

**SECOND QUARTER
REPORT
APRIL TO JUNE
2020**

1. Corporate Information

Name of the Company

Maldives Tourism Development Corporation Plc

Registered Address

First Floor, G. Fathuruvehi
Buruzu Magu, Male' 20124
Republic of Maldives

Contact Details

Phone: + 960 334 7766
Fax: + 960 334 7733
Email: info@mtdc.com.mv
URL: www.mtdc.com.mv

Company Registration Number

C - 280/2006

Legal Form

Public Limited Liability Company, Incorporated in Maldives at the Ministry of Economic Development under the Company Law no. 10/96.

Stock Exchange listing

Ordinary Shares listed on the Maldives Stock Exchange.

Board of Directors (as at 30th June 2020)

Note: During the 2nd Quarter of 2020, there were no changes in the board.

Name	Position	Representation
Mr. Abdulla Faiz	Chairman	Non Executive
Mr. Thazmeel Abdul Samad	Managing Director	Executive
Mr. Ahmed Niyaz	Deputy Managing Director	Executive
Mr. Arif Abdul Samad	Director	Non Executive
Ms. Aishath Fazeena	Director	Non Executive
Mr. Mohamed Janah	Director	Non Executive
Mr. Mohamed Fathih	Director	Non Executive
Mr. Ibrahim Latheef	Director	Executive
Ms. Asamy Rushdy	Director	Non Executive

Audit & Risk Management Committee Members

Name	Position	Representation
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Mr. Mohamed Fathih	Director	Non Executive
Ms. Asamy Rushdy	Director	Non Executive

Nomination and Remuneration Committee Members

Name	Position	Representation
Mr. Arif Abdul Samad	Director	Non Executive
Mr. Mohamed Janah	Director	Non Executive
Ms. Aishath Fazeena	Director	Non Executive

Corporate Governance and Compliance Committee Members

Name	Position	Representation
Ms. Asamy Rushdy	Director	Non Executive
Mr. Mohamed Fathih	Director	Non Executive
Mr. Arif Abdul Samad	Director	Non Executive

Company Secretary

Ms. Mariyam Leena Ali

Appointed Auditors of the Company

KPMG,
H.Mialani, 2nd Floor
Male, Maldives

Details of any subsidiary, joint venture & associate companies

Company Name

ENA Hotel Holding Company Pvt. Ltd
2nd floor, H. Aage,
Bodu thakurufaanu Magu,
Male', Maldives

Ownership Nature

Joint Venture

% of MTDC Ownership

20%

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

2. About MTDC

Vision

MTDC envisions becoming the most efficient Public Limited Company in the Maldives, by leveraging its core competencies and financial strength to achieve the expectations of shareholders and stakeholders to enhance the macro and micro economic potentials of the tourism industry.

Mission

MTDC's Mission is to source diverse investments and efficiently deploy its resources to ensure that the investment yields the highest returns which will maximize the wealth of its shareholders. Today MTDC is actively engaged in the tourism industry. It is engaged in developing resort islands and aspires to turn the green islands into green resorts that would invite foreigners to relax, enjoy and create lasting memories.

The core business of MTDC is coined in its mission statement without reference to any specific industry. Rather, it embraces and empowers MTDC to pursue the development of diverse investments.

Core Purpose

The Core Purpose of MTDC is to give every Maldivian the chance to invest in things that will be rewarding. Armed with this conviction every staff of MTDC come to work every morning, and engages in dialogue with other counterparts. It is this belief that sparks debates and contests, and at the end of the day every staff wins out with a smile of reassurance that the Core Purpose of why they come to work every day will never be compromised.

Core Values

The Core Values of MTDC which are vehemently held on by all staff and executives alike, which form the foundation on which the company conducts its business, are:-

- Protecting the interest of shareholders at all times
- Being open minded and transparent
- Challenging the status-quo
- Caring, respecting and recognizing individual ability
- Being candid as a way of life

Business Principles and Strategies

- Create an above market average dividend yield for shareholders to allow them to access the direct benefit of tourism quickly.
- Ensure that dividend policy and plans are sustainable in the long term while allowing for gradual growth.
- Build the organization around principles of getting the benefits of centralized knowledge flow and the efficiencies of decentralized operations.
- Monitor the market forces effectively to grasp changes in the market beforehand to create competitive advantages.
- Strategize business and asset development to diversify the risks related to the business.
- Diversify into horizontal unrelated markets to shelter the Company from any potential disasters in the industry.

