M T C C

ANNUAL REPORT 2016

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

بسم الله الرحمن الرحيم

ATTENTION

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2016, compiled in accordance with the Companies Act of the Republic Maldives, the Listing Rules of the Stock Exchange, 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 2016.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

Maldives Transport and Contracting Company, (MTCC) was incorporated in 1980, and is the longest serving public company in the Maldives. The company was established with the objective to contribute towards the development of infrastructure and transport service in the Maldives. Since then MTCC has positioned itself as one of the strongest business entities in the country with a diversified range of products and services, with a work force of over 1400 employees across the country.

Today the company offers a diverse range of services such as construction and project management services, modern transport services, engineering and docking service, logistics and a plethora of reputed products such as, Yanmar Marine Diesel Engine & Gensets, Suzuki Marine Outboard Engines, Hamilton Propulsion System, Castrol Lubricants, Sigma Protective Coatings, XCMG heavy machinery and Scott Bader Boat Building Composite.

We strive to maintain our market position through sustainable business development and strategic growth. Our quest is to find innovative ways to enhance the living standard of the communities in which we operate, through our product and service portfolio and execution of socially responsible policies.

INFRASTRUCTURAE DEVELOPMENT AND CONSTRUCTION

We are the pioneer and leading local contractor in dredging, reclamation and harbor development. 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, dredging and operational procedures in reclamation and sheet piling 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 sector, 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 equipment in the country and we have the capacity to execute several projects simultaneously in multiple locations across the country. Core areas of our diverse portfolio include harbor developments, dredging and reclamation, shore/ coastal protection, sheet piling, sewerage works, surveying, and building construction. We currently have projects in dozens of locations across the country.

Although our greatest focus has been on harbor construction, reclamation, coastal protection and civil construction our services also includes airport construction, building construction, water fountains, road and bridge construction, water & sewerage, electrification, surveying, design and environmental impact assessments.

DREDGING & SPECIAL PROJECTS

The newly created Dredging and Special Projects Department of 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", the latest addition to our fleet is expected to arrive in the Maldives in 2017. The 3700-cubic meter hopper dredger will be an addition to the existing fleet of IHC 1800 and 1600 cutter suction dredgers and will revolutionize the dredging industry in the Maldives.

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

TRADING

The objective of the Trading Department is to introduce and provide access to products and services required for the development and growth of the marine transport, industrial power generation, tourism and fisheries sectors of the country.

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 nations fleet of mechanized fishing vessels and thus the fishing industry. More and more products were introduced mainly targeted to the fisheries sector. Lube oils, 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 MTCC's trading business is the Kashavaru Showroom. Our products and brands are trusted and well established both in world and the Maldivian market.

Yanmar (marine engines, generators and water pumps) product range was introduced to the Maldives market in year 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 the year 1994, which became the market leader with a sale of more than 1 million liter per year. The product has a market share of 70% in the local marine sector.

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.

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 sector 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. During the year in review a dealership agreement has been signed with MAN Trucks, India, a leading manufacturer of heavy-duty trucks and buses. A dealership agreement has also been signed with 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.

Premium link ferry services are designed to offer a world-class transport experience to our customers.

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.

Our vision is to transform public transport services of the Maldives by delivering a world-class transport service and lifestyle experience that is safe, reliable and customer-centric.

We continuously upgrade of our fleets, modernize our terminal facilities and train our staff to serving our customers with a smile. With over 30 years of experience we recognize that, as a public service 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 in the Greater Male' area, while the metro bus service offers reliable shuttle service within Hulhumale' and between Hulhumale' and Velana International Airport. While our Premium Link is designed to offer a world class service with air-conditioned ferry transport and dedicated waiting lounges for passengers who wish to travel in comfort. The service is currently available only between Male' and Hulhumale', our premium transport service "Express Link" is designed to offer customers a faster option with added convenience. Currently the service is available between Male'-Hulhumale' and Male'-Velana International Airport.

Our transport network also includes the Ferry Link with ferry services in Zone 3, which includes Kaafu, Alifu 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 chauffer-driven, private buses and cars for hire. At present this service is available for travel between Hulhulmale' and Velana International Airport only.

In addition to our core services the Transport Division also provides vessel embarking solutions at Izzudeen, high-speed charter services and affordable parking services at Dhaana Gimatha (Villimale' terminal) and Fenna Gimatha (Hulhumale' terminal) and cargo delivery service between Male', Hulhumale', Villingili, Gulhifalhu and Thilafushi.

ENGINEERING AND DOCKING SERVICES

Our Engineering and Docking service offers docking services using cranes via duplex slings and air bag technology. This is complemented by a comprehensive range of services that incudes 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, invest in specialized machinery and equipment. Our service will be further enhanced by the introduction of a 200-ton boat hoist in the year 2017. Our aim is to provide required training to our staff, while ensuring a safe working environment through safe innovative work methods.

LOGISTIC

We provide domestic and international logistic service 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 the Government of Maldives across the country.

Our ship agency service provides a full range of agency services to vessels arriving in the Maldives.

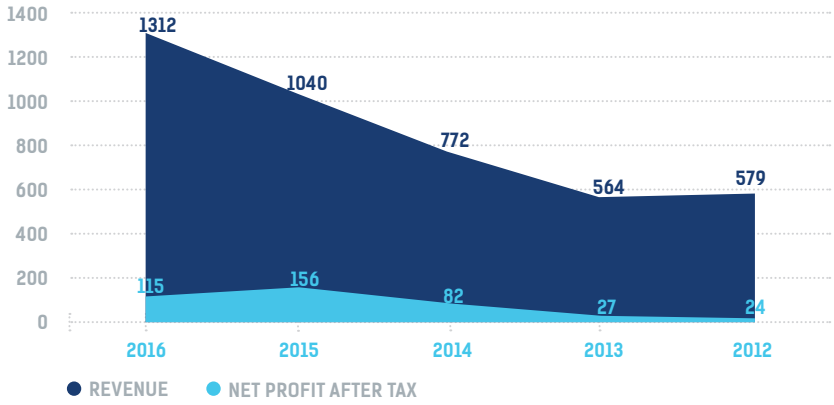
We continuously introduce new technologies, invest in specialized machinery and equipment.

02

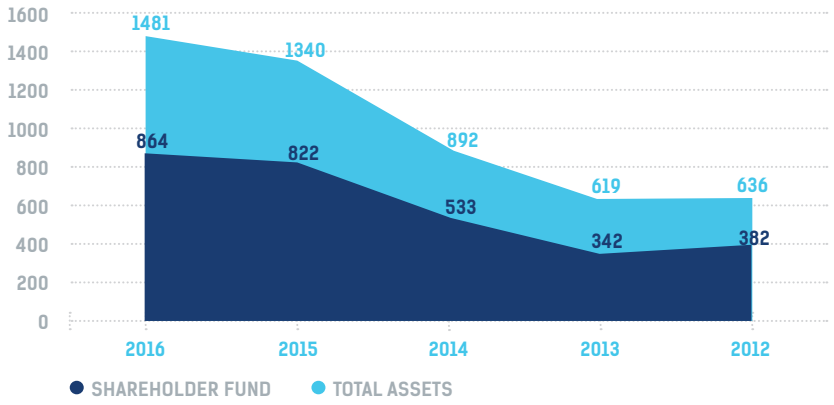
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

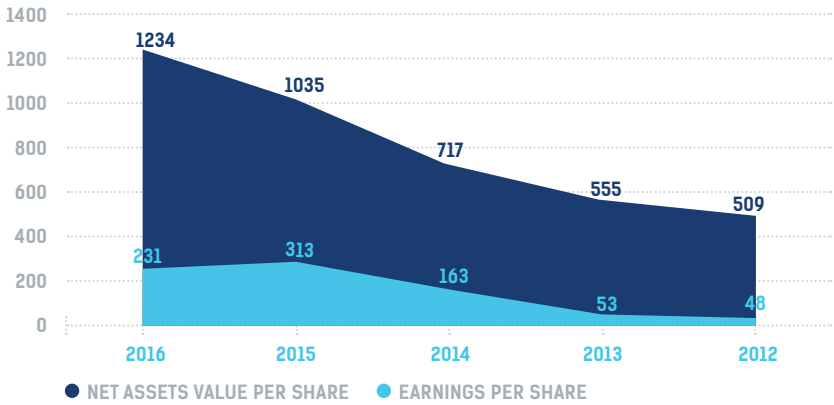
REVENUE AND NET PROFIT (MVR IN MILLIONS)



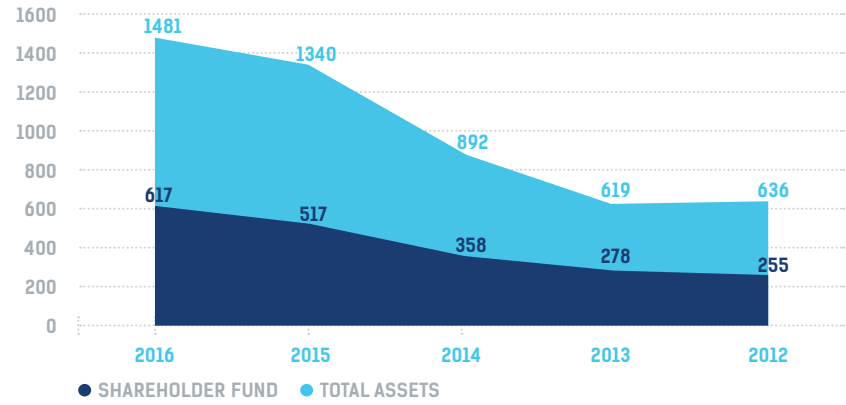
TOTAL CORPORATE DEBT AND TOTAL ASSETS (MVR IN MILLIONS)



EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE (MVR)



SHAREHOLDERS FUNDS AND TOTAL ASSETS (MVR IN MILLIONS)



FINANCIAL HIGHLIGHTS OF PAST 5 YEARS

ALL AMOUNTS ARE IN MALDIVIAN RUFIYAA (MILLIONS)	2016		2015		2014		2013		2012	
	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
SALES	1,311.52	1,294.99	1,040.30	1,043.39	772.48	776.09	564.02	564.02	579.20	579.21
COST OF SALES	1,023.01	1,004.00	792.33	797.88	627.76	630.25	486.81	486.81	497.17	497.17
GROSS PROFIT	288.51	290.99	247.96	245.51	144.72	145.85	77.22	77.22	82.03	82.03
Expenses and Other Income (net)	126.29	130.23	43.53	44.21	24.04	23.90	24.77	24.75	45.32	45.30
Operating Profit	162.22	160.76	204.44	201.30	120.68	121.95	52.45	52.47	36.71	36.73
Financing Cost	30.49	30.49	18.76	18.76	21.55	21.55	17.51	17.51	10.19	10.19
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Net Profit Before Tax	131.73	130.27	185.68	182.54	99.13	100.40	34.94	34.96	26.52	26.54
Business Profit Tax	16.35	15.82	29.30	29.30	17.48	17.48	8.19	8.19	2.51	2.51
Net Profit After Tax	115.38	114.45	156.38	153.24	81.64	82.91	26.75	26.77	24.01	24.03
Non- Current Assets	383.38	389.63	346.09	353.17	220.16	227.26	199.68	206.79	210.43	217.54
Current Assets	1,097.48	1,107.03	993.76	973.01	671.53	670.86	419.44	420.36	425.91	426.81
Total Assets	1,480.86	1,496.66	1,339.85	1,326.18	891.69	898.12	619.12	627.14	636.34	644.35
Borrowings	43.60	43.60	45.37	45.37	26.42	26.42	20.17	20.17	22.17	22.17
Non- Current Liabilities	-	-	-	-	7.20	7.20	16.86	16.86	69.24	69.24
Current Liabilities	820.40	830.96	777.00	757.16	499.64	496.76	304.58	304.56	290.42	290.41
Total Liabilities	864.00	874.56	822.37	802.52	533.26	530.38	341.61	341.60	381.84	381.82
Working Capital	277.08	276.07	216.76	215.85	171.88	174.10	114.86	115.79	135.49	136.40
Net Assets	616.86	622.10	517.48	523.66	358.43	367.74	277.51	285.54	254.51	262.53
Gross Profit Ratio	22.00%	22.47%	23.84%	23.53%	18.73%	18.79%	13.69%	13.69%	14.16%	14.16%
Net Profit Ratio	8.80%	8.84%	15.03%	14.69%	10.57%	10.68%	4.74%	4.75%	4.15%	4.15%
Earnings Per Share (MVR)	230.76	228.89	312.76	306.48	163.28	165.83	53.50	53.54	48.02	48.07
Dividend Per Share (MVR)	32.00	32.00	10.00	10.00	8.00	8.00	7.50	7.50	-	-
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)	1,233.72	1,244.20	1,034.96	1,047.31	716.86	735.49	555.01	571.09	509.02	525.05
Return on Equity (ROE)	18.70%	18.40%	30.22%	29.26%	22.78%	22.55%	9.64%	9.37%	9.43%	9.15%
Gearing Ratio (Long Term Debt to Equity)	7.07%	7.01%	8.77%	8.66%	7.37%	7.18%	7.27%	7.07%	8.71%	8.44%
Current Asset Ratio	1.34	1.33	1.28	1.29	1.34	1.35	1.38	1.38	1.47	1.47
Quick Asset Ratio	1.08	1.09	1.01	1.02	0.96	0.98	0.94	0.94	1.04	1.05

CHAIRMAN'S STATEMENT

Dear Shareholders,

An effective Board pressure tests strategy, provides leadership on matters of governance and ensures their Company is equipped to handle risk. In 2016 MTCC Plc faced and overcame such challenges, reaffirming my strong belief that this is a Company well set to succeed. It is with great pleasure I report another year of growth for MTCC Plc.

Our achievements are a testament to the strength of our business. I am confident that we are on the right path and that the strategies we have put in place are paying off. Although the Group delivered revenue growth for three consecutive years, profit before tax for the year

was below where we had set our sights at the beginning of the year, mainly owing to the discontinuation of the transport subsidy, granted by the Government of Maldives in the previous years. However our flexible business model of working across our core business segments, providing diverse services and products with transferable capability, meant we could respond to the market volatility in our respective market segments and close the year with a strong financial performance.

Significant improvements were brought to the way we do business in all our business segments. Through effective project implementations we managed to achieve progress on a significant number of projects during the year. We improved our transport service and introduced additional services into our transport service portfolio. Our general trading business model was revived to cater to today's market needs, with improvements to our product portfolio. In the area of logistics additional investments were made to bolster our fleet to meet market demand. We also invested on a boat hoist to expand our engineering and docking service. I assure all our shareholders that we will continue to find effective and result driven strategies to further enhance our businesses in 2017 and beyond.

The Board is committed to continuing to refine our corporate governance structure and practices to reflect what is in the best interests of all our stakeholders. We believe that openness and 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. We review processes and practices and oversee quality and regulatory matters. We take great interest in how we attract, retain and develop talent and make MTCC Plc a great place to work for all employees.

Our corporate social responsibility has been playing a fundamental role in our success. Investing in our human capital remains a top priority. We have made good progress on our commitments this year to make the MTCC 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 wouldn't have accomplished what we have without the blessing of Almighty Allah, from whom we seek guidance. We pray to Almighty Allah for more prosperous years ahead leading us towards maximizing value for our shareholders.

The success we enjoy today would not have realized if it wasn't for the special attention paid to us by the Government and the record number of projects we won during the year. I convey my sincere gratitude to HE President Abdulla Yameen Abdul Gayoom for the trust he continues to have in us and for the support and guidance we have received throughout this period.

Our steady performance and stable growth owe much to the steadfast support of our shareholders, clients, business associates and suppliers through the years. On behalf of the Board, I would like to record our deepest appreciation for the continuing partnership

from all of you. Our gratitude also goes to the management team and staff for your dedication, hard work and good team work. Indeed, all of you have helped the Company to grow to what it is today and we look to your continued support to achieve sustainable growth in the future.

I would also like to thank our Board of Directors for their wise counsel and contributions, which they have shared from their wealth of experience and expertise. We acknowledge all of you who have keenly supported MTCC and contributed towards achieving our vision to be the most dynamic Maldivian company; a company with a global reach, delivering total solutions in construction, transport and trading with excellence.

In the year ahead we will continue to invest in our capabilities and footprint to deliver long-term sustainable success. The Board is confident that our continued growth will enhance returns to our shareholders. I assure our shareholders that we will continue to make MTCC Plc an outstanding organization in which to work, with which to do business and in which to invest.

Ahmed Niyaz
Chairman

CEO'S STATEMENT

I take great pleasure in announcing that once again 2016 was a year of record sales. I note with pride that it is the dedication and hard work of our staff that has helped us achieve record sales for three consecutive years.

Our objective for the year has been long-term sustainable growth that creates value for our shareholders and to maintain our lead in the businesses we are engaged in. In construction and infrastructure development we have successfully introduced improved techniques and methodologies towards better and effective project implementation and resource planning. Our strategy in the transport segment has always been to establish an effective transport network that creates access and connectivity towards better economic growth which in turn creates a

platform for economic activities to flourish. In that regard, we have successfully expanded our transport network with significant improvement and better customer service covering the length and breadth of Maldives. In the area of dredging and reclamation we are now looking forward to revolutionizing the sector with our new trailing suction hopper dredger "Mahaa Jarraafu", expected to arrive in the third quarter of 2017. New products with enhanced aftersales services were introduced to our general trading segment extending our reach. We were successful in extending the dealership agreements with our existing portfolio of world renowned and respected brands while also acquiring new dealership arrangements with some of the largest and the most respected brand names in the world. The dealership agreement we have signed in 2016 with XCMG, the largest heavy machinery manufacturer in China gives us access to a range of heavy machinery used by the largest contractors in China. During the year, we have also progressed rapidly on our quest to develop the largest and most comprehensive docking service in the country. These successes are testament to the dedication and commitment of our staff and management and their readiness to take on new challenges.

In order to capitalize fully on the investment, we have made for the dredging and reclamation segment, we have created a separate business department for dredging and reclamation which up to now has been part of the construction and project management department. We have assigned our most experienced management team to lead the dredging and reclamation segment with a two-year vision to go global. We have now embarked on a program to build our team and to streamline our processes and ensure that we follow internationally recognized industry standards in project implementation, execution, and quality control. We are looking forward to the prospects of executing our first large-scale dredging project closer to home with Gulhifalhu Development and I-haven projects, which are on the horizon.

We closed the year with a record annual revenue of MVR 1,311.52 million up by 26.07% from MVR 1,040.30 in 2015, and a net profit before tax of MVR 131.73 million, a decrease of 29.05% compared to MVR 185.68 million achieved in 2015. The sole reason for the decrease in net profit was due to the discontinuation of transport subsidy which we enjoyed last year. The Government of Maldives granted a subsidy of MVR 6,884,459 during the year 2016 while a total of MVR 62,264,522 was granted us in 2015 to compensate the losses incurred from transport services operated by the Company with controlled tariffs.

During 2016, we have invested heavily on creating the resources needed for expansion and the achievement of our goals. A total of MVR 124.86 million was invested in capital assets during the year. We have also continued to invest in our human capital to ensure that our team is equipped with the knowledge and skills to face the challenges of tomorrow. A total of MVR 7.98 million was invested in training and development during the year. With the strong financial performance, the Company's net asset value per share rose to MVR 1,233.72 from 1,034.96 in 2015, while the earning per share stood at MVR 230.77.

As we embark on the new business year we have planned for a strategic shift in our business. The shift is two-dimensional; affecting the type of work we focus on and our target customer base. As we come closer to completion of harbors in almost all inhabited islands of Maldives, our focus will shift to other areas of infrastructure development, mainly sewerage and road construction. At the same time with the expansion of trading and dredging businesses, our focus has been shifting towards getting a bigger market share in the private sector, especially in the tourism industry. We have increased our marketing efforts to the private sector and we see mutual gains for our customers in the private sector as well as us with our resources and products we can deliver to the expectations of our customers.

We thank Almighty Allah for the blessings bestowed upon us. We pray for more prosperous years ahead towards maximizing value for our shareholders.

The success we enjoy today would also have never realized if it wasn't for the special consideration given to us by the government and the record number of projects we won during the year. I convey my sincere gratitude to the His Excellency President Abdulla Yameen Abdul Gayoom for the trust he has placed in us and for the continued support and guidance we have received throughout this period.

I would also like to assure our majority shareholder, the Government of Maldives and the general public that we are firm and focused on the task of building and developing the infrastructure of the nation.

I note with appreciation the important contribution by the Board of Directors for their guidance in steering the Company towards the future. I also thank all the shareholders for the confidence they have placed in the Board of Directors and the management.

We wouldn't be where we are without the commitment and passion of our management team and our driving force, the hardworking employees who serve the Company across the country. I applaud with gratitude the hard work of all our employees that has paved the way for the Company to make successive strides towards achieving our strategic goals and increasing our market share in every single line of our business.

Ibrahim Ziyath
Chief Executive Officer

03

PROFILE OF THE BOARD OF DIRECTORS

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 Deputy Managing Director 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 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 Plc, Mr. Ibrahim Ziyath spent his entire corporate career serving State Trading Organization Plc in various Managerial and Senior Management posts for the past 17 years, including the position of Deputy Managing Director at Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), General Manager of Planning & Replenishment Department and Construction Materials Department, Senior General Manager of Home Improvement & Service Centre as well as Procurement – Essential

During his tenure at STO Plc Mr. Ibrahim Ziyath had served as a Member of the Board of Directors of State Trading Organization Plc, the Chairman of Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), Member of the Board of Directors at Lafarge Maldives Cement Pvt. Ltd (a subsidiary of STO Plc), and Maldives Structural Products Pvt. Ltd. (a subsidiary of STO Plc).

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. Ibrahim Ziyath owns 02 shares of the Company.

MR. AHMED KURIK RIZA

DEPUTY MANAGING DIRECTOR / EXECUTIVE DIRECTOR

Mr. Ahmed Kurik Riza was appointed to the post of Deputy Managing Director of MTCC Plc on 14th July 2016 and later was appointed as an Executive Director of the Board of Directors of MTCC Plc on the 19th December 2016. Prior to his appointment as Deputy Managing Director of MTCC Plc, Mr. Ahmed Kurik Riza spent his entire corporate career serving State Trading Organization Plc in various managerial and senior management posts for the past 14 years, including the position of Senior Manager of Business Development Department and General Manager of Procurement Department.

During his tenure at STO Plc Mr. Ahmed Kurik Riza has served as a Member of the Board of Directors of Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), Allied Insurance Company of the Maldives Pvt. Ltd (a subsidiary of STO Plc), and STO Hotels and Resorts Pvt. Ltd. (a subsidiary of STO Plc).

