



Maldives Transport and Contracting Company Plc

## Annual Report 2002





- was incorporated in 1980 as a public limited company;
- is a Company owned by people in all Atolls of the Maldives;
- strives to strengthen reliable services and diversify investments, with a strategy for long-term sustainability and profitability;
- aims to achieve the goals of the Company with a shared sense of participation and entrepreneurial spirit cultivated over many years, among all staff and management of TEAM MTCC.

## Our Mission

COMPETE, EXPAND AND DIVERSIFY WITH CUSTOMER CONFIDENCE

## Our Objectives

### For Customers

We will conduct business to the satisfaction of our customers, exceeding expectations, and performing better than our competitors.

### For Shareholders

We will manage and utilise resources in the Company optimally, and generate a reasonable return on investment.

### For TEAM MTCC

We will improve the work environment continuously in every respect and further enhance team capability.

### For Business Partners

We will maintain and improve business relations for our mutual benefit.

### For the Nation

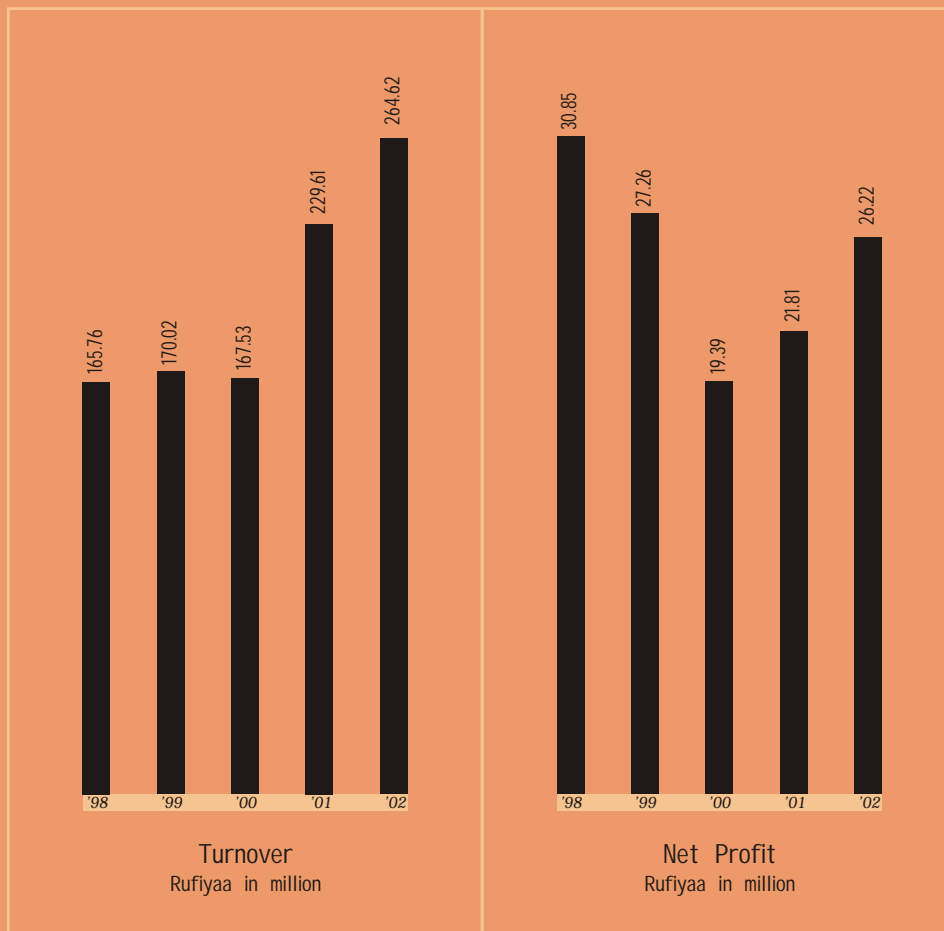
We will be partners in national development.

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## Financial Highlights

| in Rufiyaa         | 2002        | 2001        | Percentage change |
|--------------------|-------------|-------------|-------------------|
| Turnover           | 264,626,879 | 229,615,398 | 15.25             |
| Net Profit         | 26,226,597  | 21,817,433  | 20.21             |
| Total Assets       | 181,031,572 | 146,902,732 | 23.23             |
| Shareholders' fund | 140,720,417 | 120,743,820 | 16.54             |
| Earnings per share | 104.91      | 87.27       | 20.21             |
| Dividend per share | 25.00       | 25.00       | -                 |



## Statement of the Chairman

The Company concluded 2002 with improved performance and a marked degree of success, after 22 years of continued growth and expansion. Financially it has been once again a highly profitable year for the Company.

The total Turnover of the Company in 2002 is Rf264.62 million. This is a 15.25% increase compared to the previous year. Consequently, and due to a combination of cost reducing other factors, it is my pleasure to announce a 20.21% increase in Net Profit this year, a result that bestows tremendous satisfaction to the Company. The Net Profit in year 2002 amounts to Rf26.22 million.

Considering 2002 is highly successful year of operation, the Board of Directors has decided that the dividends for shareholders be Rf25.00 per share. This is a 50% return per share. By the end of the reporting year, Shareholders' Capital amounted to Rf140.72 million, reflecting an increase of 16.54% increase over the previous year.

The Company continues to diversify its businesses. In this regard the upgrading of regional airports that TEAM MTCC undertook is a significant achievement. It is also notable that in 2002, the Company further consolidated its position with a new drive in the field of construction. MTCC has successfully won the main sub-contract for the first phase of the Hulhumale' Housing Development Project. In the area of sea transportation, Yanmar marine engines were supplied for fishing boats. It is with great satisfaction I note that in a further development and diversification of business in the field, MTCC has introduced Yanmar high-speed marine engines coupled with water-jet targeting the tourism sector.

The Company seeks to increase its capacity and capability to engage successfully in on-going development projects throughout the country. To achieve these projects, the Company has invested in capital equipment in addition to capacity building and human resource development to plan and manage projects. Nearly Rf41.46 million has been invested to increase the capacity of the Company. Seven scholarships for higher studies abroad has been awarded to TEAM MTCC this year. New investments have been made in the Maldives Finance Leasing Company with MTCC holding 15% shares.

It is with confidence that I assure shareholders of our determination to maximize the yield from these new investments to reach new levels of achievement.

## Statement of the Chairman

One of the goals of the Company is to focus on and contribute to achieving Vision 2020 of the Maldives. In this regard an emphasis will be placed on information technology and further improvements and modernisation of the organisation structure of the Company. MTCC being the first public company with more shareholders than any other business in the Maldives, it is imperative that the lead is maintained by MTCC as the role model of a successful public company in the Maldives. The Company will continue to invest in human resource development, upgrading of skills and capacity building for the benefit of the country as a whole and the Company in particular.

It is indeed the contribution of many that is behind the continued success of the Company. I wish to thank His Excellency President Maumoon Abdul Gayoom for his advice and guidance that has pivotal in the success of the Company. In this vein I would also like to thank out-going Directors of the Board, Mr. Hamdoon Hameed, Mr. Ibrahim Zuhair and Mr. Abdul Muhsin Abdulla for their valued advice and guidance during their term in the Board of the Company. Mr. Mohamed Shihab who has been in the Board since 1991 deserves a special acknowledgment for his valuable contributions.

I wish to thank my predecessor, Mr. Bandhu Ibrahim Saleem , former Managing Director appointed in 1994 and Chairman of the Board, who has contributed immensely towards the success of the Company.

I also thank all stakeholders including all concerned agencies of the Government and various Departments of MTCC for their valuable contribution to the Company. There is no doubt that the true success of the Company depends on the solidarity, dedication and diligence of TEAM MTCC, to whom I extend my sincere appreciation. Congratulation!

It is the stakeholders and shareholders that deserve a special thanks for their continued support for the Company. I also wish to thank our customers and clients for their continued patronage that ensures the success of the Company.

In praying for the continued success of the Company I wish to assure my total dedication to consolidating and further enhancing the success of the Company.

October 2003

Umar Zahir  
Chairman

# Report of the Directors

The Report of the Directors of MTCC was approved by the Board of Directors on 16th October 2003, together with the audited Financial Statements for the year ended 31st December 2002.

## Corporate Governance

The Board of Directors establishes corporate governance principles and formulates the management guidelines the Company. The Board of Directors facilitates the management of the Company by formulating policy, setting out investment plans, goals and prudent operational strategies, in addition to monitoring the performance of the Company.

The Board passes the Budget of the Company, with a view of to achieve specific targets while implementing internal control measures to ensure that the resources of the Company are utilised optimally. It is also the responsibility of the Board to guide the Company to make its sustainable while providing maximum benefits to the shareholders.

Of the ten Directors on the Board, nine are non-executive directors, while actively guiding and contributing to the overall performance of the Company.

It is the Shareholders who appoint the Board of Directors and the Auditors of the Company.

## The Board of Directors

The Board of Directors is made up of ten Directors; six Directors representing the majority shareholder, the Government of Maldives, and four Directors representing shares held by the public.

Director Mr. Mohamed Ahmed has been re-elected by the shareholders. Upon the resignation of Mr. Ahmed Shahid Jameel representing public shareholders, Mr. Hassan Rasheed has been elected in his place.

Of the six Directors representing the Government, Mr. Bandhu Ibrahim Saleem, Mr. Hamdoon Hameed, Mr. Mohamed Shihab and Mr. Abdul Muhsin Abdulla have been replaced.

The Board met ten times during this financial year.

## Principal Activities

The principal activities of the Company are;

- Trading
- Contracting
- Marine Transportation
- Other services

Trading includes sale of machinery, spare parts, lubricants and construction materials.

Contracting includes land reclamation, harbour dredging and development, sheet-piling and other related activities.

Marine Transportation comprises of speed launch and ferry services.

Other services include the rental of machinery and equipment and real estate.



# Report of the Directors

## Diversification and Expansion

Business expansion and diversification strategies are implemented based on past performance, existing capacity and prospects for the future. In this regard, the focus will be to increase the capacity of the Company to undertake large-scale development projects that are being implemented throughout the country.

A new area of engagement on-going in this regard is regional airports development. Substantial works have already been undertaken in relation to the expansion and upgrading of regional airports in Maldives.

In diversifying the investment portfolio, MTCC has bought 15% shares of the Maldives Finance Leasing Company.

The Company has won sub-contractors in property development in Hulhumale'. These contracts are being implemented.

## Staff Development and Training

In line with the strategies of the Company decided by the Board of Directors for the diversification and expansion of the business, there is continued emphasis on staff development and training.

In this context, seven staff have been awarded scholarships abroad for higher education.

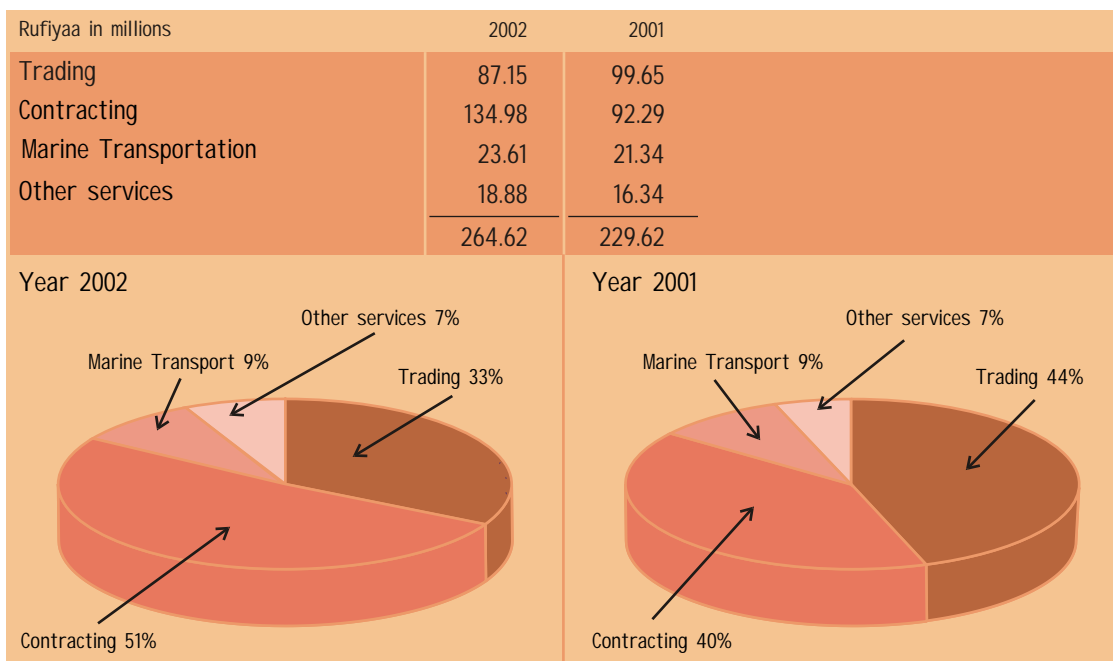
These scholarships include a Masters Degree in Construction Engineering in Thailand, and a Bachelors Degree in Business Information Systems with Human Resource Development in United Kingdom.