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- Diversify horizontally and vertically into related industries to attain higher efficiencies and reduce the cost of operation of core business.
- Create and sustain a knowledge based workforce with an innovation inductive environment to attain higher efficiencies.
- Challenge the norms of the industry to attain higher benefit both economically and socially.
- Always strive to attain the highest ethical standards in governance of the Company.
- Conform to the Corporate Governance Code of CMDA and listing rules and other relevant laws and regulations of Maldives.

3. Highlights of Major Business Activities

Status of Ongoing Resort Development Projects As of 30th June 2020

KIHAVAH HURAVALHI

Location: Baa Atoll

Development Mode: Sublease model

Details: 5-star deluxe

Status: Under Operation from December 2010 onwards as Anantara Kihavah Villas

MAGUDHUVAA – Ayada Maldives

Location: Gaafu Dhaalu Atoll

Development Mode: Sublease model

Available Details: 5-star

Status: Under Operation from November 2011 onwards as Ayada Maldives

NAAGOASHI

Location: Haa Dhaalu Atoll

Development Mode: Sublease model

Details: 5-star

Expected date of completion: 2017

Status: Under development, 40% complete

4. Employment Data

Number of Staff: 14 Employees

5. Board Related Details

Four board meetings were held during the 2nd Quarter of 2020 and the Board of Directors discussed and resolved strategic issues of the company related to;

- Issues related to MTDC sublease islands.
- Business and legal issues as well as issues related to MTDC properties

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6. Share Trading History

Market Highlights

- ❖ Highest Traded Price - MVR 10
- ❖ Lowest Traded Price - MVR 10
- ❖ Market Capitalization – MVR 340,873,540
- ❖ Weighted Average Traded price : MVR 10
- ❖ Price Earnings Ratio – 65.93 times
- ❖ Last traded Price : MVR 10
- ❖ Dividend yield - N/A

7. Corporate Governance Compliance

MTDC strives to adhere to the highest principles of Corporate Governance Code of the CMDA by establishing standards and systems that promotes transparency, accountability, integrity and fairness at all levels and in all spheres of its operations.

Relevant information on company business operations had been provided to shareholders on a timely basis via media.

All fees and taxes had been paid to date to relevant authorities in compliance with the Companies Act as well as other relevant regulations and acts.

The 2nd quarter report of 2020 is compiled with the relevant information to ensure that MTDC meets with the minimum quarterly reporting requirements / standards for public listed companies.



MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

INTERIM FINANCIAL STATEMENTS

QUARTER ENDED

30th JUNE 2020

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

STATEMENT OF COMPREHENSIVE INCOME

Unaudited Financial Statements

For the periods

	30-Jun-20	31-Mar-20
	US\$	US\$
Revenue	890,620	899,474
Cost of Operations	(303,080)	(307,088)
Gross Profit	587,539	592,386
Administrative Expenses	(130,049)	(229,055)
Provision for Impairment on Lease Rental Receivables	(111,330)	(111,330)
Results from Operating Activities	346,160	234,134
Finance Income	46,871	47,386
Net Finance Income / (Costs)	46,871	47,386
Profit / (Loss) Before Tax	393,032	281,521
Tax (Expense)/credit	(57,739)	(41,012)
Profit / (Loss) for the period	335,293	240,509
Basic Earnings / (Loss) Per Share	0.01	0.01

Figures in brackets indicate deductions.

Note: The above figures are subject to audit. The provisional financial statements have been prepared based on same accounting policies and methods applied for the year ended 31 December

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

STATEMENT OF FINANCIAL POSITION

Unaudited Financial Statements

For the periods

		As at	As at
ASSETS	Note	30-Jun-20	31-Mar-20
Non-Current Assets			
Property, Plant and Equipment		37,845	39,194
Investment Property		20,000,000	20,000,000
Net Investment in Sub lease		41,634,172	41,634,172
Deferred Tax Assets		2,096,306	2,096,306
Total Non-Current Assets		63,768,322	63,769,672
Current Assets			
Current portion of Net Investment in Sublease		2,074,367	1,295,077
Other Receivables		21,071	21,071
Investment in Fixed Deposit		4,113,315	4,066,444
Tax Receivables		-	22,876
Cash and Cash Equivalents		548,470	678,359
Total Current Assets		6,757,223	6,083,827
Total Assets		70,525,545	69,853,499
EQUITY AND LIABILITIES			
Equity			
Share Capital		26,183,719	26,183,719
Share Premium		607,415	607,415
Retained Earnings/ (Accumulated losses)		14,106,497	13,771,204
Total Equity		40,897,631	40,562,338

