

# THIRD QUARTER REPORT - 2016

01ST JULY – 30TH SEPTEMBER



Maldives Transport and Contracting Company Plc

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# SUMMARY OF RESULTS

The financial performance at the end of the third quarter shows a decline in net profits compared to the previous quarter while revenue numbers shows a minor increase in the period ended 30 September 2016 compared to the previous quarter, the underline reason for the drop in net profit is due to increase in cost of materials purchased for the ongoing significant government projects during the quarter. Administration and Selling & Marketing expenses shows a normal decline compared to the second quarter.

The financial position of the Company is sustained at the same level in the third quarter compared to the previous quarter. Investments of MVR 17.7 million was made in capital assets during the third quarter of 2016 and net borrowings shows an increase of MVR 6 million during the quarter ended 30 September 2016 resulting the gearing ratio to stand at the same level compared to the previous quarter.

By end of the third quarter net profits are relatively lower compared to the previous year due to discontinuation of government subsidy for the losses incurred from Transport Service Department. However, we believe we can reach the target for 2016 without government subsidies 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:

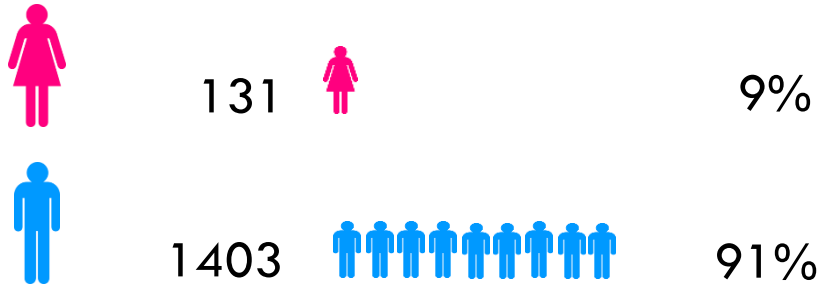
- 02 new projects were awarded to the company. That includes a breakwater development project and coastal protection project.
- 01 new coastal protection projects commenced and a total of 09 construction project were completed.
- The company managed a total of 74 construction projects during the quarter.
- Significant projects carried during the quarter include, the development of Male' Industrial Village, Sultan Park Redevelopment, Gdh.Thinadhoo Museum and Park Project.
- MTCC expanded local ferry transport service to three new zones, Zone 1 (Ha, Hdh, Noonu and Sh atolls), Zone 2 (Raa, Lh, Baa atolls) and Zone 6 (Ga and Gdh atolls).
- A 4-day technical training on Yamnar and Suzuki products was held on Hdh.Kulhudhufushi to make customers, boat operators and engineers aware of the operations and daily/routine maintenance of Yanamr and Suzuki outboard engines.
- The annual promotional event Suzuki foari promotion, was carried from 6<sup>th</sup> to 31<sup>st</sup> July 2016. customers who made outright purchases during the promotion were offered discounts up to 15% on the whole Suzuki range of products available at Kashavaru showroom. And a lucky draw was carried with the winner awarded a 15HP Suzuki Engine.
- MTCC took part in the Maldives Marine Expo 2016 and was the main sponsor of the event.

In conjunction with the Expo MTCC launched new products including a rib boat and boating accessories. We also made use of the event to hold a seminar for our brands Yanmar, Suzuki and Scott Bader and special offers were made on these products. The 4-day event was a success with a large number of visitors to MTCCs stall.

- MTCC actively participated in the Suzuki Clean-up the world campaign that was carried at Villimage beach on the 27<sup>th</sup> of August 2016. MTCC collaborated with a local NGO “Save the Beach” in carried out the cleaning of Vilimale Beach. With the help form more than 80 of our staff we were able to collect more than 390 kg of plastic waste and 200kg of metal waste. MTCC initiates and carries out social responsibility programs in various forms mostly in the islands and atolls where we carry our projects.
- MTCC was awarded the best employer as recognition for the initiative and effort in providing job opportunities for people with disability.

# HUMAN DEVELOPMENT

The total number of employees at the Company stands at 1534 at the end of the quarter.



Activities with respect to Human Resource Development during the quarter includes the participation of “Kissaru’ job fair held at Adh.Mahibadhoo from the 2nd to 4th September 2016. A total of 61 staff were enrolled in various local trainings. These include information session for awareness on new law, first aid and employee

orientation. In addition, during the quarter a 30 staff were sent for overseas trainings. These include trainings in the fields of Human resources Management, Executive Strategic Training, Auditing, Accounting, Supply Chain Management, Projects Managements, Leadership and Managements programs.

## CLUB MTCC

Club MTCC’s annual fishing tournament was held on the 19<sup>th</sup> of August 2016. 10 teams with 10 members in each team participated in the 1-day event. The event received full support from staff and the awards were presented to teams with best catch.

