SUMMARY OF QUARTERLY REVIEW

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Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW

Quarter 2, 2018

INTRODUCTION

The main purpose of this paper is to assist PCB (Privatization and Corporatization Board) in making efficient decisions and taking appropriate actions regarding the performance improvement of State Owned Enterprises (SOEs). Also, this paper will assist stakeholders in understanding their businesses more effectively.

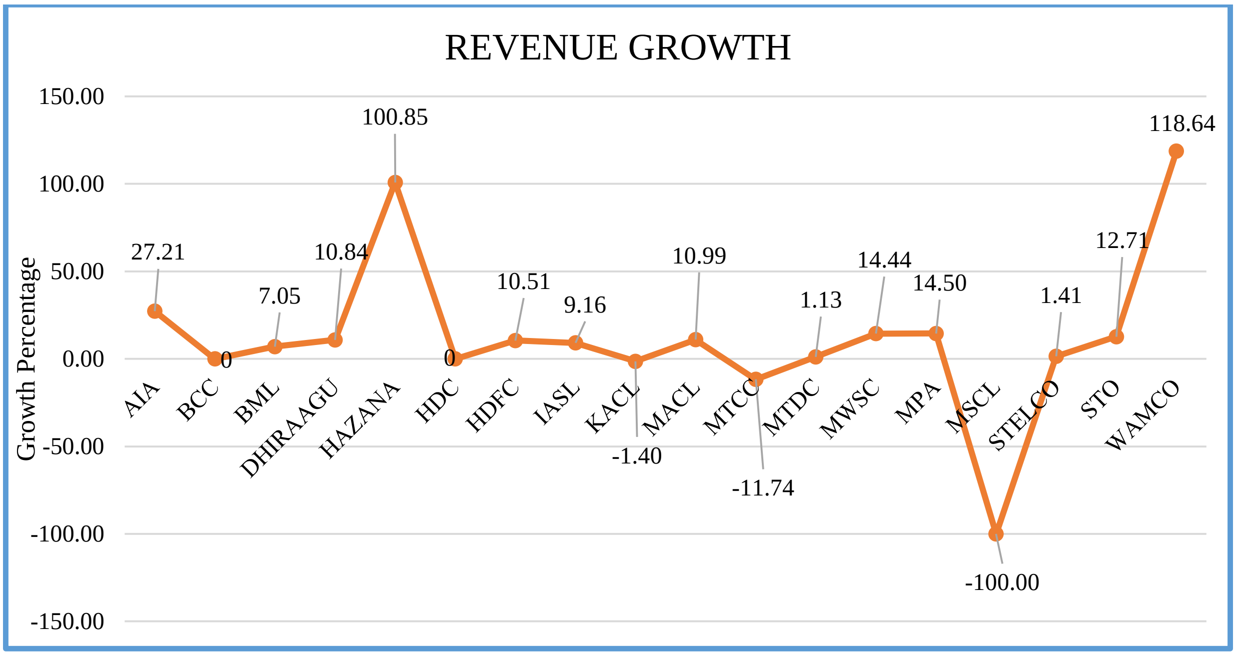
This quarterly review is a summary of the quarterly analysis prepared after analyzing the performance of the companies through the quarterly reports. For this purpose, individual analysis is prepared for each SOE separately. The analysis is done based on the comparison of quarter two of 2018 with the quarter two of 2017.

In this paper, the revenue, gross profit and the net profit are analyzed between the quarters. The liquidity position is analyzed through current and quick ratio. Additionally, fixed assets and the important investments made by the companies are highlighted.

In that context, this report consists of quarterly review of 21 different SOEs operating in the Maldivian market impacting a greater portion to the economy. Due to the limitation of the information available, we were unable to prepare the reviews of all the SOEs.

REVENUE

COMPANY NAME	Q2 2017	Q2 2018	GROWTH %
Addu International Airport (AIA)	10,183,231	12,954,247	27.21
Business Centre Corporation (BCC)			
Bank of Maldives (BML)	561,419,000	600,988,000	7.05
Dhivehi Raajjeyge Gulhun PLC (DHIRAAGU)	626,480,000	694,395,000	10.84
HAZANA	41,150	82,651	100.85
Housing Development Corporation (HDC)		140,781,595	
Housing Development Finance Corporation (HDFC)	47,882,289	52,916,143	10.51
Island Aviation Services Limited (IASL)	468,237,126	511,111,673	9.16
Kadhdhoo Airport Company Limited (KACL)	3,174,827	3,130,376	(1.40)
Maldives Airports Company Limited (MACL)	867,920,522	963,297,965	10.99
Maldives Centre for Islamic Finance Limited (MCIFL)	3,774	70,515	1768.40
Maldives Hajj Corporation Limited (HAJJ)		6,835,883	
Maldives Integrated Tourism Development Corporation (MITDC)	8	5,660	70650
Maldives Transport and Construction Company Plc. (MTCC)	341,594,041	301,498,307	(11.74)
Maldives Tourism Development Corporation (MTDC)	16,881,585	17,071,590	1.13
Male' Water and Sewerage Company Pvt Ltd (MWSC)	199,101,000	227,848,000	14.44
Maldives Ports Limited (MPA)	162,044,891	185,545,646	14.50
Maldives Sports Corporation Limited (MSCL)	139,000	0	(100)
State Electric Company Limited (STELCO)	440,233,118	446,451,224	1.41
State Trading Organization (STO)	1,965,357,265	2,215,151,304	12.71
Waste Management Corporation Limited (WAMCO)	18,537,941	40,532,168	118.64
TOTAL	**5,729,230,768**	**6,420,667,948**	**12.76**



Revenue is the key indicator of growth of a company. In Q2 2018, STO generated the highest revenue to the economy through the sale of their diversified products and services.

MTCC, KACL and MSCL reported a negative growth in revenue compared to the same quarter of the previous year.

Revenue of MTCC has reduced by 11.74% when compared to the same quarter of the previous year, mainly due to decrease in new construction projects. Revenue also decreased from Contracting, Logistics and Trading. Revenue from land reclamation has doubled in the quarter.

KACL recorded a reduction of 1.40% when compared to the same quarter of the previous year. This reduction comprised revenue from electricity charges, shop revenue and other revenue sources.

For MSCL revenue was nil in the present quarter. However, in the last quarter of the previous year, MSCL generated a profit of MVR 139,000. The revenue was from 5k team run sponsors.

WAMCO, STO, MWSC, MPA, Dhiraagu, BML, HDFC, IASL, MACL and AIA recorded a higher growth in their revenue compared to the same quarter of the previous year.

WAMCO's revenue increased by 21 million which is an improvement by 118% compared to the same quarter of the previous year. Revenue increased from commercial and household collection services.

When compared to Q2 2017 MWSC's revenue has increased by 14%, as a result of increase in water sales during this period.

MPA's revenue increased by 14.50% when compared to the same quarter of the previous year. Both operational and non-operational income has increased during this period. The highest revenue has been generated from Handling, Wharfage, Stevedoring and Hulhumale' income. Hulhumale income rose by 163.36%, Storage revenue increased by 64%, shifting revenue increased by 58%, lashing/unlashing by 21.62%, stevedoring by 7%, Wharfage by 9% and Handling by 8%. The non-operational income including rent, surcharge on late payment and interest receivable which has increased significantly.

During the second quarter, Dhiraagu reported a 10.84% increase in revenue comparing with the same quarter of 2017 which was driven by growth in mobile data, FTTH and enterprise services.

HDFC’s gross income increased by 10.51% in Q2 2018 compared to Q2 2017. Amna the Islamic wing of HDFC contributed 20% to the total revenue generated by the company in Q2 2017. In Q2 2018 the contribution of Islamic wings has increased to 25.30%.

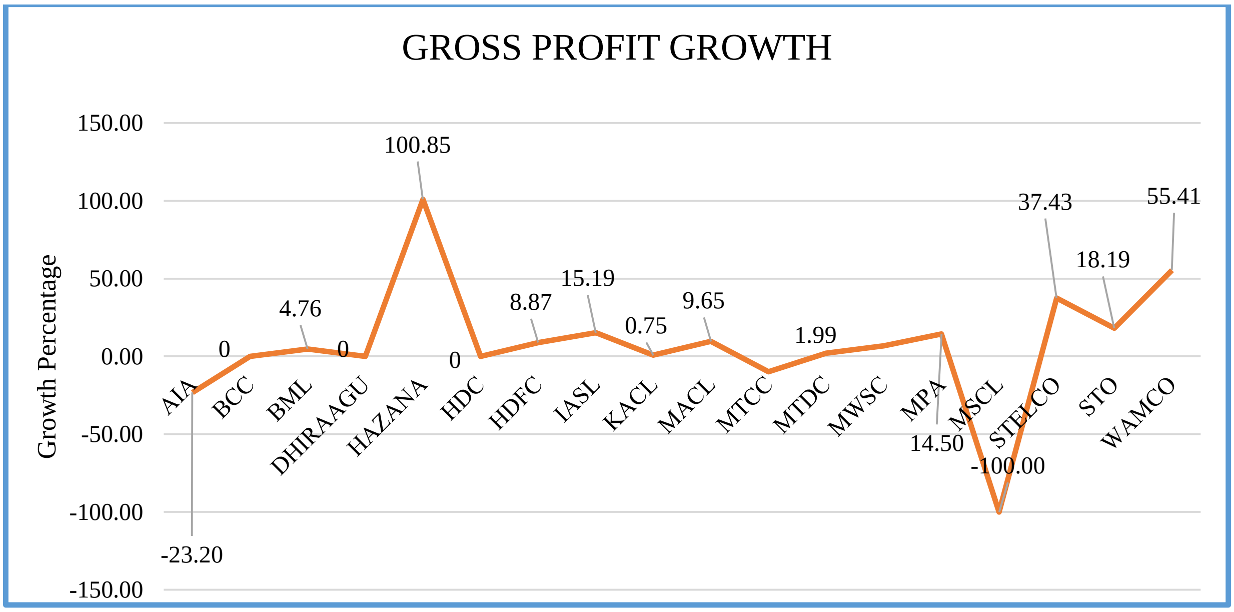
MACL’s revenue increased by 95.4 million when compared to Q2 2017. This is an increase of 11%, mainly due to increase in aero revenue and sale of jet fuel and duty free goods. Fuel sales have increased by 15% mainly due to increase in selling price as well as the quantity sold, compared to the same quarter of the previous year. Aeronautical revenue increased by 10% compared to Q2 2017 mainly due to increased flight movements. Duty free products sales have increased by 4% compared to the same quarter of the previous year which includes revenue generated from duty free product sales such as beverages, perfumes & cosmetics, liquor, souvenirs, tobacco etc.

Revenue of AIA increased by 27.21% in Q2 2018, when compared to Q1. Revenue includes jet fuel revenue, ground handling charge, landing fees, parking fee, GPU charge, cargo terminal warehouse charge and DCS income.

Reportedly, of all the SOEs, STO generated the highest revenue to the nation. Other SOEs which generated comparatively high revenue includes STELCO, MPL, MWSC, MTCC, MACL, IASL, Dhiraagu, and BML.

GROSS PROFIT

COMPANY NAME	Q2 2017	Q2 2018	GROWTH %
AIA	(8,319,493)	(6,389,221)	23.20
BCC		-	
BML	337,164,000	353,223,000	4.76
DHIRAAGU			
HAZANA	41,150	82,651	100.85
HDC		86,223,007	
HDFC	27,311,024	29,734,197	8.87
IASL	198,844,782	225,593,764	15.19
KACL	2,995,977	3,018,596	0.75
MACL	525,250,780	575,954,372	9.65
MCIF	3,774	(469,838)	(12549)
HAJJ CORPORATION		211,326	
MITDC	8	5,660	70650
MTCC	69,700,214	62,756,818	(9.96)
MTDC	9,546,615	9,736,620	1.99
MWSC	152,372,000	162,659,000	6.75
MPA	162,044,891	185,545,646	14.50
MSCL	139,000	-	(100)
STELCO	71,820,306	98,703,564	37.43
STO	249,740,165	295,163,816	18.19
WAMCO	18,537,941	28,810,335	55.41
TOTAL	**1,814,193,134**	**2,110,563,313**	**16.34**



After the direct expenses were deducted from the revenue, the SOEs generated gross profit as shown in the table above.

MCIFL, and MSCL have shown drastic reductions in their gross profits. Moreover, AIA and MTCC also has shown declined gross profits.

MCIFL made a gross loss in Q2 2018. The direct costs of Q2 2018 includes direct cost of educational programs and magazine production costs. It is important to note that the, magazine does not generate any revenue to the company. The direct costs were nil in the same quarter of the previous year.

When referring to MSCL, there is a 100% reduction in the gross profit. In Q2 2018 the company generated no revenue, hence the gross profit was nil. Thus it was a 100% reduction compared to the same quarter of the previous year.

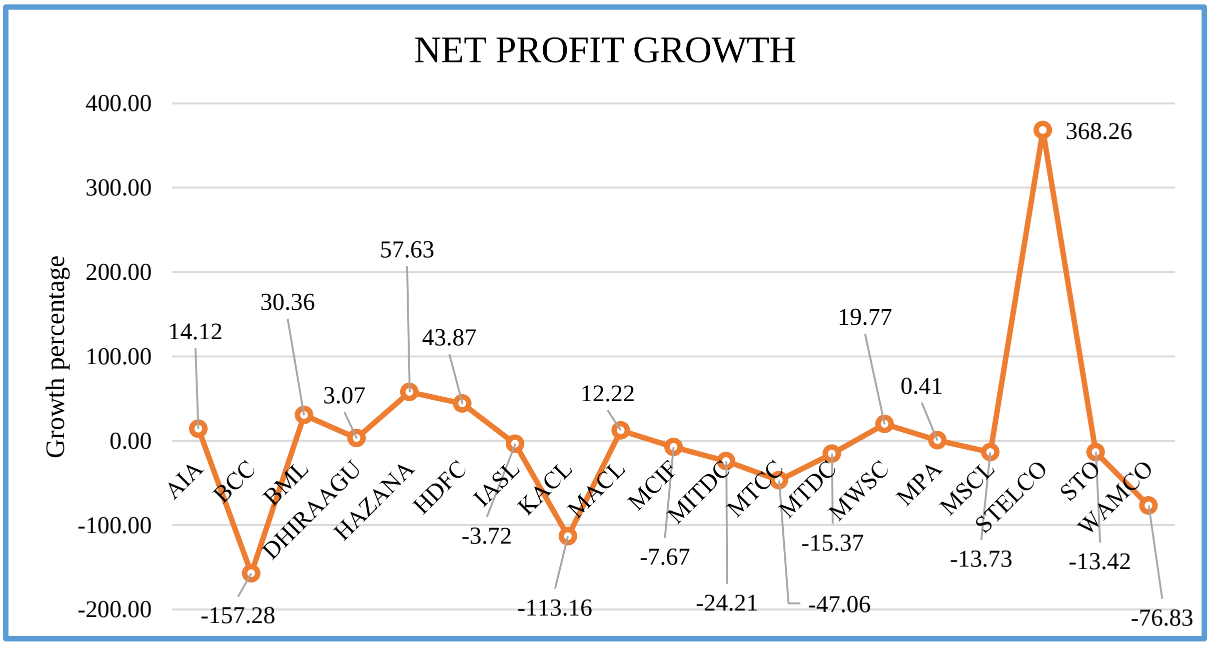
In Q2 2017 and Q2 2018 AIA had a gross loss of 8.3 million and 6.4 million respectively. The losses are due to higher cost of goods sold. However, the loss reduced by 23.2% in Q2 2018 due to higher revenue received and lower cost of goods sold in that quarter compared with Q2 2017.

Gross profit of MTCC deteriorated by 9.96% compared to Q2 2017, further cost of sales dropped as a result of falling revenue from various segments.

Hazana Maldives and MITDC had reported a higher growth in gross profits. Moreover, WAMCO, STO, STELCO, MPA, IASL, HDFC and MACL also reported a satisfactory growth in gross profits compared to Q2 2017.In addition KACL, BML, MTDC and MWSC reported a marginal growth in their gross profits mainly due to increase in revenue.

NET PROFIT

COMPANY NAME	Q2 2017	Q2 2018	GROWTH %
AIA	(15,543,587)	(13,348,270)	14.12
BCC	(70,000)	(180,096)	(157.28)
BML	183,418,000	239,108,000	30.36
DHIRAAGU	209,233,000	215,652,000	3.07
HAZANA	(1,644,872)	(696,894)	57.63
HDC		10,691,421	
HDFC	21,618,557	31,102,978	43.87
IASL	70,680,587	68,051,443	(3.72)
KACL	(5,534,021)	(11,796,568)	(113.16)
MACL	197,471,313	221,606,177	12.22
MCIF	(1,988,313)	(2,140,896)	(7.67)
HAJJ CORPORATION		581,600	
MITDC	(1,641,015)	(2,038,232)	(24.21)
MTCC	24,584,069	13,015,981	(47.06)
MTDC	6,702,380	5,672,201	(15.37)
MWSC	55,702,000	66,713,000	19.77
MPA	42,745,787	42,922,042	0.41
MSCL	(1,447,049)	(1,645,738)	(13.73)
STELCO	7,948,942	37,221,487	368.26
STO	54,604,763	47,279,292	(13.42)
WAMCO	(5,561,671)	(9,834,496)	(76.83)
TOTAL	**841,278,870**	**957,936,431**	**13.87**



A total of MVR 957.9 million is earned as net profit, which is an improvement of 14% compared to the same quarter of the previous year. BML, Dhiraagu and MACL generated the highest amount of profit. Whereas among all SOEs, AIA incurred the highest amount of loss.

STELCO had reported the highest growth in net profit compared to Q2 of previous year. STELCO's net profit improved as a result of effective cost controlling techniques combined with the increased revenue. Furthermore, BML, MACL, HDFC and MWSC also showed a growth in the net profit.

BML reported 30% growth in the net profit. Though operating expenses increased in Q2 2018, compared to the same quarter of the previous year, provision for doubtful debts fell greatly in the quarter which resulted in improvement in net profit.

HFDC's net profit growth combines increase in net interest income along with increased operating income compared to Q2 2017. Along with increasing operating profit and falling finance cost resulted a growth in net profit. Further net profit of MWSC, Dhiraagu and MPA rose as a result of increasing revenue greater than expenses.

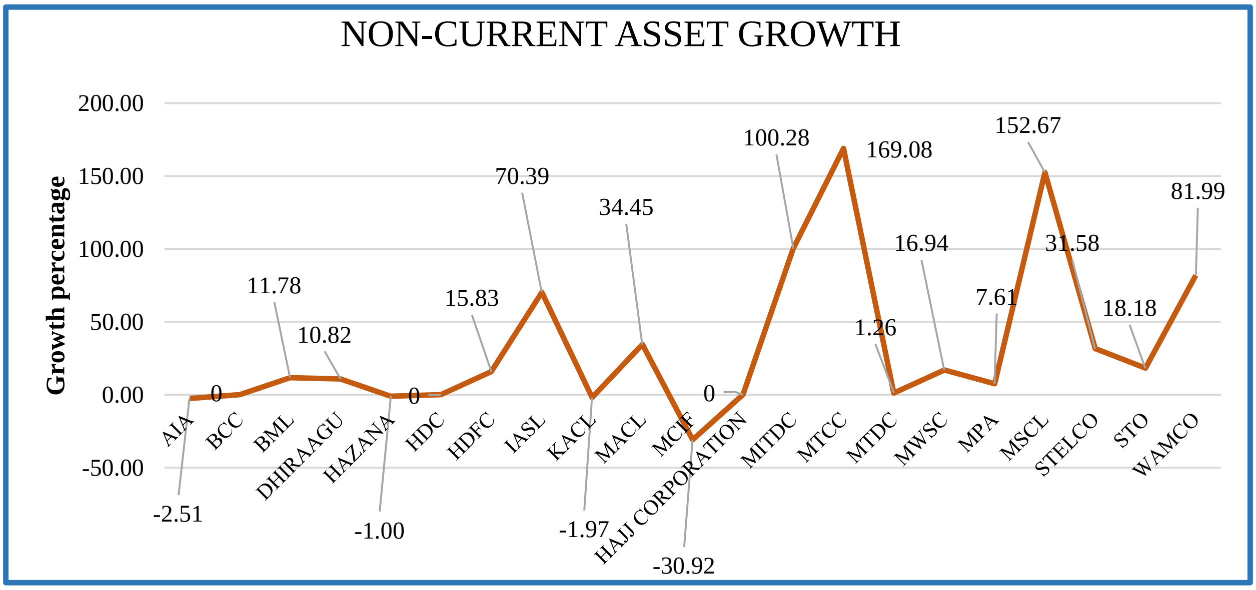
Nevertheless AIA, BCC, Hazana, KACL, MCIFL, MITDC, MSCL and WAMCO reported a net loss in the quarters. AIA faced net losses due to higher operating expenses. However, compared to Q2 2017 loss reduced as a result of lowered finance costs.

BCC had a net loss due to higher director remuneration expensed in Q2 2017. The loss increased in Q2 2018 as a result of increased expenses comprising land lease and increased board remuneration. However until today BCC did not generate any revenue. Net loss of Hazana Maldives decreased by 58% compared to the same quarter of the previous year mainly due to decreased expenditure (mainly administrative expenses) in Q2 2018. However KACL, WAMCO, MSCL, MCIFL and MITDC's net loss increased due to higher operational expenses.

NON-CURRENT ASSETS

COMPANY NAME	Q2 2017	Q2 2018	GROWTH %
AIA	603,038,162	587,889,454	(2.51)
BCC		-	
BML	16,030,228,000	17,917,823,000	11.78
DHIRAAGU	1,902,691,000	2,108,520,000	10.82
HAZANA	542,519	537,088	(1)
HDC		21,248,705,840	
HDFC	1,392,425,537	1,612,812,300	15.83
IASL	844,525,102	1,438,945,021	70.39
KACL	56,621,082	55,503,690	(1.97)
MACL	6,188,205,902	8,319,835,441	34.45
MCIF	861,021	594,774	(30.92)
HAJJ CORPORATION		92,146,721	
MITDC	28,501,943	57,084,766	100.28
MTCC	395,827,156	1,065,104,794	169.08
MTDC	370,354,383	375,030,144	1.26
MWSC	1,030,204,000	1,204,710,000	16.94
MPA	738,893,665	795,153,612	7.61
MSCL	604,588	1,527,585	152.67
STELCO	1,786,752,590	2,350,988,050	31.58
STO	2,057,972,733	2,432,025,080	18.18
WAMCO	88,535,717	161,122,375	81.99
TOTAL	**33,516,785,100**	**61,826,059,736**	**84.46**

By the end of second quarter of 2018, SOEs have a total of Non-current assets worth 61 billion which is an increase of 84.46% compared to the same quarter of the previous year.

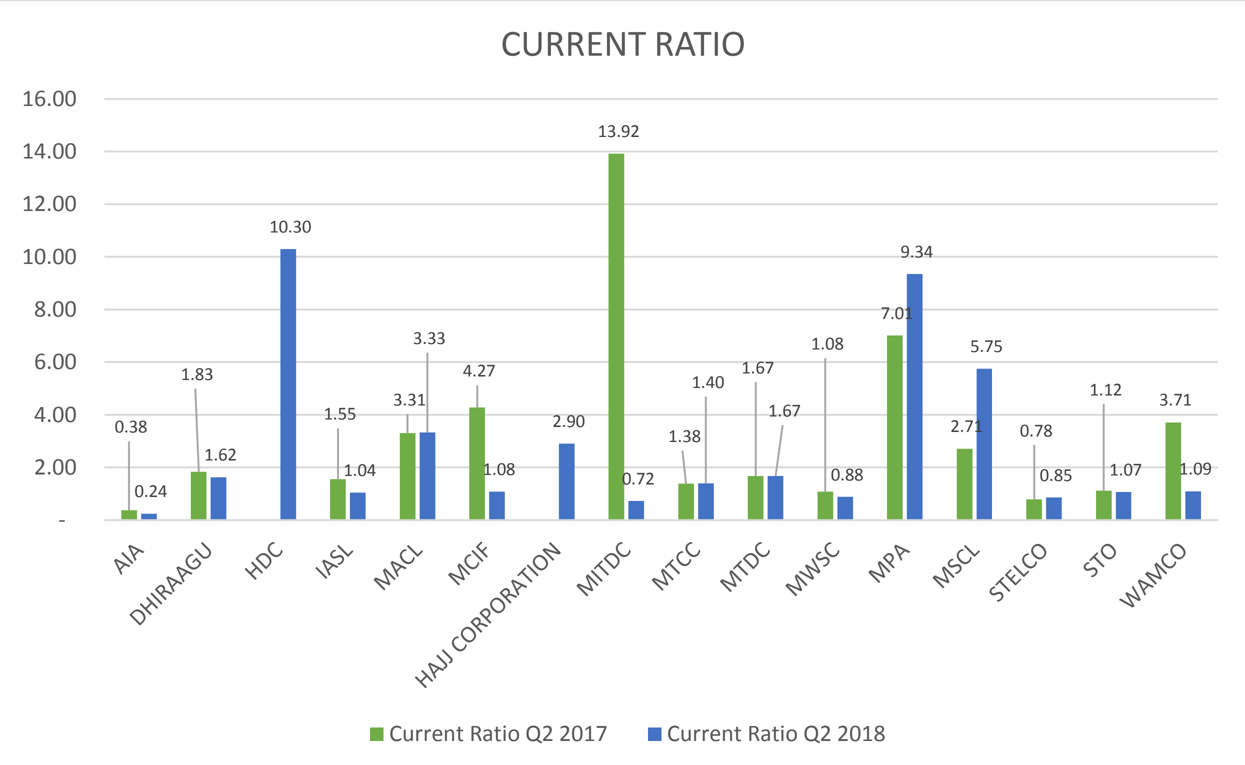


BML and HDC has the highest value of non-current assets recorded in Q2 2018. The non-current assets of BML includes loans and advances, financial investments and property, plant and equipment (PPE). BML's non-current assets contributes 29% to the total non-current assets owned by the SOEs. HDC also records a higher value of non-current assets worth 21 billion compared to other SOEs. However, the value of long-term assets in Q2 2017 is not available.

AIA, Hazana, KACL, and MCIFL recorded negative growth in the non-current assets. All other companies have recorded a growth in non-current assets compared to the same quarter of the previous year.

CURRENT RATIO

COMPANY NAME	Q2 2017	Q2 2018
AIA	0.38	0.24
DHIRAAGU	1.83	1.62
HAZANA	17.77	35.18
HDC		10.30
IASL	1.55	1.04
KACL	65.16	36.95
MACL	3.31	3.33
MCIF	4.27	1.08
HAJJ CORPORATION		2.90
MITDC	13.92	0.72
MTCC	1.38	1.40
MTDC	1.67	1.67
MWSC	1.08	0.88
MPA	7.01	9.34
MSCL	2.71	5.75
STELCO	0.78	0.85
STO	1.12	1.07
WAMCO	3.71	1.09



When looking into the current ratio, KACL had a drastic reduction in the current ratio. The current ratio was too high indicating the idle assets tied up in the business. The trade receivables were comparatively high in both quarters compared to trade payables. Current ratio of Hazana Maldives was also very high indicating too much cash sitting idle in the business which could be used for further operations.

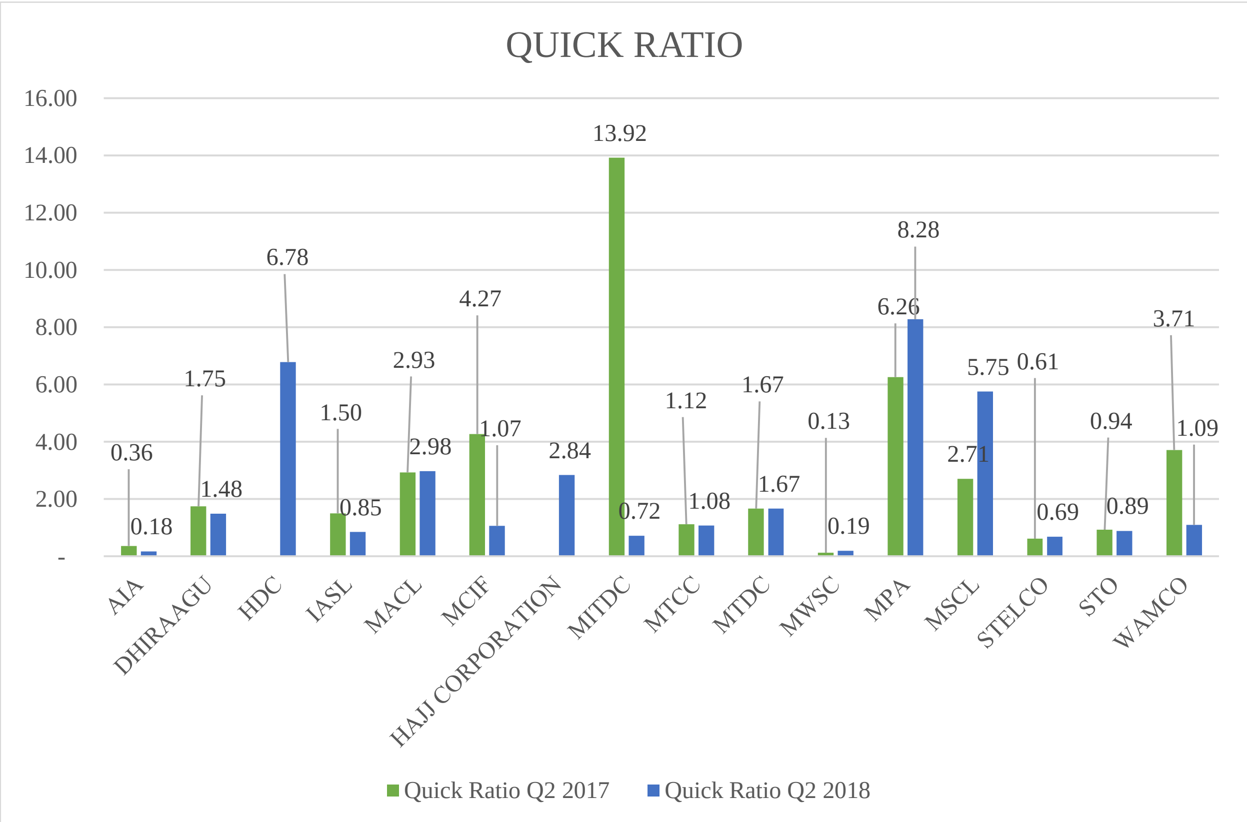
In Q2 2017 MPA's current ratio improved from 7.01 to 9.34. Current assets particularly their cash balance had improved significantly while current liabilities fell in terms of trade payables. Thus, MPA had a strong liquidity position where they can pay off the liabilities with the short term assets available. However, MPA should take appropriate measures to make use of idle resource.

AIA and STELCO had very low current ratios in both quarters where they will not be able to settle the current obligations with the assets available. Current ratios of MWSC and MITDC also fell below satisfactory level. MWSC current ratio fell from 1.08 to 0.88 in Q2 2018 as a result of decreasing current assets and on the other hand current liabilities increased during this period.

MITDC's current ratio in Q2 2017 was 13.90 due to lower payables in the quarter. However the ratio fell to 0.72 in Q2 2018, where they were not able to settle the current liabilities with the short term assets available. This was because the current liabilities increased immensely in the Q2 2018 including trade payables and accrued expenses.

QUICK RATIO

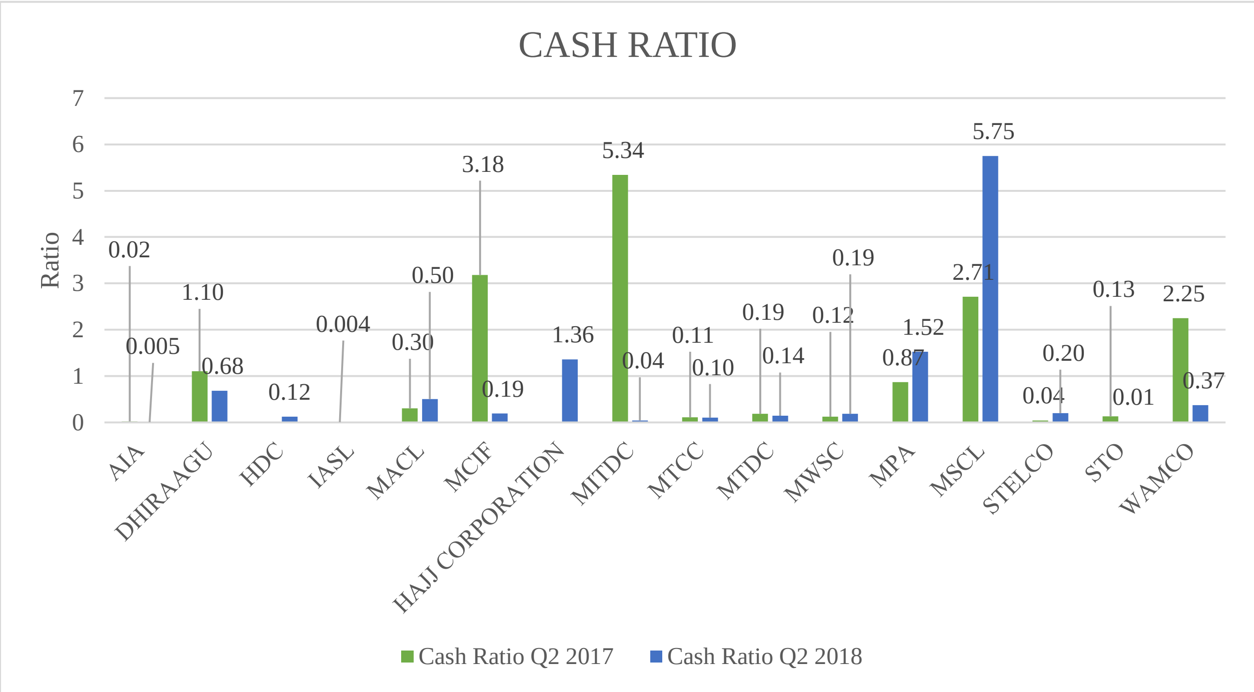
COMPANY NAME	Q2 2017	Q2 2018
AIA	0.36	0.18
DHIRAAGU	1.75	1.48
HAZANA	17.77	35.18
HDC		6.78
IASL	1.50	0.85
KACL	64.08	36.20
MACL	2.93	2.98
MCIF	4.27	1.07
HAJJ CORPORATION		2.84
MITDC	13.92	0.72
MTCC	1.12	1.08
MTDC	1.67	1.67
MWSC	0.13	0.19
MPA	6.26	8.28
MSCL	2.71	5.75
STELCO	0.61	0.69
STO	0.94	0.89
WAMCO	3.71	1.09



Quick ratios represent the current assets without inventory. Thus a remarkable difference was found on the figures of MWSC as they have very high level of inventory.

CASH RATIO

COMPANY NAME	Q2 2017	Q2 2018
AIA	0.02	0.005
DHIRAAGU	1.10	0.68
HAZANA	17.8	34.03
HDC		0.12
IASL	0.0036	
KACL	38.44	18.54
MACL	0.30	0.50
MCIF	3.18	0.19
HAJJ CORPORATION		1.36
MITDC	5.34	0.04
MTCC	0.11	0.10
MTDC	0.19	0.14
MWSC	0.12	0.19
MPA	0.87	1.52
MSCL	2.71	5.75
STELCO	0.04	0.20
STO	0.13	0.01
WAMCO	2.25	0.37



When looking into the cash ratio, KACL had too much cash tied in the business. Their cash was sufficient to settle the obligations and could be used to fund other operations. Hazana Maldives also had a higher level of cash ratio. However, it is important to note that the existing cash balance in both companies are the share capital injected by government.

Hajj Corporation, MSCL and MPA had sufficient level of cash at the end of quarter 2 2018 compared to the same quarter of the previous year. All other companies have insufficient cash balances and need to improve cash balances.

FINANCIAL LEVERAGE

COMPANY NAME	Q2 2017	Q2 2018	Q2 2017	Q2 2018
	Debt to Equity		Debt to Assets	
BML	7.27	17.29	1.8	4.36
HDC		34.12		22.77
HDFC	138.34	87.53	52.51	41.37
IASL	34.26	54.34	16.97	25.18
MACL	78.48	85.38	39.5	41.86
MTCC	31.56	69.28	13.91	32.81
MWSC	13.22	3.35	11.67	3.24
MPA	14.15	14.98	16.61	16.44
STELCO	201.26	237.76	43.31	47.99
STO	54.82	85.29	22.44	30.01

When looking into leverage, BML has a debt to equity ratio of 7.27% in Q2 2017 and which rose to 17.29% in Q2 2018. However, the existing gearing indicates that BML is less risky to invest. Debt to assets ratio of 1.80% increased slightly to 4.36% in Q2 2018.

HDC's debt to equity ratio of 17.02% in Q1 2018 increased to 34.12% in Q2 2018. This is due to significant increase in borrowings for the period of Q2 2018. The increased gearing ratio shows the level of dependence on borrowings as a source of financing.

When referring to HDFC, debt to equity ratio is 138.34 in Q2 2017 which reduced to 87.53 in Q2 2018. This ratio indicates that HDFC had been aggressive in financing its growth with debt and there is a high level of risk for investors. However, as HDFC is a company operating in financial sector, they obtain money to lend money, thus it tends to have higher debt to equity. The debt to equity reduced in Q2 2018 compared to Q2 2017 indicating lower risk for investors. The proportion of HDFC's assets financed through debts is reduced from 52.51 in Q2 2017 to 41.37 in Q2 2018. This is a favorable indication for investors as the risks associated with debt financing reduced.

IASL's debt to equity ratio of 34.26 increased to 54.34 in Q2 2018, due to increased borrowings compared to equity in Q2 2018, indicating more of the borrowings funded through equity. This gearing level is low risky for investors. Debt to assets increased from 16.97 to 25.18 due to increased borrowings.

MACL's debt to equity ratio of 78.48 increased to 85.38 in Q2 2018. This is mainly due to increased borrowings in the quarter 2, 2018. The borrowings included a loan of 3.2 billion from the Exim bank of China, borrowings totaling 373.7 million from Bank of Maldives and loan of 1.1 million from Saudi Fund. Total Equity also improved due to increase in retained earnings compared to the same quarter of the previous year. This shows that the gearing level is increasing and thus the risk associated with it. Debt to assets increased to 41.86% in Q2 2018. The borrowings and total assets also increased by 2.5 billion compared to the same quarter of the previous year.

MTCC's debt to equity is 32% in Q2 2017, which is increased to 69% in Q2 2018, due to rising borrowings. This indicates high financial risk associated with MTCC as result of higher gearing. Debt to assets ratio is 14% in Q2 2017 which increased to 33% in Q2 2018. This indicates that most of the assets are financed through equity and thus they can meet the obligations by selling off the assets if needed to.

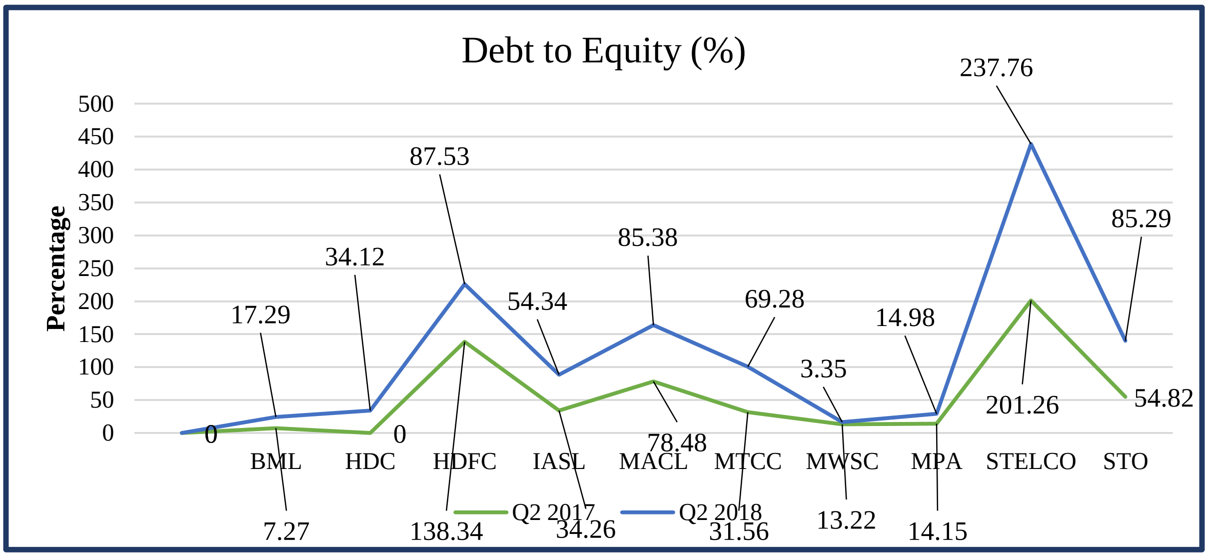
MWSC's debt to equity fell to 3%, in Q2 2018 subsequently as a result of falling borrowing. The debt to equity ratio was comparatively low in MWSC due to lower borrowings compared to the equity, thus MWSC has low financial risks. Debt to assets also decreased to 3% due to reduction in borrowing. Thus, MWSC could utilize higher level of borrowings in order to undertake enhanced projects.

