

SECOND QUARTER REPORT - 2016

1ST APRIL – 30TH JUNE



Maldives Transport and Contracting Company Plc

CONTENTS

SUMMARY OF RESULTS.....	1
KEY DEVELOPMENTS	1
HUMAN DEVELOPMENT.....	3
CLUB MTCC.....	3
BOARD ACTIVITIES	4
FINANCIAL STATEMENTS	5
OUR SHARE.....	9
DECLARATION.....	10

SUMMARY OF RESULTS

Financial performance of the second quarter indicates a trivial decrease of 7% in revenue compared the first quarter of 2016, however the net profits are identical in both quarters while maintaining an average margin of 11.5% even though the Government has discontinued the subsidy for the transport segment losses starting from March 2016, administration expenses are increased by 26% compared to the first quarter due to increase in number of staff, staff long term training expenses and other utility expenses. Finance cost has come down due to decrease in losses from foreign exchange transactions.

The financial position of the Company has become stronger compared to the previous quarter while maintaining the current asset ratio of 1.2685 (1st Quarter 1.228) and a quick assets ratio of 1.0093 (1st Quarter 0.9479). However significant investments were not made in capital assets during the second quarter of 2016 due to decrease in operating cash flows due to increase in project advances. Meantime we have repaid loans equal to MVR 16 million during the second quarter and the gearing ratio stood at 38.82% (1st Quarter 41.55%) as at 30 June 2016.

The Company has declared and paid a dividend of MVR 22 per share amounting MVR 11 million during the second quarter at the Annual General Meeting held in May from the profits of the year ended 31st December 2015.

Despite the fact that the last two quarters of 2016 net profits are relatively lower compared to the previous year, we believe we would achieve the target by end of this year with the existing ongoing projects and investments.

KEY DEVELOPMENTS

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

1) The 2015 Annual General Meeting of Maldives Transport and Contracting Company Plc was held on 23rd May 2016 at Hotel Jen, Ball room. A total of 65 shareholders attended the meeting including 62 shareholders who attended the AGM in person. The remaining shareholders were represented through proxy holders. Through these 65 shareholders a total of 280,064 shares was represented at the meeting which amounts to 56% of the company's shares.

The following was approved by the shareholders in the meeting.

- Minutes of the Annual General Meeting 2014.
- Audited financial statements for the year 2015 and the Company's 2015 Directors Report.
- A dividend of MVR 32/- for each ordinary share (face value MVR 50/-)
- Earnest and Young was selected as the external Auditors for 2016 for a fee of MVR342,000/-.
- Further to this Mr. Mohamed Imran (M.Mainz , K.Male') and Mr.Fathulla Ismail (Feerozge, Ha.Kela) was elected as directors to represent public shareholding at the Board of Directors.

- 2) 05 new projects were awarded to the company ranging from land reclamation, shore protection and civil works.
- 3) 11 new construction projects were Commenced of 08 construction project completed.
- 4) The company managed a total of 70 construction projects during the quarter.
- 5) Significant projects carried during the quarter include, the development of Male' Industrial Village, Sultan Park Redevelopment, Islamic Center court yard Marble Flooring and landscaping and Gdh.Thinadhoo Museum and Park Project.
- 6) MOU's were signed with Ministry of Economic Development to provide ferry services to Zone 1 (HA. Hdh Noonu ,Sh Atoll), Zone 2 (Raa , LH, Baa Atoll) and Zone 6 (GA and GDH atoll) with the services commencing on the 1st of July.
- 7) Furthermore, an MOU was signed with Ministry of Economic Development on 27th July 2016 to provide bus service to the public and schools in GDH.Thinadhoo and HDH. Kulhudhufushi and school bus service in Hulhumale'. The service is scheduled to commence on 1st October 2016.
- 8) A new Fiber glass ferry with passenger capacity of 120 passengers was added to the premium link ferry service.
- 9) Saabas Yanmar was one of the grandest promotions to be carried in MTCC's history was commenced during the quarter. The promotion lasted for one month during which customers who confirmed engine orders were given engine accessories worth up to MVR 200, 000.00 free of charge. During the promotion, SMD teams visited a number of atolls on promotional visits and promotional events were held at the Male' North harbor as well.
- 10) Suzuki Promotion, an annual promotion was carried out following the month of Ramadan. The main purpose of this promotion is to offer Suzuki engines at lower prices for those who wish to purchase outboard engines. Discounts were offered on the whole Suzuki range.

HUMAN DEVELOPMENT

Compared to the first quarter of 2016, the total number of employees at the Company grew from 1421 to 1534 employees. Activities with respect to Human Resource Development during the quarter includes the announcement for application to Human Resource Development Scholarships 2016 for employees of MTCC and the participation of 109 staff in 11 local trainings.



CLUB MTCC

MTCC participated in the Youth City Police Volleyball Challenge 2016. Club MTCC was crowned as the runner up of the tournament that was organized by Hulhumale' Police station and Housing Development Corporation (HDC).

Team MTCC Maahefun 1437 was held on 2nd June 2016 to mark the impending holy month of Ramazan 1437. The assembly was enlightened with a special Dharus regarding the topic 'Holy month Ramazan' by the Ministry of Islamic Affairs.