In addition to the above four scholarships have been awarded for studies in Malaysia in the fields of Electrical and Electronic Engineering, Mechanical Engineering, Human Resource Management and Business Studies.

In-country short refresher courses and training programmes for the employees of the Company continued.

## Turnover

Total turnover of the Company registered Rf264.62 million compared to Rf229.62 million in 2001. This is a substantial increase of 15.25% compared to the previous year.





# Report of the Directors

## Trading

Under this category the Company has earned Rf87.15 million. This is a decrease of 12.54% compared to Rf99.65 million in the previous year.

## Contracting

The revenue from contracting is Rf134.98 million which is an increase of 46.27% compared to Rf92.29 million in 2001.

## Marine Transportation

In this area, the Company earned an increase of 10.65%, with Rf23.61 million compared to Rf21.34 million in the previous year.

## Other services

The revenue from other services of MTCC also increased by 15.55%, amounting to Rf18.88 million this year compared to Rf16.34 million in the previous year.

## Gross Profit

The Gross Profit this year is Rf140.49 compared to Rf124.95 million in the year 2001. This is an increase of 12.44% compared to the previous year. A breakdown of Gross Profit provides details;

| Rufiyaa in millions   | 2002          | 2001          |
|-----------------------|---------------|---------------|
| Trading               | 22.02         | 19.97         |
| Contracting           | 80.23         | 71.17         |
| Marine Transportation | 19.37         | 17.48         |
| Other services        | 18.88         | 16.33         |
|                       | <u>140.49</u> | <u>124.95</u> |

## Operating Expenses

Operating expenses account for Rf85.34 million, an increase of 23.08% as a result of expanding business, compared to Rf69.34 million in the previous year. Detailed breakdown of operating expenses is as follows;

| Rufiyaa in millions                     | 2002         | 2001         |
|---|--------------|--------------|
| Administrative & establishment expenses | 75.34        | 61.40        |
| Selling & distribution expenses         | 4.06         | 2.62         |
| Other operating costs                   | 5.94         | 5.32         |
|   | <u>85.34</u> | <u>69.34</u> |

## Financing Costs

Interest paid on financing activities decreased to Rf5.73 million this year, compared to Rf6.46 million in the previous year. The decrease in financing costs reflects the result of having paid out deferred interest payments during the short-term economic recession in previous year.

# Report of the Directors

## Depreciation

Depreciation costs increased by 4.68% due to the increase in capital investments. It is Rf23.59 million compared to Rf22.54 million in the previous year.

## Other Losses

While in the previous year, disposal of assets and exchange losses amounted to Rf.4.79 million, in the current year, the company gained Rf390,000 from the disposal of assets alone.

## Net Income

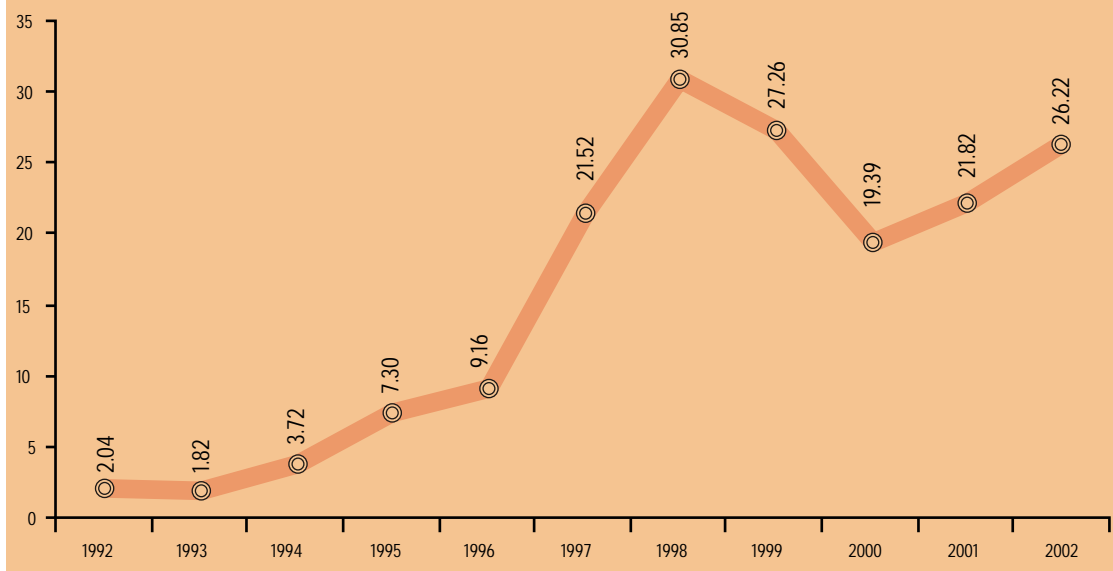
The Net Income increased by 20.21% with Rf26.22 million compared to Rf21.82 million in the previous year. Notwithstanding some effects of economic turmoil throughout the world in recent years, the Company succeeded in increasing its profitability through diversification and expansion of business.

The Net Income of the Company over the years has increased as follows;

| Rufiyaa in millions | 2002         | 2001         |
|---------------------|--------------|--------------|
| Trading             | 12.66        | 12.82        |
| Contracting         | 27.02        | 30.93        |
| Marine Transport    | 2.41         | 0.21         |
| Other services      | (11.94)      | (18.87)      |
| Bonus               | (3.93)       | (3.27)       |
|                     | <u>26.22</u> | <u>21.82</u> |

Net Profit 1992 - 2002

Rufiyaa in millions



## Proposed Dividends

The Board proposed that Rf25/- per share be paid as dividend to the shareholders. A total of Rf6.25 million is declared as dividends this year. This is equal to dividends declared in the previous year.

# Report of the Directors

## Shareholders' Fund

The total Shareholders' Fund as at 31 December 2002 increased by 16.54% to Rf140.72 million compared to Rf120.74 million in 2001. The details of the shareholder's fund are as follows;

| Rufiyaa in millions | 2002          | 2001          |
|---------------------|---------------|---------------|
| Paid-up capital     | 12.50         | 12.50         |
| Revenue Reserves    | 68.35         | 57.86         |
| Retained Profit     | 59.87         | 50.38         |
|                     | <u>140.72</u> | <u>120.74</u> |

## Non-current Liabilities

The non-current liabilities which stood at Rf26.16 million at the beginning of the year increased to Rf40.13 million by the end of the year. This reflects the financing of additional contracts such as regional airports and new investments in plant, equipment and machineries.

## Non-current Assets

The non-current assets of the Company increased by 50.13%, from Rf105.09 million in the previous year to Rf157.77 million in the current year. This reflects additional capital investments and long-term liabilities.

## Total Assets

Total Assets by the end of the year amounted to Rf297.91 million; an increase of 40.10% compared to Rf212.64 million in the previous year.

| Rufiyaa in millions | 2002          | 2001          |
|---------------------|---------------|---------------|
| Trading             | 73.64         | 52.26         |
| Contracting         | 105.86        | 62.60         |
| Marine Transport    | 22.51         | 16.26         |
| Other services      | 95.90         | 81.52         |
|                     | <u>297.91</u> | <u>212.64</u> |

## Capital Expenditure

The Capital Expenditure this year was Rf41.46 million spent primarily for building construction and additional assets such as heavy-duty equipment and vessels needed for on-going diversification and expansion.

## Going Concern

The Financial Statement of the Company has been prepared on a going concern basis.

## Future Prospects

The Company continues to strive, to further consolidate and sustain its business in several areas of interest. In this regard, the capabilities of the Company to bid for large-scale projects have been enhanced, with a greater emphasis on capacity building and human resource development.

# Report of the Directors

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It is imperative that the Company takes into account the overall economic situation in the country, and implement measures to sustain business while minimizing cost, engaging to the maximum extent possible in building capacity to undertake large-scale development that are in the pipeline for future implementation.

## Acknowledgments

While continuing to pray for the success of the Company, We wish to express our sincere gratitude for the support and cooperation of all stakeholders of the Company.

It is indeed the guidance and motivation provided by all stakeholders including the dynamic political leadership of this country that facilitate the success of the Company.

We also thank the staff and management of the Company, for the support, diligence and dedication to the success of the Company.

October 2003

Umar Zahir  
Chairman

Mohamed Ibrahim  
Managing Director

# Board of Directors



Umar Zahir - Chairman



Mohamed Ibrahim - Managing Director



Dr. Mohamed Munawwar



Ahmed Wajeih



Rasheeda Ali



Aslam Rasheed



Fathimath Sheereen Abdulla



Mohamed Ahmed



Hassan Rasheed



Abdulla Zameer

# Management Team



Left to right:

Front row: Khadeeja Hussein, Ahmad Nasheed Hamid, Usman Hafeez, Abdul Muhsin Abdulla, Mohamed Ibrahim, Adnan Ali, Sheereen Naseem, Ibrahim Saleem, Abida Rasheed  
Back row: M. A. W. Siddique, Ahmed Sollih, Ismail Farig, Hassan Khateel, Ahmed Amjad, Ibrahim Siraj, Adam Zaki



## Highlights of Activities



Official ceremony for H. Dh. Vaikaradhoo Island land reclamation and harbour development project, inaugurated on 13 December 2002, by Minister of Atolls Administration, Hon. Abdulla Hameed.

R. Kan'dholhudhoo island land reclamation and eastern harbour sheet-piling underway. The land area had been increased by 45,135.90 sqm.



Construction underway in Hulhumale' Housing Project.





## Highlights of Activities



In Gn. Fuamulaku, a 1.4 kilometer road asphalt laying has been undertaken .

The newly introduced water-jet speedboat in the MTCC fleet.



The seminar organised to provide product information for customers on Seigneurie Decorative Paint recently introduced to the market in Maldives.

# Report of the Auditors

## AUDITORS' REPORT TO THE MEMBERS OF MALDIVES TRANSPORT AND CONTRACTING COMPANY Plc

We have audited the Balance Sheet of Maldives Transport and Contracting Company Plc as at 31st December 2002 and the related Statements of Income, Cash Flows and Changes in Equity for the year then ended together with the Accounting Policies and Notes as exhibited on pages 14 to 27.

### Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing and presenting these financial statements in accordance with the International Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

### Basis of Opinion

We conducted our audit in accordance with the International Standards which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the International Accounting Standards. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31st December 2002, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statement of Income, Cash Flows, Changes in Equity and Accounting Policies and Notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the International Accounting Standards,

- a) provide the information required by the Company's Act of the Republic of Maldives (Law No. 10/1996) and
- b) give a true and fair of the Company's state of affairs as at 31st December 2002 and its profit and cash flows for the year ended.