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

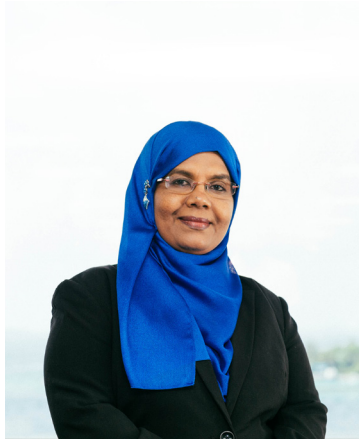
Mr. Ahmed Kurik Riza does not own shares of the Company.

MR. HASSAN MUNEER

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Hassan Muneer was appointed to the Board as a Non-Executive Independent 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 own 02 shares of the Company.



MS. NASHIMA ABDUL LATHEEF

NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms. Nashima Abdul Latheef was appointed to the Board as a Non-Executive Independent Director on 1 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 Board of Male' Water and Sewerage Company from August 2014 till October 2015.

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 has completed the Executive Certificate in Directorship from Singapore Management University – Singapore Institute of Directors.

Ms. Nashima does not own 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 to the Board as a Non-Executive Independent Director on 05 April 2016. Mr. Ahmed Abdulla is also currently the Manager of the Assets Management 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 Organisation (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 Bachelors 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 40 shares of the Company

MR. NASRATH MOHAMED

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Nasrath Mohamed was elected to the Board as a Non-Executive Independent Director at the Annual General Meeting held on 29 May 2013. Mr. Nasrath has more than 12 years of experience in sales and still continues to serve as the Head of Sales and Client Services at Allied Insurance Company. He had also served as a board of director at Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC

Mr. Nasrath holds a Master's Degree in Business Administration from Victoria University, Australia, a Bachelor's Degree of Business (Major in Management and Marketing) from Edith Cowan University, Australia; Associate Degree in Business from Perth Institute of Business & Technology, Australia; a Diploma of Business from Perth Institute of Business & Technology and has completed the Executive Certificate in Directorship from Singapore Management University – Singapore Institute of Directors.

Mr. Nasrath owns 02 shares of the Company

MR. FATHULLA ISMAIL

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Fathulla Ismail was elected to the Board as a Non-Executive Independent Director at the Annual General Meeting held on 15 May 2014. Mr. Fathulla worked as a Head of Programs, SAARC Coastal Zone Management Centre, an international NGO, for five years. Apart from that he also worked in the Ministry of Foreign Affairs for ten years. He has worked in several other areas and have gained vast experiences in those fields. Mr. Fathulla Ismail has completed short-term courses in leadership, management and communication.

Mr. Fathulla holds a Master of Arts Degree in Public Administration, and a Bachelors (Hons) Degree in Management from the University of East London.

Mr. Fathulla owns 02 shares of the Company

MR. AHMED ABOOBAKURU

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Ahmed Aboobakuru was elected to the Board as a Non-Executive Independent Director at the Annual General Meeting held on 29 May 2013.

Mr. Aboobkuru who has served for long periods of time in the Ministry of Home Affairs, State Trading Organization and in the private sector, has also served as a member of the Board of Directors of State Electric Company. He has represented the Company at the Board of Directors of Airports Investment Maldives Pvt. Ltd. since June 2013.

Mr. Ahmed Aboobakuru who also currently serves as the Managing Director of Dynamic Construction and Trading Pvt. Ltd. and managing partner of Denicon Construction and Trading Pvt. Ltd, has gained immense experience in the construction sector, having led major construction projects, and is experienced in the areas of project management, financial management and cost control. Mr. Aboobakuru has participated and completed several short-term courses in the area of Corporate governance, finance, and financial risk management. Mr. Aboobakuru has completed the Executive Certificate in Directorship from Singapore Management University – Singapore Institute of Directors. Mr. Aboobakuru was elected as the President of Contractors Association (CA) in the year 2015 and currently leads the association to help the companies facing difficulties in the construction industry.

Mr. Aboobakuru owns 39 shares of the Company

MR. MOHAMED IMRAN ADNAN

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Mohamed Imran Adnan was elected to the Board as a Non-Executive Independent Director at the Annual General Meeting held on 15 May 2014. Mr. Imran currently serves as the Head of the Engineering Division at the Male' Water and Sewerage Company Limited.

Mr. Imran holds a Master's Degree in Project Management from the University of Southern Queensland, Australia and has participated in various training programs in the area of trade.

Mr. Imran owns 02 shares of the Company

04

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 Plc, Mr. Ibrahim Ziyath spent his entire corporate career serving State Trading Organization Plc in various Managerial and Senior Management posts for the past 17 years, including the position of Deputy Managing Director at Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), General Manager of Planning & Replenishment Department and Construction Materials Department, Senior General Manager of Home Improvement & Service Centre as well as Procurement – Essential

During his tenure at STO Plc Mr. Ibrahim Ziyath had served as a Member of the Board of Directors of State Trading Organization Plc, the Chairman of Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), Member of the Board of Directors at Lafarge Maldives Cement Pvt. Ltd (a subsidiary of STO Plc), and Maldives Structural Products Pvt. Ltd. (a subsidiary of STO Plc).

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. AHMED KURIK RIZA

DEPUTY MANAGING DIRECTOR

Mr. Ahmed Kurik Riza was appointed to the post of Deputy Managing Director of MTCC Plc on 14th July 2016 and later was appointed as an Executive Director of the Board of Directors of MTCC Plc on the 19th December 2016. Prior to his appointment as Deputy Managing Director of MTCC Plc, Mr. Ahmed Kurik Riza spent his entire corporate career serving State Trading Organization Plc in various managerial and senior management posts for the past 14 years, including the position of Senior Manager of Business Development Department and General Manager of Procurement Department.

During his tenure at STO Plc Mr. Ahmed Kurik Riza has served as a Member of the Board of Directors of Fuel Supplies Maldives Pvt. Ltd (a subsidiary of STO Plc), Allied Insurance Company of the Maldives Pvt. Ltd (a subsidiary of STO Plc), and STO Hotels and Resorts Pvt. Ltd. (a subsidiary of STO Plc).

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

MR. MOHAMED HILMY

CHIEF FINANCIAL OFFICER

Mr. Mohamed Hilmy joined MTCC in 2011 and currently assumes the position of Chief Financial Officer of the Company. During his past 5 years of service at MTCC, Mr. Mohamed Hilmy has held various executive posts at the Company including the position of Chief Accountant and Financial Controller of the Company. Prior to joining MTCC Mr. Mohamed Hilmy worked at Maldives Ports Limited and at Price Waterhouse and Coopers in the field of audit assurance service and finance.

Mr. Mohamed 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 Director of MTCC Plc from 7th July 2015 to 19th December 2016. At present Mr. Mohamed Hilmy 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. Mohamed Hilmy is a fellow member of the Association of Chartered Accountants (ACCA) and is a Certified Chartered Accountant.

MR. AHMED SAEED

GENERAL MANAGER – DREDGING AND SPECIAL PROJECTS

Mr. Ahmed Saeed joined MTCC in 1993 and currently assumes the position of General Manager in charge of the Dredging and Reclamation division of the Company. During his past 23 years of service at MTCC, Mr. Ahmed Saeed has held various managerial and executive post at the Company including the position of Survey Officer, Engineer, Senior Engineer, Department Head of Construction and Project Management Department, Division head of Construction & Project Management Department and Logistics Department. Mr. Ahmed Saeed brings in a wealth of project management and engineering knowledge and experience to the Company.

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

MR. IBRAHIM LATHEEF

GENERAL MANAGER – TRANSPORT DIVISION

Mr. Ibrahim Latheef joined MTCC in 1999 and currently assumes the position of General Manager in charge of the Transport Division of the Company. During his past 17 years of service at MTCC, Mr. Ibrahim Latheef has held various managerial and executive posts at the Company including the position of Senior Marketing and Business Development Officer, Sales and Marketing Manager, Department Head of Business Development Department, Administration Department, Procurement Department, Building Security and Services Department and Division Head of Transport, Engineering & Docking Department.

Mr. Ibrahim Latheef holds a Master's degree in Business Administration from Open University Malaysia, Malaysia, Bachelor of Arts (Hons) Degree in Marketing from the University of Hertfordshire, United Kingdom and is a member of the Chartered Institute of Marketing (MCIM). He has attended the Oxford Leadership program on Global challenges in Transport, and various other training programs in the area of finance and management.

MOHAMED KHUSHAM

GENERAL MANAGER – CONSTRUCTION AND PROJECTS MANAGEMENT DIVISION

Mr. Mohamed Khusham joined MTCC in 2016 and currently assumes the position of General Manager in charge of Construction and Projects Management Division of the Company. Mr. Mohamed 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. Mohamed Khusham holds a Diploma of Business from the New Horizon Learning Centre, Western Australia and a Bachelors Degree in Security and Law Enforcement Studies, 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 assumes the position of General Manager in charge of the Trading Division comprising of Trading Department and Engineering & Docking Department. Mr. Ismail Adhuham brings in a rich mix of experience and knowledge gained during his service as the General Manager and Group Human Resources Manager at AAA & Trading Company Private Limited, Marketing Representative at the Code Marketing UK Limited and the Human Resources and Marketing Manager at the Allied Insurance Company of the Maldives.

Mr. Ismail 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 has an Associate Degree from the Australian Institute of Business and Technology.

MR. SHIFAU ALI

GENERAL MANAGER – SUPPORT SERVICE DIVISION

Mr. Shifau Ali joined MTCC in 2007 and currently assumes the position of General Manager in charge of the Support Service Division of the Company encompassing the Human Resource & Administration Department, Information Communication & Technology Department, Business Development & Public Relations Department and Legal Department. During his past 9 years of service at MTCC, Mr. Shifau Ali has held various managerial and executive posts at the Company including the position of Financial Controller, 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 Association of Certified Chartered Accountants (ACCA).

MS. FATHIMATH LIUSHA

COMPANY SECRETARY

Ms. Fathimath Liusha joined MTCC in 1997 and currently assumes the position of Company Secretary in charge of the Corporate Affairs Department of the Company. During her past 19 years of service at MTCC, Ms. Fathimath Liusha has held various Managerial and Executive posts at the Company including the position of Manager at Administrative Department, Legal Department and Corporate Department, as well as 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. MOHAMED LUAYYU

HEAD OF INTERNAL AUDIT DEPARTMENT

Mr. Mohamed Luayyu joined MTCC in 2014 and currently assumes the position of Department Head at the Internal Audit Department of the Company. Prior to joining MTCC, Mr. Mohamed Luayyu had worked as a Senior Auditor and as an Assistant Auditor at the Auditor General's Office and had carried out various audit and assurance assignments of Government entities.

Mr. Mohamed Luayyu holds a Bachelor of Science (Hon) in Applied Accounting at Oxford Brookes University and is currently pursuing professional qualification from Association of Certified Chartered Accountants (ACCA).

MR. ABDULLA FAID

HEAD OF HUMAN RESOURCE & ADMINISTRATION DEPARTMENT

Mr. Abdulla Faid joined MTCC in 2011, and currently assumes the position of Department Head at the Human Resource and Administration Department of the Company. During his past 5 years of service at MTCC, Mr. Abdulla Faid has held various managerial and executive posts at the Company including the position of Accountant and Department Head of Procurement Department.

Mr. Abdulla Faid holds a Bachelor's (Hons) Degree in Accounting and Finance from University of the West of England and has completed the fundamental level of the Association of Certified Chartered Accountants (ACCA). He has won Dean's List Award (2007), Pattern University (Oakland, CA, USA)

MR. AHMED IRUHASH

HEAD OF ENGINEERING AND DOCKING DEPARTMENT

Mr. Ahmed Iruhash joined MTCC in 2009 and currently assumes the position of Department Head at the Engineering & Docking Department of the Company. During his past 7 years of service at MTCC, Mr. Ahmed Iruhash has held various technical and managerial posts at the Company including the position of Engineer of Engineering Department and Unit Head of Engineering Workshop.

Mr. Ahmed Iruhash holds a Bachelor 's (Hons) Degree in Engineering (Marine and Offshore Systems) from the University of Tasmania, Australia.

AHMED LATHEEF

HEAD OF CONSTRUCTION AND PROJECTS MANAGEMENT DEPARTMENT

Mr. Ahmed Latheef joined MTCC in 1999 and currently assumes the position of Department Head at the Construction and Projects Management Department of the Company. During his 17 years of service at MTCC, Mr. Ahmed Latheef has held various technical and managerial posts at the Company including the position of Surveying Officer and Engineer at the Contracting Department and Senior Engineer of the Construction & Projects Management Department.

Mr. Ahmed Latheef holds a Master's of Science Degree in Quantity Surveying and a Bachelor of Science (Hons) Degree in Construction and Project Management from the Heriot Watt University, Scotland.

AISHATH SUSAN HANEEF

HEAD OF LEGAL AFFAIRS DEPARTMENT

Ms. Aishath Susan Haneef joined MTCC in 2000 and currently assumes the position of Department Head at the Legal Affairs Department of the Company. During her past 16 years of service at MTCC, Ms. Aishath Suzan Haneef has held various managerial and executive posts at the Company including the position of Department Head of Corporate Department, Business Development Department, Marketing Department, Rental Department, Building Services and Security Department, Corporate Bureau and Human and Administrative Department.

Ms. Aishath Suzan Haneef has also served as the General Manager of the Division encompassing Human Resources and Administrative Department, Information Communication & Technology Department and Legal Affairs Department.

Ms. Aishath Susan Haneef is also a visiting lecturer at Maldives National University and Villa College and have conducted guest lectures at universities abroad.

Ms. Aishath Susan Haneef 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 SALAM

HEAD OF INFORMATION COMMUNICATION & TECHNOLOGY DEPARTMENT

Mr. Ahmed Salam joined MTCC in 1991, and currently assumes the position of Department Head at the Information Communication & Technology Department of the Company. During his past 25 year 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 joined MTCC in 2002 and currently assumes the position of Department Head at the Logistical Operations Department of the Company. During his 14 years of service at MTCC, Mr. Hussain Zuhury has held various managerial posts at the Company including the position of Manager of the Rentals Department and Senior Manager of the Logistical Operations Department.

Mr. Hussain Zuhury holds a Master's Degree in Business Administration from Open University Malaysia, and a Bachelor's Degree in Business Administration from the Limkokwing University of Creative Technology, Malaysia.

MOHAMED NAZIM

HEAD OF TRANSPORT SERVICE DEPARTMENT

Mr. Mohamed Nazim joined MTCC in 2000 and currently assumes the position of Department Head at the Transport Service Department of the Company. During his past 16 years of service at MTCC, Mr. Mohamed Nazim has held various managerial posts at the Company including the position of Assistant Manager of Transport Services Department, Manage of Procurement Department, Thilafushi Business Department and Logistics Department and Senior Manager of Transport Services Department

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

MR. ISMAIL FARIQ

HEAD OF TRADING DEPARTMENT

Mr. Ismail Fariq joined MTCC in 2001 and Currently assumes the position of Department Head at the Trading Department of the Company. During his past 15 years of service at MTCC, Mr. Ismail Fariq has held various managerial and executive posts at the Company including the position of Manager of Rentals Department, Engineering Department, and Maldives Real Estate Investment Corporation Private Limited (fully owned subsidiary of MTCC Plc), Department Head of Building Services and Security Department, Business Development Department, Logistical Operations Department, Procurement Department and Transport Department.

Mr. Ismail Fariq holds a Bachelor 's Degree in Business Management from the University of Queensland, Australia.

MR. WASEEM AKRAM

HEAD OF FINANCE DEPARTMENT

Mr. Waseem Akram joined MTCC 2012 and currently assumes the position of Department Head at the Finance Department of the Company. Prior to joining MTCC he 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 currently serves as the Head of the Finance Department.

Mr. Waseem Akram is an associate 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), an associate member of Certified Public Accountants of Sri Lanka (CPA) and an associate member of the Institute of Certified Management Accountants of Sri Lanka (ICMA).

We have the expertise to deliver solution to our customers with quality and reliability.

05

BUSINESS REVIEW 2016

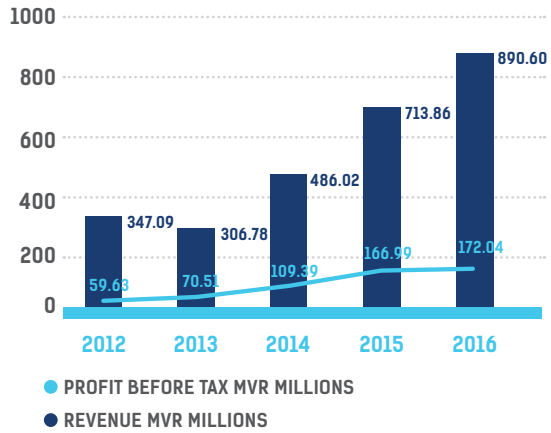
K. Madivaru – Survey works carried out by MTCC

INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION

FINANCIAL PERFORMANCE

2016 was yet again a year of record revenue and profits for the segment. We achieved an increase of 25% sales during the year reaching a record of over MVR 890 million and record profits of MVR 171 million.

REVENUE AND PROFITS (MVR IN MN)



PROJECTS COMPLETED DURING THE YEAR

In 2016 we sustained the momentum we have gained during the previous year in expanding the sector. 22 new projects were undertaken during the year and four projects were completed. Among the most important projects undertaken in the year are the construction of Male' West Coast swimming area, Male' Industrial Village project, Thaa Atoll Madifushi reclamation project, repair and renovation of temporary facilities, building and services at Velana International Airport, Sultan Park Redevelopment Project, the flooring, marbling and landscaping of the Islamic Center Courtyard and G.Dh Thinadhoo Museum and Park Project.

EXPANDING OUR MARKET

Expansion through diversification has been a key objective of the Company during the last few years. As such during the year in review efforts were made to diversify and to expand our scope of services through strengthening existing services and entry into new markets.

As part of our program to expand our customer base in the private sector we participated at the MACI Build & Home Expo with the objective of increasing brand awareness and visibility and to showcase our capacity to offer solutions to construction projects of all types and especially in the area of marine construction.

IMPROVING EFFICIENCY

During the year efforts were made to improve efficiency and shorten delivery time of projects. MVR 71.8 million was invested during the year to obtain new machinery, equipment, tool, vehicles and vessels. With the acquisition of new machinery and equipment, additional resources were deployed to high value projects to speed up the works. Staff training continued during the year to improve efficiency especially in the area of administration. A renewed focus was also given to complete small-scale projects in the shortest possible time with new strategies of deployment of resources and project execution. Our efforts to enhance the monitoring of projects and reducing communication gaps also contributed to improve performance during the year.

COMMENCEMENT OF STEEL CONSTRUCTION

During 2016 we kick started our entry into steel construction originally planned for the previous year. The Thinadhoo Museum project with its unique design comprising of inclined walls and structures was an ideal project for steel construction and it helped our team to fine tune our newly developed skills in the installation of steel structures and cladding systems.

With the introduction of steel construction we would get the opportunity to offer lower rates and shorter completion times to our customers. While this would strengthen our position in the industry, it will also create the opportunity for the Company to expand its scope of service to regional and international customers.

ADVANCES IN THE SURVEY FUNCTION

During 2016 the scope of the survey function was developed and expanded with the introduction of new and modern equipment. These include an Image Stations, a robotic total station for use in topographic surveys, a Hydron survey boat that can be remotely 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.

INTRODUCTION OF NEW TECHNOLOGIES

The redevelopment of Sultan Park during the year in review was one of the project which we undertook that demonstrates our entry into various types of new technologies such as the construction of fountains, bridges and revolving play areas. Similarly the construction of water fountains at Jumhooree Maidhaan and the development of Izzudheen Jetty with its steel structures and fabric roofing systems during 2015 helped our teams to acquire the knowledge and skills to design and construct such structures using the new technologies.

GETTING READY FOR THE ARRIVAL OF THE TRAILING SUCTION HOPPER DREDGER

The arrival of the trailing suction hopper dredger expected in Aug 2017, will revolutionize the dredging industry in the Maldives and will provide the Company with the opportunity to enter the regional and global market for dredging. The construction of mahaa jarraafu commenced during the year in review and preparations for the commencement of the operation was carried out during the year. Most significant among those is the creation of a new department dedicated to dredging.

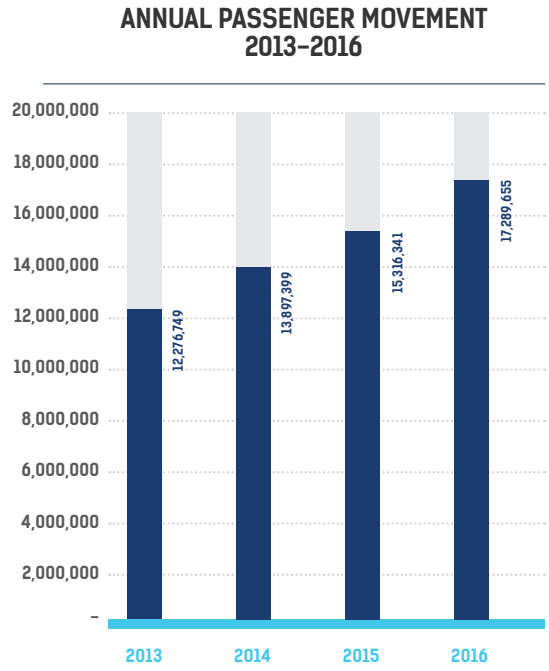
Private Hire Service available for travel between Hulhumale' and Velana International Airport.

TRANSPORT SERVICES

VOLUME OF OPERATIONS

During 2016 Ferry Link between Male' and Hulhumale' operated 22,830 commutes per day on our ferry services with a daily capacity of 36,800 passengers, while on our Metro Link routes we offered 1650 commutes per day with a capacity of 5184 commutes.

In 2016 over 47,000 passengers used our services every everyday with a total of over 17 million passengers during the year.



MODERNIZATION, EXPANSION AND GREATER CUSTOMER CONVENIENCE

Transport services provided by the Company touch the lives of thousands of people everyday. As such improving the quality of services and the level of convenience offered to our customers is of great importance to the Company. We believe it is through expansion and modernization that we can provide convenience to our customers across the country. During the year a total of MVR 16.6 million was invested for the expansion of services in the Ferry Link and Metro Link.

With the introduction of the new 44-seat Volvo luxury buses, Shuttle Bus Services to INIA was introduced during 2015. These buses are designed for customers travelling with their luggage, hence these buses are equiped with special luggage compartments. In 2016 two new buses were introduced to the service each with a capacity of 45 passengers. MVR 4.2 million was invested for this expansion.