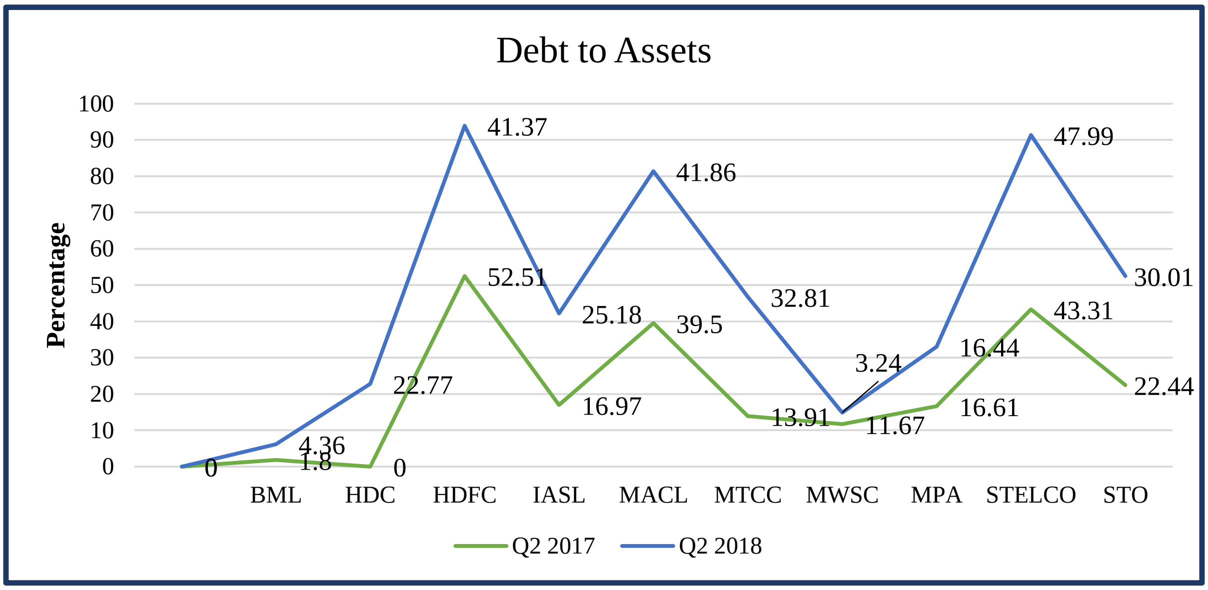
MPA's debt to equity ratio increased to 14%, thus it illustrates that the degree to which the assets financed by debts are increasing. However, the debt to equity ratio was comparatively lower indicating low risk for investors. Based on this, MPA is a low geared company bearing lower financial risks. They should finance more of the capital projects through borrowings as they have capacity to repay the loan. Debt to assets ratio marginally dropped to 16.44% when compared with the same quarter of the previous year, indicating low financial risk.

In Q2 2017 STELCO's debt to equity ratio is 201.26% which increased to 237.76% in Q2 2018, due to increasing borrowings by 41%. The additional borrowing includes loan from Exim Bank and Asian Development Bank (ADB) loan project valuing MVR 237 million and 147 million respectively. Debt to Assets also increased from 43.31% to 47.99% due to rising borrowings.

STO's debt to equity ratio is below two indicating low risk for investors. The debt to equity ratio shows a slight increment in the quarter 2 of 2018 due to increase in borrowings. However, a ratio below 2 indicates low risks which is a favorable indication to the company. Debt to assets ratio of 22.4% increased slightly to 30% in Q2 2018. This means that most of the assets of STO are financed through equity and they can meet the obligations by selling the assets if needed.

Debt to Equity





IMPORTANT PROJECTS

SOEs are directed by the government to achieve their development ends. Hence, SOEs have undertaken different developmental projects in the Q2 of 2018.

BML, being the largest banking service provider in the Maldives, have opened doors to modern new branches and self-service banking. They added a new product to their Islamic financing portfolio with the introduction of a personal financing facility for individuals looking to purchase home improvement goods.

Dhiraagu has launched Dhiraagu TV mobile app specially to broadcast World Cup matches in 4K UHD quality. In Q2, Dhiraagu also launched attractive mini data bundles for prepaid customers to provide more data when required.

During the Quarter, MACL has undertaken 3 major projects which includes;

- New Runway, Fuel Farm and Cargo terminal Project

The existing operations of VIA are based on a single runway for all landing / take-offs and taxiing, resulting in the running down of the strip and making it extremely busy. As part of MACL's mega development projects, a new code F runway is to be developed with a length of 3400 meters and 60 meters in width. MACL paid 10% of the contract value amounting to USD 43.8 million and the China Exim bank has paid 48% of the contract value, which is USD 211.1 million to BUCG as at 30th June 2018.

- New International Passenger Terminal

The existing international passenger terminal consists of 23,000 square meters. As part of MACL's mega development projects, a new international passenger terminal of approximately 78,000 square meters with the capacity of handling 7.5mn passengers is to be developed. Total amount spent for the project as at 30th June 2018 is USD 8.4 million.

- New Sea Plane Terminal

As the current seaplane terminal is located at the area where the new runway is being placed, it is required to be relocated to provide the space for new runway. MACL has taken relocation as an opportunity to build a modern terminal to accommodate the world's busiest seaplane terminal. The main construction works were awarded to BUCG. MACL has paid 15% of the contract value as advance amounting to USD 8.3 million and the total amount paid as at 30th June 2018, including land reclamation works is USD 13.4 million.

A total of 35 construction projects were managed by the MTCC, out of which five projects were successfully completed, while one new project was started during the quarter.

MTCC carried out six dredging and special projects during this quarter. Ongoing projects include; Th. Guraidhoo Land Reclamation Project, K. Madivaru Island Land Reclamation Project, Sawmill Relocation Project and Land Reclamation and Shore Protection at K.Thilafushi Project.

The expansion work of Fenna Gimatha Ferry Terminal started during the first quarter of the year and was continued throughout the second quarter. The purpose of expanding the ferry terminal is to cater to the growth in commuters in Hulhumale'.

Additionally, MTCC started using two new premium link ferries in the company's operations, to improve the efficiency of transportation and convenience of customers.

A Memorandum of Understanding (MOU) was signed by MTCC with China State Construction Pvt Ltd to improve transportation between Phase 1 and Phase 2.

During this quarter, a new voting software was developed by MTCC for the Annual General Meeting (AGM) of 2017. This software was tested and successfully implemented for shareholder voting at the AGM held on 26th April 2018.

MPA started a major project following the China-Male' friendship Bridge opening i.e. Bridge bus project valuing MVR 83 million. Apart from this, they are undertaking Maamigili port project, MCH Quay wall repair project and HML paving project.

STELCO also invested over MVR 742 million in different projects, which have been highlighted in the individual review for STELCO.

In addition to this, STO became the sole distributor of Abott pharmaceuticals in Maldives in the quarter. They also opened petrol sheds in different regions of the country.

CONCLUSION

AIA incurs gross loss, operating loss and net loss in Q2 2018. The cash and cash equivalents are not enough to set off existing obligations. Further AIA is in a weak liquidity position thus current position will not help them to meet the current obligations. The BML loan valuing $24million is secured by guarantees of the government and Kasa Holdings Pvt Ltd. At present, these guarantors are repay this loan.

BML is highly profitable when referring to the quarters Q2 2017 and Q2 2018. Gross income, interest income, earnings per share and profit for the year improved. However, when compared to the last quarter, the profit and earnings per share fell signaling BML to improve profitability quarterly. When looking into leverage, BML is low geared and less risky for the investors to invest. BML has a dividend yield of 13.8% and they have declared to pay a dividend MVR 22 per share in 2017.

Dhiraagu, Revenue, Gross profit and Net profit has increased compared to the same quarter of the previous year. However, the figures has dropped when compared to the first quarter of the current financial year. Thus, it is important to work on to improve profitability of each quarter. Liquidity position of the company is satisfactory where they are able to set off the liabilities against current assets available.

The Net loss of Hazana has declined with reduced expenditure. However, compared to the previous quarter, revenue has been declined with increased net loss as a result of increased expenditure. Hazana is at a position where they can settle the current obligations with the current assets available. Conversely, it is important to note that major ration of current assets is cash injected from shareholder. At present Hazana is not generating sufficient revenue, therefore in addition with current obligations they has to finance their operation with these resources.

HDC has shown remarkably lower revenue and profits compared to the first quarter of the same year. Revenue and Net Profit has declined immensely and net profit margin has been decreased. HDC has a high level of receivables which adds to a high current and quick ratios. However, even after excluding the receivables, HDC is in a position to pay back the short term obligations with the current assets. HDC’s gearing level has increased as they use more of the borrowings to fund their projects.

When compared to the same quarter of the previous year, the Net profit, Operating Profit and Gross income of HDFC has improved. Though gross income and operating income has improved when compared to Q1 2018, the net profit has been reduced in Q2 2018 compared to the preceding quarter. Thus, HDFC is expected to improve profit in the forthcoming quarters. When referring to leverage, the debt to equity and debt to assets reduced in Q2 2018 compared to Q2 2017 and Q1 2018.

When comparing the figures of Q2 2018 with that of Q2 2017, revenue and Gross profit of IASL was high, however, profit for the year has been declined compared to Q2 2017. When compared to Q1 2018, gross profit has been increased due to lower cost of sales. Also, Net profit has improved due to lower expenses. IASL is in a good liquidity position where they are able to set off the obligations with the current assets available. Though current ratios fell, it is due to reduced receivables and payables in the quarter compared to Q1 2018 and Q2 2017. When referring to financial leverage, the gearing level is at satisfactory level. IASL can still obtain debt finance to expand their operations.

KACL is in a weak financial position based on their profitability. Revenue deteriorated while the net loss is increasing in the quarters. The loss increased in Q2 2018 when compared with Q2 2017 and Q1 2018. When liquidity is concerned, KACL is in a position to pay off their obligations with the current assets available. Moreover, they are in a position to settle the liabilities with cash only. However, they have to work on to collect the receivables and make the maximum use of the resources and tied up assets.

When comparing the figures of the second quarter of 2018 with the second quarter of the previous year, MACL’s gross profit, operating profit and net profit has been improved. In terms of profitability, MACL performance is better in Q2 2018 than Q2 2017. However, when comparing the figures with the first quarter of the same year, the profitability has deteriorated and MACL is expected to generate a higher revenue in upcoming periods. When looking into the liquidity MACL is in a position where they are able to pay-off the short term liabilities with the short term assets available. However, MACL’s receivables are very high, indicating requirement on implementation of strategies to collect it promptly. MACL has increased borrowings signaling investors with high risk associated with them.

Net loss of MCIF increased due to higher operating expenses incurred during the quarters. Though current and quick ratios are favorable, it comprise a greater portion of receivable which need to be collected. Current liabilities are also increasing as they have high amount of payables. Cash available is composed by a greater portion of capital injection by government.

MHCL’s Revenue increased by 82% compared to the first quarter. Cost of sales also raised in the quarter leading gross profit to deteriorate by 53%. Profit also fell due to higher expenses during the period. When liquidity is concerned, Hajj Corporation is in a good liquidity position where they are able to set off the liabilities with the short term assets available. However, they have to improve their cash balance as it has a greater portion of advance received from customers which might have to be reimbursed.

MITDC is a company generating very low income only from bid income. Administrative expenses and selling and marketing expenses are increasing in each quarter. As a result company faces operational and net losses. Revenue generated is not enough to settle the expenses recognized. Current and quick ratios of MITDC are low indicating possible liquidity problems. Current assets are not sufficient to set off the current obligations. Cash balance is also too low to set off the current obligations.

When referring to the Profitability of MTCC, revenue and net profit shows declined figures when compared with the same quarter of the previous year. However, figures showed improvements when compared with the first quarter of the current year. MTCC is in a favorable position when referring to the liquidity where they are able to set off the current obligations with the current assets even after including part of the borrowings as current liability.

In Q2 2018 MITD does not record any growth in revenue figures. Further profits shows a declining figure compared to Q2 2017 and Q2 2018. Operating and net profit declined as result of higher administrative costs. When looking into liquidity, MTDC can pay off short term obligations with the current assets available. However, they have less cash compared to the payables thus existing cash balance is insufficient to meet the obligations.

MWSC's revenue increased as water sales and other income increased compared to the Q2 2017 and Q1 2018. The profit after tax declined when comparing with the figures of the previous quarter. Cash and bank balances are too low to settle the obligations. Further MWSC is in a weak liquidity position where they will not able to settle the current obligation with the current assets in case of liquidation. When looking into leverage, MWSC cannot be considered as a highly geared company as they have lower debts compared to the capital employed.

The operational and payroll costs of MPL are comparatively higher when the quarters are concerned. MPL is in a sound liquidity position where they are able to set off the liabilities with the current assets available. However, they should make use of the idle resources effectively. MPL is not highly geared when leverage is concerned, thus can finance through borrowings.

Due to lack of operational activities for revenue improvement MSCL records no improvement in revenue. Administrative expenses keep increasing which keeps resulted a higher net loss over the quarters. Liquidity ratios are high due to capital injection from government.

STELCO shows improved profitability compared to the same quarter of the previous year and compared to the last quarter of 2018. Further gross profit and net profit margins of the company also improved. STELCO is expected to generate high revenue which would yield higher profits in the future. Current and quick ratios are below 1 indicating STELCO weak liquid position. Current assets reduced mainly due to reduction in trade receivables; at the same time cash balance improved. This could mean that STELCO's receivables are being collected which is a favorable indication to the company. When referring to leverage, STELCO is undertaking more projects which are financed through debts. This indicates high risk for investors and thus STELCO is becoming highly geared.

STO shows a deterioration in its financial position comparing with the figures of Q2 2017. STO is in a weak liquidity position comparing the figures of the previous quarters. Leverage ratios are in favor of STO indicating financial risk.

WAMCO showed increased revenue in Q2 2018 compared to the same quarter of the previous year and the preceding quarter. However, the profit declined due to high administrative and marketing expenses. Moreover, WAMCO has reportedly high operational expenses such as rent and employee benefits. Further WAMCO has high level of receivables and payables. Hence WAMCO is not in a good liquidity position to meet the obligations.

RECOMMENDATION

- It is vital for the businesses to improve revenue to reach ultimate corporate vision. For a sustainable growth, it is important to implement strategies to increase revenue quarterly and annually. Higher revenue will act as an advantage for companies to qualify for loans and favorable interest rates.
- In line with revenue improvement it is important to reduce the cost and operational expenses. Cost reduction could create a competitive advantage for companies over the competitors.
- Businesses should make the best use of the available resources. When the resources are utilized efficiently, businesses can achieve cost reduction.
- Businesses should conduct feasibility tests and invest in financially feasible projects when investing new projects. A proper detail review of costs associated with the project, estimating the cash flows inflow of the project.
- Investment appraisal should be performed by using net present value and payback period.
- Most importantly all SOE has to improve their working capital. Businesses should understand their Working capital management & liquidity by routinely examining the relationship between the short term assets and liabilities. The businesses should manage their cash, inventories and accounts receivable/payable effectively.
- A proper planning and forecasting of cash flows should be prepared for annual and quarterly basis. This could assist SOEs to improve their cash position. Further proper receivable collection techniques will help to improve cash position.
- Receivables have to be collected within the preferred period without further delay. Proper credit control mechanisms and verifying the credit worthiness is important. Furthermore, if the payments are not received within the desired time, relevant authorities must be informed and actions should be taken without further delay.
- Proper utilization of all available resources is must to improve company performance. Utilizing resources such as machinery and labor in the most economical way will reduce costs and improve labor efficiency which is needed for growth.
- Higher current and quick ratios indicate the high level of assets being tied in the business which can be used to increase operations to generate high profits.
- In order to maintain appropriate inventory level proper inventory management techniques has to be implemented in all SOEs.

- At present there are several SOEs heavy depend on shareholders' funds thus they have to formulate a self-sustaining business in order to minimize depends on shareholders fund.

QUARTERLY REVIEW QUARTER 2, 2018

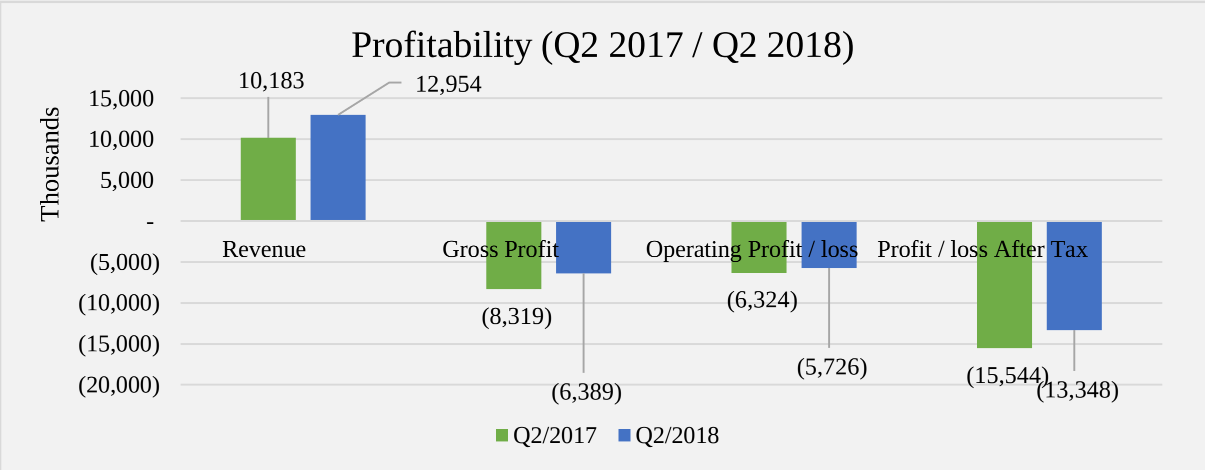
ADDU INTERNATIONAL AIRPORT PVT LTD

ADDU INTERNATIONAL AIRPORT PVT LTD

Q2 2018 PERFORMANCE ANALYSIS

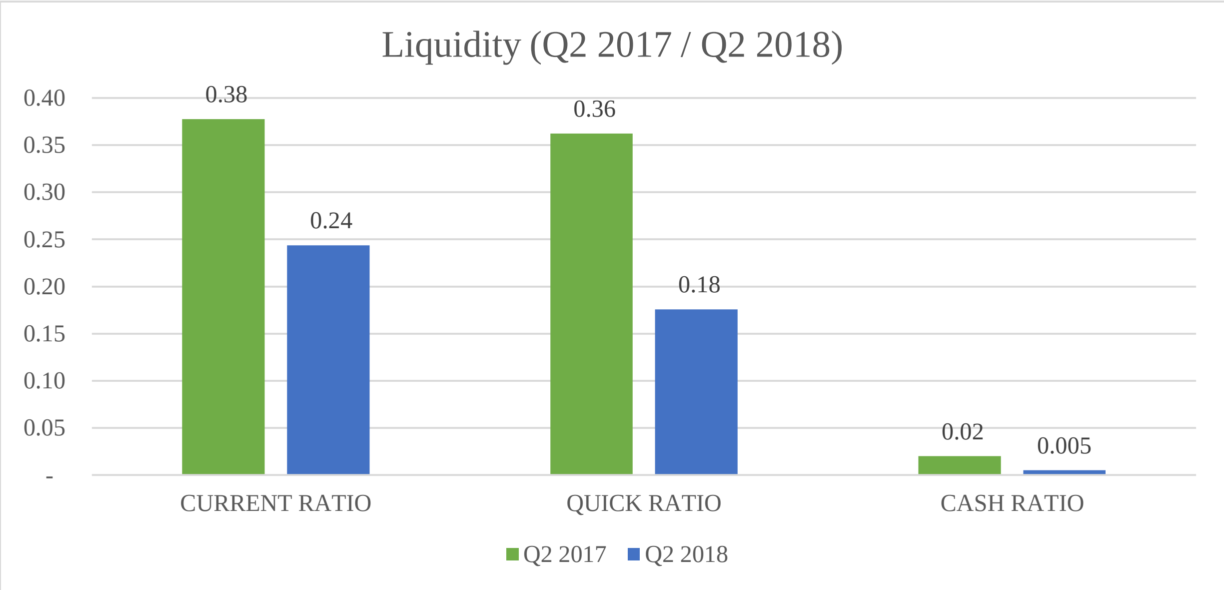
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	10,183,231	12,954,247	2,771,016	27.21
COST OF SALES	18,502,724	19,343,468	(115,816)	4.54
GROSS PROFIT	(8,319,493)	(6,389,221)	1,930,272	-23.20
OPERATING PROFIT / LOSS	(6,324,083)	(5,725,561)	598,522	-9.46
PROFIT BEFORE TAX	(15,543,587)	(13,348,270)	2,195,317	-14.12
PROFIT AFTER TAX	(15,543,587)	(13,348,270)	2,195,317	-14.12



- Revenue increased by 27.21% in the second quarter when compared to the same quarter of the previous year. Revenue consists of Jet fuel Revenue, Ground Handling charge, landing fees, parking fee, GPU charge, Cargo Terminal warehouse charge and DCS income.
- In Q2 2017 and Q2 2018 AIA had a gross loss of 8.3 million and 6.4 million respectively. The losses are due to higher operating expenses as part of cost of goods sold. However, the loss reduced by 23.2% in Q2 2018 due to higher revenue received and lower cost of goods sold in that quarter compare with Q2 2017.
- Operating loss also reduced by 9.46% due to lower administrative costs and higher operating income.
- Loss for the quarter reduced by 14.12% due to lower finance costs.

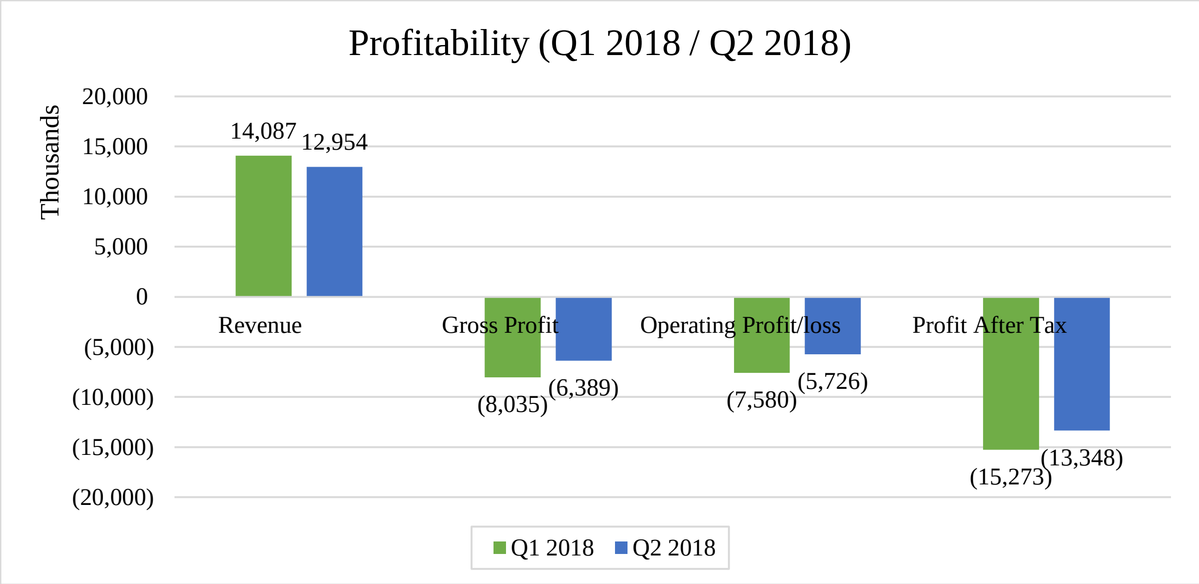
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	603,038,162	587,889,454
CURRENT RATIO	0.38 times	0.24 times
QUICK RATIO	0.36 times	0.18 times
CURRENT ASSETS	75,213,453	56,356,368
CURRENT LIABILITIES	199,218,088	231,183,453
WORKING CAPITAL	(124,004,635)	(174,827,085)
CASH RATIO	0.02 times	0.005 times
INVENTORY	3,053,334	15,743,275



- Non-current assets reduced by 15 million in Q2 2018 compared to Q2 2017 after depreciation charges has been deducted.
- Current Assets reduced by 18 million which is a reduction of 25% compared to the same quarter of the previous year. Inventories increased by 12%, however, receivables reduced by 28 million and cash were reduced by 2 million.
- Current liabilities increased by 31 million which is an increase of 16% compared to the same quarter of the previous year.
- Current ratio of 0.38 reduced to 0.24 in Q2 2018. This is indication of liquidity problems with AIA where they are not able to pay off the short term debts with the short term assets available.
- Quick ratio also reduced by a greater extent following a higher value of inventory in Q2 2018 compared to Q1 2018.
- Cash ratio of 0.02 reduced to 0.005 in Q2 2018 after a further reduction in the cash balance in Q2 2018 compared to Q2 2017. The cash balance was higher in Q2 2017 compared to Q2 2018 due to 8 million loan received and due to proceeds from issue of ordinary shares worth 11 million. The cash generated from financings activities were negative 7.4 million in Q2 2018.

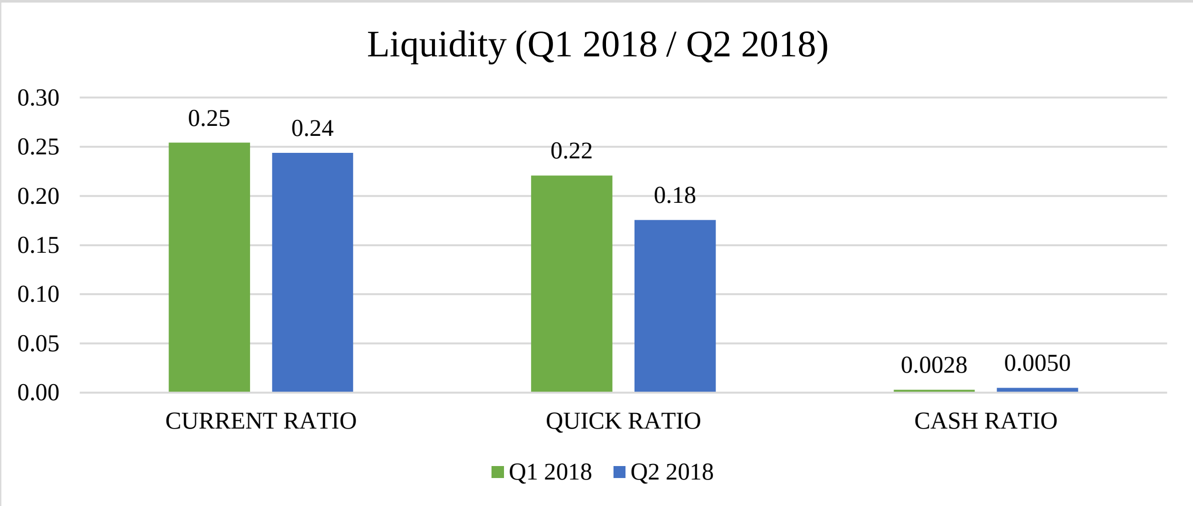
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	14,087,460	12,954,247	(1,133,213)	-8.04
COST OF SALES	22,122,129	19,343,468	(2,778,661)	-12.56
GROSS PROFIT	(8,034,669)	(6,389,221)	1,645,448	-20.48
OPERATING PROFIT/LOSS	(7,579,624)	(5,725,561)	1,854,063	-24.46
PROFIT BEFORE TAX	(15,273,430)	(13,348,270)	1,925,160	-12.60
PROFIT AFTER TAX	(15,273,430)	(13,348,270)	1,925,160	-12.60



- Revenue declined by 8.04% compared to the preceding quarter. Revenue from Ground Handling and Warehouse charges increased while jet fuel revenue, landing and parking fees, GPU charges and DCS income reduced in Q2 compared to Q1.
- Cost of sales reduced by 12.56% compared to the last quarter
- Gross loss declined by 20.48% following the reduction in the cost of sales including reduction in operating expense by 5%, when comparing with Q1 2018.
- Operating loss also reduced by 24.46% as a result of declining the administrative expenses by 31% in Q2 compared to Q1 2018. The administrative expenses reduced mainly from insurance expenses, Bank charges and travelling expenses.
- Loss for the period declined by 12.6% following reduced administrative expenses and reduction in finance costs.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	592,294,421	587,889,454
CURRENT RATIO	0.25	0.24
QUICK RATIO	0.22	0.18
CURRENT ASSETS	53,979,691	56,356,368
CURRENT LIABILITIES	212,453,843	231,183,453
WORKING CAPITAL	-158,474,152	-174,827,085
CASH RATIO	0.0028	0.0050
INVENTORY	7,056,994	15,743,275



- Non-current assets reduced by 4.4 million which is a reduction of 1% compared to the first quarter of 2018.
- Current assets increased by 4% in Q2 compared to Q1 2018. Inventories increased by 123% comprised mainly Jet fuel. Cash and cash equivalents also increased by 93% whereas there is a decreased receivables by 15% compared to Q1 2018.
- Current liabilities increased by 9% including increase of trade payables by 7% and accrued payment increase by 395%. Moreover, in Q2 2018 there existed a shareholder loan of 5 million.
- The working capital is negative following higher current liabilities than the current assets.
- The cash ratio is too low indicating liquidity problems associated with AIA. Cash ratio of 0.0028 improved marginally to 0.0050 in Q2 2018 compared to Q1 2018 due to increased cash and cash equivalents. However, the cash available is too low to settle the current obligations.
- Inventory increased by 123%. Spares and other inventories remained same through the quarters while inventory of Jet Fuel increased.
- Current ratio reduced slightly to 0.24 from 0.25 in Q1 2018 due to increase in current liabilities greater than the increase in current assets in the quarter two 2018. Current and quick ratios are too low in AIA indicating the company's inability to set off the current obligations with the available current assets.

Important Projects undertaken in the quarter

There were no on-going major projects by AIA in second quarter of 2018.

Conclusion

Though revenue increased compared to Q2 2017, revenue has a decreasing trend comparing the quarters of the current year. Moreover, AIA faces gross loss, operating loss and net loss in the quarters.

AIA is in a weak liquidity position where they are unable to set off the current obligations with respect to the current assets available. Their cash and cash equivalents are also too low to set off the obligations. The BML loan valuing $24million is secured by guarantees of the government and Kasa Holdings Pvt Ltd. At present, the shareholders repay the loan taken by AIA.

Recommendation

- Implement strategies for revenue improvement;
  Revenue should be improved each quarter for sustainable development of the company. The revenue generated from Jet fuel is the greatest source of revenue for AIA and this revenue could be improved by increasing the number of jets flying into the airport. Through this, other revenue including landing fees, parking, ground handling charges etc. can be improved.
- Implement ways to improve cash flow;
  This includes proper forecasting of cash flows. Receivable collection also improves cash flow as such, AIA should improve their receivable collection mechanisms to improve cash flows into the company.

QUARTERLY REVIEW QUARTER 2, 2018

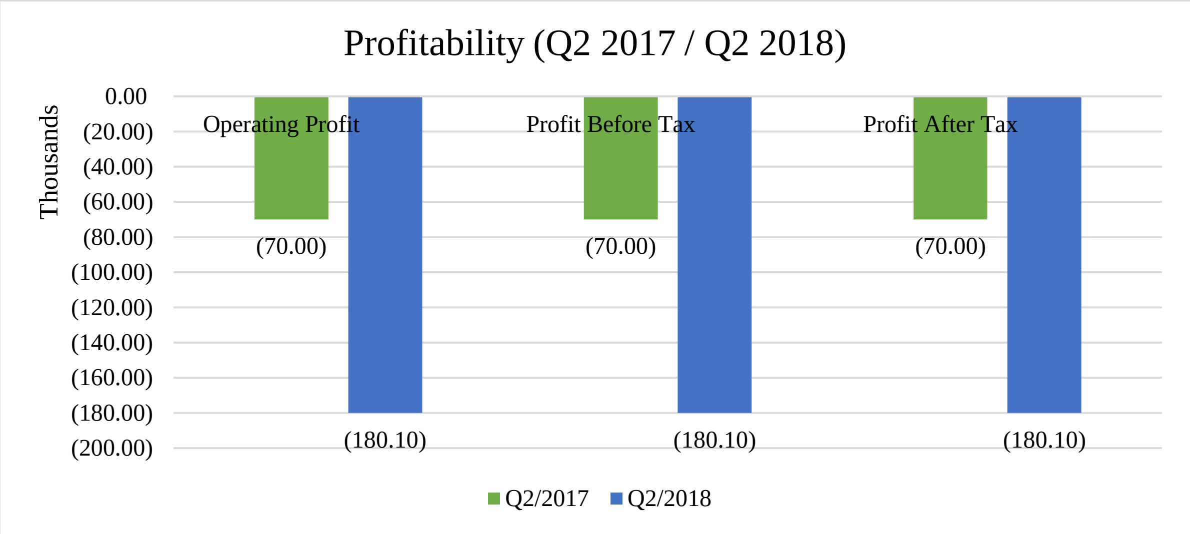
BUSINESS CENTER CORPORATION LTD

BUSINESS CENTER CORPORATION LTD

Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

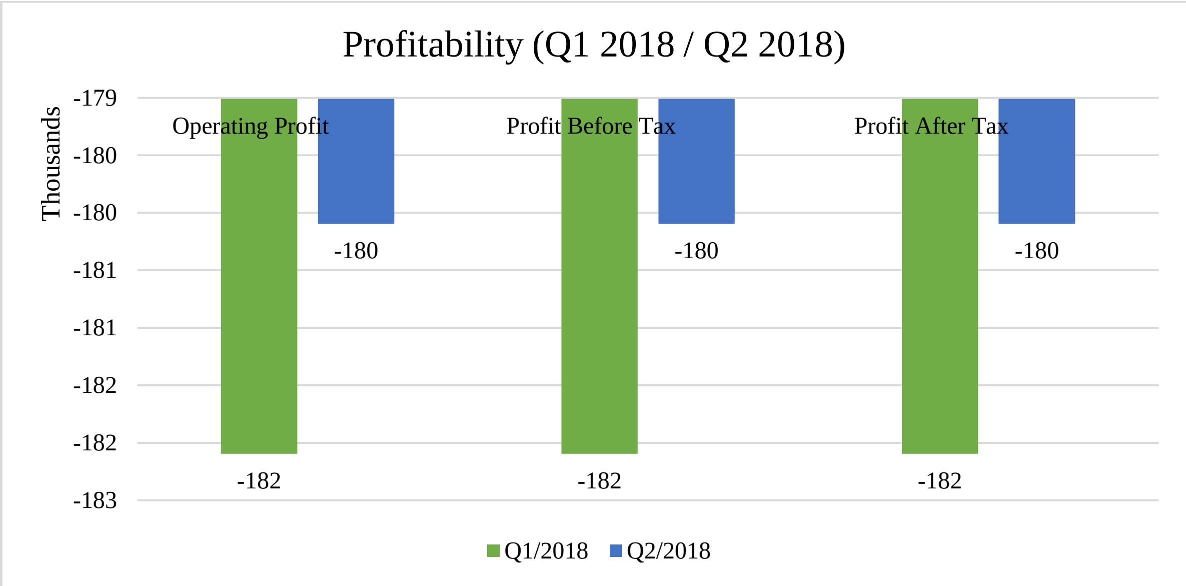
PROFITABILITY	Q2/2017	Q2/2018	Change	%
OPERATING PROFIT	(70,000.00)	(180,096.00)	(110,096.00)	157.28
PROFIT BEFORE TAX	(70,000.00)	(180,096.00)	(110,096.00)	157.28
PROFIT AFTER TAX	(70,000.00)	(180,096.00)	(110,096.00)	157.28



- Operating loss of 70,000 in Q2 2017 increased to a loss of 180,096 in Q2 2018. The loss in Q2 2017 is due to board remuneration expensed in the quarter. However in Q2 2018 the expenses increased comprising land lease and increased director remuneration. There were no finance income or costs incurred and hence Operating loss is equal to the loss of the quarter.
- Trade and other payables were the unpaid remuneration costing 70,000 in Q2 2017. However, the outstanding increased to 490,000 in Q2 2018 due to unpaid total of 105,000 as remuneration in each quarter after Q2 2017 till Q2 2018. The other payables in Q2 2018 include unpaid annual fee accounted in Q1 and land lease.

Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
OPERATING PROFIT	-182,096	-180,096	2,000	-1.10
PROFIT BEFORE TAX	-182,096	-180,096	2,000	-1.10
PROFIT AFTER TAX	-182,096	-180,096	2,000	-1.10



- There was no revenue and cost of Sales in the Quarter Q1 2018 and Q2 2018.
- Operating loss includes administrative cost of MVR 182,096 and MVR 180,096 for Q1 2018 and Q2 2018 respectively. In the first quarter, administrative costs were higher than the quarter 2 due to the payment of annual fee of 2,000 for the year. Other administrative costs include director remuneration and land lease.
- There were no finance income or costs incurred during the period. Hence, the operating loss equaled the loss incurred for the year which is administrative expenditure.
- Earnings per share were negative 0.36 for both quarters.
- There were no receivables in the quarter one and two of 2018. The director's remuneration outstanding of 380,000 in Q1 increased to 490,000 in Q2 2018. Land lease outstanding also increased.

Important Projects undertaken in the quarter

Currently there are no on-going projects by Business Centre Corporation Limited. However, they have planned SME Park project in Hulhumale' valuing MVR30 million which is to expected to be started on October 2018. Upon completion of the project, the premises are expected to generate revenue through rental, commission and fees.

Conclusion

BCC oversees the management of business development centers established by Minister of Economic Development.

The administrative expenses mainly being the director's remuneration were expensed during the period with no further income received. However, with the start of the projects undertaken by BCC, they are expected to generate profits in the future with the increased operations.

Recommendation

- Have Proper business plans:
  Planning is the most vital part of any business start-up. In order to run the business smoothly as a startup, BCC needs to have proper planning and a visionary picture of where to take the business in time. Proper planning is essential to run the operations smoothly.

QUARTERLY REVIEW QUARTER 2, 2018

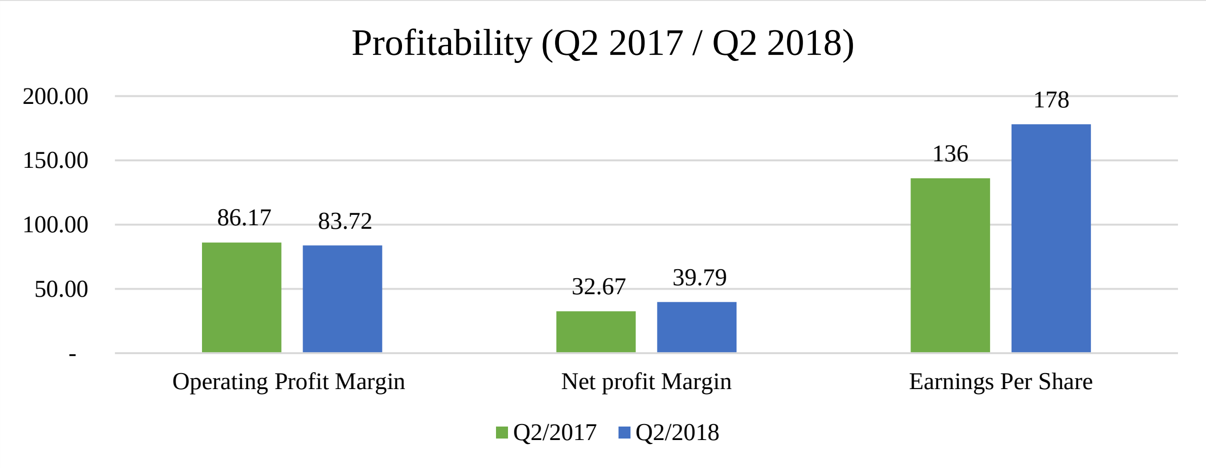
BANK OF MALDIVES PLC

BANK OF MALDIVES PLC
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

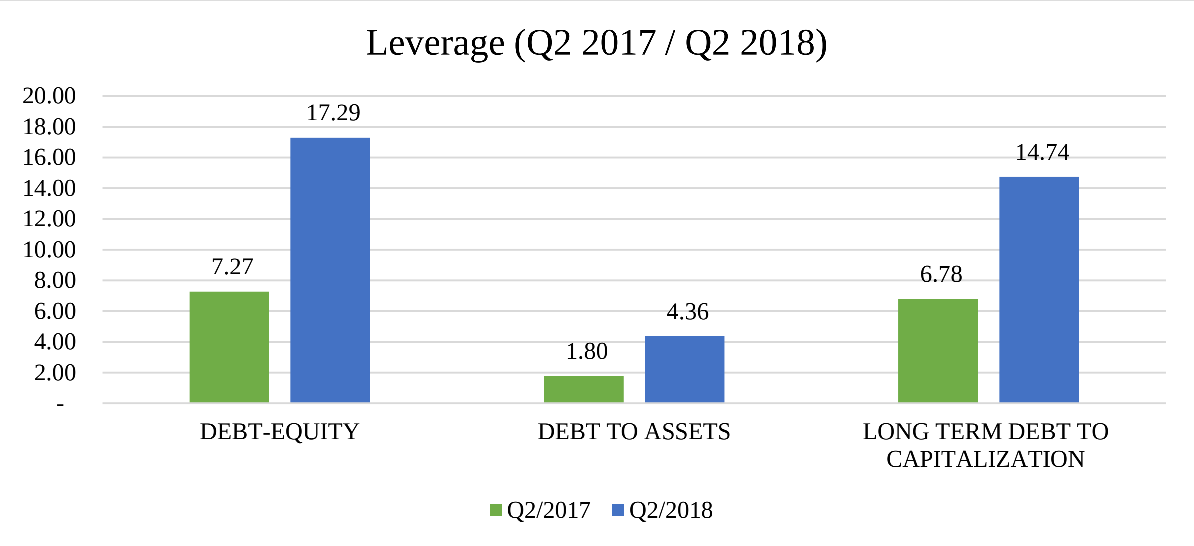
PROFITABILITY	Q2/2017	Q2/2018	Change	%
GROSS INCOME	561,419,000	600,988,000	39,569,000	7.05
NET INTEREST INCOME	337,164,000	353,223,000	16,059,000	4.76
TOTAL OPERATING INCOME	483,794,000	503,168,000	19,374,000	4.00
PROFIT BEFORE TAX	246,066,000	331,187,000	85,121,000	34.59
PROFIT AFTER TAX	183,418,000	239,108,000	55,690,000	30.36

	Q2/2017	Q2/2018
OPERATING PROFIT MARGIN	86.17	83.72
NET PROFIT MARGIN	32.67	39.79
EARNINGS PER SHARE	136	178



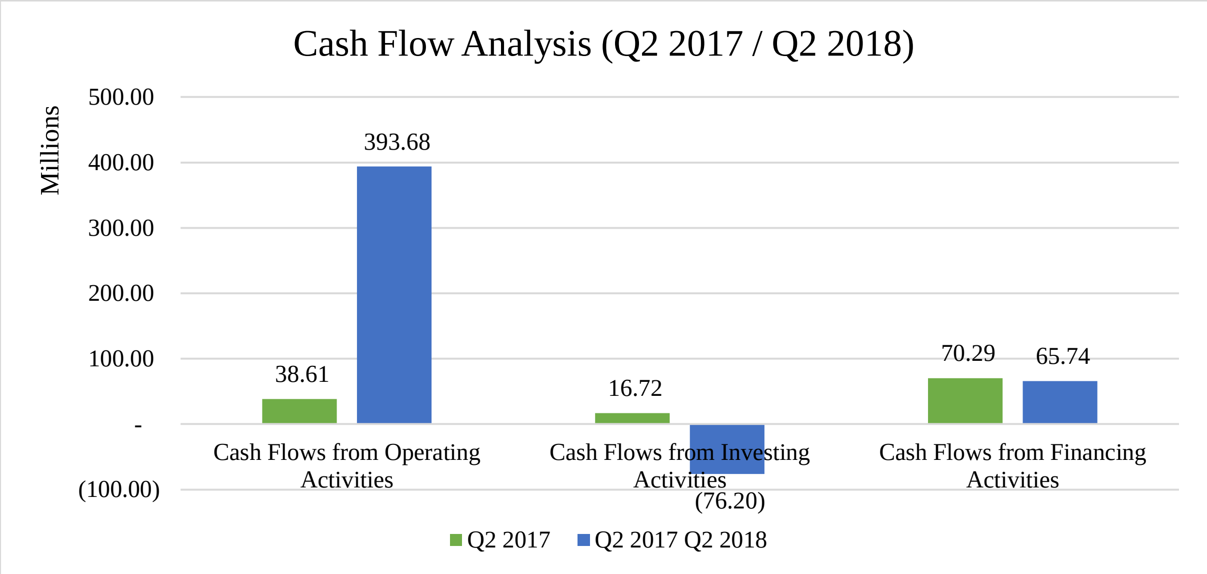
- Gross income increased by 7.05% compared to the quarter Q2 2017.
- Net interest income rose by 4.76% when compared to the same quarter of the previous year. Net interest income is the net of interest income and interest expense and it is the primary source of income for the bank by issuing loans. The extent to which interest income rose was higher than the interest expense when compared to Q2 2017 giving a positive increase in net interest income.
- Operating income also increased by 4% when compared to the Q2 of 2017. Operating income consists of net fee and commission income and other operating income. Though other operating income fell in the quarter compared to Q2 2017, Net operating income rose as a result of higher fee and commission income in the quarter.
- Net profit rose to MVR 239.1 million which is an increase of 30.36% compared to the quarter Q2 2017. Though operating expenses increased in Q2 2018, compared to the same quarter of the previous year, provision for doubtful debts fell greatly in the quarter which resulted an improvement in net profit.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	7.27	17.29
DEBT TO ASSETS	1.80	4.36
CAPITALIZATION RATIO	6.78	14.74



- When looking into leverage, BML has a debt to equity ratio of 7.27% in Q2 2017 which has increased to 17.29% in Q2 2018. This increase is as a result of increased borrowings in Q2 2018.
- Debt to Assets ratio of 1.80% increased slightly to 4.36% in Q2 2018. This improvement is as a result of the increase in borrowings higher than the increase in assets in the quarter Q2 2018, than the same quarter of the previous year.
- Long terms debts to capitalization ratio is 6.78% in Q2 2017 and 14.74% in Q2 2018. This indicates increasing debts compared to capital and indicates that BML is financing more of its operations through borrowings. However, the ratios are low indicating BML is low geared and signals less risk to investors.