Ernst & Young, Maldives  
Chartered Accountants  
October 16, 2003  
Male'

## Statement of Income for the year ended 31st December

| in Rufiyaa  | Note   | 2002             | 2001             |
|---|--------|------------------|------------------|
| Revenue   | 8      | 264,626,879.05   | 229,615,398.38   |
| Cost of Goods Sold                                | 9      | (124,128,201.65) | (104,663,996.45) |
| Gross Profit                                      |        | 140,498,677.40   | 124,951,401.93   |
| Operating Expenses <i>(including Provisions)</i>  | 10     | (85,346,592.72)  | (69,341,008.50)  |
| Operating Profit before Depreciation and Interest | 11     | 55,152,084.68    | 55,610,393.43    |
| Interest Expense for the year                     | 12     | (5,731,099.97)   | (6,460,638.08)   |
| Profit before Depreciation                        | 13     | 49,420,984.71    | 49,149,755.35    |
| Depreciation                                      | 14 (a) | (23,592,843.63)  | (22,537,687.51)  |
| Profit after Depreciation                         |        | 25,828,141.08    | 26,612,067.84    |
| Profit/(Loss) on Sale/Disposal/Write-off of Asset |        | 398,455.63       | (118,311.22)     |
| Exchange loss on devaluation of Rufiyaa           |        | -                | (4,676,323.23)   |
| Net Income for the Year                           | 15     | 26,226,596.71    | 21,817,433.39    |
| <br><i>Appropriation of Net Income</i>            |        |                  |                  |
| Net Income for the year (as above)                |        | 26,226,596.71    | 21,817,433.39    |
| Proposed Dividends 50% (2001 - 50%)               | 21 (c) | (6,250,000.00)   | (6,250,000.00)   |
| Transfer to Reserves @ 40%                        |        | (10,490,638.69)  | (8,726,973.36)   |
| Retained Profit for the year                      |        | 9,485,958.02     | 6,840,460.03     |
| <br><i>Statement of Retained Profits</i>          |        |                  |                  |
| Retained Profits on 1st January                   |        | 50,386,815.68    | 43,546,355.65    |
| Retained Profits for the year                     |        | 9,485,958.02     | 6,840,460.03     |
| Retained Profits on 31st December                 |        | 59,872,773.70    | 50,386,815.68    |
| Basic Earnings per Share (Rf.)                    | 25     | 104.91           | 87.27            |

Figures in brackets indicate deductions.

*The Financial Statements are to be read in conjunction with the Accounting Policies and Notes to and forming part of the Financial Statements of the Company set out on pages 19 to 27.*

Report of the Auditors on page 14.

## Balance Sheet as on 31 December

| in Rufiyaa                                   | Note            | 2002             | 2001            |
|--|-----------------|------------------|-----------------|
| <b>Non-current Assets</b>                    |                 |                  |                 |
| Property, plant & equipment                  | 14 (a)          | 119,814,709.10   | 101,964,603.90  |
| Capital work-in-progress                     | 14 (a) & 14 (b) | 1,595,515.38     | 740,404.28      |
| Receivables due after one year               | 18              | 24,337,623.92    | -               |
| Investments                                  | 16              | 12,026,802.00    | 2,389,302.00    |
|  |                 | 157,774,650.40   | 105,094,310.18  |
| <b>Current Assets</b>                        |                 |                  |                 |
| Inventories                                  | 17              | 62,396,430.39    | 39,655,466.03   |
| Trade & other receivables                    | 18              | 65,915,839.79    | 62,931,554.78   |
| Cash and cash equivalents                    |                 | 11,820,001.32    | 4,955,162.30    |
|  |                 | 140,132,271.50   | 107,542,183.11  |
| <b>Current Liabilities</b>                   | 19              | (116,875,350.38) | (65,733,761.14) |
| <b>Net Current Assets</b>                    |                 | 23,256,921.12    | 41,808,421.97   |
| <b>Total Assets less Current Liabilities</b> |                 | 181,031,571.52   | 146,902,732.15  |
| <b>Less: Non-current Liabilities</b>         |                 |                  |                 |
| Loan instalments due after one year          | 20              | (40,311,154.71)  | (26,158,912.05) |
| <b>Net Assets</b>                            |                 | 140,720,416.81   | 120,743,820.10  |
| <b>Capital and Reserves</b>                  |                 |                  |                 |
| <b>Share Capital</b>                         |                 |                  |                 |
| <u>Authorised</u>                            |                 |                  |                 |
| 250,000 Ordinary Shares of Rf.50.00 each     | 21              | 12,500,000.00    | 12,500,000.00   |
| <u>Issued</u>                                |                 |                  |                 |
| 250,000 Ordinary Shares of Rf.50.00 each     | 21              | 12,500,000.00    | 12,500,000.00   |
| Revenue Reserve                              | 22              | 68,347,643.11    | 57,857,004.42   |
| Retained Profits                             |                 | 59,872,773.70    | 50,386,815.68   |
|  |                 | 140,720,416.81   | 120,743,820.10  |

*These accounts were approved by the Board of Directors on 16<sup>th</sup> October 2003.*

Umar Zahir  
Chairman

Mohamed Ibrahim  
Managing Director

*Figures in brackets indicate deductions.*

*The Financial Statements are to be read in conjunction with the Accounting Policies and Notes to and forming part of the Financial Statements of the Company set out on pages 19 to 27.*

*Report of the Auditors on page 14.*

## Statement of Changes in Equity for the year ended 31st December

| in Rufiyaa  | Share Capital | General Reserves | Retained Earnings | Total          |
|---|---------------|------------------|-------------------|----------------|
| As at 1st January 2001                            | 12,500,000.00 | 49,130,031.06    | 43,546,355.65     | 105,176,386.71 |
| <u>Net Profit for the Year and Appropriations</u> |               |                  |                   |                |
| Net Profit for the Year                           | -             | -                | 21,817,433.39     | 21,817,433.39  |
| Proposed Dividends for the Year                   | -             | -                | (6,500,000.00)    | (6,500,000.00) |
| Transfer to General Reserve                       | -             | 8,726,973.36     | (8,726,973.36)    | -              |
| As at 31st December 2001                          | 12,500,000.00 | 57,857,004.42    | 50,386,815.68     | 120,743,820.10 |
| As at 1st January 2002                            | 12,500,000.00 | 57,857,004.42    | 50,386,815.68     | 120,743,820.10 |
| <u>Net Profit for the Year and Appropriations</u> |               |                  |                   |                |
| Net Profit for the Year                           | -             | -                | 26,226,596.71     | 26,226,596.71  |
| Proposed Dividends for the Year                   | -             | -                | (6,250,000.00)    | (6,250,000.00) |
| Transfer to General Reserve                       | -             | 10,490,638.69    | (10,490,638.69)   | -              |
| As at 31st December 2002                          | 12,500,000.00 | 68,347,643.11    | 59,872,773.70     | 140,720,416.81 |

*Figures in brackets indicate deductions.*

*The financial statements are to be read in conjunction with the Accounting Policies and Notes to and forming part of the financial statements of the Company set out on pages 19 to 27.*

*Report of the Auditors on page 14.*

# Statement of Cash Flows

## for the year ended 31st December

| in Rufiyaa  | 2002                   | 2001                   |
|---|------------------------|------------------------|
| <b>A. Cashflow from Operating Activities</b>  |                        |                        |
| Net Income for the year   | 26,226,596.71          | 21,817,433.39          |
| Loss (Profit) on Sale/Disposal/Write-off of Property,<br>plant and equipment or investment                              | (398,455.63)           | 118,311.22             |
| Provision created during the year for Non-moving Stock  | 286,036.94             | 283,741.37             |
| Provision created during the year for Bad Debts   | 1,543,023.60           | 555,620.85             |
| Provision for Non-moving Stock Written-back   | (20,293.11)            | (369,188.71)           |
| Interest charged for the year   | 5,731,099.97           | 6,460,638.08           |
| Dividend Income   | (517,310.00)           | (517,310.00)           |
| Depreciation  | 23,592,843.63          | 22,537,687.51          |
| Operating Profit before Working Capital Changes   | <u>56,443,632.11</u>   | <u>50,886,933.71</u>   |
| (Increase)/Decrease in Stock - Gross  | (23,006,798.19)        | (1,408,930.99)         |
| (Increase)/Decrease in Debtors - Gross  | (28,864,932.53)        | (33,031,545.16)        |
| Increase/(Decrease) in Current Liabilities<br>other than Dividend/Interest payable,<br>loan repayments & bank overdraft | 36,875,623.52          | (3,644,622.60)         |
| Cash generated from operations  | 41,447,524.91          | 12,801,834.96          |
| Interest paid during the year   | (5,806,031.84)         | (6,702,798.50)         |
| Net Cash provided by operating activities   | <u>35,641,493.07</u>   | <u>6,099,036.46</u>    |
| <b>B. Cashflows from Investing Activities</b>   |                        |                        |
| Proceeds from Disposal of Property, Plant & Equipment   | 418,863.82             | 2,016,730.39           |
| Purchase of Property, Plant & Equipment   | (38,092,493.61)        | (14,398,138.87)        |
| Expenses on Capital WIP   | (4,225,974.52)         | (1,628,702.04)         |
| Investment in MFLC  | (9,637,500.00)         | -                      |
| Dividend Income   | 517,310.00             | 517,310.00             |
| Net Cash provided by (used in) Investing Activities   | <u>(51,019,794.31)</u> | <u>(13,492,800.52)</u> |
| <b>C. Cash Flows from Financing Activities</b>  |                        |                        |
| Dividends paid during the year  | (5,441,712.00)         | (5,027,910.00)         |
| Increase in the carrying amount of Term Loan  | -                      | 2,758,928.13           |
| Loan availed  | 30,325,222.58          | -                      |
| Loan Repayments   | (8,114,679.13)         | (5,286,435.62)         |
| Net Cash provided by (used-in) Financing Activities   | <u>16,768,831.45</u>   | <u>(7,555,417.49)</u>  |
| Net increase (decrease) in cash and cash equivalents  | <u>1,390,530.21</u>    | <u>(14,949,181.55)</u> |
| Decrease in cash and cash equivalents   | 1,390,530.21           | (14,949,181.55)        |
| Cash and cash equivalents at the year beginning   | (26,156,673.16)        | (11,207,491.61)        |
| Cash and cash equivalents at the year end (see Note below)  | <u>(24,766,142.95)</u> | <u>(26,156,673.16)</u> |
| <b>Note: Cash and cash equivalents at the year end</b>  |                        |                        |
| Cash at Bank and in-hand  | <u>11,820,001.32</u>   | <u>4,955,162.30</u>    |
| Bank Overdraft  | <u>(36,586,144.27)</u> | <u>(31,111,835.46)</u> |
|   | <u>(24,766,142.95)</u> | <u>(26,156,673.16)</u> |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the Accounting Policies and Notes to and forming part of the financial statements of the Company set out on pages 19 to 27.

Report of the Auditors' on page 14.

# Significant Accounting Policies

## 1. General Accounting Policies

### 1.1 Reporting Entity

Maldives Transport and Contracting Company Plc was incorporated in the Republic of Maldives on 18<sup>th</sup> December 1980. The principal business of the company is in services and trading including marine transportation, dredging of island harbour and land reclamation, seawall construction and sheet-piling, rental of construction equipments and machinery.

1.2 The financial statements of the Maldives Transport and Contracting Company plc are prepared in accordance with the accounting standards issued by the International Accounting Standards Committee and no adjustment has been made for inflationary factors affecting the financial statements. Where appropriate the policies are explained in the succeeding notes.

1.3 Transactions denominated in currencies other than the reporting currency Maldivian Rufiyaa are translated at rate of exchange prevailing at the transaction date. Monetary assets and liabilities expressed in currencies other than Maldivian Rufiyaa are translated at the rate of exchange prevailing on the date nearest to the balance sheet date. Where a monetary asset or liability expressed in currencies other than Maldivian Rufiyaa by a forward foreign exchange contract, the rate used is the contracted rate.