In 2016 the Company introduced the Premium Link between Male' and Hulumale' with two air-conditioned ferries and dedicated air-conditioned premium lounges at both terminals. The ferries fitted with comfortable seating each with a capacity of 147 passengers offers higher speeds and operates during peak hours. MVR 12.2 million was invested for the new service.

EXPANSION OF FERRY LINK

As a public transport service provider we believe it is our responsibility to provide convenient transport services across the country. The service began with the introduction of ferry links in Zone 3 consisting of Kaafu, Vaavu, Alifu Alifu and Alifu Dhaalu Atolls. In 2015, the service was expanded with the introduction of ferry services to Thaa atoll and Laamu atoll (Zone 5).

During the year in review new services were introduced in Zone 1 which includes, Haa Dhaalu, Haa Alifu and Shaviyani Atolls, Zone 2 which covers Noonu, Raa, Baa and Lhaviyani Atolls, and in Zone 6 which includes Gaafu Alifu Atoll and Gaafu Dhaalu Atoll.

We offer a range of high quality products from leading brands for the Maldivian market.

TRADING

The overall objective of the year was to improve the access, quality of service and reach of our products and services in the market. This was achieved through a combination of market visits, promotions and training programs held throughout the year.

FEELING THE PULSE OF THE MARKET

During the year marketing visits were made to various atolls across the country and to islands specialized in fisheries boat building, local tourism and other industrial activities. While the atoll visits covered Haa Alifu, Haa Dhaalu, Thaa, Laamu, Gaafu Alifu, Gaafu Dhaalu, Gnaviyani, and Seenu Atolls, the island visits include HA. Ihavandhoo, HA Hoarsfiushi, HDh. Kulhudhuffushi, R.Alifushi, Vaadhoo and Innamaadhoo, K.Thalafushi. Thulusdhoo, Maafushi, Guraidhoo and Huraa, Th. Hirilandhoo, GDh.Thainadhoo, GA. Kolamaafushi and GA Gemanafushi.

Market visits serve several of our marketing objectives, most importantly that of gaining an insight into the changing needs of our customers, the level of knowledge and access to our products and services and the quality of aftersales services available across the country. The visits are also a platform to meet customers directly, and identify areas where improvements and solutions are needed. A broad overview was gained through meetings with Island Councils and communities and a deeper insight through one-on-one meetings with individual boat builders, fishermen, engineers and sales agents.

DISSEMINATION OF TECHNICAL KNOWLEDGE

In order to educate customers and build awareness of our products market visits were used effectively to educate and inform customers about specific products, new models, and procedures and practices relating to aftersales support.

Specific training seminars held during the year include Yanmar and Suzuki technical

training seminars conducted in Haa Dhaalu and Shaviyani Atolls and training seminars on PPG Protective and Marine Coatings also held in Gaafu Dhaalu Atoll, basic training seminar on Yanmar and Suzuki held at the Maldives Marine Expo 2016 and the Products Seminar held in GA. Gemanafushi on the occasion of the Fishermen's Day 2016.

During the visits to the atolls several group discussions and training sessions were also held on routine maintenance of Yanmar and Suzuki engines, application and use Scott Bader boat building composites and Sigma Marine Coatings. The visits also offered our teams an opportunity to provide technical consultations to boat builders and boat owners.

IMPROVING ACCESSIBILITY AND QUALITY OF SERVICE

We measure accessibility not only in terms of product availability in the atolls but also in terms of the means available for customers to acquire our products, especially those that involves significant investment. During the year in review our Tamwil Taksit Islamic financing scheme introduced during the previous years was extended to finance purchase of both inboard and outboard engines. During our outreach program our teams provided information on the scheme.

Our network of agents and engineers plays a crucial role in the building access to our customers. Information on the selection of local agents and engineers and their roles were also briefed to customers.

Continuous improvement in service is an important part of our marketing strategy. As part of the ongoing program to improve the quality of service we offer to our customers across the country assessment of existing agents and certified engineers were made during the year.

INROADS INTO NEW MARKETS

Boat building is an important prospective market in the Maldives. The addition of Scott Bader to our product portfolio adds value to the product range offered by the Company and provides Maldivian boat builders the access to the highest quality composites, adhesives and specialty polymers. The official launch of Scott Bader held in January 2016, marked the beginning of our program to provide a total solution for boat builders in the future.

We enhanced our Suzuki product range with the introduction of Suzuki Engine Oil during the year. At the Madives Marine Expo 2016 we introduced Inflatable Rib Boats and a range of boating accessories including search lights, flood lights, maintenance free batteries and other accessories.

PROMOTIONAL ACTIVITIES

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

Saabas Yanmar held during the year in review was one of the grandest promotions to be carried out by the Trading Department in all its history. During this promotion, teams visited Haa Alifu, Haa Dhaalu, Raa and Gaafu Alifu Atolls with the aim of spreading the word about Saabas Yanmar. The promotion was launched at the artificial beach by the Chairman of the Board, with a kick-off event at Male' North harbor as well.

Suzuki Foari, our annual promotion held during Ramadan was also held during the year in review. Discounts were offered on the whole Suzuki range and teams visited the islands of Guraidhoo and Maafushi, and Thilafushi in Male' Atoll to meet with existing and potential customers.

Kashavaru Promo , which is also an annual promotion, was held in December 2016. During the promotion discounts were offered on all major product including Yanmar engines, Suzuki engines, Castrol lubricants, PPG Protective coatings, Scott Bader boat building materials and spare parts.

Among other promotional activities held during the year were the Sigma and gas launch event in Thilafushi and the established of a 'Kashavaru' endorsed distribution point on the island to ensure accessibility of industrial gas and PPG Coatings on the island. We participated at the Maldives Marine Expo 2016 as the main sponsor during which new products that has been added to our portfolio were introduced to the market. Seminars on Yanmar, Suzuki, and Scott Bader were also held during the expo. At MACI Build & Home Expo 2016 we showcased our products and services especially in the area of building and construction.

STRENGTHENING AND CREATING BONDS WITH SUPPLIERS

During the year in review several visits were made to international suppliers with the objective of strengthening existing ties and building new relationships for future cooperation with new brands. Meetings were held with Yanmar Asia (Singapore) Corporation Pte. Ltd., BP Singapore Pte. Ltd., Caterpillar Finance Services Asia Pte. Ltd. and our team participated in the Scott Bader Middle East Distributor Conference held during the year.

We offer a range of high quality products from leading brands for the Maldivian market.

LOGISTICS

During the year in review a separate business department was created to oversee the logistics operations of the Company, which was up to the time under the Construction and Projects Management Division.

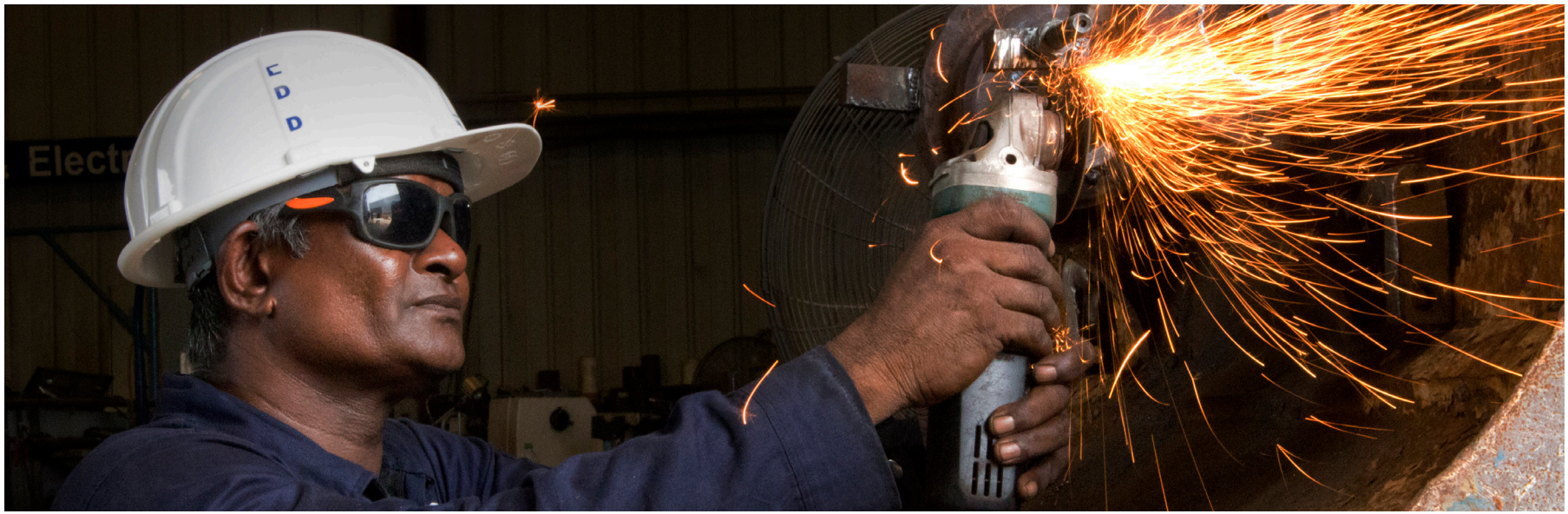
In 2016 our logistics fleet was expanded with the addition of two new sets of international tug and barge. With the new addition to our fleet we delivered a total of 139,400 tons of rock boulders during the year to various infrastructure development projects across the nation. During the year our domestic fleet was 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.

In the area of ship agency service, we served nine Indian Navy Ships including one Air Craft Carrier and three Indian Coast Guard Ship during the year.

ENGINEERING & DOCKING SERVICES

During the year our main focus was totally on catering to the internal requirements of the Company. However major infrastructure development work was carried out during the year to expand our docking service to external customers using the newly invested 200-ton boat hoist. As such, work on sheet piling the docking area progressed and 80% has been completed while preparation work to commence paving of the docking site was carried out during the year. Accommodation facility for the staff and crew of external customers residing at our site were also improved while our automobile workshop and the vessels repair workshop was renovated to make way for the boat building venture by our Trading Department.

Additionally, fabrication of a new spud barge was also completed during 2016 and was handed over to Logistics Operations Department.



Engineering and Docking services incudes welding, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks.

06

OUR TEAM

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 across the country. We are proud of our team's professionalism, dedication and commitment. Our team has an unparalleled wealth of accumulated collective knowledge in our areas of business.

We have always worked to ensure the competency of our staff and their proficiency in the latest developments in their respective fields. 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 in order to lead in our areas of expertise. During the year we facilitated overseas training for our staff in the areas of human resources management, executive strategic training, auditing, accounting, supply chain management, projects management and leadership and management. In addition to that many of our staff were also enrolled in various local training programs.

As part of strengthening our staff training program, various negotiations were carried out with training institutes around the world 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 to establish a qualified training unit.

During the year, we continued to offer variety of training opportunities to staff, including long-term academic education leading to degrees and professional qualifications in important areas for the Company. During the year 16 employees were awarded Academic scholarships to complete their studies under the Human Resource Development Scholarship program of the Company. In order to encourage further education, we continued our program to facilitate paid leave for staff undertaking studies on their own, which began during the previous year.

Staff of MTCC – Celebrating 36 years of service

We also continued our efforts to create employment for the youth and motivate them to join our work force. As such we participated in the "Kissaru' job fair held at Adh. Mahibadhoo and "Kissaru Youth Job Fair" held in Addu City 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 while 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, comfortable work environment and incentives to ensure staff satisfaction. We are proud to inform that a new Corporate Bonus Scheme for staff was approved by the Board of Directors during the year.

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 2016. Further, we announced and launched a new uniform guide for the company covering all the service segments of the company.

During the year, we continued our 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 for our initiative.

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 them.

Club MTCC conducted a wide variety of staff activities during the year including sports and social events and contributed to the society through participation in programs such as Clean the Beach organized by the Ministry of Housing and Infrastructure to clean the Rasfannu Beach. The event was held with the support of public companies and NGOs.

Club MTCC organized inter department tournaments and organized social events for the staff with the objective to foster friendship and unity among the staff working in different areas of the Company. The Club also represented the Company in various sports events held among government ministries and public companies.

Annual staff trip 2016

07

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY PLAN

We are committed to fulfilling our corporate responsibility and to give back to the community. Corporate social responsibility remains an integral part of our decision-making. Our contribution to communities, in partnership with the people, local councils and non-governmental organizations at islands where our projects are conducted, are made as part of our social responsibility.

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 to promote and execute CSR in a number of ways as 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 of our stakeholders including shareholders, customers, employees and the communities where we do business while complying with national and international laws and regulations.

In 2016 we focused our CSR contributions on enhancing education, empowering the disabled, environmental sustainability and fostering a sound workplace.

The education sector is vital to community development and advancement. Hence, a number of the Company's CSR activities focus on enhancing educational institutions 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 partnership with local school's 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.

In 2016 we continued our program of proactively employing disabled persons, a program which began the previous year. Apart from that we sponsored a variety of activities by NGOs whose main focus is assisting the disabled community.

We consider a sustainable environment to be the basis for sustainable business. In 2016 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 Vilimale' in August 2016. The program was conducted in collaboration with "Save the Beach". With the help of more than 80 of our staff we were able to collect more than 390 kg of plastic waste and 200kg of metal waste.

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 the employees. We offer incentives in the form of bonuses and have all employees enrolled in health insurance. Furthermore we continued our annual health screening for all employees.

08

FUTURE OUTLOOK

FUTURE OUTLOOK

Our strategy for the future will focus on service excellence, cost reduction and diversification. We will seek to improve the operation of all existing business segments and grow further with better coordination and financial controls, while responding to market challenges, and to market opportunities through further investment.

We are growth focused too. During the year 2017 the company plans to invest in capital assets so as to achieve an unprecedented level of expansion to cross our revenue target of MVR 2 billion. We aim to put in place an organizational infrastructure that can support successful execution of our objectives and strategies.

Considering our lines of business and the trajectory of the current investment climate both by the Government and the private sector, we see great scope and opportunity for expansion and growth for the Company. While the Government's focus on development of the country's infrastructure will create opportunities in construction, transport and the fisheries sector, the private sector's huge investments in the tourism sector will create opportunities in the area of dredging, reclamation and construction.

We are keenly aware of the increasing domestic and international competition that will challenge our operational efficiency. Hence we will continue to work towards improving operational efficiency, establish quality assurances and quality controls and streamline our processes in line with international best practices.

CONSTRUCTION AND INFRASTRUCTURE DEVELOPMENT

In construction and infrastructure development we will focus on the opportunities in the areas of harbor construction, shore protection, airport construction, building construction, electrification, survey and EIA works, roads development, sewerage and water projects. Steel construction will be expanded in the year 2017. Furthermore, these new projects will create synergy within the Company, creating opportunities for our domestic and international logistics operations.

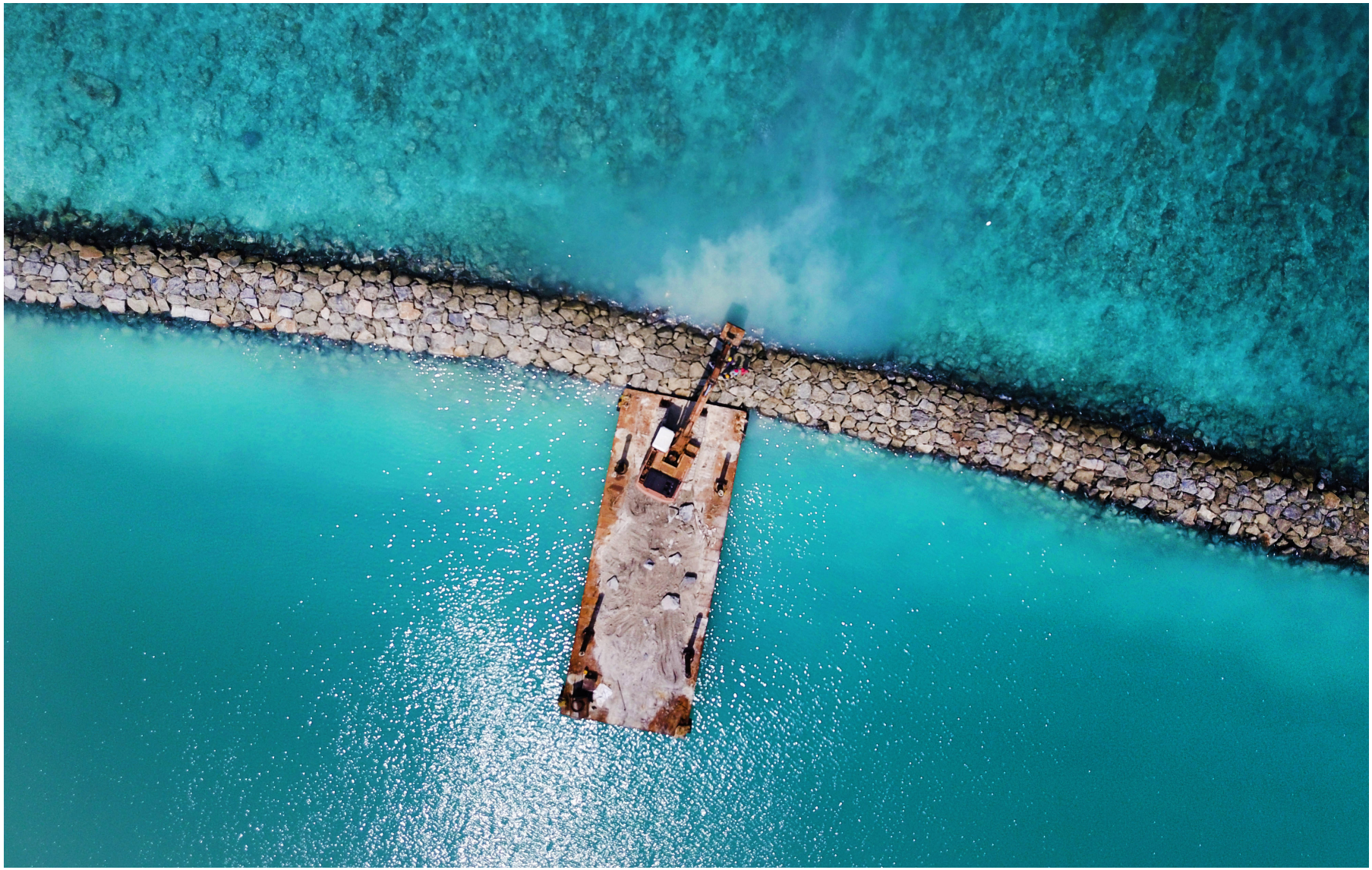
Our strategies for the future includes building an efficient pool of resources to meet project requirements, improve project planning, and reduce cost of sales while adhering to international standards towards undertaking mega infrastructure development projects.

DREDGING

With the current demand for large scale dredging and reclamation, paired with the arrival of our 3700-cubic meter hopper dredger, the prospects to increase productivity and revenue in this segment is high. Our focus is on acquiring customers from the public as well as the private sectors including the tourism sector. Potential projects have already been identified and negotiations are ongoing to secure these projects. We expect our hopper dredger to be fully occupied for the next 2 years

LOGISTICAL SERVICES

Demand for domestic logistical services are expected to grow within the next 3 years due to upcoming harbor projects, housing projects, resort development projects, airport development projects and road projects. In the area of logistics the we have planned to expand the fleet to meet the market demand initially with a 250 ton landing craft and 150 feet barge with accompanying tug. We have also planned to invest on a pontoon barge to enhance our ship agency service.



The Company's tugs and barges are extensively operated in transporting rock boulders for the shore protection and infrastructure development projects.

TRADING

In the trading sector we will continue to make progress in expanding our reach and providing state-of-the-art sales and after sales services throughout the nation. We recognize that our success along with that of our customers depend on timely and quality delivery of services wherever it is needed. In an effort to expand our service throughout the nation we have made plans to open regional outlets in HDh. Kulhudhuffushi and GDh. Thinadhoo during the year 2017.

With the introduction of Scott Bader products during 2016 we have made our initial entrance to the boat-building sector. We plan to expand our scope to offer total solutions in boat building. A focused effort will also be made to make inroads into the tourism sector with existing and new products that would cater directly to their needs.

ENGINEERING & DOCKING SERVICES

During the next three years we are targeting to expand our engineering and docking services to external customers by providing world-class, modern engineering and docking solutions with the introduction of a boat hoist in the third quarter of 2017. Hence the main emphasis in our engineering and docking service will be to continue to employ new technologies as well as investing in specialized trainings for the workforce in order to provide an efficient, high quality service, while ensuring a safe working environment through safe innovative work methods.

Along with the new service we are expanding our scope and opening our doors to offer total solutions for repair and maintenance of marine and land fleets, establishing Class welding with a promise to provide timely and quality services.

As part of our diversification program we have also planned to expand our services with the addition of fleet management service to our service portfolio in 2017.

TRANSPORT SERVICES

As a medium-term strategy, we are targeting to transform our transport services by expanding the premium ferry service into our portfolio through the introduction of a modern and convenient fleet of vessels in to the operation along with the introduction of highspeed ferry services into our comprehensive transport network across the nation.

Our strategies for the future include the expansion of land transport to Male' and other major population centers, providing a total solution for transportation needs of the general public. We are also planning to expand our bus service with the addition of an intercity bus service between Male' and Hulhumale' when the China - Maldives friendship bridge is open for service.

Furthermore we are working to automate our transport service towards providing a cashless and convenient transport solution in all of our transport networks across Maldives.

09

SHARE PERFORMANCE

SHARE PERFORMANCE

In the year 2016 there were no changes in the share structure of the Company.
As of 31st December 2016, 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 general public. The Government of Maldives and Maldives Shipping Limited are the only shareholders who hold more than 5% of the shares of the Company.

The share structure of the Company as of end 2016 is shown below;

SHARE STRUCTURE	NO. OF SHARES	FACE VALUE OF SHARE (MVR)	PERCENTAGE HELD
Government Of Maldives	239,322	11,966,100	47.8
General Public	223,286	11,164,300	44.7
Maldives National Shipping Limited	37,392	1,869,600	7.5
Total	**500,000**	**25,000,000**	**100**

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

CAPITAL MARKET ORIENTED KEY DATA

100 shares were traded in the Maldives Stock Exchange during the year 2016, which is an increase of 32% compared to the previous year. The shares were traded at MVR 200.00. We believe the market value does not reflect the true value of our shares.

Market capitalization at the last traded price in 2016 was MVR 100 million while market capitalization at the last traded price in 2015 was MVR37.5 million.

