



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

# ANNUAL REPORT 2015

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## ATTENTION

This report (Annual Report) comprises of the Annual Report of the Maldives Transport and Contracting Company Plc for 2015, compiled in accordance with the Companies Act of the Republic of Maldives, Listing Rules of the Maldives Stock Exchange, Securities Act of the Republic of Maldives, the Cooperate Governance Code of Capital Market Development Authority, 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, the currency is Maldivian Rufiyaa (1 US Dollar is MVR 15.42) and financial and statistical information, is stated on the basis of the Company's financial year. Information has been updated to the most practical date.

MTCC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Unless otherwise indicated, reference to 'year' in this report refers to the Company's financial year ending 31st December 2015.

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 those 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.

# VISION

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

# MISSION

Maximize shareholders wealth by making our products and services 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 services for every product and service we offer,
- and fostering continuous growth through employee development.

# CORE VALUES

## EMPLOYEE DEVELOPMENT:

We are committed to effective employee training and development strategies to assure 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 of 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

# **CORPORATE OVERVIEW**





Rasfannu Artificial Beach - Construction work done by MTCC

# CORPORATE OVERVIEW



We are the Maldives Transport and Contracting Company Plc (MTCC). Established at a time when the country was embarking on a journey of development across the country, we have helped transform the economic landscape of the country and livelihoods of people during the last thirty-five years.

Our core business consists of three main areas; infrastructure development and construction, transport services and trading in products and services related to marine transport and construction. These three areas have shaped our business and helped shape the nation. Throughout its existence MTCC has positioned itself as the market leader in these areas.

Our business strategy revolves around the desire to provide quality and reliable products and services, implementation of stringent quality control systems, adoption of the latest technological innovations and a relentless effort to recruit and retain qualified employees.

Today our focus is on sustainability through strategic diversification and expansion of our customer base. We continue to develop our capacity to serve the changing needs of the market. We are committed to ensure that we lead the way in the businesses we have developed and that our position is sustained, both locally and internationally, in an increasingly challenging and competitive environment.

We owe our success to the trust placed on us by our customers, partners and other stakeholders and to the dedication and commitment of our employees. We remain steadfast in our original objectives; contributing to nation building through infrastructure development, leading the way in construction and contributing to economic growth and by offering convenient transport services essential for the social and economic development of the country.

# INFRASTRUCTURE DEVELOPMENT & CONSTRUCTION

We are the pioneer local contractor and one of today's leading dredging, reclamation and harbor development contractors in the Maldives. 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.

# 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 30,000 commuters daily.

With over 35 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 between these islands, while the metro bus service offers reliable shuttle service within Hulhumale' and between Hulhumale' and Ibrahim Nasir International Airport. The Company's "Express" and "Premium" services are designed to offer customers using these sectors a faster option with added convenience. Our transport network also includes ferry services in Zone 3, which includes Kaafu, Alifu Alifu, Alifu Dhaalu and Vaavu atolls and Zone 5, which includes Thaa Atoll and Laamu Atoll.

## TRADING

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

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

Today we offer a range of high quality products from leading brands for the Maldivian market. The hub of our trading business is the Kashavaru Showroom.

Our products and brands are trusted and well established in the Maldivian market. The current range of products includes Yanmar, Suzuki, Castrol, Sigma, Caterpillar and Hamilton and the newest addition to our product portfolio Scott Bader.

## ENGINEERING DOCKING SERVICES

Our Engineering and Docking service offers docking services using duplex slings, slipway and boat trailer. This is complemented by a comprehensive range of services that includes welding, metal fabrication, marine engineering, electrical works, machining, fiber works and woodworks. In our unrelenting effort to improve efficiency and the quality of services provided, we continuously introduce new technologies, invest in specialized machinery and equipment and by provide training to our engineers, while ensuring a safe working environment through safe innovative work methods.

## LOGISTICS

Our Logistical Services provides domestic and international logistical services along with ship agency services. The Company 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 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.



02

**MTCC: PROUD 35  
YEARS OF SERVICE**





“Interactive Musical Water Fountain” - A gift to the people of Maldives by MTCC.

# MTCC PROUD 35 YEARS OF SERVICE



Formed during a time when ambitious new plans were made for the development of country, MTCC has made immense contributions to national development during the last 35 years. The Maldives Transport and Contracting Company Plc was incorporated in 1980 as the first public company in the Maldives with state and public partnership. Among the objectives at its inception were to undertake public infrastructure development projects, engaging in the construction industry and development of the sector, to provide access to materials and equipment to the marine transport and fisheries sectors and to provide transport services essential for social and economic development of the country.

Upon formation of the Company operations related to the Company's objective, being undertaken by various government entities at the time, were handed over to us. Among them were the Marine Division, MG Sawmill and Mechanical Services and Transport Division. Those entities created the foundation

of the Company. The successes we have demonstrated have been built on that foundation.

Be it at a different level, the work undertaken by the Company during the initial years of its existence is the same as it is today. While the Company's Mechanical Services Division rented out heavy vehicles needed for major projects that were conducted by the Government and the private sector, the Company's Marine Department provided marine transport services. Sawmill, boatyard and machine shop services were also among the much-needed services provided during that time.

MTCC has come a long way from the way we were conducting our business today. The Company's structure, capacity and strength today stand testimony to the huge strides that have been taken during the last 35 years.

To day MTCC is the largest in infrastructure development and construction, conducting multiple reclamation, harbor development and coastal engineering projects across the country. It is the largest public transport service provider covering the islands in Greater Male' Area and several atolls across the country. Under its trading portfolio are the worlds most renowned and reliable products proven over time to be the most suitable for the Maldives marine transport and fisheries sectors.

MTCC's successes and its growth during the 35 years have been built on these three major lines of businesses. These businesses have contributed immensely to the development of the country during the time, touching the way people live and work in communities across the country.

Fishery is the lifeblood of the Maldivian people. It has been the major employer and has provided sustenance to the people for centuries. The 1970's saw a sea change in the way fishing was done for generations. Mechanization, which began in the early seventies, changed the way fishing was done in the country and thrust the industry into a new era of development. This important national venture was assigned to MTCC soon after its formation. The work of ensuring easy access to engines and spares and establishing facilities to provide repair and maintenance services began immediately. Soon the importance of providing access to engine oils, spares and other marine products were recognized and the Company provided means for such access. In 1987 MTCC was appointed as the distributor for Yanmar Marine Engines in the Maldives. And in 1994 was appointed as agent for Castrol. Today MTCC provides a wide variety of marine products and provides access for supplies and services across the country.

One area in which MTCC touches the lives of most people and communities in the country is the Company's work across the country in infrastructure development reclaiming land, building harbors and other infrastructure that have transformed the lives of people and changed the way they live and work. During the first years of its existence, the Government assigned MTCC the important task of developing the infrastructure needed for social development such as hospitals and schools and island offices. In 1995, MTCC undertook its first dredging and reclamation project. Since then MTCC has reclaimed

several hundred hectares of land across the country and built harbors in several islands. Over the last 35 years MTCC has built its capacity and expertise in the area. The Company has developed its own methods and processes to overcome the specific challenges of the country's unique makeup.

Our transport services began with basic charter services. The Company's current line of services began with the undertaking of Male' – Villingili Ferry Services in 2001. With multiple routes across the country, providing sea and land passenger transport, today MTCC is the largest public land and sea transport provider in the country with over 30,000 people using MTCC's transport services every day. Its scope and quality have been developed and continue to evolve to cater to the needs of today. The Company continues to study the market, identify trends and shape its services to provide the highest level of reliability, comfort and convenience.

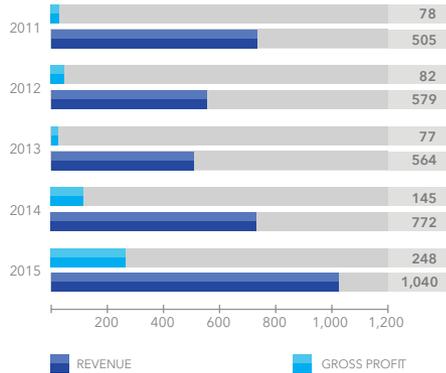
For over 35 years MTCC has contributed to change the social landscape of the country and have expanded its scope to from building schools to building harbors and airports, from simple charters to premium ferry services and luxury coach services, from the provision of marine engines to offering total solutions in construction, maintenance and repair of marine vessels.

MTCC continuously seeks new technologies, build expertise and create greater efficiencies in order to cater to the needs of today's customers and help the Company compete in today's competitive globalized business environment. MTCC is an ambitious Company, confident that that it will remain steadfast in serving the needs of the country, hand in hand with the people and communities, as we move towards a bright and successful future.

# FINANCIAL HIGHLIGHTS - 2015

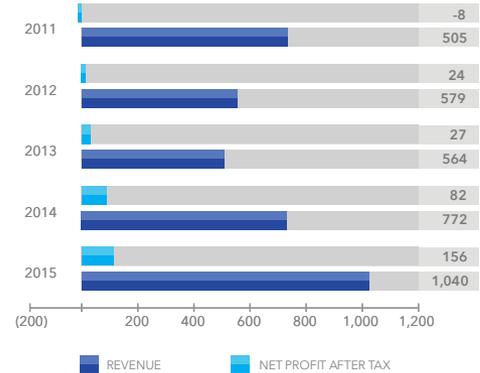
## REVENUE AND GROSS PROFIT

MVR IN MILLIONS



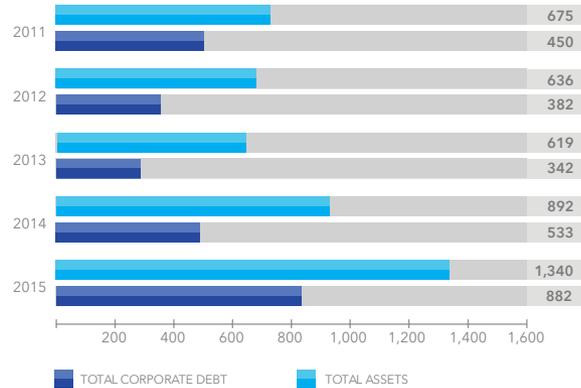
## REVENUE AND NET PROFIT

MVR IN MILLIONS



## TOTAL CORPORATE DEBT AND TOTAL ASSETS

MVR IN MILLIONS



## SHAREHOLDERS FUNDS AND TOTAL ASSETS

MVR IN MILLIONS



## FINANCIAL HIGHLIGHTS OF PAST 5 YEARS

	Group		Group		Group		Group		Group		Group	
All amounts are in Maldivian Rufiyaa (Millions)	2015	2015	2014	2014	2013	2013	2012	2012	2011	2011	2010	2010
Sales	1,040.30	1,043.39	772.48	776.09	564.02	564.02	579.20	579.21	505.08	505.08	381.10	381.10
Cost of Sales	792.33	797.88	627.76	630.25	486.81	486.81	497.17	497.17	427.46	427.46	350.01	349.99
Gross Profit	247.96	245.51	144.72	145.85	77.22	77.22	82.03	82.03	77.62	77.62	31.09	31.11
Expenses and Other Income (net)	43.53	44.21	24.04	23.90	24.77	24.75	45.32	45.30	58.90	58.88	59.81	59.59
Operating Profit	204.44	201.30	120.68	121.95	52.45	52.47	36.71	36.73	18.71	18.73	(28.72)	(28.48)
Financing Cost	18.76	18.76	21.55	21.55	17.51	17.51	10.19	10.19	24.37	24.37	19.48	19.48
Extraordinary Items	-	-	-	-	-	-	-	-	2.52	2.52	0.40	0.40
<b>Net Profit Before Tax</b>	185.68	182.54	99.13	100.40	34.94	34.96	26.52	26.54	(8.18)	(8.16)	(48.60)	(48.36)
Business Profit Tax	29.30	29.30	17.48	17.48	8.19	8.19	2.51	2.51	0.14	0.14	-	-
<b>Net Profit After Tax</b>	156.38	153.24	81.64	82.91	26.75	26.77	24.01	24.03	(8.32)	(8.29)	(48.60)	(48.36)
Non- Current Assets	346.09	353.17	220.16	227.26	199.68	206.79	210.43	217.54	204.74	210.59	263.57	269.42
Current Assets	993.76	973.01	671.53	670.86	419.44	420.36	425.91	426.81	470.14	472.27	336.87	339.00
<b>Total Assets</b>	1,339.85	1,326.18	891.69	898.12	619.12	627.14	636.34	644.35	674.88	682.86	600.44	608.42
Borrowings	45.37	45.37	26.42	26.42	20.17	20.17	22.17	22.17	11.47	11.47	28.77	28.77
Non- Current Liabilities	-	-	7.20	7.20	16.86	16.86	69.24	69.24	-	-	34.12	34.12
Current Liabilities	777.00	757.16	499.64	496.76	304.58	304.56	290.42	290.41	438.83	438.81	289.31	289.31
<b>Total Liabilities</b>	822.37	802.52	533.26	530.38	341.61	341.60	381.84	381.82	450.30	450.28	352.20	352.20
<b>Working Capital</b>	216.76	215.85	171.88	174.10	114.86	115.79	135.49	136.40	31.32	33.46	47.56	49.68
<b>Net Assets</b>	517.48	523.66	358.43	367.74	277.51	285.54	254.51	262.53	224.58	232.58	248.24	256.21
Gross Profit Ratio	23.84%	23.53%	18.73%	18.79%	13.69%	13.69%	14.16%	14.16%	15.37%	15.37%	8.16%	8.16%
Net Profit Ratio	15.03%	14.69%	10.57%	10.68%	4.74%	4.75%	4.15%	4.15%	-1.65%	-1.64%	-12.75%	-12.69%
Earnings Per Share (MVR)	312.76	306.48	163.28	165.83	53.50	53.54	48.02	48.07	(16.63)	(16.59)	(97.20)	(96.72)
Dividend Per Share (MVR)	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	25.00	25.00
Net Assets Value per Share (MVR)	1,034.96	1,047.31	716.86	735.49	555.01	571.09	509.02	525.05	449.17	465.16	496.47	512.42
Return on Equity (ROE)	30.22%	29.26%	22.78%	22.55%	9.64%	9.37%	9.43%	9.15%	-3.70%	-3.57%	-19.58%	-18.87%
Gearing Ratio (Long Term Debt to Equity)	8.77%	8.66%	7.37%	7.18%	7.27%	7.07%	8.71%	8.44%	5.11%	4.93%	11.59%	11.23%
Current Asset Ratio	1.28	1.29	1.34	1.35	1.38	1.38	1.47	1.47	1.07	1.08	1.16	1.17
Quick Asset Ratio	1.01	1.02	0.96	0.98	0.94	0.94	1.04	1.05	0.79	0.79	0.76	0.77



# CHAIRMAN'S MESSAGE

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Dear Shareholders,

Delivering results is a responsibility that we take very seriously. As we look back on our operation in 2015 I see the hard work our team had put in to make 2015 a year of outstanding achievement. We closed the year with a record profit of MVR 185.68 million before tax from a total revenue of MVR 1.04 billion, the highest ever achieved in our long illustrious history. As we mark our 35th anniversary in 2015, we remain steadfast in executing our strategy by concentrating on our core competencies, extending our presence across Maldives. We are convinced that our business model has even more potential and we are always on the lookout for opportunities for growth and expansion.

With a steady economic growth Maldives had experienced during the past two years, the government of Maldives along with private sector players has increased their investment appetite and major developmental and infrastructure initiatives have been launched for the next 3 years. Meeting the long-term demand requires significant investments in building our capacity towards staying on top as we have proved over the years. We enter 2016 with a significant capital budget that will sharpen our tools for the future – by investing heavily on plant and machinery, human capital and improving our systems and work processes that will deliver output, cash flow, and earnings growth in the years to come.

Our performance in 2015 surpassed all our previous achievements to date and significant improvement were brought to the way we do business on all of our three main business segments. Through effective project implementation we have managed to conduct work on the highest number of projects in a fiscal year in our entire history. We improved our transport service and introduced additional services into our transport service portfolio while our general trading business model was revived to cater to today's market requirements. I assure all our shareholders that we will continue to find effective and result driven methodologies to further enhance our business in 2016 and beyond.

MTCC's business success is deeply linked to our societies' progress. We partner with government of Maldives, non-governmental organizations, and communities to build beneficial and enduring relationships, and invest in programs to create measurable and lasting value. Beyond business profit tax, we have contributed immensely to local communities through social investments during the year. Most notably we are proud to have gifted an interactive musical fountain to the citizens of Maldives on the occasion of the 50th independence day of Maldives.

We wouldn't have achieved this feat without the blessing of Almighty Allah, from whom we seek guidance. We pray to Almighty Allah for more prosperous years ahead and for success in our work towards maximizing value for our shareholders.

The success we enjoy today would also have never 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 and confidence he has placed in us and the continued support and guidance we have received throughout this period.

Our steady performance and stable growth is owed 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, you all have helped the Company to grow to what it is today and we look forward to your continuing 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 appreciate all of you who have keenly supported MTCC and contributed towards achieving our vision to be the most dynamic Maldivian company, with a global reach, delivering total solutions in construction, transport and trading with excellence.

We remain focused on finding solutions that drives the Maldivian economy. With our unparalleled portfolio and proven business strategies, I am confident that we are strongly positioned to contribute to these aspirations as well as create enduring values for our shareholders.



Hussain Salim Mohamed  
Chairman



# CEO'S STATEMENT

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As we mark our 35th year of service, 2015 wrote an important chapter for MTCC Plc in its illustrious story. It was a year of significant accomplishment that is obvious from our financial performance, while it was also a year of challenges, which may not seem quite so evident. Yet if we step back and view the year in context, we can see how far our company has come during the past two years.

Our objective has always been long term sustainable growth that creates value for our shareholders, while delivering unparalleled positive impact on the communities in which we operate. Our business approach enables us to maintain a strong foothold in the diverse business segments in which we operate and remain as the partner of choice for infrastructure development and construction, engineering solutions, trading and transport services. Operational excellence, project execution capabilities, and the application of new technology, underpinned by strong financial flexibility, investment discipline and a world class work force has lead us to report the financial year 2015, as a year of record financial performance for the company.

