

# FOURTH QUARTER REPORT - 2016

01ST OCTOBER – 31TH DECEMBER



Maldives Transport and Contracting Company Plc

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## SUMMARY OF RESULTS

Financial performance of the final quarter of 2016 indicates an increase of 30% in revenue resulting in a significant improvement in the bottom line, posting a growth in the net profit of 114% compared to the previous quarter primarily contributed by remarkable improvements in cost of sales together with the favorable gains made in financing cost and other expenses. Despite the gains made in gross margin, selling & marketing costs have increased as a result of year end marketing activities, while administrative expenses have increased as a result of increase in cost of staff training and commitment fees paid towards renewal of banking facilities.

The liquidity ratios have also improved with the fourth quarter earnings with current asset ratio slightly moving upwards from 1.35 in the previous quarter to 1.40 by end of the fourth quarter.

Investments in capital assets amounting MVR 34 million was made during the final quarter of 2016. Loans equivalent to MVR 12.5 million was repaid during this quarter and the gearing ratio has come down to 33.50% (3<sup>rd</sup> Quarter 37.24%) as at 31 December 2016.

The year ended net profits has come down compared to the previous year primarily due to suspension of government subsidies for the loss of public transport services which has incurred a total net loss of MVR32 during the year ended 31 December 2016

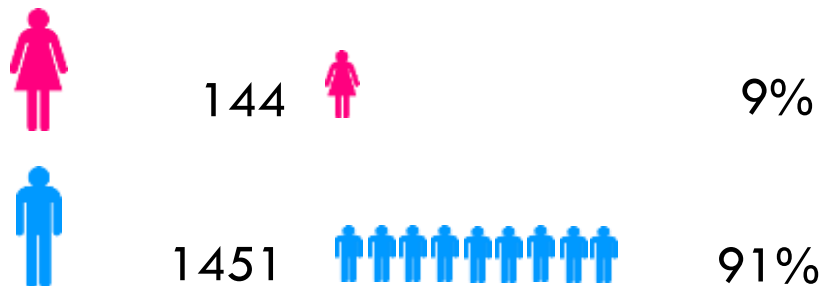
## KEY DEVELOPMENTS

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

- The company managed a total of 65 construction projects at the end of the year of which physical work was carried at 59 projects. 06 construction project were successfully completed during period.
- Significant projects carried during the quarter include, the development of Male' Industrial Village, Sultan Park Redevelopment, Gdh.Thinadhoo Museum and Park Project.
- Product seminars on PPG protective and marine coatings were held in Gdh. Thinadhoo and Ga.Gemanafushi with over 74 participants attending. The seminar in Ga. Gemanafushi was held in conjunction with the Fisherman's Day.
- The annual year end "Kashavaru" promotion for 2016 was held from 01<sup>st</sup> to 31<sup>st</sup> December 2016. Discounts were offered on all major products during the month long event. In addition, an outdoor promotional event was held on 22<sup>nd</sup> of December 2016 to increase the exposure of the promotion. The marketing teams visited the vessels at the North Harbor during the one-day event.
- The Company signed a memorandum of understanding between National Drug Agency and recruited 02 employees under the Internship program for 1-year contacts.

## HUMAN DEVELOPMENT

The total number of employees increased to 1595, by the end of the last quarter of 2016, compared to 1534 at the end of 3<sup>rd</sup> Quarter.



Training and development of staff is one of the Company's core values. We are committed to effective employee training and development strategies to ensure that we have the adequate skills and expertise to drive our businesses.

We have always worked to ensure that our staff remains competent in their areas of work, with knowledge and expertise of the latest developments in their field. As such, during the last quarter a total of 450 staff were enrolled in various local training programs while 55 staff underwent short term trainings abroad.

## CLUB MTCC

Having a healthy and fit workforce, is one of the areas of interest in staff development. As a stepping stone, the company, in collaboration with the Total Fitness Group (TfG) inaugurated a fitness program for the employees. Under this program TfG will be conducting a 5-week long program named "Fitness Challenge Program" for 10 employees and a 10-week long program named "Biggest Loser Program" for an additional 10 employees.

TEAM MTCC's annual trip was designed to engage and assist in team building between staff of different segments. The Annual Trip took place at Feydhoo Finolhu, K.Atoll on 25th November 2016 with over 120 staffs taking part in the event.

Club MTCC also conducted a series of activities to celebrate the Company's 36th anniversary on 18th December 2016. Celebrations started with a cake cutting ceremony followed by the management of MTCC visiting the special care center in K. Guraidhoo. The team met with the management of the facility to understand the areas of assistance the Company could provide for the development of the facility, and also met with the special care patients. During this event Financial Aid was granted to the facility under its Corporate Social Responsibility initiative.

## 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.

Mr. Hussain Salim was discharged as the Chairman of the Board of Directors on 06<sup>th</sup> December 2016 and was replaced by Mr. Ahmed Niyaz on 06<sup>th</sup> December 2016. Mr. Sinan Ali was discharged from the Board of Directors on 18<sup>th</sup> of December 2016 and Mr. Hassan Muneer was appointed to the Board of Directors on 18<sup>th</sup> December 2016. Executive Director, Mr. Mohamed Hilmy was also discharged from the Board of Directors on 19<sup>th</sup> of December 2016 and Mr. Ahmed Kurik Riza was appointed as an executive Board Director on 19<sup>th</sup> of December 2016.

