lhaviyani, Thaa, Laamu, Gaafu Alifu and Gaafu Dhaalu Atolls

and to Maafushi and Dhiffishi in Kaafu Atoll and to Fenfushi in Alifu Dhaalu Atoll. During the year the bidding process for the development of Ferry Terminal in Maafushi was completed.

### Customer experience

Continuous activities were carried out during the year to offer greater customer convenience. Additional ferries were brought into operation during Ramazan to reduce waiting time. Suggestion boxes were placed in Meyna Gimatha and Fenna Gimatha to collect customer complaints and feedback and the Villingili Terminal was opened with more seating and better ventilation. Customer services training was conducted for the staff with Bangkok School of Management and Emirates School of Hospitality Management. During the year we also began to share information on social media platforms to offer greater access to information for our customers.



# Engineering & Docking Services

## Segment Profile

MTCC's boatyard is one of the largest in the country and with our recently installed 200-ton boat hoist, the dockyard owns the largest boat hoist in the country. We offer a comprehensive range of services that includes welding, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks. Our boatyard has the capacity to service more than twenty vessels at a time. In our unrelenting effort to improve efficiency and the quality of services provided, we continuously introduce new technologies, invest in specialized machinery and equipment and provide regular training to our staff. We are committed to ensuring a safe working environment through safe and innovative work methods. We offer our services to resorts and boat owners across the country.

## Review

The Engineering and Docking segment contributed MVR 5 million to the Company's total revenue in 2017 in comparison to the MVR 2 million contributed in 2016. The segment's revenue is expected to rise significantly during the next year with the expansion of docking facility.

### Launching of the boat hoist

The highlight of the year in review is the launching of the boat hoist and the inauguration of the boatyard, opening up its services to the market. The dockyard was officially opened in September 2017 by the Chief Executive Officer. In the opening ceremony of the boatyard, a barge built at the boatyard, in-house, was moved into the sea using the newly developed boat hoist at the dockyard.

### Focus on external customers

With the installation of the boat hoist and the expansion of the facility we have acquired the capacity to offer comprehensive engineering solutions to marine vessels. Our main focus was totally on catering to the internal requirements of the company. Upon inauguration of the boatyard our focus is now on the external market. We have the capacity to service

our own vessels while serving the demand from the external market. With the change in focus we have undertaken fleet management contracts from various parties on a retainer basis. During the third fourth quarter of the year 68 of the 90 vessels that docked in the boatyard were from external parties.

### Staff development

Our aim is to provide required training to our staff, while ensuring a safe working environment through safe innovative work methods. During the year staff training programs were conducted in preparation for the expansion of our services. Work is underway to acquire GL certification during the year 2018. Furthermore, work is underway to achieve ISO 9000 certification.



# Logistics Services

## Segment Profile

Our Logistical Services provides domestic logistics, international logistical and ship agency services to its customers. We are proud that MTCC has the largest fleet of domestically operated and internationally operated steel vessel fleet of tugs, barges and landing crafts in the Maldives.

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, sand and aggregate required for the shore protection and infrastructure development projects carried out by the Government of Maldives across the country. Our international fleet consists of four tugs and four barges.

Our domestic fleet is fully engaged in serving the internal demands of the Company due to the large number of project on hand and the consequential demand to transfer materials, machineries and precast blocks to work sites across Maldives. Logistics services for mobilization and demobilization of the Company's projects in thirty to forty sites across the country are provided by our inhouse Logistics team.

During the year the domestic fleet was expanded with a specialized barge that can carry concrete blocks to

more than one island, designed in consideration of the harbor entrance and depth of island harbors. The procurement process of a second customized landing craft was completed during the year and its delivery is expected in March 2018.

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 clients. Our services include bunkering services, provision of fresh water and supplies, waste disposal and conducting minor repairs on board.

## Review

During the year in review we completed the necessary steps and implementation procedures to achieve ISO 9000 /2015 standards for logistical operation segment of the company. Some processes have been successfully implemented and training required have been completed during the year. The process will be completed in the year.

The Logistics Operations segment contributed MVR 35 million to the Company's revenue in the year 2017. This is an increase of 25% over the segment's revenue of MVR 28 million in 2016.



The background features a series of overlapping, wavy lines in shades of blue and red, creating a sense of depth and movement. The lines are most prominent in the center and right side of the image, with the red lines appearing more vibrant and the blue lines more subtle. The overall effect is a dynamic, abstract composition.

08

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. Maintaining our competitive edge in the evolving business landscape requires a competent and empowered team working together across MTCC. We recruit, train and recompense our team with a strategy that aims to organize our businesses effectively. We 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 2017, our workforce has increased to 1722 compared with 1440 as at 31st December 2016. The increase in the workforce during the past three years was driven by the continued efforts to expand our various business segments and bring greater efficiency to our business processes.

	2017	2016	2015
No. of Employees	1722	1440	1342

## Staff Training

Training and development of our staff is one of our core values and we have always worked to ensure the competency and proficiency our staff through training and development. 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 to offer long-term academic education opportunities from first degree to professional qualifications in important areas for the Company. As such 10 employees were awarded Academic scholarships to complete their studies under the Human Resource Development Scholarship program of the Company. Further, in order to encourage our staff to develop themselves through education, we continued our program to facilitate paid leave for staff undertaking studies on their own.

In order to strengthen our staff training program, various negotiations were held with training institutes around the globe and we signed a Memorandum of Understanding with the Bangkok School of Management, Thailand and the International Management Institute of Malaysia to provide specific training to our employees and to assist the Company in establishing a qualified training unit.

## Recruitment and retaining staff

We continued our efforts to create employment for the youth and motivate them to join our work force during the year. As such we participated in the 'Vazeefa Yageen' job fair held at Villimale' and Hulhumale organized by Ministry of Youth and Sports. At the same time, we continued our internship program "Dhasvaaru" to provide opportunities for school leavers to experience the corporate job environment. We also offered internships for college students during the year.

Our efforts to recruit the best people to our team and to retain the members of our team continued during the year. In order to meet our goals, we ensure competitive remuneration packages, a comfortable work environment and incentives to ensure staff satisfaction. We are proud to inform that the Corporate Staff Bonus Scheme, which was approved by the Board of Directors during the year 2016, continued during the year 2017.

During the year, recognition was given to staff who retired from their service to the company while Hajj Pilgrimage opportunity was also awarded to three staff of the Company. As part of implementing our Health and Safety Policy, inspections were conducted in many of the Company's worksites during 2017.

We continued the program to provide job opportunities for people with special needs, which commenced in 2015. We are proud to have received the award for best employer from the Ministry of Gender and Law in recognition of our initiative.

## Diversity and Inclusion

We aim for a diverse workforce and an inclusive environment that respects and supports all our people and helps improve our business performance. Our diversity and inclusion approach focus 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. We can also benefit from a wider talent pool. Equal opportunity in recruitment, career development, promotion, training and rewards for all employees, including those with disabilities is of significant importance to us. Where possible, we make reasonable adjustments in job design and provide appropriate training for employees who have are disabled.

## 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 amongst its staff, and represent the Company in external tournaments and gatherings to increase motivation and raise the competitive winning spirit amongst the team.

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

# 09

## 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 MTCC's corporate culture. Guided by our corporate vision and core values, MTCC seeks to promote corporate social responsibility through all our activities and we aim to create economic value and actively contribute towards the development of a harmonious sustainable society.

Our approach to CSR is to use the Company's resources, expertise and know-how to forge partnerships that will in turn create a positive impact in the communities in which the Company operates. We work closely with local and international NGO's to execute our corporate social responsibility plans. We believe the 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 2017 we focused our CSR contributions on enhancing education, youth empowerment, empowering

the disabled, environmental sustainability and fostering a sound workplace for our employees.

Education and youth empowerment is vital to community development and advancement. Hence, a number of the Company's CSR activities focused on enhancing educational and youth empowerment by providing different forms of aid and assistance to the youth. All of these efforts are meant to ensure 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 program to which we continue to support since 2017 the sponsorship of two teachers Kuda Kudhinge Hiya and the sponsorship of the on-the-job training program in the half way house for recovering drug addicts in order to pave way for them to resume a normal life in society.

Additionally during the year we provided the surfing community of Male, a ferry service free of charge to and from K.Thanburudhoo during the surfing season as the surfing area of Male' was closed for the construction of China-Maldives Friendship bridge.

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 helped the home of the people with special needs to equip them with medical machinery and equipment during the year while we also sponsored a variety of activities by local NGOs whose main focus is assisting people with disabilities.

We consider a sustainable environment to be the basis for sustainable business. In 2017 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 Th. Hirilandhoo in collaboration with "Save the Beach", a local NGO. This was the third year of collaboration between Save the Beach Maldives and MTCC to host the Suzuki Clean-up the World Campaign in the Maldives.

We believe every employee has a relationship to the management, the 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 values. MTCC is therefore working to promote the greater involvement of women in the workplace, employ a multicultural workforce, and utilize the experience of veteran employees.

MTCC believes 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 responsibility to the society. Accordingly, MTCC abides by the following with regard to tax matters.

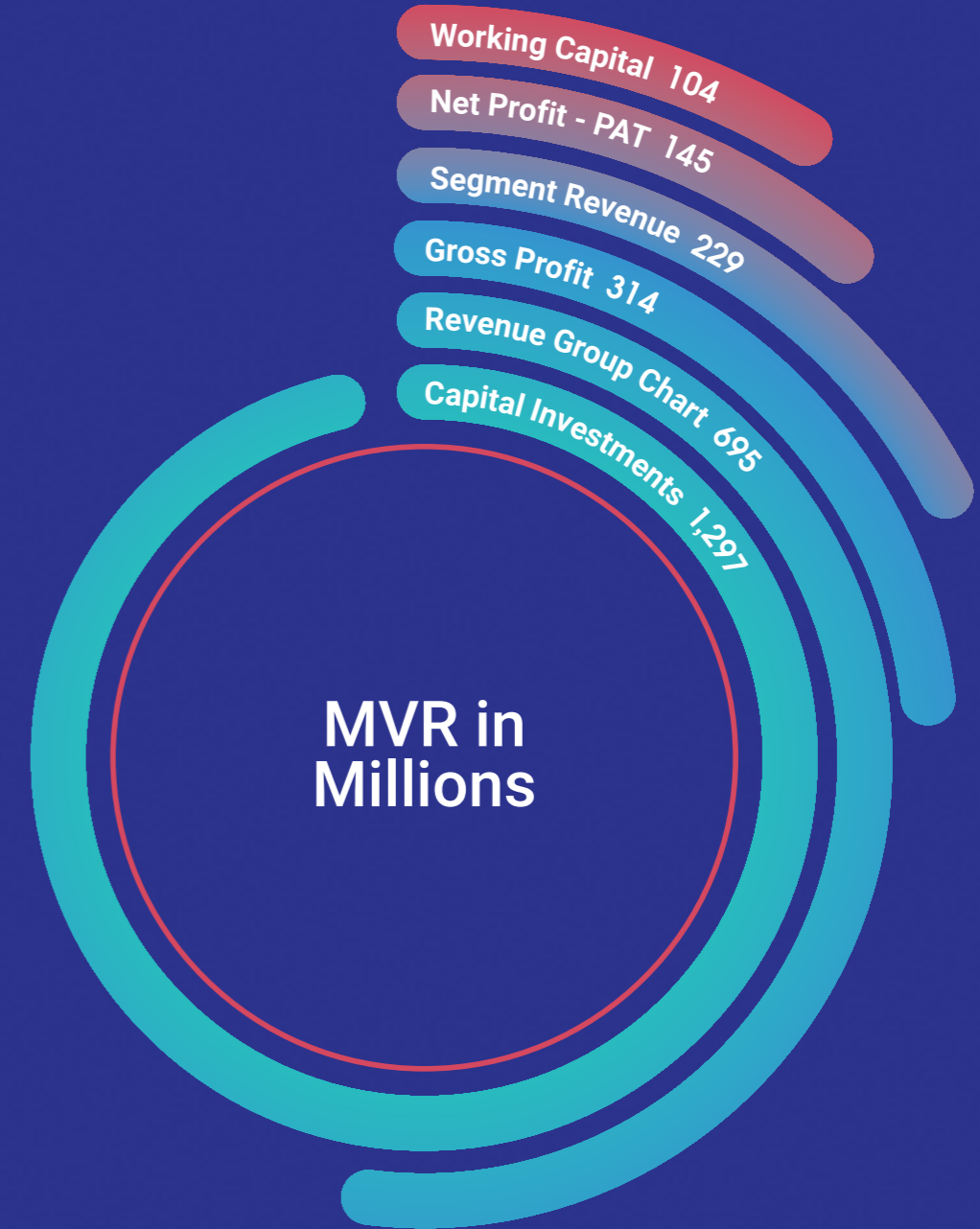
- Pay taxes properly in accordance with the local tax related laws and ordinances
- Ensure that tax accounting and other related processes are carried out unflinchingly, according to the law.

We also provide aid and donations to people in need through monetary donations and fundraising activities after assessment of the need and viability of aid delivery, with the assistance of our partners closest to the area in need. We do our best to offer timely relief, and also conduct follow up assessments of our activities. In this regard, we conducted a fundraising campaign to help Rohingya Muslim refugees fleeing violence in the Buddhist-majority Myanmar's Rakhine state during the year.

Capitalizing on our strengths, MTCC will contribute to the realization of a better society as a good corporate citizen.

# 10

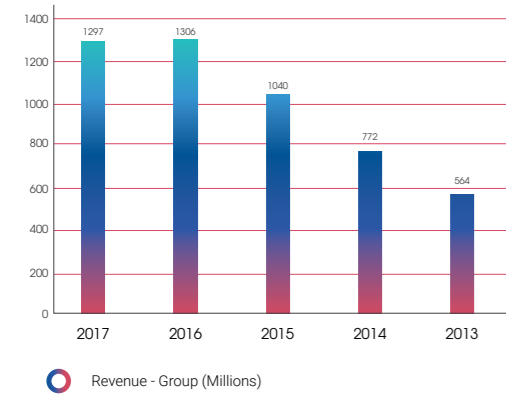
## FINANCIAL REVIEW



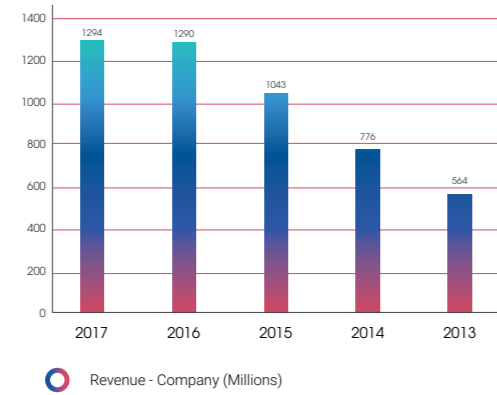


## Revenue

Revenue - Group (Millions)

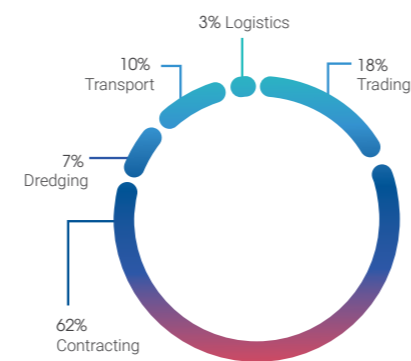


Revenue - Company (Millions)



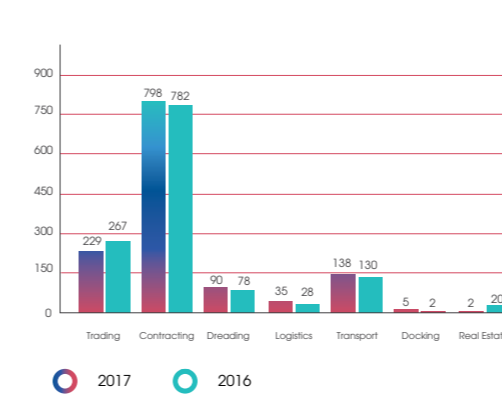
This year marks as one of the most successful years for the Group following the record breaking results of 2017 with a total revenue of MVR1.297 million, slightly below that of the previous year. However, the total revenue generated from the Company grew by 0.31% compared to the previous year.

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 units (SBUs), 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 is primarily generated from Trading, Contracting, Dredging, Logistics and Transport segment, while most of the profit of the company is generated mainly from Contracting and Trading during the year ended 31 December 2017.

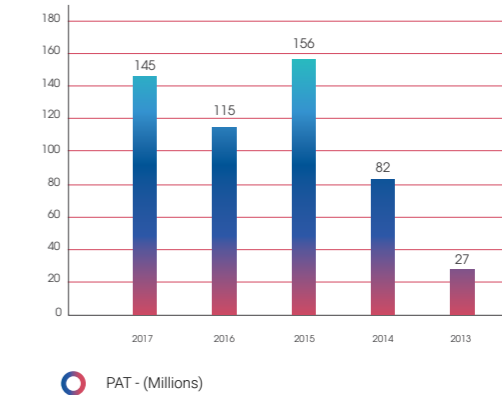
Segment Revenue - (Millions)



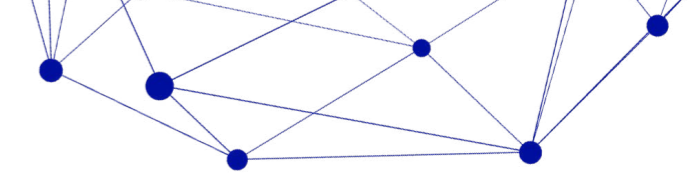
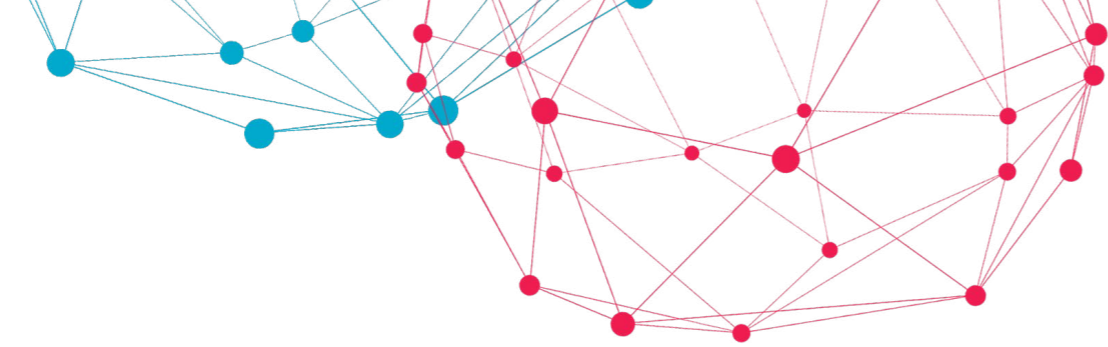
During the year ended to 31 December 2017, out of the total Group revenue of 1.297, Trading contributed MVR129 million (2016: MVR 267 million), Contracting MVR 798 million (2016: MVR 782 million), Dredging MVR 90 million (2016: MVR 78 million), Logistics MVR 35 million (2016: MVR 28 million), Transport MVR 138 million (2016: MVR 130 million), Real Estate MVR 2 million (2016: MVR 20 million) and Docking & Maintenance Services MVR 5 million (2016: MVR 2 million).