When I took over as CEO of MTCC Plc two years back, my overarching goal which still remains, was to build on our roots and position MTCC to realize the full value of our product portfolio and all its potential. To that end we had set specific objectives towards realizing these objective which we are

tirelessly working to further enhance. During the year we achieved an extremely strong financial performance with a record annual revenue of MVR 1,040.30 million up by 34.67% from MVR 772.48 million in 2014, and a net profit before tax of MVR 185.68 million, an increase of 87.32% compared to MVR 99.12 million achieved in 2014.

Apart from this our strategies towards reducing operational costs, cost of sales, gearing and increasing liquidity, materialized, contributing significantly to our strong financial performance during the year. Capital investments were made in areas where it was needed most and where return on assets invested yielded most. A total of MVR 175.33 million was invested in capital assets mainly in machinery and vessels with on the objective of building our capacity towards future growth, a significant increase of 138.36% compared to 2014.

With the strong financial performance, the company's net asset value per share rose to MVR 1,034.96 from MVR 716.86 in 2014, while the earning per share stood at MVR 312.76, a significant improvement from MVR 163.28 in 2013 despite the bonus issue of shares activated in 2014.

2015 was definitely a year that surpassed all our previous achievements. We conducted work on the highest number of projects in a fiscal year in our entire history, through effective project implementation and resource planning. Significant improvements were made to our transport service through

service enhancements and better customer service. Our general trading segment was reviewed and significant changes were put in place to capitalize the marine engine and marine related market segments. Various marketing and promotional campaigns were carried out towards increasing the revenue and market share of our products. Building and strengthening the relationships with the brands we carry had always been a very important aspect of our business strategy. Our relationship with our suppliers is greater than ever before and we are constantly seeking to introduce into our product portfolio, additional products suited to the Maldives.

We meticulously planned our way forward and invested on building our human capital and increasing the capacity and strength of our machinery, plant and vessel portfolio. The seeds we planted this year will definitely contribute to the coming years, where we plan to break more records and progressively lead the path to further increase the wealth of our shareholders.

All the accomplishments we have achieved this year has positioned us well for 2016 and beyond. The success of integrated business is achieved by connecting the strengths of each of our individual businesses through our organizational structure, system and workplace. Strategic decisions and success across our business segments are based on a long term view of the business and commitments to effective risk management. We deliver growth in shareholder value by anticipating, planning and mitigating risks and uncertainty throughout our broad diversified portfolio.

We would not have achieved this feat without the blessing of Almighty Allah, from whom we seek guidance. We pray for more prosperous years ahead towards maximizing the wealth of our shareholders.

The success we enjoy today would also have never 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 the His Excellency President Abdulla Yameen Abdul Gayoom for the trust he has 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 assigned to MTCC Plc.

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 contributions made by our management team and our hardworking employees. Your hard work had paved a pathway for MTCC to make successive strides towards achieving our strategic goal and increasing our market share in every single line of our business. I am truly thankful for the competency and commitment of my team.

I would also like to take this opportunity to extend my heartfelt gratitude to all the leaders and dedicated staff who have contributed to the long illustrious 35-year history of MTCC.

"We started off two years back by concentrating on doing what was necessary to sustain and develop our business. We then proceeded towards achieving what was possible for us and since then we have never looked back. Next we are aiming for the impossible, and I assure all our stakeholders that we will do it"

A handwritten signature in blue ink, appearing to be 'Ibrahim Abdul Razzag Haleem', written in a cursive style.

Thank you  
Ibrahim Abdul Razzag Haleem  
Chief Executive Officer



# BOARD OF DIRECTORS

COMPOSITION OF THE BOARD AS AT 31ST DECEMBER 2015.



## **MR. HUSSAIN SALIM MOHAMED** Chairman

Mr. Hussain Salim Mohamed who has been serving as a member of the Board since 24 December 2013 was appointed as the Chairman of the Board on 25 January 2015. Mr. Hussain Salim is the Director of Operations at Sun Hotels and Resorts. As the head of all the construction projects of Sun Group, Mr Salim oversees major construction projects of the Group and has immense experience in the area of construction and project management. He has also served in various senior posts in the tourism industry and is highly experienced in the field.

Mr. Salim does not own shares of the Company.



## MR. IBRAHIM ABDUL RAZZAG HALEEM

CEO / Executive Director

Mr. Ibrahim Abdul Razzag Haleem was appointed to the post of Chief Executive Officer and Director of the Board on 12<sup>TH</sup> June 2014. Prior to his appointment, he has served in various senior posts at the Office of the President for a significant period of time, including the post of Director General of the Economic and Youth Development Secretariat and as the Director General for Evaluation and Research of the Policy Office and as a Director and Deputy Director in various departments of the President's Office.

Mr. Haleem is also a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited, a fully owned subsidiary of MTCC and the associate company Airport Investment Maldives Private Limited

Mr. Haleem holds a Master's Degree in Development Policy from the School of Public Policy and Management at Korea Development Institute, Korea and a Bachelor's Degree in Statistics, Mathematics and Computer Science from the Garden City College in India.

Mr. Haleem does not own shares of the Company



## MR. MOHAMED HILMY

Executive Director

Mr. Mohamed Hilmy was appointed as a member of the Board of Directors of MTCC on 7th July 2015. Mohamed Hilmy joined the Company in 2011 as Chief Accountant. He has also served as Financial Controller prior to his appointment as Chief Financial Officer of the Company. Before joining MTCC Mr. Hilmy worked at Maldives Ports Limited and at Price Waterhouse and Coopers in the areas of audit and finance. Mr. Hilmy represented MTCC in the Board of Directors of Maldives Finance Leasing Company till 4th April, 2014.

Mr. Hilmy is a member of the Association of Chartered Accountants (ACCA) and is a certified chartered accountant. He has served in various posts in the field of finance and audit in the private and public sectors.

Mr. Hilmy does not own shares of the Company



## **MS. NASHIMA ABDUL LATHEEF**

### **Non-Executive Independent Director**

Ms. Nashima Abdul Latheef was appointed as Director of the Board on 1<sup>st</sup> 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 Maldives Water and Sewerage Company from August 2014 till October 2015

Ms. Nashima holds a Bachelor's Degree in Business Studies with Accounting (Hons) from Middlesex University, UK and a Diploma in Statistics from Indian Statistical Institute, India.

Ms. Nashima does not own shares of the Company



## **MR. SINAAN ALI**

### **Non-Executive Independent Director**

Mr. Sinaan Ali was appointed to the Board of Directors on 25<sup>th</sup> December 2015. He is an experienced journalist and has a vast array of knowledge and experience in the field of journalism. He also currently serves as the Chief Executive Officer of Sun Media Group. Mr. Sinaan is also a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited, a fully owned subsidiary of MTCC.

Mr. Sinaan holds a Post Graduate Diploma in Journalism from the Asian College of Journalism, India.

Mr. Sinaan does not own shares of the Company



## MR. AHMED ABDULLA

### Non-Executive Director

Mr. Ahmed Abdulla was appointed as a member of the Board of Directors of MTCC on 13<sup>th</sup> May 2014. Mr. Ahmed Abdulla is also currently the Manager of the Technical Department of Maldives Industrial Fisheries Company limited (MIFCO). He has also served as the Manager, Engineering and Mechanical Services of the Transport Division at State Trading Organization Plc (STO), and as Head of Projects, Head of Procurement, as Engineering Manager at MIFCO and as Engineering Manager of Felivaru Tuna Processing Plant.

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

Mr. Abdullah owns 40 shares of the Company



## MR. NASRATH MOHAMED

### Non-Executive Independent Director

Mr. Nasrath Mohamed was elected to the Board of Directors at the Annual General Meeting held on 29<sup>th</sup> May 2013. Mr. Nasrath has ten years of experience in sales and still continues to serve as the Head of Sales and Client Services at Allied Insurance Company Private limited. Mr. Nasrath is also a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited, a fully owned subsidiary of MTCC.

Mr. Nasrath holds a Master's Degree in Business Administration from Victoria University, Australia and a Bachelors Degree in Marketing and Management at the Australian College of Business and Technology.

Mr. Nasrath owns 02 shares of the Company



## **MR. AHMED ABOOBAKURU**

### Non-Executive Independent Director

Mr. Ahmed Aboobakuru was elected by shareholders at the Annual General Meeting held on 29<sup>th</sup> May 2013. Mr. Aboobakuru who has served for long periods of time in the Ministry of Home Affairs, State Trading Organization Plc and in the private sector, has also served as a member of the Board of Directors of State Electric Company limited. He has represented the Company at the Board of Directors of Airports Investment Maldives Private Limited since June 2013.

Mr. Ahmed Aboobakuru who also currently serves as the Managing Director of Dynamic 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 finance and financial risk management.

Mr.Aboobakuru owns 14 shares of the Company



## **MR. FATHULLA ISMAIL**

### Non-Executive Independent Director

Mr. Fathulla Ismail was elected as an Independent Director of the Board at the Annual General Meeting held on 15<sup>th</sup> 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, UK.

Mr.Fathulla owns 02 shares of the Company



## MR. MOHAMED IMRAN ADNAN

### Non-Executive Independent Director

Mr. Mohamed Imran Adnan was elected by shareholders at the Annual General Meeting held on 15<sup>th</sup> May 2014. Mr. Imran has worked at Tekton Design and currently he serves as the Manger, Head of the Engineering Division at the Maldives 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

# MANAGEMENT

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## MR. IBRAHIM ABDUL RAZZAG HALEEM

Chief Executive Officer

Mr. Ibrahim Abdul Razzag Haleem was appointed to the post of Chief Executive Officer and Director of the Board on 12<sup>th</sup> June 2014. Prior to his appointment, he has served in various senior posts at the Office of the President for a significant period of time, including the post of Director General of the Economic and Youth Development Secretariat and as the Director General for Evaluation and Research of the Policy Office and as a Deputy Director and Director in various departments of the President's Office.

Mr. Ibrahim Abdul Razzag Haleem holds a Master's Degree in Development Policy from the School of Public Policy and Management at Korea Development Institute, Korea and a Bachelors Degree in Statistics, Mathematics and Computer Science from the Garden City College in India.



## **MR. AHMED FASEEH (RT. POLICE COMMISSIONER)**

### Deputy Managing Director

Mr. Ahmed Faseeh was appointed as Deputy Managing Director of MTCC in August, 2015. Prior to joining MTCC, Mr. Faseeh was the Commissioner of Police from November 2008 to February 2012. Mr. Ahmed Faseeh spent his entire career in the Maldives Police Service and is highly decorated for his accomplishments and achievements. During his long tenure of 23 years in the Police Service, and before being appointed as Commissioner of Police, Mr. Faseeh has headed several departments and comes with immense experience in management and organization.

Mr. Faseeh has successfully completed several training courses in the field and has attended various international seminars and conferences held in Asia, Europe and the United States.



## **MR. MOHAMED HILMY**

### Chief Financial Officer

Mr. Mohamed Hilmy joined the Company in 2011 as Chief Accountant. He has also served as Financial Controller prior to his appointment as the Chief Financial Officer of the Company. Prior to joining MTCC Mr. Hilmy worked at Maldives Ports Limited and at Price Waterhouse and Coopers in the area of audit and finance.

Mr. Hilmy is a member of the Association of Chartered Accountants (ACCA) and is a Certified Chartered Accountant. Prior to his employment at MTCC he has served at various posts in the field of Finance and Audit in the private and public sectors.



## **MR. AHMED SAEED** General Manager

Mr. Ahmed Saeed joined MTCC in 1993 as Engineer Trainee. Since then he has served the Company as Surveyor Trainee, Surveyor Officer, Engineer, Senior Engineer and Technical Executive at the Construction and Project Management Department before he was appointed as General Manager. Mr. Saeed is in charge of the Construction and Project Management Department as well as the Logistical Operations Department. Mr. Saeed has vast experience and has gained training in the Construction and Project Management field.

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



## **MR. ISMAIL ADHUHAM** General Manager

Mr. Ismail Adhuham joined MTCC in 2014. Mr. Adhuham has a rich mix of experience gained during his service as the General Manager and Human Resources Manager at AAA Trading Company Private Limited, Marketing Representative of the Code Marketing UK Limited and the Human Resources and Marketing Manager at the Allied Insurance Company of the Maldives. Mr. Adhuham is currently in charge of the Sales and Marketing Department.

Mr. Adhuham holds a Master's degree in Business Administration from Warnborough College, Ireland and a Bachelor's Degree in Management and Marketing from Edith Cowan University, Australia. He also has an Associate Degree from the Australian Institute of Business and Technology.



## MR. IBRAHIM LATHEEF

### General Manager

Mr. Ibrahim Latheef joined MTCC in 1999 as an Accountant Trainee and has served in the capacity of Senior Marketing and Business Development Officer and Manager of the Sales and Marketing. He has also served as an Executive of Business Development Department, Administration Department, Procurement Department and Building Security and Services Department. Today Mr. Ibrahim Latheef is in charge of the Engineering and Docking Services Department as well as the Transport Services Department.

Mr. 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 also attended various training programs in the area of finance and management.



## MR. ABDULLA FAID

### Executive

Mr. Abdulla Faid joined MTCC as an Accountant in 2011 and today serves as the Executive in the Procurement Department.

Mr. Faid holds a Bachelor's Degree (Hons) Accounting and Finance from the Taylors University College. He has won Dean's List Award (2007), Pattern University (Oakland, CA, USA)



## **MR. AHMED IRUHAS**

### Technical Executive

Mr. Iruhas joined the Company as Technical Trainee in 2002. He has served as the Unit Head of the Engineering Workshop from 2009 to 2014. At present Mr. Iruhas serves the Company in the post of Technical Executive of Engineering and Docking Services.

Mr. Iruhas holds a Bachelor 's (Hons) Degree in Engineering (Marine and Offshore Systems) from the Australian Maritime College, UTAS.



## **MR. AHMED LATHEEF**

### Technical Executive

Mr. Ahmed Latheef joined the Company as an Engineer Trainee in 1999. During his years of service at MTCC he has served as a Surveyer, Trainee, Surveying Officer, Engineer at the Contracting Department, Senior Engineer of the Construction and Projects Management Department and as Technical Executive of the Construction and Projects Management Department. Mr. Ahmed Latheef serves as the Technical Executive of the Construction and Project Management Department.

Mr. 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.



## **MR. AHMED SALAM**

### Technical Executive

Mr. Salam joined MTCC as a Software Programmer in 1991. Prior to his current post he has served the Company as Manager, Information Systems Department and as Executive of the Information and Communication Technology Department. Today Mr. Salam serves as the Technical Executive of the ICT Department.

Mr. Salam holds a Bachelor's Degree in Computer Science from the University of Wollongong, Australia.



## **MS. AISHATH SUSAN HANEEF**

### Executive

Ms. Aishath Susan Haneef joined MTCC as a Sales Assistant in 2000. She has also served as the Executive of Corporate Department, Business Development Department, Marketing Department, Rental Department, Building Services and Security Department, Corporate Bureau and Human Resources Department. Ms. Aishath Susan Haneef currently serves in the post of Executive of the Human Resources and Administrative Department.

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.



## **MS. FATHIMATH LIUSHA**

### Company Secretary

Ms. Fathimath Liusha joined MTCC in 1997 as a Secretary in the Administrative Department and as Manager, Administrative Department, Legal Department and Corporate Department, as Executive in the Corporate Department and as Executive of Human Resources and Administration Department. Ms. Liusha serves the Company as Company Secretary in the Corporate Affairs Department.

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



## **MR. HUSSAIN ZUHURY**

### Executive

Mr. Hussain Zuhury joined the Company in 2002. Prior to his current post he has served the Company in the capacity of Secretary, Administrative Assistant and Manager of the Rentals Department and Senior Manager of the Logistical Operations Department. Mr. Hussain Zuhury currently serves as Executive of the Logistical Operations Department.

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



## MR. ISMAIL FARIQ

### Executive

Mr. Fariq joined the Company in 2001. During his tenure he has served as the Executive of Rentals Department, Engineering Department, Building Services and Security Department, Business Development Department, Logistical Operations Department, Procurement Department and Transport Department. He has also served as Manager of Maldives Real Estate Investment Corporation Private Limited during 2010. Currently he serves as Executive of the Sales and Marketing Department.

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



## MR. IHUSAN SHAREEF

### Executive

Mr. Ihusan Shareef started his career at MTCC in 2003 as a Sales Assistant. During his long tenure in the Company he has served in various posts including Assistant Manager, Manager, and Deputy Director of the MTCC Sales Centre and as Executive of the Trading Department of the Company. From April to December 2013 he served as an Executive Director of the Company's Board of Directors and served as acting CEO between September and December of the same year. At present Mr. Ihusan Shareef serves as the Executive in the Legal Affairs Department.

Mr.Shareef holds a Bachelor of Science Degree from the University of Madras, India



## **MR. MOHAMED LUAYYU**

### Internal Audit Executive

Mr. Mohamed Luayyu joined MTCC in May, 2014. Prior to joining MTCC in his current capacity of Internal Audit Executive Mr. Luayyu served at the Auditor General's Office as Senior Auditor and as Assistant Auditor and have worked on various types of audits of different Government entities.

Mr. Luayyu holds a Bachelor of Science (Hon) in Applied Accounting at Oxford Brookes University, United Kingdom and has completed ACCA (Part 3) in Sunway University, Malaysia



## **MR. SHIFAU ALI**

### Executive

Mr. Shifau Ali joined MTCC in 2007 as the Manager, Procurement and Supplies Department. He has also served as the Executive of the Procurement Department and as the Executive of the Accounts and Finance Department. Before joining MTCC Mr. Shifau Ali worked in Mologs and Horseburg Public Accountants Private Limited and provides consultancy service in the field of Audit Assurance and finance to private sector. Currently Mr. Shifau serves as the Executive in the Executive Bureau Department.

Mr. Shifau Ali holds a Bachelor of Arts Degree in Accounting and Finance from the University of East London and has completed the fundamental level of the Association of Certified Chartered Accountants (ACCA).



## MR. WASEEM AKRAM

### Assistant Financial Controller

Mr. Waseem Akram joined MTCC as the Assistant Financial Controller in November 2012. Prior to this 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 Assistant Financial Controller at the Finance Department.