CASH FLOW ANALYSIS	Q2 2017	Q2 2018
CASH FLOWS FROM OPERATING ACTIVITIES	38,606,000	393,676,000
CASH FLOWS FROM INVESTING ACTIVITIES	16,716,000	(76,200,000)
CASH FLOWS FROM FINANCING ACTIVITIES	70,287,000	65,736,000

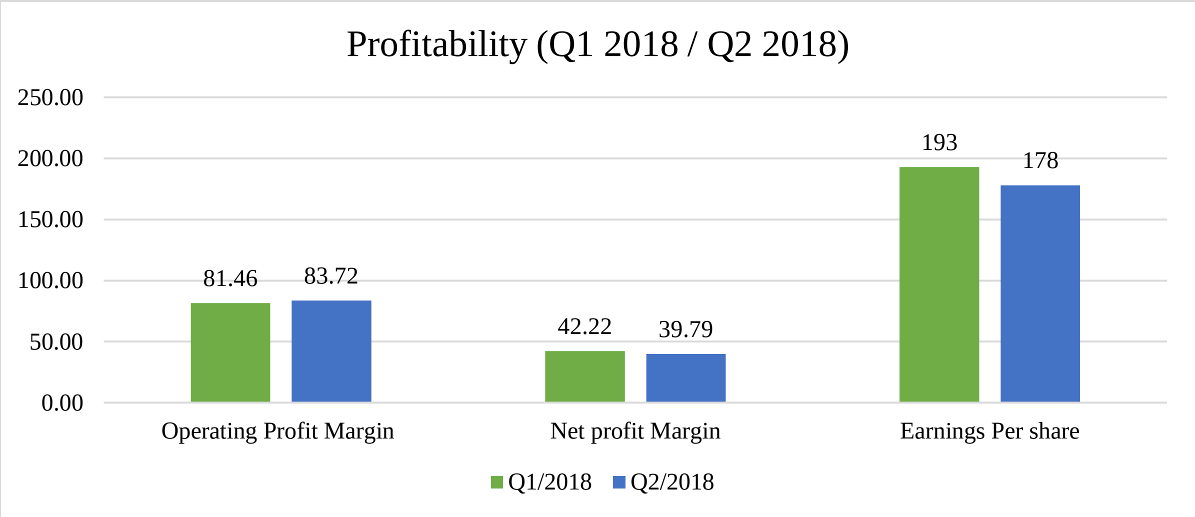


- When cash flows are concerned, BML has increased cash flow from operating activities in Q2 2018 when compared to the same quarter of the previous year. This indicates that BML is capable enough to generate a reasonable amount of cash from their operational activities.
- Cash flow from investing activities showed over MVR16.7 million in Q2 2017 and it showed an out flow of MVR76.2 million in Q2 2018. This is due to huge investments undertaken by BML commencing from the 4^{th} quarter of the financial year 2017.
- Cash flows from financing activities reduced by 4.5 million compared to Q2 2017. The positive cash flow indicates the money received from the third parties.

Q1 of 2018 AND Q2 of 2018

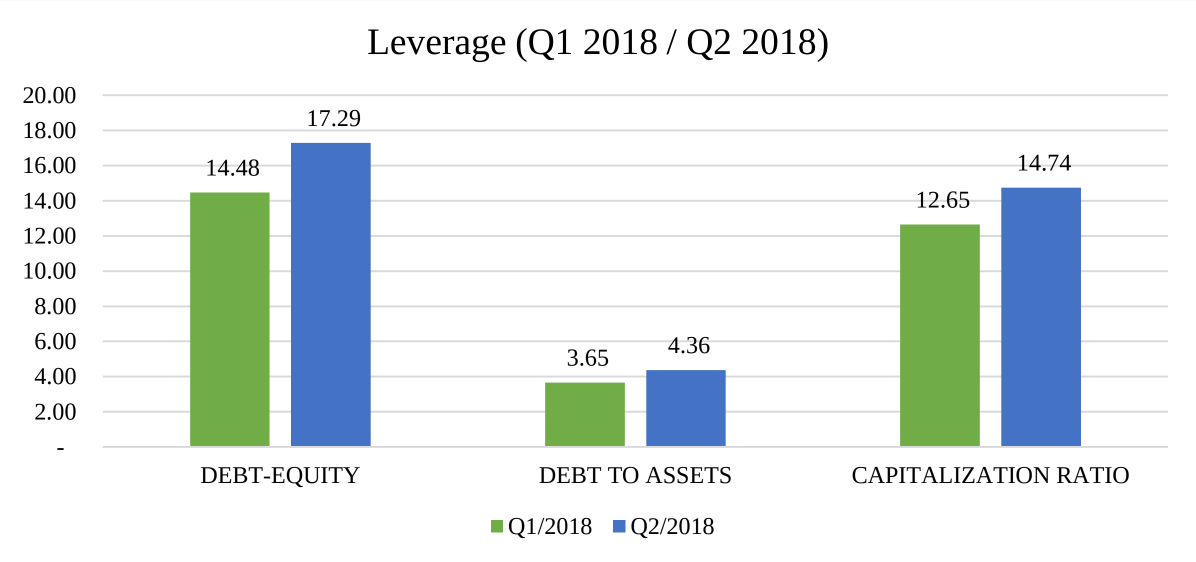
PROFITABILITY	Q1/2018	Q2/2018	Change	%
GROSS INCOME	615,734,000	600,988,000	(14,746,000)	(2.39)
NET INTEREST INCOME	340,703,000	353,223,000	12,520,000	3.67
TOTAL OPERATING INCOME	501,548,000	503,168,000	1,620,000	0.32
PROFIT BEFORE TAX	356,166,000	331,187,000	(24,979,000)	(7.01)
PROFIT AFTER TAX	259,960,000	239,108,000	(20,852,000)	(8.02)

	Q1/2018	Q2/2018
OPERATING PROFIT MARGIN	81.46	83.72
NET PROFIT MARGIN	42.22	39.79
EARNINGS PER SHARE	193	178



- Gross income reduced by 2.39% in Q2 2018 compared to the quarter one 2018.
- Net interest income rose by 3.67% as a result of increase in interest income greater than increase in interest expense.
- Operating income increased slightly by 0.32% as a result of reduction in fee and commission expense greater than fee and commission expense. However, other operating income fell and other operating expense rose in the quarter 2, 2018 comparing with Q1 of 2018.
- Net profit has declined significantly by 8.02% when compared to the previous quarter. A huge value of provision for bad and doubtful debts and rising operating expenses contributed to the deterioration.
- Earnings per share reduced from MVR 193 to MVR 178 per share.

LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	14.48	17.29
DEBT TO ASSETS	3.65	4.36
CAPITALIZATION RATIO	12.65	14.74



- When looking into leverage, Debt to Equity shows 14.48% in Q1 2018 which rose to 17.29% in Q2 2018. This is due to increased borrowings in the current quarter. Borrowings increased by MVR 184 million in Q2 2018.
- Debt to Assets ratio is 3.65 and 4.36 in the quarters Q1 2018 and Q2 2018 respectively. While borrowings increased, total assets also increased by 464.6 million in Q2 2018. This shows that most of the assets are financed through equity and BML is able to set off the obligations with the assets if needed to. Though debt to assets ratio increased slightly, BML is not highly geared.
- Capitalization ratio increased slightly to 14.74 from 12.65 in Q2 2018 and in Q1 2018 respectively. Though ratio increased, BML has low debts compared to capital between the quarters.

Number of Employees

BML employed 950 employees with one-third in the atolls and 99% are Maldivians.

Important Projects undertaken in the quarter

As part of the financial inclusion strategy, in April BML opened the doors to a modern new branch premises and Self-Service Banking Centre in Eydhafushi, Baa Atoll. The new facilities will support local individuals and businesses to make deposits, payments and transfers on a 24/7 basis.

BML added a new product to their Islamic banking product portfolio in May with the introduction of a Personal Financing facility for individuals looking to purchase consumer or home improvement goods up to MVR 100,000 in value. Applications for this facility will be processed within 7 days and customers can conveniently pay for their goods in monthly instalments.

The table shows major developments over the quarters.

	Q2 2017	Q1 2018	Q2 2018
Customers	280,000	260,000	260,000
Branches	34	34	34
ATMs	86	95	95
Cash Agents	200	277	277
POS Merchants	4,000	5,000	5,000
Self Service Banking Centers	28	35	35
Dhoni Banking Trips	2,000	2,000	2000
Loans	11 billion	12 billion	13 billion
Customer Deposits	14 billion	15 billion	15 billion
Government loan schemes	1 billion	1 billion	1 billion
Jobs	950	950	950

Conclusion

BML is highly profitable when referring to the quarters Q2 2017 and Q2 2018. Gross income, interest income, earnings per share and profit for the year improved. However, when compared to the last quarter, the profit and earnings per share fell signaling BML to improve profitability quarterly.

When looking into leverage, BML is not highly geared and less risky for the investors to invest. BML has a dividend yield of 13.8% and they have declared to pay a dividend MVR 22 per share in 2017.

Recommendation

- BML can implement strategies to cut down costs on certain areas like operating expenses, administrative expenses, software & Hardware maintenance expenses etc.
- BML should implement strategies to reduce the provision for doubtful debts and control credit. BML can assess the present control mechanisms and take proper measures to excel the mechanisms. Also, they can implement strategies to assess the customer's credit worthiness and set appropriate credit limits.

  They can also make clear terms and conditions and make customers more aware of them.
- BML also should empower the receivable collection mechanisms to collect the payments immediately after they are due. BML also can formulate strategies for debtors who continue to make delayed payments.

QUARTERLY REVIEW QUARTER 2, 2018

DHIVEHI RAAJJEYGE GULHUN (DHIRAAGU) PLC

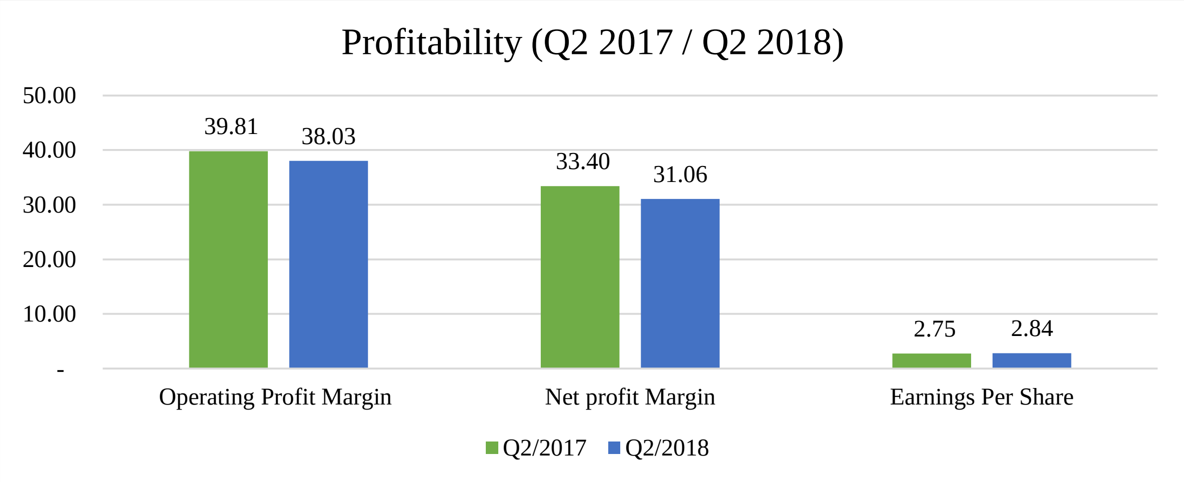
DHIVEHI RAAJJEYGE GULHUN (DHIRAAGU) PLC

Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

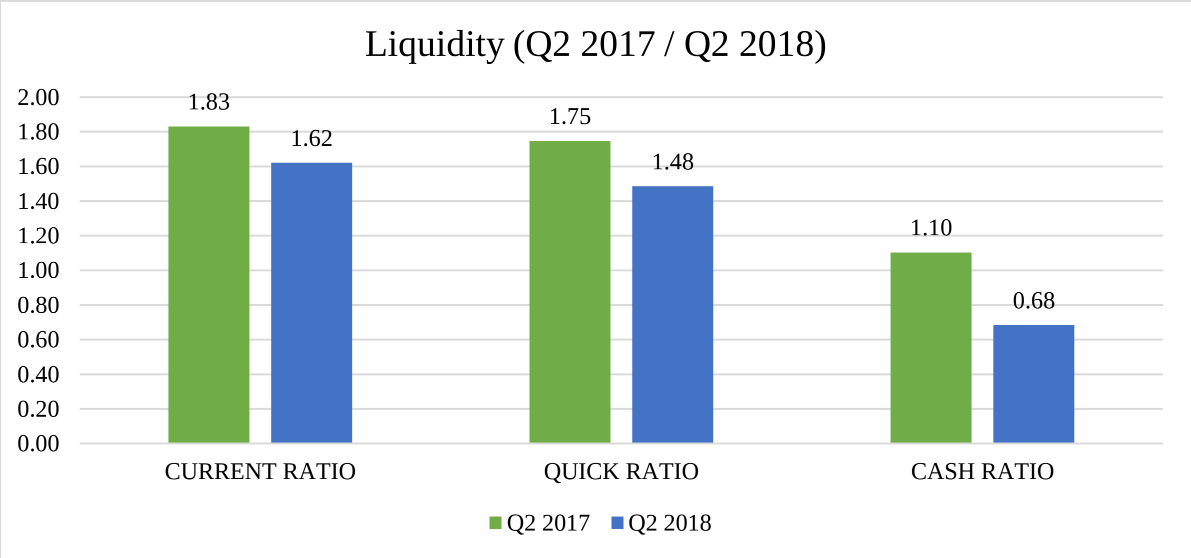
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	626,480,000.00	694,395,000	67,915,000	10.84
OPERATING PROFIT	249,397,000.00	264,097,000	14,700,000	5.89
PROFIT BEFORE TAX	246,512,000.00	250,777,000	4,265,000	1.73
PROFIT AFTER TAX	209,233,000.00	215,652,000	6,419,000	3.07

	Q2/2017	Q2/2018
OPERATING PROFIT MARGIN	39.81	38.03
NET PROFIT MARGIN	33.40	31.06
EARNINGS PER SHARE	2.75	2.84



- During the second quarter of 2018, Dhiraagu reported a 10.84% increase in revenue comparing with the same quarter of 2017 which was driven by growth in mobile data, FTTH and enterprise services.
- Operating Profit rose by 5.89% in the quarter. Though operating costs and depreciation and amortization expenses rose in the quarter, there were other incomes reporting MVR 337 thousand compared to other operating loss of MVR 10 thousand in Q2 2017. The loss of MVR 10,000 were made from the other investments belonging to the quarter 2, 2017.
- Net profit increased by 3% due to improved revenue in the quarter as a result of the growth in mobile data, FTTH and enterprise services as highlighted above. It is to be noted that net financing expenses rose to 13 million in Q2 2018.
- Operating Profit Margin and Net profit margin reduced when compared to Q2 2017. However, the profit margins are at a satisfactory level.
- Earnings per share improved to 2.84 in Q2 2018 compared to 2.75 in Q2 2017.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	1,902,691,000.00	2,108,520,000.00
CURRENT RATIO	1.83 times	1.62 times
QUICK RATIO	1.75 times	1.48 times
CURRENT ASSETS	1,277,922,000.00	1,052,302,000.00
CURRENT LIABILITIES	698,313,000.00	649,001,000.00
WORKING CAPITAL	579,609,000.00	403,301,000.00
CASH RATIO	1.10 times	0.68 times
INVENTORY	57,387,000.00	88,956,000.00

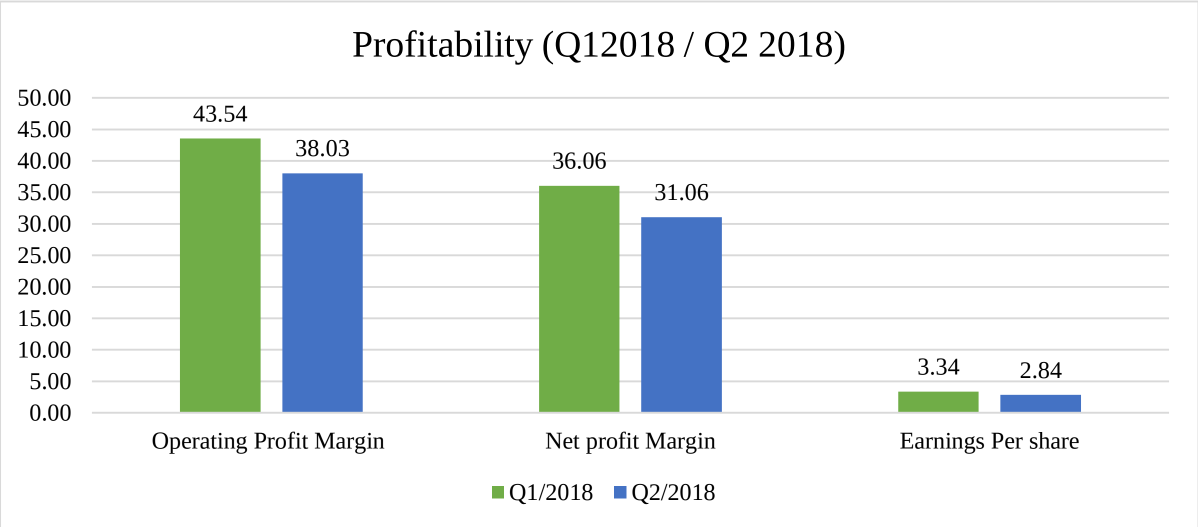


- Current ratio was 1.83 and 1.62 in Q2 2017 and Q2 2018 respectively. In both quarters Dhiraagu is able to pay off the short term obligations with the current assets available. The current ratio reduced in Q2 2018 compared to Q2 2017. Though the ratio reduced, the liquidity is satisfactory.
- Quick ratio of above one indicates that Dhiraagu is able to pay off their current liabilities with the current assets available after excluding inventory.
- Working capital reduced in the quarter when compared with the same quarter of the previous year, resulting from reduction in the current assets merely due to decline of cash and bank balances during the quarter.
- Cash Ratio fell below one in Q2 2018 due to the reduction in cash and bank balances. In Q2 2018, Cash cannot cover full of its liabilities whereas in Q2 2017 Dhiraagu was able to cover its current liabilities with the cash available.

Q1 of 2018 AND Q2 of 2018

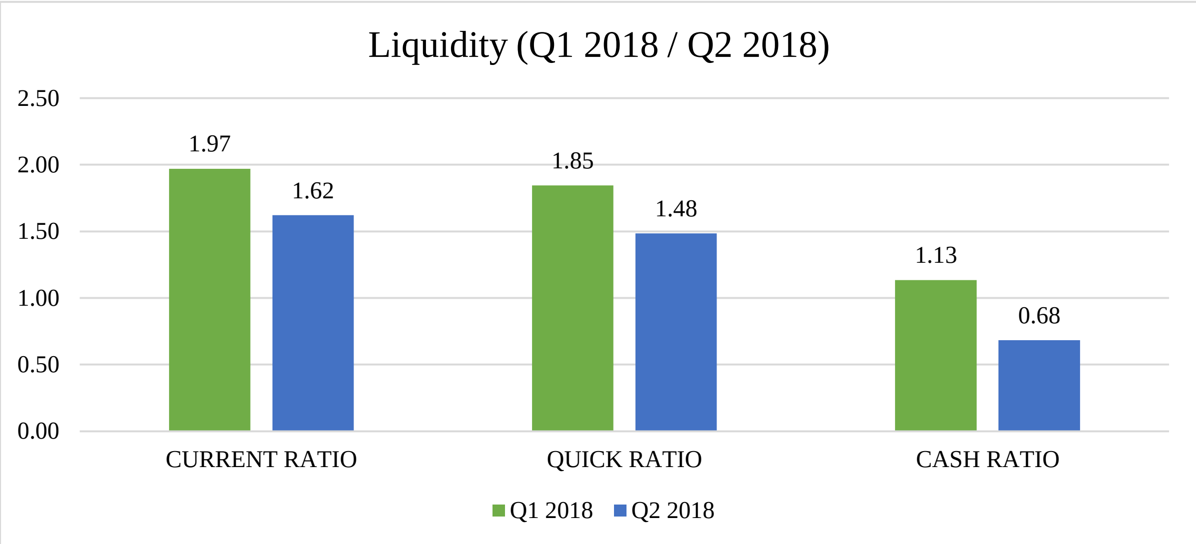
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	704,883,000	694,395,000	-10,488,000	-1.49%
OPERATING PROFIT	306,877,000	264,097,000	-42,780,000	-13.94%
PROFIT BEFORE TAX	299,297,000	250,777,000	-48,520,000	-16.21%
PROFIT AFTER TAX	254,177,000	215,652,000	-38,525,000	-15.16%

	Q1/2018	Q2/2018
OPERATING PROFIT MARGIN	43.54	38.03
NET PROFIT MARGIN	36.06	31.06
EARNINGS PER SHARE	3.34	2.84



- Compared with the previous quarter, revenue declined slightly as a result of lower seasonal roaming revenue.
- Net profit and earnings per share also decreased for the same period due to the lower revenue, declining margin and higher operating costs.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	2,050,513,000.00	2,108,520,000.00
CURRENT RATIO	1.97 times	1.62 times
QUICK RATIO	1.85 times	1.48 times
CURRENT ASSETS	1,395,142,000.00	1,052,302,000.00
CURRENT LIABILITIES	707,846,000.00	649,001,000.00
WORKING CAPITAL	687,296,000.00	403,301,000.00
CASH RATIO	1.13 times	0.68 times
INVENTORY	88,858,000.00	88,956,000.00



- The liquidity position of Dhiraagu is satisfactory when referring to the quarters Q1 2018 and Q2 2018. However, the current ratio fell in the quarter Q2 2018, signaling Dhiraagu to work on to improve their liquidity.
- Quick ratio is favorable to Dhiraagu where they are able to pay back the short term obligations with the current assets available without including the inventory.
- Working Capital has been reduced in Q2 2018 compared to Q1 2018 merely due to reduction in cash and bank balances in the quarter.
- Cash Ratio shows a declined figure from 1.13 to 0.68 when Q1 2018 and Q2 2018 are compared. In Q1 2018 Dhiraagu had the ability to pay off the current liabilities with the available cash. However, the cash and bank balances reduced in the current quarter resulting in a lower cash ratio where Dhiraagu is unable to pay the short term obligations with the short term assets available. Nevertheless, they have other assets that can be utilized to meet the current obligations if needed to.

Important Projects undertaken in the quarter

The most important projects undertaken during the quarter includes;

- FTTH and 4G expansion: FTTH service is now available in 41 islands covering 68% of the households and Dhiraagu completed its major goal of extending 4G coverage to 100% of the population.
- Dhiraagu TV mobile app was successfully launched in Q2. Dhiraagu TV acquired the distribution rights to show all live matches of the FIFA World Cup 2018, including the broadcasting of the final 10 world cup matches in 4K UHD quality to its customers. By the end of Q2, Dhiraagu TV service, is available in 26 islands across the country and provides the same high quality content wherever the service is available without any location restrictions.
- Dhiraagu continued to expand mobile money service 'Dhiraagu Pay' acquiring additional merchants across the country. By the end of Q2, Dhiraagu had a total of 144 Dhiraagu Pay merchants.
- During the quarter, Dhiraagu launched a 'double value' promo with every recharge and a nationwide ATL campaign on Mamen – a youth oriented prepaid mobile plan and app that allows users to build their own package in the most innovative and flexible way. With this promo, customers were able to get twice more Data/SMS/Voice.
- In Q2, Dhiraagu launched attractive mini data bundles especially for the prepaid customers. These bundles provide better value for the customers and more data when it is needed just for a little while.
- During the quarter Dhiraagu had two special promos for Sera customers. Sera IMO promo and Taka promo. All Sera customers active in December 2018 stand a chance to win a cash prize worth up to 1 Million Taka (include MVR equivalent value).
- As part of our digital transformation initiatives, Dhiraagu loyalty 'Elite Club' membership was digitized and offered through the Dhiraagu mobile self-care app making it conveniently accessible for all members.
- During the quarter, Dhiraagu launched the Ramadan & Eid Campaign. For the period of Ramadan, special data packs were offered. With every purchase of the data bundle, 10% of what was spent was donated to the NGO, Tiny Hearts of Maldives. They also launched a special app for Ramadan that allowed customers to pay zakat via Dhiraagu Pay, alert prayer times, updates of local market grocery prices and popular restaurant menus. Customers were also able to pay zakat via a Dhiraagu prepaid number or using Dhiraagu Pay service.
- Special promotions and activities were conducted during the World Cup to create excitement and brand engagement including a guess the score challenge. Customers were also offered a Dhiraagu TV data add-on specifically to watch the World Cup on the Dhiraagu TV mobile app.
- Dhiraagu also provided scholarships to various commercial and social activities.
- During the quarter Dhiraagu had a cash outflow of MVR 172 million in investing activities and over MVR 457 million in financing activities.

Conclusion

Revenue, Gross profit and Net profit has increased compared to the same quarter of the previous year. However, the figures has dropped when compared to the first quarter of the current financial year. Thus, it is important to work on to improve profitability of each quarter.

Though reduced, liquidity level is satisfactory where they are able to set off the liabilities against with the current assets available.

Recommendation

- Mechanisms to improve profitability:
  Profitability has declined when the figures of Q2 2018 are compared with that of the previous quarter. Strategies need to be formulated to improve revenue through expanding customer base. Moreover, for optimal profitability cost needs to be minimized.
- Cash flow forecasts can be enhanced and mechanisms could be strengthened to implement strategies according to the plans.
- Dhiraagu can expand their operations through launching more facilities or by enhancing the current facilities according to the latest technology. They also can invest and utilize resources in the most effective manner.

QUARTERLY REVIEW QUARTER 2, 2018

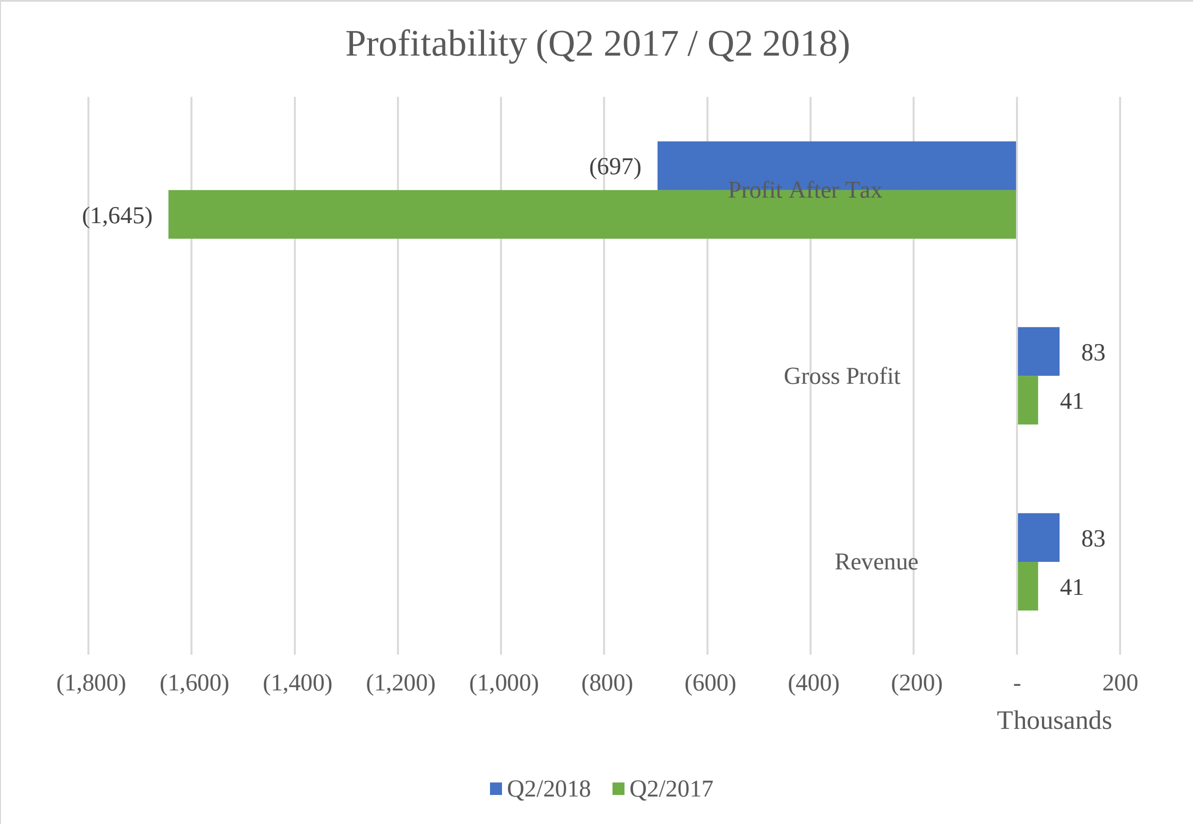
HAZANA MALDIVES LIMITED

HAZANA MALDIVES LIMITED

Q2 2018 PERFORMANCE ANALYSIS

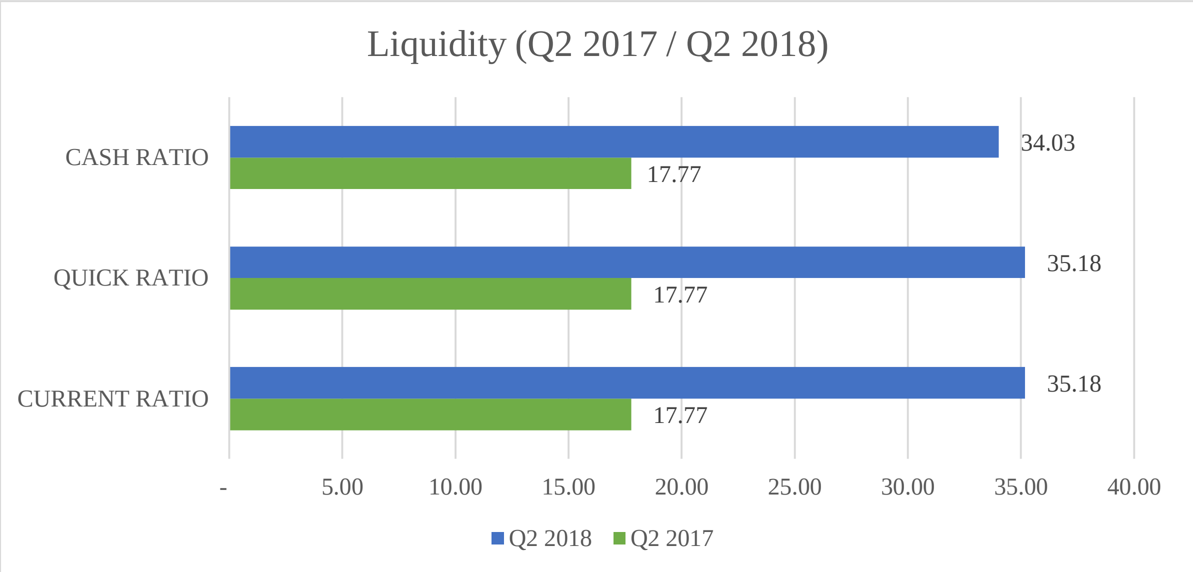
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	41,150	82,651	41,501	100.85
GROSS PROFIT	41,150	82,651	41,501	100.85
PROFIT AFTER TAX	(1,644,872)	(696,894)	947,978	-57.63



- Revenue improved by 101% compared to the same quarter of the previous year due to increased rental income.
- Net loss reduced by 58% compared to the same quarter of the previous year mainly due to decreased expenditure (mainly administrative expenses) in Q2 2018. Legal and regulatory expenses decreased by 91%, Basic salary reduced by 38%, allowances reduced by 32%, Employee benefit and expenses reduced by 34%, utilities reduced by 41%, training and education expenses reduced by 78%, Overseas travel expenses reduced by 89.6% and directors' remuneration reduced by 32%. Though expenses reduced Hazana has high expenses compared to revenue which resulted in net loss.

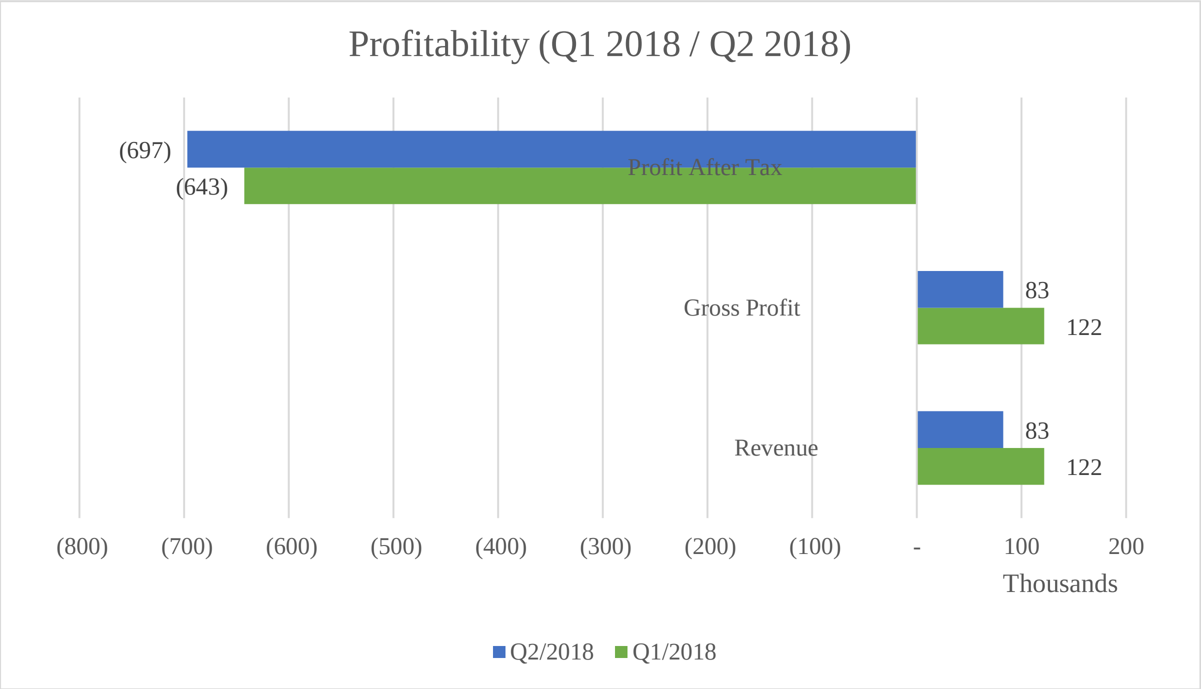
LIQUIDITY	**Q2/2017**	**Q2/2018**
NON CURRENT ASSETS	542,519	537,088
CURRENT RATIO	17.77 times	35.18 times
QUICK RATIO	17.77 times	35.18 times
CURRENT ASSETS	5,358,931	4,249,109
CURRENT LIABILITIES	301,566	120,767
WORKING CAPITAL	5,057,365	4,128,343
CASH RATIO	17.77 times	34.03 times



- Non-Current assets reduced slightly by 1% compared to the same quarter of the previous year.
- Current assets reduced by 1 million which is a reduction of 21% compared to Q2 2017.
- Current liabilities also reduced by 60% compared to Q2 2017.
- Current ratio of 17.77 increased to 35.18 in Q2 2018, mainly due to reduction of current liabilities. Current assets are sufficient to settle the current liabilities, however, too much of cash is sitting idle which can be used for business operations.
- Cash ratio of 17.8 increased to 34.03 in Q2 2018. All the current obligations can be set off against the cash balance available.

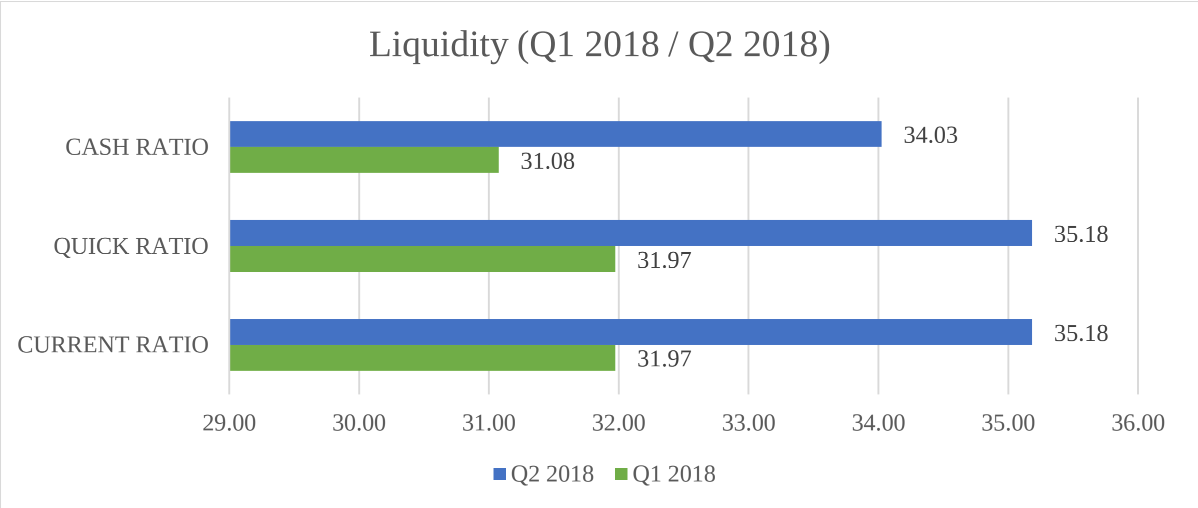
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	121,818	82,651	-39,167	-32.15
GROSS PROFIT	121,818	82,651	-39,167	-32.15
PROFIT AFTER TAX	(642,582)	(696,894)	-54,313	8.45



- Revenue reduced greatly by 32% compared to the last quarter due to reduction in rental income.
- Net loss increased by 8.45% compared to the preceding year due to increased expenses compared to the last quarter. Though legal and regulatory expenses decreased by 91%, other expenses including office supplies, cleaning expenses and allowances increased. Moreover, investment income and other income fell which added to the increased net loss in the quarter.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	537,088	537,088
CURRENT RATIO	31.97 times	35.18 times
QUICK RATIO	31.97 times	35.18 times
CURRENT ASSETS	4,981,018	4,249,109
CURRENT LIABILITIES	155,781	120,767
WORKING CAPITAL	4,825,237	4,128,343
CASH RATIO	31.08 times	34.03 times



- Non-current assets remained equal in Q1 2018 and Q2 2018.
- Current Assets reduced by 15% compared to Q1 2018 due to reduction in the bank balances.
- Current liabilities also reduced by 22% compared to previous quarter mainly due to reduction in accounts payable in the form of payroll liabilities.
- Current ratio increased to 35.18 from 31.97 in Q1 2018 due to reduction in current liabilities greater than the reduction in the current assets.
- Cash ratio of 31.08 improved to 34.03 by Q2 2018. Cash balances are sufficient to settle the obligations. However, the assets are idle which could be used for expanding the operations.

Important Projects undertaken in the quarter

There are no major projects undertaken by Hazana Maldives in the quarter.