## Net Profits

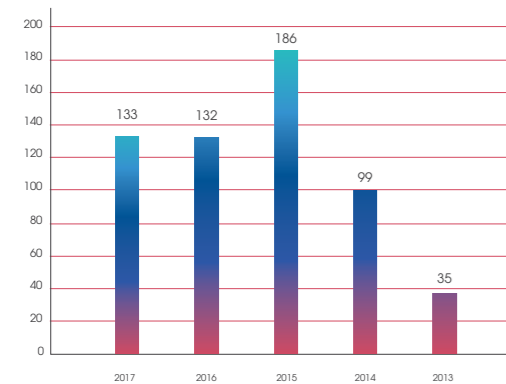
PAT - (Millions)



The Group profit after tax (PAT) for the year ended 31 December 2017 has increased by 27% compared to the previous year, basically as a result of deferred tax assets created in the balance sheet as per international financial reporting standards (IFRS) and not from the business operations.



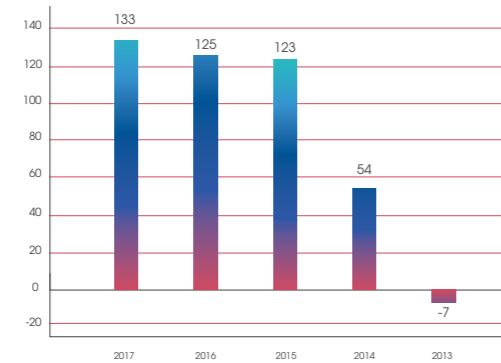
**PBT - (Millions)**



● PBT - (Millions)

While, profit before tax (PBT) has increased by 1% compared to the previous year. However, the PBT without government subsidies shows a real growth of 6.4% in profits for the year ended 31 December 2017, which is the highest ever annual PBT generated by the Group in the history.

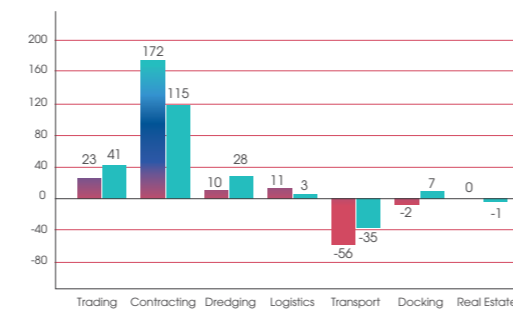
**PBT - Without Subsidy (Millions)**



● PBT - Without Subsidy (Millions)

Likewise, The Group Business Profit Tax (BPT) recognized as Current tax expense has increased to MVR 26.14 million (2016: MVR 21.38 million) for the financial year 2017, which is illustrated in notes 22 of the financial statements together with the impact of the deferred tax asset of MVR 39.65 million (2016: 5.03 million) is accounted during the financial year 2017 as per IFRS, returns an unusual negative tax (BPT) expense of MVR12.8 million (2016: 16.35 million) for the year ended 31 December 2017.

**Segment Profit / Loss - (Millions)**

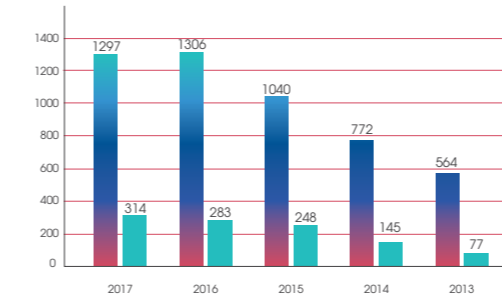


● 2017 ● 2016

Out of the total operating profit of MVR160 million posted by the Group for the year ended 31 December 2017; MVR 23 million (2016: MVR 41 million) is attributable to Trading, Contracting MVR 172 million (2016: MVR 115 million), Dredging MVR 10 million (2016: MVR 28 million), Logistics MVR 11 million (2016: MVR 3 million), Transport MVR (56) million [2016: MVR (35) million], Real Estate MVR (0.2) million [2016: MVR (7) million] and Docking & Maintenance Services MVR (2) million 2016: MVR 7 million].

## Operating Income & Expenses

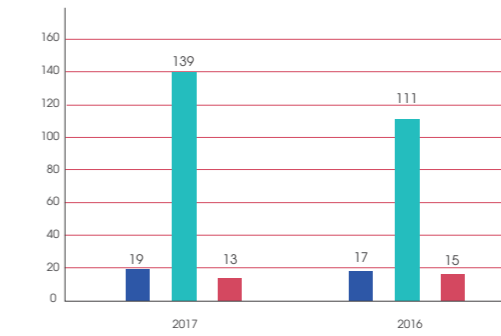
**Revenue and Gross Profit - (Millions)**



● Revenue ● Gross Profit

The overall profit margin of the group has increased by 2.5% from 21.6% in 2016 to 24.1% during the financial year 2017. However, as the scale of operation expanded the administrative expenses has increased by 25% compared to 2016 due to the increase in staff costs, rent expenses and insurance expenses. The selling and marketing expenses also shows an increase of 12% due to additional provisions made over doubtful debts. Other expense shows a trivial decrease due to reductions in miscellaneous expenses.

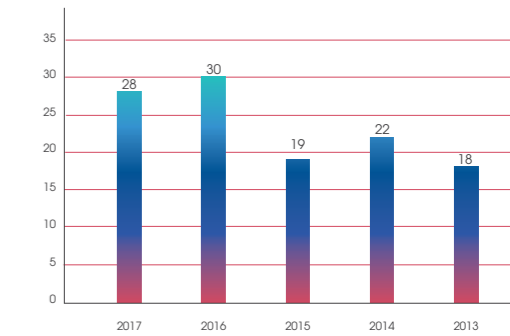
**Operating Expenses - (Millions)**



● Selling & Marketing Costs ● Administrative Expenses ● Other Expenses

Other income has decreased mainly due to discontinuation of government subsidy from March 2016, an amount of MVR 6.8 million was received in the year 2016 as a subsidy income to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' region. Dividend received from investment in shares of Bank of Maldives amounting to MVR 4.38 million (2016: MVR 3.72 million) and profit from Tawmil Takist Asset Financing amounting to MVR 3.34 million (2016: 2.50 million) has also been classified under Other income.

**Finance Cost - (Millions)**



● Financial Costs

Net Finance Costs of MVR 27.63 million for the year ended 31 December 2017 shows a marginal decrease compared to the previous year amounting to MVR 30.49 million basically due to decrease in exchange loss by MVR 9.18 million during the year due to US Dollar arrangements for foreign payments from Maldives Monetary Authority.

## Long Term Investments

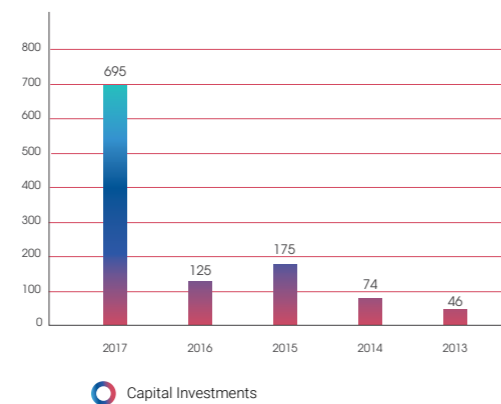
The group has made investments in capital assets during the year amounting to MVR 695.04 million (2016: MVR 124.86 million) through finance leases, term loans and operating cash flows.

Investments in capital assets in 2017 mainly include investments in hopper suction dredger amounting to MVR 538 million, boat hoist for docking operations amounting to MVR 12 million, machineries and equipment to accommodate for the increase in construction projects amounting to MVR 48 million, vessels and vehicles for the transport operations financed through various sources during the year 2017.

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 an average market price of MVR 340 (2016: MVR 150) per share and the highest traded price during the year was recorded as MVR 340.

Consequently, MTCC has also received dividends of MVR 4,381,920 (2016: MVR 3,724,632) from the investment in shares of Bank of Maldives Plc during the year ended 31 December 2017.

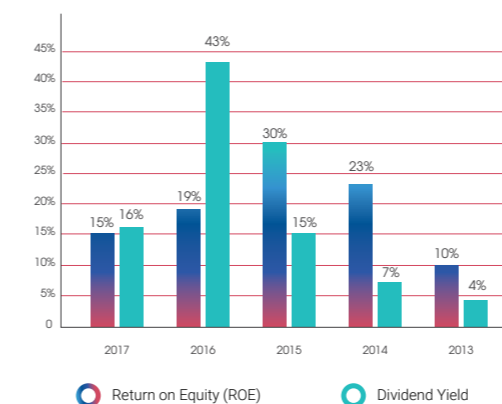
**Capital Investments - (Millions)**



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.

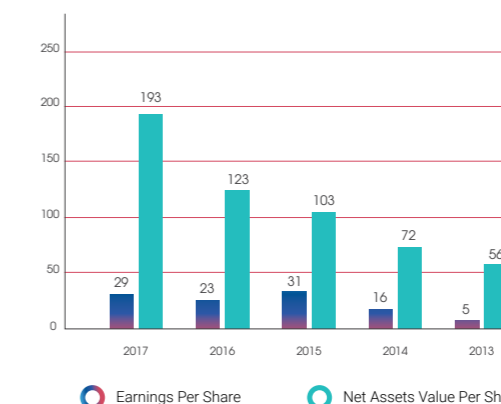
## Shareholders Return

**Return on Equity and Dividend Yield**

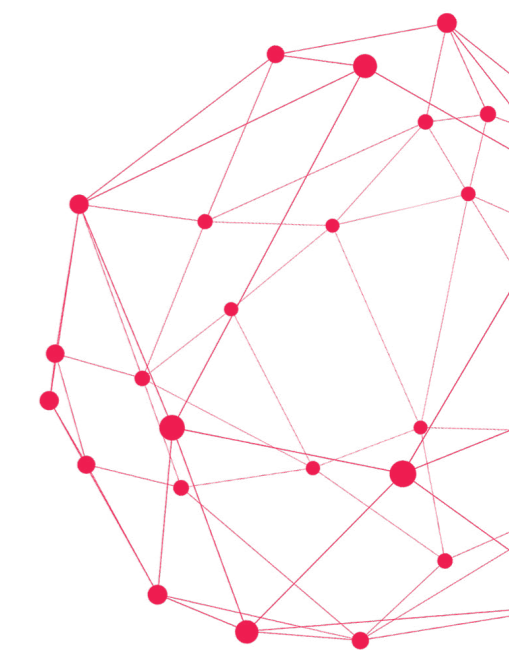


The Group has accumulated a return to the equity holders amounting to MVR 146 million (2016: 115 million) with a Return on Equity of 15% (2016: 19%) during the year ended 31 December 2017, consequently net asset value per share has also increased to MVR 193 per share from MVR 123 per share compared to the previous year. During the year ended 31 December 2017 the company has declared a dividend of MVR 2.4 (2016: MVR 3.2) per share from the net profits of 2016.

**Earnings Per Share and Net Asset Value Per Share**

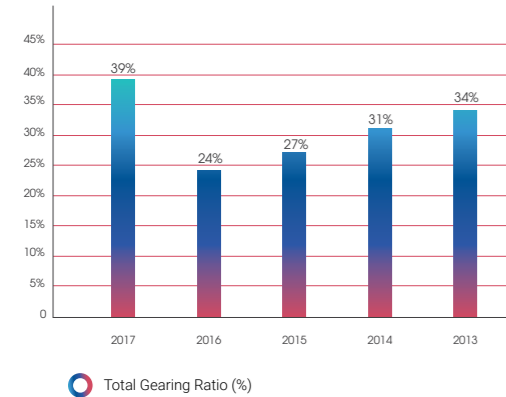


The advance received from the shareholders for the rights issue of ordinary shares were kept under equity on the reporting date and subsequently the allotments were done in the financial year 2018.



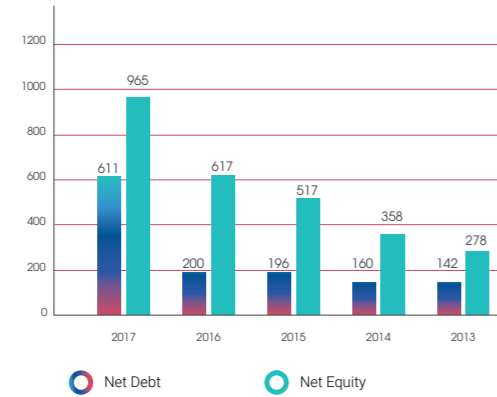
## Debt Finance

### Total Gearings Ratio (%)



The Company has purchased MVR 454 million worth of machineries, vehicles and equipment from long term loans including finance leases during the year and repaid MVR 43 million short-term and long-term loans, and MVR 21 million as interest expenses over the outstanding loans. Further, sharia compliance short-term credit facility (Mudharaba Equity Finance) amounting to MVR 100 million was also obtained during the year ended 31 December 2017 from Ministry of Finance and Treasury, which is agreed to be rolled over on a quarterly basis and thus considered as a short-term liability in the balance sheet.

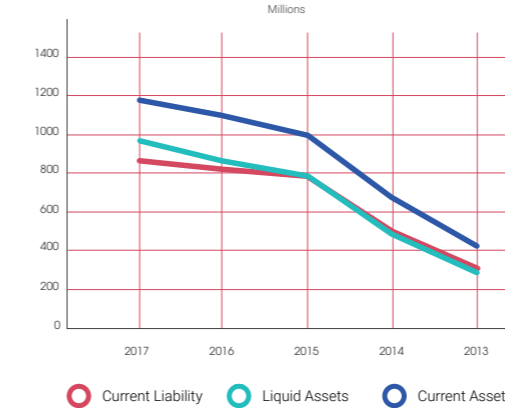
### Net Debt to Equity (MVR in Mn)



The net debt capital (Borrowings net of cash and cash equivalents) of the company has increased from MVR 200 million to 611 million during the year, the strong earnings for the year ended 31 December 2017 significantly improved the equity position of the Company, resulting in a comparably stronger gearing ratio (Net Debt/Total Capital) of 39% for the year, which was stood at 24% in the previous year.

## Working Capital

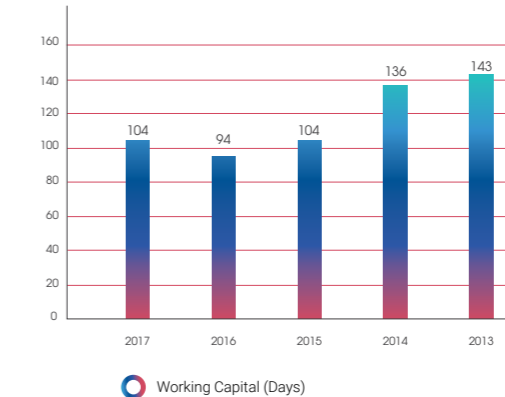
### Working Capital (MVR in Mn)



The working capital cycle of the company has increased to 104 days in 2017 compared to 2016 (94 days), the increase is due to increase in inventory residency period from 80 days to 84 days and increase in debt collections from 216 days to 237 days caused by significant outstanding balances from Government related entities during the year. The credit settlement period also increased to 217 days from 202 days in 2016.

Current Ratio is improved in 2017 (1.37x) compared to 2016 (1.34x) along with the increase in Quick Assets Ratio as well in 2017 (1.12x) compared 2016 (1.05x).

### Working Capital Cycle (Days)

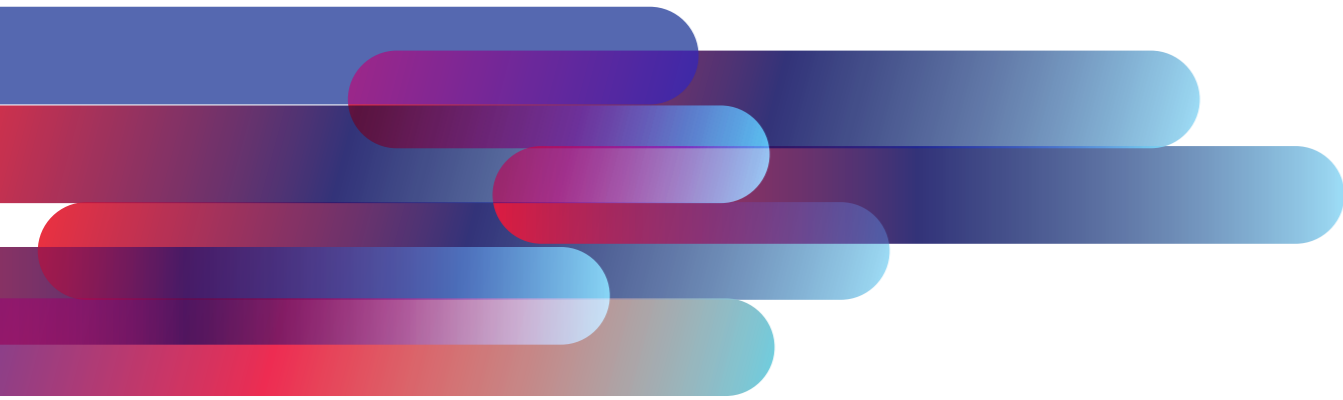


Cash & Cash Equivalents and Bank Overdrafts as at 31 December 2017 shows a significant improvement due to increase in short-term loans compared to 2016.



# 11

**FUTURE  
OUTLOOK**



With the Government's pledge to develop the country's infrastructure and the allocation of MVR 7 billion of the proposed national budget for 2018 for public sector investments, we are expecting a huge boost in the construction, transport and fisheries industries, which will directly have a favorable effect to our main business segments. Furthermore, the Maldivian economy is expected to grow by 6% while the world economic growth is expected to be around 3.7% in 2018 which will increase competition from both domestic and international companies and challenge our operational efficiency. Hence the Company must focus on flawless execution and customer satisfaction in all aspect of our business to reap the full benefit of the economic growth and maintain our foothold in our respective business segments.

MTCC's business strategy revolves around the desire to provide quality and reliable services and products in an efficient manner, while satisfying our customers. This is achieved through the implementation of quality control systems, adopting technological innovations, as well as recruiting and retaining qualified employees.

The Company aims to achieve a revenue target of MVR 1.89 billion and profit after tax of MVR 157 million in 2018.

## Construction & Project Management

It is forecasted that several new projects will open for construction and projects management segment in 2018, which includes shore protection, airport development, roads development, water/ sewerage projects and building projects. We have taken the Government's PSIP plans for the year as a key indicator of demand for services provided by the construction and projects management segment. While developments of new harbors are diminishing, a new market for harbor repair and maintenance across the country is being created. Furthermore, there is a sharp increase in the infrastructure development projects such as water and sewerage, road development and shore protection. The new hopper dredger for dredging and reclamation segment brings the prospects for new reclamation projects within the tourism industry

which in turn will bring shore protection and resort development projects which we will tap into.