Mr. Akram is an associate member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and a senior member of Accounting Technicians of Sri Lanka (AATSL), an associate member of Certified Public Accountants of Sri Lanka (CPA), an associate member of the Institute of Certified Management Accountants of Sri Lanka (ICMA) and an associate member of Certified Public Accountants of Australia (ASA).

03

**BUSINESS  
REVIEW**





Rock Boulders delivered by MTCC Vessels

# BUSINESS REVIEW



In 2015 we were focused on maintaining the momentum we have gained during the previous year. Our objective was to achieve our financial goals while ensuring that we move towards our long-term goal of sustainability. Our strategy during the year was expansion and diversification of our business segments, continuing our drive towards efficiency, creating greater accessibility, achieving service excellence and ensuring that we meet our future goals through development of our capacity.

## EXPANSION & DIVERSIFICATION

During the year in review the expansion and diversification process we started during the previous year continued in all our business segments.

Infrastructure development and construction being the cornerstone of our business, it was imperative that we sustain the momentum we have gained in the sector during the previous years. In order to expand our scope and capacity we continued to formulate and implement new strategies that will help us handle multiple projects efficiently and effectively.

Expansion and diversification also meant achieving a more diversified customer base for the segment, hence our efforts to broaden our horizons in the tourism sector, the largest market for reclamation and coastal engineering, outside the scope of public infrastructure development, continued during the year.

Our capacity to execute project depends heavily on our inventory of machinery and equipment. 2015 saw the highest investment made on machinery and equipment by the Company. During

the year we have broadened our range of equipment by adding MAN to our current fleet, which consists of CAT equipment.

In the transport segment we created new routes, and expanded our scope of services. With the introduction of the new 44-seat luxury buses, Shuttle Coach Services between Hulhumale' and Ibrahim Nasir International Airport was introduced. We also introduced a new double deck ferry to the Hulhumale' sector during the year. The new vessel with a capacity of 204 passengers operates during peak hours and can seat approximately 90 extra passengers compared to the other vessels currently in use. In addition to this new ferry services were introduced to Thaa atoll and Laamu atoll (Zone 5), during the year in review. An estimated 200 passengers per day commute within the atolls using the service.

The expansion in the transport services was facilitated by the Company's largest annual investment in the segment with a total investment of MVR 26.5 million during the year.

In the trading segment our efforts to diversify our product range and expand our market base in the current environment of competition continued.

The launch of the Scott Bader brand of products was a first step to enter into the boat-building sector. It is a product that will help the Company move closer to fulfilling its vision of broadening its scope in the boat building industry.

Direct marketing is a differentiating factor that helps us expand our market in the trading sector. Marketing trips were made to several atolls in the country. The objective of these trips was to build a lasting relationship between the customers and us,

create greater awareness of our products across the market as well as take steps to expand our scope of services across the country.

Promotions are an important part of creating product awareness and help sustain and expand the market for the products. It is also an opportunity to introduce our broad product portfolio to new customers. During the year in review several promotions were held including Minivan 50 Suzuki Roadha Promotion, Sigma Week 2015 and Kashavaru Promotion 2015 held with the objective of expanding our customer base and strengthening our relationship with existing customers.

In the area of Engineering and Docking Services we have built our capacity to service all aspects of our vehicles and vessels over the years. During the year we have worked to harness this strength to provide our services to the broader market and we have raised our capacity to a level at which we can offer the best docking and engineering services anywhere in the country.

Logistics is key to the efficient execution of infrastructure projects. In our continued efforts to enhance our capacity in logistics, our fleet of tugs and barges were expanded during the year.

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The expansion in the transport services was facilitated by the Company's largest annual investment in the segment with a total investment of MVR 26.5 million during the year.

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# ACCESSIBILITY

Our strategy of greater accessibility encompasses extending our reach geographically as well as across industries providing the means for customers to acquire our products and services.

In the area of infrastructure development and construction we have successfully worked to move out of our traditional market and position ourselves as being accessible to all market segments at competitive rates, in the field of reclamation and coastal engineering.

As the public transport provider we have been expanding our services and creating new routes across the country. The introduction of intra-atoll ferry services in Thaa and Laamu Atolls has proved invaluable to the residents of the atolls, evident from the number of passengers who use our services each day. We plan to expand and introduce ferry services in between these two atolls in the near future.

Our product portfolio in our trading sector is key to those in the marine transport and fisheries sector. Fisherman and boat owners rely on our products for their livelihood and their businesses. Hence convenient access to our product range and after sales services is essential. The marketing trips conducted during the year provided an opportunity to meet with boat owners, boat designers, and engineers and assess their needs in order to structure our services in a way that would cater to their need. Customers were also provided with information on products mainly marine and outboard engines and on the aftersales services provided by the company.

Accessibility to our products and aftersales services was also enhanced with the appointment of new agents and engineers in the atolls under the 'Odiverinnah Hallu Yageen' program inaugurated in April 2015.

Boat building is an important sector in the Maldives. The addition of Scott Bader to our trading portfolio adds value to the product range we offer and

provides Maldivian boat builders access to the highest quality composites, adhesives and specialty polymers.

Accessibility also means affordability; hence we have continuously worked with financial institutions to create financial schemes and structure such schemes in a manner that is convenient to our customers. Under the 'Odiverinnah Hallu Yageen program, an Islamic financing scheme, "Tamwil Taksit" was introduced to facilitate the purchase of engines under which customers can purchase engines on installment with a repayment period of 3 years. During the visit to the atolls, our teams also met with the Bank of Maldives officials in the regions and discussed ways to make loan disbursement easier for our clients.

The Yanmar 60 hp engine was also launched for the first time in Maldives during the year. It was the culmination of several months of negotiation with Yanmar, in order to provide access to a suitable engine for small boat owners. At launch we ensured access to boat owners by providing a financing opportunity for potential buyers under the 'Tamwil Taksit' payment scheme.

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Under the 'Odiverinnah Hallu Yageen program, an Islamic financing scheme, "Tamwil Taksit" was introduced to facilitate the purchase of engines under which customers can purchase engines on installment with a repayment period of 3 years.

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## SERVICE EXCELLENCE

Service excellence has been one of our pillars to build customer confidence and create greater convenience for our customers.

Transport services provided by the Company touches the lives of thousands of people every day. As such improving the quality of services and the level of convenience offered to our customers is of great importance for the Company.

Major improvements were made to offer greater convenience and comfort to passengers. Terminal services were set up in Thilafushi and the services at the Villingili Ferry Terminal were expanded. The terminal was further extended allocating a special seating area for Thilafushi passengers.

In the Hulhumale' sector the new double deck ferry not only reduced waiting times during peak hours due to the increased capacity it brought, it also cuts travel time between Male' and Hulhumale'. The luxury buses used in the new Airport Shuttle Service from Hulhumale' to Ibrahim Nasir International Airport are designed for passengers carrying luggage and hence offer customers the convenience to store their luggage in the luggage compartment.

In the trading segment, visits to the atolls by our teams showed our commitment to our customers by meeting them and listening to their need and by providing them information of our products and services directly. All islands whether large or small are covered during visits to the atolls.

Our customer service in the trading segment was also significantly enhanced due to the appointment of new agents and certified engineers to provide pre and after sale services to customers. These engineers were selected based on merit and experience in the sector and was further trained by Engineers from Yanmar Asia and MTCC.

## HUMAN RESOURCE DEVELOPMENT

We are proud of our workforce. Our team has been the driving force behind the Company's development since its inception in 1980. We believe that our success lies with our employees; the members of our team who work tirelessly every day to deliver our services across the country. Ours is a professional, dedicated and committed team who has a wealth of accumulated collective knowledge in our areas of business, incomparable with any other company in the country.

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

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During the year we continued to offer a variety of training opportunities to staff, including long term academic education leading to degrees and professional qualifications in important areas for the Company.

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We have always worked to ensure that our staff remains competent in their areas of work, with knowledge and expertise of the latest developments in their field. During the year we continued to offer a variety of training opportunities to staff, including long-term academic education leading to degrees and professional qualifications in important areas for the Company. We also introduced paid leave for staff undertaking studies abroad on their own.

Training opportunities were also offered in technical areas both locally and internationally with the objective of easing the shortage of technical staff in the market. A variety of training programs were also held in partnership with our product and brand partners in order to ensure our customers get the latest information on products from our sales staff. A range of other training programs was held to ensure superior customer service and inculcation of personal and social skills amongst the staff.

We demonstrated our commitment to the development of the national workforce with a series of programs conducted during the year in association with the Technical and Vocational Training Education Training Authority and the Ministry of Education. Under this scheme we facilitated internships for the students of the Technical and Vocational Training Education Training Authority in which trainees will be placed at different work site of the Company and provided with an orientation where they will be exposed to the formal job environment, the responsibilities and the prospective benefits with the job.

In order to support the Government's pledge to provide job opportunities for people with special needs, the Company opened its Apprenticeship Program for candidates with special needs.

During the year we continued our efforts to recruit the best people in the labor force and to retain the members of our team by ensuring competitive remuneration packages, providing a comfortable work environment and through other means to ensure staff satisfaction.

"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. Club MTCC is the core of social interaction within the Company. The Club conducts several activities each year amongst its staff, 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 programs such as 'Every drop that saves, every drop matter's held in association with Maldives Blood Donors and 'Help fight dengue fever' together with other public companies and government agencies,

The MTCC Club House with facilities for various indoor activities was opened during the year with the objective of rejuvenating the Team spirit of MTCC.

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In order to support the Government's pledge to provide job opportunities for people with special needs, the Company opened its Apprenticeship Program for candidates with special needs.

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# CORPORATE SOCIAL RESPONSIBILITY

At MTCC we are committed to fulfilling our corporate responsibility and to give back to the community. Corporate social responsibility has remained an integral part of our decision-making. The contributions made by the Company 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.

During the year we made contributions in the area of health and wellness, sports and culture, empowerment of women and the development of education. Contributions were also made to the blind and visually impaired on World Disability Day and to the Marine Conservation Fund of the Ministry of Fisheries and Agriculture.

In our effort to develop competent technical personnel in the country, a Yanmar 350 HP engine was gifted to Maldives Polytechnic training center as a contribution towards technical education. We also continued our commitment to Kudakudhinge Hiyaa by providing remuneration to two teachers, which we have done since 2007. The beach area of Villingili was cleaned by the company to participate the global initiative "Clean Up the World Campaign" by Suzuki Marine, to celebrate. Villingili was cleaned by the company to participate the global initiative "Clean Up the World Campaign" by Suzuki

Marine, to celebrate the 50th Anniversary of Suzuki Outboard Engine. Almost 1300 Suzuki Family members from 22 countries took part in this initiative.

A historical contribution towards CSR the "Interactive Musical Water Fountain", was a gift to the people of the Maldives by MTCC on the occasion of the 50th anniversary of independence of the Maldives. His Excellency President Abdulla Yameen Abdul Gayoom inaugurated the Musical Water Fountain. Today it stands as a symbol of pride for us that all the aspects of the fountain from inception, design and engineering to construction were made by staff of MTCC.

## A STATEMENT OF OUR EXPERTISE

In 2015, we pushed our boundaries by undertaking and successfully completing projects outside our usual scope of infrastructure development and construction. The construction of the interactive musical water fountain in Jumhooree Maidan, building of Izzuddeen Jetty and the "Rasfannu" Artificial Beach took us across new frontiers. These projects are a statement on the skill and capacity of the MTCC Team and are testimony to where we have reached during the 35 years since our inception.

06

**FUTURE  
OUTLOOK**





“Hopper Suction Dredger”. An investment that will revolutionize the land reclamation sector in the Maldives.

# FUTURE OUTLOOK



## TOWARDS BUSINESS SUSTAINABILITY

The central theme of our business strategy for the year ahead is the creation of a platform for our businesses to successfully operate in a competitive business environment and face the challenges of the market in a world of global competition. This would include managing our financial, social and environmental risks, obligations and opportunities to gain greater business sustainability. Our strategy includes strengthening our businesses through expansion as well as diversification into new strategic

business areas. We will continue the strategy of expansion and diversification, which has now gained momentum. We will work closely with our customers providing them greater access to our products and services and will offer the highest convenience to our customers.

## GETTING READY FOR GLOBAL COMPETITION

In a world where time is of the essence, capacity to execute projects in the shortest timeframe will give us the edge in the current global market. In 2014 the Board of Directors made the strategic decision to procure a trailing suction hopper dredger. The dredger will enable MTCC to compete for projects in the Maldives that are currently undertaken by international dredging companies and for similar projects in the region. During 2015 efforts have been made to expedite the delivery of the dredger and delivery is expected by the end of 2016.

## NEW FRONTIERS IN CONSTRUCTION

During 2016 the Company will begin its first project in steel construction. The introduction of steel construction would allow MTCC to offer lower rates and shorter completion times to our customers. This will also ensure that the Company will continue to lead the industry into the future. While this would strengthen our position in the industry locally, it will also create the opportunity for us to expand our scope of service to regional and international customers.

## TOTAL SOLUTION IN BOAT BUILDING

The Maldives is a country where sea travel and transport is essential and fisheries contribute to the livelihood of a large percentage of the population. Hence boat building is one of the most important industries in the country. The launching of Scott Bader range of marine products in 2015 has helped us in moving closer to fulfilling our vision of broadening our scope in the boat building industry.

Our plan is to offer a total solution to the boat building industry with the full range of boat building products in our portfolio, complete with the financing schemes needed for investors to enter the fisheries and transport sectors with ease.

## AN EXPANDED TRADING PORTFOLIO

Our trading segment currently carries a portfolio of the highest quality of marine engines and other marine products. Moving away from our traditional product range, in 2014 we have included Caterpillar heavy machinery and earth moving equipment into inventory of products.

Our diversification plans for the year and beyond include the expansion of the range of construction material and equipment and the introduction of land transport vehicles into our product mix. With years of experience in the use, repair and maintenance of construction machinery we are well placed to offer the finest after sales services for these products.

and delivery is expected during 2016. Once set-up our dockyard in Thilafushi will have the capacity to the majority of vessels that are currently in use within the country.

Our aim is to provide a total solution under one roof for boat owners and operators. With our strength and technical expertise, we are well placed to setup and successfully operate the dockyard creating benefits for the Company and the market we serve.

## UNPARALLELED DOCKING SERVICES

To cater to the increasing demand for convenient, trustable docking services, we have been developing our facilities at Thilafushi during 2015. The objective of the development is to become the leading local dockyard in the Maldives. The project also aims to improve efficiency of service and reduce repair time for customers. The dockyard will offer ship repair and maintenance services, metal fabrication and machining services and other engineering services required by vessels.

Infrastructure works were begun in 2015 and training has been conducted in order to prepare our team for the work ahead. A 200-ton capacity hoist has been ordered



# SHARE PERFORMANCE



At the Annual General Meeting of 2014, the shareholders resolved to issue one ordinary share as bonus share for each ordinary share held by the shareholders. However, this issuance brought no change to the share structure of the Company.

As of 31st December 2015, the Government of Maldives holds 47.8% of the shares of the Company, 7.5% of shares is held by Maldives National Shipping Limited, a Company wholly owned by the Government of Maldives and 44.7% is 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 end of 2015 is shown below

SHARE STRUCTURE	NO. OF SHARES	FACEVALUE OF SHARES (MRF)	PERCENTAGE HELD
Government of Maldives	239,322	11,964,300	47.8
General Public	223,286	11,162,800	44.7
Maldives National Shipping Limited	37,392	74,784	7.5
<b>Total</b>	<b>500,000</b>	<b>25,000,000</b>	<b>100</b>

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

## CAPITAL MARKET ORIENTED KEY DATA

Our shares continue to be traded in the Maldives Stock Exchange and during the year 2015, we saw 75 shares traded in the market. This is a decrease of 26% traded that from the previous year. The highest traded price during the year was MVR 130.00 where the lowest traded price was MVR 75.00. Based on the net asset value of our shares, we believe the market value does not reflect the true value of our shares.

Market capitalization at the last traded price in 2015 was MVR 37.5 million while market capitalization at the last traded price in 2014 was MVR 60 million.

	2014	2015
Lowest traded price (MVR)	55.00	75.00
Highest traded price (MVR)	120.00	130.00
Last traded price (MVR)	120.00	75.00
Weighted average traded price (MVR)	118.73	124.21
No. of shares traded	102	75
Market capitalization (MVR millions)	60.00	37.50
Dividend Yield	15.69%	26.67%
Earnings per share (MVR)	163.28	312.76
Price Earnings Ratio	0.37	0.24

# DIVIDEND FOR SHARES

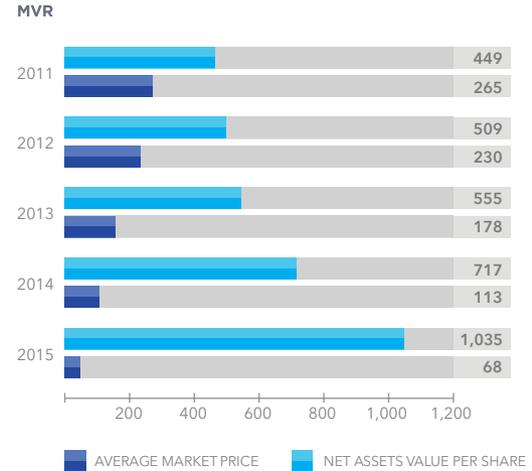
2015 has been a historical year for the Company, achieving its highest recorded net profit of 156.37 million. The governing objective of the Board of Directors and the Management has been to maximize the value of the Company for its shareholders. The dividend policy of the Company is to increase the flow of dividend to shareholders through time.

The Board of Directors will propose to the Annual General Meeting 2015, that dividend of MVR 22.00 be paid to an ordinary share of the Company.