Conclusion

Hazana Maldives has increased profitability compared to the same quarter of the previous year. The Net loss also has been declined with reduced expenditure. However, compared to the previous quarter, revenue has been declined with increased net loss as a result of increased expenditure.

Hazana is at a position where they can settle the current obligations with the current assets available. Conversely, it is important to note that major component of current assets is cash injected from shareholder. At present Hazana is not generating sufficient revenue, therefore in addition with current obligations they has to finance their operation with these resources.

Recommendation

First and foremost Hazana has to formulate a business plan and strategic plan which could assist them to achieve corporate objective. Corresponding to any other business operation Hazana has to make profit motive as their main objective. Therefore revenue generation and cost controlling should be the essential in their strategic plans.

Increase revenue while reducing cost, is vital for sustainable development of Hazana. Thus, appropriate measures should be taken to improve revenue and development of business. Further cost reduction and elimination of waste will support them to utilize resources efficiently.

Most importantly reliance on shareholders fund should be minimized to a satisfactory level and try to finance independently.

QUARTERLY REVIEW QUARTER 2, 2018

HOUSING DEVELOPMENT CORPORATION

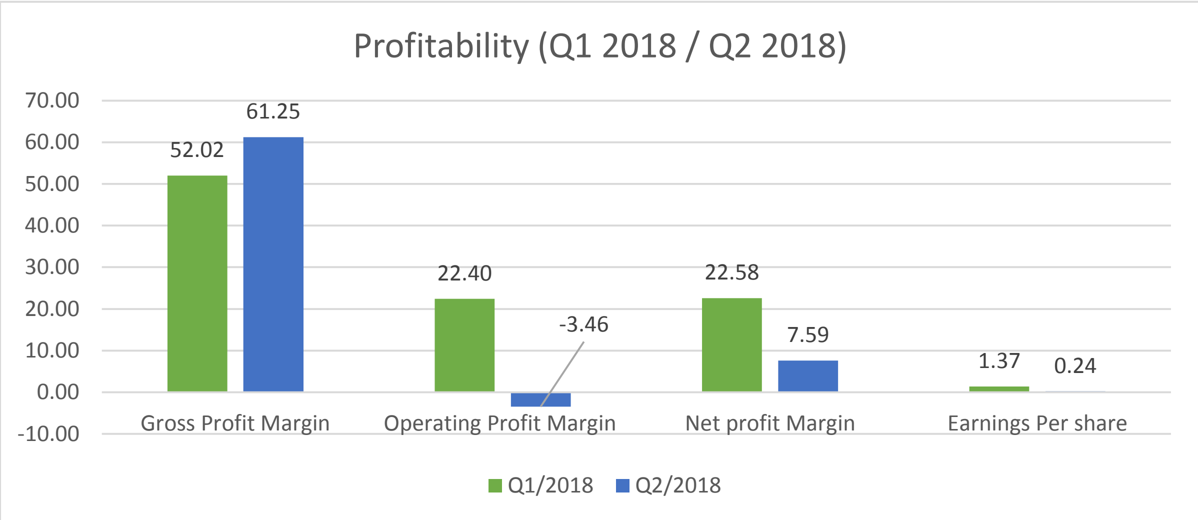
HOUSING DEVELOPMENT CORPORATION

Q2 2018 PERFORMANCE ANALYSIS

<u>Q1 of 2018 AND Q2 of 2018</u>

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	268,250,190	140,781,595	-127,468,595	-47.52
COST OF SALES	128,700,588	54,558,587	-74,142,001	-57.61
GROSS PROFIT	139,549,601	86,223,007	-53,326,594	-38.21
OPERATING PROFIT	60,079,072	-4,865,765	-64,944,837	-108.10
PROFIT BEFORE TAX	71,259,918	10,941,360	-60,318,558	-84.65
PROFIT AFTER TAX	60,570,931	10,691,421	-49,879,510	-82.35

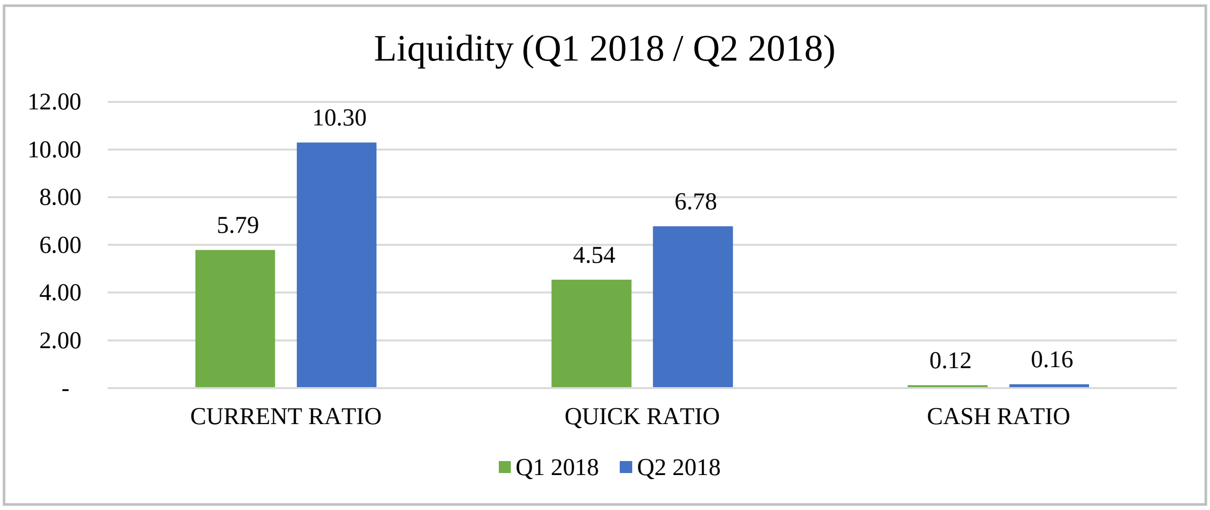
	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	52.02	61.25
OPERATING PROFIT MARGIN	22.40	-3.46
NET PROFIT MARGIN	22.58	7.59
EARNINGS PER SHARE	1.37	0.24



- Revenue declined by 127 million which is a deterioration of 47.52% compared to the first quarter 2018. Revenue from sales of property is remarkably higher in the quarters of 2017 than the first two quarters of 2018.
- Cost of sales also reduced by 57.61%. Gross Profit reduced by 38.21% despite the reduction in cost of sales, due to revenue reduction.
- Operating Profit reduced by 108%. The reduction is mainly due to falling revenue. Moreover, other income declined by 14% and at the same time Administrative expenses and maintenance expenses increased by 13% and 17% respectively.
- Net Profit also reduced by 82.35% compared to the first quarter. Further finance income of the company increased by 4% and finance cost reduced by 20%.
- Gross profit margin in respect of sales increased slightly in Q2 2018 compared to Q1 2018 as revenue reduction is lower than the gross profit reduction.

- Operating Profit margin changes to negative 3.46 from 22.40% in Q1 2018. This is due to the operating loss made by HDC after a huge revenue reduction and increased operating costs.
- Net profit margin also reduced to 7.59% from 22.58% due to lower net profit in respect to revenue earned during the period.
- Earnings per share also reduced due to lower profits.

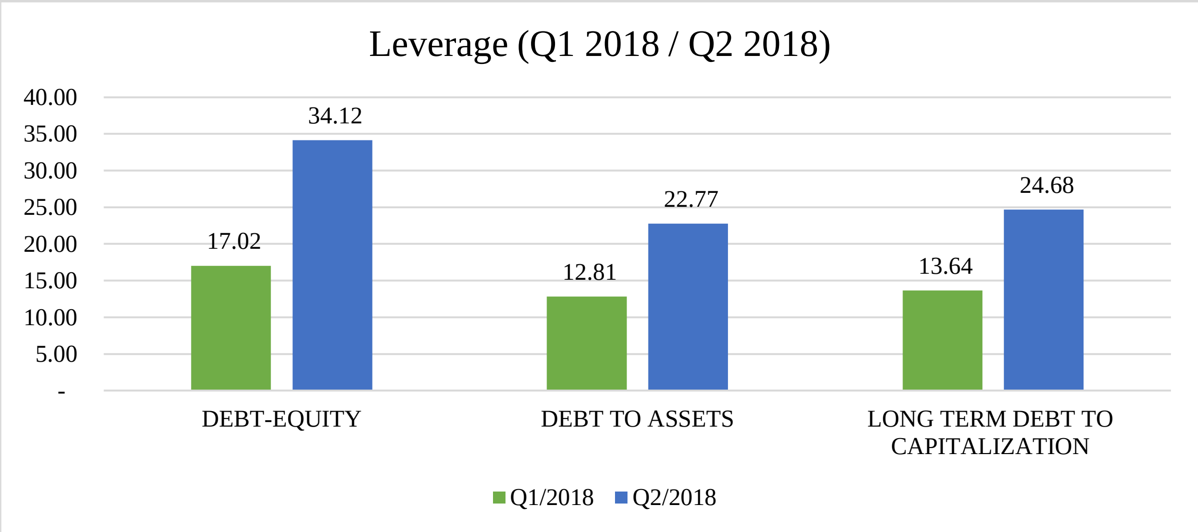
LIQUIDITY	**Q1/2018**	**Q2/2018**
NON CURRENT ASSETS	21,166,259,132	21,248,705,840
CURRENT RATIO	5.79 times	10.30 times
QUICK RATIO	4.54 times	6.78 times
CURRENT ASSETS	3,926,458,947	7,107,325,340
CURRENT LIABILITIES	677,832,388	690,188,654
WORKING CAPITAL	3,248,626,559	6,417,136,686
CASH RATIO	0.16 times	0.12 times
INVENTORY	851,444,395	2,427,354,293



- Non-current assets increased slightly by 0.32% compared to Q1 2018. Property Plant and Equipment increased by 34%, investment in Properties increased by 1% and investment available for sale improved by 8% in Q2 2018 compared to Q1 2018. 6% of the total non-current assets in Q1 2018 include 7% of trade and other receivables which are not expected to be received within 12 months of the reporting period.
- Current assets increased immensely by 3.1 billion in Q2 2018 compared to Q1 2018. The change in current asset is due to increase in inventory and trade and other receivables. Apart from receivables, current assets include amount due from related parties disclosed which reduced by 13% in Q2 compared to Q1 2018.
- Current liabilities increased slightly by 1.82% compared to the preceding quarter. Loans and borrowings which are classified as short term increased by 11% and trade and other payables increased by 4%. However, provisions and current tax liability reduced by 7% and 5% respectively in Q2 compared to Q1 2018.

- There is a positive working capital and it increased by 97.53% compared to the previous quarter.
- Current ratio of 5.79 in Q1 raised to 10.30 in Q2 2018. This increase is mainly due to increase in current assets in Q2 2018.
- Quick ratio of 4.54 in Q1 also increased to 6.78 in Q2 2018. This change is mainly due to increased current assets and inventory in Q2 2018 compared to Q1 2018. HDC is able to meet the short term obligations with the current assets available.
- Cash ratio of 0.16 declined marginally to 0.12 in Q2 2018. This is due to Cash and Cash Equivalents fell by 25.07% in Q2 2018. HDC is not in a position to meet the obligations with the cash available.

LEVERAGE	**Q1/2018**	**Q2/2018**
DEBT-EQUITY	17.02	34.12
DEBT TO ASSETS	12.81	22.77
LONG TERM DEBT TO CAPITALIZATION	13.64	24.68



- Debt to Equity ratio of 17.02% increased to 34.12% in Q2 2018. This is due to increased borrowings in Q2 2018. Borrowings include both short term and long-term borrowings. The increased gearing ratio shows that HDC is using borrowings as a source of financing. However, the ratio is low indicating low risks for investors.
- Debt to Assets increased to 22.77% compared to 12.81% in Q1 2018. This is mainly due to increase in current assets in Q2 compared to Q1 of the same year. Current assets increased as a result of increased receivables and inventory.
- Long-term debt in respect to capital increased to 24.68 from 13.64 in Q1 2018.

Important Projects undertaken in the quarter

Currently there are no on-going projects by HDC.

Conclusion

HDC has shown remarkably lower revenue and profits compared to the first quarter of the same year. Revenue and Net Profit has declined immensely and net profit margin has been decreased.

HDC has a high level of receivables which adds to a high current and quick ratios. However, even after excluding the receivables, HDC is in a position to pay back the short term obligations with the short term assets available.

HDC's gearing level has been improved as they use more of the borrowings to fund the projects. However, HDC's gearing level is comparatively lower indicating that they are not highly geared.

Recommendation

Receivables collection is one of the major issue in HDC, therefore prompt receivable collection mechanism should be in place to collect receivable on time. Further such a mechanism could assist to reduce impairment of receivables as well. HDC should implement appropriate policy to collect the payments before they are due and take necessary actions once the payment is overdue.

The inventories hold 34% of the total current assets and it is an increase of 185% in Q2 2018 compared to Q1 2018. When excess inventory is build up without being sold, the company will not be able to generate revenue from the inventory and cash will be tied up in the business. Therefore proper utilization of inventory could help HDC to improve their cash position and liquidity position. Therefore HDC has to make a suitable long term plan on selling or letting of land by addressing social and commercial aspects.

HDC generated high revenue in the quarters of 2017. However revenue has been declining immensely in 2018 without further cost reductions. Therefore HDC has to take curative actions to reduce operational expenses and other costs. Financial reports show a huge increase in personal emolument therefore in order to reduce this expense HDC has to review their pay structure and reduce number of staffs. Number of staffs has increased over the period and it seems that HDC has recruited some the employees just because of political pressure or for political reason. However HDC should not ignore commercial sense in any of such decision, subsequently it will affect financial performance of the company. The existing trend in expenses is a major concern therefore proper cost controlling mechanism should be implement in order to reduce waste. This could assist them to improve their profitability and operational efficiency.

QUARTERLY REVIEW QUARTER 2, 2018

HOUSING DEVELOPMENT FINANCE CORPORATION

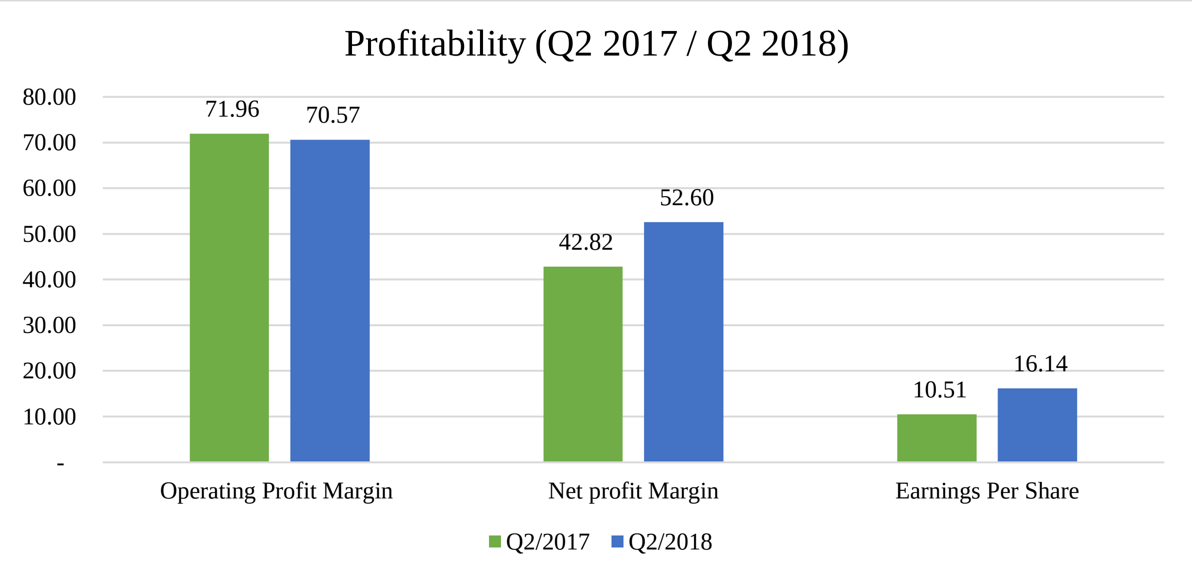
HOUSING DEVELOPMENT FINANCE CORPORATION PLC

Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
Gross Income	47,882,289	52,916,143	5,033,854	10.51
Net Interest Income	27,311,024	29,734,197	2,423,173	8.87
Total Operating Income	34,457,343	37,344,170	2,886,827	8.38
Profit Before Tax	20,500,899	27,835,803	7,334,904	35.78
Profit After Tax	21,618,557	31,102,978	9,484,421	43.87

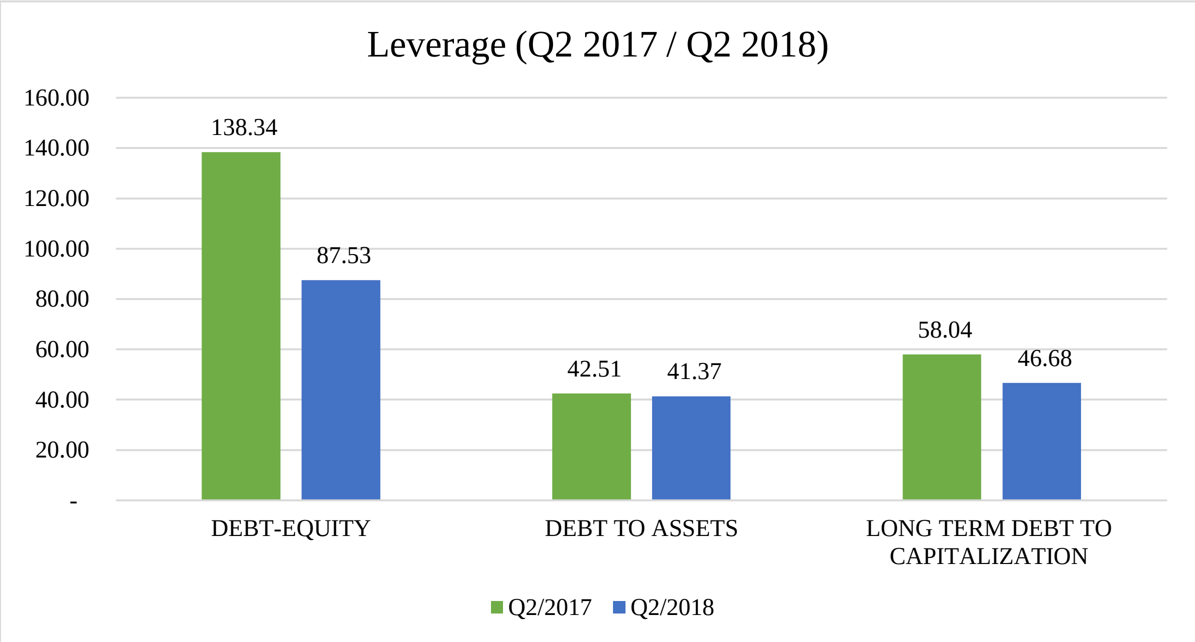
	Q2/2017	Q2/2018
Operating Profit Margin	71.96	70.57
Net profit Margin	42.82	52.60
Earnings Per Share	10.51	16.14



- Gross income increased by 10.51% in Q2 2018 compared to Q2 2017. Amna the Islamic wing of HDFC contributed 20% to the total revenue generated by the company in Q2 2017. In Q2 2018 the value increased to 25.30%.
- Net interest income increased by 8.87% in Q2 2018 compared to Q2 2017. Interest expense was at 10-11 million in both quarters, whereas, interest income rose by 2 million in Q2 2018 resulting in rising net interest income.
- Total Operating Income also increased by 8.38% compared to Q2 2017. This is mainly due to increased fee income in Q2 2018 compared to the same quarter of the previous year.
- Profit before tax improved by 35.78%. The provision for impairment of loans and advances resulted in a positive increase in Q2 2018. However, in Q2 2017 the figure was a negative 4.2 million. This resulted in increased profit before tax.
- After tax expense, Profit improved by 43.87%.

- Operating Profit Margin reduced slightly to 70.57 in Q2 2018 compared to 71.96 in Q2 2017. This is because the increase in operating profit was less than the increase in gross income. However, HDFC has attractive profit margins when compared to the same quarter of the previous year.
- Earnings per share also raised to 16.14 in Q2 2018 from 10.51 in Q2 2017, due to increased income.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	138.34	87.53
DEBT TO ASSETS	52.51	41.37
LONG TERM DEBT TO CAPITALIZATION	58.04	46.68

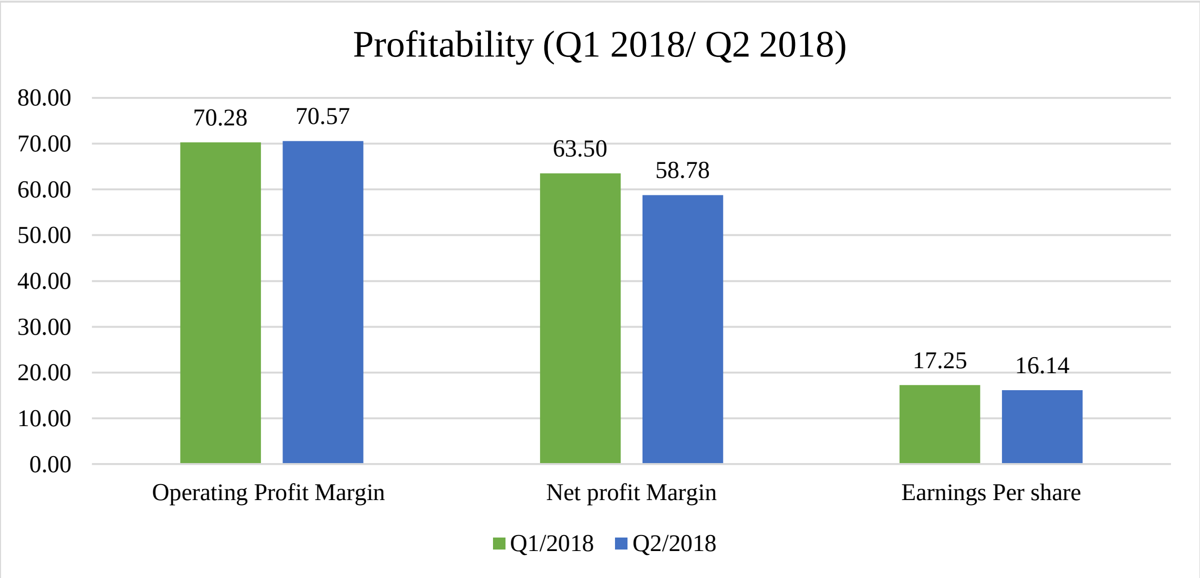


- Debt to equity ratio is 138.34 in Q2 2017 reduced to 87.53 in Q2 2018. This ratio typically indicates that HDFC has been aggressive in financing its growth with debt and there is a high level of risk for investors. However, as HDFC is a company operating in financial sector, they borrow money to lend money, they tend to have higher debt to equity. The debt to equity reduced in Q2 2018 compared to Q2 2017 indicating lower risk for investors.
- The proportion of HDFC's assets that are financed through Debts reduced to 41.37 in Q2 2018 from 52.51 in Q2 2017. This is a favorable indication for investors as the risks associated with debt financing reduced.
- Lon-term debt to capitalization is 46.68 in Q2 2018 compared to 58.04 in Q2 2017. This indicates HDFC has low debts compared to capital and HDFC is financially stable.

Q1 of 2018 AND Q2 of 2018

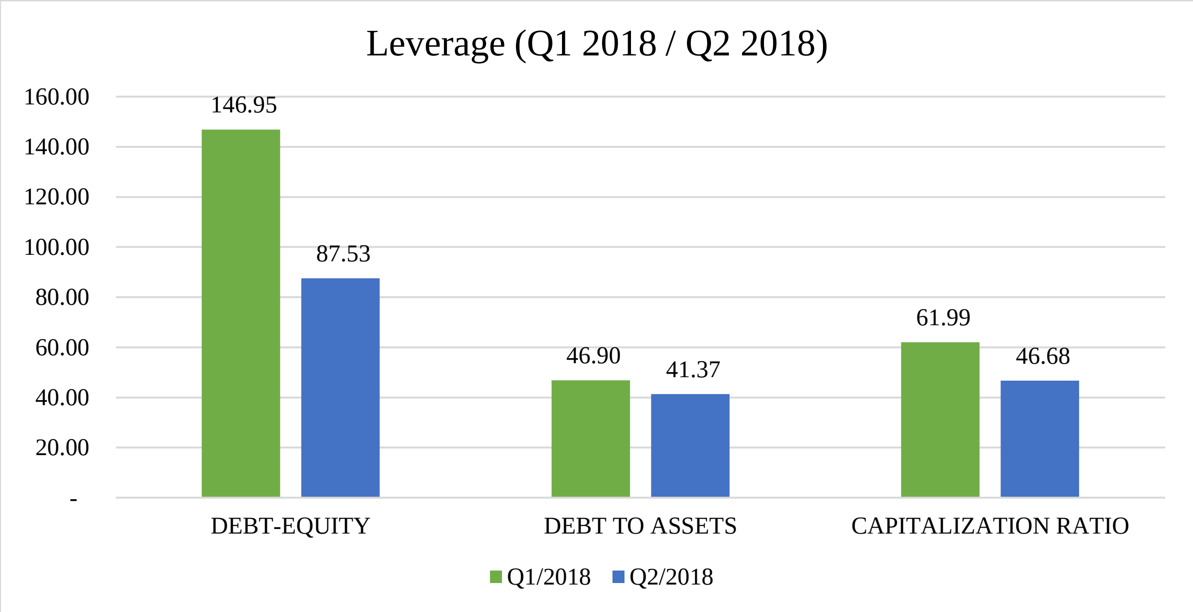
PROFITABILITY	Q1/2018	Q2/2018	Change	%
Gross Income	50,088,901	52,916,143	2,827,242	5.64
Net Interest Income	28,883,073	29,734,197	851,124	2.95
Total Operating Income	35,203,402	37,344,170	2,140,768	6.08
Profit Before Tax	29,607,393	27,835,803	(1,771,590)	(5.98)
Profit After Tax	31,804,074	31,102,978	(701,096)	(2.20)

	Q1/2018	Q2/2018
Operating Profit Margin	70.28	70.57
Net profit Margin	63.50	58.78
Earnings Per share	17.25	16.14



- Gross income increased by 5.64% compared to the last quarter. Amna operations contributed 24.72% to the gross income in Q1 2018. In Q2 2018 Amna contributed 24.72% to the total gross income.
- Net interest income increased by 2.95% compared to the last quarter due to increased interest income in Q2 2018. This increase is due to the operations of Amna. The net interest income reduced by a million in Q2 2018 compared to Q1 2018 from conventional operations. However, the interest income from Amna rose by 1.3 million leading the total interest income to increase by 2.95%.
- Operating income also increased by 6.08% compared to Q1 2018. This is mainly due to increased net income on Shari'ah products.
- Profit before tax reduced by 5.98% compared to Q1 2018. Mainly due to increase in personnel expenses, other operating expenses and reduction in the increase in provision for impairment loss on loans and advances.
- Operating Profit Margin increased slightly to 70.57 from 70.28 in Q1 2018. Net Profit margin declined due to reduced net profits during the quarter.
- This resulted in reduction in the earnings per share from 17.25 to 16.14 per share.

LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	146.95	87.53
DEBT TO ASSETS	46.90	41.37
LONG-TERM DEBT TO CAPITALIZATION	61.99	46.68



- Debt to Equity reduced from 146.95 to 87.53% in Q2 2018 indicting lower risk for investors.
- The percentage of assets financed through debt are reducing when comparing the quarters Q1 2018 and Q2 2018. There is a reduction of 5% indicating lower risk for investors.
- Long-term debt to capitalization ratio also reduced to 46.68 showing that HDFC has a high value of capital compared to debts.

Number of Employees

HDFC has a total of 37 employees at the end of the second quarter.

Important Projects undertaken in the quarter

As at 30 June, 2018, 33% of the Apollo Towers project work was finished (6th floor shuttering and reinforcement work in progress). Mock up floor is expected to be completed by October 2018.

At the end of May 2018, under the signed exclusive end user finance project, Batch completed 6 floors concrete work and 7th Floor shuttering work. 8th Floor concrete works of columns, stair case completed. 9th Floor beam and slab concrete work completed.

Damas, One Avenue comprises of two towers of 95 units. 43.9% of the total project is completed as of 30 May 2018.

In this quarter, FW Construction-has been awarded to develop 90 mix residential units which include 1, 2, 3, 4 and 5 bedrooms. HDC has granted them 20 % completion letter on 19th June 2018.

On 29 May 2018, Maldives Hajj Corporation signed a Wakala Agreement with HDFC Amna to fund Islamic Finance Projects.

MVR 100 million- 10 years bond was opened to public on the 3rd of June 2018 to 24th June 2018 at the rate of 7% per annum. In addition the first bond which was raised on 10 March 2013 has been paid in full through their Paying Agent, Maldives Securities Depository Company Pvt.Ltd.

Conclusion

When compared to the same quarter of the previous year, the Net profit, Operating Profit and Gross income has improved. Though Gross income and operating income has improved when compared to Q1 2018, the net profit has reduced in Q2 2018 compared to the preceding quarter. Thus, HDFC is expected to improve profit in the forthcoming quarters.

When referring to leverage, the debt to equity and debt to assets reduced in Q2 2018 compared to Q2 2017 and Q1 2018.

Recommendation

The profit of the company was significantly affected by impairment loss on loans and advances. They were recognized based on expected future losses calculated based on historical default rates in compliance with IFRS 9. Primarily HDFC determines an asset as impaired based on its over-due status. Hence, it is vital for HDFC to implement mechanisms to ensure that payments are collected within the required period. In order to reduce number of default, a proper lending prudential guideline and credit policy should be implemented. In order to reduce impairment and loan provision, a due diligence and credit worthiness needs to be taken into account.

It is essential for HDFC to reduce its personnel expenditure and other operating expenses including marketing expenses, printing and stationary expenses etc. which can be possibly reduced. Therefore in order to reduce personal expenditure HDFC can review their pay structure and can modify it to a more performance based approach.

The Islamic wing of HDFC Amna is also contributing a significant portion towards the total revenue of the company. Hence, HDFC can delineate ways to improve operations through their Islamic Wing (Amna), which will act as an added advantage in a market where Islamic Operations are likely to conquer the market in the future.

HDFC can carry out more effective credit control mechanisms which can speed up the whole process of loan starting from receiving complete loan application till disbursements. The whole screening process could be speeded up including document verification, interview and credit evaluation, Inspection of Property and BOQ verification and credit committee decision making. This can eventually result in better decision making, reducing the possible default payments. Further which will ultimately help to develop and increase customer database.

QUARTERLY REVIEW QUARTER 2, 2018

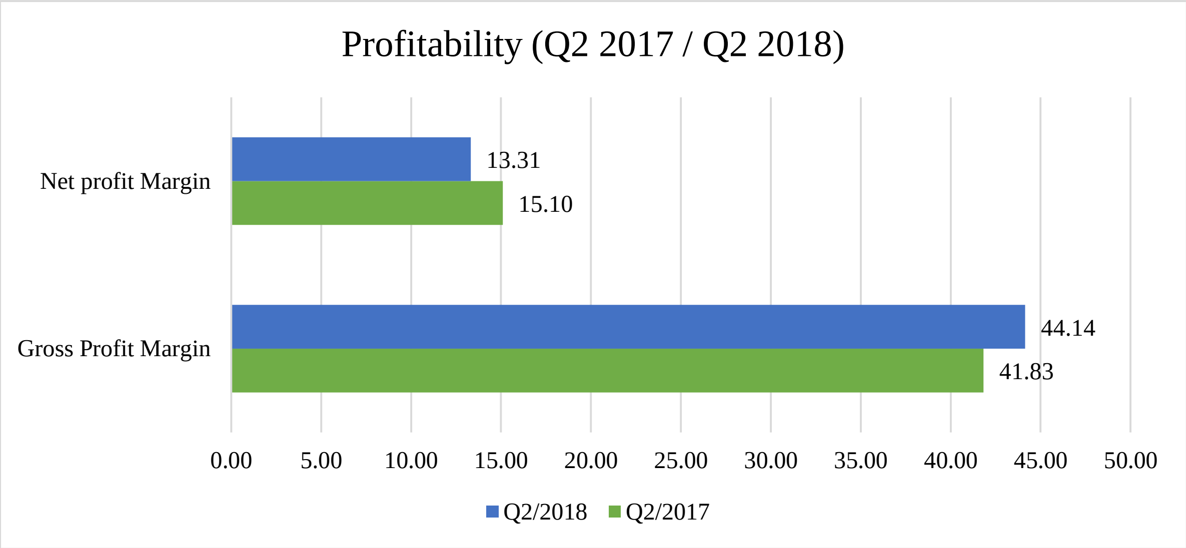
ISLAND AVIATION SERVICES LTD

ISLAND AVIATION SERVICES LTD
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

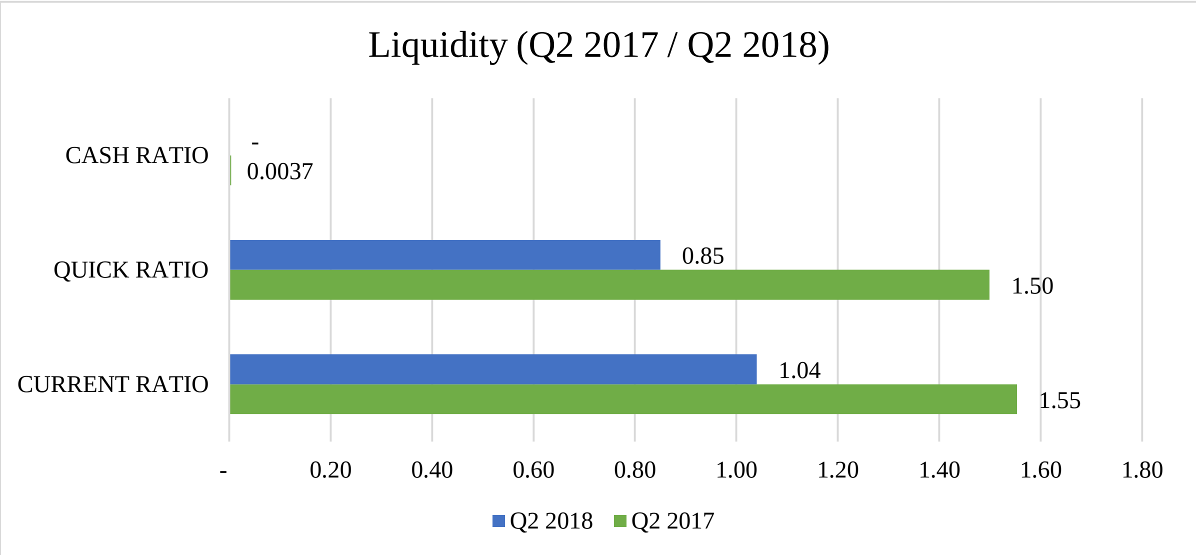
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	468,237,126	511,111,673	42,874,547	9.16
COST OF SALES	272,392,344	285,517,909	13,125,565	4.82
GROSS PROFIT	195,844,782	225,593,764	29,748,982	15.19
PROFIT BEFORE TAX	86,576,393	80,248,626	(6,327,767)	-7.31
PROFIT AFTER TAX	70,680,587	68,051,443	(2,629,144)	-3.72

	Q2/2017	Q2/2018
Gross Profit Margin	41.83	44.14
Net profit Margin	15.10	13.31



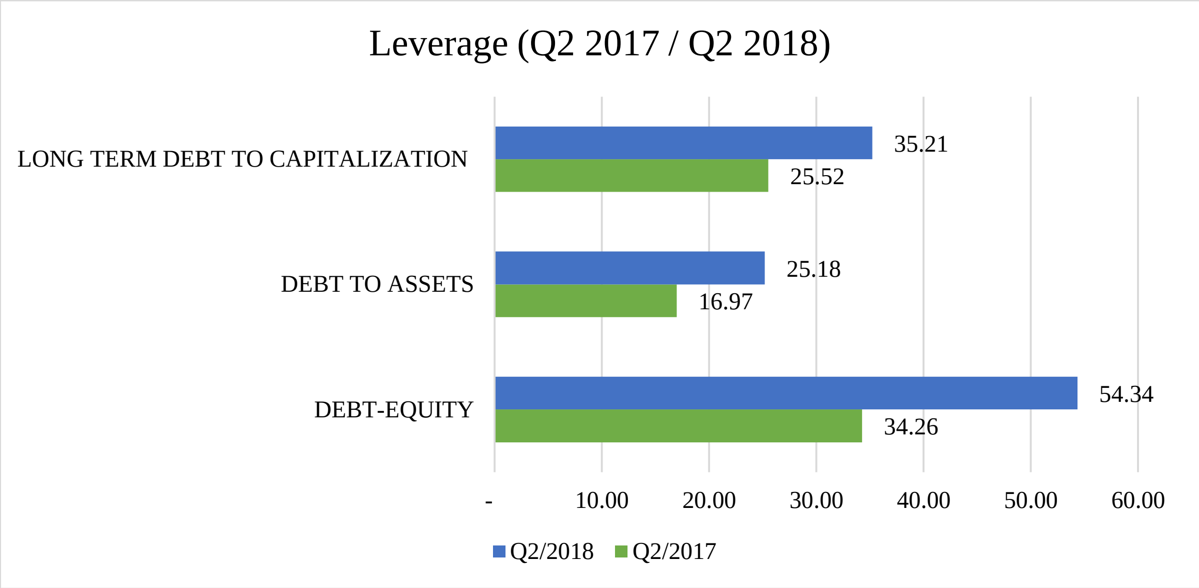
- Revenue increased by 9.16% compared to the same quarter of the previous year.
- While cost of sales increased by 4.82%, gross profit increased by 15.19%.
- Profit declined by 3.7% compared to the second quarter of the previous year mainly due to increased expenditure. Administrative expenses, salary and finance costs increased which led to a deterioration of net profit compared to Q2 2017.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	844,525,102	1,438,945,021
CURRENT RATIO	1.55	1.04
QUICK RATIO	1.50	0.85
CURRENT ASSETS	915,238,242	607,301,037
CURRENT LIABILITIES	589,306,351	583,010,825
WORKING CAPITAL	325,931,891	24,290,212
CASH RATIO	0.0036	-
INVENTORY	31,725,686	112,088,476



- Non-current assets increased greatly by 70% compared to the same quarter of the previous year due to increased Property Plant and Equipment.
- Current Assets reduced by 33% compared to Q2 2017, mainly, due to the, great reduction in the receivables and due to the cash balance. In Q2 2018 IASL had a negative cash balance.
- Current liabilities reduced slightly by 1%, due to reduced payables.
- IASL had a reduced working capital in Q2 2018 due to reduced current assets in Q2 2018 compared to Q2 2017.
- Current ratio of 1.55 in Q2 2018 reduced to 1.04 in Q2 2017 due to reduced current assets. However, the reduced receivables and reduced payables can be seen as a favorable indication. Yet, the bank overdraft has to be made to a positive cash balance.
- Quick ratio of 1.50 reduced to 0.85 in Q2 2018 due to increased inventory by 253%.
- In Q2 2017 cash balance was very low to settle the obligatory current payments. In Q2 2018 there was no cash balance to settle the liabilities, rather there was a bank overdraft of 34 million.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	34.26	54.34
DEBT TO ASSETS	16.97	25.18
LONG TERM DEBT TO CAPITALIZATION	25.52	35.21

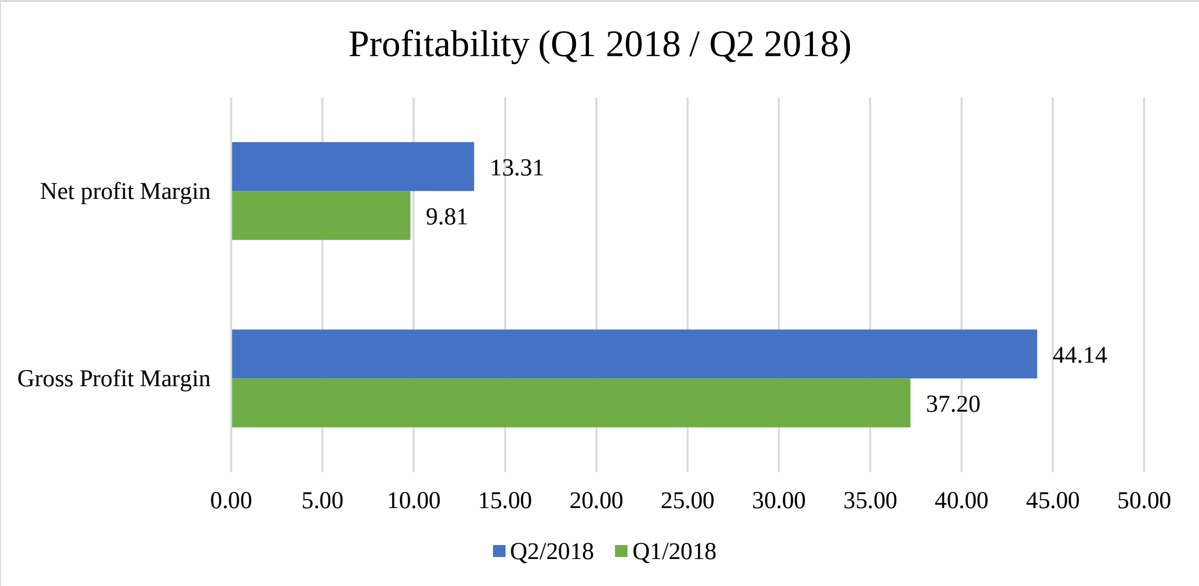


- Debt to Equity ratio of 34.26 increased to 54.34 in Q2 2018 due to increased borrowings compared to equity in Q2 2018 indicating more of the borrowings funded through equity. This gearing level is low risky for investors.
- Debt to Assets increased from 16.97 to 25.18 due to increased borrowings.
- Though long-term debt to capitalization ratio increased from 25.52% to 35.21%, the ratio is low indicating lower risk for investors as this signals that IASL does not have any major financial difficulties. However, financial risk of the company will not be at an agreeable level if additional finance is raised through borrowings.