Key objectives of the construction and projects management segment for the year ahead will be to improve net profit margins annually for the next three years through increasing our market share in roads and sewerage projects, expanding the building construction segment, reducing wastage and cutting down project overheads and increasing revenue generation from design and engineering consultancy. We also aim to develop the available facilities of the segment, such as repair and maintenance workshop, the surveying function and the design and engineering service, and increase their efficiency. To increase profitability, reducing machine downtime is also one of the objectives of the segment.

## Dredging and Reclamation

Based on the market analysis, it is forecasted that several opportunities will be open in the area of reclamation in 2018 and beyond. With the Government's budget of MVR 209 million set aside for land reclamation and road development projects for the year 2018, the prospects for the segment looks promising. With Mahaa Jarraafu in operation, we expect to reclaim at least fourteen lagoons during the year from Government and private parties combined.

Our target is to increase sales of the dredging segment in 2018 by 60% compared to 2017 while maintaining a solid net profit margin. Utmost importance will also be given to maintain a safe and healthy work environment on board our dredgers and also to obtain ISO 9000:2015 quality standard in projects. Engaging more with the tourism industry and winning resort island reclamation projects would be key to achieving the targets set for the year 2018. Cost reductions will be achieved through savings on fuel cost through negotiations and favorable agreements with suppliers and replacing foreign staff on board our vessels with locals and reducing logistics costs of spares and supplies. During 2018 operational health and safety plans will be strengthened for Mahaa Jarraafu and on all dredgers and ensure health and safety items and fire equipment is on board all vessels.

## Logistics

The logistics segment is expected to earn 12% of the forecasted joint revenue of 1.37 billion projected by construction and projects management segment and dredging and reclamation segment for the year 2018. Demand for domestic logistical services are expected to grow within the next three years due to infrastructure projects included in the PSIP plan of the Government.

In order to meet the 2018 revenue target of the logistics segment, the domestic fleet was strengthened with an additional landing craft being acquired during the year. we will also venture into garbage logistics, lightweight cargo carriage, freight forwarding services and logistics services between Male and Hulhumale' over the bridge.

With the implementation of the above we are targeting an annual revenue of MVR 125 million in 2018 from the segment. In order to improve profitability, in 2018 we will improve the maintenance of the vessels with the objective of reducing downtime by 40% compared to the last year.

In order to improve the standard of logistical operations, we have planned to achieve ISO 9001:2015 quality standard. Our target is to obtain ISO 9001:2015 certification during the year 2018.



## Trading

The product portfolio of the Trading segment is directly related to the marine, fisheries and tourism industry, vessel owners and utility companies. The Government's pledge towards provision of 24-hour electricity for all inhabited island is a market opportunity for lube oil as power stations are one of the major market for lubricants while existing and upcoming resort and airport developments will provide a further boost for Castrol, Sigma protective coatings, Marol steering system, and Yanmar and Suzuki engines. For the year 2018 we are projecting to reach a profit target of MVR 50 million from the segment.

In order to achieve the revenue and profitability targets for the segment, steps will be taken to improve the segment's liquidity position through amendments to its credit policy, and by holding regular cash basis promotions and maintaining minimum inventory levels in order ensure standard times are maintained for after sales and customer services. We will also establish a state of the art boat building facility and build four vessels by the end of the year 2018.

Retention of existing customers, direct marketing, media advertising, prescheduled product, seminars and forays into the tourism industry and identifying new sales prospects is part of the strategy for the year. Long term relationship with parties in the transport and logistic industry and introducing new products to our product portfolio such as EV vehicles, Castrol automobile oil and boat building accessories will be

part of the strategy to achieve our targets. We will also strengthen our distribution network and work on establish outlets in Kulhudhufushi and Thinadhoo during 2018.

## Engineering & Docking

Statistical data records of National planning indicate that there are around 3,847 fiber/wooden vessels and 219 steel vessels in operation in Male' region. These together with the huge fleet of vessels operated by MTCC offers a great opportunity to expand the services of the Engineering and Docking Services of the Company. According to the Department of National Planning, docking and maintenance service industry's growth is at around 5% and is believed to follow a similar pattern in next five years. Similarly, the market growth of docking services is also believed to be approximately 2% for next five years.

While the number of vessels in operation are increasing year by year, vessel operators and owners are focused more on preventative maintenance subsequently increasing the need for docking and maintenance services. In spite of the high demand for such service there are a limited number of service providers in the industry.

We are planning to add underwater cutting and welding service, fleet management service, water blasting and cutting and barnacle cleaning service to the engineering and docking segment's service portfolio in 2018. Retainer agreements will be entered into with various parties towards providing a total engineering solution to customers. our key target market will be the logistics industry, ferry owners and operators, the tourism industry, fishing industry and the Government.

The objectives for the year 2018 is to generate maximum revenue from the new boat hoist, introduce a slipway facility to enhance the docking capability and expansion of the dry-docking land area at Thilafushi in order to dock 400 vessels a year. We will also establish class welding and work on achieving ISO 9000 standards for our services.

## Transport Services

Along with the challenges and barriers faced in the past years, Transport segment have been operating at a loss in 2017 and we are expecting the same trend to continue in 2018. The loss is mainly due to the controlled ticket price and the increase in the operational costs especially increases in fuel prices. We are targeting to transform our transport segment within the next three years by adding a profitable premium service into our portfolio through introduction of a modern fleet of vessels into the operation.

In 2018 we plan to expand our transport automation and introduce smart cards, develop lands associated with transport service, expand Hulhumale' Premium service and introduce private hire to Male' via Male' Hulhumale' bridge.

One target for the year 2018 is to reduce operational loss of the Hulhumale' Ferry service by 15%. through construction of double decker ferries and increasing the frequency of the Premium link. Further we plan to increase revenue from non-operational activities such as rental of land plots and shop spaces for commercial use. Plan are in place to achieve breakeven from Villingili ferry service and achieve an operating profit from the speedboat sector. Plan are also in place to reduce operational loss of the Comprehensive Transport Network (CTN) by 5% through expansion of Express Link to CTN routes and reduction of expenses through outsourcing. We

will develop our private hire operation by investing in additional vehicles, acquiring transfer contracts from guesthouses, increasing sales through more intensive marketing campaigns and by reducing operational expenses through routine maintenance and monitoring of vehicles. Customer service will be enhanced to raise customer satisfaction levels to 80%.

# 12

## SHARE PERFORMANCE





## Share Performance

At the Annual General Meeting of 2016, the shareholders resolved to split the shares of the Company at a ratio of 1:10 following which the face value of the Company shares changed to MVR 5 per ordinary share.

Further, the shareholders also resolved during the Annual General Meeting of 2016 to proceed with a rights issue at a ratio of 1:1. The rights issue was held from 19th October 2017 to 31st December 2017.

## Share Ownership

There were no changes in the shareholding structure of the Company during the year 2017. As of 31st December 2017, the Government of Maldives held 47.8% of the shares of the Company, 7.5% of shares were held by Maldives National Shipping Limited, a Company wholly owned by the Government of Maldives and 44.7% was held by the public.

	NO. OF SHARES	FACE VALUE OF SHARES (MVR)	PERCENTAGE HELD
Government of Maldives	2,393,220	11,966,100	47.8
General Public	2,232,860	11,164,300	44.7
Maldives National Shipping Limited	373,920	1,869,600	47.5
<b>TOTAL</b>	<b>5,000,000</b>	<b>25,000,000</b>	<b>100</b>

MTCC's initial public offering (IPO) was in 1980 and shares were sold at a face value of MVR 50.00 per share.

The Government of Maldives and Maldives Shipping Limited are the only shareholders who hold more than 5% of the shares of the Company.

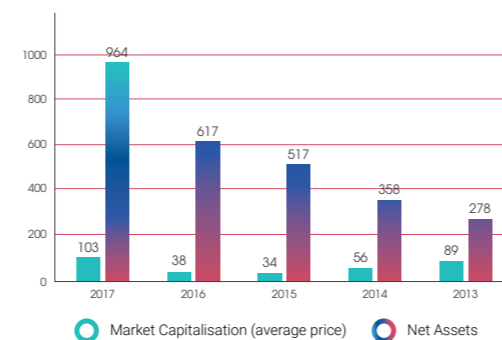
The shareholding structure of the Company as of end 2017 is shown below;

## Capital Market Oriented Key Data

Our shares continue to be traded at Maldives Stock Exchange. During the year, 106 shares were traded in the market. This is an increase of 6% compared to 2016. The highest traded price during the year was MVR 30.00 and the lowest traded price was MVR 15.00. The last traded price was MVR 20.00. 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 2017 was MVR 110 million while market capitalization at the last traded price in 2016 was MVR 100 million.

	2016	2017
Lowest traded price (MVR)	20.00	15.50
Highest traded price (MVR)	20.00	30.00
Last traded price (MVR)	20.00	22.00
Weighted average traded price (MVR)	20.00	13.16
No. of shares traded	100	106
Market capitalization (MVR millions)	100	110
Dividend Yield	42.67%	11.71%
Earnings per share (MVR)	23.08	29.07
Price Earnings Ratio	0.33	0.71

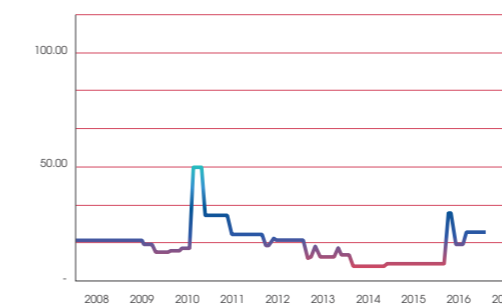
### Net Assets and Market Capitalisation



## 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

### Share Price Movement - MVR per Share

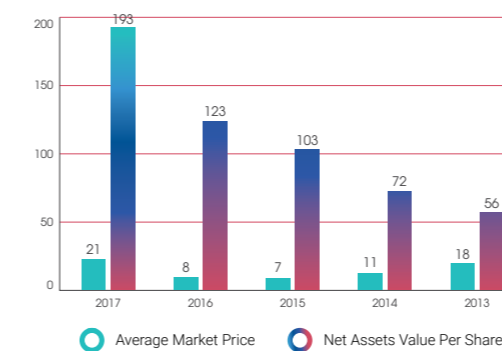


shareholders through time. The Board of Directors has decided to propose a dividend of MVR 2.60 per share, at the Annual General Meeting of 2017.

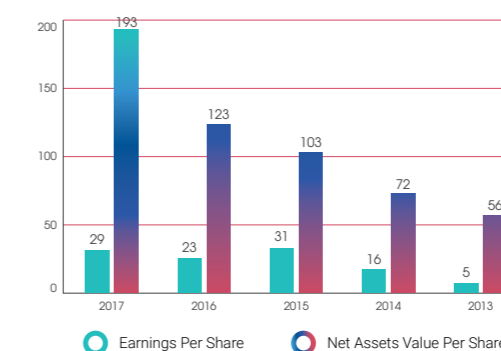
## Shareholders Returns

The Group has accumulated a return to the equity holders amounting to MVR 146 million [2016: 115 million] with a Return on Equity of 15% [2016: 19%] during the year ended 31 December 2017, consequently net asset value per share has also increased to MVR 193 per share from MVR 123 per share in the previous year. During the year ended 31 December 2017 the Company has declared a dividend of MVR 2.4 [2016: MVR 3.2] per share from the net profits of 2016. The advance received from the shareholders for the rights issue of ordinary shares were kept under equity on the reporting date and subsequently the allotments were done in the financial year 2018.

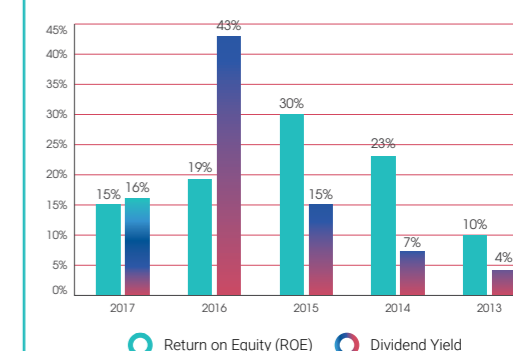
### Average Market Price and Net Assets Value per Share



### Earnings per Share and Net Assets Value Per Share



### Return on Equity and Dividend Yield



# 13

## SUBSIDIARY COMPANY

### Maldives Real Estate Investment Corporation

Maldives Real Estate Investment Corporation (MREIC) Pvt Ltd. is a wholly owned subsidiary of the Company. As the Company's real estate arm MREIC is poised to exploit the growing real estate market.

The Company has been restructured to address the growing demands of the real estate industry at large, with the focus on real estate services and facility management services as its core activities. 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.

In an effort to strengthen MREIC, MTCC has merged its building maintenance department into MREIC's operations. This merger has created a synergy, which will enhance MREIC's strength in the real estate business segment by enabling the Company to offer value added services to its clients.

MREIC's strategy is to expand the business and position itself as a major player in the real estate industry. The Company aims to provide the best mix of products and services to its clients through this expansion process. As such a full-suite of building services has been incorporated within the Company's service portfolio.

MREIC's services will supplement the real estate segment by adding value to the Company's existing and potential clients. It is envisaged that as the industry grows the need for professional, preventive and reactive maintenance service will grow, creating lucrative sub-industries within the real estate industry. MREIC is poised to exploit such sub-industries as they develop in the future.

The Reef Residence Project has now been completed and the Company is actively engaged with related parties to embark on new real estate projects.



14

CORPORATE  
GOVERNANCE

## Director's Governance Report

MTCC's corporate governance ethos works within a culture of performance that emphasizes a framework of conformance and compliance. The Company adheres to the governance 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 committed to defining, following and practicing prominent level of corporate governance across all our business functions. Our corporate governance is a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices and performance and we ensure that we retain and gain the trust of our stakeholders at all times.

## Role of the Board, Chairperson and Chief Executive Officer

### Board of Directors

The Company's mission and vision remain firmly embedded in its journey towards the future, with the Board of Directors and Executive Management providing necessary stewardship to its team and other stakeholders to achieve its objective.

The Board of Directors is the ultimate governing body of the Company. The Board is also responsible for setting the Company's strategic business objectives, policies, providing guidance to the management, facilitating financial and human resources for the Company, establishing, assessing and monitoring internal controls and recognizing 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 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 necessary, directly and indirectly, to ensure the objectives of the Company are achieved.

### Chairperson

The chairman takes a lead role in managing the Board and facilitating effective communication among Directors. He 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 the 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.

### Chief Executive Officer

The Chief Executive Officer is responsible for corporate strategy, brand equity, planning, and all matters related to management of MTCC. He is also responsible for achieving the annual and long-term strategic business targets. The CEO shall establish the strategic and operational orientation of the Company and in so doing, provide leadership and vision for the effective overall management, profitability, increasing shareholder value and growth of the Company and for conformity with policies agreed upon by the Board of Directors.

### Composition of the Board

During the year 2017, our Board comprised of ten members; six representing the Government of Maldives and four elected by the public shareholders, which is in proportion to the percentage of shares held by the Government and public shareholders. Out of the ten members, two of whom are executive Directors and the remaining are independent Directors.

The composition of the board of Directors was revised by an amendment to the Article of Association of the company, during the Annual General Meeting of 2016. As such the composition of the Board was changed to seven Directors, where a Director is nominated for each 14.29% held in shareholding. The change to the composition of the Board will be effective from the 2017 Annual General Meeting.

### 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 exercises 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.

### Board Meetings

The Board of Directors held 18 Board meetings during the year. 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 Directors are given notice of Board meetings as per the Articles of Association and Directors can suggest the inclusion of additional items for the agenda.

The Company's various business heads / service heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at Board/Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that they are included in the agenda for Board/ Committee meetings.

### Non-Executive Directors Meeting

Clause 1.6 (c), of the Corporate Governance Code mandate that the 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 2017. During this meeting, the non-executive Directors discuss the performance of the Company and the risks faced by it, the flow of information to the Board, strategy, leadership strengths and weaknesses, governance and compliance.

## Attendance of the Directors to the Board Meetings.

### MR. AHMED NIYAZ

Appointed as Chairman on:

**6th December 2016**

Attendance

**18/18**

### MR. IBRAHIM ZIYATH

Appointed as CEO on:

**14th June 2016**

Attendance

**16/17**

### MR. AHMED KURIK RIZA

Appointed on:

**19th December 2016**

Attendance

**17/17**

### MS. NASHIMA ABDUL LATHEEF

Appointed on:

**01st November 2015**

Attendance

**17/18**

### MR. AHMED ABDULLA

Appointed on:

**05th April 2016**

Attendance

**17/18**

### MR. HASSAN MUNEER

Appointed on:

**18th December 2016**

Attendance

**18/18**

### MR. NASRATH MOHAMED

Initially Elected on:

**29th May 2013**

Last Elected on:

**29th August 2017**

Attendance

**18/18**

### MR. MOHAMED FARSHATH

Elected on:

**29th August 2017**

Attendance

**5/7**

### MR. MANSOOR ZUBAIR

Elected on:

**29th August 2017**

Attendance

**7/7**

### MS. AISHATH FAZEENA

Appointed on:

**29th August 2017**

Attendance

**6/7**

### MR. MOHAMED IMRAN ADNAN

Resigned on:

**22nd June 2017**

Attendance

**6/8**

### MR. AHMED ABOOBAKURU

Term Ended on:

**29th August 2017**

Attendance

**8/11**

### MR. FATHULLA ISMAIL

Term Ended on:

**29th August 2017**

Attendance

**4/11**

## Key Decisions and Recommendations by the Board of Directors During the Year

- Approved the Audited Financial Accounts for the year 2016 and reviewed quarterly results of 2017.
- Approved the dividend for the year 2016 to be proposed to AGM 2017.
- Reviewed construction projects undertaken by the Company and offered guidance to the management on increasing the efficiency of project management.
- Approved the strategic business plan for the year 2018-2020 and continued to review the business plan quarterly
- Measures were put into action to minimize the loss from the Transport Service and transform it to a profit-making sector.
- Approved amendments to Memorandum of Association & Article of Association and be submitted for shareholder approval at AGM 2017.
- Approved the financial statement of 2016 and appointed signatories to sign the statements to be submitted for shareholder approval at AGM 2016.
- Approved to submit for shareholder approval, the loan acquired to finance the dredger to an equity convertible loan at the AGM 2016.
- Approved share split with a ratio of 1:10 and rights issue offering of 1:1 and be submitted for shareholder approval at AGM 2016.
- Approved amendments to Memorandum of Association & Article of Association, to be submitted for shareholder approval at AGM 2016.
- Approved Chairman's Charter, CEO/MD's Charter and Directors Charter
- Reviewed the reports of Audit Committee recommending new internal controls based on the internal audits.
- Created the post of Chief Internal Auditor of the Company and endorsed the newly appointed Chief Internal Auditor.
- Approved Internal Audit Department's Charter
- Approved the "Hiyaa Housing Project", under the government initiative to provide housing to civil servants and employees of state owned companies.