## BOARD OF DIRECTORS

Name	Position in Board
Ahmed Niyaz	Chairman
Ibrahim Ziyath	Chief Executive Officer
Ahmed Abdulla	Non- Executive Director
Hassan Muneer	Non- Executive Director
Ahmed Kurik Riza	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	02
Audit Committee	05
N&R Committee	01
CGC Committee	00

## BOARD DECISIONS

- Approved the new organization structure of the company.
- Approved the unaudited Financial Statements for the 3rd Quarter of 2016.
- Approved the 2017-2019 Business Plan and Budget.
- Directed the management to take corrective actions as per the recommendations pointed out by the audit committee reports submitted to the Board.
- Directed the management in working to minimize the losses incurred by the transport segment.

## FINANCIAL STATEMENTS

### INCOME STATEMENT (UNAUDITED)

All amounts in MVR	4 <sup>th</sup> Quarter 2016	3 <sup>rd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	1 <sup>st</sup> Quarter 2016
Sales	385,015,758	296,865,985	293,562,689	315,450,233
Cost of sales	(301,731,978)	(241,575,458)	(216,995,739)	(244,080,583)
<b>Gross profit</b>	<b>83,283,780</b>	<b>55,290,527</b>	<b>76,566,950</b>	<b>71,369,650</b>
Selling and marketing costs	(5,028,298)	(2,620,828)	(4,007,309)	(3,292,016)
Administrative expenses	(33,488,340)	(27,222,789)	(29,501,115)	(23,336,960)
Other income	1,061,540	4,740,551	1,231,176	7,741,427
Other expenses	(2,690,468)	(4,854,829)	(1,703,542)	(4,083,376)
<b>Operating profit</b>	<b>43,138,214</b>	<b>25,332,632</b>	<b>42,586,160</b>	<b>48,398,725</b>
Finance costs	(6,436,476)	(8,219,868)	(8,201,981)	(13,273,394)
<b>Profit before tax</b>	<b>36,701,738</b>	<b>17,112,764</b>	<b>34,384,179</b>	<b>35,125,331</b>
<b>Business profit tax</b>	<b>(5,505,261)</b>	<b>(2,566,915)</b>	<b>(5,157,627)</b>	<b>(5,268,800)</b>
<b>Profit after tax</b>	<b>31,196,477</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	4 <sup>th</sup> Quarter 2016	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	317,021,271	303,163,372	306,915,562	324,757,141
Capital work in progress	9,612,087	7,097,235	6,123,013	5,440,847
Financial investments	39,966,900	39,966,900	39,966,900	39,966,900
Intangible assets	1,328,436	1,384,673	1,182,371	1,248,919
Trade and Other Receivable	13,226,832	12,060,456	9,956,264	12,481,653
<b>Total non-current assets</b>	<b>381,155,526</b>	<b>363,672,636</b>	<b>364,144,110</b>	<b>383,895,460</b>
<b>Current assets</b>				
Inventories	240,606,634	217,621,890	200,364,970	209,242,195
Trade and other receivables	708,605,710	762,214,347	771,452,546	697,526,056
Cash and cash equivalents	22,921,617	20,051,664	9,052,310	24,100,138
<b>Total current assets</b>	<b>972,133,961</b>	<b>999,887,901</b>	<b>980,869,826</b>	<b>930,868,389</b>
<b>TOTAL ASSETS</b>	<b>1,353,289,487</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	25,000,000
General reserve	225,000,000	225,000,000	225,000,000	225,000,000
Fair value reserve	30,475,099	30,475,099	30,475,099	30,475,099
Retained earnings	332,004,344	283,807,867	291,262,018	273,035,465
<b>Reserves</b>	<b>587,479,443</b>	<b>539,282,966</b>	<b>546,737,117</b>	<b>528,510,564</b>
<b>TOTAL EQUITY</b>	<b>612,479,443</b>	<b>564,282,966</b>	<b>571,737,117</b>	<b>553,510,564</b>
<b>Liabilities</b>				
Borrowings	43,602,015	46,200,434	48,087,031	55,752,758
<b>Total non-current liabilities</b>	<b>43,602,015</b>	<b>46,200,434</b>	<b>48,087,031</b>	<b>55,752,758</b>
Trade and other payables	513,183,838	547,880,403	551,322,889	531,263,260
Borrowings	161,564,016	170,261,425	162,361,093	170,776,070
Bank overdrafts	22,460,175	34,935,309	11,505,807	3,461,197
<b>Total current liabilities</b>	<b>697,208,029</b>	<b>753,077,137</b>	<b>725,189,789</b>	<b>705,500,527</b>
<b>Total liabilities</b>	<b>740,810,044</b>	<b>799,277,571</b>	<b>773,276,820</b>	<b>761,253,285</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,353,289,487</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	4 <sup>th</sup> Quarter 2016	3 <sup>rd</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	1 <sup>st</sup> Quarter 2016
<b>Operating activities</b>				
Profit before tax for the period	36,701,738	17,112,764	34,384,179	35,125,331
<b>Adjustment for:</b>				
Depreciation & amortization	25,488,326	20,288,849	26,392,844	23,791,076
Reversal of impairment provision of receivables	1,500,000	-	1,000,000	-
Government subsidy	-	-	-	(6,887,658)
Dividend Income	-	(3,724,632)	-	-
Provision for inventory	1,000,000	-	2,000,000	-
Tax Paid	-	-	-	-
Interest income	-	(16,418)	(113,894)	(503,060)
Interest expense	6,139,877	5,173,782	4,848,290	4,880,299
<b>Working capital adjustments</b>				
Decrease / (increase) in trade and other receivables	50,942,261	7,134,007	(72,401,101)	30,810,660
Decrease / (increase) in Inventories	(23,984,744)	(17,256,920)	6,877,225	(10,748,077)
(Decrease) / increase in trade and other payables	(21,673,244)	(27,528,181)	4,009,079	(16,738,001)
<b>Net cash flows from operating activities</b>	<b>76,114,214</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	(39,289,988)	(16,738,961)	(8,484,717)	(50,945,729)
Expenditure on capital work-in-progress	(2,514,852)	(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>(41,804,840)</b>	<b>(13,972,133)</b>	<b>(9,052,989)</b>	<b>(50,500,771)</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,256,487	18,566,050	-	3,767,928
Repayment of borrowings	(12,552,315)	(12,552,315)	(16,080,704)	(13,441,869)
Interest paid	(6,139,877)	(5,173,782)	(4,848,290)	(4,880,299)
Dividend paid	(1,528,582)	(481,219)	(107,077)	(105,319)
<b>Net cash flows from financing activities</b>	<b>(18,964,287)</b>	<b>358,734</b>	<b>(21,036,071)</b>	<b>(14,659,559)</b>
Net decrease in cash and cash equivalents	15,345,087	(12,430,148)	(23,092,438)	(5,429,760)
Cash and cash equivalents, and bank overdrafts- Opening	(14,883,645)	(2,453,497)	20,638,941	26,068,701
<b>Cash and cash equivalents, and bank overdrafts – Closing</b>	<b>461,442</b>	<b>(14,883,645)</b>	<b>(2,453,497)</b>	<b>20,638,941</b>