All exchange gains or losses resulting from such translations are taken to the income statement.

## 2. Assets and Bases of their Valuation

### 2.1 Property, Plant and Equipment

Item of Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads, and cost of acquisition includes purchase cost and any incidental expenses incurred in bringing the assets to its working condition for the intended use.

Expenditure on repairs or maintenance of Property, Plant and Equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

Depreciation on Property, Plant and Equipment of the company is charged on the straight-line method to write-off the cost over the estimated useful lives of the assets on following basis:

|   |  |
|---|--|
| Building (other than MTCC Tower)            | Over 10 Years                            |
| MTCC Tower                                  | Over 25 Years                            |
| Plant & machinery                           | Over 5 Years                             |
| Motor vehicles other than dredging vehicles | Over 5 Years                             |
| Dredging vehicles                           | Over 3 Years                             |
| Furniture & fittings                        | Over 6 <sup>2</sup> / <sub>3</sub> Years |
| Office equipment                            | Over 5 Years                             |
| Communication equipment                     | Over 5 Years                             |
| Vessels (other than tug)                    | Over 10 Years                            |
| Tug   | Over 7 Years                             |
| Tools                                       | Over 3 Years                             |
| Sundry assets                               | Over 5 Years                             |

Assets with a purchase cost of Rf.5,000 or less is depreciated in the month of purchase.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

### 2.2 Investments

Investments are stated at the lower of cost and the net realizable value. The cost of investment is the purchase cost together with incidental expenses of acquisition. Net realisable value is the price at which such investments could be disposed of in the ordinary course of business after allowing for all costs of realisation.

### 2.3 Inventories

Inventories have been valued at the lower of cost and net realizable value.

Cost is generally determined by reference to first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

### 2.4 Trade & Other Receivables

Trade & other receivables are stated at their estimated realisable amounts less impairment losses.

### 2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. (For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.)

## 3. Liabilities and Provisions

3.1 All known liabilities have been accounted for in preparing the financial statements.

3.2 The materiality of the events occurring after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements where necessary.



# Significant Accounting Policies

## 3.3 Trade and Other Payable

Trade and other payable are stated at their costs.

## 3.4 Capital Commitments & Contingencies

Capital commitments & contingent liabilities of the company are disclosed wherever appropriate.

## 3.5 Borrowing Costs

Borrowing cost is recognized as expenses in the period in which they are incurred.

## 3.6 Interest Bearing and Borrowing

Interest-bearing loans and borrowing are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.

## 4. Related Party Transactions

For the purposes of these accounts, parties are considered to be related to the company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

## 5. Profits and Losses

### 5.1 Revenue Recognition

#### 5.1.1 Goods Sold and Services Rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### 5.1.2 Construction Contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognized immediately in the income statement.

#### 5.1.3 Rental Income

Rental income from investment property is recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income to be received.

#### 5.1.4 Investment Income

Dividend income is recognized when the shareholder's right to receive payment is established.

### 5.2 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Gains or losses of a revenue nature on the disposal of Property, Plant and Equipment have been accounted for in the income statement.

#### 5.2.1 Net Financing Costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement.

Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

## 6. Segment Information

A business segment is a distinguishable component of the company that is engaged in providing an individual product or service or group of related products or services and that is subject to risks and returns that are different from those of other business segments.

Segment revenue is the revenue reported in the company's income statement that is directly attributable to a segment and the relevant portion of revenue that can be allocated on a reasonable basis whether sales to external customers or from transactions with other segment of the company. Segment revenue does not include extra ordinary items, interest or dividend income.

Segment result is segment revenue less segment expenses.

Segment assets are those operating assets that are employed by the segment in its operation activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year. (Property, Plant and Equipment)

## 7. Reserves

The company policy is to transfer 40 % of the net profit of each year to the revenue reserve.

## Notes to the Financial Statements as at 31st December

### 8. Revenue

| In Rufiyaa | 2002           | 2001           |
|------------|----------------|----------------|
| Revenue    | 264,626,879.05 | 229,615,398.38 |

### 9. Cost of Goods Sold

| In Rufiyaa         | 2002           | 2001           |
|--------------------|----------------|----------------|
| Cost of Goods Sold | 124,128,201.65 | 104,663,996.45 |

### 10. Operating Expenses

Operating expenses are made up as follows;

| In Rufiyaa                              | 2002                 | 2001                 |
|---|----------------------|----------------------|
| Administration & Establishment Expenses | 75,344,937.98        | 61,398,900.05        |
| Selling and Distribution Expenses       | 4,057,032.98         | 2,618,573.28         |
| Others                                  | 5,944,621.76         | 5,323,535.17         |
| <b>Total</b>                            | <b>85,346,592.72</b> | <b>69,341,008.50</b> |

### 11. Operating Profit before Depreciation and Interest

Operating Profit is stated after charging/(crediting) the following:

| In Rufiyaa                               | 2002         | 2001         |
|--|--------------|--------------|
| Directors' Fees                          | 38,500.00    | 11,500.00    |
| Auditors' Remuneration (Internal Audit)  | 71,640.00    | 71,640.00    |
| Auditors' Remuneration (Statutory Audit) | 27,250.00    | 27,250.00    |
| Bad Debts (Write-off/Provision)          | 1,594,193.87 | 555,620.85   |
| Provision for Non-moving Stocks          | 286,036.94   | 300,218.37   |
| Dividend Income                          | (517,310.00) | (517,310.00) |

### 12. Interest Expense for the Year

| In Rufiyaa     | 2002                | 2001                |
|----------------|---------------------|---------------------|
| OD Facility    | 3,034,539.56        | 3,756,748.46        |
| Term Loan      | 2,675,616.61        | 2,703,889.62        |
| Other interest | 20,943.80           | -                   |
| <b>Total</b>   | <b>5,731,099.97</b> | <b>6,460,638.08</b> |

### 13. Operating Profit before Depreciation

| In Rufiyaa                           | 2002          | 2001          |
|--------------------------------------|---------------|---------------|
| Operating Profit before Depreciation | 49,420,984.71 | 49,149,755.35 |

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# Notes to the Financial Statements as at 31st December

## 14. (a) Property, Plant and Equipment

| In Rufiyaa                       | Buildings     | Plant & Machinery | Motor Vehicles | Contracting Department Assets | Furniture, Office & Communication Equipment | Vessels       | Sundry       | 2002 Total     | 2001 Total     |
|----------------------------------|---------------|-------------------|----------------|-------------------------------|---|---------------|--------------|----------------|----------------|
| <b>Cost</b>                      |               |                   |                |                               |   |               |              |                |                |
| Balance as at 1st January 2002   | 72,174,134.45 | 26,858,321.92     | 5,273,490.36   | 65,736,685.60                 | 11,197,413.42                               | 22,078,168.36 | 6,084,782.74 | 209,402,996.85 | 197,530,980.06 |
| Additions/Exchanged              | 1,949,965.76  | 2,565,784.08      | 552,702.02     | 30,440,479.26                 | 2,021,798.65                                | 3,565,982.34  | 366,644.92   | 41,463,357.03  | 16,067,412.98  |
| Return of Sold Asset             | -             | -                 | -              | -                             | -   | -             | -            | -              | -              |
| Disposals/Exchanged              | (56,796.69)   | (2,750.00)        | (557,837.54)   | (2,336,760.70)                | (12,358.30)                                 | (894,149.54)  | (6,075.00)   | (3,866,727.77) | (4,195,396.19) |
| Balance as at 31st December 2002 | 74,067,303.52 | 29,421,356.00     | 5,268,354.84   | 93,840,404.16                 | 13,206,853.77                               | 24,750,001.16 | 6,445,352.66 | 246,999,626.11 | 209,402,996.85 |
| <b>Accumulated Depreciation</b>  |               |                   |                |                               |   |               |              |                |                |
| Balance as at 1st January 2002   | 15,576,369.54 | 16,017,302.42     | 4,275,589.77   | 51,468,467.25                 | 7,203,219.43                                | 8,776,872.33  | 4,120,572.21 | 107,438,392.95 | 86,961,060.02  |
| Charge for the year              | 3,426,531.59  | 3,789,887.01      | 488,983.92     | 11,574,411.07                 | 1,593,893.49                                | 2,028,997.27  | 690,139.28   | 23,592,843.63  | 22,537,687.51  |
| Return of Sold Asset             | -             | -                 | -              | -                             | -   | -             | -            | -              | -              |
| Disposals/Exchanged              | (43,835.64)   | (2,750.00)        | (557,837.54)   | (2,336,760.70)                | (4,911.16)                                  | (894,149.54)  | (6,075.00)   | (3,846,319.57) | (2,060,354.58) |
| Balance as at 31st December 2002 | 18,959,065.49 | 19,804,439.43     | 4,206,736.15   | 60,706,117.62                 | 8,792,201.76                                | 9,911,720.06  | 4,804,636.49 | 127,184,917.01 | 107,438,392.95 |
| <b>Net Book Value</b>            |               |                   |                |                               |   |               |              |                |                |
| Balance as at 31st December 2002 | 55,108,238.03 | 9,616,916.57      | 1,061,618.69   | 33,134,286.54                 | 4,414,652.01                                | 14,838,281.10 | 1,640,716.17 | 119,814,709.10 | -              |
| Balance as at 31st December 2001 | 56,597,764.91 | 10,841,019.50     | 997,900.59     | 14,268,218.35                 | 3,994,193.99                                | 13,301,296.03 | 1,964,210.53 | -              | 101,964,603.90 |

- Property, plant & equipment mortgaged against the loans are disclosed in Notes 19(a) & 20(c).
- Capital work-in-progress (Note No. 14(b)) includes:
  - capital expenses incurred in connection with building of barge "Kurinaagu IV"
  - estimated value of hull of the speed launch "Garuva"
  - small value capital assets purchased for Fumalaku Project.

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## Notes to the Financial Statements as at 31st December

### 14. (b) Movement in Capital Work-in-progress

| In Rufiyaa                               | 2002           | 2001           |
|--|----------------|----------------|
| Opening Balance as at 1st January        | 740,404.28     | 780,976.35     |
| <u>Add:</u> Spent during the year        | 4,225,974.52   | 1,628,702.04   |
|  | 4,966,378.80   | 2,409,678.39   |
| <u>Less:</u> Capitalized during the year | (3,370,863.42) | (1,669,274.11) |
| Closing Balance as at 31st December      | 1,595,515.38   | 740,404.28     |

### 15. Net Profit for the Year

| In Rufiyaa              | 2002          | 2001          |
|-------------------------|---------------|---------------|
| Net Profit for the Year | 26,226,596.71 | 21,817,433.39 |

### 16. Investments

#### Part (a) Total Investments

| In Rufiyaa                            | 31 Dec. 2002  | 31 Dec. 2001 |
|---------------------------------------|---------------|--------------|
| Opening Balance                       | 2,389,302.00  | 2,389,302.00 |
| Investment in MFLC                    | 9,637,500.00  | -            |
| Closing Balance - on 31 December 2002 | 12,026,802.00 | 2,389,302.00 |

#### Part (b) Break-up of Gross Investments

| In Rufiyaa                         | 2002         | 2001         |
|------------------------------------|--------------|--------------|
| Opening Balance - MFLC             | -            | -            |
| Opening Balance - Bank of Maldives | 2,389,302.00 | 2,389,302.00 |
| Investment in MFLC                 | 9,637,500.00 | -            |
| Closing Balance - MFLC             | 9,637,500.00 | -            |
| Closing Balance - Bank of Maldives | 2,389,302.00 | 2,389,302.00 |