## SHARE PRICE MOVEMENT - MVR PER SHARE



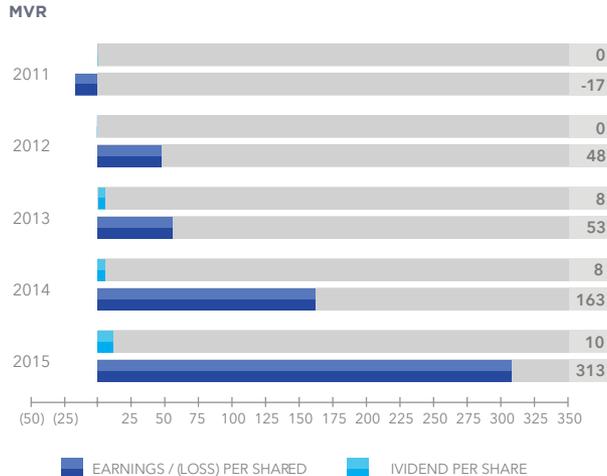
## AVERAGE MARKET PRICE AND NET ASSETS VALUE PER SHARE



# INVESTORS' RETURN

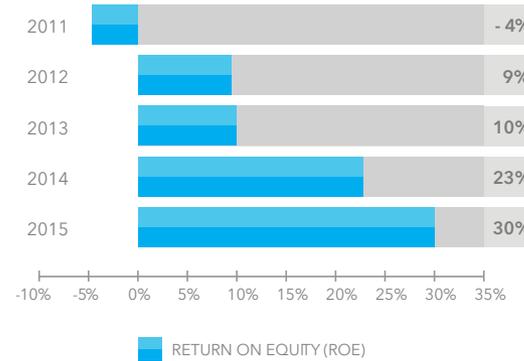
The Group has accumulated a return to the equity holders amounting to MVR 186 million with a Return on Equity of 30% during the year ended 31 December 2015, consequently net asset value per share has also increased to MVR 1,035 per share from MVR 717 per share compared to the previous year. Furthermore, the earnings per share has also almost doubled during the year 2015 (MVR 313 per share) compared to 2014 (MVR 163 per share), the company has declared a dividend of MVR 10 (2014: MVR 8) per share during the year ended 31 December 2015 from the net profit of 2014.

## EARNINGS PER SHARE AND DIVIDEND PER SHARE



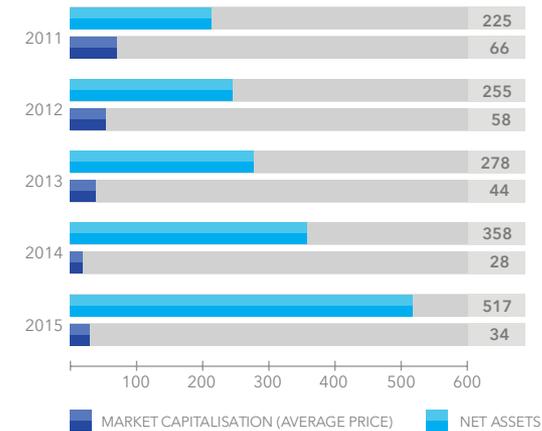
## RETURN ON EQUITY

PERCENTAGE



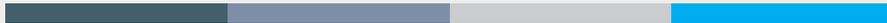
## NET ASSETS AND MARKET CAPITALISATION

MVR



04

**CORPORATE  
GOVERNANCE REPORT**





Izzudheen Jetty - Construction works done by MTCC

# CORPORATE GOVERNANCE REPORT



MTCC 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 Board of Directors are committed to govern and manage the Company with fairness and transparency, and in the spirit of the Corporate Governance Code.

## BOARD OF DIRECTORS

The Board 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.

# OVERALL RESPONSIBILITY OF THE BOARDS

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.

## **The main duties of the Board are to**

- 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.

# ROLE OF THE CHAIRMAN AND THE CEO

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.

## ROLE OF THE CHAIRPERSON

In general, the Chairperson delivers information on the operations of the Company to the Board and the shareholders. In this respect the responsibilities of the Chairperson are to

- Set the agenda for Board meetings and offer guidance to the Board with respect to fulfilling the obligations of the Board.
- Present to the members of the Board, clear and precise information about the Company on a timely basis.
- Promote cordial working relationship between the members of the Board and the executive management team of the Company.
- Encourage and promote constructive working relationship with the non-executive directors and executive directors of the Board.
- Facilitate full participation and contribution of all Board members at Board meetings and in matters where their contribution and participation are required.
- Ensure open and honest discussion with the members of the Board before any policy decisions are taken and made public.
- Provide adequate information to the shareholders in various matters relating to the Company.
- Establish and ensure that the Company is governed in compliance with the Corporate Governance Code.

## ROLE OF THE CEO

The Board of Directors delegates to the Chief Executive Officer, with the authorization to sub-delegate, the power to manage the day-to-day affairs of the company. The Board may also assign some duties listed in the main responsibilities of the board or administrative affairs related to them to the executive management.

## COMPOSITION OF THE BOARD

Clause 63 of the Articles of Association requires the Board to comprise 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.

# BOARD MEETING

The board meets as often as necessary on notice by the Chairman or by the person designated by him. In addition, the board must be convened within seven days a Board member requests the Chairman to call a meeting.

A total Twenty-Four meetings of the Board were held during the year. Further, two non-executive board meetings were held in accordance with Corporate Governance Code clause.1.6 (c).

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.

The attendance of the directors to the meetings is shown below.



## key decisions and recommendations by the Board of Directors during year

- Approved the strategic business plan for the year 2015-2017 and continued to review the business plan quarterly.
- Provided strategic directions on the strategic business plan for the year 2016-2018
- Approved the revised organization structure tailored for better management and efficiency of the company.
- Revised and approved the Company's new Salary Structure
- Reviewed and approved to invest in the joint venture company proposed by the Government to provide an effective and efficient sea and land public transportation service to Hulhumale', in the name of "Transport for Maldives Private Limited".
- Combined the Nomination and Remuneration Committees of the Board
- Created Corporate Governance and Compliance Committee of the Board
- Approved to conduct a functional audit of the company to identify the areas for improvement in the operations of the Company.
- Approved to hire a consultant to strengthen the internal audit function of the company.
- Approved candidates as nominees for public shareholder directorship.
- Approved Islamic Financing Scheme "Tamwil Taksit" policy targeted for general trading segment.
- Approved Agents Policy targeted for general trading segment.
- Approved Certified Engineer's Policy
- Approved the company's Hajj Pilgrimage Guidelines for employees.
- Approved the Audited Financial Accounts for the year 2014 and reviewed quarterly results of 2015
- Approved to propose to issue one bonus share to each ordinary share held, at the AGM 2014
- Decided on the dividend for the year 2014 to be proposed to AGM 2014.
- Reviewed construction projects undertaken by the Company and offered guidance to the management on measures that must be taken to reduce costs and complete the projects most effectively.
- Received and reviewed reports from the committees of the board

## 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 2015 are described in the reports of the individual committees from pages 71 to 77.

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.

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 2015, the Company has signed several agreements with the majority shareholder, Government of Maldives to carryout various projects. In 2015 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, proposed for election at the upcoming Annual General Meeting.

## 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 2015 will be carried out by mid-2016.

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, understand 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 which may impact the Company. During the year, two directors participated in a short term workshop on Financial Risk Management for Public Companies held by the International Malaysian Training Center, in addition two board directors also participated in short term training on Accounting and Finance for Non-Finance Managers organized by the Singapore Institute of Management and one director participated in Financial Skills for Board. Further to this, majority of the directors have completed the Institute for Corporate Directors and Secretaries- Directors Training Program.

## 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 is 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 2015 at the Annual General Meeting of 2014. 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 2015. The Internal Auditor KPMG has no other service contracts with the Company. The Internal Audit function in accordance to the guidance of the Audit 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 to concerns of the employees and matters concerning to the management of the company. The Corporate Governance & Compliance 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 is a true presentation of the activities and operations of the Company in 2015.

## 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 view of the Company's profit, financial status and considering the future investments. The board has declared MVR 22 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 are confident that the Company, has the 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.

24 April 2016



Hussain Salim Mohamed  
Chairman

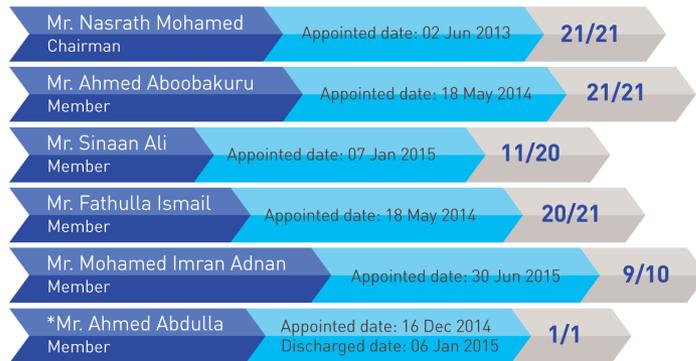


Ibrahim Abdul Razzag Haleem  
Chief Executive Officer

# AUDIT COMMITTEE REPORT

The Audit committee was officially established on 25th June 2008. The Audit 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 Committee met Twenty-one times during 2015. The meetings of the committee were attended by the Chief Executive Officer, Chief Financial Officer, Financial Controller and Auditors as and when needed. The attendance of members of the Committee are as follows;



- Left the committee with the reconstitution of the committee on 06<sup>th</sup> January 2015

# ROLES AND RESPONSIBILITIES

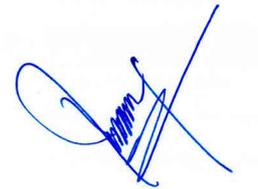
- Review the internal control systems of the Company for their effectiveness.
- Review the Annual Accounts and Quarterly Financial Statements for accuracy.
- Review the accounting policies of the Company and proposed changes and take measures to strengthen the same.
- Oversee the work of the Company's internal and external audit functions and take steps to ensure their independence.
- Review and oversee internal audit plans and reports and facilitate the work of internal auditors.
- Monitor and review the accounting and financial systems and procedures of the Company to ensure its reliability and integrity.

# ACTIVITIES DURING THE YEAR

The decisions made by the Committee in 2015 were focused on monitoring the effectiveness of the financial reporting, systems of internal control and risk management. Reports of the Audit 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 2015 and reviewed the special audits carried out. The Asset Disposal Policy and Credit Policy was formulated under the guidance of the committee and was proposed to the board for approval.
- **External Audit:** The Committee reviewed audited Financial Statements for the year 2014 and proposed dividend for the year 2014
- **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 the board to appoint a consultant to assist in strengthening the function.

The Audit 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.



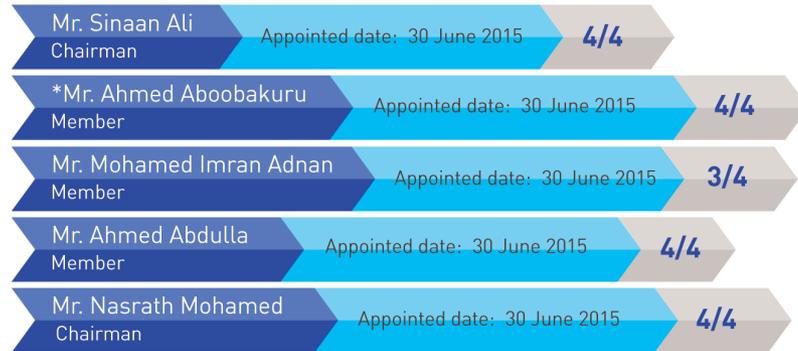
Nasrath Mohamed  
Chairman  
Audit Committee

# 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.

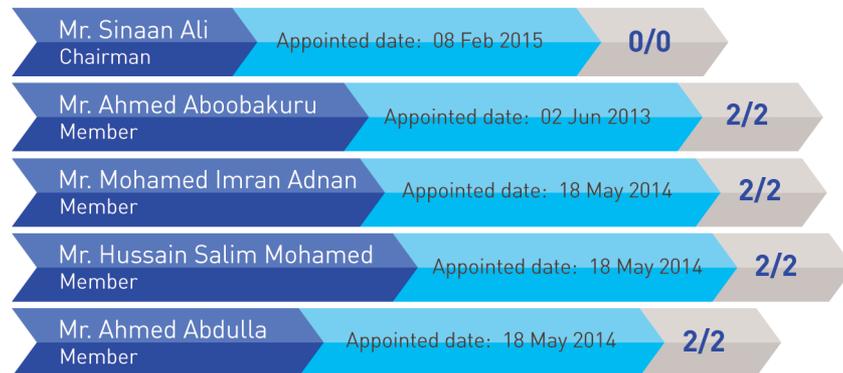
The Nomination and Remuneration Committee consists of five Non-Executive Directors and majority of these directors being independent directors. Mr. Sinaan Ali serves as the Chairman of the Committee.

The Nomination and Remuneration Committee met four times during 2015. The attendance of members of the Committee are as follows;



- Ahmed Aboobakuru abstained from one of the committee meetings due to a potential conflict of interest with the matter being discussed

Attendance of Remuneration Committee before the combination of the two committees.



Attendance of Nomination Committee before the combination of the two committees.



- Mr. Hussain Salim Mohamed served as the chairman of the Nomination Committee up until his appointed as the Chairman of the Board of Directors on 25th January 2015.

- Review the performance of the Board and Board Committees with the objective of ensuring the Board fulfills its responsibilities.
- Review remunerations of the senior management of the Company and submit findings to the Board.
- Review incentives given by the Company and submit findings to the Board.
- Review the Company's employment agreements, bonus structures, notice of termination and severance fees and submit findings to the Board.
- Assess the qualification, experience and time at work and remunerations of the senior management of the Company and assess whether the remuneration are adequate to motivate the management to contribute and perform fully and effectively, and recommend changes if required, to the Board.

## ROLE AND RESPONSIBILITIES

- Review the composition of the Board of Directors
- Identify perceived or actual conflicts of interest of members of the Board of Directors, in their own businesses or in business where they are employed, review such instances and report to the Board.
- Assess and review the profiles of candidates applying for nomination for positions, which require a vote at the Company's Annual General Meetings and report findings to the Board.

## ACTIVITIES DURING THE YEAR

**Evaluation of Nominated Directors:** The committee evaluated nominations for directorship made by the Government of Maldives and applications for public 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 recommended the board for approval as nominees for AGM 2014.

**Policies:** The committee reviewed the Hajj Pilgrimage Guidelines for employees, the salary structure of the company and that of the Company Secretary and recommended the board for approval. The committee continued to work on the revision to the human resources and development policy.

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.

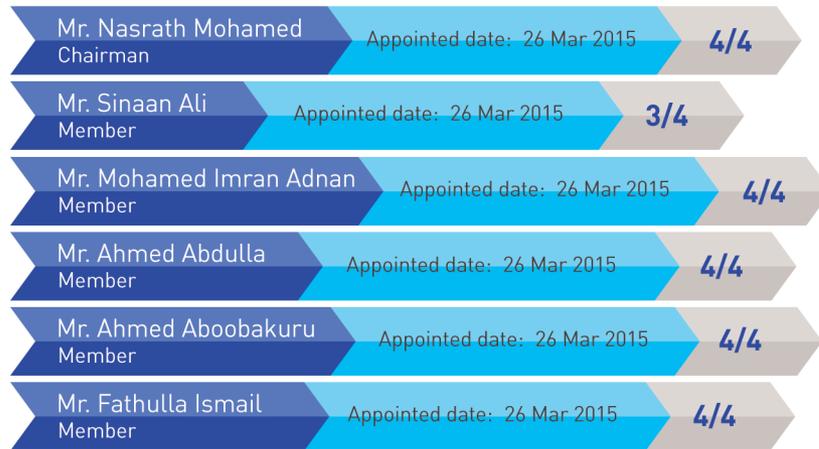


Sinaan Ali  
Chairman  
Nomination and Remuneration Committee

# 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 and majority of which were Independent Directors. Mr.Nasrath Mohamed served as the Chairman of the committee.

The Corporate Governance and Compliance Committee met four times during 2015. The attendance of members of the Committee are as follows;



# ROLE AND RESPONSIBILITIES

- Review the Company’s corporate governance framework and its compliance with applicable rules and regulations.
- Review the requirements for independent directors at least once a year and advice the board if changes are necessary and ensure if independent directors meet the requirements set by the committee.
- Evaluate if the board members have the knowledge, ability and experience to fulfill the duties of a member of the board. The corporate governance and compliance committee should conduct a review at least once a year to find if the members meet the requirements and present it to the board. Moreover, the committee is required to advice the board if changes need to be made to the number of board members or the structure of the board.
- Evaluate the company’s board of directors and the company secretary at least once a year with the aim of improving the effectiveness of the whole board.

# ACTIVITIES DURING THE YEAR

- Reviewed and deliberated on the amendments proposed to the Articles and Memorandum of Association of the Company and submitted for Board approval.



Nasrath Mohamed  
Chairman  
Corporate Governance and Compliance Committee

# REMUNERATION REPORT

The Company remains partially compliant on the clause 2.4 of the Corporate Governance Code of the Capital Market Development Authority which requires to disclose the remunerations paid to individual members of the Board of Directors and key management. The Board of Directors decided only to disclose the aggregate remuneration paid to the key management due to competitive business and employment environment.

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. However, no additional remunerations are being paid for these positions held during the year.

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 Private Limited

The Company's Chairman serves as Chairman of the Board at the Company's subsidiary Maldives Real Estate Investment Corporation Private Limited. However, no additional remunerations are being paid for this appointment during the year.

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. However, no additional remunerations are being paid for this appointment during the year.

Mr.Ahmed Aboobakuru serves member of the Board of Directors of Airport Investment Maldives Private Limited., 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 Private Limited.

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 2015 is MVR 1,150,170, details of which are given below.

# DETAILS OF REMUNERATIONS PAID TO DIRECTORS OF BOARD IN 2015

NAME	APPOINTED	TOTAL REMUNERATION (MVR)
Mr. Hussain Salim Mohamed	24 Dec 2013	172,000.00
Mr. Ibrahim Abdul Razzag Haleem	12 Jun 2014	122,000.00
Mr. Ahmed Abdulla	13 May 2014	125,450.00
Mr. Sinaan Ali	25 Dec 2014	124,350.00
Mr. Mohamed Hilmy	07 Jul 2015	62,065.00
Ms. Nashima Abdul Latheef	01 Nov 2015	21,000.00
Mr. Nasrath Mohamed	29 May 2013	132,455.00
Mr. Ahmed Aboobakuru	29 May 2013	128,350.00
Mr. Mohamed Imran Adnan	15 May 2014	132,500.00
Mr. Fathulla Ismail	15 May 2014	130,000.00

The shares owned by the Directors of the Company have been purchased by the directors on 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 2015, no Board Director was awarded notice period, severance pay or stock options. However, one member of the key management was awarded notice period, while two members of the key management was awarded severance pay in 2015 due to redundancy of the position from the organization structure.