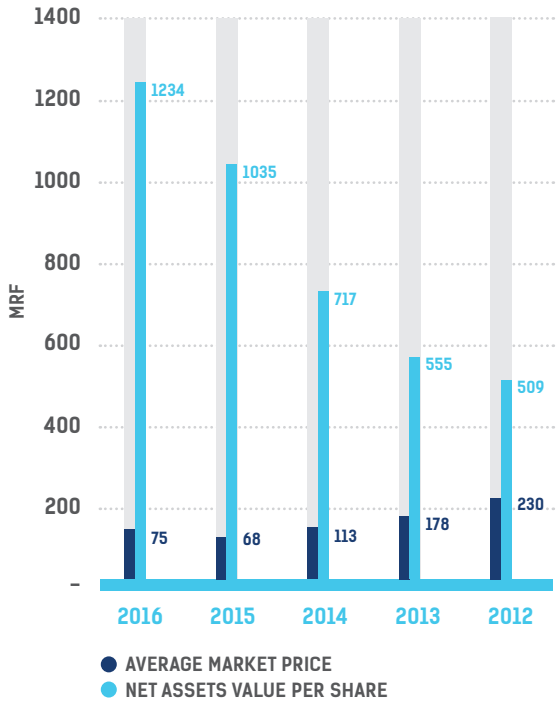
	2015	2016
Lowest traded price (MVR)	70.00	200.00
Highest traded price (MVR)	130.00	200.00
Last traded price (MVR)	75.00	200.00
Weighted average traded price (MVR)	124.21	200.00
No. of shares traded	75	100
Market capitalization (MVR millions)	37.5	100
Dividend Yield	26.67%	16.00%
Earnings per share (MVR)	312.76	230.77
Price Earnings Ratio	0.24	0.87

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 shareholders through time.

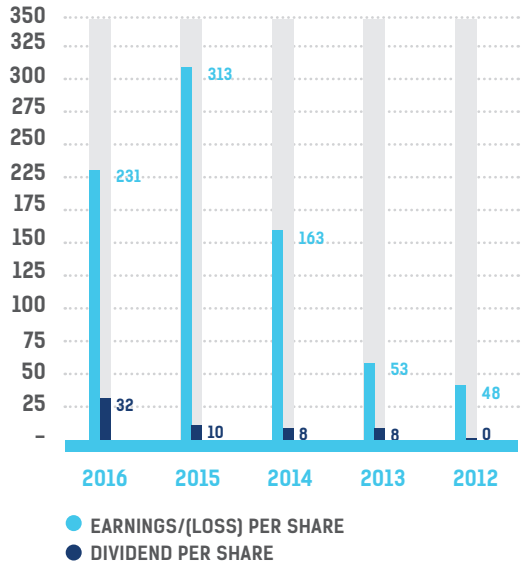
The Board of Directors has decided to propose a dividend of MVR 24.00 per share, at the Annual General Meeting of 2016. A dividend per share of MVR 32. 00 was passed at the Annual General Meeting of 2015.

AVERAGE MARKET PRICE AND NET ASSETS VALUE PER SHARE



SHARE PRICE MOVEMENT (MVR PER SHARE)

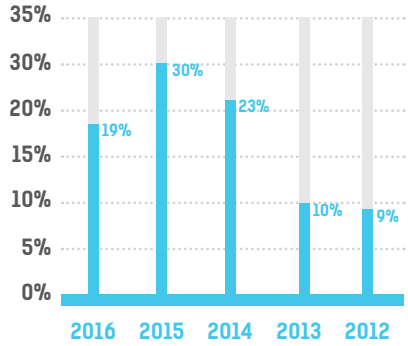
EARNINGS PER SHARE AND DIVIDEND PER SHARE



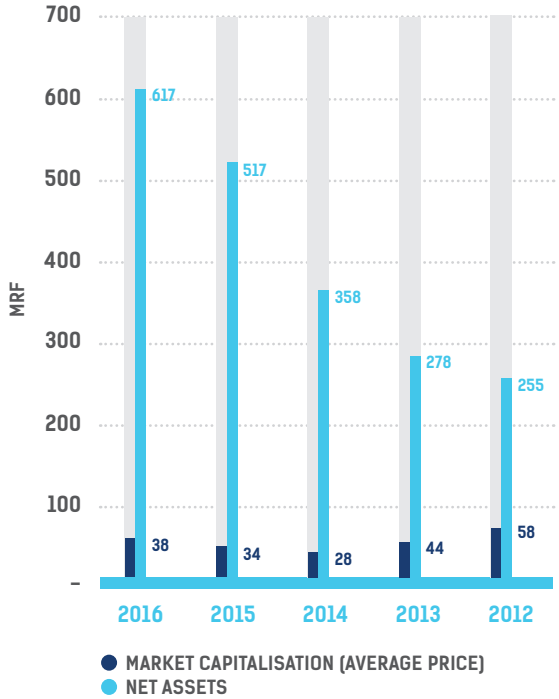
INVESTORS' RETURN

The Group has accumulated a return to the equity holders amounting to MVR 115 million with a Return on Equity of 19% during the year ended 31 December 2016, consequently net asset value per share has also increased to MVR 1234 per share from MVR 1,035 per share compared to the previous year, the company has declared a dividend of MVR 32 (2015: MVR 10) per share during the year ended 31 December 2016 from the net profits of 2015.

RETURN ON EQUITY



NET ASSETS AND MAKET CAPITALISATION



10

SUBSIDIARY COMPANY

MALDIVES REAL ESTATE INVESTMENT CORPORATATION PRIVATE LIMITED

Maldives Real Estate Investment Corporation (MREIC) Pvt Ltd. is a wholly owned subsidiary of Maldives Transport and Contracting Company Plc. As MTCC'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.

11

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

DIRECTORS 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.

The Company's governance and operating model facilitates efficient and timely decision making coupled with pragmatic resource allocation, which in turn are integrated into a transparent, accountable and ethical framework that is compliant not only with the laws but also with self-imposed codes of ethics, standards and regulations that positions the Company on a platform of critical governance features to ensure a culture that goes beyond compliance.

MTCC considers it a prime responsibility to disclose unbiased, fair and accurate information on the Company's governance practices on a timely manner to all stakeholders so that they could exercise sound decision-making.

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 principal role of the Chairperson of the Board is to manage and to provide leadership to the Board of Directors of the Company. 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.

In compliance with clause 84 of the Articles of Association of 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 has the primary responsibility for the management of the business and affairs of MTCC as delegated by the Board. As such, 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. The CEO is directly accountable to the Board for all activities of the Company.

COMPOSITION OF THE BOARD

Clause 63 of the Articles of Association requires the Board to comprise of 10 members; 6 representing the Government of Maldives and 4 elected by the public shareholders, which is in proportion to the percentage of shares held by the Government and public shareholders. A change in the proportion of shares held by various parties or addition of new shareholders will change the composition of the Board accordingly.

Amongst the ten directors in the Board, two directors are executive directors and eight directors are non-executive directors.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- Establish the Company's vision, objectives and lead the Company into the future.
- Take measures to secure and protect the interests of the shareholders.
- Ensure compliance with laws and regulations in all matters related to the Company and to review and establish policies of the Company.
- Establish business and financial policies of the Company.
- Acquire essential investments to achieve the objectives of the Company.
- Work towards increasing value for the Company's shareholders.
- Review and approve the annual financial statements and other financial reports of the Company.
- Recognize and assess the risks and establish internal controls and other measures to manage such risks.

BOARD MEETING

Clause 63 of the Articles of Association requires the Board to comprise of 10 members; 6 representing the Government of Maldives and 4 elected by the public shareholders, which is in proportion to the percentage of shares held by the Government and public shareholders. A change in the proportion of shares held by various parties or addition of new shareholders will change the composition of the Board accordingly.

Amongst the ten directors in the Board, two directors are executive directors and eight directors are non-executive directors.

NAME	APPOINTED/ ELECTED	ATTENDANCE
Mr. Ahmed Niyaz	Appointed as Chairman on: 06th December 2016	2/2
Mr. Ibrahim Ziyath	Appointed as Chief Executive Director on: 14 June 2016	15/15
Mr. Ahmed Kurik Riza	Appointed on: 19 Dec 2016	2/2
Mr. Ahmed Abdulla	Initial appointed date: 13 May 2014	14/7
	Discharged on: 20 March 2016	
	Re-appointed on: 05 April 2016	
Ms. Nashima Abdul Latheef	Appointed date: 01 November 2015	27/28
Mr. Hassan Muneer	Appointed on: 18 Dec 2016	0/0
Mr. Nasrath Mohamed	Initial elected date: 29 May 2013	23/28
	Last elected date: 31 May 2015	
Mr. Ahmed Aboobakuru	Initial elected date: 29 May 2013	27/28
	Last elected date: 31 May 2015	
Mr. Mohamed Imran Adnan	Initial elected date: 15 May 2014	24/28
	Last elected date: 23 May 2016	
Mr. Fathulla Ismail	Initial elected date: 15 May 2014	17/28
	Last elected date: 23 May 2016	

NAME	APPOINTED/ ELECTED	ATTENDANCE
	FORMER MEMBERS	
Mr. Hussain Salim Mohamed	Initial appointed date: 24 December 2013	24/26
	Appointed as Chairman on: 25 January 2015	
	Discharged on: 06 Dec 2016	
Mr. Ibrahim Abdul Razzaq Haleem	Initial appointed date: 12 June 2014	12/12
	Appointed as Chief Executive Director on: 12 June 2014	
	Discharged on: 12 June 2016	
Mr. Sinaan Ali	Initial appointed date: 25 December 2014	12/24
	Discharged on: 12 June 2016	
	Re-appointed on: 14 June 2016	
	Discharged on: 19 December 2016	
Mr. Mohamed Hilmy	Initial appointed date: 07 July 2015	24/26
	Discharged on: 19 December 2016	
Ms. Mariyam Shafeega	Appointment date: 20 March 2016	0/0
	Discharged on: 06 April 2016	

Board materials are provided to directors in advance of the scheduled meetings and include pre-reading and background analysis. The Board also receives regular updates on emerging regulatory and governance matters from management at Board and Committee meetings. Board meetings are also attended by the senior executives and relevant staff on matters presented from the management to the board.

KEY DECISIONS AND RECOMMENDATIONS BY THE BOARD OF DIRECTORS DURING THE YEAR

Provided strategic guidance for new businesses and directions for improvement of management

- Approved the remuneration of the subsidiary's Board of Directors.
- Approved the revised Human Resources and Development Policy.
- Approved Corporate Bonus Scheme
- Approved the revised organizational structure tailored for better management and efficiency of the company.
- Approved the Audited Financial Accounts for the year 2015 and reviewed quarterly results of 2016.
- Decided on the dividend for the year 2015 to be proposed to AGM 2015.
- Reviewed construction projects undertaken by the Company and offered guidance to the management on increasing the efficiency of project management.
- Received and reviewed reports from the committees of the board.
- Appointment of Audit Consultant to study, analyze and improve the overall audit function of the Company.
- Provided strategic directions on the strategic business plan for the year 2017-2019.
- Approved the strategic business plan for the year 2017-2019 and continued to review the business plan quarterly.

COMMITTEES OF THE BOARD

The Board has three board committees. These are the Audit Committee, Corporate Governance and Compliance Committee and the Nomination and Remuneration Committee.

The powers and responsibilities of each committee are established in the applicable Committee Charters, which is approved by the Board. Details of responsibilities and tasks accomplished by the committees in 2016 are described in the reports of the individual committees from pages 72 to 78.

The Nomination Committee and Remuneration Committee were combined as one committee as the board felt that the expertise of the directors in the separate committees could 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.

Membership of the committees was reviewed after the Annual General Meeting and with the appointment of new directors to the board.

DIRECTORS' INDEPENDENCE AND CONFLICT OF INTEREST

Clause 78 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 2016, the Company has signed several agreements with the majority shareholder, Government of Maldives to carryout various projects. In 2016 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 2016 will be carried out by mid-2017

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 governance and the area of the 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 governance matters that may impact the Company.

During the year, some directors completed the certificate in Directorship program of Singapore Institute of Directors. While directors were also participated in a short term course on Formulating Corporate Strategy by London Corporate Training, four directors participated in a short term course on Enterprises Risk Management training conducted by Singapore institute of Management, one directors participated in a short term course on Beginning Auditor Tools and Technique by The Institute of Internal Auditors Malaysia, one directors participated in a short term course on Modern Corporate Governance organized by Euro money Learning Solutions

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 communication means. 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 is informed to the shareholders throughout the year through the media and 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 directors concerns and to understand the view 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

Ernst & Young was appointed as the Company's External Auditors for 2016 at the Annual General Meeting of 2015. The External Auditors Ernst & Young has no other service contracts with the Company. The Company's Internal Audit Department and the Internal Auditor KPMG conducted the Company's internal audit in 2016. The Internal Auditor KPMG 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 the 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, the Audit Committee and 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 control 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.

A Grievance Committee was formulated inclusive of one board director to address concerns of the employees and matters concerning the management of the company. The CGC committee is currently undertaking the task of formulating a whistle blower policy, share price sensitive information disclosure policy 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 taken 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 2016.

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:

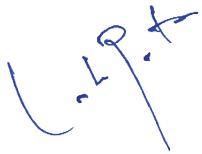
The dividend distributed to the shareholders is proposed by the Board of Directors in consideration of the Company's profit, financial status and its future investments. The Board has declared MVR 24 per ordinary share for shareholders' approval at the upcoming Annual General Meeting.

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.

30 April 2017

Ahmed Niyaz
Chairman



Ibrahim Ziyath
Chief Executive Officer

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was officially established on 25th June 2008. The Audit and Risk Committee consists of five Non-Executive Independent Directors who have the required capacity to understand and review financial statements. Mr. Nasrath Mohamed serves as the Chairman of the Committee.

The Audit and Risk Committee met Twenty-nine times during 2016. The meetings of the Committee were attended by the Chief Executive Officer, Chief Financial Officer, Financial Controller and Auditors as and when needed.

KEY DECISIONS AND RECOMMENDATIONS BY THE BOARD OF DIRECTORS DURING THE YEAR

The Audit and Risk Committee is appointed by the Board to assist the Board in its oversight of the following:

- 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 systems of controls reasonably designed to;
  - o Safeguard assets and income of the Company
  - 0 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;

NAME	DESIGNATION	APPOINTED / ELECTED	RESIGNED / DISCHARGED	ATTENDANCE
Mr. Nasrath Mohamed	Chairman	30 June 2015		29/29
Mr. Ahmed Aboobakuru	Member	30 June 2015		29/29
Mr. Sinaan Ali	Member	30 June 2015	12 June 2016	24/27
		21 June 2016	19 December 2016	
Mr. Mohamed Imran Adnan	Member	30 June 2015		24/29
Ms. Nashima Abdul Latheef	Member	18 Jan 2016		28/29

ACTIVITIES DURING THE YEAR

The decisions made by the Committee in 2016 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 deliberation and decision-making.

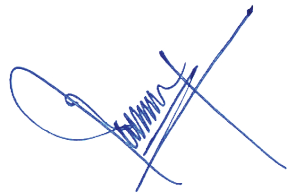
- Financial statements: The Committee reviewed the quarterly reports of the Company with the management focusing on the clarity of disclosure in compliance with relevant legal and accounting standards.

- Risk management and internal controls: 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 5 internal audits performed in year 2016 and reviewed the special audits carried out.

- External Audit: The Committee reviewed audited Financial Statements for the year 2015 and proposed dividend for the year 2015

- Internal Audit: The Internal Audit Department of the Company acts on behalf of the Audit Committee in ensuring the effectiveness of the internal controls. During the year, the Committee reviewed the Internal Audit function of the Company and proposed changes to its function and recommended to the Board to appoint a consultant to assist in strengthening the function.

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.



Nasrath Mohamed
Chairman, Audit and Risk Committee

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted on 30th June 2015 with the combination of Nomination and Remuneration committees respectively. 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.

The Nomination and Remuneration Committee consists of five Non-Executive Directors, the majority of these directors being independent directors. Mr. Sinaan Ali served as the Chairman of the Committee until 12 June 2016. Ms. Nashima Abdul Latheef was appointed as the Chairperson of the Committee on 25 July 2016.

The Nomination and Remuneration Committee met 9 times during 2016. The attendance of members of the Committee is as follows:

NAME	DESIGNATION	APPOINTED / ELECTED	DISMISSED	ATTENDANCE
Mr. Sinaan Ali	Chairman/	30 June 2015	12 June 2016	8/8
	Member	21 June 2016	19 December 2016	
Mr. Mohamed Imran Adnan	Member	30 June 2015	18 Jan 2016	6/7
	Member	21 June 2016	20 March 2016	
Mr. Ahmed Abdulla	Member	30 June 2015	18 Jan 2016	6/7
Mr. Nasrath Mohamed	Member	21 June 2016		1/1
Mr. Fathulla Ismail	Chairperson /	30 June 2015		4/9
Ms.Nashima Abdul Latheef	Member	18 Jan 2016		9/9
		18 Jan 2016		
Mr. Ahmed Aboobakuru	Member	30 June 2015	21 June 2016	5/6
		18 Jan 2016		

ROLE AND RESPONSIBILITIES

- Develop a policy on employee remuneration and for fixing the structure and the amount of remuneration packages of individual Directors and general employees of the company.
- Review the suitability and relevance of the current remuneration policy.
- Approve the design of, and determine targets for, performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- Determine the policy for, and scope of, pension arrangements for the Company as required by law.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company.
- Oversee any major changes in employee benefit structures throughout the Company.
- 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.
- 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 on the Board and management in the future.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Develop and ensure implementation of a conflict of interest policy for the Directors, Executives and employees of the Company.
- Ensure that all Directors disclose any business interests that may result in a conflict of interest with the Company.
- Review the Board performance evaluation process from time to time.

ACTIVITIES DURING THE YEAR

EVALUATION OF NOMINATED DIRECTORS:

The Committee evaluated nominations for directorship made by the Government of Maldives and applications for independent directorship. The Committee reviewed the Information Forms, Curriculum Vitae of the nominees against the Company's Articles of Association and the requirement of the Corporate Governance Code, Fit and Proper Guideline to ensure that the directors possess the capacity to discharge their duties.

Application for public directorship of the Board is open to all shareholders. Notice for application was given to the public shareholders in accordance to the Articles of Association and Corporate Governance Code. Applicants are evaluated by the Committee and submitted to the Board of Directors for approval as names to be nominated for voting at the Company's Annual General Meeting. Public directors are elected by a vote of public shareholders at the Annual General Meeting. The committee evaluated the applicants for public directorship of the company and made recommendations to the Board for approval as nominees for AGM 2015.

POLICIES:

The Committee reviewed the human resources and development policy of the company and discussed on the revision of the salary structure of the company. A Bonus Policy was formulated and submitted for Board approval.

The Chairman of the Board of Directors and the Chief Executive Officer are appointed by the majority shareholder, Government of Maldives in accordance to the Articles of Association of the Company.

The Committee also notes that the company does not have a Board's policy on the gender diversity in the boardroom. With the revision, of CMDA's Corporate Governance Code in January 2014, the Committee reviewed the requirement on gender diversity and measured the advantages of the implementing this policy within the Company. However, as 6 out of the 10 Directors are appointed by the Government with no role of the Committee, the Committee recommended not to formalize gender diversity within the Board, but rather share with the Government to consider this requirement when appointing new members to the Board.

Nashima Abdul Latheef
Chairman
Nomination and Remuneration Committee

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

The Corporate Governance and Compliance committee was established on June of 2015. Its main purpose is to create, research and to improve the corporate governance measures within the Company. The Corporate Governance and Compliance Committee consists of six Non-Executive Directors, the majority of which were Independent Directors. Mr.Nasrath Mohamed served as the Chairman of the committee.

The Corporate Governance and Compliance Committee met 10 times during 2016. The attendance of members of the Committee is as follows;

ROLES AND RESPONSIBILITIES

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

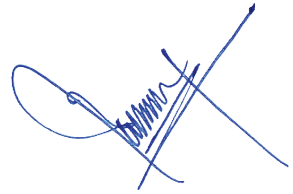
- Develop and monitor the Company's overall approach to corporate governance issues and, implement, administer, and continue to develop a system of corporate governance within the company.
- Undertake an annual review of corporate governance policies and practices for the Company and make recommendations for improvements where necessary.
- Advise the Board or any of its committees on corporate governance issues.
- Develop and implement an orientation and educational program for new recruits to the Board.
- 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.

- Ensure that Board and its committees review its charters, annually.
- Review and assess and (where deemed fit), the Articles of Association of the Company and its subsidiaries and any amendments thereof.
- Develop and constantly monitor a policy for issuing dividend to shareholders of the Company.
- Ensure that an appropriate business code of ethics for the Company is established and reviewed regularly.
- Ensure that appropriate methods are being established for the stakeholders to submit their recommendations and inquiries to the necessary established regulatory bodies in the Company.

NAME	DESIGNATION	APPOINTED / ELECTED	DISMISSED	ATTENDANCE
Mr. Nasrath Mohamed	Chairman	30 June 2015		9/10
Mr. Sinaan Ali	Member	30 June 2015	12 June 2016	10/10
		21 June 2016	19 December 2016	
Mr. Mohamed Imran Adnan	Member	30 June 2015	21 June 2016	5/5
Mr. Ahmed Abdulla	Member	30 June 2015	20 March 2016	6/7
		21 June 2016		
Mr. Ahmed Aboobakuru	Member	30 June 2015	18 Jan 2016	0/0
		21 June 2016		
Ms. Nashima Abdul Latheef	Member	18 Jan 2016		8/10
		21 June 2016		
Mr. Fathulla Ismail	Member	30 June 2015	21 June 2016	3/5
		18 Jan 2016		

ACTIVITIES DURING THE YEAR

- Reviewed and deliberated on the amendments proposed to the Articles and Memorandum of Association of the Company and proposed for the approval of the Board.
- Reviewed the Corporate governance policies proposed by the management and proposed amendments to the policies.



Nasrath Mohamed
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 Chief Executive Officer and as a Director 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 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 is paid for this position held at Airport Investment Maldives Pvt. Ltd.

The Company's Chairman serves as Chairman of the Board of the Company's subsidiary Maldives Real Estate Investment Corporation Private Limited. However, no additional remuneration is paid for this position held at Maldives Real Estate Investment Corporation Private Limited.

Board Director Mr. Sinan Ali and Mr. Nasrath Mohamed serves as Board Directors at the Company's subsidiary Maldives Real Estate Investment Corporation Private Limited. The Directors are entitled to the remunerations paid for Directors of the Board of Maldives Real Estate Investment Corporation Private Limited.

Mr. Ahmed Aboobakuru serves 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 2016 is MVR 1,480,633.33.