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Non-Current Liabilities			
Lease Liability		13,575,912	13,575,912
Payables to Government of Maldives		13,205,605	13,205,605
Total Non-Current Liabilities		26,781,517	26,781,517
Current Liabilities			
Trade and Other Payables		1,922,308	1,923,498
Current portion of Lease Liability		889,226	586,146
Tax Payable		34,863	-
Total Current Liabilities		2,846,398	2,509,644
Total Liabilities		29,627,915	29,291,161
Total Equity and Liabilities		70,525,545	69,853,499

Figures in brackets indicate deductions.

Note: The above figures are subject to audit. The provisional financial statements have been prepared based on same accounting policies and methods applied for the year ended 31 December 2019.

23rd July 2020

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

STATEMENT OF CHANGES IN EQUITY

Unaudited Financial Statements

For the periods

	Share Capital	Share Premium	Retained Earnings	Total
	US\$	US\$	US\$	US\$
As of 1st January, 2020	26,183,719	607,415	13,530,695	40,321,829
Total Comprehensive Income for the Period			240,509	240,509
As of 31st March, 2020	26,183,719	607,415	13,771,204	40,562,338
As of 1st April, 2020	26,183,719	607,415	13,771,204	40,562,338
Total Comprehensive Income for the Period			335,293	335,293
As of 30th June, 2020	26,183,719	607,415	14,106,497	40,897,631

Figures in brackets indicate deductions.

Note: The above figures are subject to audit. The provisional financial statements have been prepared based on same accounting policies and methods applied for the year ended 31 December 2019. 23rd July 2020

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

STATEMENT OF CASH FLOW

Unaudited Financial Statements
For the periods

	30-Jun-20	31-Mar-20
	US\$	US\$
Cash Flows from Operating Activities		
Profit / (Loss) Before Tax	393,032	281,521
Adjustments for:		
Depreciation for the period	1,350	1,391
Interest Income on Net Investment in Sub lease	(890,620)	(899,474)
Provision for Impairment of Lease Rental Receivables	111,330	111,330
Interest Income on Fixed Deposit	(46,871)	(47,386)
Interest Expense on Lease Liabilities	303,080	307,088
Changes in Working Capital		
Change in Trade and Other Receivables	-	(15,010)
Change in Trade and Other Payables	(1,190)	(11,953)
Cash Generated from/(Used in) Operating Activities	(129,890)	(272,494)
Sub Lease Rent Received	-	1,201,873
Head Lease Rent Paid	-	(494,340)
Tax Paid	-	(125,933)
Net Cash Generated from/(Used in) Operating Activities	(129,890)	309,106
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	-	(1,207)
Net Cash used in Investing Activities	-	(1,207)

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Net Decrease in Cash and Cash Equivalents	(129,890)	307,898
Cash and Cash Equivalents at the beginning of the period	678,359	370,461
Cash and Cash Equivalents at the end of the period	548,470	678,359

Figures in brackets indicate deductions.

Note: The above figures are subject to audit. The provisional financial statements have been prepared based on same accounting policies and methods applied for the year ended 31 December 2019.

23rd July 2020



Thazmeel Abdul Samad
Managing Director



Ibrahim Latheef
Chief Financial Officer

COVID 19 IMPACT ASSESSMENT

Pursuant to the Announcement (Number: (IUL) 179/1/2020/9) dated 6th May 2020, listed companies are required to publish a COVID-19 Impact Assessment Report on or before 31st July 2020.

1. Impact of COVID-19 on your financial condition and operating results. Expected impact on future operating results and near- and longer-term financial condition

MTDC's business model is Lease and 99% of our books comprise of the figures that are driven from head lease and sublease. Our gross profit margin will remain the same at 65% for the year ahead until an additional property is added to the company portfolio.

With proper cost-cutting measures, our operating profit or EBITDA is estimated to remain at 30% to 40%. The results are not fluctuating because our head lease rent and sublease rent are driven from lease agreements and it is not tied with operations of the resort.

Therefore, we can assure that the business model MTDC has developed will not have any impact due to COVID 19.

2. Impact of COVID-19 on your capital, financial resources, and your liquidity position. Impact on your ability to meet your ongoing obligations under your credit agreements. Action taken or proposed to be taken to remedy liquidity/ cash flow deficiencies.