Club MTCC took part in 2016 COAST Ramadan Cricket carnival this year held from 7th June 2016 to 1st July 2016. Club MTCC participated in 3 Tournaments: Open Tournament, Office Tournament and Company Tournament. While only Maldivian staffs participated open tournament expatriate staffs participated in other two tournaments.

Club MTCC won the Office tournament against Ministry of Education by 3 wickets.

BOARD ACTIVITIES

The Board of Directors comprises of 10 directors. With respect to the shareholding of the Company 6 directors are appointed by the Government of Maldives and 4 directors are elected by the Public Shareholders at the Shareholder meeting.

CHANGES TO THE BOARD

Mr. Ibrahim Abdula Razzag Haleem was dismissed from the position of Managing Director on 12th June 2016 and Mr.Ibrahim Ziyath was appointed on 14th June 2016, as the new Managing Director of the Company. Further, Board Director, Mr. Sinan Ali was dismissed on 12th June 2016 and reappointed on 14th June 2016 as Board Director.

Name	Position in Board
Hussain Salim Mohamed	Chairman
Ibrahim Ziyath	Chief Executive Officer
Ahmed Abdulla	Non- Executive Director
Sinaan Ali	Non- Executive Director
Mohamed Hilmy	Executive Director
Nashima Abdul Latheef	Non- Executive Director
Ahmed Aboobakuru	Non- Executive Director
Nasrath Mohamed	Non- Executive Director
Mohamed Imran Adnan	Non- Executive Director
Fathulla Ismail	Non- Executive Director

BOARD MEETINGS

Frequency of board and committee meetings are as follows;

Director	No.of meetings
Board Meeting	10
Audit Committee	08
N&R Committee	03
CGC Committee	03

BOARD DECISIONS

- The Committees of the Board was reconstituted.
- Approved the Audited Financial Statements for the 1st Quarter of 2016.
- Approved the Annual Report of 2015
- Decided to venture in the board building industry.
- Appointment of Audit Consultant for the company to study, analyze and improve the overall audit function of the company.
- Approved the Project – Villingili Ferry Terminal Development.
- Finalized and approved the staff bonus for 2015.
- Endorsed the directorship of the new CEO, Mr.Ibrahim Ziyath.
- Directors were appointed to Airports Investments Company Pvt Ltd and the Company's subsidiary Maldives Real Estate Investment Corporation Pvt Ltd.
- Endorsed the directorship of Mr.Sinaan Ali upon reappointment.
- Endorsed the directorship of Mr.Ahmed Abdullah upon reappointment
- Reconstituted the Grievance committee of the Company.

FINANCIAL STATEMENTS

INCOME STATEMENT (UNAUDITED)

All amounts in MVR	2 nd Quarter 2016	1 st Quarter 2016
Sales	293,562,689	315,450,233
Cost of sales	(216,995,739)	(244,080,583)
Gross profit	76,566,950	71,369,650
Selling and marketing costs	(4,007,309)	(3,292,016)
Administrative expenses	(29,501,115)	(23,336,960)
Other income	1,231,176	7,741,427
Other expenses	(1,703,542)	(4,083,376)
Operating profit	42,586,160	48,398,725
Finance costs	(8,201,981)	(13,273,394)
Profit before tax	34,384,179	35,125,331
Business profit tax	(5,157,627)	(5,268,800)
Profit after tax	29,226,552	29,856,531



Ibrahim Ziyath
Chief Executive Officer



Mohamed Hilmy
Chief Financial Officer

BALANCE SHEET (UNAUDITED)

All amounts in MVR	2nd Quarter 2016	1st Quarter 2016
ASSETS		
Non-current assets		
Property, plant and equipment	306,915,562	324,757,141
Capital work in progress	6,123,013	5,440,847
Financial investments	39,966,900	39,966,900
Intangible assets	1,182,371	1,248,919
Trade and Other Receivable	9,956,264	12,481,653
Total non-current assets	364,144,110	383,895,460
Current assets		
Inventories	200,364,970	209,242,195
Trade and other receivables	771,452,546	697,526,056
Cash and cash equivalents	9,052,310	24,100,138
Total current assets	980,869,826	930,868,389
TOTAL ASSETS	1,345,013,936	1,314,763,849
EQUITY AND LIABILITIES		
Share capital	25,000,000	25,000,000
General reserve	225,000,000	225,000,000
Fair value reserve	30,475,099	30,475,099
Retained earnings	291,262,018	273,035,465
Reserves	546,737,117	528,510,564
TOTAL EQUITY	571,737,117	553,510,564
Liabilities		
Borrowings	48,087,031	55,752,758
Total non-current liabilities	48,087,031	55,752,758
Trade and other payables	551,322,889	531,263,260
Borrowings	162,361,093	170,776,070
Bank overdrafts	11,505,807	3,461,197
Total current liabilities	725,189,789	705,500,527
Total liabilities	773,276,820	761,253,285
TOTAL EQUITY AND LIABILITIES	1,345,013,936	1,314,763,849

CASH FLOW STATEMENT (UNAUDITED)