#### Part (c) Investment in Bank of Maldives Plc Shares

| Year         | No. of Shares | Price/Share<br>in Rf. | Total<br>in Rf.     |
|--------------|---------------|-----------------------|---------------------|
| 1997         | 836           | 585.00                | 489,060.00          |
| 1996         | 1,000         | 488.00                | 488,000.00          |
| 1995         | 850           | 414.66                | 352,461.00          |
| 1994         | 700           | 356.83                | 249,781.00          |
| 1993         | 2,700         | 300.00                | 810,000.00          |
| <b>Total</b> | <b>6,086</b>  |                       | <b>2,389,302.00</b> |

#### Part (d) Investment in MFLC Shares

| No. of shares | Price/Share<br>in Rf. | Total<br>in Rf. |
|---------------|-----------------------|-----------------|
| 96,375        | 100.00                | 9,637,500.00    |

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## Notes to the Financial Statements as at 31st December

### 17. Inventories

| In Rufiyaa                                 | 31 Dec. 2002         | 31 Dec. 2001         |
|--|----------------------|----------------------|
| Merchandise                                | 4,240,505.95         | 2,576,361.14         |
| Site stock                                 | 1,200,960.92         | 812,060.25           |
| Sheet-piling                               | 6,563,039.95         | 1,472,781.59         |
| Regional Airport Project                   | 4,518,063.84         | -                    |
| Fuamulaku Road Project                     | 3,117,451.70         | -                    |
| Hulhumale' Housing Project                 | 3,789,468.06         | -                    |
| Engines and Gensets                        | 8,124,198.66         | 8,652,304.26         |
| Yanmar and other spareparts                | 25,256,670.41        | 24,143,283.25        |
| Hamilton Jet and accessories               | 270,130.93           | -                    |
| RSW System                                 | 401,177.18           | 204,177.18           |
| Castrol                                    | 3,746,452.28         | 3,967,403.55         |
| Ferry Services - Stock of Ticket Books     | 72,535.80            | 89,381.64            |
| Fuel and Lub Oil for own use - the Rentals | 8,424.85             | 8,254.24             |
| Fuel and Lub Oil for own use - TSD         | -                    | 4,107.46             |
| <b>Total</b>                               | <b>61,309,080.53</b> | <b>41,930,114.56</b> |
| Provision for Non-moving Stock (Note 17 A) | (2,541,365.36)       | (2,275,531.53)       |
| Good in transit                            | 2,793,114.17         | -                    |
| Work-in-progress                           | 835,601.05           | 883.00               |
| <b>Total</b>                               | <b>62,396,430.39</b> | <b>39,655,466.03</b> |

### 17. A Movement in Provision of Non-moving Stock

| In Rufiyaa                                 | 31 Dec. 2002 | 31 Dec. 2001 |
|--|--------------|--------------|
| Opening as on 1st January                  | 2,275,531.53 | 2,360,978.87 |
| Add: Provision made during the year        | 286,036.94   | 283,741.37   |
| Less: Write-back to Profit during the year | (20,203.11)  | (369,188.71) |
| Less: Write-off during the year            | -            | -            |
| Closing as on 31st December                | 2,541,365.36 | 2,275,531.53 |

### 18. Trade and Other Receivables

| In Rufiyaa  | 31 Dec. 2002         | 31 Dec. 2001         |
|---|----------------------|----------------------|
| Trade Debtors including Advances                          | 91,727,468.81        | 62,101,821.09        |
| Provision for Bad Debts (Note 18. A)                      | (4,056,306.12)       | (2,513,282.52)       |
| Trade Debtors (Net)                                       | 87,671,162.69        | 59,588,538.57        |
| Margins on L/Cs Outstanding                               | 246,932.72           | 144,679.45           |
| Prepaid Expenses  | 1,758,452.03         | 2,601,357.26         |
| Advance paid for MFLC Investment                          | -                    | 100,000.00           |
| Advances and Deposits                                     | 576,916.27           | 496,979.50           |
| <b>Gross Receivables</b>                                  | <b>90,253,463.71</b> | <b>62,931,554.78</b> |
| <u>Less: Loans and retention money due after one year</u> |                      |                      |
| Loans on Regional Airport Project                         | 19,465,566.37        | -                    |
| Retention money on Regional Airport Project               | 4,466,762.25         | -                    |
| Retention money on Hulhumale' Housing Project             | 405,295.30           | -                    |
| <b>Total receivables due after one year</b>               | <b>24,337,623.92</b> | <b>-</b>             |
| <b>Current Receivables</b>                                | <b>65,915,839.79</b> | <b>62,931,554.78</b> |

- Amount shown in 2001 under "Advance paid for MFLC Investment" represents the advance towards the Company's investment in Maldives Finance Leasing Company (MFLC).
- On 31 March 2002 MTCC acquired 15% of Maldives Finance Leasing Company at a value of Rf.9,637,500.00 (equivalent to United States Dollars 750,000.00)
- Pursuant to the agreement between MFLC and IFC (one of the shareholders of MFLC) there is an unquantifiable contingent liability to MTCC from the obligation due to the put option exercisable by IFC. However, Ministry of Finance and Treasury of the Government of Maldives has indemnified such liability, if it arises.

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## Notes to the Financial Statements as at 31st December

### 18. A Movement in Provision for Bad Debts

| In Rufiyaa                                 | 31 Dec. 2002 | 31 Dec. 2001 |
|--|--------------|--------------|
| Opening as on 1st January                  | 2,513,282.52 | 1,957,661.67 |
| Add: Provision made during the year        | 1,543,023.60 | 555,620.85   |
| Less: Provision utilized during the year   | -            | -            |
| Less: Write back to profit during the year | -            | -            |
| Closing as on 31st December                | 4,056,306.12 | 2,513,282.52 |

### 19. Current Liabilities

| In Rufiyaa                                   | 31 Dec. 2002          | 31 Dec. 2001         |
|--|-----------------------|----------------------|
| Loan Instalments falling due within one year | 13,565,450.99         | 5,507,150.20         |
| Bank Overdraft                               | 36,586,144.27         | 31,111,835.46        |
| Trade Creditors                              | 26,170,658.94         | 11,977,822.41        |
| Import loans from HSBC                       | 5,467,581.32          | -                    |
| Other Creditors                              | 346,797.51            | 324,804.36           |
| Advance received from projects               | 14,303,186.22         | -                    |
| Advances Received                            | 322,478.80            | 280,241.77           |
| Franchisee Provisions                        | 45,862.75             | 45,862.75            |
| Accruals                                     | 3,045,644.07          | 934,161.18           |
| Unclaimed Dividends                          | 2,844,588.00          | 2,389,492.00         |
| Dividends Unpaid                             | 3,992,968.00          | 3,639,776.00         |
| Proposed Dividends                           | 6,250,000.00          | 6,250,000.00         |
| Provision for Bonus                          | 3,933,989.51          | 3,272,615.01         |
| <b>Total</b>                                 | <b>116,875,350.38</b> | <b>65,733,761.14</b> |

- (a) Bank Overdraft with Bank of Maldives is secured on MTCC Building and MTCC Tower. The securities for Bank Overdraft with HSBC is proposed to be assignment of rental income from MTCC Tower and mortgage of BML shares.
- (b) Dividends unpaid are those that were declared during the three years prior to the accounting year to which this report pertains and not claimed by the shareholders. Unclaimed dividend relates to periods prior to the three years aforementioned.
- (c) Current loan instalments represent the quarterly/monthly instalments due in 2003. Interest accrued for the months of November and December 2002 is included under the headings Accruals (Amount: Rf.186,382.19).

### 20. A Loans falling due after One Year

| In Rufiyaa  | Term Loan from<br>People's Bank | Term Loan from<br>Seylan Bank | Term Loan from<br>Catepillar | 31 Dec. 2002    | 31 Dec. 2001   |
|---|---------------------------------|-------------------------------|------------------------------|-----------------|----------------|
| Opening Balance   | 31,666,062.25                   | -                             | -                            | 31,666,062.25   | 34,193,569.74  |
| Availed during the year   | -                               | 25,700,000.00                 | 4,625,222.58                 | 30,325,222.58   | -              |
| Increase in loan outstanding due to Rufiyaa devaluation on 25 July 2001 | -                               | -                             | -                            | -               | 2,758,928.13   |
| Repaid during the year  | (5,507,150.20)                  | (1,439,200.00)                | (1,168,328.93)               | (8,114,679.13)  | (5,286,435.62) |
| Due falling within 1 year   | (5,507,150.20)                  | (5,756,800.00)                | (2,301,500.79)               | (13,565,450.99) | (5,507,150.20) |
| Due falling after 1 year  | 20,651,761.85                   | 18,504,000.00                 | 1,155,392.86                 | 40,311,154.71   | 26,158,912.05  |

- (a) The Rufiyaa rate was changed to Rf12.85 per USD (from Rf11.82 per USD) with effect from 25 July 2001. The balance outstanding of People's Bank Term Loan as on that date was USDollar2,678,571.00.
- (b) Term Loan from Seylan Bank was to finance the Regional Airport Project as MTCC had to provide line of credit to the client.
- (c) Term Loan from Caterpillar Finance was to finance the purchase of various Caterpillar equipment.

Report of the Auditors on page 14.

# Notes to the Financial Statements

## as at 31st December

### 20. B Details of Loans

| Loan Type/Interest Rate   | Interest Type    | Terms   | 31 Dec. 2002<br>(in US Dollars) | 31 Dec. 2001<br>(in US Dollars) |
|---|------------------|---|---------------------------------|---------------------------------|
| People's Bank Term Loan<br>(libor +0.5%)  | Fluctuating      | Repayable in<br>7 years                             | 3,000,000.00                    | 3,000,000.00                    |
| Seylan Bank Term Loan<br>(New York Prime +2.5% pa<br>or minimum 7.5% pa)        | Semi-fluctuating | Repayable in<br>5 years including<br>6 months grace | 2,000,000.00                    | -                               |
| Caterpillar Financial Services<br>Asia Pte. Ltd. term loan<br>(3.42% per annum) | Fixed            | Repayable in 24 equal<br>monthly instalments        | 1,000,000.00                    | -                               |

### 20. C Mortgage Details

The following assets are mortgaged against overdraft/LC extended by Bank of Maldives Plc.

- The entire building/immovable property owned by MTCC Plc. under the name MTCC Building.
- Mortgage of "MTCC Tower" at H. Tokyo Villa.

The following are proposed as security for overdraft/LC facility with Hongkong Shanghai Bank, Male' Branch.

- Assignment of rental income from MTCC Tower.
- Mortgage of Bank of Maldives shares held by MTCC.

The loan availed from Caterpillar Financial Services Asia Pte. Ltd., Singapore is secured against a charge on the equipment purchased.

### 21. Share Capital

| In Rufiyaa   | 31 Dec. 2002  | 31 Dec. 2001  |
|--|---------------|---------------|
| (a) <i>Authorised</i><br>250,000 ordinary shares of Rf.50.00 each            | 12,500,000.00 | 12,500,000.00 |
| (b) <i>Issued and fully paid</i><br>250,000 ordinary shares of Rf.50.00 each | 12,500,000.00 | 12,500,000.00 |

*The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meeting.*

#### (c) *Dividends Payable*

The following dividends have been formally approved for payment.

A final dividend of MRF25.00 per ordinary share (in 2001: Rf25.00) which will result in a total dividend amount of Rf6.25 million (in 2001: Rf 6.25 million).

### 22. Movement in Revenue Reserves

| In Rufiyaa                          | 31 Dec. 2002  | 31 Dec. 2001  |
|-------------------------------------|---------------|---------------|
| Opening as on 1st January           | 57,857,004.42 | 49,130,031.06 |
| Profits transferred during the year | 10,490,638.69 | 8,726,973.36  |
| Closing as on 31st December         | 68,347,643.11 | 57,857,004.42 |

### 23. Post Balance Sheet Events

No events have occurred since the Balance Sheet date which would require adjustments to, or disclosure in the Financial Statements.