DETAILS OF REMUNERATIONS PAID TO DIRECTORS OF THE BOARD IN 2016

NAME	TOTAL REMUNERATION (MVR)
Mr. Ahmed Niyaz	15,258.06
Mr. Ibrahim Ziyath	73,833.33
Mr. Ahmed Kurik Riza	5,193.55
Mr. Ahmed Abdulla	125,595.70
Ms. Nashima Abdul Latheef	151,600.00
Mr. Hassan Muneer	4,516.13
Mr. Nasrath Mohamed	150,500.00
Mr. Ahmed Aboobakuru	145,900.00
Mr. Mohamed Imran Adnan	149,000.00
Mr. Fathulla Ismail	127,100.00
Mr. Hussain Salim Mohamed	201,241.94
Mr. Ibrahim Abdul Razzaq Haleem	59,166.67
Ms. Mariyam Shafeega	5204.30
Mr. Mohamed Hilmy	127,806.45
Mr. Sinaan Ali	138,717.20

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 2016, no Board Director was awarded notice period, severance pay or stock options. No member of the key management was awarded notice period, while two members of the key management was awarded severance pay in 2016.

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 8,092,824in 2016.

MTCC
30
MTCC
years of success
2016

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FINANCIAL REVIEW

FINANCIAL REVIEW

REVENUE AND PROFITS

The year ended 31 December 2016 was another record-breaking year for the Group, achieving the highest annual revenue to date of MVR 1.3 billion with a net profit of MVR 115 million.

The net profit for the year ended 31 December 2016 shows a decline compared to the year ended 31 December 2015 (156 million) due to suspension of Government subsidies for the losses incurred from the Transport segment starting from March 2016. However the outstanding growth in revenue has been contributed by the contracting & trading segments of the Group with a growth of 26% compared to the previous year.

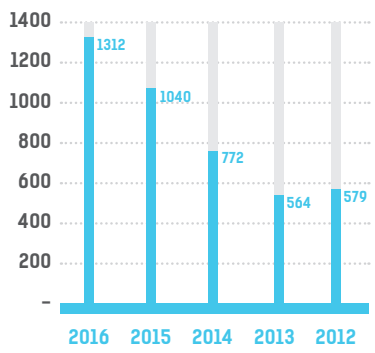
The overall profit margin has come down as a result of increases in cost of imported materials and other direct fixed overheads. As the scale of operations expanded administrative and marketing expenses increased by 40% compared to 2015. Increase in staff costs by MVR 52 million, including a bonus of MVR 7.8 million, rent expense by MVR 5 million, staff training by MVR 4 million, electricity expenses by MVR 4 million, project insurance expense by MVR 6 million and provision for doubtful debts amounting to MVR 4 million were significant increases when compared to the previous year. This was mainly due to increase in number of staffs and number of projects.

Other income mainly include subsidy income amounting to MVR 6.8 million (2015: MVR 62.26 million) received from Government of Maldives during the year to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' region. Other income for the year comprises of dividend received from investment in shares of Bank of Maldives amounting to MVR 3.7 million (2015: MVR 3.5 million) and profit from Tawmil Takist Asset Financing amounting to MVR 2.5 million (2015: 0.2 million).

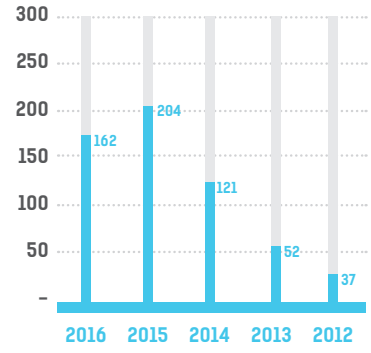
Net Finance Costs for the year ended 31 December 2016 (MVR 30.49 million) has almost doubled compared to the previous year (MVR 18.75 million) due to increase in exchange loss by MVR 10 million and interest cost on borrowings by MVR 5 million during the year, due to significant increase in long term & short term borrowings in 2016.

Business Profit Tax (net of deferred tax) of MVR 16.4 million (2015: MVR 29.3 million) has been provided as expense in the income statement as stipulated in the BPT Act and Regulation 2011/R-35 and deferred tax assets of MVR 5 million is accounted during the year 2016 as per International Financial Reporting Standards.

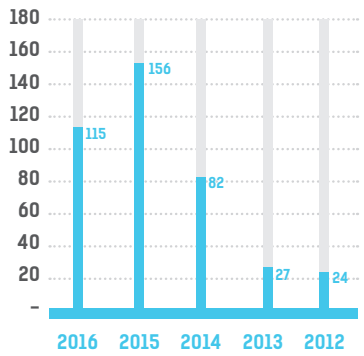
REVENUE (MVR IN M)



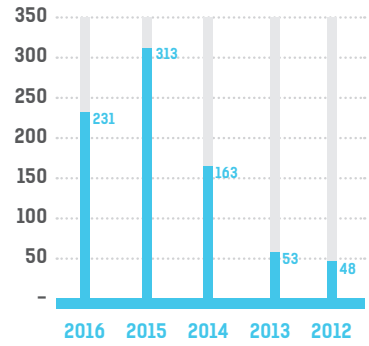
OPERATING PROFIT (MVR IN M)



NET PROFIT (MVR IN MN)



BASIC EARNINGS / (LOSS) PER SHARE (MVR IN MN)



INVESTMENTS

The Group has made investments in capital assets during the year amounting to MVR 124.86 million (2015: MVR 175.33 million) through finance leases, term loans and operating cash flows. Investments in capital assets in 2016 mainly include investments in two premium ferries and one double decker ferry for the transport operations amounting to MVR 18 million, machineries and equipment to accommodate the increase in construction projects amounting to MVR 76 million. We have exploited various available sources of finance during the year 2016 to finance the planned capital investments during the year and the company has financed MVR 87 million from its operating cash flows during the year ended 31 December 2016 to accommodate the required capital assets.

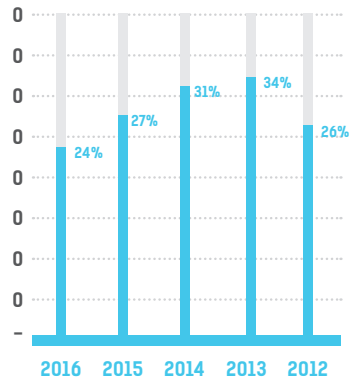
Additional investments include MTCC's investment in shares of Bank of Maldives Plc which has been considered as an available for sale investments. By the end of the year, the shares of Bank of Maldives had an average market price of MVR 150 per share and the highest traded price during the year was recorded as MVR 150, MTCC has also received dividends of MVR 3,724,632 (2015: MVR 3,505,536) from the investment in shares of Bank of Maldives Plc during the year ended 31 December 2016. 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 the results are reflected in the Group columns of the financial statements.

EQUITY AND DEBTS

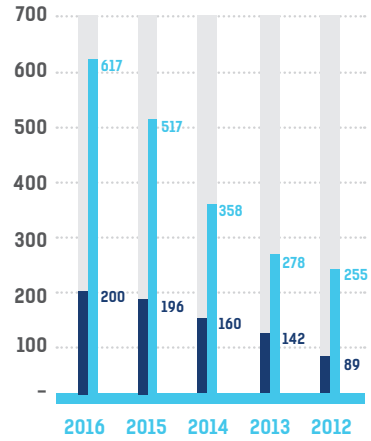
The Company has purchased MVR 24 million worth of machineries, vehicles and equipment from long term loans including finance leases during the year. The Company also repaid MVR 55 million short-term and long-term loans, and paid MVR 17.1 million as interest expenses over the outstanding loans. Further, sharia compliance short-term credit facility (Mudharaba Equity Finance) amounting to MVR 120 million was also obtained during the year ended 31 December 2015 after repaying the previous year credit facility of MVR 70 million from Ministry of Finance and Treasury, which is agreed to be rolled over on a quarterly basis and thus considered a short-term liability in the balance sheet.

The net debt capital of the Company has increased from MVR 196 million to 200 million during the year, the strong earnings for the year ended 31 December 2016 significantly improved the equity position of the Company, resulting in a comparably stronger gearing ratio of 24% for the year, which was stood at 27% in the previous year.

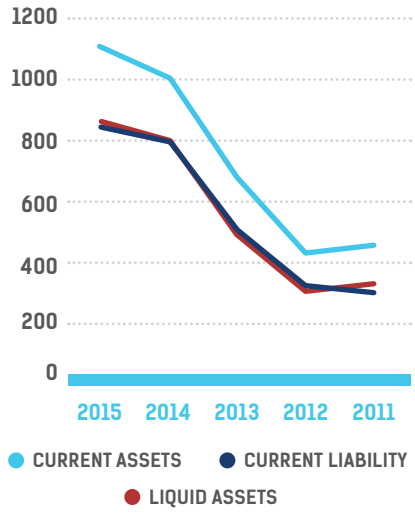
TOTAL GEARING RATIO (%)



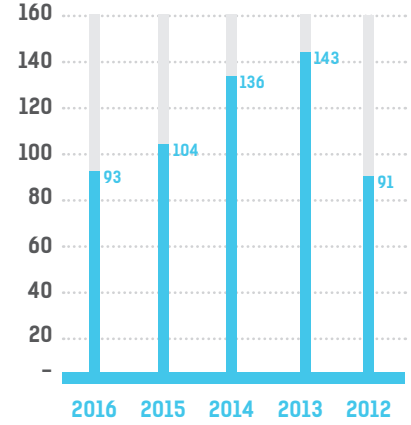
NET DEBT TO EQUITY (MVR IN M)



WORKING CAPITAL (MVR IN M)



WORKING CAPITAL CYCLE (DAYS)



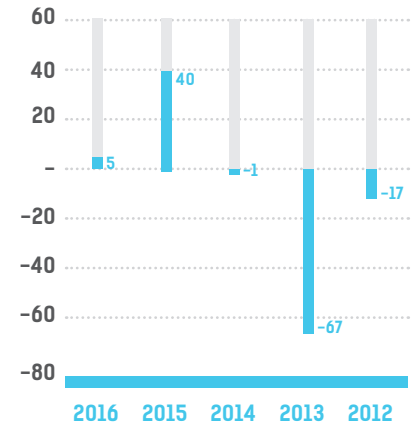
WORKING CAPITAL MANAGEMENT

The working capital cycle of the company has decreased to 93 days in 2016 compared to 2015 (104 days), the decrease is due to increase in credit settlement period by 202 days from 191 days in 2015 and inventory residency period also has improved from 92 days to 80 days during the year.

Current Ratio is improved in 2016 (1.34x) compared to 2015 (1.28x) along with the increase in Quick Assets Ratio as well in 2016 (1.05x) compared to 2015 (1.01x).

Cash & Cash Equivalents and Bank Overdrafts as at 31 December 2016 show a decline of MVR 35 million compared to 2015 due to increase in bank overdrafts and repayment of borrowings during the year.

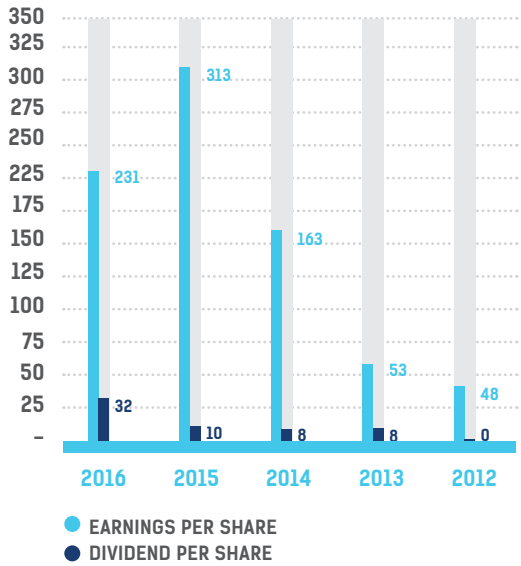
CASH & CASH EQUIVALENTS AND BANK OVERDRAFTS (MVR IN M)



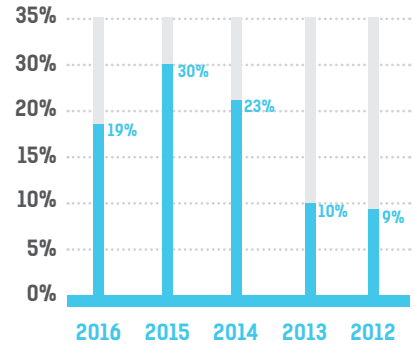
SHAREHOLDERS WEALTH

The Group has accumulated a return to equity holders amounting to MVR 115 million with a return on equity of 19% during the year ended 31 December 2016, consequently net asset value per share has also increased to MVR 1,234 per share from MVR 1,035 per share in the previous year. The company has declared a dividend of MVR 32 (2015: MVR 10) per share during the year ended 31 December 2016 from the net profits of 2015.

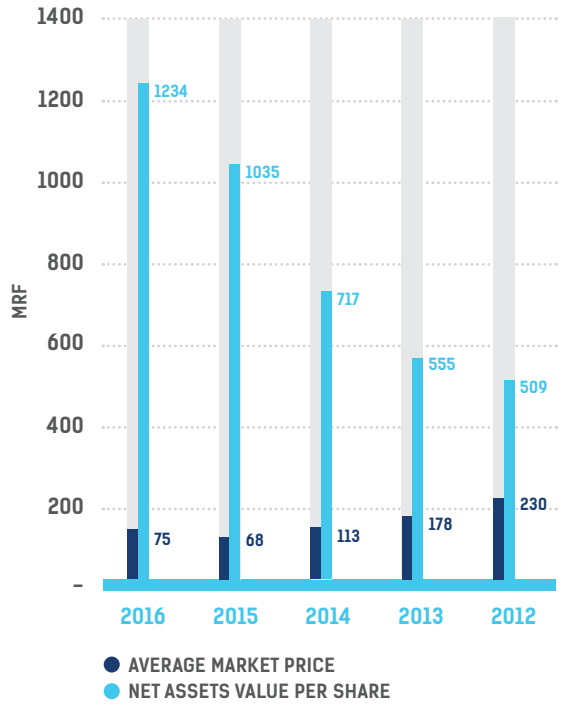
EARNINGS PER SHARE AND DIVIDEND PER SHARE (MVR)



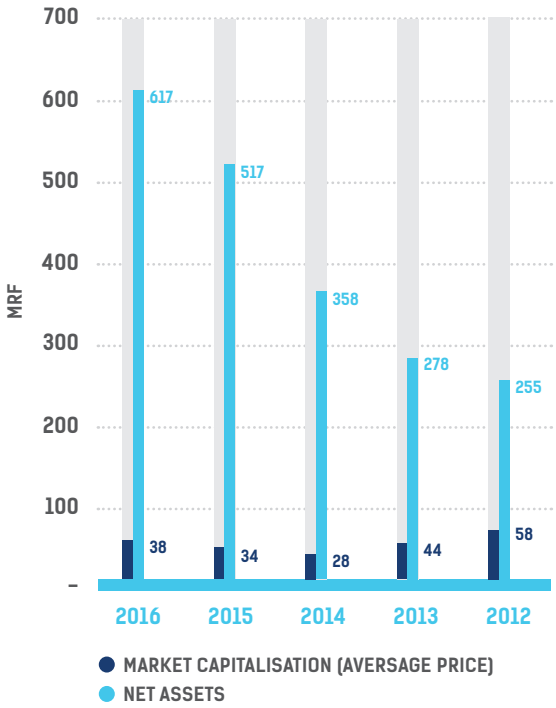
RETURN ON EQUITY



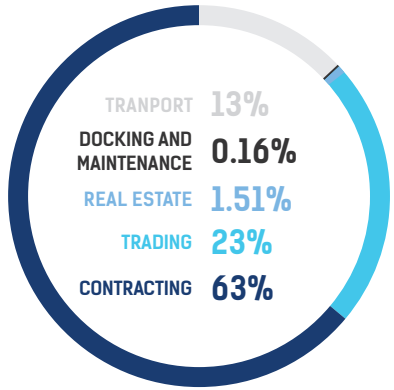
AVERAGE MARKET PRICE AND NET ASSETS VALUE PER SHARE (MVR)



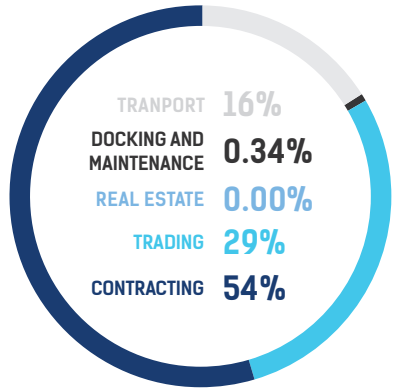
NET ASSETS AND MAKET CAPITALISATION (MVR IN M)



COMPOSITION OF SEGMENTAL REVENUE 2016 (MVR IN M)



COMPOSITION OF SEGMENTAL REVENUE 2015 (MVR IN M)



SEGMENTAL PERFORMANCE

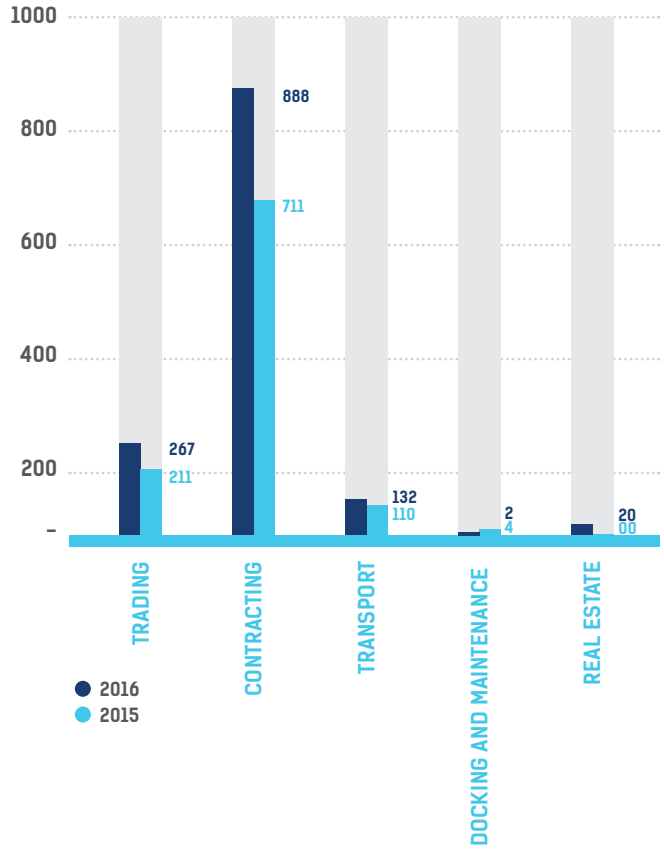
Geographically the core business units of MTCC are based in Male', Thilafushi' and construction sites across the Maldives. The units are operationally divided into Five strategic business units (SBUs), namely Trading, Contracting, Transport, Real Estate and Docking & Maintenance Service.

The majority of Group revenue is primarily generated from Contracting, Trading and Transport segment, while most of the profit of the company was generated from Contracting and Trading segments during the year ended 31 December 2016.

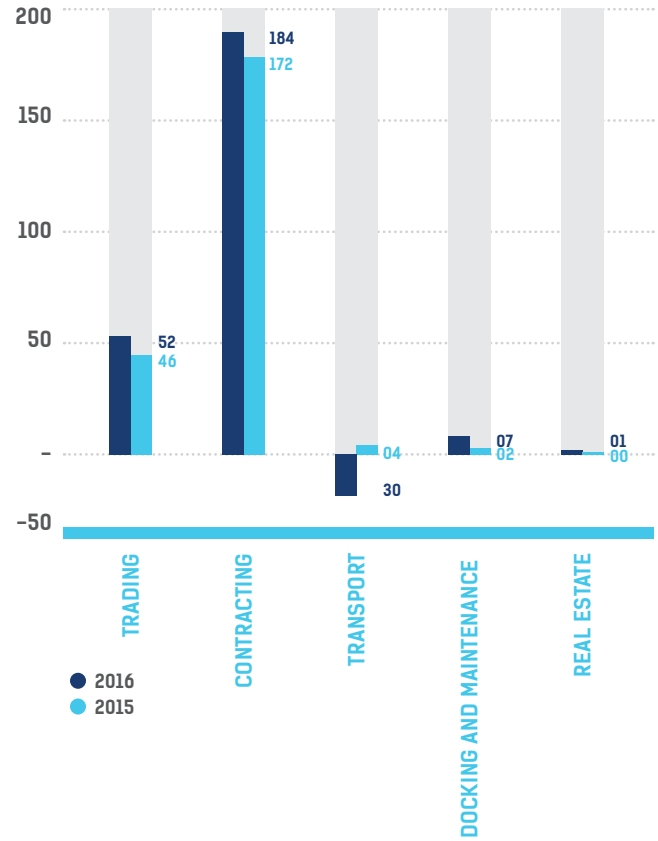
Total revenue of the Group amounting to MVR 1.311 billion is composed as follows; Trading MVR 267 million (2015: MVR 211 million), Contracting MVR 888 million (2015: MVR 711 million), Transport MVR 132 million (2015: MVR 110 million), Real Estate MVR 20 million (2015: Nil) and Docking & Maintenance Services MVR 2 million (2015: MVR 4 million).

The segmental operating profit of the Group for the year ended 31 December 2016 are; Trading MVR 52 million (2015: MVR 46 million), Contracting MVR 184 million (2015: MVR 172 million), Transport MVR (30) million (2015: MVR 4 million), Real Estate MVR (1) million (2015: MVR (0.2) million) and Docking & Maintenance Services MVR 7 million (2015: MVR (2) million).

SEGMENT REVENUE (MVR IN M)



SEGMENT PROFIT / LOSS (MVR IN M)



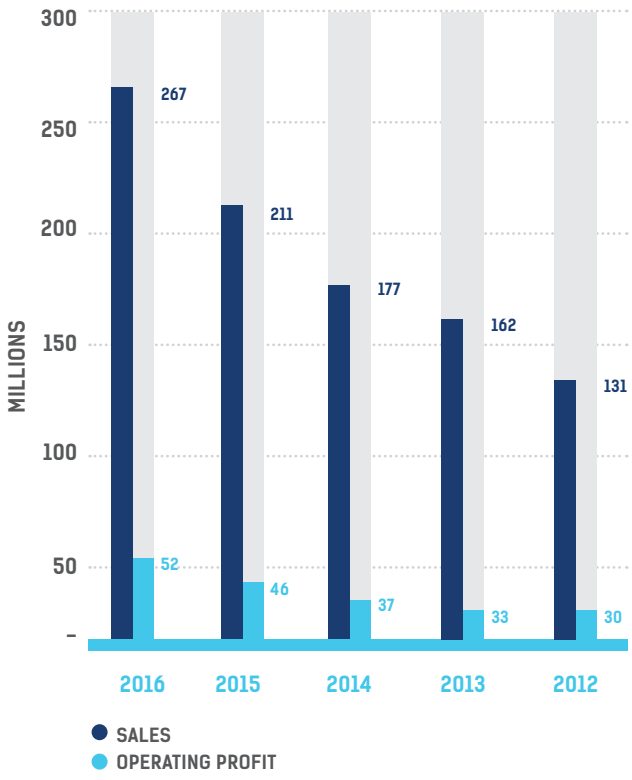
TRADING

Revenue from trading business has increased by 27% during the year ended 31 December 2016 (2015: 16% growth), and the operating profit of the segment has increased from MVR 46 million to MVR 52 million during the year ended 31 December 2016 with a growth rate of 14% compared to the previous year.