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 8,760.866 in 2015.

# SUBSIDIARY COMPANY



## MALDIVES REAL ESTATE INVESTMENT CORPORATION PRIVATE PRIVATE LIMITED

Maldives Real Estate Investment Corporation Private Limited, is a wholly owned subsidiary of Maldives Transport and Contracting Company Plc incorporated and operated in the Maldives from year 2007. 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 while facility management services offered includes 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.

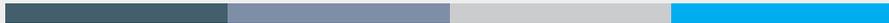
MREIC's services will supplement the real estate segment by adding value to the Company's existing and potential clients. It is envisaged that as the industry grows the need for professional, preventive and reactive maintenance service will grow, creating lucrative sub-industries within the real estate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

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



05

**FINANCIAL  
REVIEW**





Shuttle Bus Service between Hulhumale & Ibrahim Nasir International Airport by MTCC

# FINANCIAL REVIEW

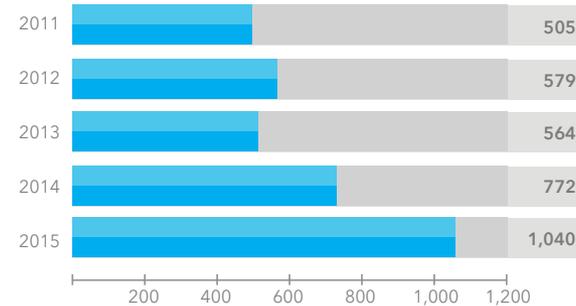


2015 was , another record breaking year for the Group achieving the highest annual revenue to date of MVR 1.04 billion with a net profit of MVR 186 million while the Company's revenue stood at MVR 1.04 billion with a net profit of MVR 183 million.

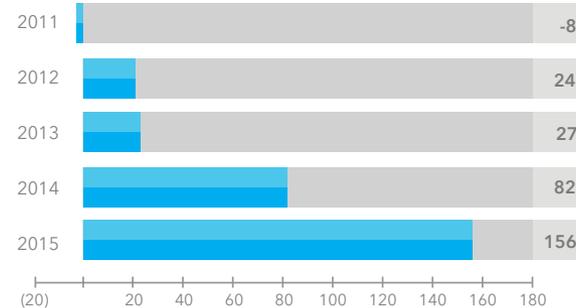
This is a remarkable achievement for the Company, resulting in increase in net profit before tax by MVR 84 million (Growth 85%). The outstanding growth in revenue has been led by the contracting & trading segments of the Company with growth of 35% compared to the previous year.

The overall profit margin has also improved notably mainly due to savings on cost of imported materials and other direct fixed overheads which has reduced cost of sales by more than 5%, resulting in a significant gain in monetary terms.

## REVENUE MVR IN MILLIONS



## NET PROFIT MVR IN MILLIONS



However, as the scale of operation expanded administrative, marketing and other expenses increased by more than 29% compared to 2014 mainly owing to the increase in staff costs by MVR 32 million, expense on sales & promotion by MVR 6.7 million and increases in maintenance expenses due to increase in number of projects.

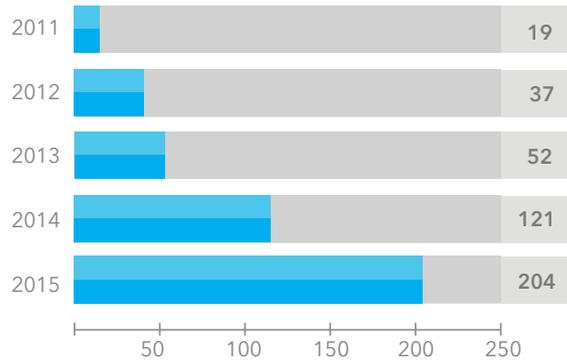
Other income mainly subsidy income received from Government of Maldives amounting to MVR 62.26 million (2014: MVR 45.06 million) was received during the year to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' region.

Further, Net Finance Costs (MVR 18.75 million) has come down by 13% compared to 2014 (MVR 21.55 million) due to decrease in exchange loss by MVR 6.12 million and decrease in interest for bank overdrafts by MVR 3.35 million. However interest cost on borrowings shows a significant increase of MVR 6.86 million during the year due to significant increase in long term & short term borrowings in 2015.

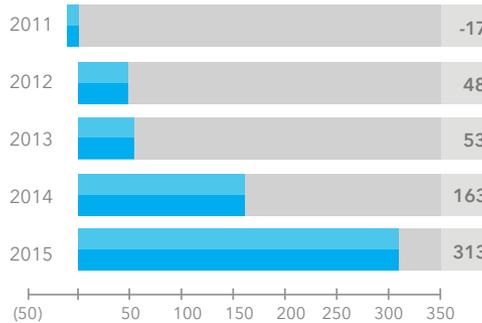
Business Profit Tax of MVR 29.30 million (2014: MVR 17.48 million) has been provided as expense in the income statement as stipulated in the BPT Act and Regulation 2011/R-35.

## OPERATING PROFIT

MVR IN MILLIONS



## BASIC EARNINGS/ (LOSS) PER SHARE (MVR)



# CAPITAL AND FINANCIAL INVESTMENTS

In 2015 the Company has made significant investments in capital assets during the year amounting to MVR 175.33 million (2014: MVR 73.58 million) through finance leases, term loans and operating cash flows. Investments in capital assets mainly include investments in two tug boats and two barges for the logistics operations, machineries and equipment to accommodate the increase in civil construction projects. We have exploited various available sources of finance during the year to finance the planned capital investments made during the year 2015. The Company has financed MVR 100 million from its operating cash flows during the year ended 31 December 2015 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 125 per share and the highest traded price during the year was recorded as MVR 150, resulting in appreciation of the fair value of investment by MVR 7,668,360 which has been recognized as a fair value gain under other comprehensive income in the financial statements. In addition to appreciation of fair market value, MTCC has also received dividends of MVR 3,505,536 (2014: MVR 1,251,038) from the investment

in shares of Bank of Maldives Plc during the year ended 31 December 2015. Investment in shares of Airport Investment Maldives Private Limited (associate) had already been impaired and provision has been made in the year ended 31 December 2011 for the full investment of MVR 2.5 million. Investment in shares of Maldives Real Estate Investment Corporation (subsidiary) is consolidated and results are reflected in the group columns of the financial statements.

# DEBT CAPITAL FINANCIAL POSITION

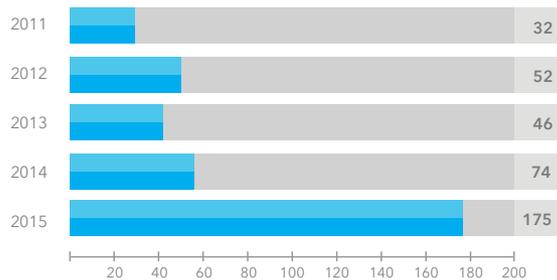
The Company has purchased MVR 51 million worth of machineries, vehicles and equipment from long term loans including finance leases during the year and repaid MVR 46.87 million short-term and long term loans, and MVR 14.13 million as interest expenses over the outstanding loans. Meanwhile, bank overdrafts of USD 1 million was converted to short-term loan during the year ended 31 December 2015, which is repayable within 12 months. Further, sharia compliant 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.

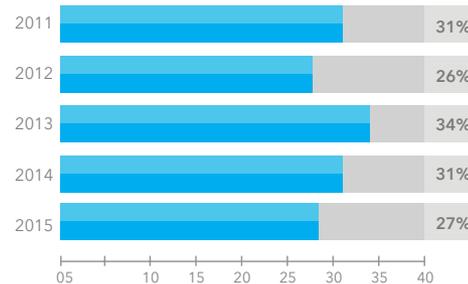
Despite the fact that the net debt capital of the company has increased from MVR 160 million to 196 million during the year, the remarkably strong earnings for the year ended 31 December 2015 surpassing MVR 186 million significantly improved the equity position of the Company, resulting in a comparably stronger gearing ratio of 27% for the year, which previously stood at 31%.

## CAPITAL INVESTMENTS

MVR IN MILLIONS

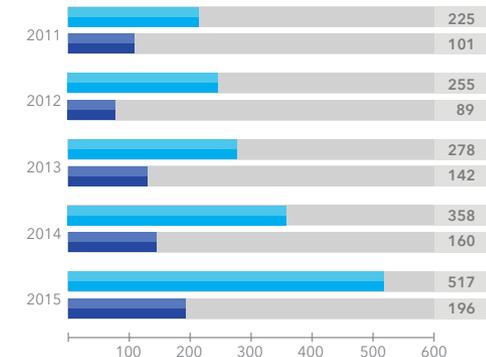


## TOTAL GEARING RATIO (%)



## NET DEBT TO EQUITY

MVR IN MILLIONS

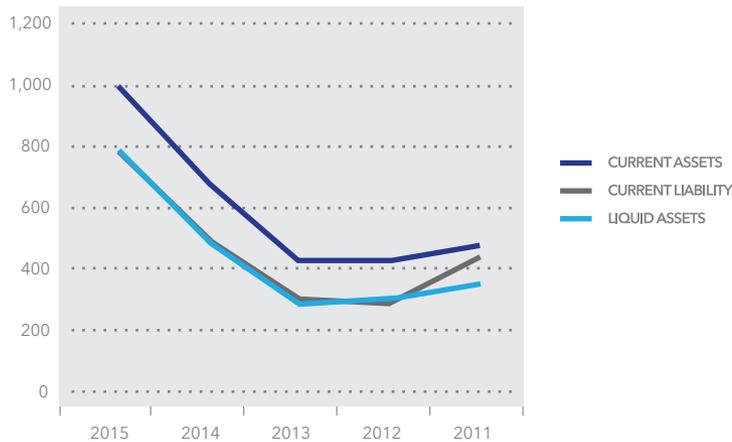


# WORKING CAPITAL MANAGEMENT

The working capital cycle of the Company has decreased to 104 days in 2015 compared to 2014 (136 days), the decrease is due to increase in credit settlement period by 64 days from 127 days in 2014 to 191 days in 2015 and inventory residency period also has improved from 94 days to 92 days during the year.

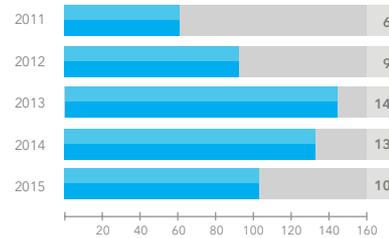
Current Ratio has marginally dropped in 2015 (1.28x) compared to 2014 (1.34x), however Quick Assets Ratio in 2015 (1.01x) has a trivial growth compared 2014 (0.96x).

**WORKING CAPITAL**  
MVR IN MILLIONS

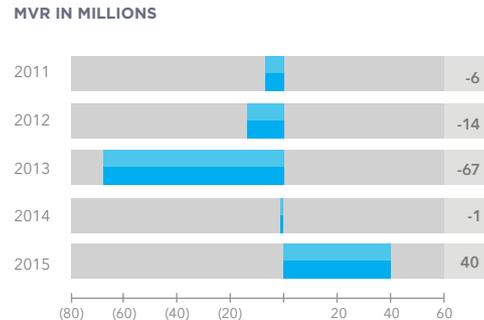


Cash & Cash Equivalents and Bank Overdrafts as at 31 December 2015 has improved tremendously from MVR (1) million to MVR 40 million compared to 2014 due to decrease in bank overdrafts during the year.

**WORKING CAPITAL CYCLE**  
DAYS



**CASH & CASH EQUIVALENTS AND BANK OVERDRAFTS**

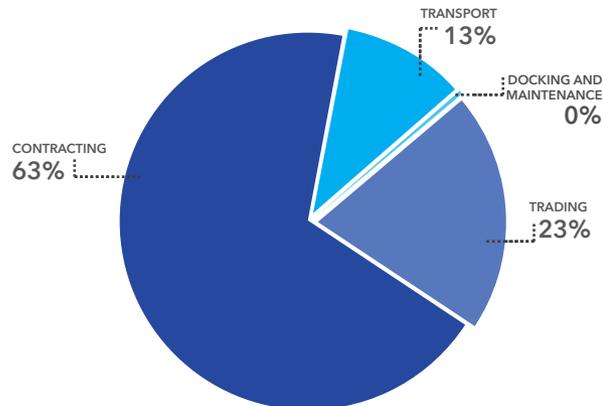


# SEGMENTAL PERFORMANCE

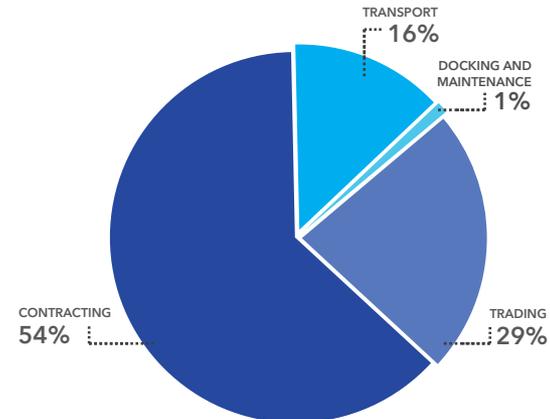
Geographically the core business units of MTCC are based in Male', Thilafushi' and construction sites across the Maldives, the business units are operationally divided into four strategic business units (SBUs), namely Trading, Contracting, Transport and Docking & Maintenance Service.

Mainstream of the revenue to the Group is primarily generated from Contracting, Trading and Transport segments, while most of the profit of the company is generated from Contracting and Trading segments. During the year ended 31 December 2015, losses from Transport segment are compensated by a subsidy from Government of Maldives.

### COMPOSITION OF SEGMENTAL REVENUE 2015



### COMPOSITION OF SEGMENTAL REVENUE 2014

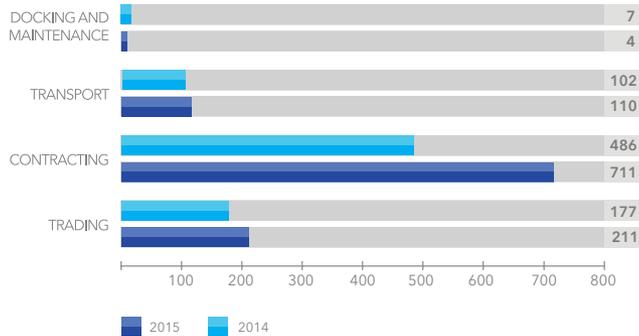


Contribution to total revenue of the group amounting to MVR 1.04 billion is comprised of MVR 211 million (2014: MVR 177 million) from Trading, MVR 711 million (2014: MVR 486 million) from Contracting, MVR 110 million (2014: MVR 102 million) from Transport and MVR 3.6 million (2014: MVR 7 million) from Docking & Maintenance Services

The segmental operating profit of the Group for the year ended 31 December 2015 are; Trading MVR 46 million (2014: MVR 37 million), Contracting MVR 172 million (2014: MVR 111 million), Transport MVR 4 million (2014: MVR 10 million), and Docking & Maintenance Services MVR (2.3) million [2014: MVR (14) million].

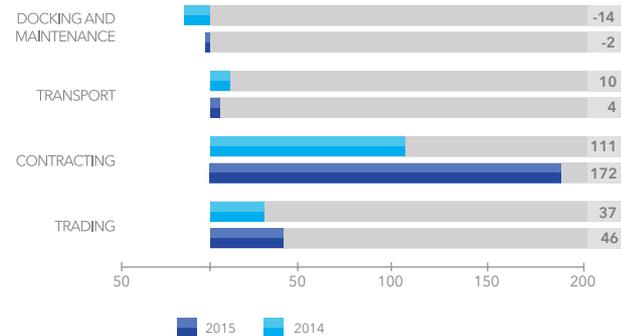
## SEGMENT REVENUE

MVR IN MILLIONS



## SEGMENT PROFIT / (LOSS)

MVR IN MILLIONS

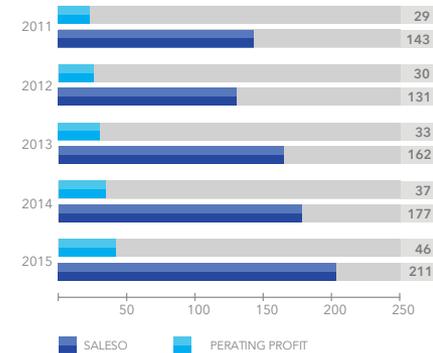


# TRADING

Revenue from trading business increased by 91% during the year ended 31 December 2015 (2015: 9% growth), and the operating profit of the segment increased from MVR 37 million to MVR 46 million during the year ended 31 December 2015 with a growth rate of 24% compared to the previous year

## TRADING

MILLIONS IN MILLIONS

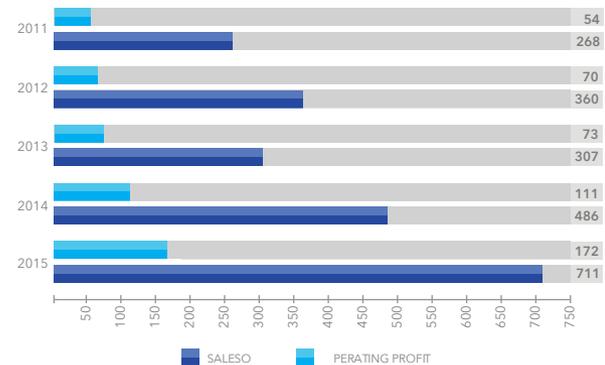


# CONTRACTING

Contracting is the largest segment of the company in terms of revenue generation and its contribution to the total revenue of the Company for 2015 stands at 63% (2014: 54%). The revenue generated from contracting segment has significantly increased by 46% in 2015 compared to 2014, and consequently the operating profit also increased by 55% during the year compared to 2014. The significant growth in the revenue of the construction department by MVR 225 million compared to 2014 is basically due to increase in number of harbor projects and infrastructure projects during the year 2014 & 2015.