### 24. Basic Earnings per Share

The calculation of Basic Earnings per Share is based on Net Profit for the period attributable to ordinary shareholders of Rf26,226,596.71 (2001: Rf21,817,433.39) and on 250,000 (2001: 250,000) ordinary shares being the number of ordinary shares outstanding.

### 25. Related Party Disclosures

Government of Maldives holds 52.52% of the issued share capital of the Company and the total contracting income of the Company comprises of government projects amounting to MRF101,532,070.24 (2001 - Rf78,109,910.65). Further, an amount of MRF57,363,141.64 (2001: Rf39,374,388.65) is receivable from and an amount of Rf2,068,023.27 (2001: Rf2,353,233.67) is payable to various government ministries as at the year end. The government projects where MTCC is the main contractor are only considered while making this assertion.

### 26. Directors' Interest in Contracts

Directors have no direct or indirect interest in any contract with the Company.

### 27. Employees

The average number of employees during 2002 was 540 (2001 - 390).

*Report of the Auditors on page 14.*



# Notes to the Financial Statements

## as at 31st December

### 28. Segment Information

For management purposes, the Company is organised into several divisions namely trade, marine, dredging and others. These divisions are the basis on which primary segment information is reported. Activities of the divisions are:

- Trade - agents for lubricants, paints, cables, diesel engines, generators and spareparts.
- Contracting - harbour dredging, reclamation, sheet-piling, runway resurfacing, airfield lighting and seawall projects.
- Marine Transportation - rendering sea transportation (including ferry) services.
- Other Operations - Rentals, Auction, Sawmill and Maintenance.

### BUSINESS SEGMENTS

#### 29. A Total Revenue

| In Rufiyaa                           | 2002                  | 2001                  |
|--------------------------------------|-----------------------|-----------------------|
| Trade                                | 87,153,832.37         | 99,652,268.16         |
| Contracting                          | 134,983,886.47        | 92,285,760.91         |
| Marine                               | 23,614,193.18         | 21,342,286.00         |
| Income from Investment in BML shares | 517,310.00            | 517,310.00            |
| Other services                       | 18,357,657.03         | 15,817,773.31         |
| <b>Total</b>                         | <b>264,626,879.05</b> | <b>229,615,398.38</b> |

#### 29. B Total Results

| In Rufiyaa                           | 2002                 | 2001                 |
|--------------------------------------|----------------------|----------------------|
| Trade                                | 12,662,051.60        | 12,820,835.22        |
| Contracting                          | 27,022,385.70        | 30,925,435.65        |
| Marine                               | 2,415,420.42         | 213,733.58           |
| Income from investment in BML shares | 517,310.00           | 517,310.00           |
| Provision for bonus                  | (3,933,989.51)       | (3,272,615.01)       |
| Other operations                     | (12,456,581.50)      | (19,387,266.05)      |
| <b>Total</b>                         | <b>26,226,596.71</b> | <b>21,817,433.39</b> |

#### 29. C Total Assets

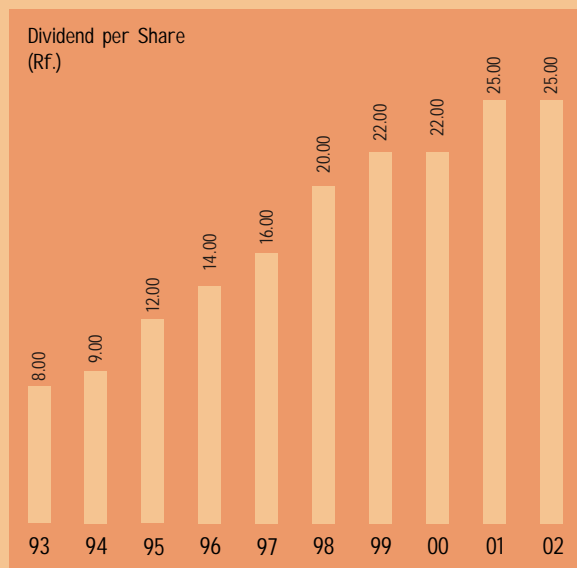
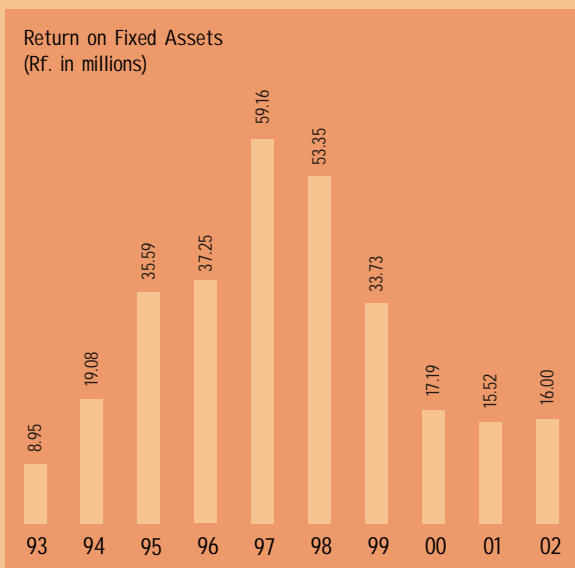
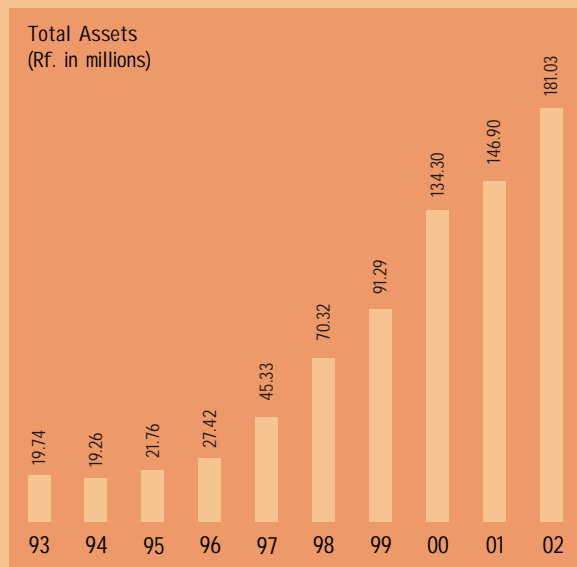
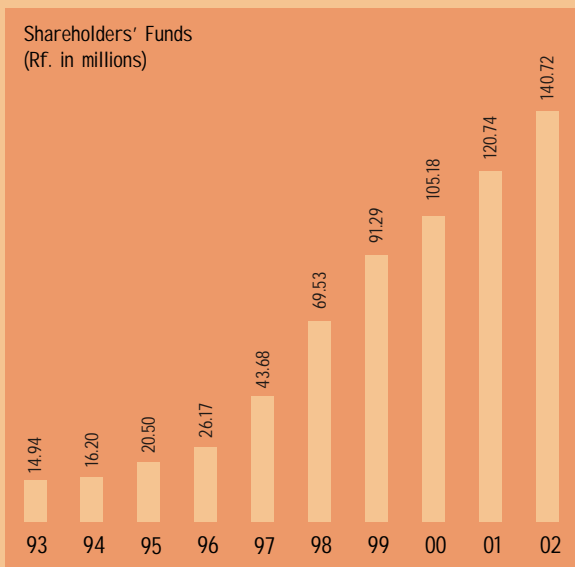
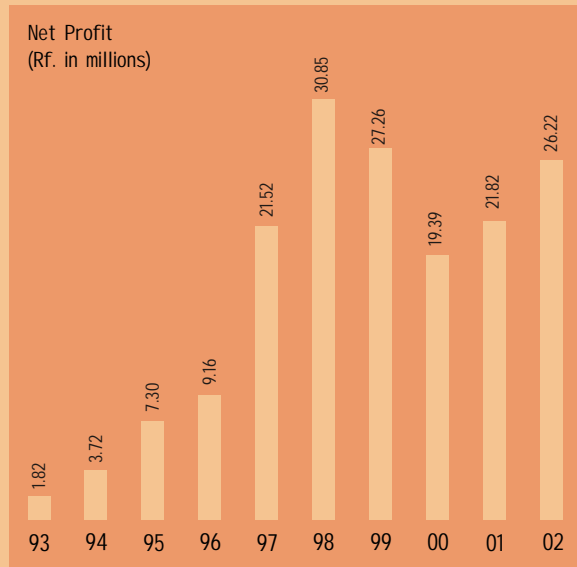
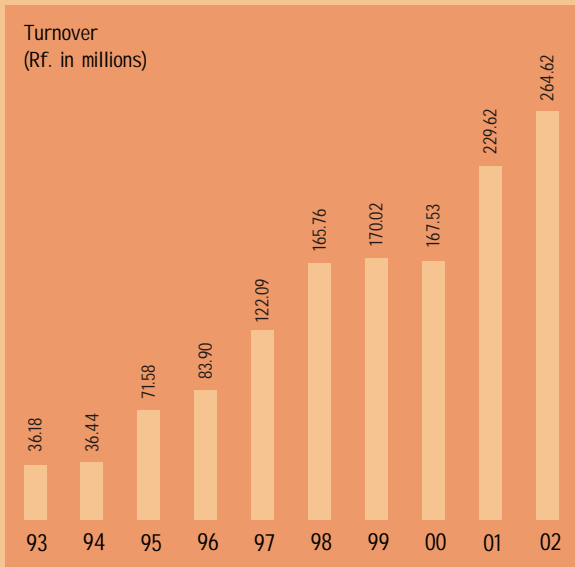
| In Rufiyaa       | 2002                  | 2001                  |
|------------------|-----------------------|-----------------------|
| Trade            | 73,640,635.08         | 52,262,869.09         |
| Contracting      | 105,855,492.15        | 62,596,845.85         |
| Marine           | 22,508,980.98         | 16,258,267.49         |
| Other operations | 95,901,813.69         | 81,518,510.86         |
| <b>Total</b>     | <b>297,906,921.90</b> | <b>212,636,493.29</b> |

#### 29. D Total Capital Expenses

| In Rufiyaa       | 2002                 | 2001                 |
|------------------|----------------------|----------------------|
| Trade            | 2,767,451.86         | 1,360,486.89         |
| Contracting      | 30,440,479.26        | 6,550,932.89         |
| Marine           | 5,598,502.75         | 1,635,198.78         |
| Other operations | 2,656,923.16         | 6,520,794.42         |
| <b>Total</b>     | <b>41,463,357.03</b> | <b>16,067,412.98</b> |

Report of the Auditors on page 14.

# Selected Financial Graphs



# Corporate Information

## Name of the company

Maldives Transport and Contracting Company Plc

## Head Office

MTCC Building, Boduthakurufaanu Magu

Male' - 20181, Maldives

## Telephone

32 6822 PABX

## Fax

(960) 32 3221

## Website

www.mtcc.com.mv

## Email

info@dhivehinet.net.mv

## Legal Status

Registered at the Ministry of Trade and Industries as a public company with limited liability under Company's Law No. 10/96.