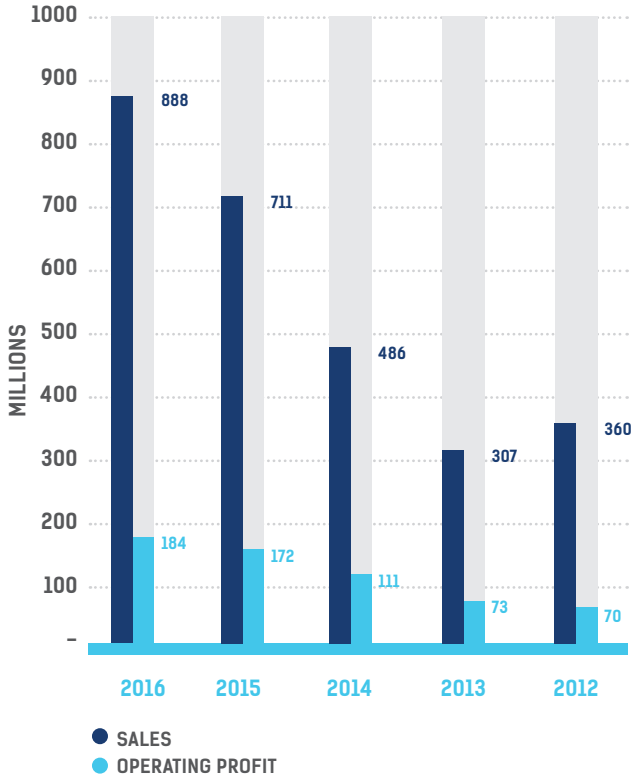
CONTRACTING

The revenue generated from the contracting segment increased by 25% in 2016 compared to 2015, and consequently the operating profit also Increased by 7% during the year compared to 2015. The growth in the revenue of the Construction Department by MVR 177 million compared to 2015 is basically due to increase in the number of harbor and infrastructure projects during the year 2015 & 2016.

TRADING (MVR IN M)



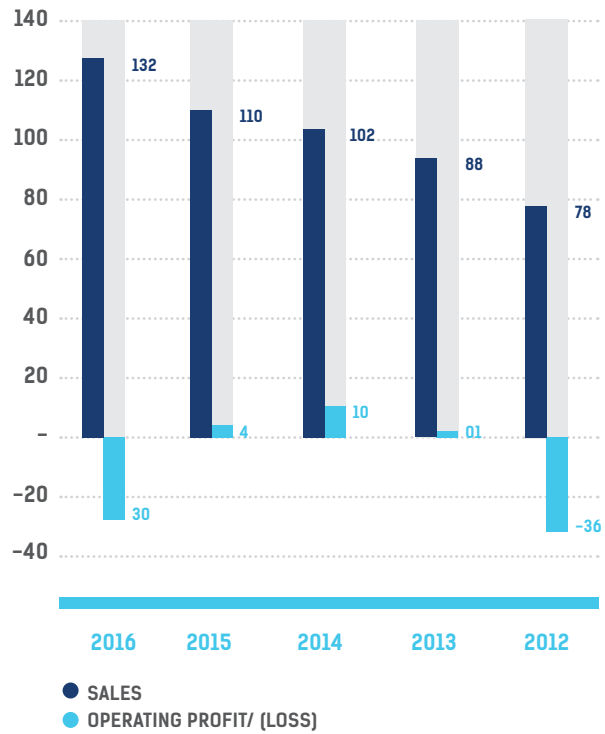
CONTRACTING (MVR IN M)



TRANSPORT

Despite the fact that the Company had incurred significant losses in the past couple of years from transport segment, starting from January 2013 the Government of Maldives has compensated the losses by providing a subsidy equal to MVR 3.5 million per month till June 2014 and a further subsidy of MVR 45.61 million has also been provided for the period July 2014 to December 2014. Further losses from transport department during the year 2015 also was subsidized by Government of Maldives up to the extent of total loss incurred equivalent to to MVR 62,264,522. However the Government has stopped providing subsidy starting from March 2016 resulting in a loss of MVR 30 million during the year ended 31 December 2016.

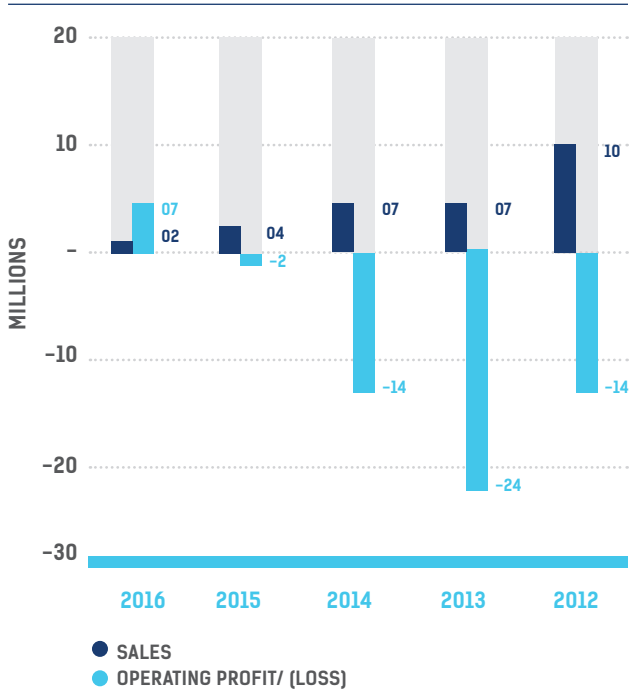
TRANSPORT (MVR IN M)



DOCKING AND MAINTENANCE SERVICES

Compared to the preceding years, revenue from Docking and Maintenance Services stood at MVR 7 million, while the resulting operating loss has turned into an operating profit during the year ended 31 December 2016, the Department operations are mainly focused on internal support activities of other SBU's and revenue from external sales activities are insignificant.

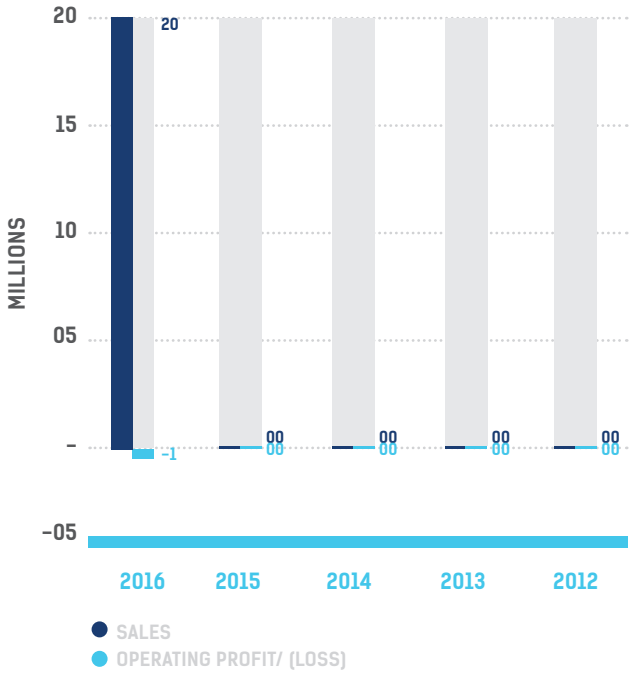
DOCKING AND MAINTENANCE SERVICES (MVR IN M)



REAL ESTATE

The real estate segment of the group was operated through our subsidiary company, Maldives Real Estate Investment Corporation Pvt. Ltd. (MREIC). MREIC was mainly involved in addressing the growing demands of the real estate industry at large with the focus on real estate services and facility management service as its core activities. During the year MREIC reported a total revenue of MVR 20 million from external sales with a marginal loss of MVR 1 million.

REAL ESTATE (MVR IN M)



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AUDITED FINANCIAL STATEMENTS

Building a better working world

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Chartered Accountants
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Republic of Maldives

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Reg. No: C-192/95

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maldives Transport and Contracting Company PLC ("the Company"), and consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Company

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Group

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Group as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company/ 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition on construction contracts involves significant judgment

Revenue arising from construction contracts, represents 69% of the Company's total revenue and 68% of the Group's total revenue. Significant management judgment is involved in estimating the cost to complete including the assessment of the remaining contingencies that projects are or could be facing until delivery. Reference is made to note 04 "Significant accounting judgments, estimates and assumptions".

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA H M A Jayesinghe FCA FCMA A P A Gunasekera FCA FCMA
D K Hulangamuwa FCA FCMA LLB (Lond) A Herath FCA

Resident Partners: A H Fawzy FCA FCMA FCCA M Rengaraj FCA ACMA

A member firm of Ernst & Young Global Limited

Revenue recognition on construction contracts involves significant judgment (Continued)

Our audit procedures included an evaluation of the significant judgements made by management, whereby we examined project documentation and discussed the status of projects under construction with management, finance, and technical staff of the Company. We have tested the controls the Company designed and implemented over its process to record contract costs and contract revenues and the calculation of the stage of completion. We also performed test of details e.g. vouching to invoices and hours incurred to assess the status of the project. In addition, we discussed the status of legal proceedings in respect of construction contracts, examined various claims between the Company, subcontractors, and clients and responses thereto, and obtained lawyer's letters.

Related party disclosure

The majority of the shares of the Company is held by the Government of Maldives through Ministry of Finance and Treasury and other government related entities. The Company/ Group enters into transactions with those entities, which are summarised and disclosed in Note 29. Given the dispersed structure of government and government related entities, we focused on the identification of related parties connected with government and government related entities and completeness of disclosures, as required by IAS 24 - Related Party Disclosures.

We performed procedures to understand the activities carried out by the management to identify and capture related party transaction with government and government related entities, and to assess if the transactions were conducted on terms substantially equivalent to those prevailing on arm's length transactions.

Other information included in the 2016 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon, management is responsible for the other information.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's/ 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 management either intends to liquidate the Company/ Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's/ Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

Auditor's responsibilities for the audit of the financial statements (Continued)

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 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 Company's/ Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's/ 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company/ Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company/ group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 partner in charge of the audit resulting in this independent auditor's report is Hisham Fawzy.

30th April 2017

Ernst & Young
EY
Chartered Accountants
Malé , Maldives
Reg. No.: 192/95

STATEMENT OF FINANCIAL POSITION

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP AS AT 31 DECEMBER 2016	GROUP AS AT 31 DECEMBER 2015	COMPANY AS AT 31 DECEMBER 2016	COMPANY AS AT 31 DECEMBER 2015
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	317,112,797	297,473,632	316,285,477	297,456,083
Intangible assets	7	936,209	1,395,324	921,542	1,395,324
Capital work-in-progress	8	14,789,345	5,382,745	14,789,345	5,382,745
Investment in associate	9	-	-	-	-
Investment in subsidiary	9	-	-	7,102,500	7,102,500
Available-for-sale financial assets	10	32,864,400	32,864,400	32,864,400	32,864,400
Deferred business profit tax	11	5,027,671	-	5,017,392	-
Trade and other receivables	12	12,648,642	8,969,644	12,648,642	8,969,644
		383,379,064	**346,085,745**	**389,629,298**	**353,170,696**
CURRENT ASSETS					
Inventories	13	238,867,752	208,966,757	238,867,752	198,494,118
Trade and other receivables	12	826,135,640	721,079,399	838,869,865	724,961,067
Cash and cash equivalents	14	32,475,637	63,714,508	29,291,460	49,551,881
		1,097,479,029	**993,760,664**	**1,107,029,077**	**973,007,066**
TOTAL ASSETS		**1,480,858,093**	**1,339,846,409**	**1,496,658,375**	**1,326,177,762**
EQUITY AND LIABILITIES					
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	25,000,000	25,000,000	25,000,000	25,000,000
General reserve	15	225,000,000	225,000,000	225,000,000	225,000,000
Fair value reserves	15	30,475,099	30,475,099	30,475,099	30,475,099
Retained earnings		336,385,764	237,002,507	341,625,464	243,178,934
TOTAL EQUITY		**616,860,863**	**517,477,606**	**622,100,563**	**523,654,033**

STATEMENT OF FINANCIAL POSITION

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP AS AT 31 DECEMBER 2016	GROUP AS AT 31 DECEMBER 2015	COMPANY AS AT 31 DECEMBER 2016	COMPANY AS AT 31 DECEMBER 2015
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	16	43,598,196	45,365,238	43,598,196	45,365,238
		43,598,196	**45,365,238**	**43,598,196**	**45,365,238**
CURRENT LIABILITIES					
Current business profit tax	23	5,996,666	20,537,942	5,458,962	20,537,942
Loan from a shareholder	17	138,524,767	145,723,398	138,524,767	145,723,398
Trade and other payables	18	625,830,206	542,144,912	636,928,492	522,299,838
Borrowings	16	50,047,395	68,597,313	50,047,395	68,597,313
		820,399,034	777,003,565	830,959,616	757,158,491
TOTAL LIABILITIES		**863,997,230**	**822,368,803**	**874,557,812**	**802,523,729**
TOTAL EQUITY AND LIABILITIES		**1,480,858,093**	**1,339,846,409**	**1,496,658,375**	**1,326,177,762**

These financial statements were approved by the Board of Directors on 30th April 2017

Chairman

Chief Executive Officer

Chief Financial Officer

The notes on pages 105 to 152 are an integral part of these financial statements.

STATEMENT OF PROFIT AND LOSS

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP YEAR ENDED 31 DECEMBER 2016	GROUP YEAR ENDED 31 DECEMBER 2015	COMPANY YEAR ENDED 31 DECEMBER 2016	COMPANY YEAR ENDED 31 DECEMBER 2015
Revenue	5	1,311,517,885	1,040,297,266	1,294,995,846	1,043,390,149
Cost of sales	20	(1,023,006,444)	(792,334,488)	(1,003,997,918)	(797,876,763)
GROSS PROFIT		**288,511,441**	**247,962,778**	**290,997,928**	**245,513,386**
Selling and marketing expenses	20	(17,085,147)	(11,483,394)	(17,085,147)	(11,483,394)
Administrative expenses	20	(110,653,645)	(83,210,797)	(114,874,519)	(82,925,503)
Other income	19	16,031,300	69,325,490	16,031,300	69,325,490
Other operating expenses	20	(14,579,935)	(18,158,356)	(14,309,700)	(19,130,362)
OPERATING PROFIT		**162,224,014**	**204,435,721**	**160,759,862**	**201,299,617**
Finance income	22	218,131	523,302	218,131	523,302
Finance costs	22	(30,709,582)	(19,279,826)	(30,709,582)	(19,279,826)
Finance costs - net	22	(30,491,451)	(18,756,524)	(30,491,451)	(18,756,524)
PROFIT BEFORE TAX		**131,732,563**	**185,679,197**	**130,268,411**	**182,543,093**
Business profit tax	23	(16,349,306)	(29,301,445)	(15,821,881)	(29,301,445)
PROFIT AFTER TAX		**115,383,257**	**156,377,752**	**114,446,530**	**153,241,648**
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY					
HOLDERS OF THE COMPANY DURING THE YEAR					
(expressed in MVR per share) - basic	24	230.77	312.76	228.89	306.48

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP YEAR ENDED 31 DECEMBER 2016	GROUP YEAR ENDED 31 DECEMBER 2015	COMPANY YEAR ENDED 31 DECEMBER 2016	COMPANY YEAR ENDED 31 DECEMBER 2015
Profit after tax		115,383,257	156,377,752	114,446,530	153,241,648
Other comprehensive income:					
Net fair value gain on available-for-sale financial assets	11	-	7,668,360	-	7,668,360
Other comprehensive income for the year		-	7,668,360	-	7,668,360
Total comprehensive income after tax		**115,383,257**	**164,046,112**	**114,446,530**	**160,910,008**

The notes on pages 105 to 152 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP					COMPANY				
		SHARE CAPITAL	GENERAL RESERVES	FAIR VALUE RESERVES	RETAINED EARNINGS	TOTAL	SHARE CAPITAL	GENERAL RESERVES	FAIR VALUE RESERVES	RETAINED EARNINGS	TOTAL
BALANCE AT 1 JANUARY 2015		12,500,000	237,500,000	22,806,739	85,624,755	358,431,494	12,500,000	237,500,000	22,806,739	94,937,286	367,744,025
Net profit for the year		-	-	-	156,377,752	156,377,752	-	-	-	153,241,648	153,241,648
Other comprehensive income for the year		-	-	7,668,360	-	7,668,360	-	-	7,668,360	-	7,668,360
Bonus shares		12,500,000	(12,500,000)	-	-	-	12,500,000	(12,500,000)	-	-	-
Dividend declared	26	-	-	-	(5,000,000)	(5,000,000)	-	-	-	(5,000,000)	(5,000,000)
BALANCE AT 31 DECEMBER 2015		**25,000,000**	**225,000,000**	**30,475,099**	**237,002,507**	**517,477,606**	**25,000,000**	**225,000,000**	**30,475,099**	**243,178,934**	**523,654,033**
BALANCE AT 1 JANUARY 2016		25,000,000	225,000,000	30,475,099	237,002,507	517,477,606	25,000,000	225,000,000	30,475,099	243,178,934	523,654,033
Net profit for the year		-	-	-	115,383,257	115,383,257	-	-	-	114,446,530	114,446,530
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Dividend declared	26	-	-	-	(16,000,000)	(16,000,000)	-	-	-	(16,000,000)	(16,000,000)
BALANCE AT 31 DECEMBER 2016		**25,000,000**	**225,000,000**	**30,475,099**	**336,385,764**	**616,860,863**	**25,000,000**	**225,000,000**	**30,475,099**	**341,625,464**	**622,100,563**

STATEMENT OF CASH FLOW

(all amounts in Maldivian Rufiyaa)	NOTE	GROUP Year ended 31 December 2016	GROUP Year ended 31 December 2015	COMPANY Year ended 31 December 2016	COMPANY Year ended 31 December 2015
Cash flows from operating activities					
Cash generated from operations	25	175,735,374	183,624,641	185,735,570	172,168,362
Interest paid		(17,106,589)	(14,128,650)	(17,106,589)	(14,128,650)
Business profit tax paid	23	(35,918,253)	(22,299,327)	(35,918,253)	(22,299,327)
Net cash generated from operating activities		**122,710,532**	**147,196,664**	**132,710,728**	**135,740,385**
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(112,302,275)	(170,462,222)	(111,340,521)	(170,445,712)
Purchase of intangible assets	7	(132,077)	-	(115,577)	-
Expenditure on capital work-in-progress	8	(12,426,955)	(4,870,288)	(12,426,955)	(4,870,288)
Proceeds from sale of property, plant and equipment	25	431,561	378,750	431,561	378,750
Net cash used in investing activities		**(124,429,746)**	**(174,953,760)**	**(123,451,492)**	**(174,937,250)**
Cash flows from financing activities					
Interest received		218,131	523,302	218,131	523,302
Repayments of borrowings		(54,996,383)	(116,873,217)	(54,996,383)	(116,873,217)
Proceeds from borrowings		23,959,645	186,716,848	23,959,645	186,716,848
Dividends paid to Company's shareholders		(2,222,197)	(1,052,053)	(2,222,197)	(1,052,053)
Net cash generated from / (used in) financing activities		**(33,040,804)**	**69,314,880**	**(33,040,804)**	**69,314,880**
Net increase / (decrease) in cash, cash equivalents and bank overdraft		**(34,760,018)**	**41,557,784**	**(23,781,568)**	**30,118,015**
Cash, cash equivalents and bank overdrafts at beginning of the year	14	40,231,328	(1,326,456)	26,068,701	(4,049,314)
Cash, cash equivalents and bank overdrafts at end of the year	14	**5,471,310**	**40,231,328**	**2,287,133**	**26,068,701**

The notes on pages 105 to 152 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1-GENERAL INFORMATION

These financial statements relate to the operations of Maldives Transport and Contracting Company Plc ('the Company') and its subsidiary and associate (together 'the Group'). 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 Company include trading, contracting, marine transportation, ship agency, docking services and auctioning. The address of its registered office is MTCC Tower, Boduthakurufaanu Magu, Male' 20057, Republic of Maldives.

The Company'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

a) The following amendments and improvements are not expected to have a significant impact on the financial statements.

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

2.2–NEW ACCOUNTING STANDARDS (CONTINUED)

b) New standards, amendments and interpretation issued but not effective for the financial year beginning 1 January 2016 and not early adopted by the Group

- IFRS 9,'Financial instruments', (effective from 1 January 2018) : IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- IFRS 15, 'Revenue from Contracts with Customers', (effective from 1 January 2018.) : IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

- IFRS 16, 'Leases', (effective from 1 January 2019.) : IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

- IAS 7, 'Statement of Cash Flows', (effective from 1 January 2017.) : The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods.

- IAS 12, 'Income Taxes', (effective from 1 January 2017.) : The amendments in Recognition of Deferred Tax Assets for unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.3–CONSOLIDATION

(a) Subsidiaries

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.

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.

(b) Transactions and non-controlling interests

Non-controlling interest is that portion of the profit or loss and net asset of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals of non-controlling interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other

2.3–CONSOLIDATION (CONTINUED)

unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the statement of comprehensive income. Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

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 consider 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
ii) Contracting
iii) Transport
iv) Docking and Maintenance
v) Real Estate
vi) Others (Unallocated)

2.5–FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of the Company 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 Company'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:

Buildings (other than MTCC tower)	10 years
MTCC tower	25 years
Plant and machinery	5 years
Motor vehicles other than dredging vehicles	5 years
Dredging vehicles	10 years
Excavators	5-7 years
Dump trucks	5 years
Wheel loaders	5 years
Cranes	5 years
Furniture and fittings	4 years
Office equipment	3 years
Vessels	5-10 years
Tugs	5-10 years
Tools	3 years
Sundry 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.

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 Company classifies its financial assets in the following categories. The classification depends on the purpose of which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired.