Q1 of 2018 AND Q2 of 2018

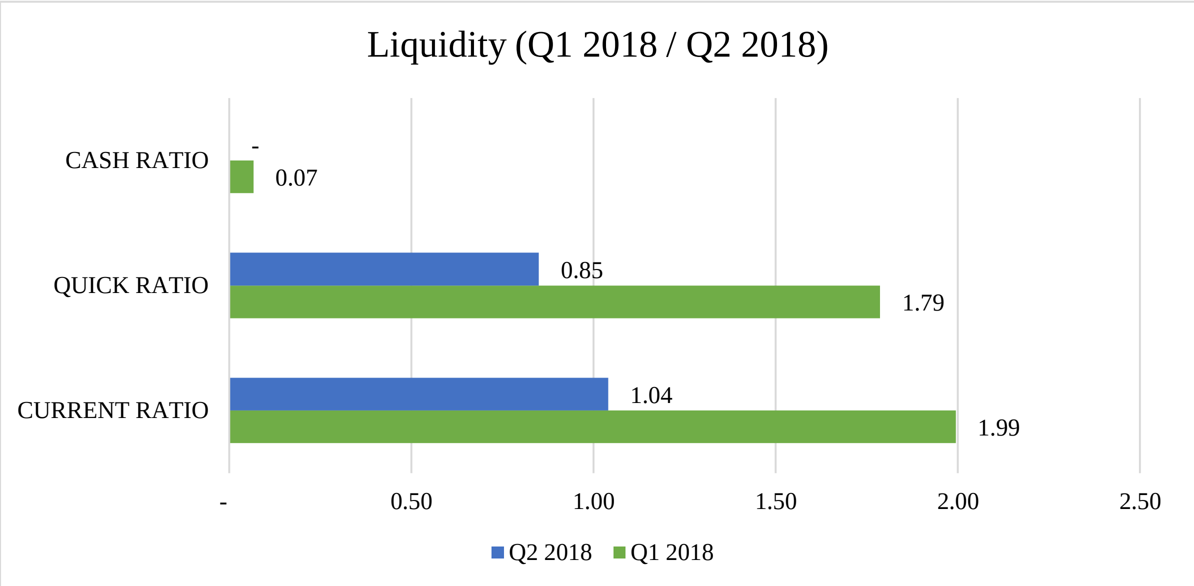
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	533,607,369	511,111,673	-22,495,696	-4.22
COST OF SALES	335,131,065	285,517,909	-49,613,156	-14.80
GROSS PROFIT	198,476,304	225,593,764	27,117,460	13.66
PROFIT BEFORE TAX	64,036,191	80,248,626	16,212,435	25.32
PROFIT AFTER TAX	52,350,010	68,051,443	15,701,433	29.99

	Q1/2018	Q2/2018
Gross Profit Margin	37.20	44.14
Net profit Margin	9.81	13.31



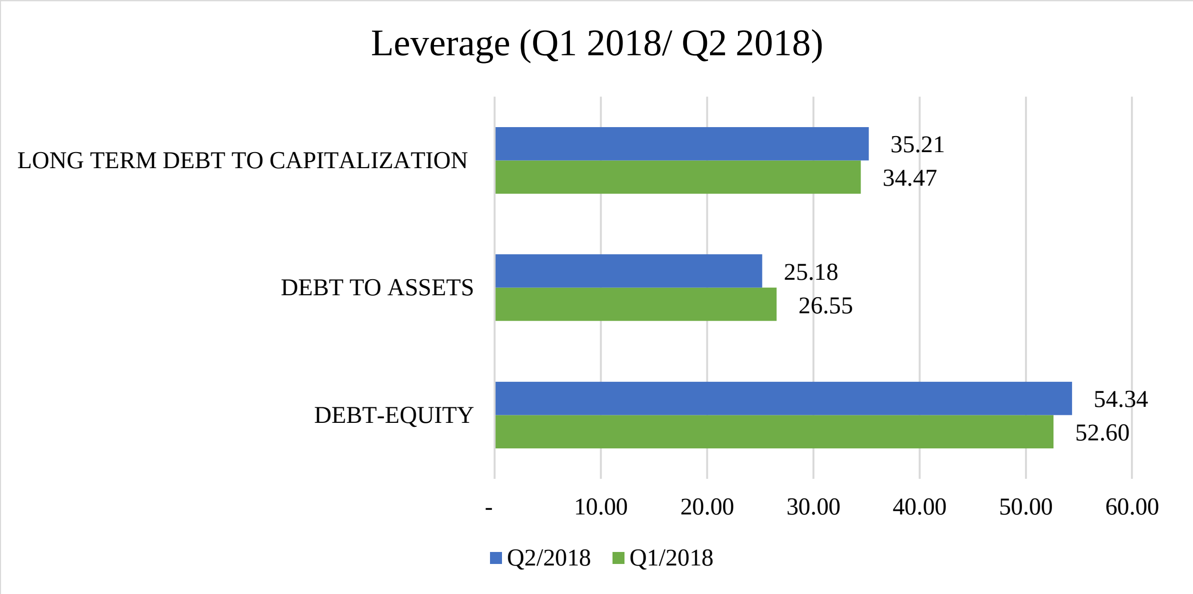
- Revenue reduced by 22 million which is a reduction of 4.22% compared to the previous quarter.
- Cost of sales reduced by 14.8% compared to the preceding quarter.
- Following the reduction in the cost of sales, Gross Profit improved by 13.66%.
- Though Administrative expenses and finance costs fell, marketing distribution and salary rose in the quarter compared to the last quarter, causing total expense to rise by 3%. However, Profit for the year improved by 30%, due to high gross profit.
- Following increased gross profit and net profit, margins improved to 44.14 and 13.31 respectively.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	1,140,646,778	1,438,945,021
CURRENT RATIO	1.99	1.04
QUICK RATIO	1.79	0.85
CURRENT ASSETS	889,413,065	607,301,037
CURRENT LIABILITIES	446,051,118	583,010,825
WORKING CAPITAL	443,361,947	24,290,212
CASH RATIO	0.07	-
INVENTORY	92,557,376	112,088,476



- Non-current assets increased by 26% compared to the last quarter due to increased Property, Plant and Equipment.
- Current assets reduced by 32% compared to Q1 2018, mainly due to reduction in trade and other receivables. In Q1 2018, the current assets composed a greater amount as advance payments.
- Current Liabilities rose by 25% compared to the last quarter due to increased payables.
- Current ratio of 1.99 was reduced to 1.04 in Q2 2018. Though current ratio was reduced, IASL was in a good liquidity position where they have reduced receivables and payables in Q2 2018 compared to the last quarter.
- Quick ratio was reduced from 1.71 to 0.85 in Q2 2018.

LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	52.60	54.34
DEBT TO ASSETS	26.55	25.18
LONG TERM DEBT TO CAPITALIZATION	34.47	35.21



- Debt to Equity ratio of 52.60 increased to 54.34 in Q2 2018 due to increased borrowings.
- Debt to Assets decreased from 26.55 to 25.18 due to increased assets in Q2 2018, compared to the last quarter.
- Long term debt to capitalization improved to 35.21 from 34.47 in Q1 2018. This suggests that IASL was not highly geared and can use more debt financing to expand operations. However, lower ratio indicates less risk for investors.

Important Projects undertaken in the quarter

There are no major projects undertaken in the quarter.

Number of Employees

By the end of second quarter IASL employees a total of 1140 staff of which, 1024 were locals and 116 were foreigners.

Conclusion

When comparing the figures of Q2 2018 with that of Q2 2017, revenue and Gross profit was high, however, profit for the year has declined compared to Q2 2017. When compared to Q1 2018, gross profit has increased due to lower cost of sales. Additionally, Net profit has improved due to lower expenses.

IASL is in a good liquidity position where they are able to set off the obligations with the current assets available. Though current ratios fell, it is due to reduced receivables and payables in the quarter compared to Q1 2018 and Q2 2017.

When referring to financial leverage, the gearing level is at a satisfactory level. IASL can still obtain debt finance to expand their operations.

Recommendation

Revenue has declined compared to the first quarter of the year. It is important to improve sales for a sustainable development and expansion. IASL can improve revenue by increasing the number of flights operated and by increasing frequency of the flights. Therefore IASL can perform a feasibility regarding improvement of frequency of the flights and can decide based on commercial viability of the options. Further by making travelling reasonable could upturn demand on air transport in the long run.

Liquidity position is currently satisfactory for a company like IASL. However, there is always room for improvement. IASL needs to improve their cash level without overdrawing. This will help them in paying back the payables and finance upcoming business expansions.

At present, receivables is quite high therefore appropriate receivable collection policy could help them to improve cash position of the company and further reduce trade payable.

Advance payment made to suppliers is a quite significant figure. Therefore IASL can negotiate with suppliers to minimize advance payments. If they could agree on favorable terms it will be a greater assistance to working capital management.

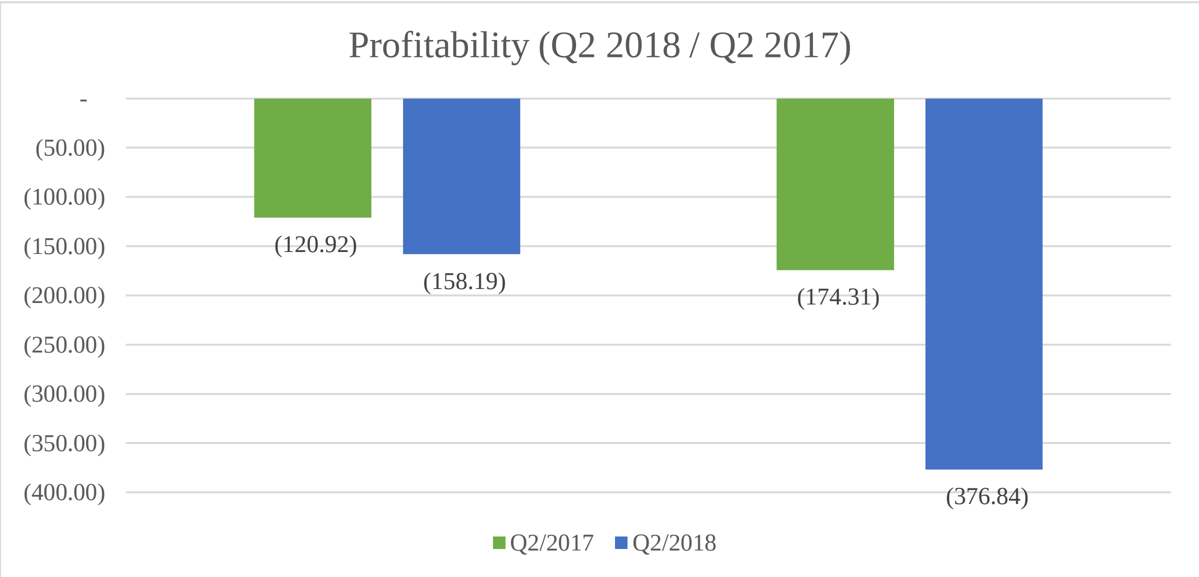
QUARTERLY REVIEW QUARTER 2, 2018

KAHDHOO AIPORTS COMPANY LIMITED

KADHDHOO AIRPORTS COMPANY LIMITED
Q2 2018 PERFORMANCE ANALYSIS

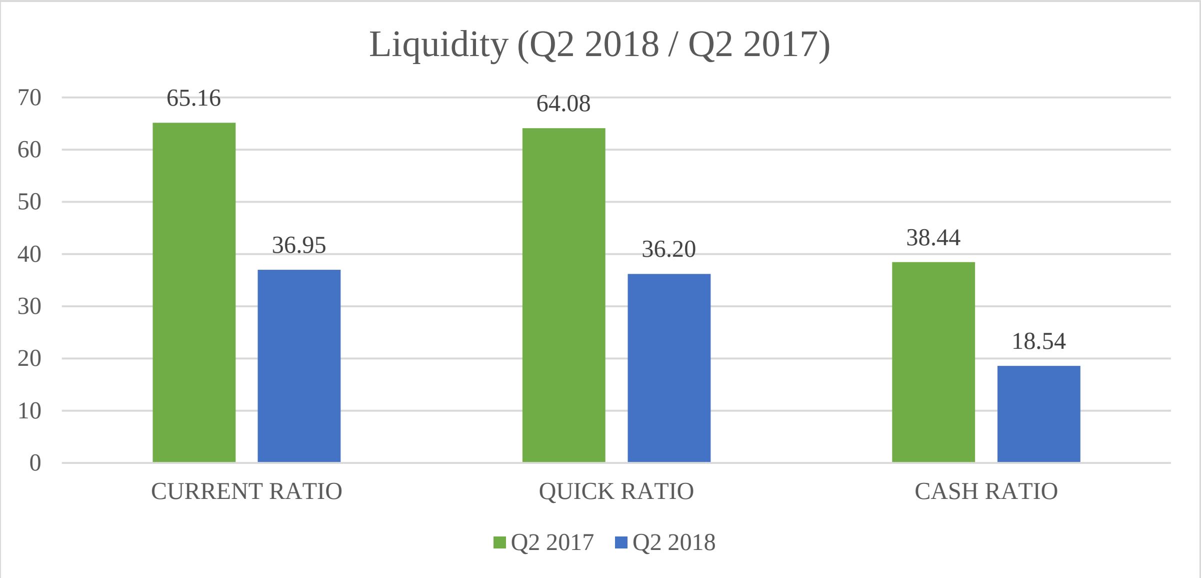
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	3,174,827.00	3,130,376	-44,451	(1.40)
COST OF SALES	178,850.00	111,780	-67,070	(37.50)
GROSS PROFIT	2,995,977.00	3,018,596	22,619	0.75
OPERATING PROFIT	(3,838,963.00)	(4,951,854.00)	(1,112,891.00)	(28.99)
PROFIT AFTER TAX	(5,534,021.00)	(11,796,568.00)	(6,262,547.00)	(113.16)
EARNINGS PER SHARE	-	(4.22)	-	-



- Revenue reduced by 1.40% when compared to the same quarter of the previous year. This reduction comprised revenue from electricity charges, shop revenue and other revenue sources.
- Cost of Sales reduced by 37.50% compared to Q2 2017, as a result gross Profit improved slightly by 0.75%.
- An operating loss of MVR 3.8million in Q2 2018 increased to a loss of 4.95 million in Q2 2018, as a result of increased operating expenses and staff cost during the quarter.
- Net loss increased to 11.8 million compared to that of 5.5 million in Q2 2017, as a result of reduced revenue and operating profit deterioration after expense has been deducted.

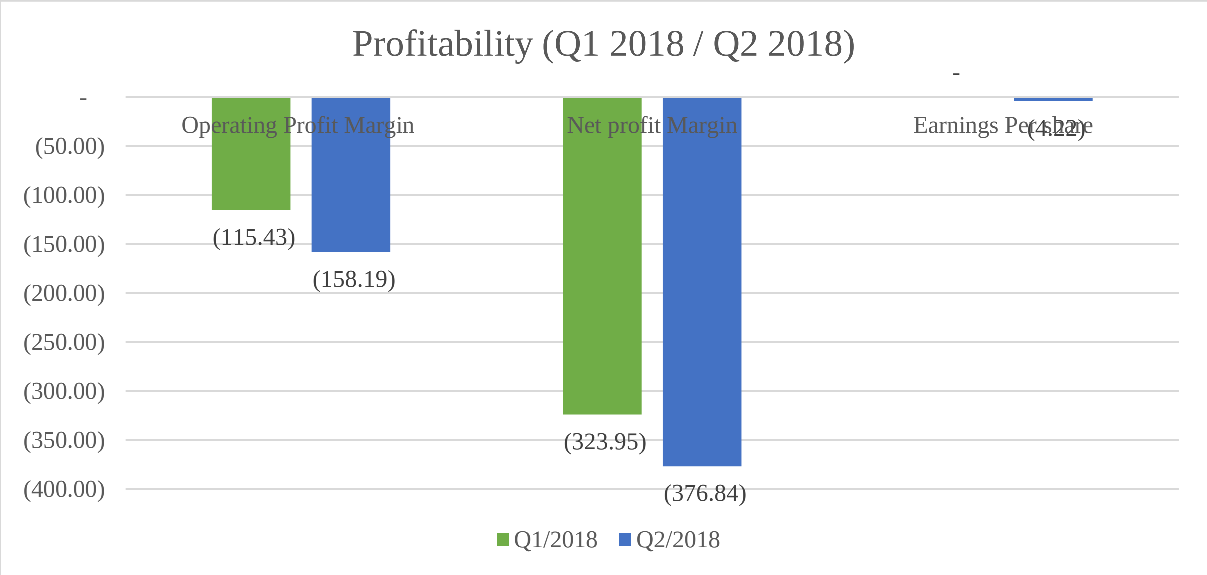
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	56,621,082.00	55,503,690.00
CURRENT RATIO	65.16	36.95
QUICK RATIO	64.08	36.20
CURRENT ASSETS	38,665,859.00	47,437,368.00
CURRENT LIABILITIES	593,361.00	1,283,804.00
WORKING CAPITAL	38,072,498.00	46,153,564.00
CASH RATIO	38.44	18.54
INVENTORY	645,328.00	969,417.00



- Current Ratio of 65.16 in Q2 2017 reduced to 36.95 in Q2 2018. Though current ratio fell, current ratio is high indicating of the assets that are sitting idle in the business. The trade receivables are comparatively higher in both quarters compared to trade payables.
- Quick ratio decreased to 36.20 in Q2 2018 still showing a higher value. Like the current ratio, the high quick ratio is an indication of assets tied up in the business. KACL must implement mechanisms to collect receivables steadily.
- Cash ratio fell to 18.54 in Q2 2018, compared to a ratio of 38.44 in Q2 2017. However, KACL has a strong cash position where they are able to set off the obligations using the cash only.

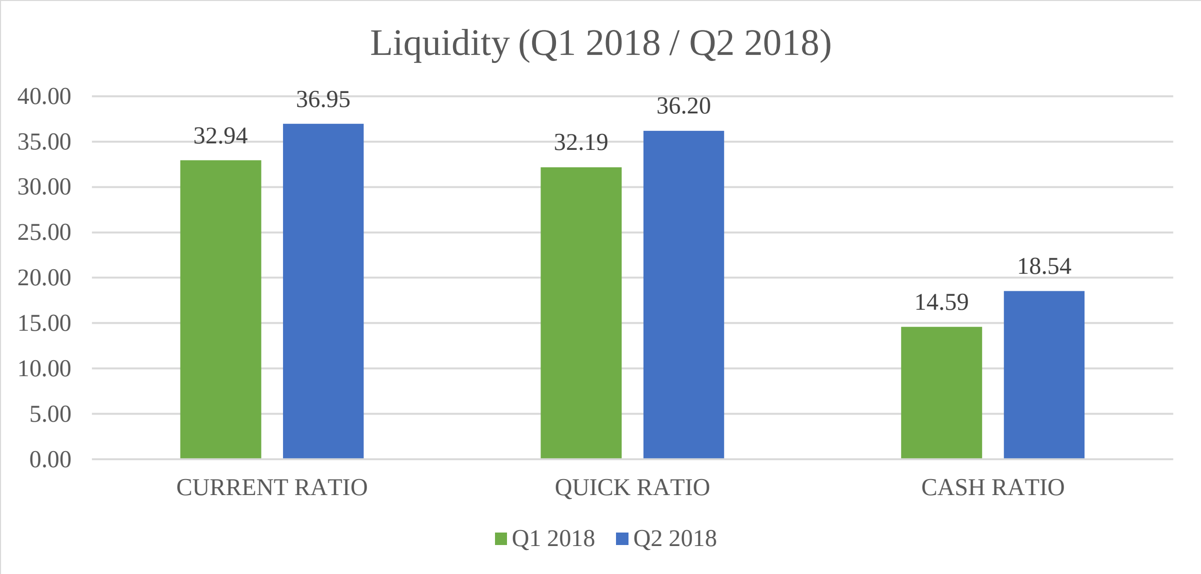
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	3,278,286.00	3,130,376.00	(147,910.00)	-4.51%
COST OF SALES	160,371.00	111,780.00	(48,591.00)	-30.30%
GROSS PROFIT	3,117,915.00	3,018,596.00	(99,319.00)	-3.19%
OPERATING PROFIT	(3,784,287.00)	(4,951,854.00)	(1,167,567.00)	-30.85%
PROFIT AFTER TAX	(10,619,889.00)	(11,796,568.00)	(1,176,679.00)	-11.08%



- Revenue deteriorated by 4.51% when compared to Q1 2018, mainly due to decrease of flight movements and reduced shop sales in the month of Ramadan.
- Gross profit reduced by 3.19% compared to the last quarter Q1 2018.
- Operating loss increased by 30.85% comparing the quarters Q1 2018 and Q2 2018.
- Net loss of 11.8 million in Q2 2018 was a deterioration of 11.08% compared to Q1 2018.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	55,048,033.00	55,503,690.00
CURRENT RATIO	32.94	36.95
QUICK RATIO	32.19	36.20
CURRENT ASSETS	39,631,644.00	47,437,368.00
CURRENT LIABILITIES	1,203,131.00	1,283,804.00
WORKING CAPITAL	38,428,513.00	46,153,564.00
CASH RATIO	14.59	18.54
INVENTORY	906,501.00	969,417.00



- Current ratio of 32.94 improved to 36.95 in Q2 2018 due to increased current assets.
- Quick ratio of 32.19 improved to 36.20 in Q2 2018. The high quick and current ratios are a result of high current assets in the business due to higher receivables. Thus KACL must work-on to improve receivable collection mechanisms.
- Cash ratio also improved to 18.54 in Q2 2018 compared to 14.59 in Q1 2018. This is as a result of strong cash balances compared to the immediate liabilities.

<u>Important Projects undertaken in the quarter</u>

There were no major projects undertaken by KACL during the quarter.

<u>Conclusion</u>

KACL is in a weak financial position based on their profitability. Revenue deteriorated while the net loss is increasing in the quarters. The loss increased in Q2 2018 when compared with Q2 2017 and Q1 2018.

When liquidity is concerned, KACL is in a position to pay off their obligations with the current assets available. Moreover, they are in a position to set off the liabilities with cash only. However, they have to work on to collect the receivables and make the maximum use of the resources and idle assets tied up in the business.

<u>Recommendation</u>

- Strategic planning to improve profitability.
  It is important to improve profit through improving revenue and reducing expenditure. Continuous loss is unhealthy for sustainable development.
- Proper utilization of resources and cost reduction:
  Utilizing resources such as machinery and labor in the most economical way will reduce costs and improve labor efficiency which is needed for growth.

- Strategies to improve revenue
  Revenue can be increased by improving the number of flights operated and building customer confidence to increase demand.
- Utilization of assets tied up in the business.
  Higher current and quick ratios indicate the high level of assets being tied in the business which can be used to increase operations to generate high profits.
- Proper receivable collection mechanisms.
  Receivables have to be collected within the preferred period without further delay. Proper credit control mechanisms and verifying the credit worthiness is important. Furthermore, if the payments are not received within the desired time, relevant authorities must be informed and actions should be taken without further delay.

QUARTERLY REVIEW QUARTER 2, 2018

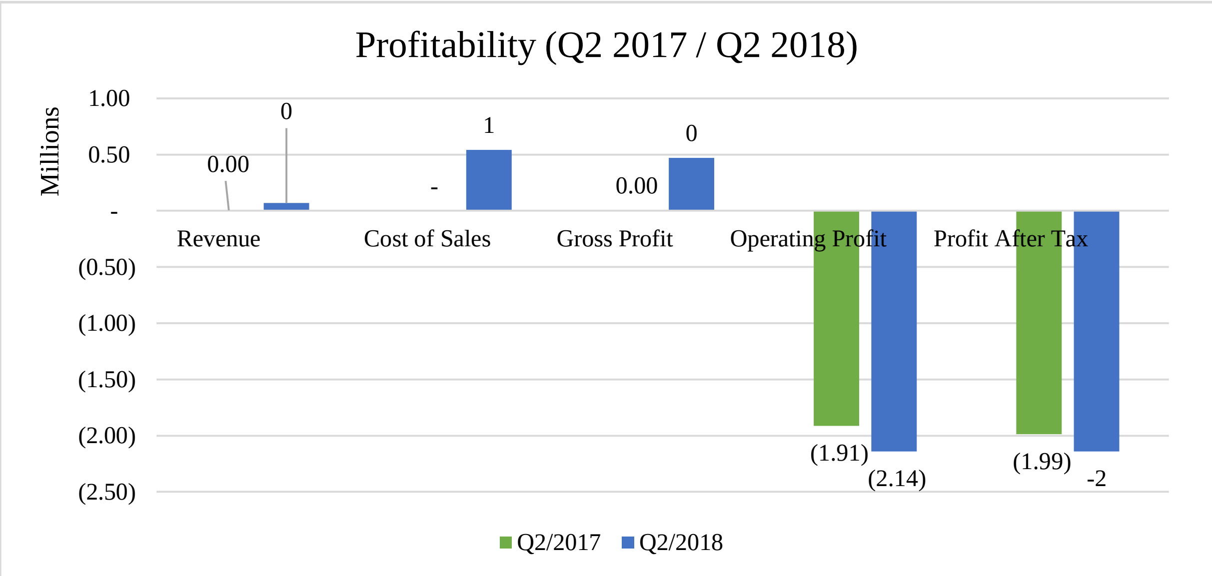
MALDIVES CENTER FOR ISLAMIC FINANCE

MALDIVES CENTER FOR ISLAMIC FINANCE LTD

Q2 2018 PERFORMANCE ANALYSIS

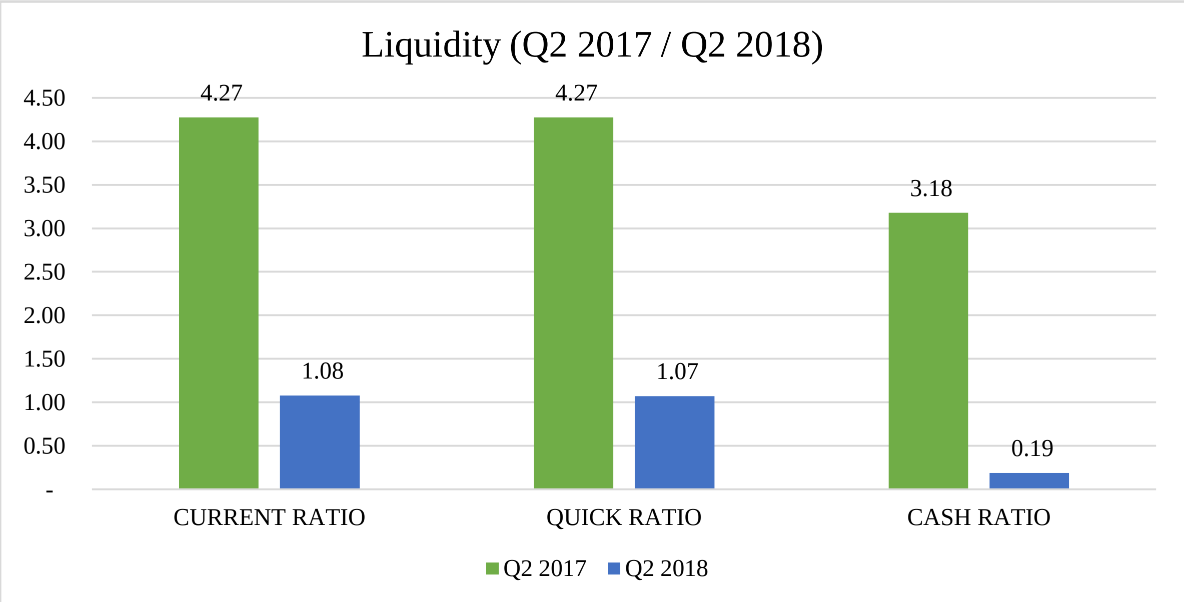
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	3,774	70,515	66,741	1,768.44
COST OF SALES	-	540,353	540,353	
GROSS PROFIT	3,774.00	469,838	466,064	12,349.34
OPERATING PROFIT	(1,913,825)	(2,140,896)	-227,071	11.86
PROFIT AFTER TAX	(1,988,313)	(2,140,896)	-152,583	7.67



- Revenue increased by MVR 70,515 when compared to the same quarter of the previous year. This is an increase of 1768%. In Q2 2017, the revenue generated only from workshops. However, by Q2 2018, the revenue started to generate by sponsorship, magazine advertisement and revenue from SAIIF. The combined revenue totaled to 70 thousand.
- There were no cost of sales in Q2 2017. However, in Q2 2018 cost of sales combined direct cost of education programs and magazine production costs.
- In Q2 2017, revenue equaled to gross profit due to nil cost of sales. In Q2 2018, MCIFL made a gross loss of MVR 469,838.
- In Q2 2017, total operational expenses totaled 1.9 million resulting a loss of 1.99 million. Total operational expense in Q2 2018, totaled to 1.67 million. Therefore the gross loss and operational expenses resulted a net loss of 2.14 million.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	861,021.00	594,774.00
CURRENT RATIO	4.27	1.08
QUICK RATIO	4.27	1.08
CURRENT ASSETS	2,380,324.00	1,089,328.00
CURRENT LIABILITIES	556,879.00	1,011,014.00
WORKING CAPITAL	1,823,445.00	78,314.00
CASH RATIO	3.18	0.19
INVENTORY	-	8,240.00



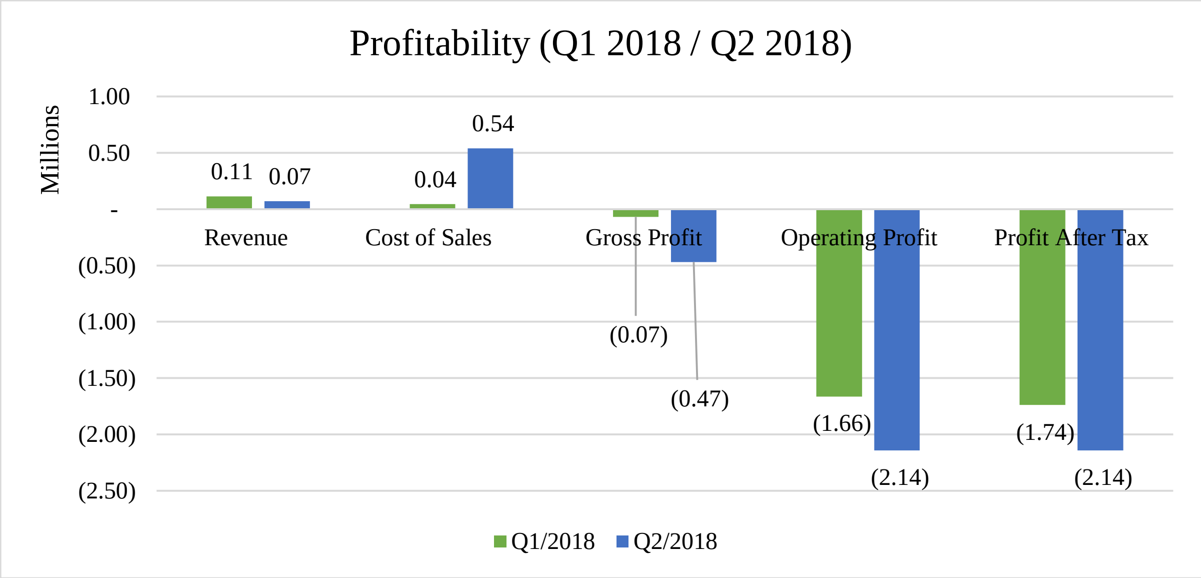
- Non-current assets reduced by 31% in Q2 2018, compared to Q2 2017. Value of both intangible assets and PPE reduced in Q2 2018.
- Current ratio and quick ratio reduced in Q2 2018, compared to Q2 2017. Current assets were higher and at the same time current liabilities were lower in Q2 2017, which led to higher ratio in Q2 2017. As per the ratio MCIF is able to pay off the obligations with the short run assets available in Q2 2018 too. However, the current assets show a very significant value of receivables in Q2 2018, compared to Q2 2017, which need to be collected.
- Cash and Cash Equivalents are very high in Q2 2017, due to capital injection from the government. In Q2 2018, MCIFL, is not able to set off the current obligations with the cash available.

CASH FLOW ANALYSIS	Q2 2017	Q2 2018
NET CASH FROM OPERATING ACTIVITIES	(1,779,875.00)	(1,518,080.00)
NET CASH USED IN INVESTING ACTIVITIES	(45,625.00)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	1,000,000.00

- In Q2 2017, net cash from operating activities resulted in a cash outflow of 1.78 million and which reduced to 1.5 million in Q2 2018.
- In Q2 2017, MCIFL invested MVR 45,625 in purchasing Property, Plant and Equipment. They did not make any investments in the quarter 2 2018.
- In Q2 2018, MCIFL received 1 million from financing activities in the form of proceeds from capital contributed.

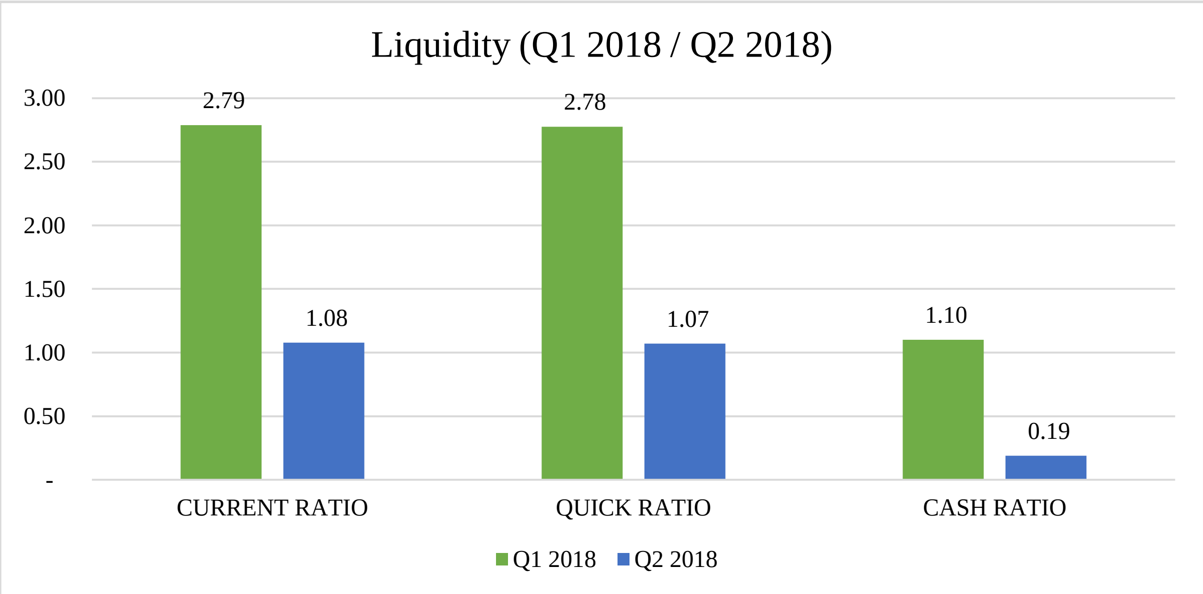
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	113,756.00	70,515.00	(43,241.00)	-38.01%
COST OF SALES	44,577.00	540,353.00	495,776.00	1112.18%
GROSS PROFIT	(69,179.00)	(469,838.00)	400,659.00	579.16%
OPERATING PROFIT	(1,662,807.00)	(2,140,896.00)	(478,089.00)	28.75%
PROFIT AFTER TAX	(1,739,353.00)	(2,140,896.00)	(401,543.00)	23.09%



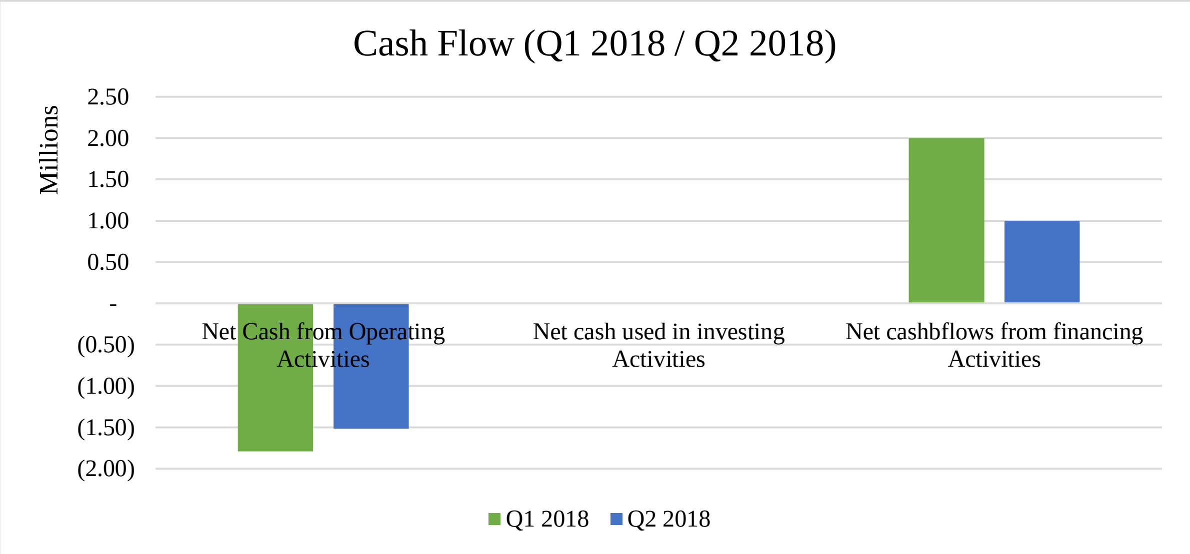
- When compared with Q1 2018, revenue deteriorated by 38%. In Q1 2018, the revenue generated only from SAIIF. But in Q2 2018 revenue comprised magazine income and sponsorships other than revenue form SAIIF.
- Cost of sales increased more than 12 times when compared to Q1 2018. This was due to high magazine production cost.
- Gross loss increased by over 500% in Q2 2018 compared to Q1 2018. Loss was due to increase in cost of sales. In Q2 2017 MCIF generated revenue of MVR 50 thousand relating to Magazine advertisement. However, magazine production costs were over 530 thousand. If the cost remains constant the revenue has to be increased 10 times more than this quarter to cover the cost.
- Operating loss increased by 28.75% in Q2 2018 compared to the last quarter Q1 2018. Though operational loss increased the expenses such as selling and marketing expenses and other operational costs have declined. The increased loss is after the increased gross loss.
- Net loss comprised depreciation charges apart from operational loss in Q1 2018. However, in Q2 2018 Net loss equaled to operational loss since there were no finance costs.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	660,984.00	594,774.00
CURRENT RATIO	2.79	1.08
QUICK RATIO	2.78	1.07
CURRENT ASSETS	1,803,194.00	1,089,328.00
CURRENT LIABILITIES	646,770.00	1,011,014.00
WORKING CAPITAL	1,156,424.00	78,314.00
CASH RATIO	1.10	0.19
INVENTORY	8,240.00	8,240.00



- Non-current assets reduced by 10% in Q1 2018 compared to the current quarter. Both PPE and value of intangible assets reduced due to accumulated depreciation charges. There were no additions or disposal of non-current assets during the quarter.
- The current ratio of 2.79 reduced to 1.08 in Q2 2018 compared to Q1 2018. The change in current and quick ratios are due to increased current liabilities and reduced current assets in Q2 2018 compared to Q1 2018. The current liabilities (payables) increased by 56.32% in Q2 2018 compared to Q1 2018. The ratios suggest that MCIF is able to pay all the current obligations by the current assets if needed to. Though ratios are high the liquidity is weak since a greater portion of current assets hold receivables.
- MCIF has a positive working capital since current liabilities are less than current assets.
- Cash ratio is 1.10 in Q1 2018 and which is reduced to 0.19 in Q2 2018 due to higher current liabilities. MCIF is not in a position setting off the liabilities with the available cash. Thus, MCIF is in need of generating additional cash for long term sustainability.

CASH FLOW ANALYSIS	Q1 2018	Q2 2018
NET CASH FROM OPERATING ACTIVITIES	(1,790,253.00)	(1,518,080.00)
NET CASH USED IN INVESTING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,000,000.00	1,000,000.00



- Net cash out flow from operating activities resulted in negative1.5 million in Q2 2018 which is a reduction in the out flow of cash by 272 thousand.
- No cash has been invested in Q1 2018 and Q2 2018.
- Cash inflow from financing activities in the form of proceeds from capital contributed reduced by 1 million in Q2 2018 compared to Q1 2018.

Number of Employees

There are a total of 19 employees working in MCIF. There are no foreign employees.

Important Projects undertaken in the quarter

The operational highlights of MCIF includes;

- Preparation for 2nd International Halal Management Conference (IHMC) recoverable
- Preparation to launch the first Islamic finance Magazine in Maldives.
- Preparation for Sovereign Sukuk issuance.

Market Highlights includes;

- Marketing activities for CIMA Diploma in Islamic Finance 2nd Batch
- Franchise agreement between MCIF and MAM (Maritime Academy of Maldives) to deliver Diploma in Islamic Banking and Finance Program was signed on 27th May 2018.

- A cooperation agreement was signed between MCIF, MNU and USIM (University Sains Islam Malaysia) on 2nd April 2018 to organize the 2nd International Halal Management Conference. (IHMC)

On-going Projects by MCIF includes;

- Sovereign Sukuk issuance started on 2017 which is 80% completed.
- 2nd Hala International Halal Management Conference (IHMC) commenced on 2nd April 2018 which is 99% completed.
- Laaba Magazine (Islamic Finance Magazine) started on 2017 which is 95% completed.

Conclusion

Net loss increased due to higher expenses in the quarters compared to the revenue earned.

Though current and quick ratios are favorable, it comprise a greater portion of receivable which need to be collected.

Current liabilities are also increasing as they have high amount of payables. Cash available is composed by a greater portion of capital injection by government.

Recommendation

- Improve revenue by increasing operations.
  MCIF has very less operations to improve revenue. Company should plan and formulate strategies to increase business operations to earn higher revenue.
- Implement strategies to collect receivables.
  Receivables should be collected as soon as possible. Strategies can be formulated in such a way that payments are collected once they are due and appropriate measures must be taken for overdue payments.
- Implement strategies to increase cash operations:
  Proper cash forecasting and implementing the cash flow forecast is important to improve cash levels of the business.