## Registration No. and Date

No. 680 dated December 18, 1980

## Registered no. of shares and value

Rf. 50.00 x 250,000 shares

## No. of shares Issued and fully paid and value

250,000 shares valued Rf. 12,500,000

## Share Structure

|                                   | No. of shares  | Value (Rf.)       | Percentage   |
|-----------------------------------|----------------|-------------------|--------------|
| Government of Maldives of Rf50.00 | 131,289        | 6,564,450         | 52.5         |
| General Public of Rf50.00         | 100,000        | 5,000,000         | 40.0         |
| MNSL of Rf50.00                   | 18,711         | 935,550           | 7.5          |
| <b>Total</b>                      | <b>250,000</b> | <b>12,500,000</b> | <b>100.0</b> |

## Bankers

Bank of Maldives Plc  
State Bank of India, Male'

## Auditors

Ernst & Young, Maldives

## Lawyers

Shah, Hussein and Company - Barristers and Attorneys

## Corporate Departments

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### MTCC Head Office

MTCC Building, Boduthakurufaanu Magu  
Telephone: 326822 PABX, Fax: (960) 323221  
Email: info@dhivehinet.net.mv  
Web site: www.mtcc.com.mv

### Marine Transport

Filigas Magu  
Telephone: 322025, 315050 Fax: 322808  
Email: tsd@mtcc.com.mv

### Sales Centre

Filigas Magu  
Telephone: 320043, 320045 Fax: 323022  
Email: salesctr@mtcc.com.mv

### Auction Centre

MTCC Plaza, Block No. 134, Buruzu Magu  
Telephone: 322433

### Yanmar Sales and After Sales Services

Filigas Magu  
Telephone: 318080 Fax: 314050  
Email: yanmar@mtcc.com.mv

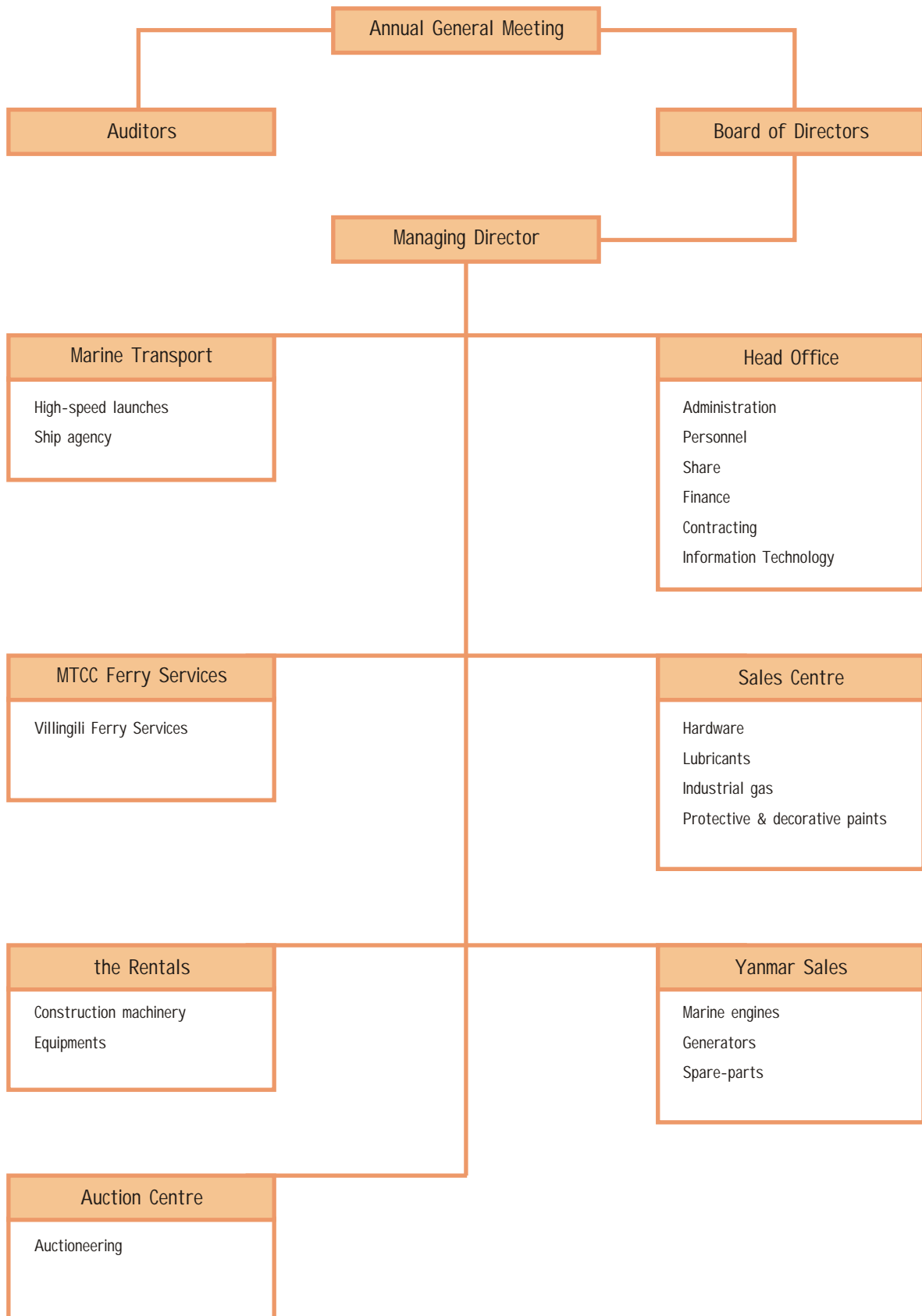
### the Rentals

MTCC Plaza, Block No. 134, Buruzu Magu  
Telephone: 317070 Fax: 322828  
Email: therentals@mtcc.com.nv

### MTCC Ferry Services

K. Villingili  
Telephone: 398595, 338585 Fax: 398686  
Email: v2way@mtcc.com.mv

# Organisational Structure



# Management

|                                |                          |
|--------------------------------|--------------------------|
| Managing Director              | Mr. Mohamed Ibrahim      |
| Director, Finance and Accounts | Mr. Abdul Muhsin Abdulla |
| Director                       | Mr. Adnan Ali            |
| Chief Accountant               | Mr. M A W Siddique       |
| Assistant Director             | Mr. Usman Hafeez         |
| Assistant Director             | Mr. Ibrahim Saleem       |
| Assistant Director             | Mr. Ahmad Nasheed Hamid  |

## Head Office

### Contracting Department

|                      |                      |
|----------------------|----------------------|
| Manager, Contracting | Mr. Moosa Aboobakuru |
| Senior Engineer      | Mr. Abdulla Naushad  |

### Share

|                |                   |
|----------------|-------------------|
| Manager, Share | Ms. Abida Rasheed |
|----------------|-------------------|

### Personnel

|                    |                      |
|--------------------|----------------------|
| Manager, Personnel | Ms. Khadeeja Hussein |
|--------------------|----------------------|

### Administration

|                         |                     |
|-------------------------|---------------------|
| Manager, Administration | Ms. Sheereen Naseem |
|-------------------------|---------------------|

### Information Technology

|                    |                 |
|--------------------|-----------------|
| Assistant Director | Mr. Ahmed Amjad |
|--------------------|-----------------|

### Finance Section

|                         |                     |
|-------------------------|---------------------|
| Accounts Executive      | Ms. Aishath Ahmed   |
| Deputy Manager, Revenue | Mr. Mohamed Hussein |

### Marine Transport

|                |               |
|----------------|---------------|
| Deputy Manager | Mr. Adam Zaki |
|----------------|---------------|

### Sales Centre

|         |                 |
|---------|-----------------|
| Manager | Mr. Ahmed Solih |
|---------|-----------------|

### the Rental and Auction Center

|                   |                  |
|-------------------|------------------|
| Assistant Manager | Mr. Ismail Fariq |
|-------------------|------------------|

### Yanmar Sales

|                         |                    |
|-------------------------|--------------------|
| Senior Service Engineer | Mr. Hassan Khaleel |
|-------------------------|--------------------|

### MTCC Ferry Services

|         |                   |
|---------|-------------------|
| Manager | Mr. Ibrahim Siraj |
|---------|-------------------|

\* as at 31 December 2002

## Annex I

### Directors' Shareholdings

| Name                              | as at<br>31 December<br>2002 | as at<br>31 December<br>2001 |
|-----------------------------------|------------------------------|------------------------------|
| 1. Hon. Umar Zahir *              | 100                          | 100                          |
| 2. Mr. Mohamed Ibrahim *          | 10                           | 10                           |
| 3. Dr. Mohamed Munawwar *         | nil                          | nil                          |
| 4. Mr. Ahmed Wajeih *             | 1                            | 1                            |
| 5. Mr. Aslam Rasheed *            | nil                          | nil                          |
| 6. Ms. Rasheeda Ali *             | nil                          | nil                          |
| 7. Ms. Fathimath Sheereen Abdulla | 1                            | 1                            |
| 8. Mr. Mohamed Ahmed              | 20                           | 20                           |
| 9. Mr. Hassan Rasheed             | 1                            | 1                            |
| 10. Mr. Abdulla Zameer            | 12                           | 12                           |

\* Nominee directors of the Government

Pursuant to Article 50 of the Articles of Association of the Company, nominee Directors of the Government are not required to hold any shares. The above shareholdings (of respective nominee Directors of the Government) are, therefore, voluntary holdings.



## Annex II

### EXPENSES

#### I. Staff Cost

| In Rufiyaa                  | 2002          | 2001          |
|-----------------------------|---------------|---------------|
| Salaries                    | 9,055,017.78  | 8,342,626.43  |
| Bonus Paid                  | 802,590.25    | 418,399.81    |
| Provision for bonus         | 3,933,989.51  | 3,272,615.01  |
| Allowance                   | 4,232,104.63  | 3,952,035.58  |
| Long term service allowance | 318,102.75    | 261,704.47    |
| Ramazan bonus               | 198,740.50    | 194,833.00    |
| Food allowance              | 3,700,570.37  | 2,965,416.35  |
| Over-time                   | 2,400,582.86  | 2,158,781.37  |
| Provident fund              | 80,749.25     | 74,113.00     |
| Medical allowance           | 460,131.78    | 390,322.65    |
| Medical expenses            | 71,194.09     | 72,125.36     |
| Visa fees                   | 979,948.84    | 602,939.48    |
| Laundry                     | 31,186.14     | 31,761.48     |
| Uniform                     | 239,163.30    | 163,089.21    |
| Staff recreation            | 47,295.13     | 32,174.50     |
| Vacation holiday pay        | 173,452.86    | 158,551.99    |
| Sub Total                   | 26,724,820.04 | 23,091,489.69 |

#### II. Fuel and Lubricating Oil

| In Rufiyaa | 2002          | 2001          |
|------------|---------------|---------------|
| Fuel       | 11,656,890.81 | 12,299,513.51 |
| Lub-oil    | 1,123,654.93  | 2,043,896.97  |
| Sub Total  | 12,780,545.74 | 14,343,410.48 |

## Annex II

### III. Repairs and Maintenance

| In Rufiyaa                  | 2002                 | 2001                 |
|-----------------------------|----------------------|----------------------|
| Janitorial/Cleaning service | 49,458.71            | 43,459.10            |
| Repair and maintenance      | 9,213,195.69         | 5,852,695.61         |
| Spare-parts                 | 3,125,507.94         | 3,753,083.32         |
| Propeller                   | 209,023.05           | 321,009.21           |
| Supplies                    | 1,847,543.41         | 1,356,202.15         |
| Dry-docking                 | 81,500.00            | 63,337.00            |
| Rubbish removal             | -                    | 74,751.00            |
| <b>Sub Total</b>            | <b>14,526,228.80</b> | <b>11,464,537.39</b> |

### IV. Transportation and Freight

| In Rufiyaa              | 2002                | 2001                |
|-------------------------|---------------------|---------------------|
| Transportation          | 1,545,343.57        | 845,542.30          |
| Freight                 | 227,283.49          | 228,104.74          |
| Launch hiring           | 604,772.56          | 84,492.00           |
| Hiring/Equipment rental | 2,909,222.50        | 226,386.58          |
| <b>Sub Total</b>        | <b>5,286,622.12</b> | <b>1,384,525.62</b> |

### V. General Expenses

| In Rufiyaa               | 2002                 | 2001                |
|--------------------------|----------------------|---------------------|
| Accounting/Legal fees    | 254,712.57           | 135,367.77          |
| Other consultation fees  | 317,307.59           | 20,564.61           |
| Directors' fees          | 38,500.00            | 11,500.00           |
| Board/Meeting expenses   | 250,327.09           | 241,472.43          |
| Entertainment/Recreation | 838,468.72           | 184,081.31          |
| Bid related expenses     | 25,109.00            | 197,524.84          |
| License/Registration     | 788,140.94           | 662,997.65          |
| Dues/Subscription        | 30,653.60            | 41,568.68           |
| Travel/air/sea           | 3,459,199.49         | 2,475,360.44        |
| Electricity              | 2,027,818.78         | 1,856,525.28        |
| Water                    | 312,868.07           | 176,974.71          |
| Insurance - general      | 1,069,180.34         | 984,636.03          |
| Bicycle repairs          | 2,911.00             | 2,160.00            |
| Stationery               | 568,734.36           | 448,381.63          |
| Postage                  | 47,469.53            | 44,914.58           |
| <b>Sub Total</b>         | <b>10,031,401.08</b> | <b>7,484,029.96</b> |