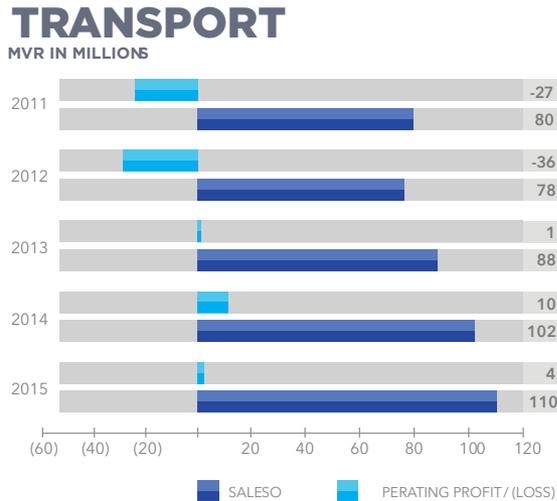
## CONTRACTING

MVR IN MILLIONS



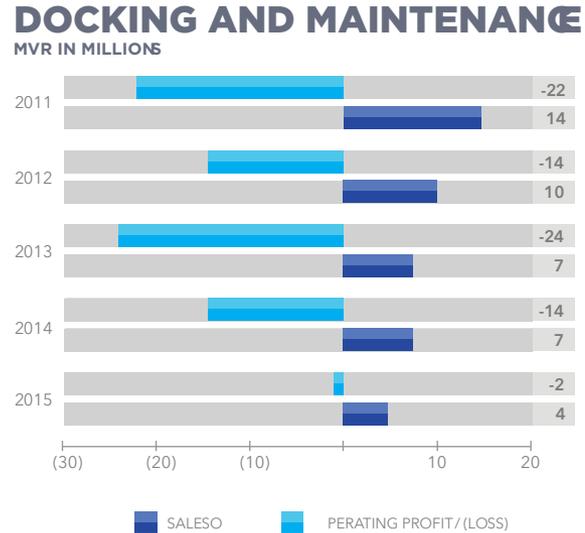
# TRANSPORT

Despite the fact that the Company had incurred significant losses in the past couple of years from transport segment, starting from January 2013 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 also has been provided for the period from July 2014 to December 2014, further the losses from transport department during the year 2015 also was subsidized by Government of Maldives up to the extent of total loss incurred equal to MVR 62,264,522.



# DOCKING AND MAINTENANCE SERVICES

Compared to the preceding years, revenue from Docking and Maintenance Services has come down during the year, while the resulting operating loss also reduced by MVR 2 million during year ended 31 December 2015, the department operations are mainly focused on the internal support activities of SBU's.





07

**CONSOLIDATED  
FINANCIAL STATEMENTS**





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Chartered Accountants  
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Reg. No: C-192/95

AHF/TD

## **Independent auditors' report to the shareholders of Maldives Transport and Contracting Company PLC**

### **Report on the consolidated financial statements**

We have audited the accompanying financial statements of Maldives Transport and Contracting Company PLC ("the Company"), and consolidated financial statements of the Company and its subsidiary (together 'the Group'), which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, other comprehensive income, statement of changes in equity and statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maldives Transport and Contracting Company PLC as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Maldives Transport and Contracting Company PLC and its subsidiary as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



31 March 2016  
Male'

Partners: A D B Talwatte FCA FCMA W R H Fernando FCA FCMA M P D Cooray FCA FCMA H M A Jayasinghe 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

# STATEMENT OF FINANCIAL POSITIONS

**GROUP**

**COMPANY**

AS AT 31 DECEMBER

	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<i>(all amounts in Maldivian Rufiyaa)</i>					
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	297,473,632	192,025,195	297,456,083	192,021,383
Intangible assets	7	1,395,324	1,980,940	1,395,324	1,980,940
Capital work-in-progress	8	5,382,745	961,194	5,382,745	961,194
Assets held for sale	9	-	-	-	-
Investment in associate	10	-	-	-	-
Investment in subsidiary	10	-	-	7,102,500	7,102,500
Available-for-sale financial assets	11	32,864,400	25,196,040	32,864,400	25,196,040
Trade and other receivables	12	8,969,644	-	8,969,644	-
		<b>346,085,745</b>	<b>220,163,369</b>	<b>353,170,696</b>	<b>227,262,057</b>
<b>CURRENT ASSETS</b>					
Inventories	13	208,966,757	189,398,072	198,494,118	186,113,720
Trade and other receivables	12	721,079,399	437,886,532	724,961,067	443,229,787
Cash and cash equivalents	14	63,714,508	44,241,536	49,551,881	41,518,678
		993,760,664	671,526,140	973,007,066	670,862,185
<b>TOTAL ASSETS</b>		<b>1,339,846,409</b>	<b>891,689,509</b>	<b>1,326,177,762</b>	<b>898,124,242</b>

**STATEMENT OF FINANCIAL POSITIONS (CONTINUED)**

**GROUP**

**COMPANY**

AS AT 31 DECEMBER

(all amounts in Maldivian Rufiyaa)

	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	15	25,000,000	12,500,000	25,000,000	12,500,000
General reserve	15	225,000,000	237,500,000	225,000,000	237,500,000
Fair value reserves	15	30,475,099	22,806,739	30,475,099	22,806,739
Retained earnings		237,002,507	85,624,755	243,178,934	94,937,286
<b>TOTAL EQUITY</b>		<b>517,477,606</b>	<b>358,431,494</b>	<b>523,654,033</b>	<b>367,744,025</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	45,365,238	26,417,724	45,365,238	26,417,724
Loan from a shareholder	17	-	7,198,632	-	7,198,632
		45,365,238	33,616,356	45,365,238	33,616,356
<b>CURRENT LIABILITIES</b>					
Current business profit tax payable	23	20,537,942	13,535,824	20,537,942	13,535,824
Loan from a shareholder	17	145,723,398	103,017,853	145,723,398	103,017,853
Trade and other payables	18	542,144,912	307,795,061	522,299,838	304,917,263
Borrowings	16	68,597,313	75,292,921	68,597,313	75,292,921
		777,003,565	499,641,659	757,158,491	496,763,861
<b>TOTAL LIABILITIES</b>		<b>822,368,803</b>	<b>533,258,015</b>	<b>802,523,729</b>	<b>530,380,217</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,339,846,409</b>	<b>891,689,509</b>	<b>1,326,177,762</b>	<b>898,124,242</b>

  
**Chairman**

  
**Chief Executive Officer**

  
**Chief Financial Officer**

The notes on pages 8 to 39 are an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY		
	Note	2015	2014	2015	2014
AS AT 31 DECEMBER					
(all amounts in Maldivian Rufiyaa)					
Revenue	5	1,040,297,266	772,479,749	1,043,390,149	776,093,683
Cost of sales	20	(792,334,488)	(627,760,188)	(797,876,763)	(630,248,376)
<b>GROSS PROFIT</b>		<b>247,962,778</b>	<b>144,719,561</b>	<b>245,513,386</b>	<b>145,845,307</b>
Selling and marketing expenses	20	(11,483,394)	(6,522,682)	(11,483,394)	(6,522,682)
Administrative expenses	20	(83,210,797)	(69,743,414)	(82,925,503)	(69,595,839)
Other income	19	69,325,490	63,651,210	69,325,490	63,651,210
Other operating expenses	20	(18,158,356)	(11,427,149)	(19,130,362)	(11,427,149)
<b>OPERATING PROFIT</b>		<b>204,435,721</b>	<b>120,677,526</b>	<b>201,299,617</b>	<b>121,950,847</b>
Finance income	22	523,302	390,692	523,302	390,692
Finance costs	22	(19,279,826)	(21,944,090)	(19,279,826)	(21,944,090)
Finance costs - net	22	(18,756,524)	(21,553,398)	(18,756,524)	(21,553,398)
<b>PROFIT BEFORE TAX</b>		<b>185,679,197</b>	<b>99,124,128</b>	<b>182,543,093</b>	<b>100,397,449</b>
Business profit tax	23	(29,301,445)	(17,484,360)	(29,301,445)	(17,484,360)
<b>PROFIT AFTER TAX</b>		<b>156,377,752</b>	<b>81,639,768</b>	<b>153,241,648</b>	<b>82,913,089</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY DURING THE YEAR</b> (ex-					
pressed in MVR per share) - basic	24	312.76	163.28	306.48	165.83

FINANCIAL STATEMENTS - 31 DECEMBER 2015  
**OTHER COMPREHENSIVE INCOME**

	GROUP		COMPANY	
	YEAR ENDED 31 DECEMBER			
Note	2015	2014	2015	2014

(all amounts in Maldivian Rufiyaa)

Profit after tax	156,377,752	81,639,768	153,241,648	82,913,089
<b>Other comprehensive income:</b>				
Net fair value gain on available-for-sale financial assets	11 7,668,360	3,286,440	7,668,360	3,286,440
<b>Other comprehensive income for the year</b>	7,668,360	3,286,440	7,668,360	3,286,440
<b>Total comprehensive income after tax</b>	164,046,112	84,926,208	160,910,008	86,199,529

CONSOLIDATED FINANCIAL STATEMENTS - 31ST DECEMBER 2015  
**STATEMENT OF CHANGES IN EQUITY**

	Note	GROUP					COMPANY				
		SHARE CAPITAL	GENERAL RESERVES	FAIR VALUE RESERVES	RETAINED EARNINGS	TOTAL	SHARE CAPITAL	GENERAL RESERVES	FAIR VALUE RESERVES	RETAINED EARNINGS	TOTAL
(all amounts in Maldivian Rufiyaa)											
<b>Balance at 1 January 2014</b>		12,500,000	149,539,082	19,520,299	95,945,905	277,505,286	12,500,000	149,539,082	19,520,299	103,985,115	285,544,496
Net profit for the year		-	-	-	81,639,768	81,639,768	-	-	-	82,913,089	82,913,089
Other comprehensive income for the year		-	-	3,286,440	-	3,286,440	-	-	3,286,440	-	3,286,440
Transferred to general reserve		-	87,960,918	-	(87,960,918)	-	-	87,960,918	-	(87,960,918)	-
Dividend declared	26	-	-	-	(4,000,000)	(4,000,000)	-	-	-	(4,000,000)	(4,000,000)
<b>Balance at 31 December 2014</b>		<b>12,500,000</b>	<b>237,500,000</b>	<b>22,806,739</b>	<b>85,624,755</b>	<b>358,431,494</b>	<b>12,500,000</b>	<b>237,500,000</b>	<b>22,806,739</b>	<b>94,937,286</b>	<b>367,744,025</b>
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)
<b>Balance at 31 December 2015</b>		<b>25,000,000</b>	<b>225,000,000</b>	<b>30,475,099</b>	<b>237,002,507</b>	<b>517,477,606</b>	<b>25,000,000</b>	<b>225,000,000</b>	<b>30,475,099</b>	<b>243,178,934</b>	<b>523,654,033</b>

The notes on pages 104 to 152 are an integral part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS - 31ST DECEMBER 2015

## STATEMENT OF CASH FLOWS

**GROUP**

**COMPANY**

YEAR ENDED 31 DECEMBER

Note	2015	2014	2015	2014
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(all amounts in Maldivian Rufiyaa)

**Cash flows from operating activities**

Cash generated from operations	25	183,624,641	56,951,768	172,168,362	54,728,415
Interest paid		(14,128,650)	(9,829,780)	(14,128,650)	(9,829,780)
Business profit tax paid	23	(22,299,327)	(11,042,963)	(22,299,327)	(11,042,963)
Net cash generated from operating activities		147,196,664	36,079,025	135,740,385	33,855,672

**Cash flows from investing activities**

Purchase of property, plant and equipment	6	(170,462,222)	(44,062,605)	(170,445,712)	(44,058,220)
Purchase of intangible assets	7	-	(406,600)	-	(406,600)
Expenditure on capital work-in-progress	8	(4,870,288)	(1,309,038)	(4,870,288)	(1,309,038)
Proceeds from sale of property, plant and equipment	25	378,750	1,545,220	378,750	1,545,220
Net cash used in investing activities		(174,953,760)	(44,233,023)	(174,937,250)	(44,228,638)

The notes on pages 104 to 152 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS (CONTINUED)

	GROUP		COMPANY		
	Note	2015	2014	2015	2014
YEAR ENDED 31 DECEMBER					
(all amounts in Maldivian Rufiyaa)					
<b>Cash flows from financing activities</b>					
Interest received		523,302	390,692	523,302	390,692
Proceeds from sale of investments	11	-	7,304,211	-	7,304,211
Repayments of borrowings		(116,873,217)	(18,740,480)	(116,873,217)	(18,740,480)
Proceeds from borrowings		186,716,848	85,420,000	186,716,848	85,420,000
Dividends paid to Company's shareholders		(1,052,053)	(344,616)	(1,052,053)	(344,616)
Net cash generated from / (used in) financing activities		69,314,880	74,029,807	69,314,880	74,029,807
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>		41,557,784	65,875,809	30,118,015	63,656,841
Cash, cash equivalents and bank overdrafts at beginning of the year	14	(1,326,456)	(67,202,265)	(4,049,314)	(67,706,155)
<b>Cash, cash equivalents and bank overdrafts at end of the year</b>	14	<b>40,231,328</b>	<b>(1,326,456)</b>	<b>26,068,701</b>	<b>(4,049,314)</b>

The notes on pages 104 to 152 are an integral part of these financial statements.

# Notes to the financial statements (continued)

## 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 consolidated 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 Company's/Group's consolidated 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)."

## Notes to the financial statements (continued)

### 2.2 NEW ACCOUNTING STANDARDS (CONTINUED)

b) New standards, amendments and interpretation issued but not effective for the financial year beginning 1 January 2015 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 14, 'Regulatory Deferral Accounts', (effective from 1 January 2016) : IFRS 14 is an interim standard which provides relief for first time -adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

- 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.

### 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.

## Notes to the financial statements (continued)

### 2.3 CONSOLIDATION (CONTINUED)

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 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      | iv) Docking and Maintenance |
| ii) Contracting | v) Others (Unallocated)     |
| iii) Transport  |                             |

## Notes to the financial statements (continued)

### 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.

## Notes to the financial statements (continued)

### 2.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

## Notes to the financial statements (continued)

### 2.10 FINANCIAL ASSETS (CONTINUED)

#### 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.

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.

## Notes to the financial statements (continued)

### 2.12 CONSTRUCTION CONTRACTS (CONTINUED)

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.

## Notes to the financial statements (continued)

### 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 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.

## Notes to the financial statements (continued)

### 2.19 CURRENT AND DEFERRED BUSINESS PROFIT TAX (CONTINUED)

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.

However, deferred tax asset was not recognised in the financial statements during the year. The Board of Directors of the Company are of the opinion that the Company has made continuous 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 in the future.

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.

#### (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.

## Notes to the financial statements (continued)

### 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.

## Notes to the financial statements (continued)

### 3.1 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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

	Change in USD rate	Effect on profit before tax	Effect on pre-tax on equity
2014	+ 5 %	3,148,269	3,148,269
	- 5 %	(3,148,269)	(3,148,269)
2015	+ 5 %	5,881,652	5,881,652
	- 5 %	(5,881,652)	(5,881,652)

	Change in SGD rate	Effect on profit before tax	Effect on pre-tax on equity
2014	+ 5 %	96,347	96,347
	- 5 %	(96,347)	(96,347)
2015	+ 5 %	1,724,141	1,724,141
	- 5 %	(1,724,141)	(1,724,141)

#### (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.

#### Age analysis of trade receivables and receivables from relates parties are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
- Between 1 - 180 days	239,419,588	181,025,269	245,536,438	186,983,913
- Between 180 - 365 days	64,990,241	64,183,017	64,990,241	64,183,017
- More than 365 days	101,113,881	70,741,231	101,113,881	70,741,231
	405,523,710	315,949,517	411,640,560	321,908,161

## Notes to the financial statements (continued)

### 3.1 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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 2015, the Group had 30 customers (2014: 21 customers) that owed it more than MVR 1,000,000 each and accounted for approximately 87% (2014: 86%) of all the receivables outstanding. There were seven customers (2014: 4 customers) with balances greater than MVR 10 million accounting for just over 77% (2014: 74%) 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, after the impact of hedge accounting. 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
2014	+50 -50	171,265 (171,265)
2015	+50 -50	10,074 (10,074)

#### (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.

## Notes to the financial statements (continued)

### 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.

	GROUP		COMPANY	
	2015	2014	2015	2014
Total borrowings (Note 16)	113,962,551	101,710,645	113,962,551	101,710,645
Less: Cash and cash equivalents (Note 14)	(63,714,508)	(44,241,536)	(49,551,881)	(41,518,678)
Net debt	50,248,043	57,469,109	64,410,670	60,191,967
Total equity	517,477,606	358,431,494	523,654,033	367,744,025
Total capital	567,725,649	415,900,603	588,064,703	427,935,992
Gearing ratio	9%	14%	11%	14%

The decrease in gearing ratio as at 31 December 2015 compared with 31 December 2014 is primarily due to decrease in bank overdraft 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.

## Notes to the financial statements (continued)

### 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)

Deferred tax asset was not recognised in the financial statements during the year. 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 in the future.

### 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) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

#### b) Taxes

Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature of operations and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax, income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

#### c) 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.

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 5. SEGMENT INFORMATION - GROUP

At 31 December 2015, 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.