COVID 19 has impacted our cash flows due to the deferral of sublease rents that fall due from April to September 2020 has been deferred till April 2021. With this effect, our receivables will increase and liquidity will fall below average growth per quarter in a normal situation.

The company will resume its normal lease collection from the month of October 2020 onwards and therefore the effect of lower liquidity will not have a significant impact on the operations.

Another reason why there is less impact on liquidity is due to the deferral of payable to Government of Maldives. Last 2 quarters of Head lease payments of the resorts had been deferred for 1 year as relief to tourism industry.

Impact on the company due to COVID 19 is that the cash flow will decrease for 2 quarters starting from April 2020 and then it will increase start increasing from 4th quarter of 2020 onwards.

3. Impact of COVID-19 on the assets on your balance sheet and your ability to timely account for those assets. For example, will there be significant changes in judgments in determining the fair-value of assets measured in accordance with IFRS?

In preparing the financial information, assumptions made by management in applying the Company accounting policies and sources of estimation are subject to a degree of uncertainty regarding the potential impacts of the current economic volatility and these represent Management's best assessment based on available or observable information.

As of quarter 2, no significant change to any accounting estimates or fair values due to COVID-19.

- 4. Expected material impairments (e.g., with respect to goodwill, other assets, right to use assets, investment securities), increase in credit losses, restructuring charges, other expenses, or changes in accounting judgments that have had or are reasonably likely to have a material impact on your financial statements?**

As of quarter 2, Management has not noticed any triggering event of impairment of property and equipment, right-of-use assets and Investment property

No material impairment losses were recognised in the financial statements as at 30th June 2020 due to COVID 19. However, a delayed part collection of sublease rent receivable has been accounted for as a provision for impairment.

- 5. Impact of COVID- 19 on your credit risk. What are the implications and measures taken to minimise credit risk. What challenges do you anticipate in relation to your credit risk and overall financial stability?**

The company has taken significant measures to reduce credit risk. However, the impact of COVID-19 on the country's economy and the tourism industry is uncertain. As our business is mostly depending on the foreign currency the management does not anticipate the credit risk would have an adverse impact on the company.

- 6. Have COVID-19 circumstances such as remote work arrangements, health and safety measures adversely affected your ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures? If so, what changes in your controls have occurred during the current period that materially affect or are reasonably likely to materially affect your internal control mechanisms? What challenges do you anticipate in your ability to maintain these systems and controls?**

The company has implemented measures to maintain the operations with minimal staff and remote working for employees and virtual meetings as the company is in negotiation for the development of a resort. Employees have the flexibility to attend the work on need basis including operations and financial reporting.

Adhering to the guidelines of HPA due to Covid-19, the major impact on our operations was delay in some projects such as conversion of financial reporting system and shareholder management system. To overcome these issues the required IT items and tech support was acquired and the Management made arrangements so that minimal required number of employees were physically attending office for work.

- 7. Have you experienced challenges in implementing your business continuity plans or do you foresee requiring material expenditures to do so? Do you face any material resource constraints in implementing these plans?**

There were no major challenges in implementing business continuity plans other than employee work from home resources were constrained. No major expenditure was incurred for the implementations.

However, we highlight the resources for employees to work from home constrained due to slow internet or living conditions. These are mainly inherent conditions in society.

8. Do you expect COVID-19 to materially affect the demand for your products or services?

We do not expect to have a material effect on the demand for our service as our business model is a lease where the receivables are set by an agreement.

9. Do you anticipate a material adverse impact of COVID-19 on your supply chain or the methods used to distribute your products or services? Do you expect the anticipated impact of COVID-19 to materially change the relationship between costs and revenues due to these changes?

We do not anticipate having any change on the relationship between the revenue and cost of sales as these are driven through a fixed contract with partners.

10. Will your operations be materially impacted by any constraints or other impacts on your human capital resources and productivity?

As of quarter 2, we have not anticipated any impact on human capital. As a health and safety measure, we have limited the number of staff working together at a given time. Working on shifts and different hours makes lessor productive than the normal cause of the operations.

11. Are COVID-19 related protective measures expected to have a material impact on your ability to operate and achieve your business goals?

Yes, it has very much impacted on achieving our business goals. Delay of the projects started at the beginning of the years to date is one of the significant impacts on achieving business goals.

In addition to the above, the company was in negotiation with government and prospective partners for different issues that required solutions urgently and decisions on these issues were very much delayed. This loss of time will cost the company in materializing the results within this year.