QUARTERLY REVIEW QUARTER 2, 2018

MALDIVES HAJJ CORPORATION LTD

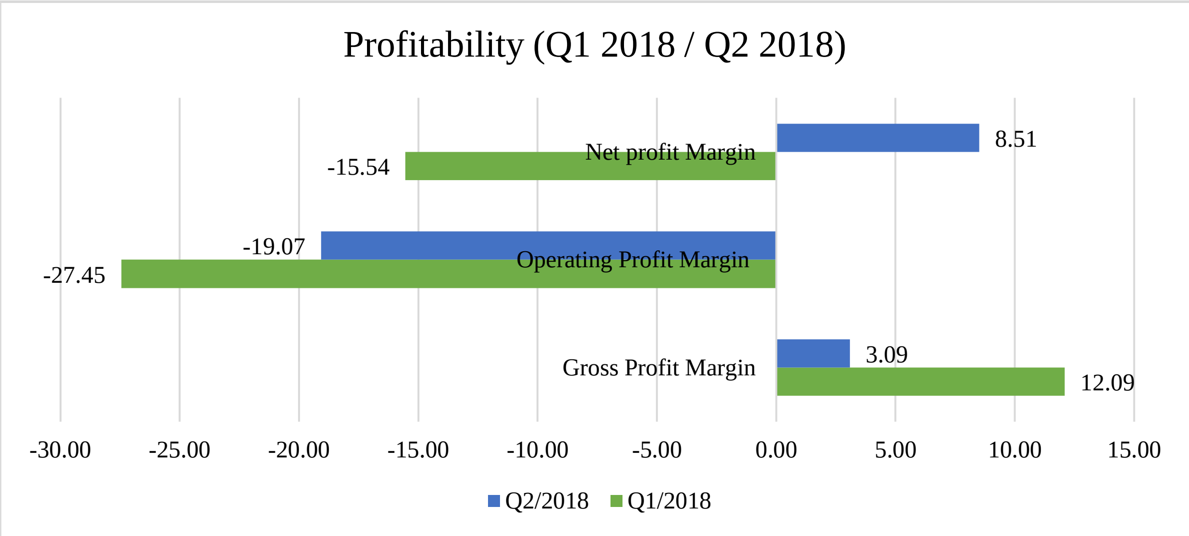
MALDIVES HAJJ CORPORATION LTD

Q2 2018 PERFORMANCE ANALYSIS

<u>Q1 of 2018 AND Q2 of 2018</u>

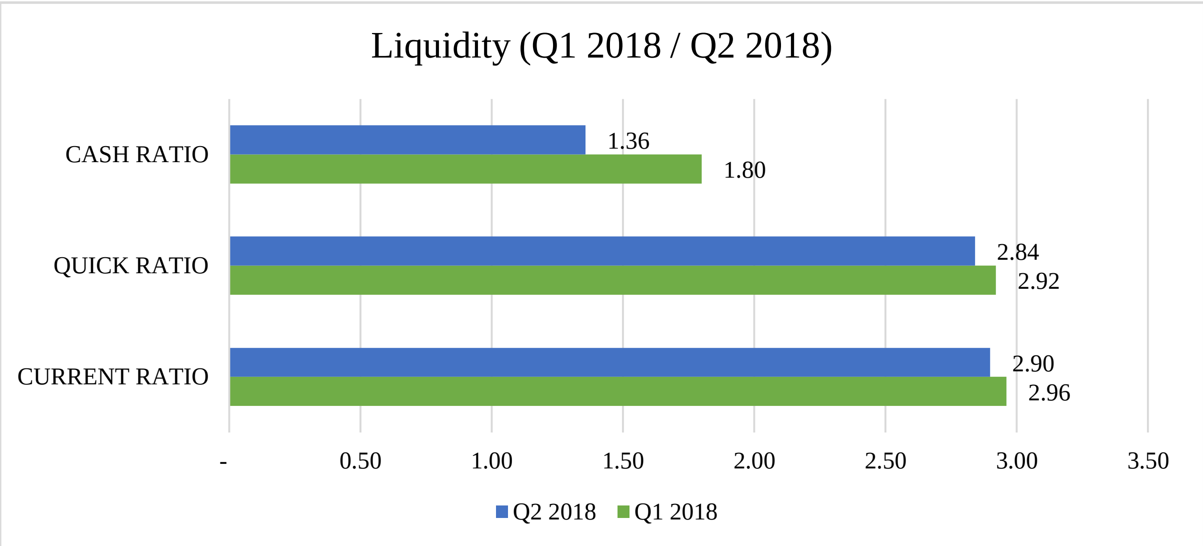
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	3,742,579	6,835,883	3,093,304	82.65
COST OF SALES	3,290,201	6,624,557	3,334,356	101.34
GROSS PROFIT	452,378	211,326	-241,053	-53.29
OPERATING PROFIT	(1,027,235)	(1,303,894)	-276,659	26.93
PROFIT BEFORE TAX	(581,600)	581,600	1,163,200	-200.00
PROFIT AFTER TAX	(581,600)	581,600	1,163,200	-200.00

	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	12.09	3.09
OPERATING PROFIT MARGIN	-34.84	-19.07
NET PROFIT MARGIN	-15.54	8.51



- Revenue increased by 3 million which is an increase of 83% compared to the previous quarter. This is mainly due to revenue from Ramadan Umrah in Q2 2018. Revenue from room sales also increased in the quarter.
- Gross profit fell by 53%, following by increased cost of sales by 101.3%. Cost of sales increased as airline tickets, food & accommodation expenses, clothing etc. increased in Q2 compared to the last quarter.
- Operating Profit increased by 27% compared to the preceding quarter.
- Profit for the year reduced by 200% when compared to the previous quarter due to higher expenses.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	62,193,677	92,146,721
CURRENT RATIO	2.96	2.90
QUICK RATIO	2.92	2.84
CURRENT ASSETS	92,557,023	80,189,778
CURRENT LIABILITIES	31,246,636	27,663,035
WORKING CAPITAL	61,310,386	52,526,742
CASH RATIO	1.80	1.36
INVENTORY	1,221,376	1,606,967



- Non-current assets increased by 30 million which is an increase of 48% compared to the last quarter due to increased Property, Plant and Equipment.
- Current assets reduced by 12 million compared to the previous quarter due to reduction in cash and cash equivalents by 18.8 million.
- Current liabilities also reduced by 3 million which is a reduction of 11.47% compared to the last quarter. This is mainly due to reduction in the advance amount received from customers for Hajj. Current liabilities compose a great portion of advance received from customers.
- Current ratio of 2.96 reduced slightly to 2.90 in Q2 2018 mainly due to reduced current assets due to reduction in cash and cash equivalents.
- Quick ratio also fell from 2.92 to 2.84, after inventories have been reduced. Hajj Corporation is in a position to pay back the current obligations with the current assets available.
- Cash ratio of 1.80 reduced to 1.36 in Q2 2018, due to reduction in cash balance. They are still able to set off the liabilities with cash available.

Important Projects undertaken in the quarter

No major projects undertaken by Hajj Corporation in the quarter.

Conclusion

Revenue increased by 82% compared to the first quarter from Umrah sales as Ramadan fell in the second quarter. Cost of sales also raised in the quarter leading gross profit to deteriorate by 53%. Profit also fell due to higher expenses during the period. When liquidity is concerned, Hajj Corporation is in a good liquidity position where they are able to set off the liabilities with the short term assets available. However, they have to improve their cash balance, as it has a greater portion of advance received from customers which might have to be refunded.

Recommendation

- Improve cash and cash equivalents:
  Hajj Corporation can formulate strategies to improve cash and cash equivalents. Cash has to be generated from other grounds other than the advances from customers, which can be used to set off the liabilities.
- Make use of advance paid by customers for more investments:
  Instead of piling up the amount received from customers for Hajj or Umrah, MHCL can use them for further investments which can yield them higher return in future.
- Reduce costs:
  At the same time cost reduction is vital for MHCL. They can look for cheaper hotels and travelling techniques while referring to quality in order to reduce costs. They also can reduce their expenditure with minimal waste while keeping in mind about the customer demands.

QUARTERLY REVIEW QUARTER 2, 2018

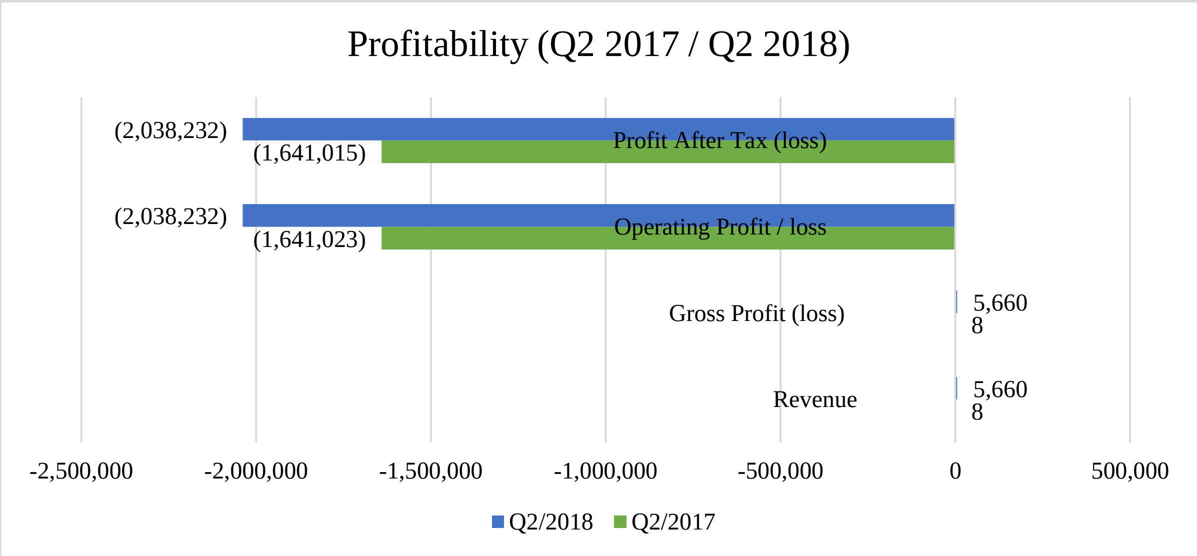
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

Q2 2018 PERFORMANCE ANALYSIS

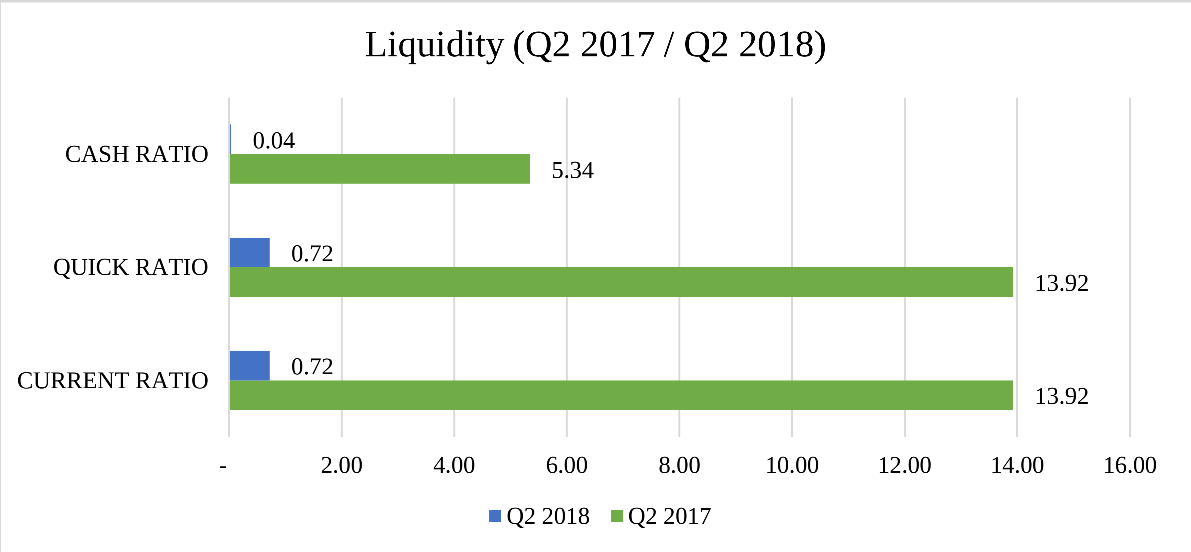
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
Revenue	8	5,660	5,652	70,650
Gross Profit	8	5,660	5,652	70,650
Operating Profit	(1,641,023)	(2,038,232)	-397,209	24.20
Profit After Tax	(1,641,015)	(2,038,232)	-397,217	24.21



- In quarter 2 of 2017, MITDC reported revenue of MVR 8 only which is a discount received. The revenue improved to 5,660 in the second quarter of the current year from bid income.
- Gross profit is the revenue received as there was nil cost of sales in both the quarters.
- Operating loss of 1.6 million in Q2 2017, increased to a loss of 2 million in Q2 2018, due to higher administrative expenses. The administrative expenses include a greater portion of legal and professional fees and payroll expenses in Q2 2017. In Q2 2018, the payroll expenses increased by 58%. Moreover more expenses were recorded in Q2 2018, including sales and marketing expenses, Ramadan bonus, internet expenses, staff training expense and amortization of intangible assets and leasehold rights.
- Loss for the year equaled to operational loss as there were no finance income or finance cost.

LIQUIDITY	**Q2/2017**	**Q2/2018**
NON CURRENT ASSETS	28,501,943	57,084,766
CURRENT RATIO	13.92	0.72
QUICK RATIO	13.92	0.72
CURRENT ASSETS	21,100,562	45,809,322
CURRENT LIABILITIES	1,515,630	63,458,441
WORKING CAPITAL	19,584,932	(17,649,119)
CASH RATIO	5.34	0.04
INVENTORY	-	-



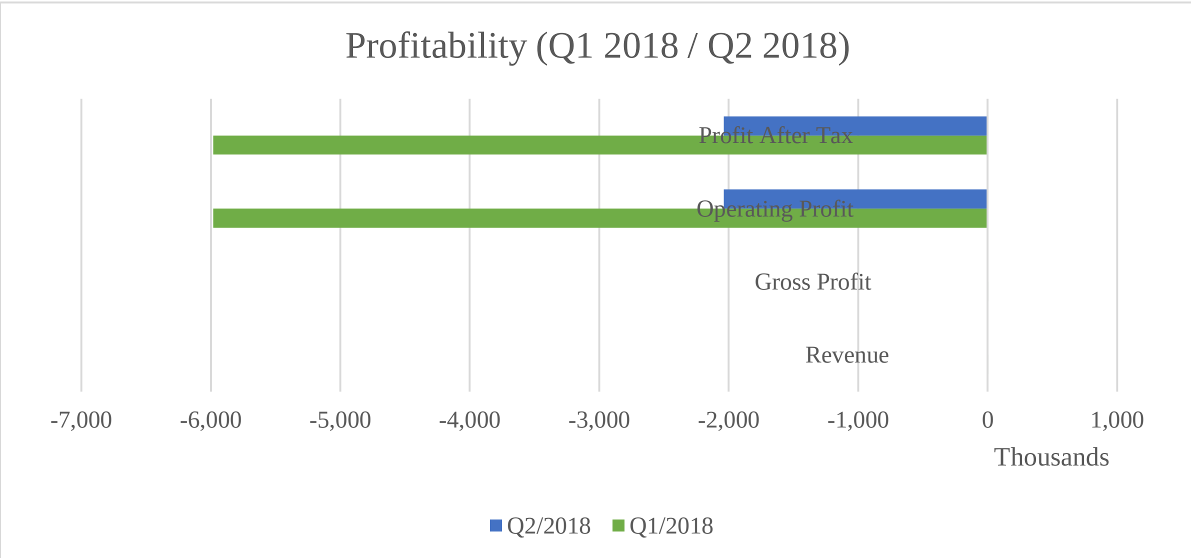
- Non-current assets increased by 100.28% in Q2 2018, compared to the same quarter of the previous year. Though the value of Property, Plant and Equipment fell by 66%, MITDC recorded work in progress of 54 million in Q2 2018, which is an increase of 113% compared to the same quarter of the previous year.
- Current assets increased by 24.7 million in Q2 2018, compared to the same quarter of the previous year merely due to increased trade receivables during the period. However, cash balance reduced by 5.7 million mainly due to cash used in investing activities like purchase of property plant and equipment and capital work in progress. Also, those funds have been used for operational expenses.
- Current liabilities increased greatly by 61.9 million due to increase in payables in Q2 2018, compared to Q2 2017. This is due to high trade payables in Q2 2018, compared to Q2 2017. Moreover, Current liabilities of Q2 2018, includes advance rent of 26 million and short term loan of 15.4 million as significant amounts.
- As a result of current liabilities increasing higher than the current assets in Q2 2018, when comparing with Q2 2017, the working capital resulted in a negative 17 million.
- Current ratio resulted in 13.90 in Q2 2017, due to lower payables in the quarter. However, the ratio fell to 0.72 in Q2 2018, where they were not able to settle the current liabilities with the short term assets available. This is because the current liabilities increased immensely in the Q2 2018, including trade payables and accrued expenses.

More current liabilities are incurred in the quarter including GST payable, advance rent, short term loan, accrued interest and other payables.

- Current and quick ratio are same, as the inventory is nil.
- Cash ratio of 5.34 in Q2 2017, reduced to 0.04 in Q2 2018. Cash and cash equivalents of 8.1 million reduced to 2.3 million in Q2 2018, due to huge sum of cash used in investing activities and in operating activities such as settling off the payables in Q2 2018.

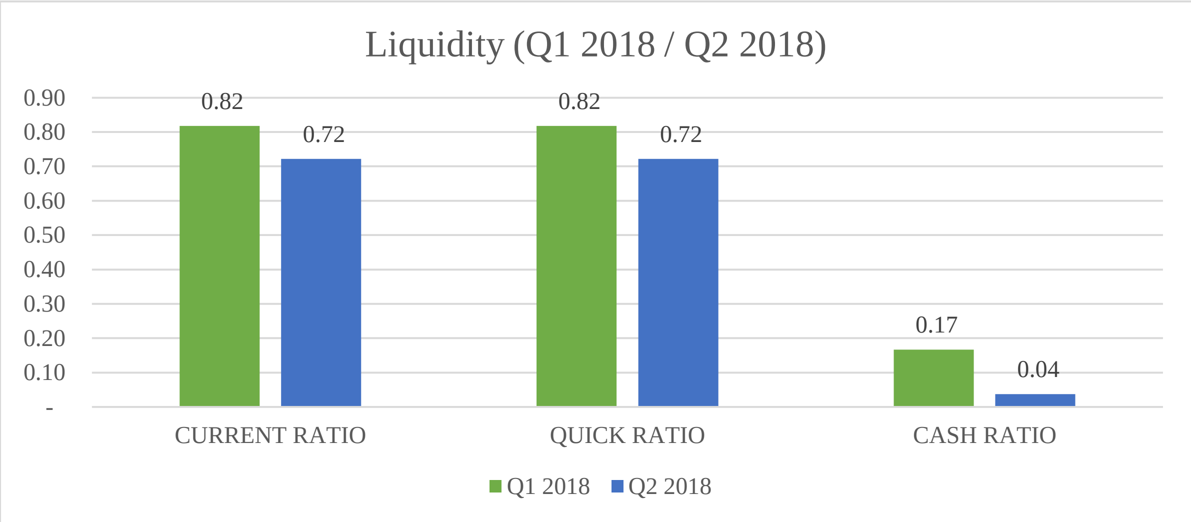
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
Revenue	5,910	5,660	(250)	-4.23%
Gross Profit	5,910	5,660	(250)	-4.23%
Operating Profit	(5,981,706)	(2,038,232)	3,943,474	-65.93%
Profit After Tax	(5,981,706)	(2,038,232)	3,943,474	-65.93%



- Revenue reduced by 4.23% compared to the last quarter. In both quarters revenue is generated mainly from bid income. In the preceding quarter revenue of MVR 250 generated additionally as discount received. Discount received has been recognized as revenue.
- Gross profit equaled revenue due to nil cost of sales.
- Operating loss resulted in 5 million reduced to 2 million in Q2 2018. This is due to lower administrative expenses and sales & marketing expenses in Q1 2018, compared to Q2 2018. Administrative expenses was reduced by 68% and selling and marketing expenses was reduced by 51.57%, compared to the last quarter.
- Loss after tax were same, as operating losses as there were finance cost or gain.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	53,982,024.00	57,084,766.00
CURRENT RATIO	0.82	0.72
QUICK RATIO	0.82	0.72
CURRENT ASSETS	53,358,830.00	45,809,322.00
CURRENT LIABILITIES	65,265,711.00	63,458,441.00
WORKING CAPITAL	(11,906,881.00)	(17,649,119.00)
CASH RATIO	0.17	0.04
INVENTORY	-	-



- Non-current assets improved by 3 million which is an increase of 5% compared to the last quarter. This is mainly due to the increase of capital work in progress which rose by 4.8 million which is an increase of 9.7%, compared to the last quarter. All the other non-current assets decreased in the quarter. WIP holds 94-95% of the total non-current assets in the quarters.
- Current Assets reduced by 7.5 million in Q2 2018, compared to the preceding quarter, mainly due to reduction in cash and cash equivalents. Accounts receivables increased by 2.1 million in Q2 2018. However, other receivables, as well as cash, reduced in the quarter leading to a fall in total current assets by 14% when compared to the last quarter.
- Current liabilities reduced by 2.7%, compared to the previous quarter, mainly due to reduction in the trade payables by 4.7 million. The major portion of current liabilities are held by trade payables and advance rent. Advance rent increased by 11%.
- Current ratio of 0.82 reduced to 0.72 compared to the last quarter. MITDC is not in a position to pay back the current liabilities with the short term assets.
- Cash ratio of 0.17 reduced to 0.04 in Q2 2018, compared to the last quarter due to lower cash balances in Q2 2018 as a result of cash being invested in capital work in progress. The cash balance is not sufficient to pay even a half of the current debts.

Important Projects undertaken in the quarter

Kaashidhoo Tourist Village

Ground breaking of Kaafu Kaashidhoo Tourism Village was held at the site on 26th March 2018. The foundation was laid by Minister of Tourism Mr. Moosa Zameer and Managing Director of Maldives Integrated Tourism Development Corporation (MITDC), Mr. Shahid Mohamed.

Laamu Baresdhoo

Agreement was signed with MWSC to provide temporary water and sewerage facility at the Island. MWSC commence the setup works for the temporary setup. Head lease for the Island of Baresdhoo was transferred to MITDC with the signing of the Lease transfer agreement between MMPRC, MITDC and MOT.

Project Name	Start Date	End Date	Project Value (USD)	Completed Value	Project Completion
Kaashidhoo Integrated Tourism Development Project (Kaashidhoo Tourist Village	2017	End of 2018	2,500,000	625,000	25%
Laamu Baresdhoo Integrated Tourism	2017	2019	35,000,000	1,750,000	5%

Conclusion

MITDC is a company generating very low income only from bid income. Administrative expenses and selling and marketing expenses are increasing each quarter. As a result company faces operational and net losses. Revenue generated is not enough to settle the expenses recognized.

Current and quick ratios of MITDC are low, indicating possible liquidity problems. Current assets are not sufficient to set off the current obligations. Cash balance is also too low, to set off the current obligations.

Recommendation

- Increase revenue through increased operations:
  Operations need to be increased in order to yield higher revenue. Apart from revenue increase, it is important to reduce cost as well to earn higher profits.
- Reduce trade receivables:
  Receivable collection mechanisms need to be formulated to get the best result in collection of prompt payments.
- Reduce payables:
  Payables need to be minimized in order to minimize the liabilities.

QUARTERLY REVIEW QUARTER 2, 2018

MALDIVES TRANSPORT AND CONTRACTING COMPANY

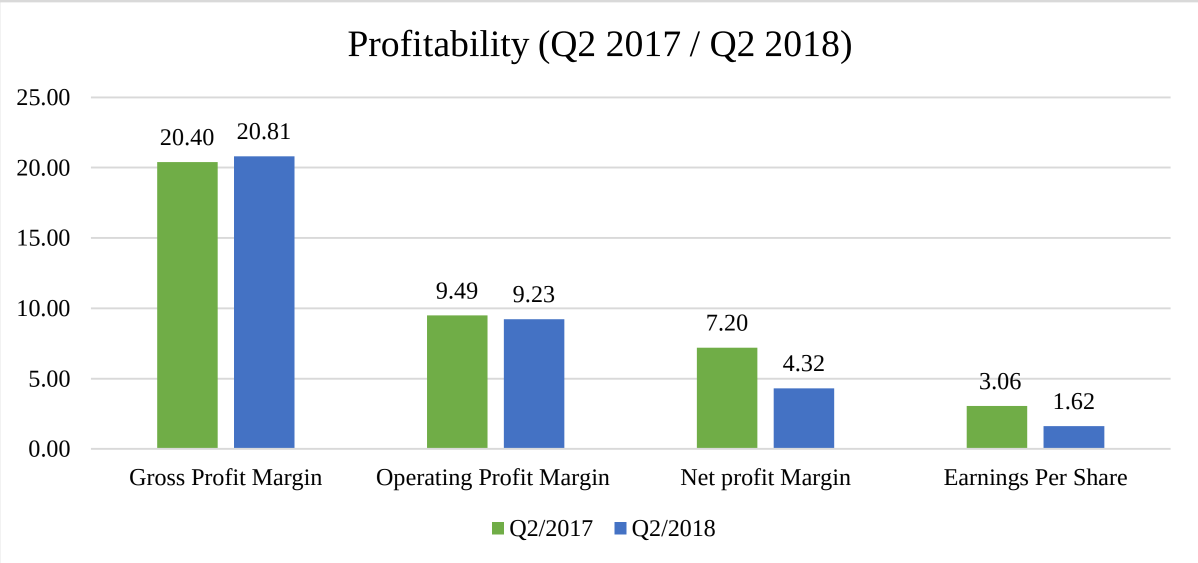
MALDIVES TRANSPORT AND CONTRACTING COMPANY

Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

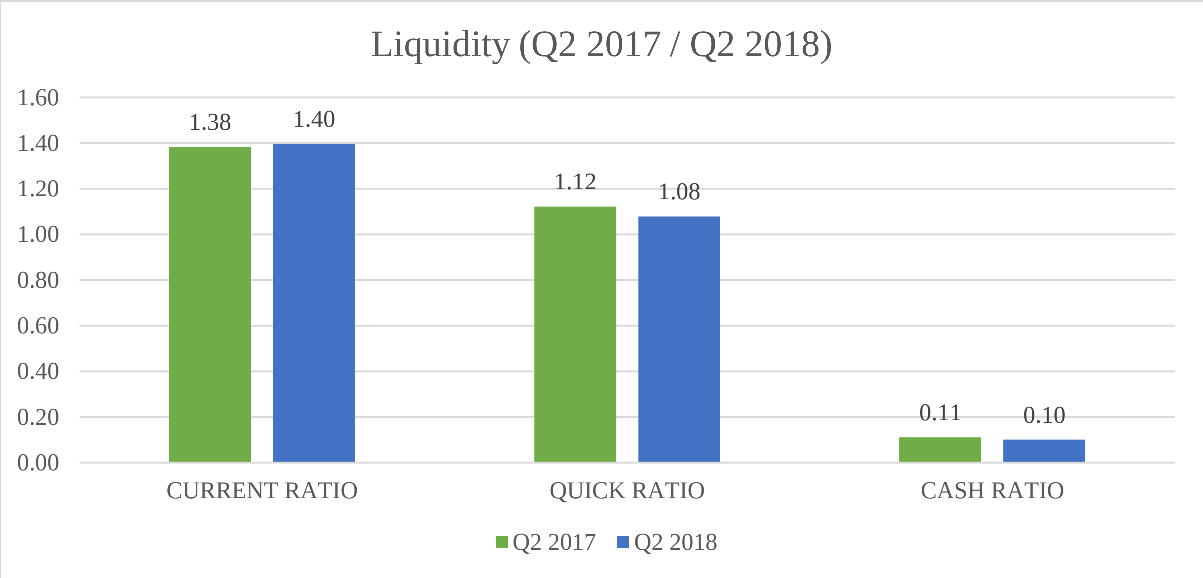
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	341,594,041.00	301,498,307.00	-40,095,734	-11.74
COST OF SALES	271,893,827.00	238,741,489.00	-33,152,338	-12.19
GROSS PROFIT	69,700,214.00	62,756,818.00	-6,943,396	-9.96
OPERATING PROFIT	32,424,349.00	27,823,529.00	-4,600,820	-14.19
PROFIT BEFORE TAX	28,922,434.00	15,312,919.00	-13,609,515	-47.06
PROFIT AFTER TAX	24,584,069.00	13,015,981.00	-11,568,088	-47.06

	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	20.40	20.81
OPERATING PROFIT MARGIN	9.49	9.23
NET PROFIT MARGIN	7.20	4.32
EARNINGS PER SHARE	3.06	1.62



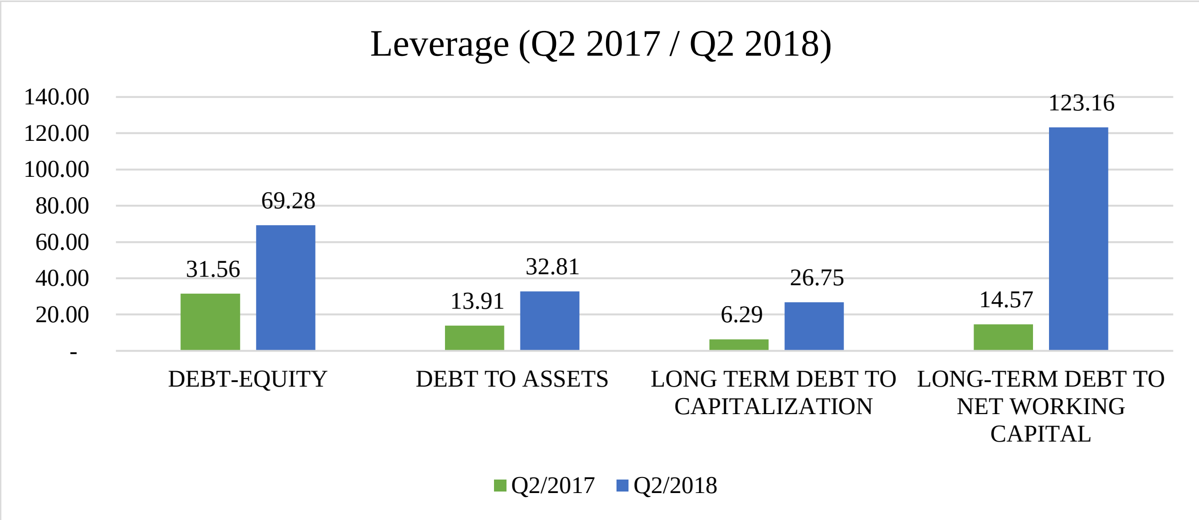
- Revenue reduced by 11.74%, when compared to the same quarter of the previous year, mainly due to decrease in new construction projects. Revenue also decreased from Contracting, Logistics and Trading. Revenue from land reclamation has doubled in the quarter.
- Gross profit deteriorated by 9.96% compared to Q2 2017, despite the fall in cost of sales, mainly due to revenue reduction from various segments.
- Operating profit deteriorated by 15.49% when compared to the Q2 2017.
- Net profit reduced by 47.06% compared to Q2 2017, after an increase in finance costs.
- Gross Profit and Net Profit margins were merely at the same rate in both the quarters.
- Net Profit Margin fell from 7.20 to 4.32 in Q2 2018, when compared to Q2 2017.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	395,827,156	1,065,104,794
CURRENT RATIO	1.38	1.40
QUICK RATIO	1.12	1.08
CURRENT ASSETS	1,084,885,361	1,039,767,894
CURRENT LIABILITIES	784,435,727	744,288,089
WORKING CAPITAL	300,449,634	295,479,805
CASH RATIO	0.11	0.10
INVENTORY	204,616,197	237,036,730



- Current ratio improved to 1.40 from 1.38 comparing Q2 2018, with Q2 2017. MTCC is in a position to pay back its immediate liabilities with the current assets.
- Quick ratio declined slightly to 1.08 in Q2 2018, from 1.12 in Q2 2017. However, the liquidity is favorable for MTCC where they are able to pay back the immediate liabilities with the assets available even after excluding the inventory.
- MTCC has a reduced working capital as a result of reduction in current assets greater than the reduction in the current liabilities. Current Assets reduced as a result of reduction in the receivables and available cash balances.
- Cash ratio reduced from 0.11 to 0.10 in Q2 2018. The cash ratio is comparatively low in MTCC, where they will not be able to pay off the immediate liabilities with the cash only.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	31.56	69.28
DEBT TO ASSETS	13.91	32.81
LONG TERM DEBT TO CAPITALIZATION	6.29	26.75
LONG-TERM DEBT TO NET WORKING CAPITAL	14.57	123.16

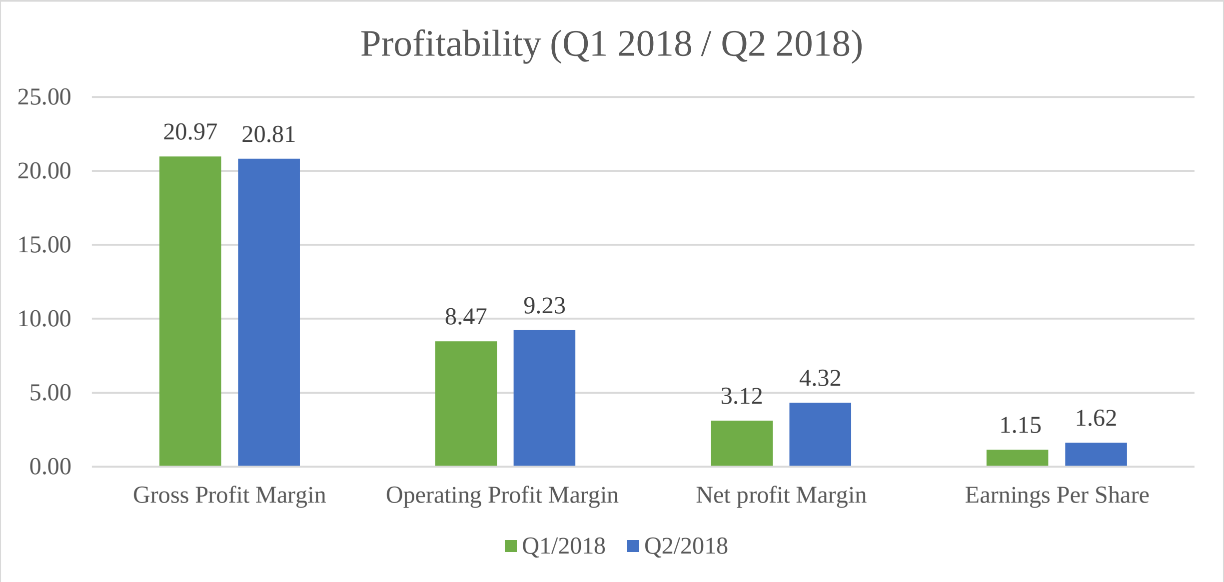


- Debt to Equity which was 32% in Q2 2017, increased to 69% in Q2 2018. This is due to increased borrowings. This indicates high risk for investors, and MTCC is highly geared.
- Debt to assets ratio which was 14% in Q2 2017, increased to 33% in Q2 2018. This indicates that most of the assets are financed through equity and they can meet the obligations by selling off the assets if needed to.
- Long-term debt to capitalization is 6% and 27% in Q2 2017 and Q2 2018 respectively, indicating the low debts compared to capital. They accounted some of the borrowings as a current liability thus reducing long term debts.
- Interest coverage ratio which was 9.26 in Q2 2017, showing that MTCC is making enough money to cover the interest with the current operations. The ratio fell to 2.22 in Q2 2018, however, MTCC is still able to cover the interest with the current operations.

Q1 of 2018 AND Q2 of 2018

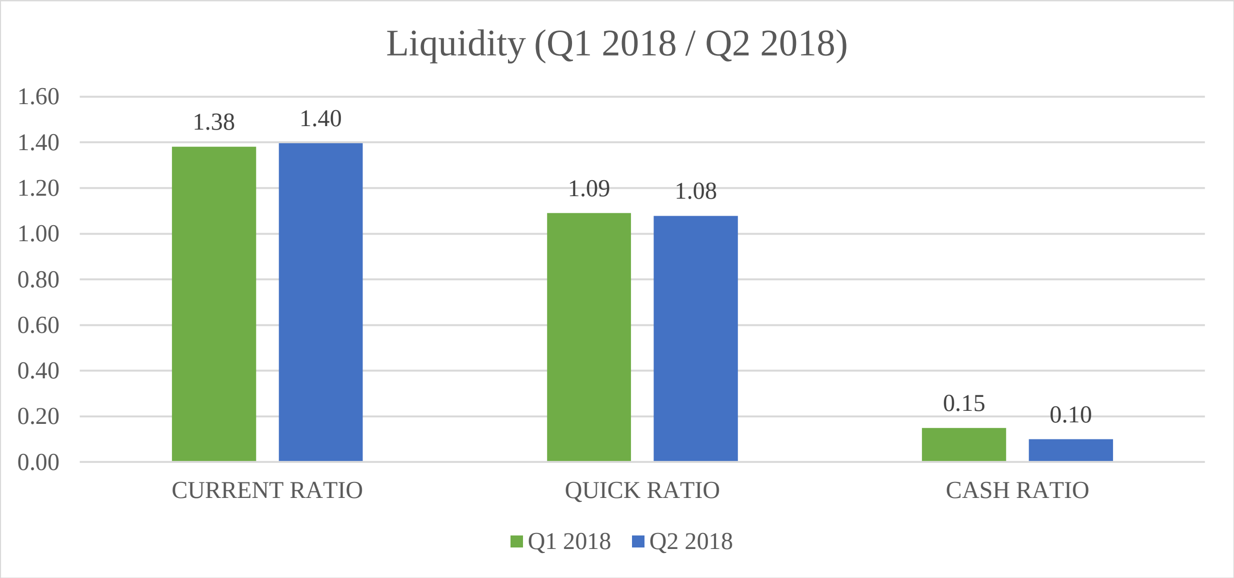
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	295,414,903.00	301,498,307.00	6,083,404	2.06
COST OF SALES	233,452,710.00	238,741,489.00	5,288,779	2.27
GROSS PROFIT	61,962,193.00	62,756,818.00	794,625	1.28
OPERATING PROFIT	25,032,528.00	27,823,529.00	2,791,001	11.15
PROFIT BEFORE TAX	10,844,004.00	15,312,919.00	4,468,915	41.21
PROFIT AFTER TAX	9,217,403.00	13,015,981.00	3,798,578	41.21

	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	20.97	20.81
OPERATING PROFIT MARGIN	8.47	9.23
NET PROFIT MARGIN	3.12	4.32
EARNINGS PER SHARE	1.15	1.62



- Revenue improved slightly by 2.06% compared to Q1 2018. Revenue improved from Trading, Logistics, Transport and Engineering and Docking when compared to Q1 2018.
- Gross profit also increased slightly by 1.28% despite the increase in cost of sales.
- Operating profit increased by 11.15% compared to the first quarter, mainly due to increase in other income in the quarter Q2 2018, compared with Q1 2018.
- Net profit enhanced greatly by 41.21% compared to the first quarter of 2018, following improved operating profit and reduced finance costs in the second quarter.
- Gross profit margin remained nearly the same, however, operating profit and net profit margins improved.
- Earnings per share also rose to 1.62 in Q2 2018 from 1.15 in the Q1 2018.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	1,073,071,703.00	1,065,104,794.00
CURRENT RATIO	1.38	1.40
QUICK RATIO	1.09	1.08
CURRENT ASSETS	1,047,444,116.00	1,039,767,894.00
CURRENT LIABILITIES	758,374,057.00	744,288,089.00
WORKING CAPITAL	289,070,059.00	295,479,805.00
CASH RATIO	0.15	0.10
INVENTORY	220,707,582.00	237,036,730.00



- Current ratio increased to 1.40 in Q2 2018, from 1.38 in Q1 2018. MTCC is able to cover the short term liabilities with the short term assets available.
- Quick ratio is 1.09 in Q1 2018 and 1.08 in Q2 2018. Though ratio declined slightly MTCC was able to set off the short term liabilities with the current assets available after excluding the inventory.
- Working capital shows an improved figure when compared with Q1 2018 due to reduction in current liabilities.
- Cash Ratio is 0.15 in Q1 2018 and 0.10 in Q2 2018. Cash Ratio is relatively low in the quarters because MTCC is not able to cover the debts with the cash available with them.

LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	71.68	69.28
DEBT TO ASSETS	33	33
LONG TERM DEBT TO CAPITALIZATION	27.79	26.75
INTEREST COVERAGE RATIO	176.43	222.40

- Debt to equity ratio is 72% in Q1 2018, reducing ratio to 69% in Q2 2018. This indicates that MTCC is less risky to invest.
- Debt to assets ratio of 33% in Q1 2018, remained same as 33% in Q2 2018. In Q2 2018, most of the assets of the company were financed through debts. MTCC would be able to meet its obligations by selling off the assets if needed to.
- Long term Debt to Capitalization is 28% in Q1 2018 and 27% in Q2 2018, respectively. This indicates that MTCC has lower debts compared to capital and thus, shows their financial stability.
- The interest coverage ratio is 176.43 in Q1 2018 improving to 222 in Q2 2018. This shows that MTCC is making enough money to pay the interest from their current operations.

Number of Employees

By the end of the 2nd Quarter of 2018, there were a total of 1745 staff employed at MTCC, which shows a 3.32% increase in the number of employees (1689) compared to the 1st Quarter of 2018. From the number of employees in Q2, 51% were Maldivian. The other 49% comprises employees from India, Sri-Lanka, Bangladesh, Nepal and Philippines.

Important Projects undertaken in the quarter

A total of 35 construction projects were managed by the company out of which, five projects were successfully completed, while one new project was started during the quarter.

MTCC carried out six dredging and special projects during this quarter. Ongoing projects include; Th. Guraidhoo Land Reclamation Project, K. Madivaru Island Land Reclamation Project, Sawmill Relocation Project and Land Reclamation plus Shore Protection at K. Thilafushi Project.