## Annex II

### VI. Communication Expenses

| In Rufiyaa              | 2002         | 2001         |
|-------------------------|--------------|--------------|
| Telephone/Telex/Fax     | 2,384,819.33 | 1,871,674.04 |
| Communication equipment | 110,544.15   | 38,355.00    |
| Sub Total               | 2,495,363.48 | 1,910,029.04 |

### VII. Manpower Development and Other Related Costs

| In Rufiyaa                   | 2002         | 2001         |
|------------------------------|--------------|--------------|
| Recruitment and repatriation | 43,204.44    | 2,570.00     |
| Training                     | 2,401,732.36 | 1,194,002.06 |
| Sub Total                    | 2,444,936.80 | 1,196,572.06 |

### VIII. Miscellaneous

| In Rufiyaa   | 2002          | 2001          |
|--|---------------|---------------|
| Provision for non-movable stock                        | 286,036.94    | 300,218.37    |
| Demurrage  | 10,305.60     | -             |
| Spoilage & obsolete stock written-off                  | 86,838.54     | -             |
| Exchange loss  | -             | -             |
| Miscellaneous  | 671,838.84    | 224,087.44    |
| Sub Total  | 1,055,019.92  | 524,305.81    |
| Total administrative & establishment expenses (I-VIII) | 75,344,937.98 | 61,398,900.05 |

## Annex III and Annex IV

### Selling and Distribution Expenses

| In Rufiyaa                                     | 2002         | 2001         |
|--|--------------|--------------|
| Advertising                                    | 919,228.81   | 832,519.72   |
| Bad debts provided/written-off during the year | 1,594,193.87 | 555,620.85   |
| Discount allowed - Trade                       | 4,333.50     | 14,700.00    |
| Sales promotion                                | 1,139,224.99 | 907,004.01   |
| Replacement and compensations                  | 400,051.81   | 308,728.70   |
| Total  | 4,057,032.98 | 2,618,573.28 |

### Annex IV

### Other Operating Costs

| In Rufiyaa                   | 2002         | 2001         |
|------------------------------|--------------|--------------|
| Bank service charges         | 923,063.22   | 616,152.74   |
| Inspection expenses          | 339,448.04   | 121,960.58   |
| Rent                         | 3,050,376.20 | 3,812,849.52 |
| Site infrastructure expenses | 1,166,788.70 | -            |
| Handling/stevedoring         | 302,210.39   | 460,928.18   |
| Battery                      | 150,421.40   | 302,651.15   |
| Customs processing charges   | 12,313.81    | 8,993.00     |
| Salvage and rescue           | -            | -            |
| Total                        | 5,944,621.76 | 5,323,535.17 |

## Annex V

### Analysis of Shareholding

| Size of Shareholdings | No. of Share holders | No. of Shares  | % of Issued Capital | % of Issued Capital |
|-----------------------|----------------------|----------------|---------------------|---------------------|
| 1                     | 12,377               | 12,377         | 54.190              | 4.95                |
| 2 - 5                 | 7,081                | 19,125         | 31.002              | 7.65                |
| 6 - 10                | 1,886                | 16,311         | 8.260               | 6.52                |
| 11 - 15               | 240                  | 3,092          | 1.050               | 1.24                |
| 16 - 20               | 664                  | 13,073         | 2.910               | 5.23                |
| 21 - 50               | 343                  | 12,797         | 1.500               | 5.11                |
| 51 - 100              | 240                  | 21,633         | 1.050               | 8.65                |
| 101 - 300             | 5                    | 1,034          | 0.020               | 0.41                |
| 301 - 20,000          | 3                    | 19,269         | 0.131               | 7.71                |
| More than 20,000      | 1                    | 131,289        | 0.004               | 52.52               |
| <b>Total</b>          | <b>22,877</b>        | <b>250,000</b> | <b>100.000</b>      | <b>100.00</b>       |

### Share Structure

| Size of Shareholdings          | No. of Share holders | No. of Shares  | % of Issued Capital | % of Issued Capital |
|--------------------------------|----------------------|----------------|---------------------|---------------------|
| 1. Public Shareholders         |                      |                |                     |                     |
| - Individuals                  | 22,740               | 98,814         | 99.570              | 39.526              |
| - Clubs and Committees         | 96                   | 1,066          | 0.418               | 0.426               |
| - Companies                    | 2                    | 120            | 0.009               | 0.048               |
| 2. Government                  |                      |                |                     |                     |
| - Min. of Finance and Treasury | 1                    | 131,289        | 0.004               | 52.516              |
| - MNSL                         | 1                    | 18,711         | 0.004               | 7.484               |
| <b>Total</b>                   | <b>22,968</b>        | <b>250,000</b> | <b>100.000</b>      | <b>100.00</b>       |

## Financial Highlights of 11 Years

| In million Rufiyaa                                | 2002   | 2001   | 2000   | 1999   | 1998   | 1997   | 1996  | 1995   | 1994  | 1993   | 1992  |
|---|--------|--------|--------|--------|--------|--------|-------|--------|-------|--------|-------|
| Revenue   | 264.62 | 229.62 | 167.53 | 170.02 | 165.76 | 122.09 | 83.90 | 71.58  | 36.44 | 36.18  | 30.53 |
| Cost of Goods Sold                                | 124.13 | 104.66 | 77.21  | 81.17  | 76.11  | 57.92  | 41.07 | 42.11  | 17.40 | 18.71  | 15.34 |
| Gross Profit                                      | 140.50 | 124.95 | 90.32  | 88.85  | 86.65  | 64.17  | 42.83 | 29.47  | 19.04 | 17.47  | 15.19 |
| Operating Expenses                                | 85.35  | 69.34  | 46.08  | 42.34  | 42.01  | 31.25  | 26.28 | 17.46  | 11.95 | 12.77  | 9.59  |
| Operating Profit before Depreciation and Interest | 55.15  | 55.61  | 44.23  | 46.51  | 47.64  | 32.93  | 16.55 | 12.01  | 7.09  | 4.70   | 5.60  |
| Interest Expenses for the year                    | 5.73   | 6.46   | 4.15   | 0.96   | 0.83   | 0.84   | 0.84  | 0.78   | 0.30  | 0.19   | 0.33  |
| Operating Profit before Depreciation              | 49.42  | 49.15  | 40.08  | 45.55  | 46.82  | 32.09  | 15.71 | 11.23  | 6.79  | 4.51   | 5.27  |
| Depreciation                                      | 23.59  | 22.54  | 20.70  | 18.29  | 15.68  | 10.57  | 6.55  | 3.93   | 3.07  | 2.69   | 3.23  |
| Operating Profit after Depreciation               | 25.83  | 26.61  | 19.39  | 27.26  | 31.13  | 21.52  | 9.16  | 7.30   | 3.72  | 1.82   | 2.04  |
| Exchange loss on devaluation                      | 0.40   | 4.68   | -      | -      | -      | -      | -     | -      | -     | -      | -     |
| Loss on Sale of Asset                             | -      | 0.12   | -      | -      | 0.28   | -      | -     | -      | -     | -      | -     |
| Net Income for the year                           | 26.22  | 21.82  | 19.39  | 27.26  | 30.85  | 21.52  | 9.16  | 7.30   | 3.72  | 1.82   | 2.04  |
| Non-current Assets                                | 157.77 | 105.09 | 113.74 | 75.28  | 51.26  | 40.49  | 26.47 | 18.88  | 16.23 | 13.08  | 15.61 |
| Current Assets                                    | 140.13 | 107.54 | 76.30  | 81.09  | 43.40  | 35.14  | 25.46 | 24.38  | 17.54 | 24.38  | 21.20 |
| Current Liabilities                               | 116.88 | 65.73  | 55.74  | 65.08  | 24.34  | 30.30  | 24.51 | 21.50  | 14.51 | 17.72  | 15.90 |
| Net Current Assets                                | 23.26  | 41.81  | 20.56  | 16.01  | 19.06  | 4.84   | 0.95  | 2.88   | 3.03  | 6.66   | 5.30  |
| Total Assets less Current Liabilities             | 181.03 | 146.90 | 134.30 | 91.29  | 70.32  | 45.33  | 27.42 | 21.76  | 19.26 | 19.74  | 20.91 |
| Shareholder's Funds                               | 140.72 | 120.74 | 105.18 | 91.29  | 70.32  | 45.33  | 27.42 | 21.76  | 19.26 | 19.74  | 20.91 |
| Total Capital Employed                            | 181.03 | 146.90 | 134.30 | 91.29  | 69.53  | 43.68  | 26.17 | 205.00 | 16.20 | 14.94  | 16.30 |
| Proposed Dividends                                | 6.25   | 6.25   | 5.50   | 5.50   | 5.00   | 4.00   | 3.50  | 3.00   | 2.25  | 2.00   | 1.75  |
| Reserves and Retained Profit                      | 19.97  | 15.57  | 13.89  | 21.76  | 25.85  | 17.52  | 5.66  | 4.30   | 1.47  | (0.18) | 0.29  |
| Dividend per Share (Rf.)                          | 25.00  | 25.00  | 22.00  | 22.00  | 20.00  | 16.00  | 14.00 | 12.00  | 9.00  | 8.00   | 7.00  |
| Profitability Ratios (%)                          |        |        |        |        |        |        |       |        |       |        |       |
| Average Return on Capital                         | 20.06  | 19.32  | 19.74  | 33.90  | 54.50  | 61.61  | 39.25 | 39.78  | 23.89 | 11.65  | 12.77 |
| Average Return on Total Assets                    | 16.00  | 15.52  | 17.19  | 33.73  | 53.35  | 59.16  | 37.25 | 35.59  | 19.08 | 8.95   | 7.84  |
| Paid-up Capital                                   | 12.50  | 12.50  | 12.50  | 12.50  | 12.50  | 12.50  | 12.50 | 12.50  | 12.50 | 12.50  | 12.50 |
| Current Ratio (times)                             | 1.20   | 1.64   | 1.37   | 1.25   | 1.78   | 1.16   | 1.04  | 1.13   | 1.21  | 1.38   | 1.33  |
| Interest Cover (times)                            | 9.62   | 8.61   | 10.66  | 48.44  | 57.40  | 39.20  | 19.70 | 15.40  | 23.63 | 24.74  | 16.97 |
| Dividend Cover (times)                            | 7.91   | 7.10   | 7.29   | 8.28   | 9.31   | 8.02   | 4.49  | 3.74   | 3.02  | 2.26   | 3.01  |

# Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Maldives Transport and Contracting Company Plc will be held at the Main Hall of Kalaafaanu School, Ameenee Magu, Male', Maldives on Wednesday, November 5<sup>th</sup>, 2003, at 9.00 p.m. for the following purposes:

## AGENDA

1. Announcement and election of Directors.
  - 1.1 To announce the Directors nominated by the Government, in place of Directors completing their term of office.
  - 1.2 To elect a Director representing public shareholders, in place of Mr. Abdulla Zameer, who completes his term of office.
2.
  - 2.1 To receive and adopt the Report of Directors and the Statement of Accounts and Balance Sheet of the Company for the year ended 31<sup>st</sup> December, 2002 with Auditors' Report thereon.
  - 2.2 To declare final dividend to shareholders.
3. To appoint Auditors and fix their remuneration for the year 2004.
4. Any other business.
5. Conclusion.



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