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

2.10–FINANCIAL ASSETS (CONTINUED)

The Company 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 Company 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 Company 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

Company 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. Company contribution to retirement pension scheme is at the rate of 7% on pensionable wages. Obligations for 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-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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.18-PROVISIONS

Provisions are recognised when: the Company 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 small.

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.

2.19-CURRENT AND DEFERRED BUSINESS PROFIT TAX

The tax expenses for the period comprises current business profit tax. Tax is recognised

2.19–CURRENT AND DEFERRED BUSINESS PROFIT TAX (CONTINUED)

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 company 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 is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 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.

The Board of Directors of the Company are of the opinion that the Company has made continues losses in the past years until to 31 December 2011 and sufficient future taxable profits may not be available to set off against the deferred tax assets arising from the temporary difference due to unpredictability over the income from government projects beyond five years from the current financial year, therefore deferred tax asset was recongnised only for the expected reversal of temporary differences arising in from next five years.

Deferred business profit 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.

2.20–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 Company 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.

2.20–REVENUE RECOGNITION (CONTINUED)

(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.

2.21–LEASES

(a) The Company is the 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) The Company is the 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.

2.22–DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23–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.

2.24–COMPARATIVES

Comparatives are consistent with those of prior year and no material adjustments for comparatives were made during the year.

3–FINANCIAL RISK MANAGEMENT

3.1–FINANCIAL RISK FACTORS

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

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and SGD, JPY 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
2015	+5%	5,450,207	5,450,207
	-5%	(5,450,207)	(5,450,207)
2016	+5%	5,073,732	5,073,732
	-5%	(5,073,732)	(5,073,732)

	CHANGE IN USD RATE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON PRE-TAX ON EQUITY
2015	+5%	1,724,141	1,724,141
	-5%	(1,724,141)	(1,724,141)
2016	+5%	220,856	220,856
	-5%	(220,856)	(220,856)

(ii) Price risk

The Company is exposed to equity securities price risk because of the investment held by the Company 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.

3.1–FINANCIAL RISK FACTORS (CONTINUED)

AGE ANALYSIS OF TRADE RECEIVABLES AND RECEIVABLES FROM RELATES PARTIES ARE AS FOLLOWS:

	GROUP		COMPANY	
	2016	2015	2016	2015
- Between 1 - 60 days	244,479,877	139,449,739	258,750,235	145,566,589
- Between 61 - 120 days	28,251,310	28,375,453	28,251,310	28,375,453
- Between 121 - 180 days	20,742,091	15,400,259	20,742,091	15,400,259
- Between 180 - 365 days	30,919,209	64,990,241	30,919,209	64,990,241
- More than 365 days	151,992,452	150,548,804	151,992,452	150,548,804
Less : Provision for impairment	(49,990,858)	(49,434,923)	(49,990,858)	(49,434,923)
	426,394,081	349,329,573	440,664,439	355,446,423

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 2016, the Group had 38 customers (2015: 30 customers) that owed it more than MVR 1,000,000 each and accounted for approximately 88% (2015: 87%) of all the receivables outstanding. There were 3 customers (2015: 7 customers) with balances greater than MVR 10 million accounting for just over 69% (2015: 77%) 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 12.

(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
2015	+50	171,265
	-50	(171,265)
2016	+50	-
	-50	-

(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 Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt. The Company 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 2016 and 2015 were as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Total borrowings (Note 16)	93,645,591	113,962,551	93,645,591	113,962,551
Less: Cash and cash equivalents (Note 14)	(32,475,637)	(63,714,508)	(29,291,460)	(49,551,881)
Net debt	61,169,954	50,248,043	64,354,131	64,410,670
Total equity	617,138,638	517,477,606	622,100,563	523,654,033
Total capital	**678,308,592** 9%	**567,725,649**	**686,454,694**	**588,064,703**
Gearing ratio		9%	9%	11%

The decrease in gearing ratio as at 31 December 2016 compared with 31 December 2015 is primarily due to decrease in borrowings and increase in profits 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.

4–SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1–JUDGMENTS

In the process of applying the Group's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the financial statements.

- Deferred business profit tax (note 2.19)

The Board of Directors of the Company are of the opinion that the Company has made continues losses in the past years until to 31 December 2011 and sufficient future taxable profits may not be available to set off against the deferred tax assets arising from the temporary difference due to unpredictability over the income from government projects beyond five years from the current financial year, therefore deferred tax asset was recongnised only for the expected reversal of temporary differences arising in from next five years.

- 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 a large number 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 2016, the Group is organised into four main business segments.

(1) Trading: Trading of engines, generators, spare parts, lubricants, paints and industrial gas.

(2) Contracting: Construction of harbour development projects, dredging projects, land reclamation projects, shore protection projects, sheet piling projects, logistic and cargo transport services, ship agent and civil construction projects.

(3) Transport: Ferry service in Greater Male' Region and North Central Province.

(4) Docking & Maintenance: Anchoring and docking services, auctions of various products, and repair & maintenance services.

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

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	REAL ESTATE	UNALLOCATED	TOTAL
Revenue	267,239,049	887,569,834	131,993,088	2,058,856	19,710,597	2,946,461	1,311,517,885
Operating profit / (loss)	52,367,797	184,218,159	(29,690,039)	7,276,086	(988,418)	(50,959,571	162,224,014
Finance costs - net (Note 22)	(6,056,603)	(9,721,674)	(1,958,179)	(3,358)	-	(12,751,637	(30,491,451)
Profit / (loss) before tax	**46,311,194**	**174,496,485**	**(31,648,218)**	**7,272,728**	**(988,418)**	**(63,711,208**	**131,732,563**
Business profit tax	-	-	-	-	(527,425)	(15,821,881	(16,349,306)
Profit after tax	**46,311,194**	**174,496,485**	**(31,648,218)**	**7,272,728**	**(1,515,843)**	**(79,533,089)**	**115,383,257**

5-SEGMENT INFORMATION – GROUP (CONTINUED)

The segment results of the Group for the year ended 31 December 2015 are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	REAL ESTATE	UNALLOCATED	TOTAL
Revenue	210,758,789	710,768,214	110,146,639	3,558,630	-	5,064,994	1,040,297,266
Operating profit / (loss)	46,031,668	172,066,591	3,961,213	(2,316,479)	(286,560)	(15,020,712)	204,435,721
Finance costs - net (Note 22)	(5,941,026)	(3,953,661)	(3,961,213)	-	-	(4,900,624	(18,756,524)
Profit / (loss) before tax	**40,090,642**	**168,112,930**	**-**	**(2,316,479)**	**(286,560)**	**(19,921,336)**	**185,679,197**
Business profit tax	-	-	-	-	-	(29,301,445)	(29,301,445)
Profit after tax	**40,090,642**	**168,112,930**	**-**	**(2,316,479)**	**(286,560)**	**(49,222,781)**	**156,377,752**

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	REAL ESTATE	UNALLOCATED	TOTAL
Year ended 31 December 2016							
Depreciation (Note 6)	1,603,493	75,508,284	10,913,600	2,287,853	151,983	4,791,063	95,256,276
Amortisation (Note 7)	7,271	2,255	-	-	1,833	579,832	591,192
Year ended 31 December 2015							
Depreciation (Note 6)	1,017,096	48,068,921	9,534,009	2,439,266	2,773	4,400,457	65,462,522
Amortisation (Note 7)	7,225	2,241	-	-	-	576,150	585,616

5-SEGMENT INFORMATION – GROUP (CONTINUED)

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	TRANSPORT	DOCKING AND MAINTENANCE	REAL ESTATE	UNALLOCATED	TOTAL
Assets	218,220,773	1,016,995,008	46,012,901	37,445,002	6,225,161	155,959,248	1,480,858,093
Liabilities	36,878,262	376,817,557	6,227,383	125,600	9,755,605	434,192,823	863,997,230
Capital expenditure	566,183	87,520,289	25,204,088	6,835,477	2,829,766	1,905,504	124,861,307
(Note 6,7 and 8)							

The segment assets and liabilities of the Group at 31 December 2015 and capital expenditure for the year then ended are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	REAL ESTATE	UNALLOCATED	TOTAL
Assets	181,495,748	894,377,536	32,043,478	33,302,721	13,668,647	184,958,279	1,339,846,409
Liabilities	51,952,222	335,539,861	3,699,328	-	19,845,074	411,332,318	822,368,803
Capital expenditure (Note 6,7 and 8)	2,226,550	150,594,787	13,008,313	203,494	16,510	9,282,856	175,332,510

5-SEGMENT INFORMATION – COMPANY

At 31 December 2016, the Company is organised into four main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas.

(2) Contracting: Construction of harbour development projects, dredging projects, land reclamation projects, shore protection projects, sheet piling projects, logistic and cargo transport services, ship agent and civil construction projects.

(3) Transport : Ferry service in Greater Male' Region and North Central Province.

(4) Docking & Maintenance : Anchoring and docking services, auctions of various products, and repair &maintenance services.

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Revenue	267,401,704	890,595,737	131,993,088	2,058,856	2,946,461	1,294,995,846
Operating profit / (loss)	52,367,797	181,765,589	(29,690,039)	7,276,086	(50,959,571)	160,759,862
Finance costs - net (Note 22)	(6,056,603)	(9,721,674)	(1,958,178)	(3,358)	(12,751,638)	(30,491,451)
Profit / (loss) before tax	**46,311,194**	**172,043,915**	**(31,648,217)**	**7,272,728**	**(63,711,209)**	**130,268,411**
Business profit tax	-	-	-	-	(15,821,881)	(15,821,881)
Profit after tax	**46,311,194**	**172,043,915**	**(31,648,217)**	**7,272,728**	**(79,533,090)**	**114,446,530**

5-SEGMENT INFORMATION – COMPANY (CONTINUED)

The segment results of the Company for the year ended 31 December 2015 are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Revenue	210,758,789	713,861,097	110,146,639	3,558,630	5,064,994	1,043,390,149
Operating profit / (loss)	46,031,668	170,940,845	3,961,213	(2,316,479)	(17,317,630)	201,299,617
Finance costs - net (Note 22)	(5,941,026)	(3,953,661)	(3,961,213)	-	(4,900,624)	(18,756,524)
Profit / (loss) before tax	**40,090,642**	**166,987,184**	**-**	**(2,316,479)**	**(22,218,254)**	**182,543,093**
Business profit tax	-	-	-	-	(29,301,445)	(29,301,445)
Profit after tax	**40,090,642**	**166,987,184**	**-**	**(2,316,479)**	**(51,519,699)**	**153,241,648**

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Year ended 31 December 2016						
Depreciation (Note 6)	1,603,493	75,508,284	10,913,600	2,287,853	4,791,063	95,104,293
Amortisation (Note 7)	7,271	2,255	-	-	579,832	589,359
Year ended 31 December 2015						
Depreciation (Note 6)	1,017,096	48,068,921	9,534,009	2,439,266	4,400,457	65,459,749
Amortisation (Note 7)	7,225	2,241	-	-	576,150	585,616

5-SEGMENT INFORMATION – COMPANY (CONTINUED)

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	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Assets	218,220,773	1,016,995,008	46,012,901	37,445,002	177,984,691	1,496,658,375
Liabilities	36,878,262	376,817,557	6,227,383	125,600	454,509,010	874,557,812
Capital expenditure (Note 6,7 and 8)	566,183	87,520,289	27,055,600	6,835,477	1,905,504	123,883,053

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	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Assets	181,495,748	894,377,536	32,043,478	33,302,721	184,958,279	1,326,177,762
Liabilities	51,952,222	335,539,861	3,699,328	-	411,332,318	802,523,729
Capital expenditure (Note 6,7 and 8)	2,226,550	150,594,787	13,008,313	203,494	9,282,856	175,316,000

6-PROPERTY, PLANT AND EQUIPMENT – GROUP

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
At 31 December 2014							
Cost	125,397,393	458,635,330	17,840,082	37,125,074	153,510,647	26,547,109	819,055,635
Accumulated depreciation	(83,346,148)	(356,276,402)	(10,460,175)	(32,434,455)	(121,154,957)	(23,358,303)	(627,030,440)
Net book amount	**42,051,245**	**102,358,928**	**7,379,907**	**4,690,619**	**32,355,690**	**3,188,806**	**192,025,195**
Year ended 31 December 2015							
Opening net book amount	42,051,245	102,358,928	7,379,907	4,690,619	32,355,690	3,188,806	192,025,195
Additions	-	64,460,690	18,748,647	5,425,139	77,387,631	4,440,115	170,462,222
Transferred from capital work in progress (Note 8)	448,737	-	-	-	-	-	448,737
Disposals - Cost	(11,287,679)	(225,000)	-	-	(1,315,174)	-	(12,827,853)
Disposals - Accumulated depreciation	11,287,679	225,000	-	-	1,315,174	-	12,827,853
Depreciation charge (Note 20)	(6,645,460)	(33,538,046)	(4,511,810)	(3,468,901)	(15,467,068)	(1,831,237)	(65,462,522)
Closing net book amount	**35,854,522**	**133,281,572**	**21,616,744**	**6,646,857**	**94,276,253**	**5,797,684**	**297,473,632**
At 31 December 2015							
Cost	114,558,451	522,871,020	36,588,729	42,550,213	229,583,104	30,987,224	977,138,741
Accumulated depreciation	(78,703,929)	(389,589,448)	(14,971,985)	(35,903,356)	(135,306,851)	(25,189,540)	(679,665,109)
Net book amount	**35,854,522**	**133,281,572**	**21,616,744**	**6,646,857**	**94,276,253**	**5,797,684**	**297,473,632**

6-PROPERTY, PLANT AND EQUIPMENT – GROUP (CONTINUED)

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
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	297,473,632
Additions	2,127,772	74,156,880	655,328	4,799,071	25,459,487	5,103,737	112,302,275
Transferred from capital work	-	-	-	-	3,020,355	-	3,020,355
in progress (Note 8)							
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 20)	(5,503,366)	(50,840,586)	(6,079,336)	(4,187,822)	(25,179,935)	(3,465,231)	(95,256,276)
Closing net book amount	**32,478,928**	**156,587,030**	**16,192,736**	**6,874,762**	**97,576,160**	**7,403,181**	**317,112,797**
At 31 December 2016							
Cost	116,686,223	562,850,578	37,062,278	46,015,945	209,625,706	35,985,763	1,008,226,493
Accumulated depreciation	(84,207,295)	(406,263,548)	(20,869,542)	(39,141,183)	(112,049,546)	(28,582,582)	(691,113,696)
Net book amount	**32,478,928**	**156,587,030**	**16,192,736**	**6,874,762**	**97,576,160**	**7,403,181**	**317,112,797**

6-PROPERTY, PLANT AND EQUIPMENT – COMPANY

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
At 31 December 2014							
Cost	125,397,393	458,635,330	17,840,082	37,125,074	153,510,647	26,542,724	819,051,250
Accumulated depreciation	(83,346,148)	(356,276,402)	(10,460,175)	(32,434,455)	(121,154,957)	(23,357,730)	(627,029,867)
Net book amount	**42,051,245**	**102,358,928**	**7,379,907**	**4,690,619**	**32,355,690**	**3,184,994**	**192,021,383**
Year ended 31 December 2015							
Opening net book amount	42,051,245	102,358,928	7,379,907	4,690,619	32,355,690	3,184,994	192,021,383
Additions	-	64,460,690	18,748,647	5,408,629	77,387,631	4,440,115	170,445,712
Transferred from capital work in progress (Note 8)	448,737	-	-	-	-	-	448,737
Disposals - Cost	(11,287,679)	(225,000)	-	-	(1,315,174)	-	(12,827,853)
Disposals - Accumulated depreciation	11,287,679	225,000	-	-	1,315,174	-	12,827,853
Depreciation charge (Note 20)	(6,645,460)	(33,538,046)	(4,511,810)	(3,466,128)	(15,467,068)	(1,831,237)	(65,459,749)
Closing net book amount	**35,854,522**	**133,281,572**	**21,616,744**	**6,633,120**	**94,276,253**	**5,793,872**	**297,456,083**
At 31 December 2015							
Cost	114,558,451	522,871,020	36,588,729	42,533,703	229,583,104	30,982,839	977,117,846
Accumulated depreciation	(78,703,929)	(389,589,448)	(14,971,985)	(35,900,583)	(135,306,851)	(25,188,967)	(679,661,763)
Net book amount	**35,854,522**	**133,281,572**	**21,616,744**	**6,633,120**	**94,276,253**	**5,793,872**	**297,456,083**

6–PROPERTY, PLANT AND EQUIPMENT – COMPANY (CONTINUED)

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
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	297,456,083
Additions	2,127,772	74,128,894	655,328	4,248,550	25,459,487	4,720,490	111,340,521
Transferred from capital work in progress (Note 8)	-	-	-	-	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 20)	(5,503,366)	(50,838,808)	(6,079,336)	(4,098,169)	(25,179,935)	(3,404,679)	(95,104,293)
Closing net book amount	**32,478,928**	**156,560,822**	**16,192,736**	**6,400,157**	**97,576,160**	**7,076,674**	**316,285,477**
At 31 December 2016							
Cost	116,686,223	562,822,592	37,062,278	45,448,914	209,625,706	35,598,131	1,007,243,844
Accumulated depreciation	(84,207,295)	(406,261,770)	(20,869,542)	(39,048,757)	(112,049,546)	(28,521,457)	(690,958,367)
Net book amount	**32,478,928**	**156,560,822**	**16,192,736**	**6,400,157**	**97,576,160**	**7,076,674**	**316,285,477**

(a) The buildings have been constructed on the land that belongs to the Government of Maldives, for which a rental of MVR 8,439,658 (2015: MVR 6,612,139) is paid per annum.

(b) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutes are secured over MTCC Tower, Rentals Plaza, barges (kurimagu 7,8 & 10), tug boats (Tango 6 & 575), steel landing craft (Leema 1), dredger (Jarrafa 3) and machineries (excavators & wheel loaders), (Note 16).

7-INTANGIBLE ASSETS

	GROUP		COMPANY	
	2016	2015	2016	2015
At 1st January				
Opening net book amount	1,395,324	1,980,940	1,395,324	1,980,940
Additions	132,077	-	115,577	-
Amortisation charge (Note 20)	(591,192)	(585,616)	(589,359)	(585,616)
Closing net book amount	**936,209**	**1,395,324**	**921,542**	**1,395,324**
At 31 December				
Cost	7,790,028	7,657,951	7,773,528	7,657,951
Amortisation charge	(6,853,819)	(6,262,627)	(6,851,986)	(6,262,627)
Net book amount	**936,209**	**1,395,324**	**921,542**	**1,395,324**

8-CAPITAL WORK-IN-PROGRESS (CWIP)

	GROUP		COMPANY	
	2016	2015	2016	2015
Opening net book amount	5,382,745	961,194	5,382,745	961,194
Expenditure incurred during the year	12,426,955	4,870,288	12,426,955	4,870,288
Transferred to property, plant and equipment (Note 6)	(3,020,355)	(448,737)	(3,020,355)	(448,737)
Closing net book amount	**14,789,345**	**5,382,745**	**14,789,345**	**5,382,745**

9–INVESTMENT IN ASSOCIATE/SUBSIDIARY

a) Associate:

	GROUP		COMPANY	
	2016	2015	2016	2015
At 31 December	-	-	-	-

The Group had made an investment of MVR 2,521,727 in the associate company. The Group has made a significant judgment over the value of the investment in associate and made a fully provision for impairment in 2011 over the investment value due to the significant doubt over the continuation of the business for a foreseeable future.

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities are as follows:

NAME	ASSETS	LIABILITIES	REVENUES	LOSS	INTEREST HELD
Year ended 31 December 2016					
Airport Investments Maldives Private Limited	274,214,334	276,023,127	56,584	(174,409)	33 1/3%
Year ended 31 December 2015					
Airport Investments Maldives Private Limited	274,183,961	276,197,536	66,859	(145,341)	33 1/3%

The Group has not recognised losses amounting to MVR 29,068 (2015: MVR 53,292) during the year. The accumulated losses not recognised for the year end amounting to MVR 753,552 (2015: MVR 724,484).

9-INVESTMENT IN ASSOCIATE/SUBSIDIARY (CONTINUED)

b) Subsidiary:

	GROUP		COMPANY	
	2016	2015	2016	2015
Investment in Maldives Real Estate Investment Corporation Private Limited	-	-	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.

10-AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP		COMPANY	
	2016	2015	2016	2015
Shares in Bank of Maldives Plc	32,864,400	32,864,400	32,864,400	32,864,400
At the end of the year	**32,864,400**	**32,864,400**	**32,864,400**	**32,864,400**

	Opening balance 01.01.2016	Increase/(decrease) in value of Investment	Sale of Investment	Closing balance 31.12.2016
Shares in Bank of Maldives Plc	32,864,399	-	-	32,864,399
	32,864,399	**-**	**-**	**32,864,399**

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.

11-DEFERRED BUSINESS PROFIT TAX

	GROUP		COMPANY	
	2016	2015	2016	2015
Opening balance	-	-	-	-
Deferred tax assets recognised during the year	5,027,671	-	5,017,392	-
Closing balance	**5,027,671**	-	**5,017,392**	-

Deferred tax asset is attributable as follows:

	GROUP		COMPANY	
	TEMPORARY DIFFERENCE	TAX EFFECT	TEMPORARY DIFFERENCE	TAX EFFECT
Property, plant and equipment	34,050,434	5,107,564	33,981,904	5,097,286
Intangible assets	(532,621)	(79,893)	(532,621)	(79,893)
	33,517,813	**5,027,671**	**33,449,283**	**5,017,393**

12–TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Financial assets	**2016**	**2015**	**2016**	**2015**
Trade receivables	141,377,096	116,535,587	140,724,511	116,535,587
Less: provision for impairment of receivables	(37,250,116)	(36,665,979)	(37,250,116)	(36,665,979)
Trade receivables (net)	104,126,980	79,869,608	103,474,395	79,869,608
Retention receivable from contracts	80,782,699	56,194,137	80,782,699	56,194,137
Receivables from related parties (Note 29)	335,007,843	282,228,909	349,930,786	288,345,759
Less : Provision for impairment	(12,740,742)	(12,768,944)	(12,740,742)	(12,768,944)
	507,176,780	**405,523,710**	**521,447,138**	**411,640,560**
Non-financial assets				
Prepayments	307,891,287	249,636,706	307,891,287	249,636,706
Other receivables	27,718,201	74,888,627	26,182,068	72,653,445
Less : Provision for impairment	(4,001,986)	-	(4,001,986)	-
	331,607,502	324,525,333	330,071,369	322,290,151
	838,784,282	**730,049,043**	**851,518,507**	**733,930,711**
Classified as:				
Non-current	12,648,642	8,969,644	12,648,642	8,969,644
Current	826,135,640	721,079,399	838,869,865	724,961,067
	838,784,282	**730,049,043**	**851,518,507**	**733,930,711**

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

Other receivables mainly consist of LC margin of MVR 14,148,512 (2015: MVR 55,656,761), input tax of MVR 1,838,739 (2015: MVR 882,242), advance paid for the projects MVR 3,324,747 (2015: MVR 8,336,093) and cash advance of MVR 2,126,892 (2015: MVR 2,001,820).