### 5. SEGMENT INFORMATION - GROUP

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	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)	(15,307,272)	204,435,721
Finance income / (costs) (Note 22)	(5,941,026)	(3,953,661)	(3,961,213)	-	(4,900,624)	(18,756,524)
<b>Profit / (loss) before tax</b>	40,090,642	168,112,930	-	(2,316,479)	(20,207,896)	185,679,197
Business profit tax						(29,301,445)
<b>Profit after tax</b>						<b>156,377,752</b>

## Notes to the financial statements (continued)

The segment results of the Group for the year ended 31 December 2014 are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Revenue	176,822,306	486,021,794	102,381,971	7,253,678	-	772,479,749
Operating profit / (loss)	36,697,959	111,357,868	10,171,884	(14,355,932)	(23,194,253)	120,677,526
Finance income / (costs) (Note 22)	(349,117)	(1,969,184)	(3,070,272)	-	(16,164,825)	(21,553,398)
<b>Profit / (loss) before tax</b>	36,348,842	109,388,684	7,101,612	(14,355,932)	(39,359,078)	99,124,128
Business profit tax						(17,484,360)
<b>Profit after tax</b>						<b>81,639,768</b>

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
<b>Year ended 31 December 2015</b>						
Depreciation (Note 6)	1,017,096	48,068,921	9,534,009	2,439,266	4,403,230	65,462,522
Amortisation (Note 7)	7,225	2,241	-	-	576,151	585,616
<b>Year ended 31 December 2014</b>						
Depreciation (Note 6)	433,942	35,286,206	9,018,808	7,575,360	878,963	53,193,279
Amortisation (Note 7)	6,102	1,893	-	-	486,654	494,649

## Notes to the financial statements (continued)

### 5. SEGMENT INFORMATION - GROUP (CONTINUED)

( all amounts in Maldivian Rufiyaa unless otherwise stated )

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

	<b>TRADING</b>	<b>CONTRACTING</b>	<b>TRANSPORT</b>	<b>DOCKING AND MAINTENANCE</b>	<b>UNALLOCATED</b>	<b>TOTAL</b>
Assets	181,495,748	894,377,536	32,043,478	33,302,721	198,626,926	1,339,846,409
Liabilities	51,952,222	335,539,861	3,699,328	-	431,177,392	822,368,803
Capital expenditure (Note 6,7 and 8)	2,226,550	150,594,787	13,008,313	203,494	9,299,366	175,332,510

The segment assets and liabilities of the Group at 31 December 2014 and capital expenditure for the year then ended are as follows:

	<b>TRADING</b>	<b>CONTRACTING</b>	<b>TRANSPORT</b>	<b>DOCKING AND MAINTENANCE</b>	<b>UNALLOCATED</b>	<b>TOTAL</b>
Assets	136,283,098	535,338,818	26,793,629	68,635,440	124,638,524	891,689,509
Liabilities	42,864,619	181,983,919	2,364,248	-	306,045,229	533,258,015
Capital expenditure (Note 6,7 and 8)	2,077,369	66,639,025	1,839,806	113,979	2,887,210	73,557,389

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 5 Segment information - Company

At 31 December 2015, 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 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 income / (costs) (Note 22)	(5,941,026)	(3,953,661)	(3,961,213)	-	(4,900,624)	(18,756,524)
<b>Profit / (loss) before tax</b>	40,090,642	166,987,184	-	(2,316,479)	(22,218,254)	182,543,093
Business profit tax						(29,301,445)
<b>Profit after tax</b>						<b>153,241,648</b>

## Notes to the financial statements (continued)

### 5 SEGMENT INFORMATION - COMPANY (CONTINUED)

The segment results of the Company for the year ended 31 December 2014 are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Revenue	176,822,306	489,635,728	102,381,971	7,253,678	-	776,093,683
Operating profit / (loss)	36,697,959	110,232,122	10,171,884	(14,355,932)	(20,795,186)	121,950,847
Finance income / (costs) (Note 22)	(349,117)	(1,969,184)	(3,070,272)	-	(16,164,825)	(21,553,398)
<b>Profit / (loss) before tax</b>	36,348,842	108,262,938	7,101,612	(14,355,932)	(36,960,011)	100,397,449
Business profit tax						(17,484,360)
<b>Profit after tax</b>						<b>82,913,089</b>

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

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
<b>Year ended 31 December 2015</b>						
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	-	-	576,151	585,616
<b>Year ended 31 December 2014</b>						
Depreciation (Note 6)	433,942	35,286,206	9,018,808	7,575,360	878,390	53,192,706
Amortisation (Note 7)	6,102	1,893	-	-	486,654	494,649

## Notes to the financial statements (continued)

### 5. SEGMENT INFORMATION - COMPANY (CONTINUED)

The segment assets and liabilities of the Company at 31 December 2015 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

The segment assets and liabilities of the Company at 31 December 2014 and capital expenditure for the year then ended are as follows:

	TRADING	CONTRACTING	TRANSPORT	DOCKING AND MAINTENANCE	UNALLOCATED	TOTAL
Assets	136,283,098	535,338,818	26,793,629	68,635,440	131,073,257	898,124,242
Liabilities	42,864,619	181,983,919	2,364,248	-	303,167,431	530,380,217
Capital expenditure (Note 6,7 and 8)	2,077,369	66,639,025	1,839,806	113,979	2,882,825	73,553,004

## Notes to the financial statements (continued)

### 6. PROPERTY, PLANT AND EQUIPMENT - GROUP

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
<b>At 31 December 2013</b>							
Cost	124,988,878	421,934,952	16,383,387	34,905,116	131,101,792	24,793,992	754,108,117
Accumulated depreciation	(75,688,980)	(356,915,601)	(8,666,118)	(29,867,475)	(87,165,247)	(22,112,164)	(580,415,585)
Net book amount	49,299,898	65,019,351	7,717,269	5,037,641	43,936,545	2,681,828	173,692,532
<b>Year ended 31 December 2014</b>							
Opening net book amount	49,299,898	65,019,351	7,717,269	5,037,641	43,936,545	2,681,828	173,692,532
Additions	-	65,106,996	276,440	2,317,008	1,897,892	2,243,415	71,841,751
Transferred from capital work in progress (Note 8)	-	-	-	-	2,360,403	-	2,360,403
Disposals - Cost	-	(5,861,966)	-	(135,169)	(730,000)	-	(6,727,135)
Disposals - Accumulated depreciation	-	5,861,966	-	135,169	573,567	-	6,570,702
Reclassification - Cost	408,515	(22,544,652)	1,180,255	38,119	21,400,339	(490,298)	(7,722)
Reclassification - Accumulated depreciation	(409,370)	20,554,733	430,576	(29,749)	(20,680,310)	141,842	7,722
Provision for impairment	-	-	-	-	(2,519,779)	-	(2,519,779)
Depreciation charge (Note 20)	(7,247,798)	(25,777,500)	(2,224,633)	(2,672,400)	(13,882,967)	(1,387,981)	(53,193,279)
Closing net book amount	42,051,245	102,358,928	7,379,907	4,690,619	32,355,690	3,188,806	192,025,195
<b>At 31 December 2014</b>							
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

## Notes to the financial statements (continued)

### 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
<b>Year ended 31 December 2015</b>							
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
<b>At 31 December 2015</b>							
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

## Notes to the financial statements (continued)

### 6 PROPERTY, PLANT AND EQUIPMENT - COMPANY

	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND OFFICE / COMMUNICATION EQUIPMENT	VESSELS	SUNDRY ASSETS	TOTAL
<b>At 31 December 2013</b>							
Cost	124,988,878	421,934,952	16,383,387	34,905,116	131,101,792	24,793,992	754,108,117
Accumulated depreciation	(75,688,980)	(356,915,601)	(8,666,118)	(29,867,475)	(87,165,247)	(22,112,164)	(580,415,585)
Net book amount	49,299,898	65,019,351	7,717,269	5,037,641	43,936,545	2,681,828	173,692,532
<b>Year ended 31 December 2014</b>							
Opening net book amount	49,299,898	65,019,351	7,717,269	5,037,641	43,936,545	2,681,828	173,692,532
Additions	-	65,106,996	276,440	2,317,008	1,897,892	2,239,030	71,837,366
Transferred from capital work in progress (Note 8)	-	-	-	-	2,360,403	-	2,360,403
Disposals - Cost	-	(5,861,966)	-	(135,169)	(730,000)	-	(6,727,135)
Disposals - Accumulated depreciation	-	5,861,966	-	135,169	573,567	-	6,570,702
Reclassification - Cost	408,515	(22,544,652)	1,180,255	38,119	21,400,339	(490,298)	(7,722)
Reclassification - Accumulated depreciation	(409,370)	20,554,733	430,576	(29,749)	(20,680,310)	141,842	7,722
Provision for impairment	-	-	-	-	(2,519,779)	-	(2,519,779)
Depreciation charge (Note 20)	(7,247,798)	(25,777,500)	(2,224,633)	(2,672,400)	(13,882,967)	(1,387,408)	(53,192,706)
Closing net book amount	42,051,245	102,358,928	7,379,907	4,690,619	32,355,690	3,184,994	192,021,383
<b>At 31 December 2014</b>							
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

## Notes to the financial statements (continued)

### 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
<b>Year ended 31 December 2015</b>							
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
<b>At 31 December 2015</b>							
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

## Notes to the financial statements (continued)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The buildings have been constructed on the lands belongs to the Government of Maldives, for which a rental of MVR 6,612,139 [2014: MVR 6,413,363] 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).

(c) During the year end 31 December 2014, assets were reclassified in the financial statements based on the nature of the assets and classes

### 7. INTANGIBLE ASSETS

	GROUP		COMPANY	
	AS AT 31 DECEMBER			
	2015	2014	2015	2014
<b>At 1<sup>st</sup> January</b>				
Opening net book amount	1,980,940	1,228,096	1,980,940	1,228,096
Additions	-	406,600	-	406,600
Transferred from CWIP (Note 8)	-	798,305	-	840,893
Amortisation charge (Note 20)	(585,616)	(494,649)	(585,616)	(494,649)
<b>Closing net book amount</b>	<b>1,395,324</b>	<b>1,938,352</b>	<b>1,395,324</b>	<b>1,980,940</b>
<b>At 31 December</b>				
Cost	7,657,951	7,657,951	7,657,951	7,657,951
Amortisation charge	(6,262,627)	(5,677,011)	(6,262,627)	(5,677,011)
Net book amount	<b>1,395,324</b>	<b>1,980,940</b>	<b>1,395,324</b>	<b>1,980,940</b>

## Notes to the financial statements (continued)

### 8. CAPITAL WORK-IN-PROGRESS (CWIP)

	GROUP		COMPANY	
	2015	2014	2015	2014
(all amounts in Maldivian Rufiyaa)				
Opening net book amount	961,194	2,853,452	961,194	2,853,452
Expenditure incurred during the year	4,870,288	1,309,038	4,870,288	1,309,038
Transferred to property, plant and equipment (Note 6) and intangible assets (Note 7)	(448,737)	(3,201,296)	(448,737)	(3,201,296)
Closing net book amount	<b>5,382,745</b>	<b>961,194</b>	<b>5,382,745</b>	<b>961,194</b>

### 9. ASSETS HELD FOR SALE

	GROUP		COMPANY	
	2015	2014	2015	2014
Cost:				
Opening balance	-	101,283	-	101,283
Less: Disposals / Transfers	-	(101,283)	-	(101,283)
<b>Closing balance</b>	-	-	-	-
Provisions for impairment:				
Opening balance	-	101,283	-	101,283
Impairment loss on disposed assets	-	(101,283)	-	(101,283)
<b>Closing balance</b>	-	-	-	-
<b>Net value</b>	-	-	-	-

## Notes to the financial statements (continued)

### 10. INVESTMENT IN ASSOCIATE/SUBSIDIARY

#### a) ASSOCIATE:

GROUP		COMPANY	
2015	2014	2015	2014

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 forceable 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
<b>Year ended 31 December 2015</b>					
Airport Investments Maldives Private Limited	274,228,868	276,037,661	56,584	(159,875)	33 1/3%
<b>Year ended 31 December 2014</b>					
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 53,292 [2014: MVR 48,447] during the year. The accumulated losses not recognised for the year end amounting to MVR 724,484 [2014: MVR 671,192].

## Notes to the financial statements (continued)

### b) SUBSIDIARY:

	GROUP		COMPANY	
	2015	2014	2015	2014
(all amounts in Maldivian Rufiyaa)				
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 Real Estate Properties.

### 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP		COMPANY	
	2015	2014	2015	2014
Shares in Bank of Maldives Plc	32,864,400	25,196,040	32,864,400	25,196,040
At the end of the year	32,864,400	25,196,040	32,864,400	25,196,040
	Opening balance 01.01.2015	Increase/(decrease) in value of Investment	Sale of Investment	Closing balance 31.12.2015
Shares in Bank of Maldives Plc	25,196,039	7,668,360		32,864,399
	25,196,039	7,668,360		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 Stock Exchange quoted bid prices.

## Notes to the financial statements (continued)

### 12. TRADE AND OTHER RECEIVABLES

Financial assets	GROUP		COMPANY	
	2015	2014	2015	2014
Trade receivables	172,729,724	126,189,683	172,729,724	126,189,683
Less: provision for impairment of receivables	(36,665,979)	(35,898,634)	(36,665,979)	(35,898,634)
Trade receivables (net)	136,063,745	90,291,049	136,063,745	90,291,049
Receivables from related parties (Note 29)	282,228,909	239,576,002	288,345,759	245,534,646
Less : Provision for impairment	(12,768,944)	(13,917,534)	(12,768,944)	(13,917,534)
	405,523,710	315,949,517	411,640,560	321,908,161
<b>Non-financial assets</b>				
Prepayments	249,636,706	92,451,377	249,636,706	92,451,377
Other receivables	74,888,627	29,485,638	72,653,445	28,870,249
	324,525,333	121,937,015	322,290,151	121,321,626
	730,049,043	437,886,532	733,930,711	443,229,787
Classified as:				
<b>Non-current</b>	8,969,644	-	8,969,644	-
<b>Current</b>	721,079,399	437,886,532	724,961,067	443,229,787
	730,049,043	437,886,532	733,930,711	443,229,787

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

Trade receivable includes projects retentions of MVR 56,194,137 (2014: MVR 32,482,643). Other receivables mainly consist of LC margin of MVR 53,780,714 (2014: MVR 10,613,252), input tax

of MVR 882,242 (2014: MVR 1,010,146), advance paid for the projects MVR 8,336,093 (2014: 14,063,251) and cash advance of MVR 2,001,820 (2014: MVR 1,909,796).

## Notes to the financial statements (continued)

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 18,602,624 (2014: Nil) net of deferred profit of MVR 2,422,200 (2014: Nil), the movement of the scheme is as follows;

	GROUP		COMPANY	
	2015	2014	2015	2014
Balance as at 1 January		-		-
- Sales	29,824,868	-	29,824,868	-
- Payments	(8,800,044)	-	(8,800,044)	-
Balance as at 31 December	21,024,824	-	21,024,824	-
Less : Deferred tawmil taksit profit	(2,422,200)	-	(2,422,200)	-
	18,602,624	-	18,602,624	-

Maturity of the tawmil taksit scheme:

	GROUP		COMPANY	
	2015	2014	2015	2014
Below 1 year	9,632,980	-	9,632,980	-
Between 1 to 2 years	8,969,644	-	8,969,644	-
	18,602,624	-	18,602,624	-

## Notes to the financial statements (continued)

### 13. INVENTORIES

	GROUP		COMPANY	
	2015	2014	2015	2014
(all amounts in Maldivian Rufiyaa unless otherwise stated )				
Work in progress - Leasehold apartments	10,472,639	3,284,352	-	-
Materials - Contracting department	69,454,292	53,590,469	69,454,292	53,590,469
Lubricants, paints, construction materials etc	27,952,049	28,463,360	27,952,049	28,463,360
Yanmar engines, generators and spare parts	120,937,369	115,937,738	120,937,369	115,937,738
Consumables	8,811,868	12,215,269	8,811,868	12,215,269
Provision for slow moving items	(28,661,460)	(24,093,116)	(28,661,460)	(24,093,116)
	208,966,757	189,398,072	198,494,118	186,113,720

### 14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
Cash at bank and in hand	63,714,508	44,241,536	49,551,881	41,518,678
Cash, cash equivalents and bank overdrafts include the following for the purposes of cash flow statement:				
	2015	2014	2015	2014
Cash and cash equivalents	63,714,508	44,241,536	49,551,881	41,518,678
Bank overdrafts (Note 16)	(23,483,180)	(45,567,992)	(23,483,180)	(45,567,992)
	40,231,328	(1,326,456)	26,068,701	(4,049,314)

## Notes to the financial statements (continued)

### 15. SHARE CAPITAL AND RESERVES

#### a) Share capital

	<b>Number of shares</b>	<b>Amount MVR</b>
At 1 January 2014	250,000	12,500,000
At 31 December 2014	250,000	12,500,000
Bonus shares issued during the year	250,000	12,500,000
<b>At 31 December 2015</b>	<b>500,000</b>	<b>25,000,000</b>

The total authorised number of ordinary shares is 500,000 shares (2014: 250,000 shares) with a par value of MVR 50 per share (2014: 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.

## Notes to the financial statements (continued)

### 16. BORROWINGS

	GROUP		COMPANY	
	2015	2014	2015	2014
<b>Non-current</b>				
Bank & other borrowings	45,365,238	26,417,724	45,365,238	26,417,724
<b>Current</b>				
Bank overdrafts (Note 14)	23,483,180	45,567,992	23,483,180	45,567,992
Bank & other borrowings	45,114,133	29,724,929	45,114,133	29,724,929
	68,597,313	75,292,921	68,597,313	75,292,921
<b>Total borrowings</b>	<b>113,962,551</b>	<b>101,710,645</b>	<b>113,962,551</b>	<b>101,710,645</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).