Figures in MVR	2 nd Quarter 2016	1 st Quarter 2016
Operating activities		
Profit before tax for the period	34,384,179	35,125,331
Adjustment for:		
Depreciation & amortization	26,392,844	23,791,076
Reversal of impairment provision of receivables	1,000,000	-
Government subsidy	-	(6,887,658)
Dividend Income	-	-
Provision for inventory	2,000,000	-
Tax Paid	-	-
Interest income	(113,894)	(503,060)
Interest expense	4,848,290	4,880,299
Working capital adjustments		
Decrease / (increase) in trade and other receivables	(72,401,101)	30,810,660
Decrease / (increase) in Inventories	6,877,225	(10,748,077)
(Decrease) / increase in trade and other payables	4,009,079	(16,738,001)
Net cash flows from operating activities	6,996,622	59,730,570
Investing activities		
Purchase of property plant & equipment	(8,484,717)	(50,945,729)
Expenditure on capital work-in-progress	(682,166)	(58,102)
Dividend Received	-	-
Interest received	113,894	503,060
Net cash flows used in investing activities	(9,052,989)	(50,500,771)
Financing activities		
Proceeds from borrowings	-	3,767,928
Repayment of borrowings	(16,080,704)	(13,441,869)
Interest paid	(4,848,290)	(4,880,299)
Dividend paid	(107,077)	(105,319)
Net cash flows from financing activities	(21,036,071)	(14,659,559)
Net decrease in cash and cash equivalents	(23,092,438)	(5,429,760)
Cash and cash equivalents, and bank overdrafts-Opening	20,638,941	26,068,701
Cash and cash equivalents, and bank overdrafts – Closing	(2,453,497)	20,638,941

SEGMENTAL PERFORMANCE (UNAUDITED)

Period from 1 April 2016- 30 June 2016	Total	Trading	Contracting	Transport	Docking & Maintenance	Others
Revenue	293,562,689	62,402,432	198,574,232	31,162,186	729,658	694,181
Operating profit / (loss)	42,586,160	14,315,935	49,376,163	(7,692,811)	(272,579)	(13,140,548)
Finance income / (cost)	(8,201,981)	(1,552,420)	(1,935,854)	(588,261)	(2,954)	(4,122,492)
Profit / (loss) before tax	34,384,179	12,763,515	47,440,309	(8,281,072)	(275,533)	(17,263,040)
Business profit tax	(5,157,627)	-	-	-	-	(5,157,627)
Profit / (loss) after tax	29,226,552	12,763,515	47,440,309	(8,281,072)	(275,533)	(22,420,667)
<hr/>						
Period from 1 January 2016- 31 March 2016	Total	Trading	Contracting	Transport	Docking & Maintenance	Others
Revenue	315,450,233	61,955,253	219,990,360	31,942,160	666,034	896,426
Operating profit / (loss)	48,398,725	14,603,663	40,825,018	(2,696,487)	4,634,358	(8,967,827)
Finance income / (cost)	(13,273,394)	(1,475,704)	(2,190,209)	(610,645)	-	(8,996,836)
Profit / (loss) before tax	35,125,331	13,127,959	38,634,809	(3,307,132)	4,634,358	(17,964,663)
Business profit tax	(5,268,800)	-	-	-	-	(5,268,800)
Profit / (loss) after tax	29,856,531	13,127,959	38,634,809	(3,307,132)	4,634,358	(23,233,463)

OUR SHARE

We record no trading activity of the Company shares at Maldives Stock Exchange during the second quarter. The last trading activity was carried out on 28th October 2015 at MVR 75.00.

The Dividend yield for MTCC Share is being calculated based on dividend value of MVR 32.00 approved by the Shareholders in 2015 Annual General Meeting

	2 nd Quarter, 2016	1 st Quarter, 2016
Lowest traded price (MVR)	-	-
Highest traded price (MVR)	-	-
Last traded price (MVR)	75.00	75.00
Weighted average traded price (MVR)	-	-
No. of shares traded	0	0
Market capitalization (MVR millions)	37.50	37.50
Dividend Yield	42.67%	13.33%
Earnings per share (MVR)	58.45	59.71
Price Earnings Ratio	1.28	1.26

DECLARATION

Corporate Governance Code and Listing Rules Compliance

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

Rules of Reporting

This Report has been prepared in compliance with CMDA's Minimum Quarterly Reporting Requirements for Listed Companies

The Company Published its 1st Quarter Report 2016 on 30th April 2016 as stipulated in the Continuing Disclosure Obligation of Issuers and Listing Rules of MSE. Further, the Annual Report of the Company was also published in accordance to the regulations on 30th April 2016 and the Annual General Meeting 2015 of the Company was held on 23rd May 2016.

The 2nd quarter report of 2016 includes the milestones achieved during the quarter. It also includes the share activities at the Maldives Stock Exchange and discloses all information obligated by the Continuing Disclosure Obligations of Issuers of the Capital Market Development Authority.

Maldives Transport and Contracting Company Plc
7th Floor, MTCC Tower,
Bothuthakurufaanu Magu,
Male'
Republic of Maldives

This report is available at our website www.mtcc.com.mv