MTCC took part in the Government Office / Company 2<sup>nd</sup> badminton championship 2016 in the men’s division. In the tournament organized by the Badminton Association of Maldives a total of 30 teams participated. MTCC played against Maldives Airports Company Limited (MACL) in the quarterfinals.

## 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.

### BOARD OF DIRECTORS

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	08
Audit Committee	05
N&R Committee	02
CGC Committee	05

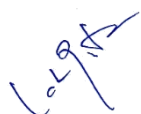
### BOARD DECISIONS

- Approved to provide ferry transport services to Zone 1, Zone 2 and Zone 6.
- Approved the Audited Financial Statements for the 2st Quarter of 2016.
- Approved the new salary structure for staff working at the Logistical Operations.
- Decided to disposed 11 assets (vehicles) that were damaged beyond repair.
- The Board constituted an investment review committee. The committee will formulate the overall investment policies of the company and establish investment guidelines in furtherance of those polices. The committee will also monitor the management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives.
- A ferry services monitoring committee was formulated including members of the board.
- The minutes of the AGM 2015 was approved by the Board for publication for shareholder's comments.

## FINANCIAL STATEMENTS

### INCOME STATEMENT (UNAUDITED)

All amounts in MVR	3 <sup>rd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	1 <sup>st</sup> Quarter 2016
Sales	296,865,985	293,562,689	315,450,233
Cost of sales	(241,575,458)	(216,995,739)	(244,080,583)
<b>Gross profit</b>	<b>55,290,527</b>	<b>76,566,950</b>	<b>71,369,650</b>
Selling and marketing costs	(2,620,828)	(4,007,309)	(3,292,016)
Administrative expenses	(27,222,789)	(29,501,115)	(23,336,960)
Other income	4,740,551	1,231,176	7,741,427
Other expenses	(4,854,829)	(1,703,542)	(4,083,376)
<b>Operating profit</b>	<b>25,332,632</b>	<b>42,586,160</b>	<b>48,398,725</b>
Finance costs	(8,219,868)	(8,201,981)	(13,273,394)
<b>Profit before tax</b>	<b>17,112,764</b>	<b>34,384,179</b>	<b>35,125,331</b>
<b>Business profit tax</b>	<b>(2,566,915)</b>	<b>(5,157,627)</b>	<b>(5,268,800)</b>
<b>Profit after tax</b>	<b>14,545,849</b>	<b>29,226,552</b>	<b>29,856,531</b>



Ibrahim Ziyath  
Chief Executive Officer



Mohamed Hilmy  
Chief Financial Officer

## BALANCE SHEET (UNAUDITED)

All amounts in MVR	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	303,163,372	306,915,562	324,757,141
Capital work in progress	7,097,235	6,123,013	5,440,847
Financial investments	39,966,900	39,966,900	39,966,900
Intangible assets	1,384,673	1,182,371	1,248,919
Trade and Other Receivable	12,060,456	9,956,264	12,481,653
<b>Total non-current assets</b>	<b>363,672,636</b>	<b>364,144,110</b>	<b>383,895,460</b>
<b>Current assets</b>			
Inventories	217,621,890	200,364,970	209,242,195
Trade and other receivables	762,214,347	771,452,546	697,526,056
Cash and cash equivalents	20,051,664	9,052,310	24,100,138
<b>Total current assets</b>	<b>999,887,901</b>	<b>980,869,826</b>	<b>930,868,389</b>
<b>TOTAL ASSETS</b>	<b>1,363,560,537</b>	<b>1,345,013,936</b>	<b>1,314,763,849</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	25,000,000	25,000,000	25,000,000
General reserve	225,000,000	225,000,000	225,000,000
Fair value reserve	30,475,099	30,475,099	30,475,099
Retained earnings	283,807,867	291,262,018	273,035,465
<b>Reserves</b>	<b>539,282,966</b>	<b>546,737,117</b>	<b>528,510,564</b>
<b>TOTAL EQUITY</b>	<b>564,282,966</b>	<b>571,737,117</b>	<b>553,510,564</b>
<b>Liabilities</b>			
Borrowings	46,200,434	48,087,031	55,752,758
<b>Total non-current liabilities</b>	<b>46,200,434</b>	<b>48,087,031</b>	<b>55,752,758</b>
Trade and other payables	547,880,403	551,322,889	531,263,260
Borrowings	170,261,425	162,361,093	170,776,070
Bank overdrafts	34,935,309	11,505,807	3,461,197
<b>Total current liabilities</b>	<b>753,077,137</b>	<b>725,189,789</b>	<b>705,500,527</b>
<b>Total liabilities</b>	<b>799,277,571</b>	<b>773,276,820</b>	<b>761,253,285</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,363,560,537</b>	<b>1,345,013,936</b>	<b>1,314,763,849</b>