12–TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 29,737,904 (2015: MVR 18,602,624) net of deferred profit of MVR 3,858,691 (2015: MVR 2,422,200), the movement of the scheme is as follows;

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance as at 1 January	21,024,824	-	21,024,824	-
- Sales	35,195,000	29,824,868	35,195,000	29,824,868
- Payments	(22,623,229)	(8,800,044)	(22,623,229)	(8,800,044)
Balance as at 31 December	33,596,595	21,024,824	33,596,595	21,024,824
Less : Deferred tawmil taksit profit	(3,858,691)	(2,422,200)	(3,858,691)	(2,422,200)
	29,737,904	**18,602,624**	**29,737,904**	**18,602,624**

Maturity of the tawmil taksit scheme:

	GROUP		COMPANY	
	2016	2015	2016	2015
Below 1 year	17,089,262	9,632,980	17,089,262	9,632,980
Between 1 to 2 years	12,648,642	8,969,644	12,648,642	8,969,644
	29,737,904	**18,602,624**	**29,737,904**	**18,602,624**

13-INVENTORIES

	GROUP		COMPANY	
	2016	2015	2016	2015
Work in progress - Leasehold apartments	-	10,472,639	-	-
Materials - Contracting department	47,579,413	69,454,292	47,579,413	69,454,292
Lubricants, paints, construction materials etc	26,055,711	27,952,049	26,055,711	27,952,049
Yanmar engines, generators and spare parts	170,357,272	120,937,369	170,357,272	120,937,369
Consumables	25,660,802	8,811,868	25,660,802	8,811,868
Provision for slow moving items	(30,785,446)	(28,661,460)	(30,785,446)	(28,661,460)
	238,867,752	**208,966,757**	**238,867,752**	**198,494,118**

14-CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
Cash at bank and in hand	32,475,637	63,714,508	29,291,460	49,551,881

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Cash and cash equivalents	32,475,637	63,714,508	29,291,460	49,551,881
Bank overdrafts (Note 16)	(27,004,327)	(23,483,180)	(27,004,327)	(23,483,180)
	5,471,310	**40,231,328**	**2,287,133**	**26,068,701**

15–SHARE CAPITAL AND RESERVES

a) Share capital

	Number of shares	Amount MVR
At 1 January 2015	250,000	12,500,000
Bonus shares issued during the year	250,000	12,500,000
At 31 December 2015	500,000	25,000,000
At 31 December 2016	**500,000**	**25,000,000**

The total authorised number of ordinary shares is 500,000 shares (2015: 500,000 shares) with a par value of MVR 50 per share (2015: MVR 50 per share). During the year 2015 the Company has issued 250,000 bonus shares (1:1) for each shares held as at 31 May 2015 in the Annual General Meeting Held on 31 May 2015 from general reserve of the Company.

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 from available-for-sale financial assets, gain or loss from revaluations are recognized under statement comprehensive income whether it be due to normal market fluctuations or impairment.

16-BORROWINGS

	GROUP		COMPANY	
	2016	2015	2016	2015
Non-current				
Bank & other borrowings	43,598,196	45,365,238	43,598,196	45,365,238
Current				
Bank overdrafts (Note 14)	27,004,327	23,483,180	27,004,327	23,483,180
Bank & other borrowings	23,043,068	45,114,133	23,043,068	45,114,133
	50,047,395	68,597,313	50,047,395	68,597,313
Total borrowings	**93,645,591**	**113,962,551**	**93,645,591**	**113,962,551**

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 7,8 & 10), tug boats (Tango 6 & 575), steel landing craft (Leema 1), dredger (Jarrafa 3) and machineries (excavators & wheel loaders).

Maturity of non-current borrowings:

	GROUP		COMPANY	
	2016	2015	2016	2015
Between 1 to 2 years	30,646,185	29,282,548	30,646,185	29,282,548
Between 3 to 5 years	12,952,011	16,082,690	12,952,011	16,082,690
	43,598,196	**45,365,238**	**43,598,196**	**45,365,238**

16-BORROWINGS (CONTINUED)

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

	GROUP		COMPANY	
	2016	2015	2016	2015
- at floating rate	-	1,007,440	-	1,007,440
- at fixed rates	93,645,591	112,955,111	93,645,591	112,955,111
	93,645,591	**113,962,551**	**93,645,591**	**113,962,551**

17-LOAN FROM A SHAREHOLDER

	GROUP		COMPANY	
	2016	2015	2016	2015
Loan from a shareholder (Note 29)	138,524,767	145,723,398	138,524,767	145,723,398
Non-current portion	-	-	-	-
Current portion	138,524,767	145,723,398	138,524,767	145,723,398
	138,524,767	**145,723,398**	**138,524,767**	**145,723,398**

18-TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
Trade payables	174,725,207	91,732,092	173,614,727	91,732,092
Accrued expenses	12,872,506	15,390,316	12,857,086	15,374,896
Payables to related parties (Note 29)	255,101,998	260,311,806	268,315,685	260,311,806
Other payables	183,130,495	174,710,698	182,140,994	154,881,044
	625,830,206	**542,144,912**	**636,928,492**	**522,299,838**

Other payables mainly consist of unpaid dividend amounting to MVR 41,927,897 (2015: MVR 28,150,094), GST payable amounting to MVR 5,010,958 (2015: MVR 5,826,158), billed in advance to customers amounting to MVR 67,828,037 (2015: 78,971,360) and advance received from customers amounting to MVR 45,204,523 (2015: MVR 27,187,897).

19-OTHER INCOME

	GROUP		COMPANY	
	2016	2015	2016	2015
Commission income and others	2,917,702	2,594,797	2,917,702	2,594,797
Government subsidy income	6,884,459	62,264,522	6,884,459	62,264,522
Dividend income	3,724,632	3,505,536	3,724,632	3,505,536
Tawmil taksit profit	2,499,120	200,640	2,499,120	200,640
Reversal of provision for impairment of receivables	-	381,245	-	381,245
Profit on sale of property, plant and equipment	5,387	378,750	5,387	378,750
	16,031,300	**69,325,490**	**16,031,300**	**69,325,490**

The Government of Maldives granted a subsidy of MVR 6,884,459 during the year 2016 (2015: MVR 62,264,522) to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' area and Medhu Uthuru province.

20-EXPENSES BY NATURE

	GROUP		COMPANY	
	2016	2015	2016	2015
Depreciation (Note 6)	95,256,276	65,462,522	95,104,293	65,459,749
Amortisation (Note 7)	591,192	585,616	589,359	585,616
Employee benefit expense (Note 21)	206,587,392	154,695,017	199,620,172	154,547,483
Materials and consumables	559,803,282	411,913,209	547,027,627	417,455,484
Director fees	1,583,755	1,150,170	1,477,742	1,150,170
Lease rent, hiring and sub contract expenses	150,128,792	138,260,360	149,764,244	138,260,360
Repairs and maintenance	29,629,771	45,026,785	35,862,642	45,026,785
Transportation, travel and inspection	21,162,137	17,726,489	20,732,353	17,726,489
Electricity, water, insurance and communication	30,546,891	19,062,640	30,395,047	19,018,866
Accounting and professional charges	817,636	1,469,863	802,216	1,455,327
Consultation, legal fees and service charges	460,517	43,140	460,517	43,140
Bank charges	9,274,299	6,907,672	9,272,925	6,895,741
Zakath	1,199,845	793,179	1,199,845	793,179
Advertising, sales promotion and marketing	12,458,064	11,483,394	12,458,064	11,483,394
Training expenses	7,975,922	4,157,859	7,956,422	4,096,348
Security charges	2,504,700	1,430,700	2,504,700	1,430,700
License and registration fees	2,904,394	2,065,606	2,903,194	2,063,511
Printing and stationery	3,105,069	2,282,756	3,070,920	2,281,616
Loss on sale of assets	1,015	-	1,015	-
Provision for non moving inventory	2,123,986	4,568,344	2,123,986	4,568,344
Provision for impairment of receivables	4,627,082	-	4,627,082	-

20-EXPENSES BY NATURE (CONTINUED)

	GROUP		COMPANY	
	2016	2015	2016	2015
Other expenses	22,583,154	16,101,714	22,312,919	17,073,720
Total	**1,165,325,171**	**905,187,035**	**1,150,267,284**	**911,416,022**
Classified as:				
- cost of sales	1,023,006,444	792,334,488	1,003,997,918	797,876,763
- selling and marketing expenses	17,085,147	11,483,394	17,085,147	11,483,394
- administrative expenses	110,653,645	83,210,797	114,874,519	82,925,503
- other operating expenses	14,579,935	18,158,356	14,309,700	19,130,362
	1,165,325,171	**905,187,035**	**1,150,267,284**	**911,416,022**

21-EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2016	2015	2016	2015
Wage and salaries	138,685,777	95,972,566	132,835,088	95,859,506
Other allowance	39,850,293	42,814,949	39,399,570	42,787,611
Pension contribution	4,154,134	3,339,009	3,946,846	3,331,873
Staff food allowance	11,281,571	8,637,397	11,281,571	8,637,397
Staff medical expenses	406,902	142,048	406,902	142,048
Bonus	7,848,140	-	7,848,140	-
Retirement benefit payments	1,507,080	1,481,423	1,048,560	1,481,423
Foreign staff expenses	2,376,866	1,910,846	2,376,866	1,910,846
Staff welfare	476,629	396,779	476,629	396,779
	206,587,392	**154,695,017**	**199,620,172**	**154,547,483**

22-FINANCE COSTS (NET)

	GROUP		COMPANY	
	2016	2015	2016	2015
Finance expense				
- Interest expense on borrowings	19,272,285	14,025,849	19,272,285	14,025,849
- Interest expense on bank overdraft	121,332	3,522,996	121,332	3,522,996
- Net foreign exchange loss / (gain)	11,315,965	1,730,981	11,315,965	1,730,981
	30,709,582	**19,279,826**	**30,709,582**	**19,279,826**
Finance income				
- Interest income	(218,131)	(523,302)	(218,131)	(523,302)
	(218,131)	(523,302)	(218,131)	(523,302)
	30,491,451	**18,756,524**	**30,491,451**	**18,756,524**

23-BUSINESS PROFIT TAX

	GROUP		COMPANY	
	2016	2015	2016	2015
Current business profit tax	21,376,977	29,301,445	20,839,273	29,301,445
Deferred business profit tax (Note 11)	(5,027,671)	-	(5,017,392)	-
	16,349,306	**29,301,445**	**15,821,881**	**29,301,445**

23-BUSINESS PROFIT TAX (CONTINUED)

Reconciliations between business profit tax expenses and the accounting profit :

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit before tax	**1 131,732,563**	**185,679,197**	**130,268,411**	**182,543,093**
Add: Non-deductible expenses	131,510,768	94,114,338	128,950,028	94,114,338
	263,243,331	279,793,535	259,218,439	276,657,431
Less: Deductible expenses	(125,344,071)	(84,200,571)	(124,903,872)	(81,064,467)
Taxable profit c/f	137,899,260	195,592,964	134,314,567	195,592,964
Less: Basic exemption limit applicable to the group/company as per tax laws	(250,000)	(250,000)	(250,000)	(250,000)
Profit liable for business profit tax after the basic exemption limit	**137,649,260**	**195,342,964**	**134,064,567**	**195,342,964**
Tax calculated at the effective tax rate of 15%	20,647,389	29,301,445	20,109,685	29,301,445
Adjustments in respect of previous year	729,588	-	729,588	-
Business profit tax charge	**21,376,977**	**29,301,445**	**20,839,273**	**29,301,445**

	GROUP		COMPANY	
	2016	2015	2016	2015
Current tax liabilities:				
As at 1 January	20,537,942	13,535,824	20,537,942	13,535,824
Tax charged during the year	21,376,977	29,301,445	20,839,273	29,301,445
Tax paid during the year	(35,918,253)	(22,299,327)	(35,918,253)	(22,299,327)
As at 31 December	**5,996,666**	**20,537,942**	**5,458,962**	**20,537,942**

24-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.

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit attributable to equity holders	115,383,257	156,377,752	114,446,530	153,241,648
Weighted average number of ordinary shares	500,000	500,000	500,000	500,000
Basic earnings per share (MVR per share)	230.77	312.76	228.89	306.48

During the year 2015 the Company has issued 250,000 bonus shares (1:1) for each shares held as at 31 May 2015, comparative figures are restated accordingly for fair presentation as per IFRS.

25-CASH GENERATED FROM OPERATIONS

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit before tax for the year	131,732,563	185,679,197	130,268,411	182,543,093
Adjustments for:				
-Depreciation and amortisation (Note 6 and 7)	95,847,468	66,048,138	95,693,652	66,045,365
-Loss on sale of property, plant and equipment	1,015	-	1,015	-
-Profit on sale of property, plant and equipment	(5,387)	(378,750)	(5,387)	(378,750)

25-CASH GENERATED FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2016	2015	2016	2015
-Reversal of provision for doubtful debts	4,627,082	(381,245)	4,627,082	(381,245)
-Provision for slow/non moving inventories	2,123,986	4,568,344	2,123,986	4,568,344
-Interest expenses (Note 22)	19,393,617	17,548,845	19,393,617	17,548,845
-Interest income	(218,131)	(523,302)	(218,131)	(523,302)
Changes in working capital:				
- trade and other receivables	(113,362,321)	(291,781,266)	(122,214,878)	(290,319,679)
- inventories	(32,024,981)	(24,137,029)	(42,497,620)	(16,948,742)
- trade and other payables	67,620,463	226,981,709	98,563,823	210,014,433
Cash generated from operations	**175,735,374**	**183,624,641**	**185,735,570**	**172,168,362**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Net book amount (Note 6 & 9)	427,189	-	427,189	-
Profit / (loss) on sale of property, plant and equipment and assets held for sale	4,372	378,750	4,372	378,750
Proceeds from sale of property, plant and equipment and assets held for sale	431,561	378,750	431,561	378,750

26-DIVIDENDS PER SHARE

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 32 (2015: MVR 10) per share amounting to MVR 16,000,000 has been declared in the annual general meeting held on 23 May 2016 and paid during the year ended 31 December 2016 (2015: MVR 5,000,000).

27-CONTINGENCIES

Contingent liabilities

The Company had a contingent liability in respect of letters of credit, amounting to MVR 41,128,309 (2015: MVR 61,274,524) at the statement of financial position date.

The Company enjoyed a bank guarantee and a letter of credit facility of MVR 84,810,000 (2015 : MVR 77,100,000) at the statement of financial position date with commercial banks for which the Company has given a counter guarantee for the equal amount.

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 recoginse the liability in the financial statements as at the statement of financial position date.

Contingent assets

There were no material contingent assets recognised at the statement of financial position date.

28-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.

29-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. The Company holds one-third of the share capital of Airport Investment Maldives Private Limited.

29-RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Sales of goods and services	GROUP		COMPANY	
	2016	2015	2016	2015
Maldives Industrial Fisheries Company Limited	3,348,245	2,761,514	3,348,245	2,761,514
State Trading Organization Plc	1,802,621	1,116,609	1,802,621	1,116,609
Maldives Airport Company Limited	60,343,521	141,450,102	60,343,521	141,450,102
Maldives Police Services	174,855	585,055	174,855	585,055
Housing Development Corporation Limited	119,703	373,526	119,703	373,526
Maldives Real Estate Investment Corporation Private Limited	-	-	7,780,877	4,381,145
Ministry of Islamic Affairs	16,961,008	4,426,565	16,961,008	4,426,565
Fenaka Corporation Pvt Ltd	5,653,887	3,240,916	5,653,887	3,240,916
Ministry of Youth and Sports	1,990,702	9,762,707	1,990,702	9,762,707
Ministry of Transport and Communication	-	2,018,102	-	2,018,102
Ministry of Environment and Energy	103,418,454	66,846,443	103,418,454	66,846,443
Ministry of defence and national security	3,205,704	19,442,057	3,205,704	19,442,057
Ministry of Housing and Infrastructure	677,702,444	473,445,330	677,702,444	473,445,330
Other related parties	65,562,165	32,630,574	65,562,165	21,344,387
	940,283,309	**758,099,500**	**948,064,186**	**751,194,458**

29-RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Purchases of goods and services	GROUP		COMPANY	
	2016	2015	2016	2015
State Trading Organization Plc	16,921,605	24,356,413	16,921,605	24,356,413
Maldives Airport Company Limited	666,686	182,069	666,686	182,069
Fuel Supplies Maldives Private Limited	36,112,680	14,371,719	36,112,680	14,371,719
Maldives National Defence Force	71,975	120,175	71,975	120,175
Maldives Real Estate Investment Corporation Private Limited	-	-	12,465,742	-
Other Government related entities	19,359,551	26,995,310	19,359,551	26,995,310
	73,132,497	**66,025,686**	**85,598,239**	**66,025,686**

(iii) Government subsidy

The Government of Maldives granted a subsidy of MVR 6,884,459 during the year 2016 (2015: MVR 62,264,522) to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' area and Medhu Uthuru province.

29–RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Year-end balances arising from sale / purchase of goods and services

	GROUP		COMPANY	
	2016	2015	2016	2015
Maldives Industrial Fisheries Company Limited	553,652	300,860	553,652	300,860
State Trading Organisation Plc	338,496	159,886	338,496	159,886
State Electric Company	2,154,812	1,397,333	2,154,812	1,397,333
Maldives Ports Limited	3,203,072	153,723	3,203,072	153,723
Maldive Gas Private Limited.	709,458	709,458	709,458	709,458
Maldives Airport Company Limited	9,895,574	27,353,928	9,895,574	27,353,928
Maldives National Shipping Limited	14,000	14,000	14,000	14,000
Maldives Real Estate Investment Corporation Private Limited	-	-	14,922,943	6,116,850
Housing Development Corporation Limited	15,439	247,169	15,439	247,169
Min of Transport & Communication	274,167	274,167	274,167	274,167
Ministry of Defence & National Security	-	19,441,599	-	19,441,599
Ministry of Islamic Affairs	5,764,369	28,308	5,764,369	28,308
Ministry of Human Resource, Youth and Sports	5,062,670	10,434,648	5,062,670	10,434,648
Ministry of Housing and Infrastructure	272,108,970	168,573,511	272,108,970	168,573,511
Ministry of Finance and Treasury	5,449,471	16,888,905	5,449,471	16,888,905
President `s Office	-	2,206,168	-	2,206,168
Ministry of Fisheries and Agriculture	3,434	570,204	3,434	570,204
Ministry of Environment and Energy	19,337,039	24,562,484	19,337,039	24,562,484
Ministry of Home Affairs	3,258,893	3,258,893	3,258,893	3,258,893
Southern Utilities Limited	589,457	589,457	589,457	589,457
Maldives Police Services	-	26,483	-	26,483
Other related parties	6,274,870	5,037,725	6,274,870	5,037,725
	335,007,843	**282,228,909**	**349,930,786**	**288,345,759**

29–RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Year-end balances arising from sale / purchase of goods and services

	GROUP		COMPANY	
	2016	2015	2016	2015
Payables to related parties (Note 18):				
State Trading Organization Plc	2,120,590	5,739,286	2,120,590	5,739,286
Ministry of Finance and Treasury	217,761,272	216,220,788	217,761,272	216,220,788
Maldives Real Estate Investment Corporation Private Limited	-	-	13,213,687	-
Allied Insurance Company	1,596,337	799,831	1,596,337	799,831
State Electric Company Limited	573,776	1,407,780	573,776	1,407,780
Ministry of Health	972,722	968,632	972,722	968,632
Maldives Road Development Corporation	887,846	245,924	887,846	245,924
Maldives Pension Administration	715,330	609,349	715,330	609,349
Sifainge Welfare Company (Pvt) Ltd	1,500,000	1,500,000	1,500,000	1,500,000
Maldives National Shipping Limited	37,500	37,500	37,500	37,500
Maldives Industrial Fisheries Company Limited	236,206	306	236,206	306
Fuel Supplies Maldives Private Limited	11,996,006	2,096,415	11,996,006	2,096,415
Maldives National Defence Force	770,894	698,919	770,894	698,919
Airport Investments Maldives Private Limited	5,102,970	5,102,970	5,102,970	5,102,970
Other Government related entities	10,830,549	24,884,106	10,830,549	24,884,106
	255,101,998	**260,311,806**	**268,315,685**	**260,311,806**

29-RELATED PARTY TRANSACTIONS (CONTINUED)

(v) Loan from related parties

	GROUP		COMPANY	
	2016	2015	2016	2015
Bank of Maldives Plc (Notes 16)	-	15,419,981	-	15,419,981
Ministry of Finance & Treasury (Notes 17)	138,524,767	145,723,398	138,524,767	145,723,398
	138,524,767	**161,143,379**	**138,524,767**	**161,143,379**

The movement in the year can be analysed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Beginning of the year	161,143,379	121,918,531	161,143,379	121,918,531
Loans received during the year	-	135,420,000	-	135,420,000
Loans repaid during the year	(22,618,612)	(96,195,152)	(22,618,612)	(96,195,152)
End of the year	**138,524,767**	**161,143,379**	**138,524,767**	**161,143,379**

29-RELATED PARTY TRANSACTIONS (CONTINUED)

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 7.5% per annum, accordingly the amount has been shown as falling due within one year.

Loan received from Ministry of Finance & Treasury amounting to MVR 120 million, which is unsecured and payable within 3 months under "Mudarabah" agreement and carries a 13% margin from the gross profit of Trading division, accordingly the amount has been shown as falling due within one year.

(vi) Key management remuneration	GROUP		COMPANY	
	2016	2015	2016	2015
Directors' remuneration	1,583,755	1,150,170	1,477,742	1,150,170
Key management remuneration	8,092,824	7,609,866	7,732,824	7,609,866
	9,676,579	**8,760,036**	**9,210,566**	**8,760,036**

30-EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No significant events have occurred since the statement of financial position date, which would require adjustments to, or disclosure in, the financial statements.

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

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REGISTRATION NO: C - 680

REGISTRATION DATE: 18th DECEMBER 1980

COMPANY SECRETARY: MS. FATHIMATH LIUSHA

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