## 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 any discussion or voting on matters in which they have a material personal interest.

There have been no conflicts of interest of any member of the Board directly or indirectly related to the work of the Company. During the year there was no contract or transaction between the Company and any Director of the Board or member of the management.

During the year there have been no conflicts of interest of any members of the Board directly or indirectly related to the work of the Company's subsidiary and there was no significant contract or transaction between the Company and any Director of the Board or member of the management of subsidiary.

In 2017, the Company has signed several agreements with the majority shareholder, Government of Maldives to carryout various projects.

In 2017 no contracts have been made with any of the major shareholders of the Company to provide any service to the Company's subsidiaries. There were no service contracts with any nominees for the position of Director.

## 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.

The policy to review the performance of Board members is currently being drafted and the evaluation of the chairman, Board of Directors, Chief Executive Officer and Company Secretary for the year 2017 will be carried out by mid-2018. The Board will discuss the result of this evaluation and take necessary actions to improve the areas that will be highlighted.

## Directors' Development

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

During the year, Directors attended a total of 13 different training programs conducted abroad. These trainings programs were in the fields of risk assessment, financial management, corporate governance, accounting and management skills.

## Building relationship with our shareholders

It is the fiduciary duty of the Board of Directors and the management to liaise with the shareholders and building this relationship with effective means of communication. The Company works to ensure continuous communication with its shareholders.

The financial and strategic achievements of the Company are disclosed to the shareholders through quarterly reports. Regular updates on the projects undertaken and business segments of the Company are provided to the shareholders throughout the year through the media and the Company website. The Company also discloses information on the significant business developments to its shareholders in the form of announcements, press releases and also through posts on the Company website.

Meetings were held between the Board of Directors and the majority shareholders to address Director's concerns and to understand the views of the majority shareholders. Furthermore, shareholders have the opportunity to share their views and question the Board and the management about matters related to the Company.

## Independent Audits

KPMG was appointed as the Company's External Auditors for 2017 at the Annual General Meeting of 2016. The External Auditors KPMG has no other service contracts with the Company.

The Company's Internal Audit Department and the Internal Auditor PWC conducted the Company's internal audit in 2017. The Internal Auditor PWC has no other service contracts with the Company. The Internal Audit function is in accordance to the guidance of the Audit and Risk Committee.

The Board of Directors reviews the recommendations of these audits and necessary actions are taken in areas highlighted in the findings of these reports.

## 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.

In order to safeguard the assets, resources and the interest of the shareholders of the Company, during the year, the Audit Committee was entrusted with the responsibility of risk management. The Audit and Risk Committee along with the Internal Audit Department continues 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 improve the internal controls and mitigate any risk to the Company.

The CGC committee is currently undertaking the task of formulating a whistle blower policy, policy on disclosure of share price sensitive information and conflict of interest 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.

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, in accordance with the principles of corporate governance, Listing Rules, Securities Act, Company's Act and the Articles of Association of the Company.

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

### Annual Report:

The information contained in the Annual Report is an accurate and true presentation of the activities and operations of the Company in 2017.

### 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 Board has approved MVR 2.60 per ordinary share for shareholders' approval at the upcoming Annual General Meeting.

### Outlook:

The strategic business plan of the Company is carefully reviewed by the Board of Directors. The strategic objective of the Company is to improve the Company's long-term competitiveness and profitability through a comprehensive turnaround of its business.

Further, the Company strategically aims to invest in areas that will ensure sustainability for the Company. 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.

04th April 2018



**Ahmed Niyaz**  
Chairman



**Ibrahim Ziyath**  
Chief Executive Officer

## Audit and Risk Committee

With the identification of the importance of closely monitoring and scrutinizing the operations of the Company, 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 04 Non-Executive Independent Directors who have the required capacity to understand and review financial statements.

Mr.Nasrath Mohamed served as the Chairman of the committee until 25th September 2017. Ms. Nashima Abdul Latheef serves as the Chairperson of the Committee.

The Audit and Risk Committee met twenty-one times during 2017. The meetings of the Committee were attended by the Chief Executive Officer, Chief Financial Officer, Financial Controller and Auditors as and when needed.

### Roles and Responsibilities

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

- The integrity of the financial statements and the Company's financial reporting processes.
- The independent auditor's qualifications and independence,

- The performance of the Company's internal audit function and independent auditors,
- The compliance by the Company with legal and regulatory requirements and,
- To assure that there is in place an effective system of controls reasonably designed to;
  - Safeguard assets and income of the Company
  - Maintain compliance with Company's ethical standards, policies, plans and procedures
- The key risks as well as the frameworks, guidelines, policies and process for identifying, monitoring and mitigating such risks.

The attendance of members of the Committee is as follows;

### MS. NASHIMA ABDUL LATHEEF Chairperson

Appointed / Elected:  
**18th Sep 2017**  
Attendance:  
**11/11**

### MR. NASRATH MOHAMED Member

Appointed / Elected:  
**30th June 2015**  
Attendance:  
**19/21**

### MR. MANSOOR ZUBAIR Member

Appointed / Elected:  
**18th Sep 2017**  
Attendance:  
**10/11**

### MR. AHMED ABDULLAH Member

Appointed / Elected:  
**09th Jan 2017**  
Attendance:  
**17/21**

### MR. MOHAMED IMRAN ADNAN Member (Former)

Appointed / Elected:  
**30th June 2015**  
Resigned:  
**22nd June 2017**  
Attendance:  
**9/9**

## Activities during the year

The decisions made by the Committee in 2017 were focused on monitoring the effectiveness of the financial reporting systems of internal control and risk management. Reports of the Audit and Risk Committee meetings were submitted to the Board of Directors for deliberations and decision-making.

- Reviewed Committee Charter with the inclusion of responsibilities with regard to risk management
- The Committee reviewed the quarterly reports of the Company with the management focusing on the clarity of disclosure in compliance with relevant legal and accounting standards.
- Approved Internal Audit Plan 2017
- Discussed and made recommendation to the Board on appointment of External Auditors for the year 2017
- The Committee conducted discussions with the Internal Auditor to recognize risk areas that may create issues in audits and identified measures that can be taken to mitigate such risks. As such the Committee reviewed the results of five internal audits performed in year 2017 and reviewed the special audits carried out.

- The Committee reviewed audited Financial Statements for the year 2016 and proposed dividend for the year 2016
- Reviewed and made recommendations to the Board with regard to Budget 2017.
- Reviewed and recommended Internal Audit Department's Charter to the Board.

The Internal Audit Department of the Company acts on behalf of the Audit 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 established in the Company are sound and effective. The Committee will continue to review and improve these measures and the financial performance of the Company.



**Nashima Abdul Latheef**  
Chairperson  
Audit and Risk Committee

## Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committee was combined as one committee as the Board felt that the expertise of the directors in the separate committees can be better utilized in executing the functions and scope of the two committees. The committee members 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. Nashima Abdul Latheef served as the chairperson of the committee until – 27th Sep 2017. Ms. Aishath Fazeena was appointed as Chairperson of the Committee on 27th Sep 2017.

The Nomination and Remuneration Committee consists of four Non-Executive Directors, most of these Directors being independent Directors.

The Nomination and Remuneration Committee met 10 times during 2017. The attendance of members of the Committee is as follows:

### MS. AISHATH FAZEENA Chairperson

Appointed / Elected:  
**18th Sep 2017**  
Attendance:  
**3/3**

### MR. MOHAMED FARSHATH Member

Appointed / Elected:  
**18th Sep 2017**  
Attendance:  
**3/3**

### MS. NASHIMA ABDUL LATHEEF Member

Appointed / Elected:  
**18 Jan 2016**  
Attendance:  
**10/10**

### MR. HASSAN MUNEER Member

Appointed / Elected:  
**9th Jan 2017**  
Attendance:  
**9/9**

### MR. FATHULLA ISMAIL Member (Former)

Appointed / Elected:  
**30th June 2015**  
Discharged:  
**09th Jan 2017**  
Attendance:  
**0/1**

### MR. AHMED ABOOBAKURU Member (Former)

Appointed / Elected:  
**9th Jan 2017**  
Discharged:  
**29th Aug 2017**  
Attendance:  
**5/5**

### MR. AHMED ABDULLAH Member (Former)

Appointed / Elected:  
**21st June 2016**  
Discharged:  
**09th Jan 2017**  
Attendance:  
**1/1**

### MR. MOHAMED IMRAN ADNAN Member

Appointed / Elected:  
**21st June 2016**  
Discharged:  
**9th Jan 2017**  
Attendance:  
**1/1**



## Role and Responsibilities

- |   |   |   |
|---|---|---|
| <p>a. Develop policies on employee remuneration and for fixing the structure and the amount of remuneration packages of individual Directors and general employees of the Company.</p> <p>b. When setting this policy and structure, no Director or manager shall be involved in any decisions relating to their own remuneration.</p> <p>c. In determining such policy, the committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Development Authorities Governance Code and associated guidance.</p> <p>d. Review the ongoing appropriateness and relevance of the remuneration policy.</p> <p>e. 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.</p> | <p>f. Determine the policy for, and scope of, pension arrangements for the Company as required by law.</p> <p>g. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company.</p> <p>h. Oversee any major changes in employee benefit structures throughout the Company.</p> <p>i. 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.</p> <p>j. Give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed in the Board and in the management, in the future.</p> | <p>k. Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.</p> <p>l. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.</p> <p>m. Develop and ensure implementation of a conflict of interest policy for the Directors, executives and employees of the Company.</p> <p>n. Ensure that all Directors disclose any business interests that may result in a conflict of interest with the Company.</p> <p>o. Review the Board performance evaluation process from time to time.</p> |
|---|---|---|

## Activities during the year

- The committee evaluated the applicants for public directorship of the Company and made recommendations to the Board for approval as nominees for AGM 2016. Application for public directorship of the Board is open to all shareholders. Written notice was given to the majority and minority shareholders in accordance to the Articles of Association and Corporate Governance Code to make their nominations. Applicants by public shareholders are evaluated by the Committee and submitted to the Board of Directors for approval. Public directors are elected by a vote among shareholders at the Annual General Meeting, while the Directors representing the shareholding of the Government is nominated by the Government and evaluated by the committee.
  - Discussed on appointing a suitable candidate for the post of Managing Director for MREIC Pvt Ltd, subsidiary of MTCC.
  - Reviewed Committee Charter
  - Approved changes to Remuneration Policy
  - The Committee reviewed and discussed on the revision of the salary structure of the Company.
- The Committee also notes that the company does not have a Board's policy on gender diversity in the boardroom at the moment, and work is in progress to formulate a gender diversity policy.
- Reviewed and made recommendation on changes to Company structure.



**Aishath Fazeena**  
**Chairperson,**  
**Nomination and Remuneration Committee**



## Corporate Governance and Compliance Committee

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

The Corporate Governance and Compliance Committee consists of four Non-Executive Directors, the majority of which were Independent Directors.

Ms. Nashima Abdul Latheef served as the Chairperson of the Committee until 18th September 2017. Mr. Farshath Mohamed was appointed as the Chairman of the Committee on 09th November 2017

### Roles and Responsibilities

1. Develop and monitor the Company's overall approach to corporate governance issues 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 for the Company and make recommendations for improvements where necessary.
3. Advise the Board or any of its committees on corporate governance issues.
4. Develop and implement an orientation and educational program for new recruits to the Board.
5. Develop a process for assessing the effectiveness of the Company, Board, individual Directors, and its committees and ensure that the Board conducts these evaluations, annually.
6. Ensure that Board and its committees review its charters, annually.
7. Review and assess and (where deemed fit), the Articles of Association of the Company and its subsidiaries and any amendments thereof.
8. Develop and constantly monitor a policy for issuing dividend to shareholders of the Company.
9. Ensure that an appropriate business code of ethics is established and reviewed when necessary for the Company.
10. Ensure that appropriate methods are being established for the stakeholders to submit their recommendations and inquiries to the relevant regulatory bodies established in the Company.

The Corporate Governance and Compliance Committee met 03 times during 2017. The attendance of members of the Committee is as follows:

**MR. MOHAMED FARSHATH**  
Chairperson

Appointed:  
**18th September 2017**  
Attendance:  
**1/1**

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**MS. AISHATH FAZEENA**  
Member

Appointed:  
**18th September 2017**  
Attendance:  
**1/1**

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**MR. MANSOOR ZUBAIR**  
Member

Appointed:  
**18th September 2017**  
Attendance:  
**1/1**

---

**MR. NASRATH MOHAMED**  
Member

Appointed:  
**30th June 2015**  
Attendance:  
**3/3**

---

**MR. FATHULLAH ISMAIL**  
Member (Former)

Appointed:  
**9th January 2017**  
Discharged:  
**29th August 2017**  
Attendance:  
**2/2**

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**MS. NASHIMA ABDUL LATHEEF**  
Member (Former)

Appointed:  
**18th January 2016**  
Attendance:  
**1/2**

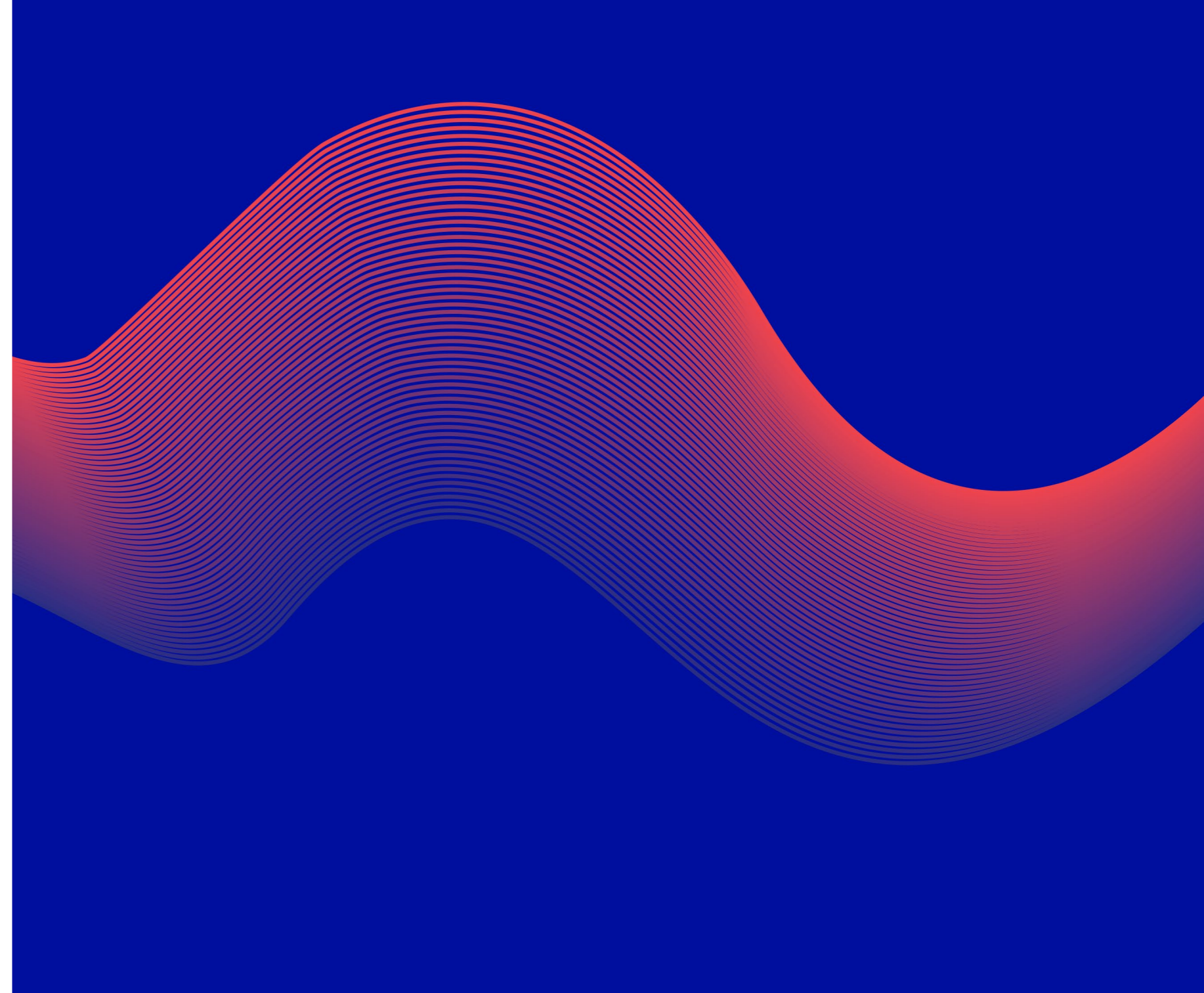
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**Activities during the year**

- Reviewed and deliberated on the amendments proposed to the Articles and Memorandum of Association of the Company and submitted the same for the approval of the Board.
- Reviewed the Corporate governance policies proposed by the management and proposed amendments to the policies.
- Reviewed the Policy on Delegation of Management Roles
- Reviewed Committee Charter



**Mohamed Farshath**  
Chairman  
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.

Board of Directors endeavors to ensure that the remuneration is moderate and in accordance with the trends and references of remuneration applied in the market by companies of a similar size and that perform a similar business, so that it is in line with the best market practices. The Board of Directors are remunerated as per the Articles of Association of the Company, which states that the remuneration and fees of Directors shall be approved by the 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 7,000.00.

Directors do not receive any further remuneration other than that approved at the Annual General Meeting. The Board of Directors are also entitled to

receive medical insurance under the Medical Insurance Scheme of the Company.

Remunerations for 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 at the Company's subsidiary Maldives Real Estate Investment Corporation Private Limited. 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 was paid for this position held at Airport Investment Maldives Pvt. Ltd.

Board Director Mr. Sinan Ali and Mr. Nasrath Mohamed served as Board Directors at the Company's subsidiary Maldives Real Estate Investment Corporation Private Limited till 08th January 2017. However, no additional remuneration was paid for this position held at Maldives Real Estate Investment Corporation Private Limited.

Mr. Ahmed Aboobakuru served as a member of the Board of Directors of Airport Investment Maldives Pvt. Ltd, a company in which MTCC owns 33.33 percent of the shares. However, no additional remuneration is paid for this position held at Airport Investment Maldives Pvt. Ltd.

Directors of the Board are entitled to shares and debt securities of the Company. However, Board Directors have not been awarded the right to receive shares and debt securities of the Company's subsidiaries.