The expansion work of Fennaa Gimatha Ferry Terminal started during the first quarter of the year and was continued throughout the second quarter. The purpose of expanding the ferry terminal is to cater to the growth in commuters in Hulhumale'.

Additionally, MTCC started using two new premium link ferries in the company's operations, to improve the efficiency of transportation and convenience of customers.

A Memorandum of Understanding (MOU) was signed by MTCC with China State Construction Pvt Ltd to improve transportation between Phase 1 and Phase 2.

During this quarter, a new voting software was developed by MTCC for the Annual General Meeting of 2017. This software was tested and successfully implemented for shareholder voting at the Annual General Meeting held on 26th April 2018.

Conclusion

When referring to the Profitability of MTCC, revenue and net profit shows declined figures, when compared with the same quarter of the previous year. However, figures showed improvements when compared with the first quarter of the current year.

MTCC is in a favorable position when referring to the liquidity where they are able to set off the current obligations with the current assets even after including part of the borrowings as current liability.

Recommendation

- Improve Revenue from all the departments:
  Improved revenue from all departments will increase the overall revenue which will be helpful in increasing profit levels.
- Reduction of costs by fully utilizing resources:
  Proper utilization of resources will help MTCC in reducing costs to a minimum level.
- Reduce administrative costs and other expenses:
  Cost minimization strategies can be implied to reduce expenses including administrative expense which is relatively high in MTCC.
- Replace foreign employees:
  MTCC employees number of foreign employees which could be replaced by local employees.

QUARTERLY REVIEW QUARTER 2, 2018

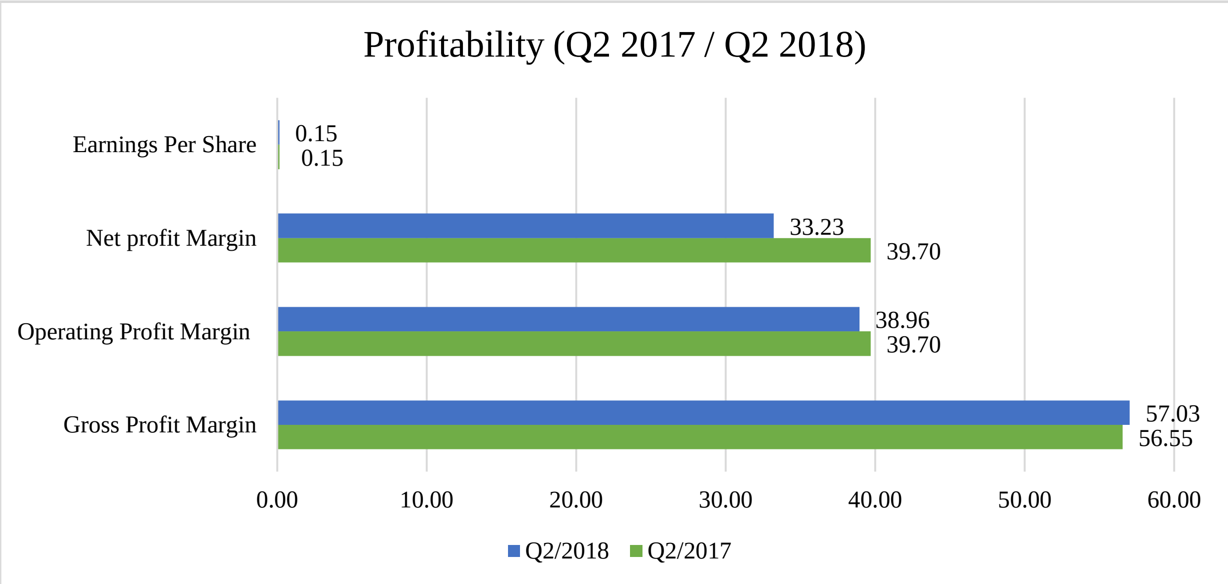
MALDIVES TOURISM DEVELOPMENT CORPORATION

MALDIVES TOURISM DEVELOPMENT CORPORATION
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

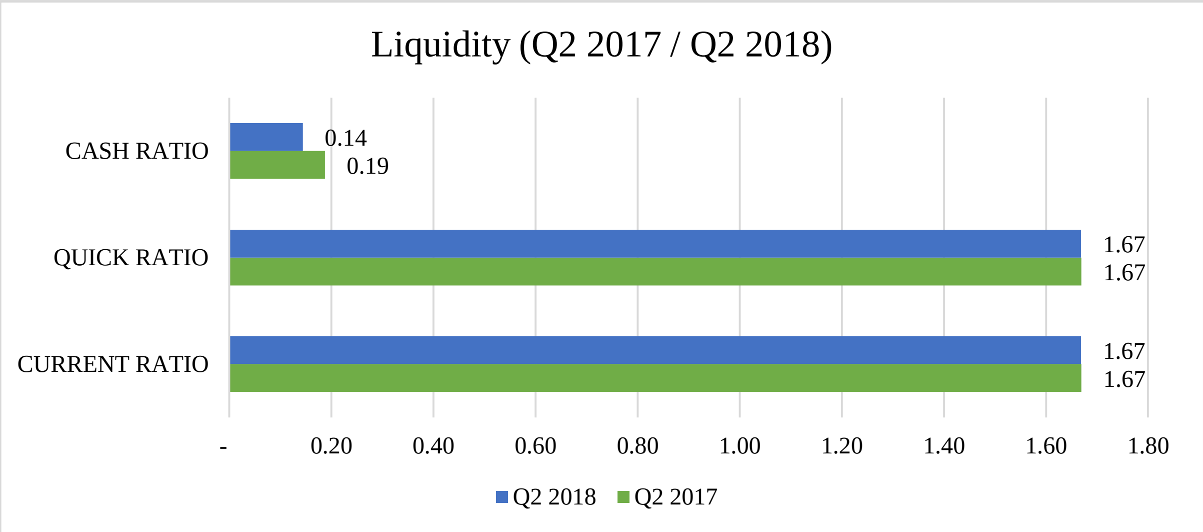
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	16,881,584.70	17,071,589.94	190,005	1.13
COST OF SALES	7,334,970.18	7,334,970.18	0	0.00
GROSS PROFIT	9,546,614.52	9,736,619.76	190,005	1.99
OPERATING PROFIT	6,702,380.10	6,651,108.60	-51,272	-0.76
PROFIT BEFORE TAX	6,702,380.10	6,651,108.60	-51,272	-0.76
PROFIT AFTER TAX	6,702,380.10	5,672,200.74	-1,030,179	-15.37

	Q2/2017	Q2/2018
GROSS PROFIT MARGIN	56.55	57.03
OPERATING PROFIT MARGIN	39.70	38.96
NET PROFIT MARGIN	39.70	33.23
EARNINGS PER SHARE	0.15	0.15



- Revenue increased slightly by 1.13%.
- Gross profit also improved slightly by 1.99% as cost of sales were same in both the quarters.
- Operating profit declined by 0.76% due to rise in administrative expenses.
- Net profit reduced by 15.37% as a result of tax expense which has not been accounted in the same quarter of the previous year.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	370,354,383.48	375,030,143.82
CURRENT RATIO	1.67	1.67
QUICK RATIO	1.67	1.67
CURRENT ASSETS	389,615,397.54	343,918,304.64
CURRENT LIABILITIES	233,382,255.12	206,080,620.84
WORKING CAPITAL	156,233,142.42	137,837,683.80
CASH RATIO	0.19	0.14
INVENTORY	-	-

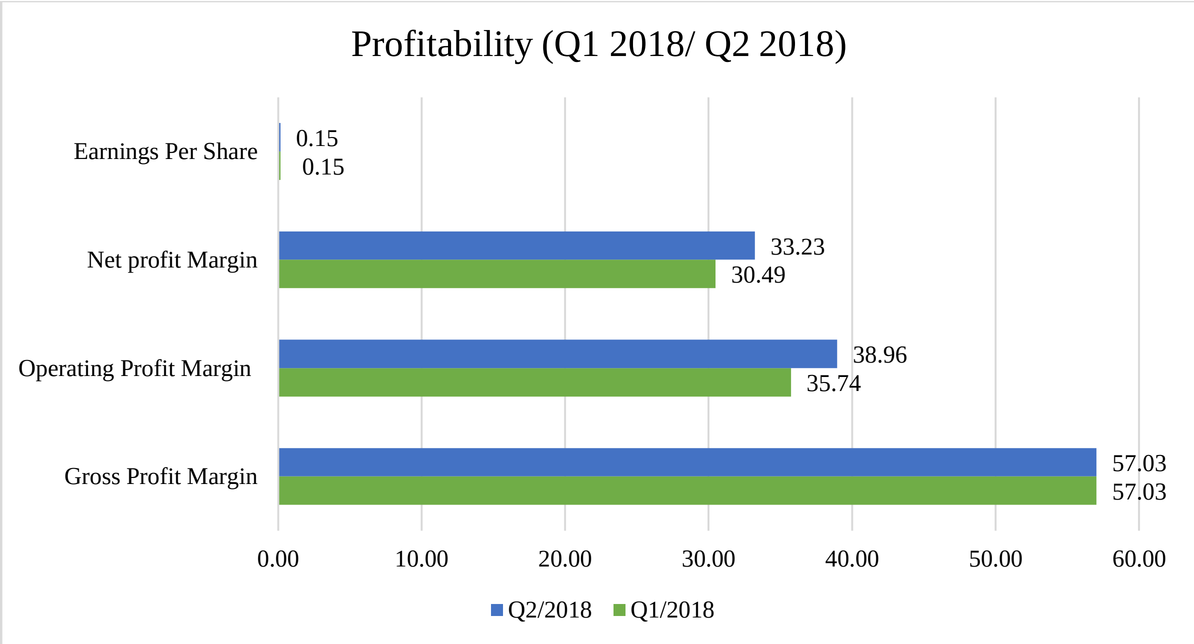


- Non-current assets increased by 4 million. This is an increase of 1.26% when compared to the second quarter of the previous year. This is due to the lease rent equalization – sub lease in the quarter Q2 2018 compared to Q2 2017.
- Current Assets reduced by 11% when compared to Q2 2017. This reduction comprise reduction in the asset held for sale by 7.65%, reduction in trade and other receivables by 88.53% and reduction in cash and cash equivalents by 31.91%. However, in Q2 2018, there is a business profit tax refund of 4.38 million were recorded in current assets.
- Current liabilities also reduced by 11.7% due to reduction in payables.
- Current ratio and quick ratio remained at 1.67 in both quarters. MTDC is in a position to set off the trade payables with the short term assets available.
- Cash ratio of 0.19 reduced to 0.14 in Q2 2018 due to lower balance in available cash and cash equivalents. MTDC cannot pay off the current obligations with the cash.

Q1 of 2018 AND Q2 of 2018

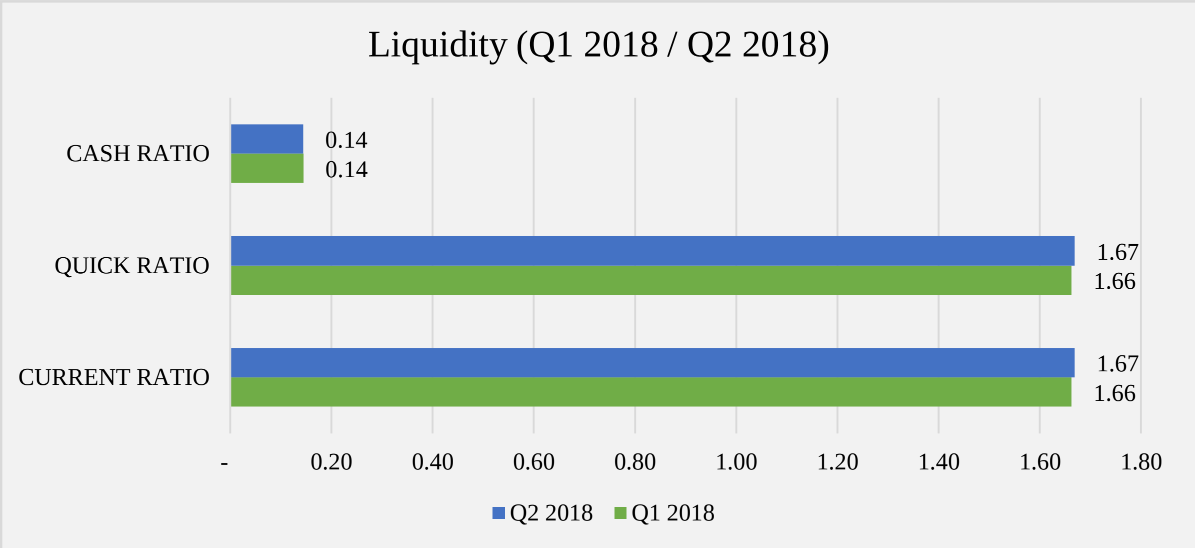
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	17,071,589.94	17,071,589.94	0	0.00
COST OF SALES	7,334,970.18	7,334,970.18	0	0.00
GROSS PROFIT	9,736,619.76	9,736,619.76	0	0.00
OPERATING PROFIT	6,101,431.86	6,651,108.60	549,677	9.01
PROFIT BEFORE TAX	6,101,431.86	6,651,108.60	549,677	9.01
PROFIT AFTER TAX	5,204,974.74	5,672,200.74	467,226	8.98

	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	57.03	57.03
OPERATING PROFIT MARGIN	35.74	38.96
NET PROFIT MARGIN	30.49	33.23
EARNINGS PER SHARE	0.15	0.15



- Revenue and Gross profit remained same through Q1 and Q2 2018.
- Operating Profit increased by 9.01% due to reduction in administrative expenses in Q1 2018.
- After tax deductions the profit improved by 8.98 % in Q2 2018 compared to Q1 2018.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	373,279,094.88	375,030,143.82
CURRENT RATIO	1.66	1.67
QUICK RATIO	1.66	1.67
CURRENT ASSETS	345,239,012.22	343,918,304.64
CURRENT LIABILITIES	207,663,869.34	206,080,620.84
WORKING CAPITAL	137,575,142.88	137,837,683.80
CASH RATIO	0.14	0.14
INVENTORY	-	-



- Non-current assets increased by 0.47% due to increase in value of Property, Plant and Equipment.
- Current Assets reduced by 1.3 million mainly due to reduction in receivables and reduction in the business profit tax to be received.
- Compared to Q1, Q2 recorded declined trade and other payables by 1.58 million.
- Current ratio and quick ratio of 1.66 improved slightly to 1.67 in Q2 2018 due to reduction in payables greater than the reduction in the current assets.
- Cash ratio of 0.14 is very low indicating MTDC has efficient cash flow to set off the current obligations.

Number of Employees

There are a total of 13 employees in MTDC at the end of second quarter 2018.

Important Projects undertaken in the quarter

The major on-going Resort Development projects of MTDC includes;

- Kihavah Huravalhi Project located in Baa Atoll which is under operation from December 2010 as Anantara kihavah Villas.
- Magudhuvaa-Ayada Maldives Project which is under operation since November 2011 as Ayada Maldives.
- Naagoashi Project in Dhaalu Atoll which is under development and is 40% complete.

Conclusion

No revenue growth is seen compared to the figures of the last quarter. Profits show a declining figure compared to Q2 2017 and Q2 2018. Operating and net profit declined with relation to the higher administrative costs. However, profits improved compared to the previous quarter of the same year.

When looking into liquidity, MTDC can pay off short term obligations with the current assets available. However, they have less cash compared to the payables and cash is insufficient to pay off the obligations. Also, it can be seen that resources are underutilized.

Recommendation

- Improve Cash balance:
  MTDC has insufficient cash to settle their short term obligations. Necessary steps should be taken to improve the cash and cash equivalents through increased business operations and prompt receivable collection mechanisms.
- Increase Revenue:
  MTDC needs to improve revenue through more business operations at a reduced cost.
- Improve efficiency in utilization of resources:
  It can be seen that resources are very much underutilized. They can improve efficiency through the maximum use of the output for a fruitful input.

QUARTERLY REVIEW QUARTER 2, 2018

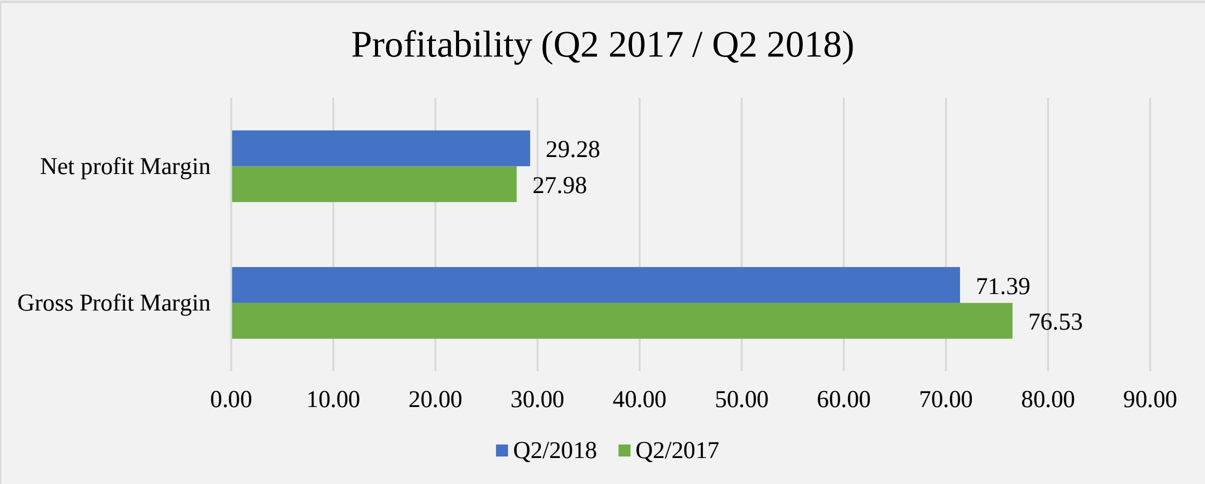
MALE' WATER AND SEWERAGE COMPANY LTD

MALE' WATER AND SEWERAGE COMPANY LTD
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

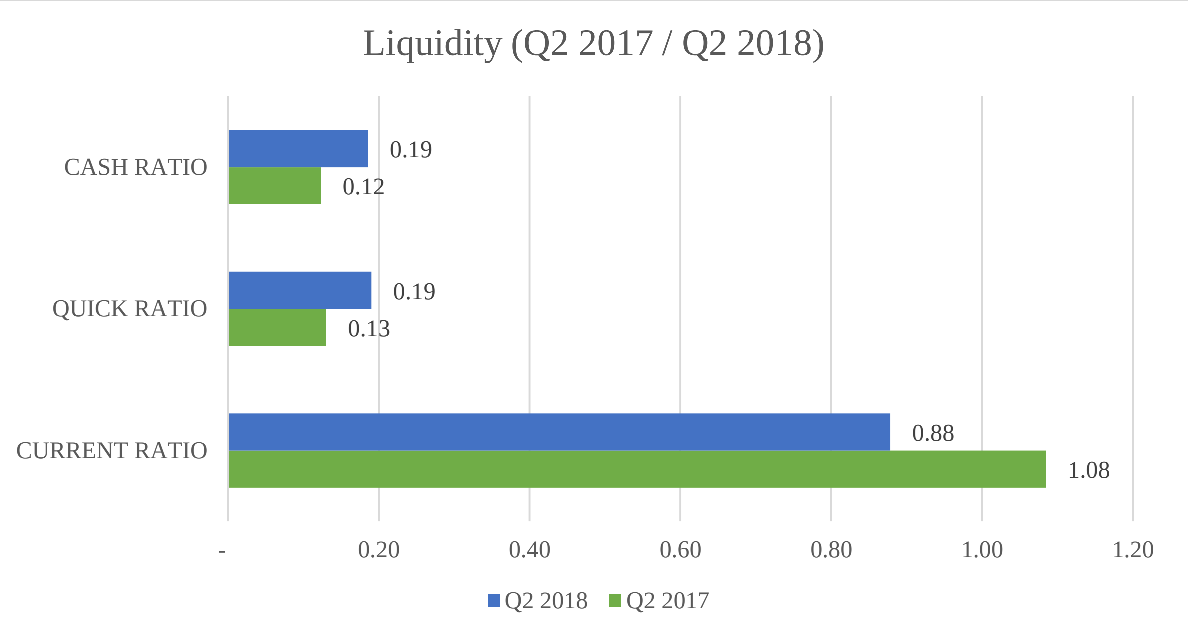
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	199,101,000	227,848,000	28,747,000	14.44
GROSS PROFIT	152,372,000	162,659,000	10,287,000	6.75
PROFIT BEFORE TAX	68,260,000	78,485,000	10,225,000	14.98
PROFIT AFTER TAX	55,702,000	66,713,000	11,011,000	19.77

	Q2/2017	Q2/2018
GROSS PROFIT MARGIN	76.53	71.39
NET PROFIT MARGIN	27.98	29.28



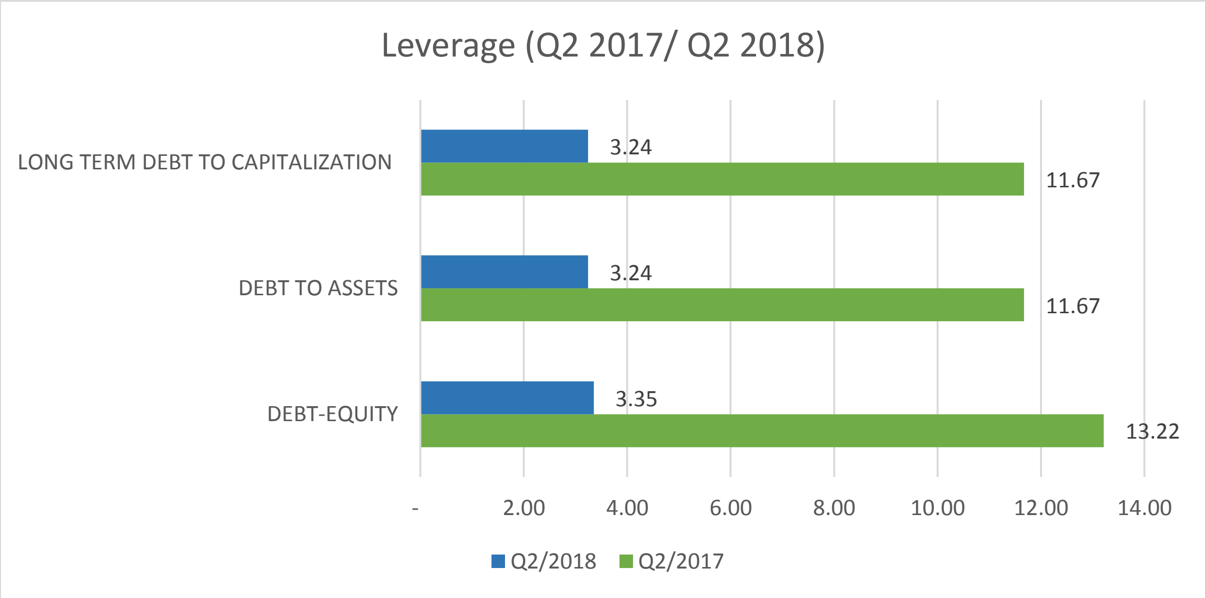
- Revenue increased by 14% compared to the last quarter of the previous year, mainly due to increase in water sales.
- Direct operational expenditure from water and sewerage, increased by 39.5%, compared to Q2 2017. Despite the improvement in cost of sales, gross profit improved by 7% with the support of progress in revenue.
- Indirect expenses increased slightly by 0.07% due to increased depreciation costs. However, net profit improved by 20% due to increased revenue.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	1,030,204,000	1,204,710,000
CURRENT RATIO	1.08	0.88
QUICK RATIO	0.13	0.19
CURRENT ASSETS	755,458,000	630,648,000
CURRENT LIABILITIES	696,620,000	718,148,000
WORKING CAPITAL	58,838,000	(87,500,000)
CASH RATIO	0.12	0.19



- Non-current assets increased by 174 million which is an increase of 16.9%, compared to the same quarter of the previous year due to increase in the value of operating assets during the quarter. Work in progress and investments remained same through the quarters.
- Current assets reduced by 16.5%, compared to Q2 2017. This is mainly due to decrease in inventories and others in Q2 2018, compared to Q2 2017, while cash and bank balances increased by 35.6%.
- At the same time current liabilities increased by 3%, due to increased creditors.
- A positive working capital in Q2 2017 fell to a negative working capital of 87.5 million in Q2 2018.
- Current ratio of 1.08 was reduced to 0.88 in Q2 2018, as a result of reduced current assets with increased current liabilities. MWSC is not in a position to set off the current obligations with the current assets.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	13.22	3.35
DEBT TO ASSETS	11.67	3.24
LONG TERM DEBT TO CAPITALIZATION	11.67	3.24

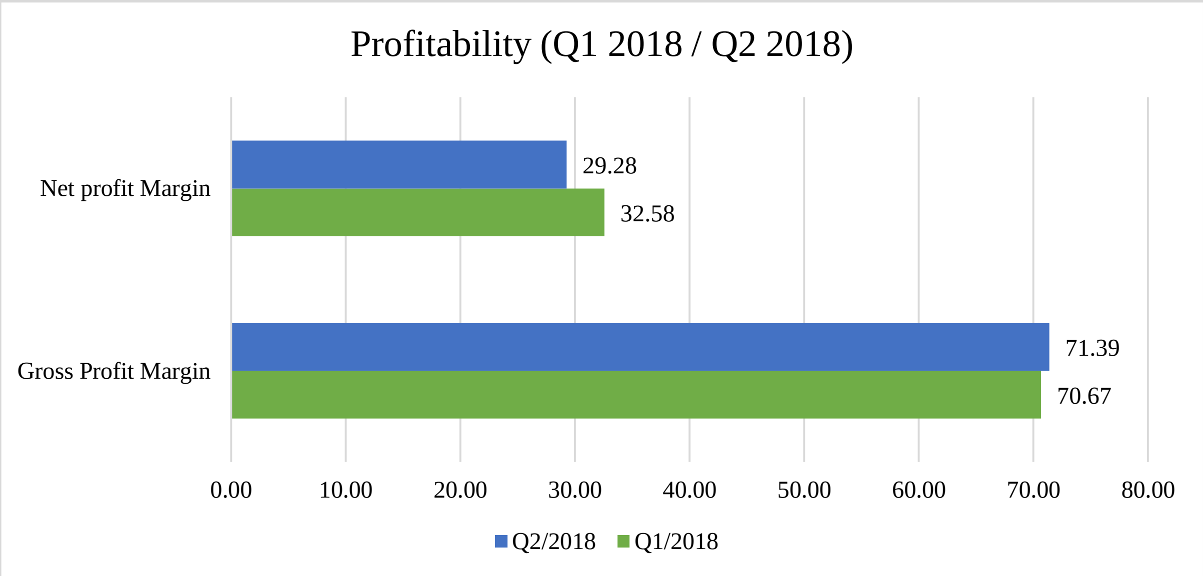


- Debt to Equity of 13%, fell to 3% in Q2 2018, due to reduced borrowings. The debt to equity ratio is comparatively low in MWSC, due to lower borrowings compared to the equity, thus MWSC, is low geared and less risky to for investors.
- Debt to assets decreased from 11% to 3%, due to reduction in borrowing. Thus, MWSC could utilize higher level of borrowings in order to undertake enhanced projects.
- Debt to capitalization also fell from 11% to 3%, indicating poor gearing level of MWSC.

Q1 of 2018 AND Q2 of 2018

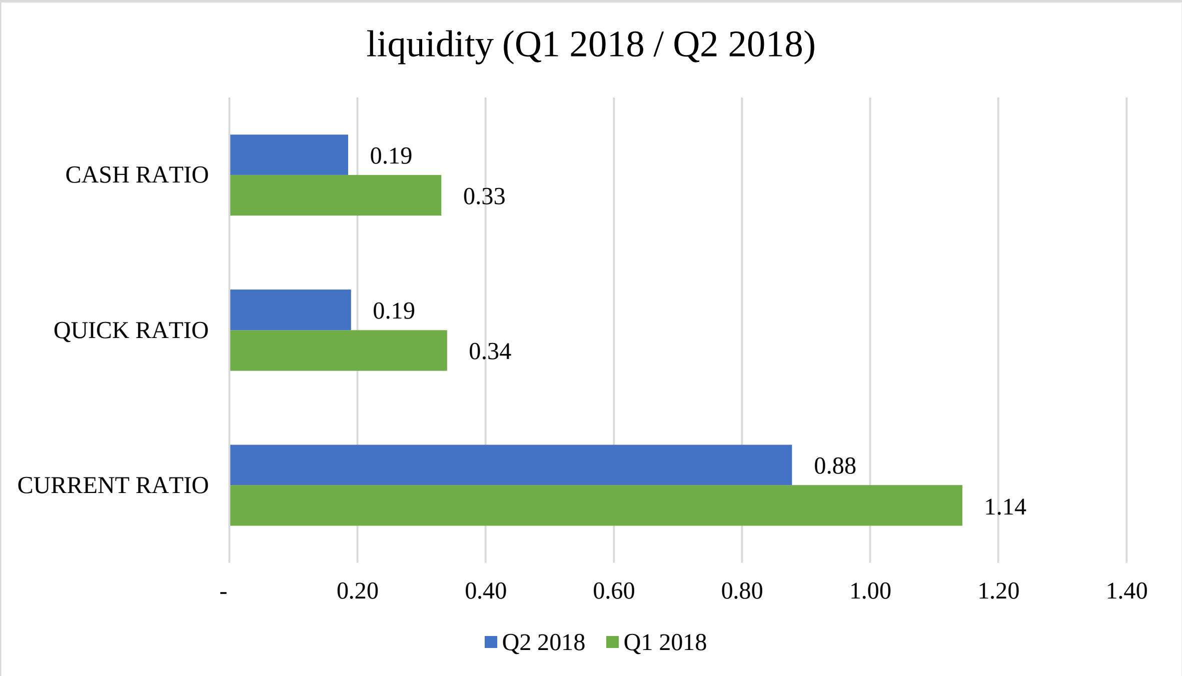
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	217,207,000	227,848,000	10,641,000	4.90
GROSS PROFIT	153,507,000	162,659,000	9,152,000	5.96
PROFIT BEFORE TAX	83,251,000	78,485,000	(4,766,000)	(5.72)
PROFIT AFTER TAX	70,764,000	66,713,000	(4,051,000)	(5.72)

	Q1/2018	Q2/2018
Gross Profit Margin	70.67	71.39
Net profit Margin	32.58	29.28



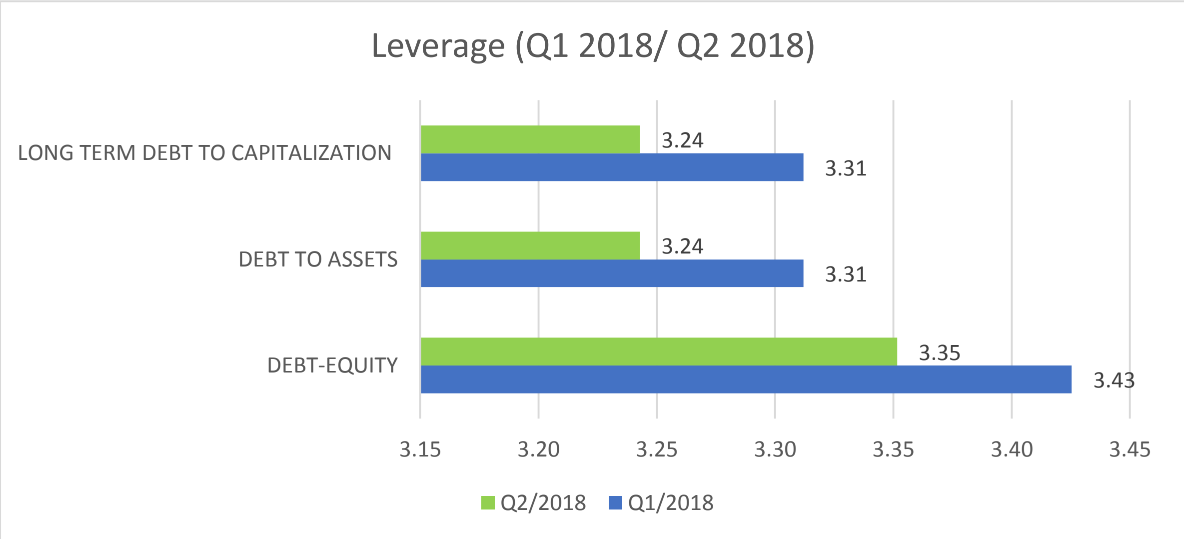
- Revenue increased by 4.9%, compared to the previous quarter, due to increase in water sales and other income.
- Gross profit also improved by 5.9%, compared to the last quarter, despite a slight improvement in direct expenses.
- Profit fell when comparing with Q1 2018, due to increased indirect expenditure. Depreciation expenses increased by 1.45% and marketing, administration & establishment costs increased by 25.6%.
- Gross profit margin improved slightly whereas net profit margin declined to higher expenses.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	1,150,432,000	1,204,710,000
CURRENT RATIO	1.14	0.88
QUICK RATIO	0.33	0.19
CURRENT ASSETS	600,877,000	630,648,000
CURRENT LIABILITIES	525,391,000	718,148,000
WORKING CAPITAL	75,486,000	(87,500,000)
CASH RATIO	0.33	0.19



- Non-current assets increased by 54 million, which is an increase of 4.7%, compared to the previous quarter, mainly due to increased operating assets.
- Current assets also increased by 4.95%, compared to the preceding quarter. Cash and bank balances were reduced, compared to last quarter, however, inventories and others reduced.
- Current liabilities increased by 192.7 million, which is an increase of 36.69%, compared to last quarter due to increased value of creditors.
- Current ratio reduced to 0.88 from 1.14 in the last quarter, due to reduced current assets.
- Cash ratio also fell from 0.33 to 0.19 due to reduction in cash balances.
- Inventories is too high, as a result, quick ratio resulted below 1 i.e. 0.33 reduced to 0.19

LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	3.43	3.35
DEBT TO ASSETS	3.31	3.24
LONG TERM DEBT TO CAPITALIZATION	3.31	3.24



- When looking into leverage, MWSC had a debt to equity ratio of 3.43 which fell to 3.35 in Q2 2018, mainly due to lower borrowings. MWSC has a very low gearing level and indicates less risk for the investors.
- Debt to assets increased to 30.91 from 3.31, in the previous quarter to due reduction in assets.
- Long term debt to capitalization also fell from 3.31 to 3.24, in Q2 2018. The lower ratios indicate low gearing and that MWSC should use more debt financing.

Important Projects undertaken in the quarter

There are no major projects undertaken in the quarter.

Conclusion

Revenue increased as water sales and other income increased compared to the Q2 2017 and Q1 2018. Profit increased compared to the last quarter of the previous year. However, the profit after tax declined when comparing with the figures of the previous quarter.

MWSC is in a weak liquidity position, where they are unable to set off the liabilities with the short term assets in case of liquidation. Cash and bank balances are too low to set off the liabilities.

When looking into leverage, MWSC cannot be considered as a highly geared company, as they have lower debts compared to the capital employed.

Recommendation

- Improve Revenue;
  There is room for improvement for revenue from water sales and other sources of income. Revenue can be improved by either adopting pricing strategies, to improve sales or by cost reduction.
- Reduce Expenditure:
  MWSC has high indirect expenditure over the quarters. They can reduce cost from certain grounds, such as marketing & administration.
- Proposed inventory management techniques
  Inventory is too high compared to the assets and this will result negative effects as assets are being tied up in the form of inventory. Thus, inventory has to be managed well by implementing certain methods and techniques.
- Recommend cost controlling techniques (direct cost as well as expenses)
  Both direct and indirect costs need to be minimized as they affect the profits of the company.

QUARTERLY REVIEW QUARTER 2, 2018

MALDIVES PORTS LIMITED

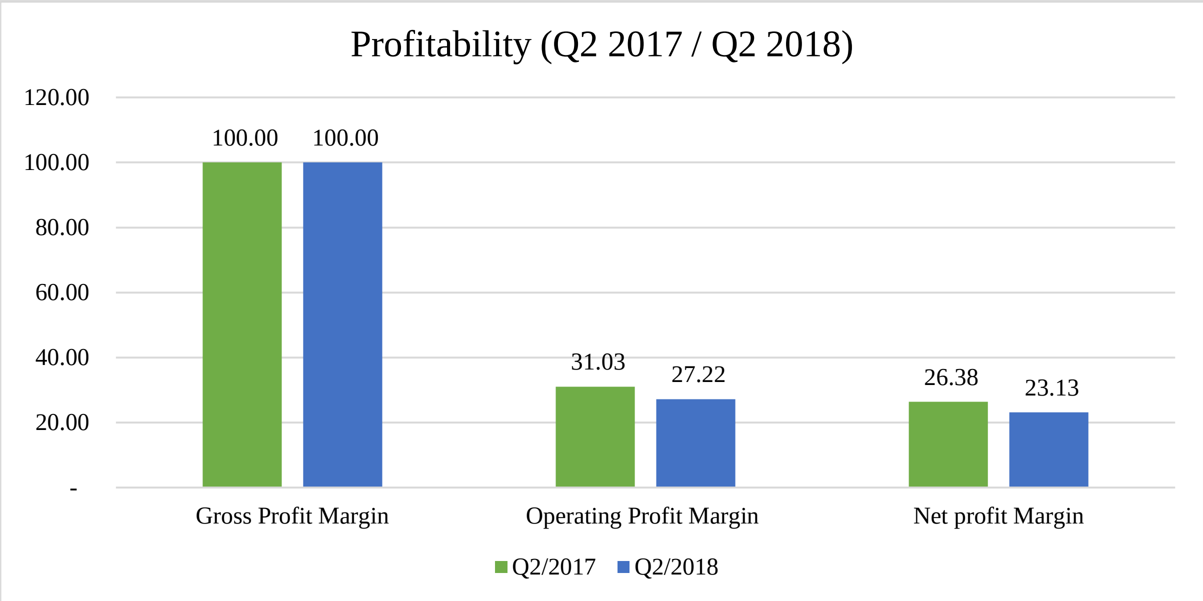
MALDIVES PORTS LIMITED

Q2 2018 PERFORMANCE ANALYSIS

Q2 OF 2017 AND Q2 OF 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	162,044,891	185,545,646	23,500,755	14.50
GROSS PROFIT	162,044,891	185,545,646	23,500,755	14.50
OPERATING PROFIT	50,289,161	50,496,520	207,359	0.41
PROFIT AFTER TAX	42,745,787	42,922,042	176,255	0.41

	Q2/2017	Q2/2018
OPERATING PROFIT MARGIN	31.03	27.22
NET PROFIT MARGIN	26.38	23.13

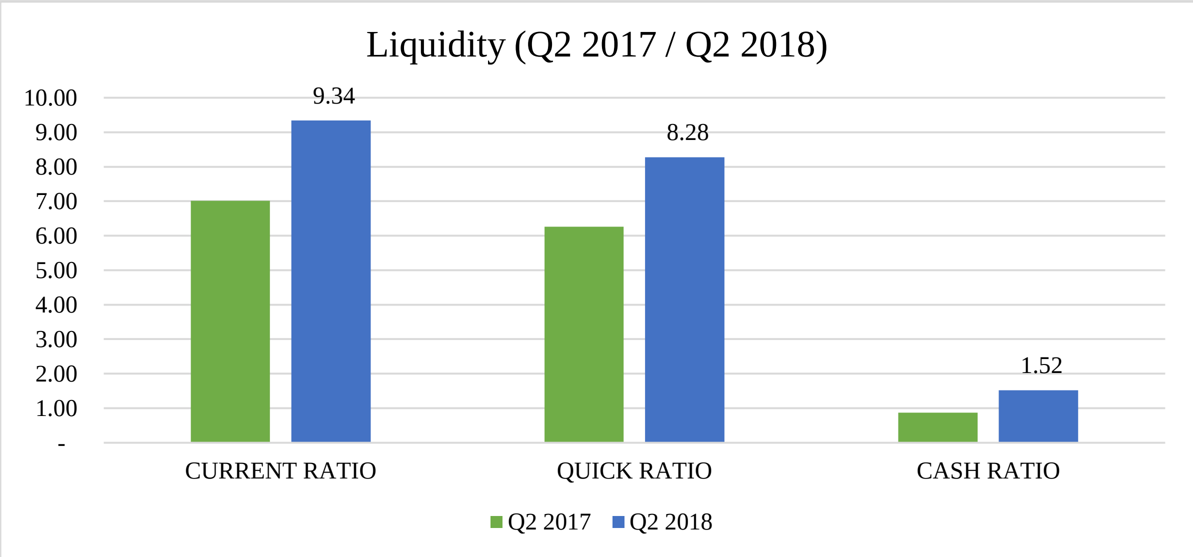


- Revenue increased by 14.50%, compared to the same quarter of the previous year. Both operational and non-operational income has increased. The highest revenue has been generated from Handling, Wharfage, Stevedoring and Hulhumale' income. Hulhumale income rose by 163.36%, Storage revenue increased by 64%, shifting revenue increased by 58%, lashing/unlashing by 21.62%, stevedoring by 7%, Wharfage by 9% and Handling by 8%. The non-operational income including rent, surcharge on late payment and interest receivable have been improved significantly.
- Operating profit and net profit improved slightly by 0.41%, when compared with the quarter 2 of the previous year.
  Operating profit is the exclusion of expenses comprising payroll costs, operational costs and depreciation from the revenue. Payroll costs and operational costs increased significantly over the quarters.
  Payroll costs which improved by 100%, includes, media allowance, staff medical insurance, uniform expenses, pension, directors' salaries, training, service allowance

and laundry allowances. Professional allowances, fixed allowances, daily allowances and performance allowance also has been increased due to increased number of workers.

Operational costs including cargo handling gears, audit fees, contingencies, travelling and conference, professional charges, water charges and fuel charges also have increased. In addition to that, advertising and publicity, internet, bank charges, printing and stationary, vehicle charges and office upkeep charges also increased significantly when compared with the Q2 2017.