Maturity of non-current borrowings:	GROUP		COMPANY	
	2015	2014	2015	2014
Between 1 to 2 years	29,282,548	20,768,561	29,282,548	20,768,561
Between 3 to 5 years	16,082,690	5,649,163	16,082,690	5,649,163
	45,365,238	26,417,724	45,365,238	26,417,724

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

- at floating rate	1,007,440	5,843,152	1,007,440	5,843,152
- at fixed rates	112,955,111	95,867,493	112,955,111	95,867,493
	113,962,551	101,710,645	113,962,551	101,710,645

## Notes to the financial statements (continued)

### 17. LOAN FROM A SHAREHOLDER

	GROUP		COMPANY	
	2015	2014	2015	2014
Loan from a shareholder (Note 29)	145,723,398	110,216,485	145,723,398	110,216,485
Non-current portion	-	7,198,632	-	7,198,632
Current portion	145,723,398	103,017,853	145,723,398	103,017,853
	145,723,398	110,216,485	145,723,398	110,216,485

### 18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
Trade payables	91,732,092	97,625,298	91,732,092	97,625,298
Accrued expenses	15,390,316	8,172,990	15,374,896	8,157,570
Payables to related parties (Note 29)	260,311,806	72,958,926	260,311,806	72,958,926
Other payables	174,710,698	129,037,847	154,881,044	126,175,469
	542,144,912	307,795,061	522,299,838	304,917,263

Other payables mainly consist of unpaid dividend amounting to MVR 28,150,094 [2014: MVR 24,202,147], GST payable amounting to MVR 5,826,158 [2014: MVR 5,408,663], billed in advance to customers amounting

to MVR 78,971,360 [2014: MVR 59,157,117] and advance received from customers amounting to MVR 27,187,897 [2014: MVR 27,572,974].

## Notes to the financial statements (continued)

### 19. OTHER INCOME

(all amounts in Maldivian Rufiyaa)

	GROUP		COMPANY	
	2015	2014	2015	2014
Commission income and others	2,594,797	4,033,532	2,594,797	4,033,532
Government subsidy income	62,264,522	45,061,791	62,264,522	45,061,791
Dividend income	3,505,536	1,251,038	3,505,536	1,251,038
Tawmil taksit profit	200,640	-	200,640	-
Reversal of provision for impairment of receivables	381,245	2,126,900	381,245	2,126,900
Reversal of investment written-off (Note 11)	-	9,637,499	-	9,637,499
Profit on sale of property, plant and equipment	378,750	1,540,450	378,750	1,540,450
	69,325,490	63,651,210	69,325,490	63,651,210

The Government of Maldives granted a subsidy of MVR 62,264,522 during the year 2015 (2014: MVR 45,061,791) 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	
	2015	2014	2015	2014
Depreciation (Note 6)	65,462,522	53,193,279	65,459,749	53,192,706
Amortisation (Note 7)	585,616	494,649	585,616	494,649
Employee benefit expense (Note 21)	154,695,017	122,653,302	154,547,483	122,546,347
Materials and consumables	411,913,209	333,850,045	417,455,484	336,338,233
Director fees	1,150,170	863,531	1,150,170	863,531

## Notes to the financial statements (continued)

### 20. EXPENSES BY NATURE ( CONTINUED)

	GROUP		COMPANY	
	2015	2014	2015	2014
Lease rent, hiring and sub contract expenses	138,260,360	92,192,456	138,260,360	92,192,456
Repairs and maintenance	45,026,785	40,379,872	45,026,785	40,379,872
Transportation, travel and inspection	17,726,489	11,793,764	17,726,489	11,793,764
Electricity, water, insurance and communication	19,062,640	16,811,242	19,018,866	16,809,500
Accounting and professional charges	1,469,863	722,678	1,455,327	707,258
Consultation, legal fees and service charges	43,140	191,708	43,140	191,708
Bank charges	6,907,672	7,468,237	6,895,741	7,452,306
Zakath	793,179	660,302	793,179	660,302
Advertising, sales promotion and marketing	11,483,394	6,525,293	11,483,394	6,522,682
Training expenses	4,157,859	1,044,981	4,096,348	1,044,981
Security charges	1,430,700	1,375,970	1,430,700	1,375,970
License and registration fees	2,065,606	1,805,744	2,063,511	1,803,744
Printing and stationery	2,282,756	2,084,273	2,281,616	2,082,116
Loss on sale of investments	-	2,333,289	-	2,333,289
Loss on sale of assets	-	151,663	-	151,663
Provision for impairment of assets	-	2,519,779	-	2,519,779
Provision for non moving inventory	4,568,344	8,960,848	4,568,344	8,960,848
Provision for impairment of receivables	-	-	-	-
Other expenses	16,101,714	7,376,528	17,073,720	7,376,342
<b>Total</b>	<b>905,187,035</b>	<b>715,453,433</b>	<b>911,416,022</b>	<b>717,794,046</b>

## Notes to the financial statements (continued)

### 20. EXPENSES BY NATURE (CONTINUED)

(all amounts in Maldivian Rufiyaa)

	GROUP		COMPANY	
	2015	2014	2015	2014
Classified as:				
- cost of sales	792,334,488	627,760,188	797,876,763	630,248,376
- selling and marketing expenses	11,483,394	6,522,682	11,483,394	6,522,682
- administrative expenses	83,210,797	69,743,414	82,925,503	69,595,839
- other operating expenses	18,158,356	11,427,149	19,130,362	11,427,149
	905,187,035	715,453,433	911,416,022	717,794,046

### 21. EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2015	2014	2015	2014
Wages, salaries and bonus	95,972,566	81,573,920	95,859,506	81,480,013
Other allowance	42,814,949	29,051,506	42,787,611	29,048,473
Pension contribution	3,339,009	2,861,970	3,331,873	2,851,955
Staff food allowance	8,637,397	5,746,192	8,637,397	5,746,192
Staff medical expenses	142,048	70,519	142,048	70,519
Retirement benefit payments	1,481,423	999,820	1,481,423	999,820
Foreign staff expenses	1,910,846	1,747,969	1,910,846	1,747,969
Staff welfare	396,779	601,406	396,779	601,406
	154,695,017	122,653,302	154,547,483	122,546,347

## Notes to the financial statements (continued)

### 22. FINANCE COSTS (NET)

	GROUP		COMPANY	
	2015	2014	2015	2014
Finance expense				
- Interest expense on borrowings	14,025,849	7,161,378	14,025,849	7,161,378
- Interest expense on bank overdraft	3,522,996	6,872,101	3,522,996	6,872,101
- Net foreign exchange loss / (gain)	1,730,981	7,910,611	1,730,981	7,910,611
	19,279,826	21,944,090	19,279,826	21,944,090
Finance income				
- Interest income	(523,302)	(390,692)	(523,302)	(390,692)
	(523,302)	(390,692)	(523,302)	(390,692)
	18,756,524	21,553,398	18,756,524	21,553,398

### 23. BUSINESS PROFIT TAX

	GROUP		COMPANY	
	2015	2014	2015	2014
Current business profit tax	29,301,445	17,484,360	29,301,445	17,484,360
Reconciliations between business profit tax expenses and the accounting profit :				
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Profit before tax</b>	<b>185,679,197</b>	<b>99,124,128</b>	<b>182,543,093</b>	<b>100,397,449</b>
Add: Non-deductible expenses	94,114,338	84,803,852	94,114,338	84,803,852
	279,793,535	183,927,980	276,657,431	185,201,301
Less: Deductible expenses	(84,200,571)	(66,553,768)	(81,064,467)	(67,827,089)
Taxable profit c/f	195,592,964	117,374,212	195,592,964	117,374,212

## Notes to the financial statements (continued)

### 23. BUSINESS PROFIT TAX (CONTINUED)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	GROUP		COMPANY	
	2015	2014	2015	2014
Taxable profit b/f	195,592,964	117,374,212	195,592,964	117,374,212
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	195,342,964	117,124,212	195,342,964	117,124,212
Tax calculated at the effective tax rate of 15%	29,301,445	17,568,632	29,301,445	17,568,632
Adjustments in respect of previous year	-	(84,272)	-	(84,272)
<b>Business profit tax charge</b>	<b>29,301,445</b>	<b>17,484,360</b>	<b>29,301,445</b>	<b>17,484,360</b>

	GROUP		COMPANY	
	2015	2014	2015	2014
<b>Current tax liabilities:</b>				
As at 1 January	13,535,824	7,094,427	13,535,824	7,094,427
Tax charged during the year	29,301,445	17,484,360	29,301,445	17,484,360
Tax paid during the year	(22,299,327)	(11,042,963)	(22,299,327)	(11,042,963)
As at 31 December	20,537,942	13,535,824	20,537,942	13,535,824

## Notes to the financial statements (continued)

### 24. EARNINGS PER SHARE

ordinary shares in issue during the year.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of

	GROUP		COMPANY	
	2015	2014	2015	2014
Profit attributable to equity holders	156,377,752	81,639,768	153,241,648	82,913,089
Weighted average number of ordinary shares	500,000	500,000	500,000	500,000
Basic earnings per share (MVR per share)	312.76	163.28	306.48	165.83

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	
	2015	2014	2015	2014
Profit before tax for the year	185,679,197	99,124,128	182,543,093	100,397,449
Adjustments for:				
-Depreciation and amortisation (Note 6 and 7)	66,048,138	53,687,928	66,045,365	53,687,355
-Loss on sale of property, plant and equipment	-	151,663	-	151,663
-Loss on sale of investments	-	2,333,289	-	2,333,289
-Impairment of assets	-	2,519,779	-	2,519,779
-Profit on sale of property, plant and equipment	(378,750)	(1,540,450)	(378,750)	(1,540,450)
Balance c/f	251,348,585	156,276,337	248,209,708	157,549,085

## Notes to the financial statements (continued)

### 25. CASH GENERATED FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2015	2014	2015	2014
Balance b/f	251,348,585	156,276,337	248,209,708	157,549,085
-Reversal of provision for doubtful debts	(381,245)	(2,126,900)	(381,245)	(2,126,900)
-Provision for slow/non moving inventories	4,568,344	8,960,848	4,568,344	8,960,848
-Interest expenses ( Note 22)	17,548,845	14,033,479	17,548,845	14,033,479
-Interest income	(523,302)	(390,692)	(523,302)	(390,692)
-Reversal of investment written-off (Note 11)	-	(9,637,499)	-	(9,637,499)
-Subsidy income	-	(21,000,000)	-	(21,000,000)
Changes in working capital:				
- trade and other receivables	(291,781,266)	(177,718,827)	(290,319,679)	(180,387,166)
- inventories	(24,137,029)	(64,141,405)	(16,948,742)	(62,106,790)
- trade and other payables	226,981,709	152,696,427	210,014,433	149,834,050
Cash generated from operations	183,624,641	56,951,768	172,168,362	54,728,415

Non cash transaction :

During the year 2014 out of the subsidy granted by the Government of Maldives amounting to MVR 21,000,000 was set off against the principal repayment and interest payment of a loan received from the Government.

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

## Notes to the financial statements (continued)

### 25. CASH GENERATED FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2015	2014	2015	2014
Net book amount (Note 6 & 9)	-	156,433	-	156,433
Profit / (loss) on sale of property, plant and equipment and assets held for sale	378,750	1,388,787	378,750	1,388,787
Proceeds from sale of property, plant and equipment and assets held for sale	378,750	1,545,220	378,750	1,545,220

### 26. DIVIDENDS PER SHARE

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 20 per share amounting to MVR 5,000,000 has been declared in the annual general meeting held on 31 May 2015 and paid during the year ended 31 December 2015 (2014 : MVR 4,000,000).

## Notes to the financial statements (continued)

### 27. CONTINGENCIES

#### Contingent liabilities

The Company had a contingent liability in respect of letters of credit, amounting to MVR 61,274,524 (2014: MVR 23,175,287) at the statement of financial position date.

The Company enjoyed a bank guarantee and a letter of credit facility of MVR 77,100,000 (2014 : 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 recognise the liability in the financial statements as at the statement of financial position date.

### 27. CONTINGENCIES (CONTINUED)

#### 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 TRANSACTION

The Government of Maldives along with a State owned enterprise Maldives National Shipping Limited owns 55.3% equity shares of the Company, has substantial 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 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.

## Notes to the financial statements (continued)

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

(i) Sales of goods and services	GROUP		COMPANY	
	2015	2014	2015	2014
Maldives Industrial Fisheries Company Limited	2,761,514	938,149	2,761,514	938,149
State Trading Organization Plc	116,609	4,157,560	116,609	4,157,560
Maldives Airport Company Limited	141,450,102	4,862,922	141,450,102	4,862,922
Maldives Police Services	585,055	350,189	585,055	350,189
Housing Development Corporation Limited	373,526	200,496	373,526	200,496
Maldives Real Estate Investment Corporation Pvt Ltd	-	-	3,092,883	3,613,934
Min of Transport & Communication	2,018,102	29,279,954	2,018,102	29,279,954
Ministry of Environment and Energy	66,846,443	49,720,846	66,846,443	49,720,846
Ministry of Defence and National Security	19,442,057	8,451,820	19,442,057	8,451,820
Ministry of Housing and Infrastructure	473,445,330	465,093,658	473,445,330	465,093,658
Other related parties	39,189,522	32,630,574	39,189,522	34,392,526
	746,228,260	595,686,168	749,321,143	601,062,054

## Notes to the financial statements (continued)

(ii) Purchases of goods and services	GROUP		COMPANY	
	2015	2014	2015	2014
State Trading Organization Plc	24,356,413	14,049,809	24,356,413	14,049,809
Maldives Airport Company Limited	182,069	50,244	182,069	50,244
Fuel Supplies Maldives Private Limited	14,371,719	52,944,623	14,371,719	52,944,623
Maldives National Defence Force	120,175	83,896	120,175	83,896
Other Government related entities	26,995,310	16,054,526	26,995,310	16,054,526
	66,025,686	83,183,098	66,025,686	83,183,098

### 29. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Government subsidy

The Government of Maldives granted a subsidy of MVR 62,264,522 during the year 2015 (2014: MVR 45,061,791) to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Greater Male' area and Medhu Uthuru province.

## Notes to the financial statements (continued)

### 29. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Receivables from related parties (Note 12):	GROUP		COMPANY	
	2015	2014	2015	2014
Maldives Industrial Fisheries Company Limited	300,860	668,379	300,860	668,379
State Trading Organisation Plc	159,886	1,416,194	159,886	1,416,194
Maldives Airport Company Limited	27,353,928	70,563	27,353,928	70,563
Maldives National Shipping Limited	14,000	14,000	14,000	14,000
Maldives Real Estate Investment Corporation Pvt.Ltd	-	-	6,116,850	5,958,644
Housing Development Corporation Limited	247,169	98,101	247,169	98,101
Min of Transport & Communication	274,167	6,184,291	274,167	6,184,291
Ministry of Defence & National Security	19,441,599	5,135,640	19,441,599	5,135,640
Ministry of Islamic Affairs	28,308	4,321,630	28,308	4,321,630
Ministry of Human Resource, Youth and Sports	10,434,648	1,398,781	10,434,648	1,398,781
Fenaka Corporation Ltd	-	994,358	-	994,358
Ministry of Housing and Infrastructure	168,573,511	139,025,524	168,573,511	139,025,524
Ministry of Finance and Treasury	16,888,905	33,727,554	16,888,905	33,727,554
President 's Office	2,206,168	-	2,206,168	-
Ministry of Fisheries and Agriculture	570,204	-	570,204	-
Ministry of Environment and Energy	24,562,484	36,354,627	24,562,484	36,354,627
Ministry of Home Affairs	3,258,893	-	3,258,893	-
Southern Utilities Limited	589,457	589,457	589,457	589,457
Maldives Police Services	26,483	12,133	26,483	12,133
Other related parties	7,298,239	9,564,770	7,298,239	9,564,770
	282,228,909	239,576,002	288,345,759	245,534,646

## Notes to the financial statements (continued)

### 29. RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2015	2014	2015	2014
Payables to related parties (Note 18):				
State Trading Organization Plc	5,739,286	1,876,846	5,739,286	1,876,846
Ministry of Finance and Treasury	216,220,788	46,600,788	216,220,788	46,600,788
Maldives National Shipping Limited	37,500	37,500	37,500	37,500
Maldives Industrial Fisheries Company Limited	306	306	306	306
Fuel Supplies Maldives Private Limited	2,096,415	2,331,606	2,096,415	2,331,606
Maldives National Defence Force	698,919	2,125,367	698,919	2,125,367
Airport Investments Maldives Private Limited	5,102,970	5,102,970	5,102,970	5,102,970
Other Government related entities	30,415,622	14,883,543	30,415,622	14,883,543
	260,311,806	72,958,926	260,311,806	72,958,926

### 29. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (v) Loan from related parties

	GROUP		COMPANY	
	2015	2014	2015	2014
Bank of Maldives Plc (Notes 16)	15,419,981	11,702,046	15,419,981	11,702,046
Ministry of Finance & Treasury (Notes 17)	145,723,398	110,216,485	145,723,398	110,216,485
	161,143,379	121,918,531	161,143,379	121,918,531

## Notes to the financial statements (continued)

The movement in the year can be analysed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Beginning of the year	121,918,531	59,968,722	121,918,531	59,968,722
Loans received during the year	135,420,000	-	135,420,000	85,420,000
Loans repaid during the year	(96,195,152)	(23,470,191)	(96,195,152)	(23,470,191)
End of the year	161,143,379	36,498,531	161,143,379	121,918,531

Loan received from Bank of Maldives during the year amounting to MVR 15.42 million (outstanding MVR 15,419,981) carries an interest rate of 10% per annum, secured and payable in 12 monthly equal installments. Accordingly, the amount have been shown as falling due within one year.

Loan received from Ministry of Finance & Treasury in 2011 (outstanding MVR 7,198,632) carries an interest rate of 8% per annum, unsecured and have no fixed repayment period. Accordingly, the amount have been shown as falling due within one year

Advance received from Ministry of Finance & Treasury in 2011 (outstanding MVR 18,524,766) has been converted as a long term loan after signing an agreement on 03 September 2012, which carries an interest of 7.5% per

annum, unsecured and repayable within 96 monthly installments starting from 03 September 2012. During the year 2013 the loan repayment was rescheduled to be paid in 48 monthly installments commencing from 01 January 2013.

Loan received from Ministry of Finance & Treasury during the year include amounting to MVR 120 million which is payable within 3 months under "Mudarabah" agreement and carries a 13% margin from the gross profit of Trading division, unsecured and have no fixed repayment period. Accordingly, the amount have been shown as falling due within one year

## Notes to the financial statements (continued)

### (vi) Key management remuneration

	GROUP		COMPANY	2014
	2015	2014	2015	
Directors' remuneration	1,150,170	863,531	1,150,170	863,531
Key management remuneration	7,609,866	6,934,813	7,609,866	6,934,813
	8,760,036	7,798,344	8,760,036	7,798,344

### 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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