Total remunerations paid to Directors of the Board in 2017 is MVR 1,379,730.50

## Details of Remunerations Paid to the Directors of the Board in 2017

### MR. AHMED NIYAZ

Total:  
MVR 213,000.00

### MR. IBRAHIM ZIYATH

Total:  
MVR 128,000.00

### MR. AHMED KURIK RIZA

Total:  
MVR 128,500.00

### MS. NASHIMA ABDUL LATHEEF

Total:  
MVR 137,762.32

### MR. HASSAN MUNEER

Total:  
MVR 133,500.00

### MR. AHMED ABDULLAH

Total:  
MVR 137,000.00

### MR. NASRATH MOHAMED

Total:  
MVR 137,828.08

### MS. AISHATH FAZEENA

Total:  
MVR 45,967.74

### MR. MOHAMED FARSHATH

Total:  
MVR 45,467.74

### MR. MANSOOR ZUBAIR

Total:  
MVR 45,967.74

### MR. FATHULLA ISMAIL

Total:  
MVR 73,204.62

### MR. AHMED ABOOBAKURU

Total:  
MVR 85,532.26

### MR. MOHAMED IMRAN ADNAN

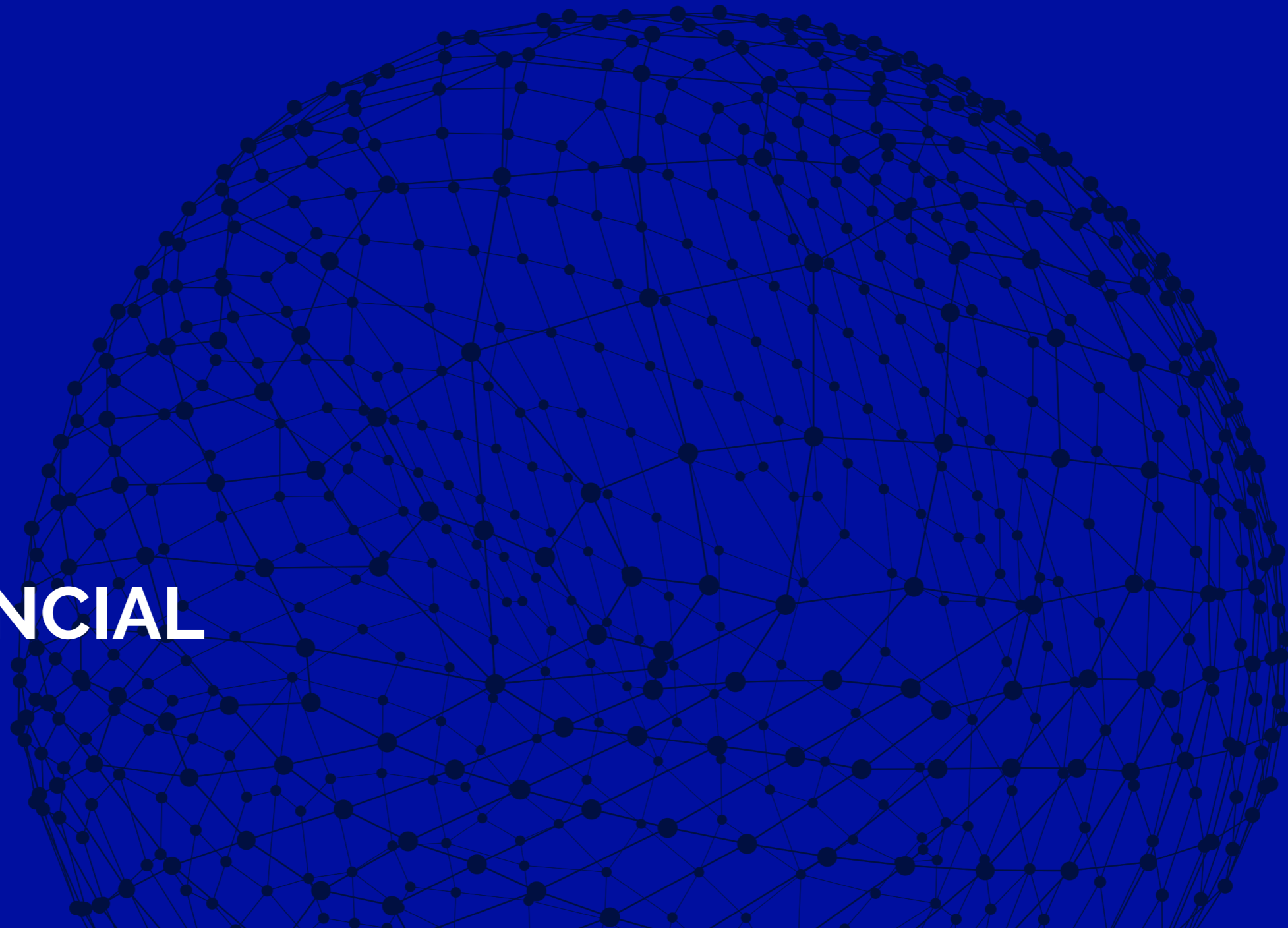
Total:  
MVR 65,000.00

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 2017, 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 2017.

The key management of the Company consists of the Chief Executive Officer, Deputy Managing Director, Chief Financial Officer, General Managers and Executives. The remunerations of members of the key management have been established as per the Company's Salary and Benefit Policy. The remuneration package of the key management is reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors. The remuneration package comprises of a monthly basic salary and allowances. The aggregate remuneration paid to members of the key management amounts to MVR 8,465,940 in 2017.

# 15

**AUDITED FINANCIAL  
STATEMENTS**





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(Chartered Accountants)  
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Sosun Magu,  
Male,  
Republic of Maldives.

Tel : +960 3310 420  
+960 3310 421  
+960 3310 422  
+960 3323 393  
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E-mail : kpmgm@kpmg.com

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

**Opinion**

We have audited the accompanying consolidated and separate financial statements of Maldives Transport and Contracting Company PLC ("the Company") and subsidiary (together with the "Group"), which comprise the consolidated and separate statements of financial position as at 31<sup>st</sup> December 2017 and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information set out in pages 5 to 45.

**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<sup>st</sup> December 2017 and of 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<sup>st</sup> December 2017 and of 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 Consolidated and Separate 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.

**Other Matter**

The consolidated and separate financial statements of the Group and the Company as at and for the year ended 31<sup>st</sup> December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 30<sup>th</sup> April 2017.

**Key Audit Matter**

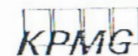
Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG in the Maldives is a partnership registered in the Republic of Maldives, a foreign branch of KPMG, the Sri Lankan member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara ACA  
S.R.I. Perera FCMA(UK)  
M.N.M. Shameel ACA

P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyratne FCA  
G.A.U. Kanunaratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
R.M.D.B. Rajapakse FCA



**Audit Matter (Continued)**

**Contract accounting estimates**

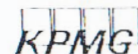
(Refer to the significant accounting policies in Note 2.12 and Note 4 of the consolidated and separate financial statements)

The key audit matter	Our response
<p>A significant portion of the Company's and Group's revenue relates to the revenue from construction contracts for the year ended 31 December 2017.</p> <p>The recognition of Company's and Group's revenue on construction contracts is based on the percentage of completion of work performed. This is assessed by reference to the proportion of contract cost incurred for the work performed up to the end of the reporting period relative to the estimated total costs for each contract. Furthermore, the amount of revenue and profit is influenced by valuation of variation orders and claims which involves uncertainty about the outcome of discussions with customers on variation orders and claims.</p> <p>The recognition of revenue and profit therefore relies on estimates in relation to the final out-turn of costs on each contract. Changes to these</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>• Identification of processes, relevant controls and testing for the operating effectiveness of the key controls in relation to the construction revenue.</li> <li>• Inspecting a sample of project budgets, contract agreements with customers and subcontractors to identify key terms and conditions and recalculation of the stage of completion of the projects.</li> <li>• Assessing the accuracy of management's forecast by comparing the historical financial performance of completed contracts with the original budgets for those contracts and challenging management's judgment by obtaining and assessing information to support the forecast assumptions.</li> </ul>

estimates could give rise to material variances in the amount of revenue and profit / loss recognized.

We focused on this area as a key audit matter due to the degree of management judgment involved in estimation of revenue over the course of contract.

- Obtaining confirmations from lawyers in order to assess if there are any legal proceedings in respect of the construction contracts.
- Completing site visits to selected contracts and identifying areas of complexity through observation and discussion with site personnel.
- Testing the existence and valuation of variations and claims both in terms of contract revenue and contract costs to supporting documentation in order to verify claims were in accordance with contract terms.
- Evaluation of the adequacy of the disclosures in respect of contract accounting and the key risks relating to financial statements.



*Independent Auditors' Report  
To the Shareholders of Maldives Transport and Contracting Company PLC (Continued)*

**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 consolidated and separate financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of auditors' report.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to the Board.

**Responsibilities of the Board of Directors for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate 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 Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.





*Independent Auditors' Report*

*To the Shareholders of Maldives Transport and Contracting Company PLC (Continued)*

**Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)**

- 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements.

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

We also provide 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 consolidated and separate 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 Mohamed Shameel.

**Mohamed Shameel**  
For and on behalf of KPMG

2<sup>nd</sup> April 2018  
Male'

# Statement of Financial Position

AS AT 31 DECEMBER

(all amounts in Maldivian Rufiyaa)

## ASSETS

### Non-current assets

	NOTE	GROUP		COMPANY	
		2017	2016	2017	2016
Property, plant and equipment	6	915,212,302	331,902,142	914,348,239	331,074,822
Intangible assets	7	455,132	936,209	445,965	921,542
Investment in subsidiary	8	-	-	7,102,500	7,102,500
Available-for-sale financial assets	9	74,492,640	32,864,400	74,492,640	32,864,400
Deferred tax assets	10	33,181,108	5,027,671	33,161,843	5,017,392
Trade and other receivables	11	10,181,549	12,648,642	10,181,549	12,648,642
		<b>1,033,522,731</b>	<b>383,379,064</b>	<b>1,039,732,736</b>	<b>389,629,298</b>

### Current assets

Inventories	12	213,227,617	238,867,752	212,487,783	238,867,752
Trade and other receivables	11	859,223,697	826,135,640	874,624,175	838,869,865
Cash and cash equivalents	13	104,876,379	32,475,637	103,585,399	29,291,460
		<b>1,177,327,693</b>	<b>1,097,479,029</b>	<b>1,190,697,357</b>	<b>1,107,029,077</b>
<b>TOTAL ASSETS</b>		<b>2,210,850,424</b>	<b>1,480,858,093</b>	<b>2,230,430,093</b>	<b>1,496,658,375</b>

The notes on pages 117 to 150 are an integral part of these financial statements.

(all amounts in Maldivian Rufiyaa)

## EQUITY AND LIABILITIES

### EQUITY

	NOTE	GROUP		COMPANY	
		2017	2016	2017	2016
Share Capital	14	25,000,000	25,000,000	25,000,000	25,000,000
General Reserve	14	225,000,000	225,000,000	225,000,000	225,000,000
Advance received from shareholders	14	183,355,845	-	183,355,845	-
Fair value earnings	14	61,287,838	30,475,099	61,287,838	30,475,099
Retained earnings		469,752,245	336,385,764	474,805,296	341,625,464
<b>Total Equity</b>		<b>964,395,928</b>	<b>616,860,863</b>	<b>969,448,979</b>	<b>622,100,563</b>

### LIABILITIES

#### Non-current liabilities

Borrowings	15	387,769,106	43,598,196	387,769,106	43,598,196
		<b>387,769,106</b>	<b>43,598,196</b>	<b>387,769,106</b>	<b>43,598,196</b>

#### Current liabilities

Business profit tax payable	22	15,818,743	5,996,666	16,035,930	5,458,962
Shareholder loan	16	238,524,767	138,524,767	238,524,767	138,524,767
Trade and other payables	17	514,468,790	625,830,206	528,778,221	636,928,492
Borrowings and bank overdrafts	15	89,873,090	50,047,395	89,873,090	50,047,395
		<b>858,685,390</b>	<b>820,399,034</b>	<b>873,212,008</b>	<b>830,959,616</b>

<b>Total liabilities</b>		<b>1,246,454,496</b>	<b>863,997,230</b>	<b>1,260,981,114</b>	<b>874,557,812</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,210,850,424</b>	<b>1,480,858,093</b>	<b>2,230,430,093</b>	<b>1,496,658,375</b>

These financial statements were approved by the Board of Directors on 2nd April 2018



**Ahmed Niyaz**  
Chairman



**Ibrahim Ziyath**  
Chief Executive Officer



**Mohamed Hilmy**  
Chief Financial Officer

## Statement of profit or loss and other comprehensive income

YEAR ENDED 31 DECEMBER (all amounts in Maldivian Rufiyaa)	NOTE	GROUP		COMPANY	
		2017	2016	2017	2016
Revenue	5	1,296,657,136	1,306,488,244	1,294,177,082	1,289,966,205
Cost of Sales	19	- 982,755,035	- 1,023,006,444	- 985,056,531	- 1,003,997,918
<b>Gross Profit</b>		<b>313,902,101</b>	<b>283,481,800</b>	<b>309,120,551</b>	<b>285,968,287</b>
Selling and Marketing Expenses	19	- 18,857,955	- 17,085,147	- 18,857,955	- 17,085,147
Administrative Expenses	19	- 139,201,405	- 110,653,645	- 134,649,183	- 114,874,519
Other Income	18	16,972,932	21,060,941	16,972,932	21,060,941
Other Operating Expenses	19	- 12,647,470	- 14,579,935	- 12,647,470	- 14,309,700
<b>Operating Profit</b>		<b>160,168,203</b>	<b>162,224,014</b>	<b>159,938,875</b>	<b>160,759,862</b>
Finance Income	21	321,328	218,131	321,328	218,131
Finance Costs	21	- 27,949,550	- 30,709,582	- 27,949,550	- 30,709,582
Net Finance Costs	21	- 27,628,222	- 30,491,451	- 27,628,222	- 30,491,451
<b>Profit Before Tax</b>		<b>132,539,981</b>	<b>131,732,563</b>	<b>132,310,653</b>	<b>130,268,411</b>
Tax Expense	22	12,826,500	- 16,349,306	12,869,179	- 15,821,881
<b>Profit After Tax For the year</b>		<b>145,366,481</b>	<b>115,383,257</b>	<b>145,179,832</b>	<b>114,446,530</b>

### OTHER COMPREHENSIVE INCOME

#### Items that may be reclassified subsequently to profit or loss

Net fair value gain on available-for-sale financial assets	9	41,628,240	-	41,928,240	-
Related Tax	10	- 10,815,501	-	- 10,815,501	-
<b>Other COmprehensive Income for the Year, Net of Tax</b>		<b>30,812,739</b>	<b>-</b>	<b>30,812,739</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>176,179,220</b>	<b>115,383,257</b>	<b>175,992,571</b>	<b>114,446,530</b>
<b>EARNINGS PER SHARE</b>	<b>23</b>	<b>29.07</b>	<b>23.08</b>	<b>29.04</b>	<b>22.89</b>

The notes on pages 117 to 150 are an integral part of these financial statements.

## Statement of changes in equity

(all amounts in Maldivian Rufiyaa)

	GROUP						
	Note	Share Capital	General Reserve	Advance Received From Shareholders	Fair Value Reserves	Retained Earnings	Total
<b>Balance at 1 January 2016</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>237,002,507</b>	<b>517,477,606</b>
Profit for the Year		-	-	-	-	115,383,257	115,383,257
Other Comprehensive Income for the Year		-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,383,257</b>	<b>115,383,257</b>
Dividend Declared	25	-	-	-	-	- 16,000,000	- 16,000,000
<b>Total Contributions and Distributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 16,000,000</b>	<b>- 16,000,000</b>
<b>BALANCE AT 31 DECEMBER 2016</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>336,385,764</b>	<b>616,860,863</b>
<b>Balance at 1 January 2017</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>336,385,764</b>	<b>616,860,863</b>
Profit for the Year		-	-	-	-	145,366,481	145,366,481
Other Comprehensive Income for the Year		-	-	-	30,812,739	-	30,812,739
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>30,812,739</b>	<b>145,366,481</b>	<b>176,179,220</b>
Advanced Received for Rights Issue of Shares	14	-	-	183,355,845	-	-	183,355,845
Dividend Declared	25	-	-	-	-	- 12,000,000	- 12,000,000
<b>Total Contributions and Distributions</b>		<b>-</b>	<b>-</b>	<b>183,355,845</b>	<b>-</b>	<b>- 12,000,000</b>	<b>171,355,845</b>
<b>BALANCE AT 31 DECEMBER 2017</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>183,355,845</b>	<b>61,287,838</b>	<b>469,752,245</b>	<b>964,395,928</b>

	COMPANY						
	Note	Share Capital	General Reserve	Advance Received From Shareholders	Fair Value Reserves	Retained Earnings	Total
<b>Balance at 1 January 2016</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>243,178,934</b>	<b>523,654,033</b>
Profit for the Year		-	-	-	-	114,446,530	114,446,530
Other Comprehensive Income for the Year		-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,446,530</b>	<b>114,446,530</b>
Dividend Declared	25	-	-	-	-	- 16,000,000	- 16,000,000
<b>Total Contributions and Distributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 16,000,000</b>	<b>- 16,000,000</b>
<b>BALANCE AT 31 DECEMBER 2016</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>341,625,464</b>	<b>622,100,563</b>
<b>Balance at 1 January 2017</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>-</b>	<b>30,475,099</b>	<b>341,625,464</b>	<b>622,100,563</b>
Profit for the Year		-	-	-	-	145,179,832	145,179,832
Other Comprehensive Income for the Year		-	-	-	30,812,739	-	30,812,739
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>30,812,739</b>	<b>145,179,832</b>	<b>175,992,571</b>
Advanced Received for Rights Issue of Shares	14	-	-	183,355,845	-	-	183,355,845
Dividend Declared	25	-	-	-	-	- 12,000,000	- 12,000,000
<b>Total Contributions and Distributions</b>		<b>-</b>	<b>-</b>	<b>183,355,845</b>	<b>-</b>	<b>- 12,000,000</b>	<b>171,355,845</b>
<b>BALANCE AT 31 DECEMBER 2017</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>183,355,845</b>	<b>61,287,838</b>	<b>474,805,296</b>	<b>969,448,979</b>

## Statement of Cash Flows

YEAR ENDED 31 DECEMBER (all amounts in Maldivian Rufiyaa)	NOTE	GROUP		COMPANY	
		2017	2016	2017	2016
<b>Cash flows from Operating Activities</b>					
Cash Generated From Operations	24	135,745,070	175,735,374	136,569,305	185,735,570
Interest Paid		- 21,213,691	- 17,106,589	- 21,213,691	- 17,106,589
Business Profit Tax Paid	22	- 16,320,361	- 35,918,253	- 15,513,805	- 35,918,253
Net Cash Generated from Operating Activities		98,211,018	122,710,532	99,841,809	132,710,728
<b>Cash Flows from Investing Activities</b>					
Purchase of Property, plant, and equipment	6	- 695,010,659	- 124,729,230	- 694,748,289	- 123,767,476
Purchase of Intangible Assets	7	- 31,431	- 132,077	- 31,431	- 115,577
Proceeds from sale of property, plant, and equipment	24	4,489,341	431,561	4,489,341	431,561
Net Cash used in Investing Activities		- 690,522,785	- 124,429,746	- 690,290,379	- 123,451,492
<b>Cash Flows from Financing Activities</b>					
Interest Received		321,328	218,131	321,328	218,131
Repayments of Borrowings		- 43,498,453	- 54,996,383	- 43,498,453	- 54,996,383
Proceeds from Borrowings		554,499,385	23,959,645	554,499,385	23,959,645
Advance Received from Shareholders		183,355,845	-	183,355,845	-
Dividends Paid to the Shareholders	26	- 2,931,269	- 2,222,197	- 2,931,269	- 2,222,197
Net Cash Generated from or used in financing activities		691,746,836	- 33,040,804	691,746,836	- 33,040,804
<b>Net Increase / Decrease in Cash, Cash Equivalents and Bank Overdraft</b>					
Cash, Cash equivalents and Bank Overdrafts at Beginning of the Year	13	5,471,310	40,231,328	2,287,133	26,068,701
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF THE YEAR</b>	13	<b>104,876,379</b>	<b>5,471,310</b>	<b>103,585,399</b>	<b>2,287,133</b>

The notes on pages 117 to 150 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

Maldives Transport and Contracting Company PLC 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.