## SEGMENTAL PERFORMANCE (UNAUDITED)

Period from 1 <sup>st</sup> October – 31 <sup>st</sup> December 2016	Total	Trading	Contracting	Transport	Docking & Maintenance	Others
Revenue	385,015,758	84,861,252	263,727,342	35,520,159	189,522	717,483
Operating profit / (loss)	43,138,214	14,276,717	51,427,524	(9,468,241)	1,953,841	(15,051,627)
Finance income / (cost)	(6,436,476)	(2,005,259)	(2,731,578)	(136,560)	-	(1,563,079)
<b>Profit / (loss) before tax</b>	<b>36,701,738</b>	<b>12,271,458</b>	<b>48,695,946</b>	<b>(9,604,801)</b>	<b>1,953,841</b>	<b>(16,614,706)</b>
Business profit tax	(5,505,261)	-	-	-	-	(5,505,261)
<b>Profit / (loss) after tax</b>	<b>31,196,477</b>	<b>12,271,458</b>	<b>48,695,946</b>	<b>(9,604,801)</b>	<b>1,953,841</b>	<b>(22,119,967)</b>

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>

## 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 02<sup>nd</sup> August 2016 at MVR 200.00.

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.

	4 <sup>th</sup> Quarter, 2016	3 <sup>rd</sup> Quarter, 2016	2 <sup>nd</sup> Quarter, 2016	1 <sup>st</sup> Quarter, 2016
<b>Lowest traded price (MVR)</b>	-	200.00	-	-
<b>Highest traded price (MVR)</b>	-	200.00	-	-
<b>Last traded price (MVR)</b>	200.00	200.00	75.00	75.00
<b>Weighted average traded price (MVR)</b>	-	200.00	-	-
<b>No. of shares traded</b>	0	100	0	0
<b>Market capitalization (MVR millions)</b>	100.00	100.00	37.50	37.50
<b>Dividend Yield</b>	16.00%	42.67%	42.67%	13.33%
<b>Earnings per share (MVR)</b>	62.39	29.09	58.45	59.71
<b>Price Earnings Ratio</b>	3.21	2.58	1.28	1.26

## DECLARATION

### Corporate Governance Code and Listing Rules Compliance

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

### Rules of Reporting

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

The Company Published its 3rd Quarter Report 2016 on 30<sup>th</sup> October 2016 as stipulated in the Continuing Disclosure Obligation of Issuers and Listing Rules of MSE.

The 4<sup>th</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.

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This report is available at our website [www.mtcc.com.mv](http://www.mtcc.com.mv)