## CASH FLOW STATEMENT (UNAUDITED)

Figures in MVR	3rd Quarter 2016	2 <sup>nd</sup> Quarter 2016	1 <sup>st</sup> Quarter 2016
<b>Operating activities</b>			
Profit before tax for the period	17,112,764	34,384,179	35,125,331
<b>Adjustment for:</b>			
Depreciation & amortization	20,288,849	26,392,844	23,791,076
Reversal of impairment provision of receivables	-	1,000,000	-
Government subsidy	-	-	(6,887,658)
Dividend Income	(3,724,632)	-	-
Provision for inventory	-	2,000,000	-
Tax Paid	-	-	-
Interest income	(16,418)	(113,894)	(503,060)
Interest expense	5,173,782	4,848,290	4,880,299
<b>Working capital adjustments</b>			
Decrease / (increase) in trade and other receivables	7,134,007	(72,401,101)	30,810,660
Decrease / (increase) in Inventories	(17,256,920)	6,877,225	(10,748,077)
(Decrease) / increase in trade and other payables	(27,528,181)	4,009,079	(16,738,001)
<b>Net cash flows from operating activities</b>	<b>1,183,251</b>	<b>6,996,622</b>	<b>59,730,570</b>
<b>Investing activities</b>			
Purchase of property plant & equipment	(16,738,961)	(8,484,717)	(50,945,729)
Expenditure on capital work-in-progress	(974,222)	(682,166)	(58,102)
Dividend Received	3,724,632	-	-
Interest received	16,418	113,894	503,060
<b>Net cash flows used in investing activities</b>	<b>(13,972,133)</b>	<b>(9,052,989)</b>	<b>(50,500,771)</b>
<b>Financing activities</b>			
Proceeds from borrowings	18,566,050	-	3,767,928
Repayment of borrowings	(12,552,315)	(16,080,704)	(13,441,869)
Interest paid	(5,173,782)	(4,848,290)	(4,880,299)
Dividend paid	(481,219)	(107,077)	(105,319)
<b>Net cash flows from financing activities</b>	<b>358,734</b>	<b>(21,036,071)</b>	<b>(14,659,559)</b>
Net decrease in cash and cash equivalents	(12,430,148)	(23,092,438)	(5,429,760)
Cash and cash equivalents, and bank overdrafts-Opening	(2,453,497)	20,638,941	26,068,701
<b>Cash and cash equivalents, and bank overdrafts – Closing</b>	<b>(14,883,645)</b>	<b>(2,453,497)</b>	<b>20,638,941</b>

## SEGMENTAL PERFORMANCE (UNAUDITED)

Period from 1 July 2016- 30 September 2016	Total	Trading	Contracting	Transport	Docking & Maintenance	Others
Revenue	296,865,985	57,891,038	204,460,851	33,402,083	473,642	638,371
Operating profit / (loss)	25,332,632	10,403,480	34,499,675	(10,423,367)	1,109,430	(10,256,586)
Finance income / (cost)	(8,219,868)	(1,191,301)	(2,775,486)	(622,713)	(404)	(3,629,964)
<b>Profit / (loss) before tax</b>	<b>17,112,764</b>	<b>9,212,179</b>	<b>31,724,189</b>	<b>(11,046,080)</b>	<b>1,109,026</b>	<b>(13,886,550)</b>
Business profit tax	(2,566,915)	-	-	-	-	(2,566,915)
<b>Profit / (loss) after tax</b>	<b>14,545,849</b>	<b>9,212,179</b>	<b>31,724,189</b>	<b>(11,046,080)</b>	<b>1,109,026</b>	<b>(16,453,465)</b>
<hr/>						
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)
<b>Profit / (loss) before tax</b>	<b>34,384,179</b>	<b>12,763,515</b>	<b>47,440,309</b>	<b>(8,281,072)</b>	<b>(275,533)</b>	<b>(17,263,040)</b>
Business profit tax	(5,157,627)	-	-	-	-	(5,157,627)
<b>Profit / (loss) after tax</b>	<b>29,226,552</b>	<b>12,763,515</b>	<b>47,440,309</b>	<b>(8,281,072)</b>	<b>(275,533)</b>	<b>(22,420,667)</b>

## 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.

	3 <sup>rd</sup> Quarter, 2016	2 <sup>nd</sup> Quarter, 2016	1 <sup>st</sup> Quarter, 2016
<b>Lowest traded price (MVR)</b>	-	-	-
<b>Highest traded price (MVR)</b>	-	-	-
<b>Last traded price (MVR)</b>	75.00	75.00	75.00
<b>Weighted average traded price (MVR)</b>	-	-	-
<b>No. of shares traded</b>	0	0	0
<b>Market capitalization (MVR millions)</b>	37.50	37.50	37.50
<b>Dividend Yield</b>	42.67%	42.67%	13.33%
<b>Earnings per share (MVR)</b>	29.09	58.45	59.71
<b>Price Earnings Ratio</b>	2.58	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 2<sup>nd</sup> Quarter Report 2016 on 30<sup>th</sup> July 2016 as stipulated in the Continuing Disclosure Obligation of Issuers and Listing Rules of MSE.

The 3<sup>rd</sup>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.