### 2.1 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 available-for-sale financial asset that has been measured at fair value.

### 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 2018 and earlier application is permitted, however the company has not applied the following new or amended standards interpretations in these financial statements.

#### (a) IFRS 9 - Financial Instruments

\*IFRS 9 – Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement with effect from 1st January 2018.

The Group is in the process of assessing the potential impact on the financial statements and not yet completed the detail assessment of IFRS 9.

#### (b) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 – Revenue, IAS 11 – Construction contracts and IFRIC 13 – Customer loyalty programs with effect from 1st January 2018.

The Group is in the process of assessing the potential impact on the financial statements and not yet completed the detail assessment of IFRS 15.

#### (c) 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.

#### (d) Other standards

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

- Annual improvements to IFRSs 2014 – 2016 cycle – Amendments to IFRS 1 and IAS 28
- IFRIC 22 - Foreign currency transactions and advance consideration
- IFRIC 23 - Uncertainty over income tax treatments

### 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      | v. Transport                |
| ii. Contracting | vi. Docking and Maintenance |
| iii. Dredging   | vii. Real Estate            |
| iv. Logistics   | 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.

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:

<b>Land Improvements and Buildings</b>	
Buildings (Other than MTCC Tower)	10 Years
MTCC Tower	25 Years
<b>Plant and Machinery</b>	
Plant and Machinery	5 Years
Excavators	5 - 7 Years
Wheel Loaders	5 Years
Cranes	5 Years
<b>Motor Vehicle</b>	
Motor Vehicles	5 Years
Dump Trucks	5 Years
<b>Vessels</b>	
Dredging Vessels	10 - 25 Years
Vessels	5 - 10 Years
Tug Boats	5 - 10 Years
<b>Furniture and Office/Communication Equipment</b>	
Furniture and Fittings	4 Years
Office Equipment	3 Years
<b>Sundry Assets</b>	
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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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.

## 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.

## 2.10 Financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets 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 asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

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 has the following financial assets (non-derivative):

- Receivables
- Investments
- Cash and Cash Equivalents

### a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

months after the statement of financial position date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk statistics and collectively assessed for impairment.

### b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets, unless management intend to dispose of the investment within 12 months of the statement of financial position date.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'. Dividends on available-for-sale equity instruments are recognised in the in the statement of comprehensive income, when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for the financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible

## 2.10 Financial assets (contd)

on entity-specific inputs. Wherever these techniques cannot give reliable fair price, the price of unlisted securities is established at cost.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the statement of comprehensive income.

## 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 IAS 11, 'Construction contracts', 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 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'selling and marketing costs'.

## 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

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.

## 2.20 Current and deferred business profit tax (contd)

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 recognition

Revenue comprises the fair value of the sale of goods and services, net of discounts. Revenue is recognised as follows:

### (a) Sales of goods - retail

Sales of goods are recognised when the Group has delivered products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured.

### (b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### (c) Interest income

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

### (d) Dividend income

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

### (e) Rental income

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

### (f) Subsidy income

Subsidy incomes are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

## 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 Risk Management

### 3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors on specific areas, such as foreign exchange risk, credit risk and the liquidity risk.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The following significant exchange rates were applied during the year :

	AVERAGE RATE		SPOT RATE	
	2017	2016	2017	2016
USD 1 : MVR	15.42	15.42	15.42	15.42
EUR 1 : MVR	17.91	17.43	18.87	16.41

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on Profit Before Tax	Effect on Pre-tax on Equity
2016	+ 5%	5,073,732	5,073,732
2017	- 5%	- 5,073,732	- 5,073,732
2016	+ 5%	17,669,920	17,669,920
2017	- 5%	- 17,669,920	- 17,669,920

	Change in EUR Rate	Effect on Profit Before Tax	Effect on Pre-tax on Equity
2016	+ 5%	-	-
2017	- 5%	-	-
2016	+ 5%	4,285,513	4,285,513
2017	- 5%	- 4,285,513	- 4,285,513

In respect of the monetary assets and liabilities denominated in USD, the Company does not have a significant currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within  $\pm 20\%$  of the mid-point of exchange rate.



### 3.1 Financial Risk Management (contd)

Exposure to currency risk

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

	2017		2016	
	EUR	USD	EUR	USD
Trade Receivables	-	- 4,427,814	-	- 73,816
Trade Payables	-	1,929,129	-	1,131,691
Secured Loans	4,592,277	25,416,869	-	5,522,841
<b>NET EXPOSURE</b>	<b>4,592,277</b>	<b>22,918,184</b>	<b>-</b>	<b>6,580,716</b>

#### (ii) Price risk

The Group is exposed to equity securities price risk because of the investment held by the Group and classified on the statement of financial position as available-for-sale.

#### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities.

Age analysis of trade, retention receivables and receivables from relates parties is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Between 1 - 60 days	312,281,892	332,330,076	321,139,980	339,532,934
Between 61 - 120 days	114,830,564	28,251,310	114,830,564	28,251,310
Between 121 - 180 days	44,636,364	20,742,091	44,636,364	20,742,091
Between 181 - 365 days	86,533,047	30,919,209	86,533,047	30,919,209
More than 365 days	163,629,238	151,992,452	163,629,238	151,992,452
Less : Provision for impairment	- 62,939,028	- 57,058,358	- 55,871,528	- 49,990,858
	<b>658,972,077</b>	<b>507,176,780</b>	<b>674,897,665</b>	<b>521,447,138</b>

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit evaluation and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 December 2017, the Group had 33 customers (2016: 38 customers) that owed it more than MVR 1,000,000 each and accounted for approximately 91% (2016: 88%) of all the receivables outstanding. There were 5 customers (2016: 3 customers) with balances greater than MVR 10 million accounting for just over 82% (2016: 69%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

#### Cash and cash equivalents

The Group held cash and cash equivalents of MVR 104,876,379 at 31 December 2017 (2016: MVR 32,475,637). The cash and cash equivalents are held with banks.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / Decrease in Basis Points	Effect on Profit before Tax
2016	+ 100	3,694
	- 100	- 3,694
2017	+ 100	671,191
	- 100	- 671,191

#### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

### 3.2 Capital risk management

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

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

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 2017 and 2016 were as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Total Borrowings (Note 15)	477,642,196	93,645,591	477,642,196	93,645,591
Less: Cash and Cash equivalents (Note 13)	- 104,876,379	- 32,475,637	- 103,585,399	- 29,291,460
<b>Net Debt</b>	<b>372,765,817</b>	<b>61,169,954</b>	<b>374,056,797</b>	<b>64,354,131</b>
Total Equity	964,395,928	616,860,863	969,448,979	622,100,563
<b>TOTAL CAPITAL</b>	<b>1,337,161,745</b>	<b>678,030,817</b>	<b>1,343,505,776</b>	<b>686,454,694</b>
<b>Gearing Ratio</b>	<b>28%</b>	<b>9%</b>	<b>28%</b>	<b>9%</b>

The increase in gearing ratio as at 31 December 2017 compared to 31 December 2016 is primarily due to increase in borrowings during the year.

### 3.3 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The following tables show the carrying amounts and fair values of the Group 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.

AS AT 31 DECEMBER 2017 (all amounts in Maldivian Rufiyaa)	CARRYING AMOUNT				FAIR VALUE				
	Note	Loans and Receivables	Available-for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
Equity securities	9	-	2,389,302	-	<b>2,389,302</b>	74,492,640	-	-	<b>74,492,640</b>
		-	<b>2,389,302</b>	-	<b>2,389,302</b>	<b>74,492,640</b>	-	-	<b>74,492,640</b>
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	11	658,972,077	-	-	<b>658,972,077</b>	-	-	-	-
Cash and cash equivalents	13	104,876,379	-	-	<b>104,876,379</b>	-	-	-	-
		<b>763,848,456</b>	-	-	<b>763,848,456</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Secured loans	15	-	-	477,642,196	<b>477,642,196</b>	-	477,227,990	-	-
Unsecured loans	16	-	-	238,524,767	<b>238,524,767</b>	-	241,933,356	-	-
Trade payables	17	-	-	514,468,790	<b>514,468,790</b>	-	-	-	-
Bank overdrafts	15	-	-	-	-	-	-	-	-
		-	-	<b>1,230,635,753</b>	<b>1,230,635,753</b>	-	<b>719,161,346</b>	-	-

AS AT 31 DECEMBER 2016 (all amounts in Maldivian Rufiyaa)	CARRYING AMOUNT				FAIR VALUE				
	Note	Loans and Receivables	Available-for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
Equity securities	9	-	2,389,302	-	<b>2,389,302</b>	32,864,400	-	-	<b>32,864,400</b>
		-	<b>2,389,302</b>	-	<b>2,389,302</b>	<b>32,864,400</b>	-	-	<b>32,864,400</b>
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	11	507,176,780	-	-	<b>507,176,780</b>	-	-	-	-
Cash and cash equivalents	13	32,475,637	-	-	<b>32,475,637</b>	-	-	-	-
		<b>539,652,417</b>	-	-	<b>539,652,417</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Secured loans	15	-	-	66,641,264	<b>66,641,264</b>	-	66,583,473	-	-
Unsecured loans	16	-	-	138,524,767	<b>138,524,767</b>	-	140,504,327	-	-
Trade payables	17	-	-	625,830,206	<b>625,830,206</b>	-	-	-	-
Bank overdrafts	15	-	-	27,004,327	<b>27,004,327</b>	-	-	-	-
		-	-	<b>858,000,564</b>	<b>858,000,564</b>	-	<b>207,087,800</b>	-	-

Financial instruments which are quoted or listed in an open market is classified as Level 1 for fair value estimates, and directly observable market inputs other than Level 1 instruments are classified as Level 2. Financial instruments that are not based on observable market data is classified as Level 3.

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.

#### 4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, 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 recognised prospectively. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised 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 2017 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

For construction contracts, revenue is recognised by using the percentage-of-completion method. This method is made by reference to the stage of completion of projects, determined based on the proportion of contract costs incurred to data and the estimated costs to complete.

#### 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) Useful life-time of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.

##### b) Construction contracts

The percentage of completion and the revenue to recognise are determined on the basis of estimates. Consequently, the Group has implemented an internal financial budgeting and reporting system. In particular, the Group monthly reviews the estimates of contract revenue and contract costs as the contract progress.

#### 5 Segment information - Group

At 31 December 2017, 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.

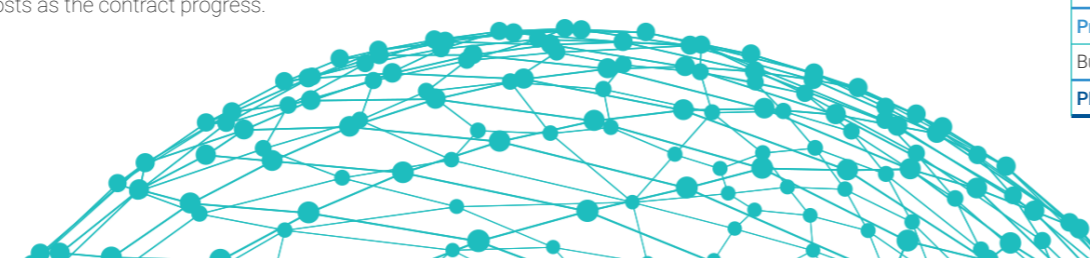
**(7)** Real Estate : Development and management of housing units and providing all kinds of repair and maintenance services.

The segment results of the Group for the year ended 31 December 2017 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Real Estate	Other	Total
Revenue	228,845,524	797,608,134	89,774,399	35,129,869	137,814,735	5,004,421	2,480,054	-	1,296,657,136
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	- 1,828,161	229,326	1,788,798	160,168,203
Finance Costs - net (Note 21)	- 4,763,350	- 8,661,997	- 8,545,853	- 4,563,366	- 1,093,656	-	-	-	- 27,628,222
<b>Profit / Loss Before Tax</b>	<b>18,142,469</b>	<b>163,367,449</b>	<b>977,652</b>	<b>6,820,992</b>	<b>- 56,958,544</b>	<b>- 1,828,161</b>	<b>229,326</b>	<b>1,788,798</b>	<b>132,539,981</b>
Business Profit Tax	-	-	-	-	-	-	- 42,679	-	12,826,500
<b>PROFIT AFTER TAX</b>	<b>18,142,469</b>	<b>163,367,449</b>	<b>977,652</b>	<b>6,820,992</b>	<b>- 56,958,544</b>	<b>- 1,828,161</b>	<b>186,647</b>	<b>1,788,798</b>	<b>145,366,481</b>

The segment results of the Group for the year ended 31 December 2016 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Real Estate	Other	Total
Revenue	267,401,704	781,716,299	77,910,585	27,780,295	130,005,908	1,962,856	19,710,597	-	1,306,488,244
Other Income	2,630,194	536,594	-	10,208	10,260,280	148,274	-	7,475,391	21,060,941
Operating Profit / Loss	41,157,755	115,311,857	28,128,765	3,441,890	- 35,140,160	7,193,799	- 988,418	3,118,526	162,224,014
Finance Costs - net (Note 21)	- 10,410,178	- 12,157,795	-	- 4,551,961	- 3,365,745	- 5772	-	-	- 30,491,451
<b>Profit / Loss Before Tax</b>	<b>30,747,577</b>	<b>103,154,062</b>	<b>28,128,765</b>	<b>- 1,110,071</b>	<b>- 38,505,905</b>	<b>7,188,027</b>	<b>- 988,418</b>	<b>3,118,526</b>	<b>131,732,563</b>
Business Profit Tax	-	-	-	-	-	-	- 527,425	-	- 16,349,306
<b>PROFIT AFTER TAX</b>	<b>30,747,577</b>	<b>103,154,062</b>	<b>28,128,765</b>	<b>- 1,110,071</b>	<b>- 38,505,905</b>	<b>7,188,027</b>	<b>- 1,515,843</b>	<b>3,118,526</b>	<b>115,383,257</b>



## 5 Segment information - Group (contd)

Other segment items included in the Group income statement are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Real Estate	Other	Total
<b>Year ended 31 December 2017</b>									
Deprecation (Note 6)	1,897,357	57,382,352	14,318,365	15,360,035	12,468,235	2,295,158	225,663	1,961,698	105,908,863
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	-	-	-	-	5,500	498,813	512,508
<b>Year ended 31 December 2016</b>									
Deprecation (Note 6)	1,603,493	56,957,005	2,518,469	19,313,199	10,913,600	2,287,853	151,983	1,510,674	95,256,276
Impairment for trade receivables (Note 11)	3,335,565	1,291,517	-	-	-	-	-	-	4,627,082
Impairment for Inventories (Note 12)	1,143,440	980,546	-	-	-	-	-	-	2,123,986
Amortisation (Note 7)	7,271	2,255	-	-	-	-	1,833	579,883	591,192

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	Real Estate	Other	Total
Assets	191,832,290	909,929,195	718,241,998	82,486,196	85,944,701	45,810,983	2,445,774	174,159,287	2,210,850,424
Liabilities	172,009,268	267,835,672	478,223,007	70,125,600	183,471,453	-	5,789,569	68,999,927	1,246,454,496
Capital Expenditure (Note 6 & 7)	16,429,318	54,762,337	547,226,075	21,522,657	31,597,711	21,664,803	262,406	1,576,819	695,042,126

The segment assets and liabilities of the Group at 31 December 2016 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Real Estate	Other	Total
Assets	218,220,773	928,163,156	21,599,568	67,232,284	46,012,901	37,445,002	6,225,161	155,959,248	1,480,858,093
Liabilities	156,878,262	458,245,416	173,192,141	-	6,227,383	125,600	9,755,605	59,572,823	863,997,230
Capital Expenditure (Note 6 & 7)	566,183	68,496,635	11,662,283	7,361,371	27,055,600	6,835,477	978,254	1,905,504	124,861,307

## 5 Segment information - Company

At 31 December 2017, 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 and Maintenance : Anchoring and docking services, repair and maintenance services.

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	1,788,798	159,938,875
Finance Costs - net (Note 21)	- 4,763,350	- 8,661,997	- 8,545,853	- 4,563,366	- 1,093,656	-	-	- 27,628,222
<b>Profit / Loss Before Tax</b>	<b>18,142,469</b>	<b>163,367,449</b>	<b>977,652</b>	<b>6,820,992</b>	<b>- 56,958,544</b>	<b>- 1,828,163</b>	<b>1,788,798</b>	<b>132,310,653</b>
Business Profit Tax	-	-	-	-	-	-	-	12,869,179
<b>PROFIT AFTER TAX</b>	<b>18,142,469</b>	<b>163,367,449</b>	<b>977,652</b>	<b>6,820,992</b>	<b>- 56,958,544</b>	<b>- 1,828,163</b>	<b>1,788,798</b>	<b>145,179,832</b>

The segment results of the company for the year ended 31 December 2016 are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Revenue	267,401,704	784,904,857	77,910,585	27,780,295	130,005,908	1,962,856	-	1,289,966,205
Other Income	2,630,194	536,594	-	10,208	10,260,280	148,274	7,475,391	21,060,941
Operating Profit / Loss	41,157,755	112,859,287	28,128,765	3,441,890	- 35,140,160	7,193,799	3,118,526	160,759,862
Finance Costs - net (Note 21)	- 10,410,178	- 12,157,795	-	- 4,551,961	- 3,365,745	- 5772	-	- 30,491,451
<b>Profit / Loss Before Tax</b>	<b>30,747,577</b>	<b>100,701,492</b>	<b>28,128,765</b>	<b>- 1,110,071</b>	<b>- 38,505,905</b>	<b>7,188,027</b>	<b>3,118,526</b>	<b>130,268,411</b>
Business Profit Tax	-	-	-	-	-	-	-	- 15,821,881
<b>PROFIT AFTER TAX</b>	<b>30,747,577</b>	<b>100,701,492</b>	<b>28,128,765</b>	<b>- 1,110,071</b>	<b>- 38,505,905</b>	<b>7,188,027</b>	<b>3,118,526</b>	<b>114,446,530</b>

## 5 Segment information - Company (contd)

Other segment items included in the Company income statement are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
<b>Year ended 31 December 2017</b>								
Deprecation (Note 6)	1,897,357	57,382,352	14,318,365	15,360,035	12,468,235	2,295,158	1,961,698	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
<b>Year ended 31 December 2016</b>								
Deprecation (Note 6)	1,603,493	56,957,005	2,518,469	19,313,199	10,913,600	2,287,853	1,510,674	95,104,293
Impairment for trade receivables (Note 11)	3,335,565	1,291,517	-	-	-	-	-	4,627,082
Impairment for Inventories (Note 12)	1,143,440	980,546	-	-	-	-	-	2,123,986
Amortisation (Note 7)	7,271	2,255	-	-	-	-	579,883	589,359

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	909,929,195	718,241,998	82,486,196	85,944,701	45,810,983	196,184,730	2,230,430,093
Liabilities	172,009,268	267,835,672	478,223,007	70,125,600	183,471,453	-	89,316,114	1,260,981,114
Capital Expenditure (Note 6 & 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

The segment assets and liabilities of the Company at 31 December 2016 and capital expenditure for the year then ended are as follows:

	Trading	Contracting	Dredging	Logistics	Transport	Docking and Maintenance	Other	Total
Assets	218,220,773	928,163,156	21,599,568	67,232,284	46,012,901	37,445,002	177,984,691	1,496,658,375
Liabilities	156,878,262	458,245,416	173,192,141	-	6,227,383	125,600	79,889,010	874,557,812
Capital Expenditure (Note 6 & 7)	566,183	68,496,635	11,662,283	7,361,371	27,055,600	6,835,477	1,905,504	123,883,053

## 6 Property, plant and equipment - Group

(all amounts in Maldivian Rufiyaa)

	Land Improvements and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Office or Communication Equipment	Vessels	Sundry Assets	Capital Work-In-Progress	Total
<b>At 1 January 2016</b>								
Cost	114,558,451	522,871,020	36,588,729	42,550,213	229,583,104	30,987,224	5,382,745	982,521,486
Accumulated Depreciation	- 78,703,929	- 389,589,448	- 14,971,985	- 35,903,356	- 135,306,851	- 25,189,540	-	- 679,665,109
<b>NET BOOK AMOUNT</b>	<b>35,854,522</b>	<b>133,281,572</b>	<b>21,616,744</b>	<b>6,646,857</b>	<b>94,276,253</b>	<b>5,797,684</b>	<b>5,382,745</b>	<b>302,856,377</b>

### Year Ended 31 December 2016

Opening Net Book Amount	35,854,522	133,281,572	21,616,744	6,646,857	94,276,253	5,797,684	5,382,745	302,856,377
Additions	2,127,772	74,156,880	655,328	4,799,071	25,459,487	5,103,737	12,426,955	124,729,230
Transferred from capital work in progress	-	-	-	-	3,020,355	-	- 3,020,355	-
Disposals - Cost	-	- 34,177,322	- 181,779	- 1,333,339	- 48,437,240	- 105,198	-	- 84,234,878
Disposals - Accumulated Depreciation	-	34,166,486	181,779	949,995	48,437,240	72,189	-	83,807,689
Depreciation Charge (Note 19)	- 5,503,366	- 50,840,586	- 6,079,336	- 4,187,822	- 25,179,935	- 3,465,231	-	- 95,256,276
<b>CLOSING NET BOOK AMOUNT</b>	<b>32,478,928</b>	<b>156,587,030</b>	<b>16,192,736</b>	<b>6,874,762</b>	<b>97,576,160</b>	<b>7,403,181</b>	<b>14,789,345</b>	<b>331,902,142</b>

### At 31 December 2016

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
<b>NET BOOK AMOUNT</b>	<b>32,478,928</b>	<b>156,587,030</b>	<b>16,192,736</b>	<b>6,874,762</b>	<b>97,576,160</b>	<b>7,403,181</b>	<b>14,789,345</b>	<b>331,902,142</b>

### 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
<b>CLOSING NET BOOK AMOUNT</b>	<b>50,133,643</b>	<b>184,270,303</b>	<b>21,731,905</b>	<b>7,686,109</b>	<b>622,428,358</b>	<b>5,967,291</b>	<b>22,994,693</b>	<b>915,212,302</b>

### 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
<b>NET BOOK AMOUNT</b>	<b>50,133,643</b>	<b>184,270,303</b>	<b>21,731,905</b>	<b>7,686,109</b>	<b>622,428,358</b>	<b>5,967,291</b>	<b>22,994,693</b>	<b>915,212,302</b>

## 6 Property, plant and equipment - Company

(all amounts in Maldivian Rufiyaa)	Land Improvements and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Office or Communication Equipment	Vessels	Sundry Assets	Capital Work-In-Progress	Total
<b>At 1 January 2016</b>								
Cost	114,558,451	522,871,020	36,588,729	42,533,703	229,583,104	30,982,839	5,382,745	982,500,591
Accumulated Depreciation	- 78,703,929	- 389,589,448	- 14,971,985	- 35,900,583	- 135,306,851	- 25,188,967	-	- 679,661,763
<b>NET BOOK AMOUNT</b>	<b>35,854,522</b>	<b>133,281,572</b>	<b>21,616,744</b>	<b>6,633,120</b>	<b>94,276,253</b>	<b>5,793,872</b>	<b>5,382,745</b>	<b>302,838,828</b>

### Year Ended 31 December 2016

Opening Net Book Amount	35,854,522	133,281,572	21,616,744	6,633,120	94,276,253	5,793,872	5,382,745	302,838,828
Additions	2,127,772	74,128,894	655,328	4,248,550	25,459,487	4,720,490	12,426,955	123,767,476
Transferred from capital work in progress	-	-	-	-	3,020,355	-	- 3,020,355	-
Disposals - Cost	-	- 34,177,322	- 181,779	- 1,333,339	- 48,437,240	- 105,198	-	- 84,234,878
Disposals - Accumulated Depreciation	-	34,166,486	181,779	949,995	48,437,240	72,189	-	83,807,689
Depreciation Charge (Note 19)	- 5,503,366	- 50,838,808	- 6,079,336	- 4,098,169	- 25,179,935	(3,404,679)	-	- 95,104,293
<b>CLOSING NET BOOK AMOUNT</b>	<b>32,478,928</b>	<b>156,560,822</b>	<b>16,192,736</b>	<b>6,400,157</b>	<b>97,576,160</b>	<b>7,076,674</b>	<b>14,789,345</b>	<b>331,074,822</b>

### At 31 December 2016

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
<b>NET BOOK AMOUNT</b>	<b>32,478,928</b>	<b>156,560,822</b>	<b>16,192,736</b>	<b>6,400,157</b>	<b>97,576,160</b>	<b>7,076,674</b>	<b>14,789,345</b>	<b>331,074,822</b>

### 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
<b>CLOSING NET BOOK AMOUNT</b>	<b>50,133,643</b>	<b>184,065,038</b>	<b>21,731,905</b>	<b>7,267,397</b>	<b>622,428,358</b>	<b>5,727,205</b>	<b>22,994,693</b>	<b>914,348,239</b>

### 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
<b>NET BOOK AMOUNT</b>	<b>50,133,643</b>	<b>184,065,038</b>	<b>21,731,905</b>	<b>7,267,397</b>	<b>622,428,358</b>	<b>5,727,205</b>	<b>22,994,693</b>	<b>914,348,239</b>

## 6 Property, plant and equipment - (contd)

(a) The buildings have been constructed on the land that belongs to the Government of Maldives, for which a rental of MVR 14,421,093 (2016: MVR 8,439,658) 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	
	2017	2016	2017	2016
<b>At 01 January</b>				
Opening Net Book Amount	936,209	1,395,324	921,542	1,395,324
Additions	31,431	132,077	31,431	115,577
Amortisation Charge (Note 19)	- 512,508	- 591,192	- 507,008	- 589,359
<b>CLOSING BOOK AMOUNT</b>	<b>455,132</b>	<b>936,209</b>	<b>445,965</b>	<b>921,542</b>
<b>At 31 December</b>				
Cost	7,821,459	7,790,028	7,804,959	7,773,528
Amortisation Charge	- 7,366,327	- 6,853,819	- 7,358,994	- 6,851,986
<b>NET BOOK AMOUNT</b>	<b>455,132</b>	<b>936,209</b>	<b>445,965</b>	<b>921,542</b>

## 8 Investment in subsidiary

	GROUP		COMPANY	
	2017	2016	2017	2016
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 Available-for-sale financial assets

	GROUP		COMPANY	
	2017	2016	2017	2016
Shares in Bank of Maldives Plc	74,492,640	32,864,400	74,492,640	32,864,400
<b>AT THE END OF THE YEAR</b>	<b>74,492,640</b>	<b>32,864,400</b>	<b>74,492,640</b>	<b>32,864,400</b>

Available-for-sale investments, 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.

## 9 Available-for-sale financial assets (contd)

Movement of the available-for-sale financial assets are as follows;

As at 31 December 2016	Opening Balance	Movement During the Year	Closing Balance	As at 31 December 2017	Opening Balance	Movement During the Year	Closing Balance
Number of Shares	219,096	-	219,096	Number of Shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302	Cost	2,389,302	-	2,389,302
Fair Value	32,864,400	-	32,864,400	Fair Value	32,864,400	41,628,240	74,492,640

## 10 Deferred tax asset

	GROUP		COMPANY	
	2017	2016	2017	2016
Opening Balance	5,027,671	-	5,017,392	-
Amounts Recognized in Other Comprehensive Income	- 10,815,501	-	- 10,815,501	-
Amounts Recognized in Profit and Loss	38,968,938	5,027,671	38,959,952	5,017,392
<b>CLOSING BALANCE</b>	<b>33,181,108</b>	<b>5,027,671</b>	<b>33,161,843</b>	<b>5,017,392</b>

Deferred Tax Asset as at 31 December 2017	GROUP		COMPANY	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, Plant and Equipment	271,654,716	40,748,207	271,526,286	40,728,942
Provisions and Impairments	26,183,391	3,927,509	26,183,391	3,927,509
Available-for-Sale Financial Assets	- 72,103,339	- 10,815,501	- 72,103,339	- 10,815,501
Intangible Assets	13,044	1,957	13,044	1,957
	<b>225,747,812</b>	<b>33,862,172</b>	<b>225,619,382</b>	<b>33,842,907</b>

## 10 Deferred tax asset (contd)

Deferred Tax Asset as at 31 December 2016	GROUP		COMPANY	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, Plant and Equipment	46,306,448	6,945,966	46,237,918	6,935,687
Provisions and Impairments	18,219,085	2,732,863	18,219,085	2,732,863
Available-for-Sale Financial Assets	- 30,475,099	- 4,571,265	- 30,475,099	- 4,571,265
Intangible Assets	- 532,621	- 79,893	- 532,621	- 79,893
	<b>33,517,813</b>	<b>5,027,671</b>	<b>33,449,283</b>	<b>5,017,392</b>

## 11 Trade and other receivables

Financial Assets	GROUP		COMPANY	
	2017	2016	2017	2016
Trade Receivables	137,088,968	148,444,596	128,392,509	142,005,733
Less: Provision for Impairment of Trade Receivables	- 48,742,621	- 44,317,616	- 41,675,121	- 37,250,116
Trade Receivables (Net)	88,346,347	104,126,980	86,717,388	104,755,617
Retention Receivable from Contracts	93,616,018	80,782,699	93,616,018	80,782,699
Receivable from Related Parties (Note 28 iii)	491,206,119	335,007,843	508,760,666	348,649,564
Less: Provision for Impairment of Related Party Receivables	- 14,196,407	- 12,740,742	- 14,196,407	- 12,740,742
	<b>658,972,077</b>	<b>507,176,780</b>	<b>674,897,665</b>	<b>521,447,138</b>

### Non-financial Assets

Prepayments	153,141,379	307,891,287	153,141,379	307,891,287
Other Receivables	61,293,776	27,718,201	60,768,666	26,182,068
Less: Provision for impairment of other receivables	- 4,001,986	- 4,001,986	- 4,001,986	- 4,001,986
	<b>210,433,169</b>	<b>331,607,502</b>	<b>209,908,059</b>	<b>330,071,369</b>
	<b>869,405,246</b>	<b>838,784,282</b>	<b>884,805,724</b>	<b>851,518,507</b>

### Classified as:

Non-Current	10,181,549	12,648,642	10,181,549	12,648,642
Current	859,223,697	826,135,640	874,624,175	838,869,865
	<b>869,405,246</b>	<b>838,784,282</b>	<b>884,805,724</b>	<b>851,518,507</b>

The carrying amount of the trade and other receivables approximates its fair value.

Other receivables mainly consist of LC margin of MVR 3,133,838 (2016: MVR 14,148,512), input tax of MVR 1,427,455 (2016: MVR 1,838,739), advance paid for the projects MVR 46,502,137 (2016: MVR 3,324,747), insurance receivable MVR 4,486,465 and cash advance of MVR 318,330 (2016: MVR 2,126,892).

## 11 Trade and other receivables (contd)

The movement of provision for trade and other receivables are as follows;

	GROUP		COMPANY	
	2017	2016	2017	2016
Opening Balance	61,060,344	56,502,423	53,992,844	49,434,923
Provisions made During the Year (Note 19)	6,545,103	4,627,082	6,545,103	4,627,082
Amounts written-off during the year	- 664,433	- 69,161	- 664,433	- 69,161
<b>CLOSING BALANCE</b>	<b>66,941,014</b>	<b>61,060,344</b>	<b>59,873,514</b>	<b>53,992,844</b>

The movement of the scheme is as follows;

	GROUP		COMPANY	
	2017	2016	2017	2016
At the Beginning of the Year	33,596,595	21,024,824	33,596,595	21,024,824
Sales During the Year	20,416,195	35,195,000	20,416,195	35,195,000
Payments Received During the Year	- 20,505,962	- 22,623,229	- 20,505,962	- 22,623,229
<b>At the End of the Year</b>	<b>33,506,828</b>	<b>33,596,595</b>	<b>33,506,828</b>	<b>33,596,595</b>
Less: Deferred Tawmil Taksit Profit	- 3,002,478	- 3,858,691	- 3,002,478	- 3,858,691
	<b>30,504,350</b>	<b>29,737,904</b>	<b>30,504,350</b>	<b>29,737,904</b>

### Maturity of the Tawmil Taksit Scheme

	GROUP		COMPANY	
	2017	2016	2017	2016
Below 1 Year	20,322,801	17,089,262	20,322,801	17,089,262
Between 1 to 2 Years	10,181,549	12,648,642	10,181,549	12,648,642
	<b>30,504,350</b>	<b>29,737,904</b>	<b>30,504,350</b>	<b>29,737,904</b>

## 12 Inventories

	GROUP		COMPANY	
	2017	2016	2017	2016
Work in Progress - Projects	3,874,500	9,551,693	3,874,500	9,551,693
Materials - Contracting Department	47,685,257	38,027,720	47,685,257	38,027,720
Lubricants, Paints and Building Materials	11,637,267	26,055,711	11,637,267	26,055,711
Yanmar Engines, Generators and Spare Parts	120,646,033	126,791,672	120,646,033	126,791,672
Consumables	61,607,688	69,226,402	60,867,854	69,226,402
Provision for Slow Moving Items	- 32,223,128	- 30,785,446	- 32,223,128	- 30,785,446
	<b>213,227,617</b>	<b>238,867,752</b>	<b>212,487,783</b>	<b>238,867,752</b>

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 30,504,350 (2016: MVR 29,737,904) net of deferred profit of MVR 3,002,478 (2016: MVR 3,858,691)

## 13 Cash and cash equivalents

	GROUP		COMPANY	
	2017	2016	2017	2016
Cash in Hand	9,535,510	9,291,784	9,411,196	9,291,784
Cash at Bank	95,340,869	23,183,853	94,174,203	19,999,676
<b>CASH AT BANK AND IN HAND</b>	<b>104,876,379</b>	<b>32,475,637</b>	<b>103,585,399</b>	<b>29,291,460</b>

Cash, cash equivalents and bank overdrafts include the following for the purposes of cash flow statement:

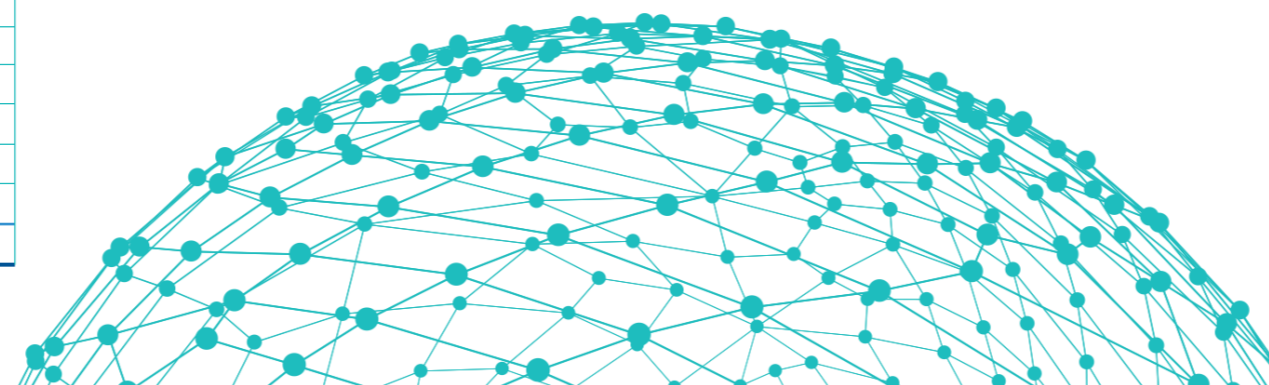
	GROUP		COMPANY	
	2017	2016	2017	2016
Cash and Cash Equivalents	104,876,379	32,475,637	103,585,399	29,291,460
Bank Overdrafts (Note 15)	-	- 27,004,327	-	- 27,004,327
	<b>104,876,379</b>	<b>5,471,310</b>	<b>103,585,399</b>	<b>2,287,133</b>

## 14 Share capital and reserves

### a) Share capital

	Number of Shares	Amount MVR
At 1 January 2016	500,000	25,000,000
At 31 December 2016	500,000	25,000,000
<b>AT 31 DECEMBER 2017</b>	<b>5,000,000</b>	<b>25,000,000</b>

The total authorised number of ordinary shares are 5,000,000 shares (2016: 500,000 shares) with a par value of MVR 5.00 per share (2016: MVR 50.00 per share). During the year 2017 the Company has split the number of shares by ten times in the Annual General Meeting held on 29 August 2017.





## 14 Share capital and reserves (contd)

### b) General Reserves

General reserves are the retained earnings of a company which are kept aside out of company's profits to increase the working capital, to issue bonus shares and to strengthen the financial position of the company.

### c) Fair value reserves

Fair value reserves are the net of revaluation gain or loss (except for impairment losses) from available-for-sale financial assets, gain or loss from revaluations are recognized under statement of other comprehensive income whether it be due to normal market fluctuations.

### d) 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 after 31 December 2017 and the full amount is shown as advance under the equity as at the reporting date.

## 15 Borrowings and bank overdrafts

	GROUP		COMPANY	
	2017	2016	2017	2016
<b>Non-current</b>				
Bank and Other Borrowings	387,769,106	43,598,196	387,769,106	43,598,196
<b>Current</b>				
Bank Overdrafts (Note 13)	-	27,004,327	-	27,004,327
Bank and Other Borrowings	89,873,090	23,043,068	89,873,090	23,043,068
	<b>89,873,090</b>	<b>50,047,395</b>	<b>89,873,090</b>	<b>50,047,395</b>
<b>TOTAL BORROWINGS</b>	<b>477,642,196</b>	<b>93,645,591</b>	<b>477,642,196</b>	<b>93,645,591</b>

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).

	GROUP		COMPANY	
	2017	2016	2017	2016
Between 1 to 2 years	167,933,675	30,646,185	167,933,675	30,646,185
Between 3 to 5 years	148,866,577	12,952,011	148,866,577	12,952,011
Between 6 to 10 years	70,968,854	-	70,968,854	-
	<b>387,769,106</b>	<b>43,598,196</b>	<b>387,769,106</b>	<b>43,598,196</b>

The interest rate exposure of the borrowings of the Company is as follows :

	GROUP		COMPANY	
	2017	2016	2017	2016
At Floating Rates	337,349,842	-	337,349,842	-
At Fixed Rates	140,292,354	93,645,591	140,292,354	93,645,591
	<b>477,642,196</b>	<b>93,645,591</b>	<b>477,642,196</b>	<b>93,645,591</b>

## 16 Shareholder Loan

	GROUP		COMPANY	
	2017	2016	2017	2016
Loans from a Shareholder (Note 28 iv)	238,524,767	138,524,767	238,524,767	138,524,767
Non-Current Portion	-	-	-	-
Current Portion	238,524,767	138,524,767	238,524,767	138,524,767
	<b>238,524,767</b>	<b>138,524,767</b>	<b>238,524,767</b>	<b>138,524,767</b>

## 17 Trade and other payables

	GROUP		COMPANY	
	2017	2016	2017	2016
Trade Payables	170,871,662	174,725,207	168,546,166	173,614,727
Accrued Expenses	11,542,780	12,872,506	11,163,247	12,857,086
Payables to Related Parties (Note 28 iii)	95,765,210	255,101,998	113,657,308	268,315,685
Other Payables	236,289,138	183,130,495	235,411,500	182,140,994
	<b>514,468,790</b>	<b>625,830,206</b>	<b>528,778,221</b>	<b>636,928,492</b>

Other payables mainly consist of unpaid dividend amounting to MVR 50,996,228 (2016: MVR 41,927,897), GST payable amounting to MVR 6,385,773 (2016: MVR 5,010,958), billed in advance to customers amounting to MVR 128,806,859 (2016: 67,828,037) and advance received from customers amounting to MVR 36,557,412 (2016: MVR 44,910,967).

## 18 Other Income

	GROUP		COMPANY	
	2017	2016	2017	2016
Commission Income and Others	3,669,472	2,917,702	3,669,472	2,917,702
Government Subsidy Income (Note 28 ii)	-	6,884,459	-	6,884,459
Dividend Income	4,381,920	3,724,632	4,381,920	3,724,632
Rent Income	5,569,875	5,029,641	5,569,875	5,029,641
Tawmil Taksit Profit	3,348,877	2,499,120	3,348,877	2,499,120
Profit on sale of Property, Plant and Equipment	2,788	5,387	2,788	5,387
	<b>16,972,932</b>	<b>21,060,941</b>	<b>16,972,932</b>	<b>21,060,941</b>

## 19 Expenses

	GROUP		COMPANY	
	2017	2016	2017	2016
Depreciation (Note 6)	105,908,863	95,256,276	105,683,200	95,104,293
Amortisation (Note 7)	512,508	591,192	507,008	589,359
Employee Benefit Expense (Note 20)	231,554,164	206,587,392	223,997,882	199,620,172
Materials and Consumables	472,732,965	559,803,282	485,410,447	547,027,627
Director Fees	1,735,618	1,583,755	1,380,231	1,477,742
Lease Rent, Hiring and Sub Contract Expenses	164,164,791	150,128,792	158,789,988	149,764,244
Repairs and Maintenance	35,507,445	29,629,771	35,449,806	35,862,642
Transportation, Travel and Inspection	30,445,321	21,162,137	30,002,699	20,732,353
Electricity, Water, Insurance and Communication	29,052,021	30,546,891	28,819,828	30,395,047
Accounting and Professional Charges	1,054,073	817,636	926,949	802,216
Consultation, Legal fees and Service Charges	560,128	460,517	560,128	460,517
Bank Charges	7,248,051	9,274,299	7,237,099	9,272,925
Zakath	1,603,857	1,199,845	1,603,857	1,199,845
Advertising, Sales Promotion and Marketing	12,312,852	12,458,064	12,312,852	12,458,064
Training Expenses	11,898,142	7,975,922	11,754,714	7,956,422
Security Charges	3,047,420	2,504,700	3,047,420	2,504,700
License and Registration Fees	3,212,981	2,904,394	3,212,981	2,903,194
Printing and Stationery	3,506,742	3,105,069	3,453,806	3,070,920
Loss on Sale of Assets	1,305,119	1,015	1,305,119	1,015
Provision for non moving inventory	1,437,682	2,123,986	1,437,682	2,123,986
Provision for Impairment of Receivables	6,545,103	4,627,082	6,545,103	4,627,082
Other Expenses	28,116,019	22,583,154	27,772,340	22,312,919
<b>TOTAL</b>	<b>1,153,461,865</b>	<b>1,165,325,171</b>	<b>1,151,211,139</b>	<b>1,150,267,284</b>

Classified as:	GROUP		COMPANY	
	2017	2016	2017	2016
Cost of Sales	982,755,035	1,023,006,444	985,056,531	1,003,997,918
Selling and Marketing Expenses	18,857,955	17,085,147	18,857,955	17,085,147
Administrative Expenses	139,201,405	110,653,645	134,649,183	114,874,519
Other Operating Expenses	12,647,470	14,579,935	12,647,470	14,309,700
	<b>1,153,461,865</b>	<b>1,165,325,171</b>	<b>1,151,211,139</b>	<b>1,150,267,284</b>

## 20 Employee benefit expense

	GROUP		COMPANY	
	2017	2016	2017	2016
Wage and salaries	161,916,604	138,685,777	155,123,335	132,835,088
Other allowance	40,495,984	39,850,293	40,298,134	39,399,570
Pension Contribution	4,644,176	4,154,134	4,470,653	3,946,846
Staff Food Allowance	12,793,011	11,281,571	12,704,765	11,281,571
Staff Medical Expenses	766,559	406,902	761,334	406,902
Bonus	5,476,459	7,848,140	5,476,459	7,848,140
Retirement Benefit Payments	1,248,425	1,507,080	1,115,745	1,048,560
Visa Fees	2,928,328	2,376,866	2,773,053	2,376,866
Staff Welfare	1,284,618	476,629	1,274,404	476,629
	<b>231,554,164</b>	<b>206,587,392</b>	<b>223,997,882</b>	<b>199,620,172</b>

## 21 Finance costs (net)

	GROUP		COMPANY	
	2017	2016	2017	2016
<b>Finance Costs</b>				
Interest Expense on Borrowings	24,714,339	19,272,285	24,714,339	19,272,285
Interest Expense on Bank Overdraft	1,103,622	121,332	1,103,622	121,332
Net Foreign Exchange Loss	2,131,589	11,315,965	2,131,589	11,315,965
	<b>27,949,550</b>	<b>30,709,582</b>	<b>27,949,550</b>	<b>30,709,582</b>
<b>Finance Income</b>				
Interest Income	- 321,328	- 218,131	- 321,328	- 218,131
	<b>- 321,328</b>	<b>- 218,131</b>	<b>- 321,328</b>	<b>- 218,131</b>
<b>NET FINANCE COSTS</b>	<b>27,628,222</b>	<b>30,491,451</b>	<b>27,628,222</b>	<b>30,491,451</b>

## 22 Tax expense

	GROUP		COMPANY	
	2017	2016	2017	2016
Current Tax Expense	26,142,438	21,376,977	26,090,773	20,839,273
Deferred Tax (Note 10)	- 38,968,938	- 5,027,671	- 38,959,952	- 5,017,392
	<b>- 12,826,500</b>	<b>16,349,306</b>	<b>- 12,869,179</b>	<b>15,821,881</b>

## 22 Tax expense (contd)

Reconciliations between business profit tax expenses and the accounting profit :

	GROUP		COMPANY	
	2017	2016	2017	2016
Profit before Tax	132,539,981	131,732,563	132,310,653	130,268,411
Add: Non-Deductible Expenses	150,854,036	131,510,768	150,078,095	128,950,028
	<b>283,394,017</b>	<b>263,243,331</b>	<b>282,388,748</b>	<b>259,218,439</b>
Less: Deductible Expenses	- 108,611,095	- 125,094,071	- 108,200,264	- 124,903,872
<b>Taxable Income</b>	<b>174,782,922</b>	<b>138,149,260</b>	<b>174,188,484</b>	<b>134,314,567</b>
Tax Free Allowance	- 500,000	- 500,000	- 250,000	- 250,000
<b>NET TAXABLE INCOME</b>	<b>174,282,922</b>	<b>137,649,260</b>	<b>173,938,484</b>	<b>134,064,567</b>
Tax Calculated at the Rate of 15 %	26,142,438	20,647,389	26,090,773	20,109,685
Adjustments in Respect of Previous Year	-	729,588	-	729,588
<b>TAX CHARGE DURING THE YEAR</b>	<b>26,142,438</b>	<b>21,376,977</b>	<b>26,090,773</b>	<b>20,839,273</b>

Current Tax Liabilities	GROUP		COMPANY	
	2017	2016	2017	2016
At the Beginning of the Year	5,996,666	20,537,942	5,458,962	20,537,942
Tax Charged During the Year	26,142,438	21,376,977	26,090,773	20,839,273
Tax Paid During the Year	- 16,320,361	- 35,918,253	- 15,513,805	- 35,918,253
<b>AT THE END OF THE YEAR</b>	<b>15,818,743</b>	<b>5,996,666</b>	<b>16,035,930</b>	<b>5,458,962</b>

## 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.

During the year 2017 the Company has split the number of shares by ten times from 500,000 number of shares to 5,000,000 shares in the annual general meeting held 29 August 2017, comparative figures are adjusted accordingly for fair presentation as per IFRS.

Current Tax Liabilities	GROUP		COMPANY	
	2017	2016	2017	2016
Profit Attributable to Equity Holders	145,366,481	115,383,257	145,179,832	114,446,530
Weighted Average Number of Ordinary Shares	5,000,000	5,000,000	5,000,000	5,000,000
Basic Earnings per Share (MVR per Share)	29.07	23.08	29.04	22.89

## 24 Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

	GROUP		COMPANY	
	2017	2016	2017	2016
Profit before tax for the year	132,539,981	131,732,563	132,310,653	130,268,411
<b>Adjustments for:</b>				
Depreciation (Note 6 )	105,908,863	95,256,276	105,683,200	95,104,293
Amortisation (Note 7)	512,508	591,192	507,008	589,359
Loss on sale of property, plant and equipment	1,305,119	1,015	1,305,119	1,015
Profit on sale of property, plant and equipment	- 2,788	- 5,387	- 2,788	- 5,387
Provision for Doubtful Debts	6,545,103	4,627,082	6,545,103	4,627,082
Provision for Slow / Non-moving Inventories	1,437,682	2,123,986	1,437,682	2,123,986
Interest Expenses (Note 21)	25,817,961	19,393,617	25,817,961	19,393,617
Interest Income	- 321,328	- 218,131	- 321,328	- 218,131

### Changes in Working Capital

Trade and Other Receivables	- 37,166,067	- 113,362,321	- 39,832,320	- 122,214,878
Inventories	24,202,453	- 32,024,981	24,942,287	- 42,497,620
Trade and Other Payables	- 125,034,417	67,620,463	- 121,823,272	98,563,823
<b>CASH GENERATED FROM OPERATIONS</b>	<b>135,745,070</b>	<b>175,735,374</b>	<b>136,569,305</b>	<b>185,735,570</b>

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	GROUP		COMPANY	
	2017	2016	2017	2016
Net Book Amount (Note 6 & 7)	5,791,672	427,189	5,791,672	427,189
Profit / Loss on sale of Property, Plant and Equipment	- 1,302,331	4,372	- 1,302,331	4,372
<b>PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>4,489,341</b>	<b>431,561</b>	<b>4,489,341</b>	<b>431,561</b>

## 25 Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 2.40 (2016: MVR 3.20) per share amounting to MVR 12,000,000 has been declared in the annual general meeting held on 29 August 2017 and paid during the year ended 31 December 2017 (2016: MVR 16,000,000).

## 26 Contingencies

### Contingent liabilities

The Company had a contingent liability in respect of letters of credit, amounting to MVR 20,892,255 (2016: MVR 41,128,309) at the statement of financial position date.

The Company enjoyed a bank guarantee and a letter of credit facility of MVR 84,810,000 (2016: MVR 84,810,000) as at the reporting date.

The Company had contingent liability in respect to the court case filed by Mr. Ahmed Didi seeking for recovery of damage caused by a heavy vehicle equal to MVR 99,600 and MTCC has subsequently appealed the judgment with the High Court and no any constructive obligations are made available to recognise the liability in the financial statements as at the statement of financial position 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.

### Financial commitments

There were no material financial commitments outstanding at the statement of financial position date.

## 28 Related party transactions

The Government of Maldives along with a State owned enterprise Maldives National Shipping Limited owns 55.3% equity shares of the Company, and has significant interest in the voting power of Housing Development Corporation Limited, State Trading Organization Plc, Bank of Maldives Plc, Maldives Airport Company Limited, Maldives Tourism Development Corporation PLC and Maldives Industrial Fisheries Company Limited. Maldives Real Estate Investment Corporation Pvt Ltd is a fully owned subsidiary of Maldives Transport and Contracting Company Plc.

### (i) Transactions

The following transactions were carried out, on commercial terms and conditions, with related parties:

	GROUP		COMPANY	
	2017	2016	2017	2016
Construction Revenue	870,646,624	863,433,752	870,646,624	863,433,752
Trading Revenue	31,223,020	34,233,752	31,747,834	42,014,629
Other Sales and Services	9,317,270	32,630,574	9,317,270	17,873,920
Construction Materials Purchased	45,642,976	73,132,497	45,642,976	73,132,497
Dividends	6,641,136	8,854,848	6,641,136	8,854,848
Other Goods and Services Purchased	-	-	17,813,870	12,465,742

### (ii) Government subsidy

The Government of Maldives granted a subsidy of MVR 6,884,459 for the year ended 31 December 2016 to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' area and Medhu Uthuru province.

### (iii) Balances outstanding

Receivables from related parties (Note 11)	GROUP		COMPANY	
	2017	2016	2017	2016
Construction revenue	476,097,728	301,697,039	493,652,275	316,619,982
Trading revenue	6,591,269	6,257,910	6,591,269	4,976,688
Others sales and services	8,517,122	27,052,894	8,517,122	27,052,894
	<b>491,206,119</b>	<b>335,007,843</b>	<b>508,760,666</b>	<b>348,649,564</b>

### Payables to related parties (Note 17)

Construction materials purchased	41,618,503	30,050,115	59,510,601	43,263,802
Advances received	-	169,620,000	-	169,620,000
Dividends	23,443,383	16,802,247	23,443,383	16,802,247
Others goods and services purchased	30,703,324	38,629,636	30,703,324	38,629,636
	<b>95,765,210</b>	<b>255,101,998</b>	<b>113,657,308</b>	<b>268,315,685</b>

## 28 Related party transactions (contd)

### (iv) Loans from a shareholder

Ministry of Finance and Treasury (Note 16)	GROUP		COMPANY	
	2017	2016	2017	2016
Trade Loan	18,524,767	18,524,767	18,524,767	18,524,767
Mudarabah equity finance	220,000,000	120,000,000	220,000,000	120,000,000
	<b>238,524,767</b>	<b>138,524,767</b>	<b>238,524,767</b>	<b>138,524,767</b>

### The movement in the year can be analysed as follows:

Beginning of the year	138,524,767	161,143,379	138,524,767	161,143,379
Loans received during the year	100,000,000	-	100,000,000	-
Loans repaid during the year	-	(22,618,612)	-	(22,618,612)
<b>END OF THE YEAR</b>	<b>238,524,767</b>	<b>138,524,767</b>	<b>238,524,767</b>	<b>138,524,767</b>

### (v) 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.

## 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.

### (vi) Key management remuneration

	GROUP		COMPANY	
	2017	2016	2017	2016
Directors' remuneration	1,735,618	1,583,755	1,380,231	1,477,742
Key management remuneration	8,825,940	8,092,824	8,465,940	7,732,824
	<b>10,561,558</b>	<b>9,676,579</b>	<b>9,846,171</b>	<b>9,210,566</b>

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.

## 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, Boduthakurufaanu Magu 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

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**Post Code:** 20057

**Phone:** +960 333 0770

**Fax:** +960 331 2072

**Email:** maldivesbranch@hsbc.com.lk

**Website:** www.maldives.hsbc.com

#### Bank of Ceylon

**H. Aage, Boduthakurufaanu Magu, Male', Maldives**

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**Phone:** +960 333 7564

**Fax:** +960 332 0575

**Email:** bcmale@dhivehinet.net.mv

**Website:** www.boc.lk

#### Habib Bank Limited

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**Fax:** +960 332 6791

**Email:** hblmale@dhinet.mv

**Website:** www.hbl.com

#### State Bank of India

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**Phone:** +960 331 2111

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**Website:** www.sbimaldives.com

#### Maldives Islamic Bank

**Ameerahmed Magu, Male', Maldives**

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**Website:** www.mib.com.mv

### Auditors

#### INTERNAL

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#### EXTERNAL

**Ernst and Young**

**Chartered Accountants**

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### Lawyers

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## Departmental Contact Information

### Finance Department

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### Information Communication Technology Department

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### Procurement Department

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### Construction and Projects Management Department

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# Departmental Contact Information

## Logistical Operations Department

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## Internal Audit Department

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## Legal Affairs Department

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## Trading Department

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## Corporate Affairs Department

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## Human Resources and Administration Department

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## Business Development and Public Relations Department

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Email: info@mtcc.com.mv

## Engineering and Docking Department

Thilafushi  
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Email: info@mtcc.com.mv

## Transport Services Department

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Phone: +960 331 5050 / 332 9076 / 333 8585  
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Email: tsd@mtcc.com.mv

## Maldives Real Estate Investment Corporation Pvt. Ltd.

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## Dredging and Special Projects Department

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