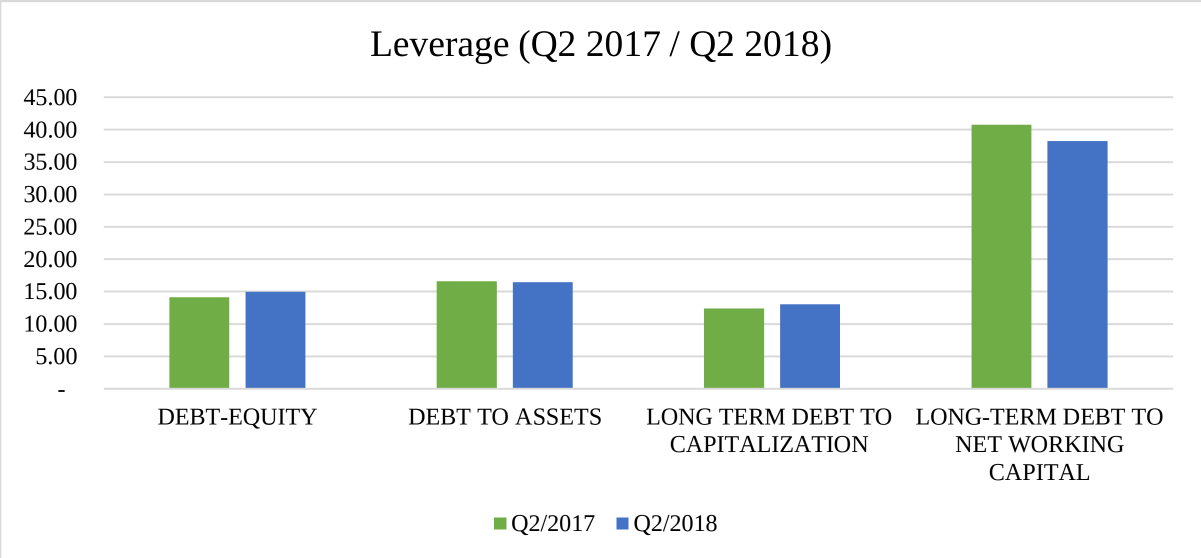
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	738,893,665.09	795,153,612
CURRENT RATIO	7.01	9.34
QUICK RATIO	6.26	8.28
CURRENT ASSETS	376,365,330.74	459,557,465.42
CURRENT LIABILITIES	53,674,681.25	49,179,816
WORKING CAPITAL	322,690,649.49	410,377,649.42
CASH RATIO	0.87	1.52
INVENTORY	40,286,028.75	52,570,580.70



- Total non-current assets increased in Q2 2018, compared to Q2 2017. Though deferred income tax asset and Intangible assets reduced in Q2 2018, compared to Q2 2017, there is a development in property, plant and equipment which led overall non-current assets to increase.
- Current Ratio improved to 9.34 from 7.01 in Q2 2017. Current assets, particularly their cash balance has improved significantly, while current liabilities fell in terms of trade payables. Thus Ports limited has a strong liquidity position where they can pay off the liabilities with the short term assets available. However, Ports should take appropriate measures to make use of any idle resource.
- After deducting the inventory, quick ratio shows improvement when both the quarters are concerned. Quick ratio increased to 8.28 in Q2 2018, from 6.26 in Q2 2017. Inventory has been increased between the quarters.

- Thus, working capital also shows improvement when the quarters compared.
- Cash ratio also shows improvement where a ratio of 0.87 in Q2 2017, improved to a ratio of 1.52 in Q2 2018. In Q2 2017, MPA was not able to set off the liabilities with cash only. However, in Q2 2018, the ratio improved where they will now be able to set off the obligations with the cash available.

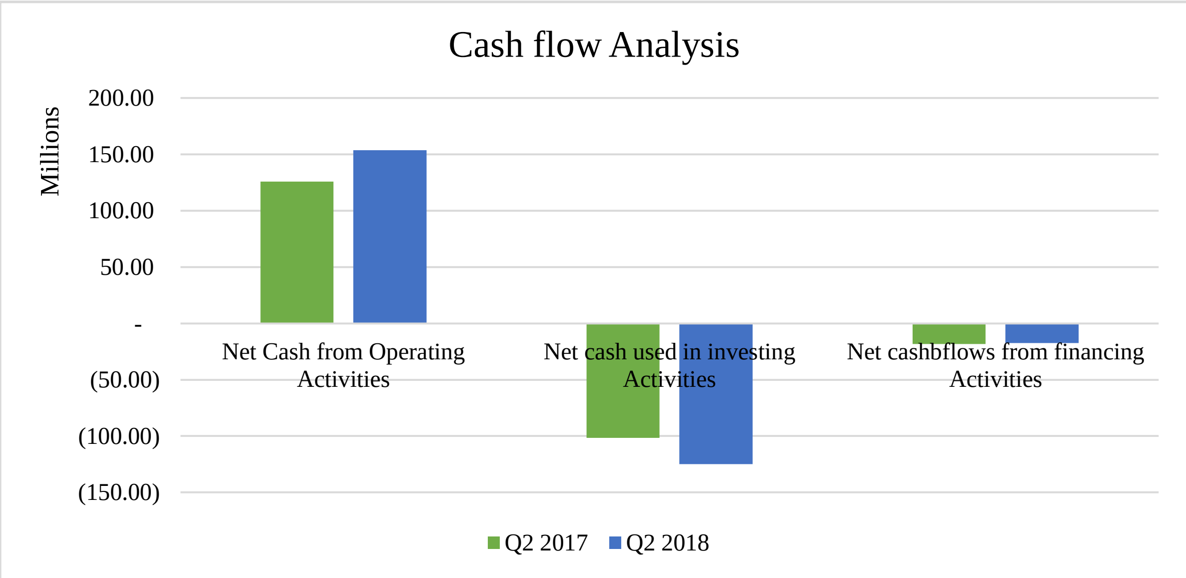
LEVERAGE	**Q2/2017**	**Q2/2018**
DEBT-EQUITY	14.15	14.98
DEBT TO ASSETS	16.61	16.44
LONG TERM DEBT TO CAPITALIZATION	12.40	13.03
LONG-TERM DEBT TO NET WORKING CAPITAL	40.78	38.27



- Debt to equity ratio of 14% increased slightly when Q2 2017 and Q2 2018 are compared. This indicates that the degree to which the assets financed by debts are increasing. However, the debt to equity ratio is comparatively lower, indicating low risk for investors. Based on this, Ports is a low geared company bearing lower risks in debt financing. Ports should finance more of the operations through borrowings as they have scope to repay the loan.
- Debt to assets ratio of 16.61% reduced slightly to 16.44% when comparing with the same quarter of the previous year, indicating lower risk.
- Long term debt to capitalization ratio shows slight improvement by 1%, when compared with Q2 2017. However, the ratio is also low indicating less risk for investors.

Cash Flow Analysis

CASH FLOW ANALYSIS	Q2 2017	Q2 2018
NET CASH FROM OPERATING ACTIVITIES	125,827,077	153,730,896
NET CASH USED IN INVESTING ACTIVITIES	(101,652,793)	(124,839,563)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(18,318,960)	(17,393,760)

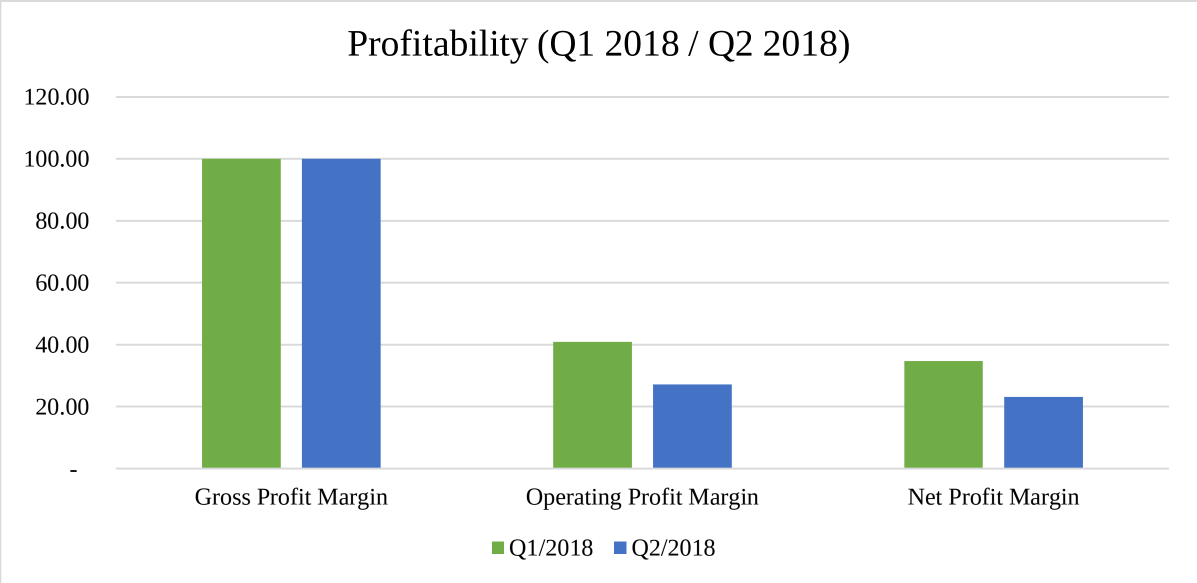


- Net cash flow from operating activities improved from 125.8 million to 153.7 million.
- Net cash used in investing activities was reduced by 23 million.
- The negative net cash flow from financing activities reduced by 925 thousand.
- Thus, the net cash balance for the quarter has improved by 5.6 million, when comparing the quarters Q2 2017 and Q2 2018.

Q1 OF 2018 AND Q2 OF 2018

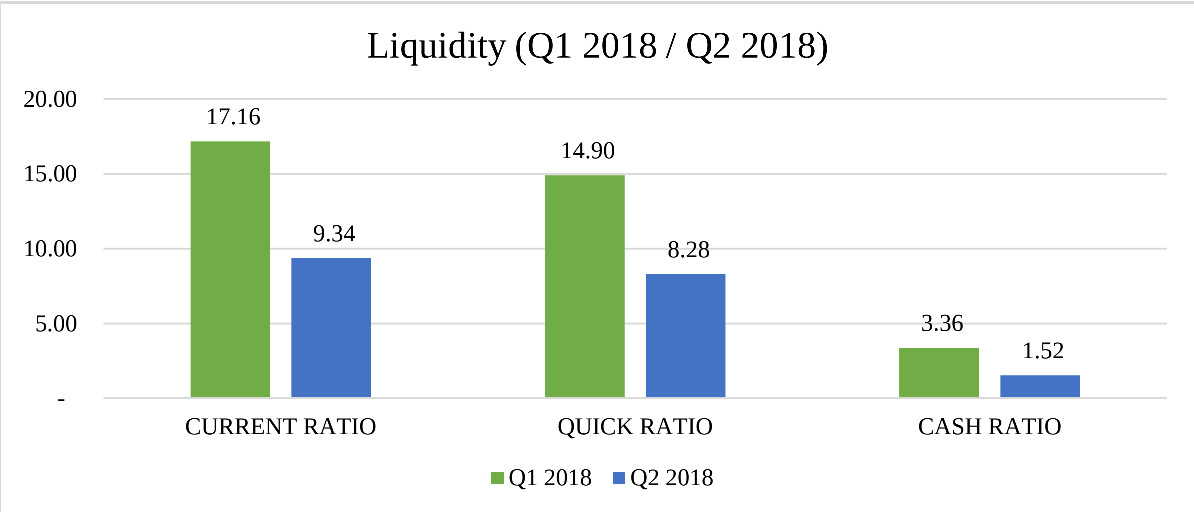
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	182,407,434	185,545,646	3,138,212	1.72%
GROSS PROFIT	182,407,434	185,545,646	3,138,212	1.72%
OPERATING PROFIT	74,600,963	50,496,520	(24,104,443)	-32.31%
BPT TAX	11,190,144	7,574,478	(3,615,666)	-32.31%
PROFIT AFTER TAX	63,410,819	42,922,042	(20,488,777)	-32.31%

	Q1/2018	Q2/2018
OPERATING PROFIT MARGIN	40.90	27.22
NET PROFIT MARGIN	34.76	23.13



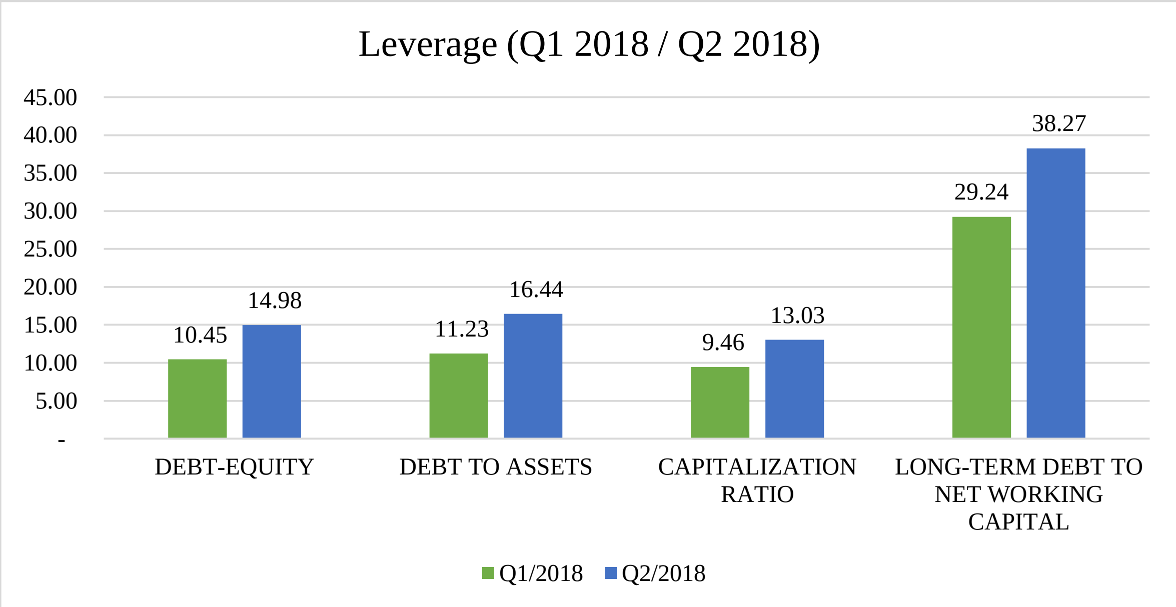
- Revenue increased by 1.72%, when compared with Q1 2018. Though revenue increased slightly, the income from Handling, Wharfage, Pilotage, Berthing and shifting has declined drastically when compared with Q1 2018.
- Operating Profit and Net profit declined drastically by 32.31%, mainly due to huge increase in their costs in the form of payroll and operational costs. Payroll costs such as Media Allowance, Pension, Directors salaries, Service Allowance and other allowances has increased significantly in Q2 2018, compared to Q1 2018. MVR 11 million has been incurred as Ramadhan bonus and allowances in Q2 2018 which adds to the costs. Also, there is a miscellaneous income of 4 million in Q2 2018.
  Huge operational costs, including cargo handling charges, travelling and conference, water, fuel, vessel charges and electricity charges has increased significantly in Q2 2018.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	759,243,261	795,153,612
CURRENT RATIO	17.16	9.34
QUICK RATIO	14.90	8.28
CURRENT ASSETS	385,487,695	459,557,465.42
CURRENT LIABILITIES	22,459,602	49,179,816
WORKING CAPITAL	363,028,093	410,377,649.42
CASH RATIO	3.36	1.52
INVENTORY	50,855,556	52,570,580.70



- Non-current assets increased by 35.9 million, when compared with the last quarter Q1 2018. This is due to the additional property, plant and equipment being acquisitioned during the quarter Q2 2018.
- Current ratio of 17.16, reduced to 9.34 in Q2 2018. This indicates, that Ports is using its assets which are being tied up in the business. The current liabilities rose by 118%, due to increase in payables.
- Quick ratio is also reduced due to higher level of inventory and higher payables during the Q2 of 2018 compared to Q1 2018.
- Cash Ratio of 3.36 in Q1 2018 reduced to 1.52 in Q2 2018. Though cash ratio reduced, Ports is still able to cover all its current obligations with cash only.

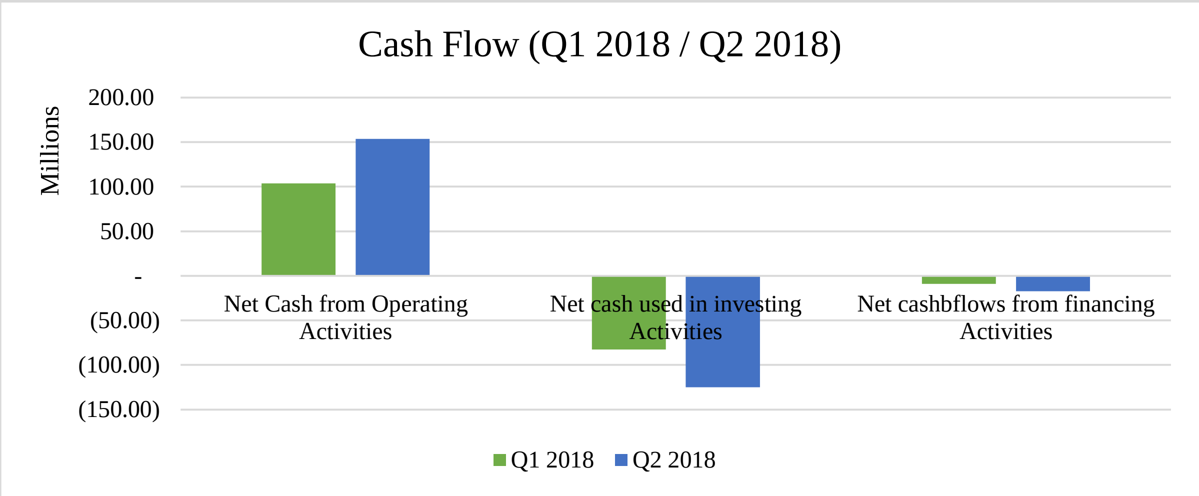
LEVERAGE	Q1/2018	Q2/2018
DEBT-EQUITY	10.45	14.98
DEBT TO ASSETS	11.23	16.44
CAPITALIZATION RATIO	9.46	13.03
LONG-TERM DEBT TO NET WORKING CAPITAL	29.24	38.27



- Debt to equity ratio of 10.45 increased to 14.98. This means the degree to which assets financed by debts increasing. Also, the ratio is too low, indicating low risks for investors and signaling Ports limited to finance more of their operations through borrowing.
- Debt to Assets ratio increased to 16.44 from 11.23 in Q1 2018. The degree to which total liabilities rose was higher than the degree to which the assets increased. This is an indication that MPL is using borrowings for the operations. However, the ratio is low indicating low risks for investors while MPL is not a highly geared company.
- Capitalization ratio, though improved, is low indicating lower risk.

Cash Flow Analysis

CASH FLOW ANALYSIS	Q1 2018	Q2 2018
NET CASH FROM OPERATING ACTIVITIES	103,703,809	153,730,896
NET CASH USED IN INVESTING ACTIVITIES	(82,483,819)	(124,839,563)
NET CASHBFLOWS FROM FINANCING ACTIVITIES	(9,159,480)	(17,393,760)



- Cash flow from operating activities increased by MVR 50 million compared to Q1 2018.
- Cash used in investing activities increased by 51%, compared to Q1 2018.
- Cash outflow from financing activities also rose by 89%, when compared to the last quarter.
- This gives a cash balance which is 4.6%, less than the last quarter.

NUMBER OF EMPLOYEES

Ports Limited is a 100% government owned entity employing over 1671 staff in the quarter 2, 2018.

IMPORTANT PROJECTS UNDERTAKEN IN THE QUARTER

The following are the on-going main projects by Maldives Ports Limited.

- Bridge Bus Project valuing MVR 83 million estimated to be completed in 2018.
- Maamigili Port Project valuing 22 million estimated to be completed by 2018.
- Housing Project valuing 558 million.
- MCH Quay wall Repair Project valuing 9 million.
- HML Paving Project valuing 3 million.

CONCLUSION

The operational and payroll costs are comparatively higher when the quarters are concerned.

MPL is in a sound liquidity position where they are able to set off the liabilities with the short run assets available if needed to. However, they should make use of the idle resources.

MPL is not highly geared when leverage is concerned. They should finance more borrowings for the operations. Conversely, it is less risky for the investors.

RECOMMENDATION

- Take appropriate measures to generate higher revenue:
  Revenue maximization is important for a growing company like Ports limited. Strategies should be formulated to generate higher revenue.
- Implement cost control mechanisms:
  Cost minimization is also important to maximize profits apart from generating higher revenue. Administrative expenses and operating expenses could be minimized.
- Take proper measures to make the efficient use of cash for the operations:
  Implementing cash flow forecast is important for businesses. MPL should try to use cash according to the forecasts.
- Finance more operational activities through borrowings.

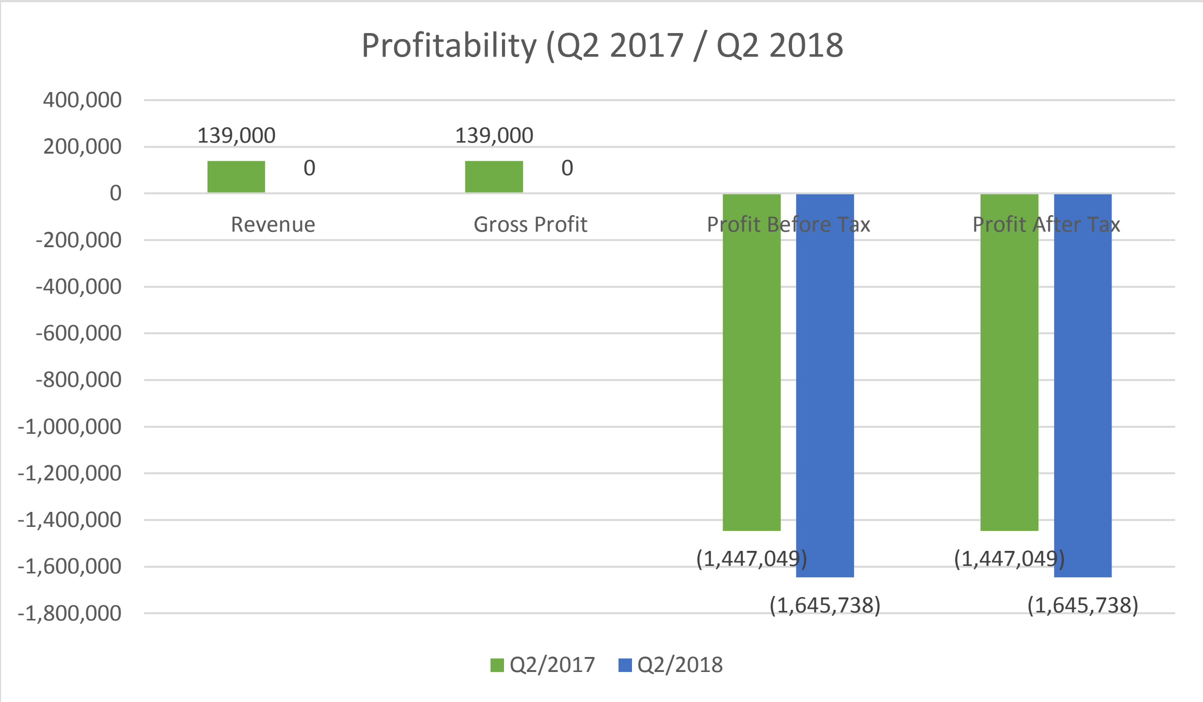
QUARTERLY REVIEW QUARTER 2, 2018

MALDIVES SPORTS CORPORATION LIMITED

MALDIVES SPORTS CORPORATION LIMITED
Q2 2018 PERFORMANCE ANALYSIS

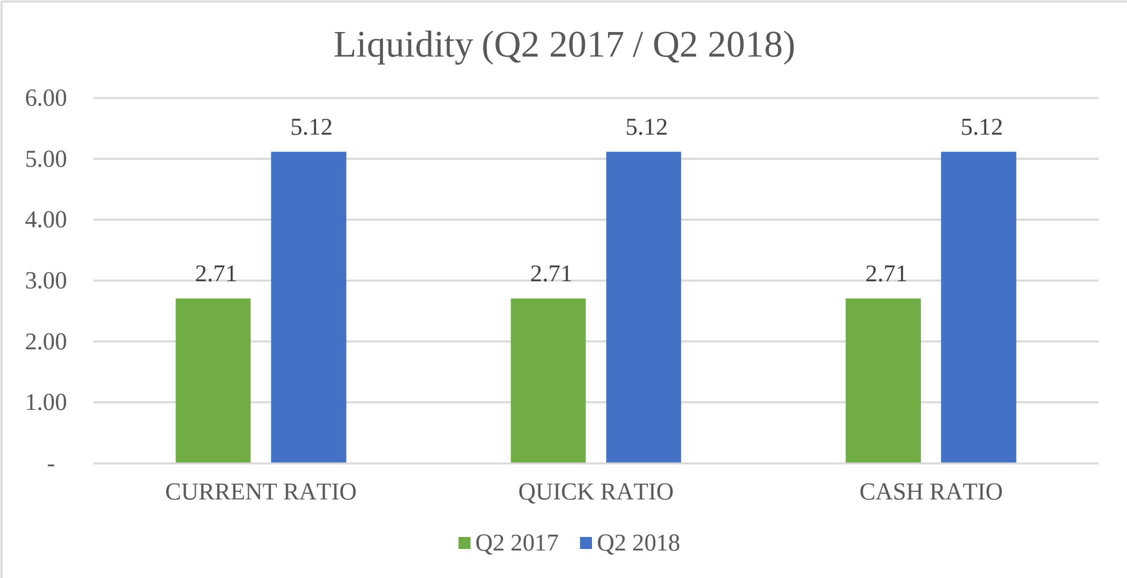
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
Revenue	139,000	0	-139,000	-100
Gross Profit	139,000	0	-139,000	-100
Profit Before Tax	(1,447,049)	(1,645,738)	-198,689	14
Profit After Tax	(1,447,049)	(1,645,738)	-198,689	14



- The revenue was nil in the present quarter. However, in the last quarter of the previous year, MSCL generated a profit of MVR 139,000. The revenue was from 5k team run sponsors.
- Total administrative expenses resulted in 1.5 million, which resulted in a loss of 1.4 million in Q2 2017. In Q2 2018 loss increased to 1.6 million, as a result of administrative expenses.

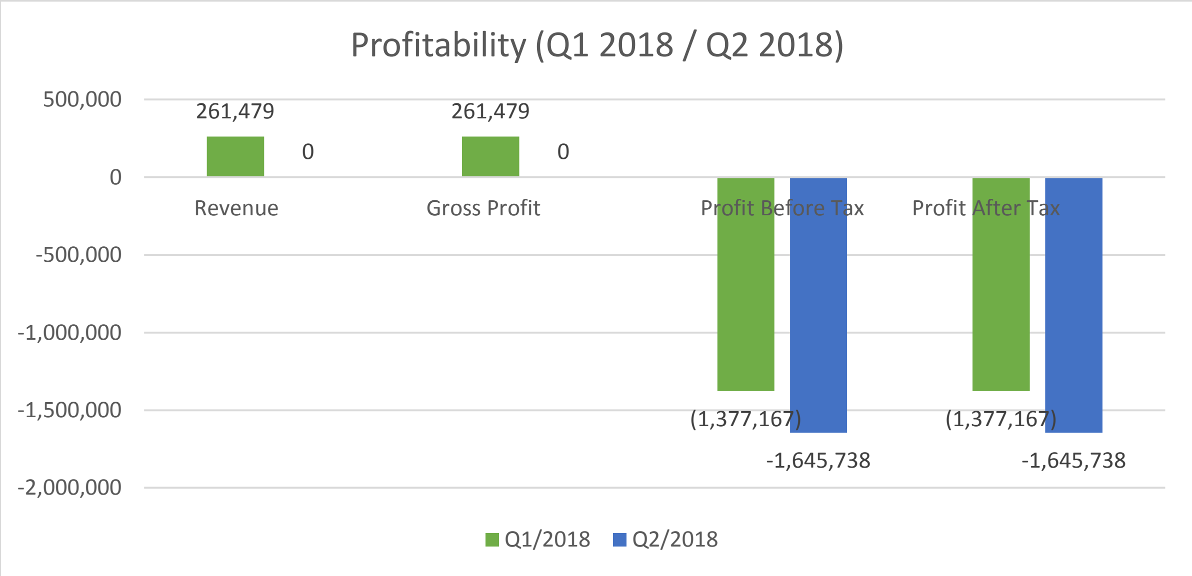
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	604,588	1,527,585
CURRENT RATIO	2.71	5.12
QUICK RATIO	2.71	5.12
CURRENT ASSETS	683,310	847,083
CURRENT LIABILITIES	252,253	165,516
WORKING CAPITAL	431,057	681,567
CASH RATIO	2.71	5.12
INVENTORY	-	-



- Non-current assets increased by 153%, compared to the same quarter of the previous year.
- Current Assets increased by 23.97%. At the same time current liabilities fell by 34.38%, resulting in positive working capital in both quarters. Furthermore, current assets equaled the cash and cash equivalents.
- Thus, cash ratio equals current and quick ratios. The cash available is sufficient to payback the immediate liabilities without getting liquidated.

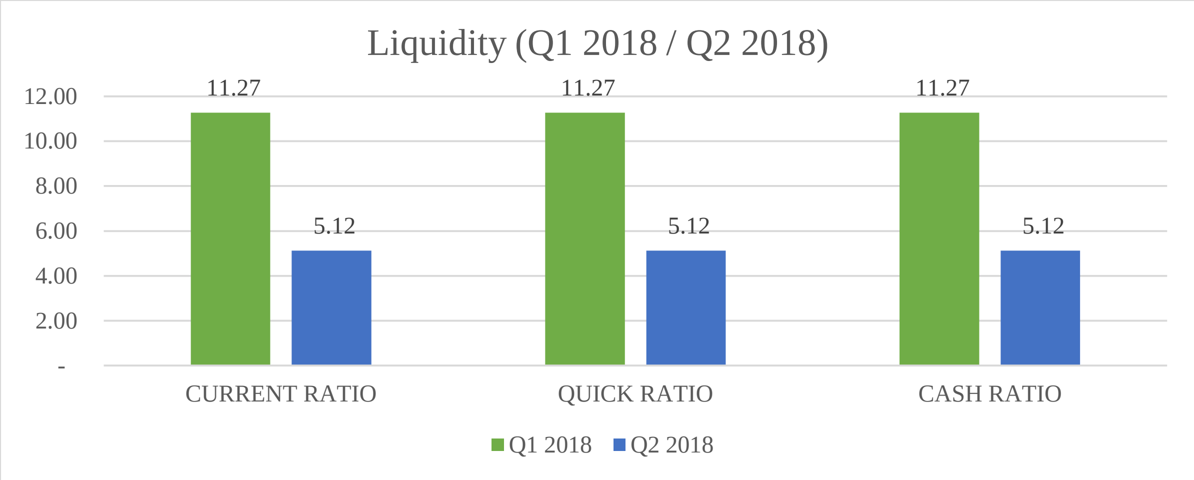
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
Revenue	261,479	0	(261,479)	-100.00%
Gross Profit	261,479	0	(261,479)	-100.00%
Profit Before Tax	(1,395,900)	-1,645,738	-249,838	17.90%
Profit After Tax	(1,395,900)	-1,645,738	-249,838	17.90%



- In Q1 2018, MSCL generated revenue of MVR 261,479. This revenue is from Miles for Smiles running event sponsorships and t-shirt selling.
- Administrative expense totaled 1.6 million, resulting a loss of 1.4 million in the quarter.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	1,428,290	1,527,585
CURRENT RATIO	11.27	5.75
QUICK RATIO	11.27	5.75
CURRENT ASSETS	4,120,970	847,083
CURRENT LIABILITIES	365,726	165,516
WORKING CAPITAL	3,755,244	681,567
CASH RATIO	11.27	5.12
INVENTORY	-	-



- Non-current assets increased by 7%, compared to the previous quarter.
- Current assets decreased by 39%, compared to the preceding quarter to reduction in cash and cash equivalents.
- Current liabilities reduced by 55%, due to reduced payables compared to the last quarter.
- Current ratio, quick ratio and cash ratio are equal as cash is the only current asset.
- Cash and cash equivalents are sufficient to settle the current obligations, without getting liquidated.

Important Projects undertaken in the quarter

There are no important projects undertaken in the quarter.

Conclusion

Revenue has not improved compared to last quarters as MSCL did not undertake much operational activities to improve revenue. Simultaneously, administrative costs kept increasing quarter by quarter which increased net loss, each quarter.

Liquidity ratios show a high figure, as cash kept idle is high compared to the current liabilities.

Recommendation

- Increase Business Operations:
  MSCL should increase their business operations and undertake more revenue generating activities to compensate the day to day expenses and for future development.
- Reduction of Administrative expenses:
  Administrative expenses are rising quarter by quarter, regardless of the revenue earned, which increases the net loss. Thus, administrative expenses should be minimized.

QUARTERLY REVIEW QUARTER 2, 2018

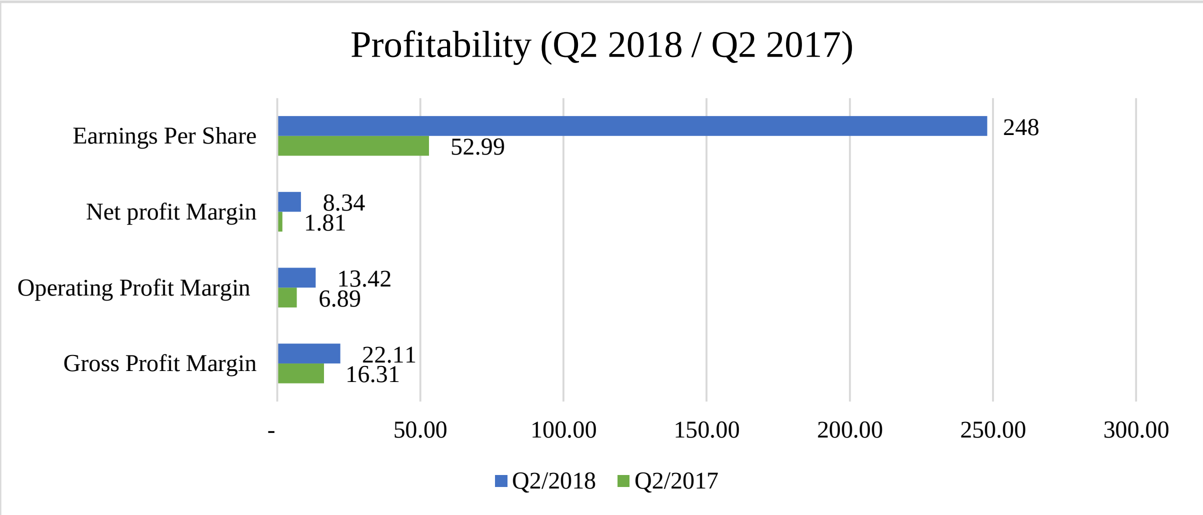
STATE ELECTRIC COPMPANY LIMITED

STATE ELECTRIC COPMPANY LIMITED
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
Revenue	440,233,118	446,451,224	6,218,106	1
Cost of Sales	368,412,812	347,747,660	-20,665,152	-6
Gross Profit	71,820,306	98,703,564	26,883,258	37
Operating Profit	30,324,865	59,927,104	29,602,239	97.62
Net Profit before tax	7,948,942	37,221,487	29,272,545	368.26
Net Profit	7,948,942	37,221,487	29,272,545	368.26

	Q2/2017	Q2/2018
Gross Profit Margin	16.31	22.11
Operating Profit Margin	6.89	13.42
Net profit Margin	1.81	8.34

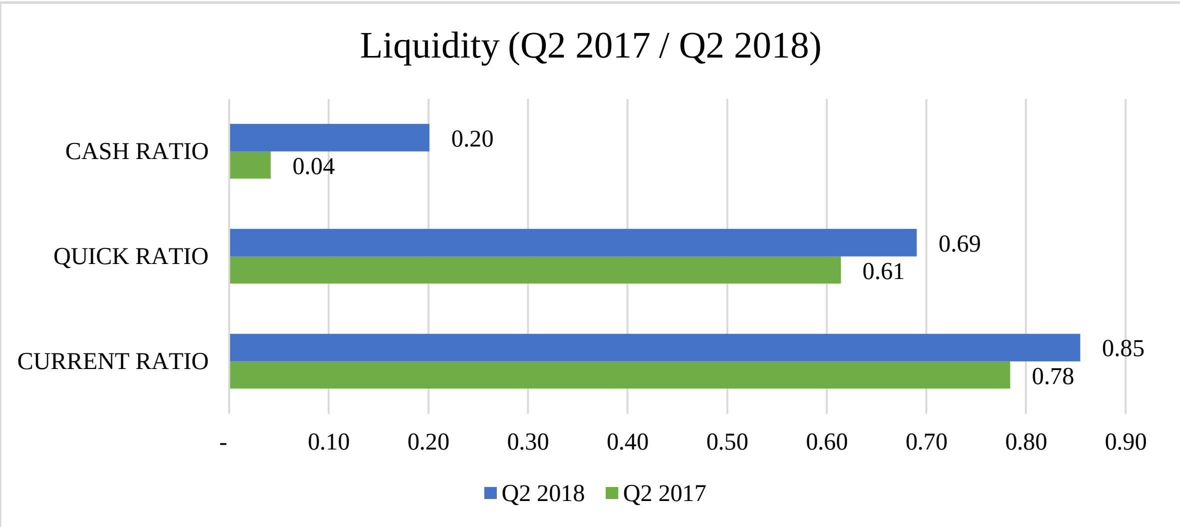


- Revenue increased by 1%, compared to the same quarter of the previous year, mainly due to increase in non-electricity expenses. While revenue from electricity reduced, in addition with previous revenue sources, in Q2 2018 STELCO generated revenue from water fee and water bottling.
- Cost of sales reduced by 6%, compared to the second quarter of the previous year. Cost of sales mainly reduced from cost of fuel and lubrication oil, customer service expense and repairs and maintenance.
- Gross profit increased by 37% following an increase in revenue and fall in cost of sales between the quarters.
- Operating profit increased immensely by 97.62% compared to the second quarter of 2017 as a result of the fall in operating expenses in Q2 2018. Personnel expenses reduced by 6%, office expenses reduced by 15%, and transport and hiring charges

reduced by 47% compared to the same quarter of the previous year. Office expenses and personnel expenses holds more than 70% of the total operating expenses.

- Net profit rose despite the slight increase in finance costs compared to Q2 2017. Gross profit margin, operating profit margin and net profit margin improved due to reduction in costs compared to the same quarter of the previous year.

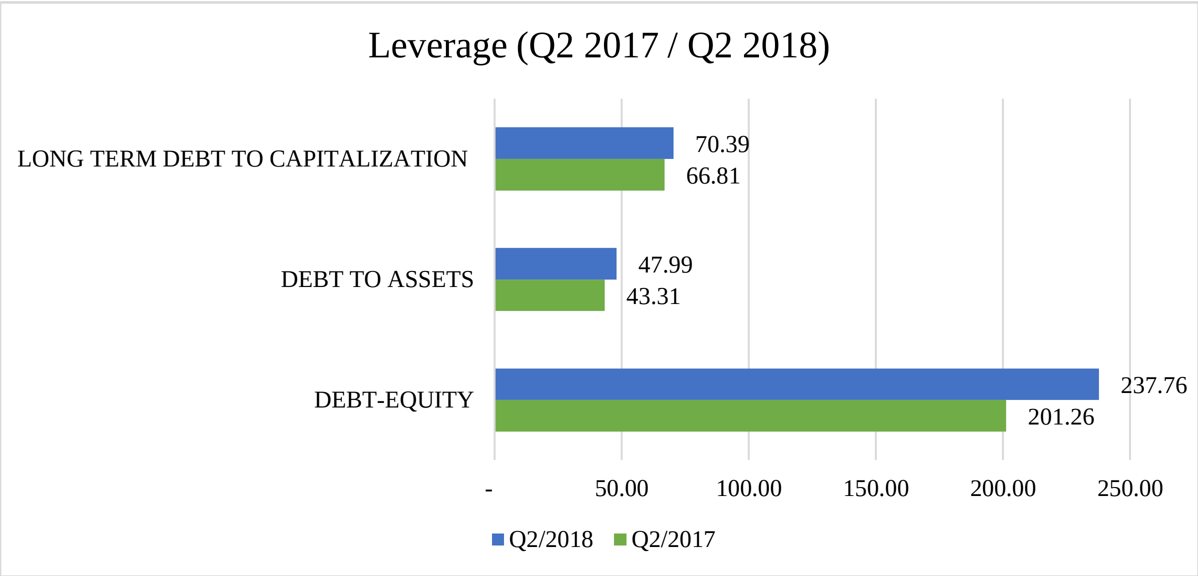
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	1,786,752,590	2,350,988,050
CURRENT RATIO	0.78	0.85
QUICK RATIO	0.61	0.69
CURRENT ASSETS	544,591,481	611,347,318
CURRENT LIABILITIES	694,623,538	715,421,500
WORKING CAPITAL	(150,032,057)	(104,074,182)
CASH RATIO	0.04	0.20
INVENTORY	118,065,849	117,442,416



- Non-current assets increased by 31.58% compared to the same quarter of the previous year. Both Property, plant and equipment and capital work in progress improved. Machinery and equipment, tools, communication equipment, storage of water bottling, computers, vehicles and vessels improved significantly.
- Current assets increased by 12.26%, compared to Q2 2017, mainly due to increase in cash and cash equivalents in the quarter. In Q2 2017, cash at bank balance is at a negative 42 million. However, the bank balance improved to 87 million in Q2 2018, resulting in increase of total cash and cash equivalent balance by 395%.
- Compared to Q2 2017, current liabilities of the company has decreased by 3%, as account payable of the company is lower.
- Current ratio increased slightly from 0.78 to 0.85, in Q2 2018. The short term assets are not sufficient to settle the current liabilities.
- Quick ratio increased to 0.69 from 0.61.

- Cash ratio increased to 0.20 from 0.04 in Q2 2017, due to increased cash and cash equivalents. However, the cash balance is not enough to settle the short term obligations.

LEVERAGE	**Q2/2017**	**Q2/2018**
DEBT-EQUITY	201.26	237.76
DEBT TO ASSETS	43.31	47.99
LONG TERM DEBT TO CAPITALIZATION	66.81	70.39

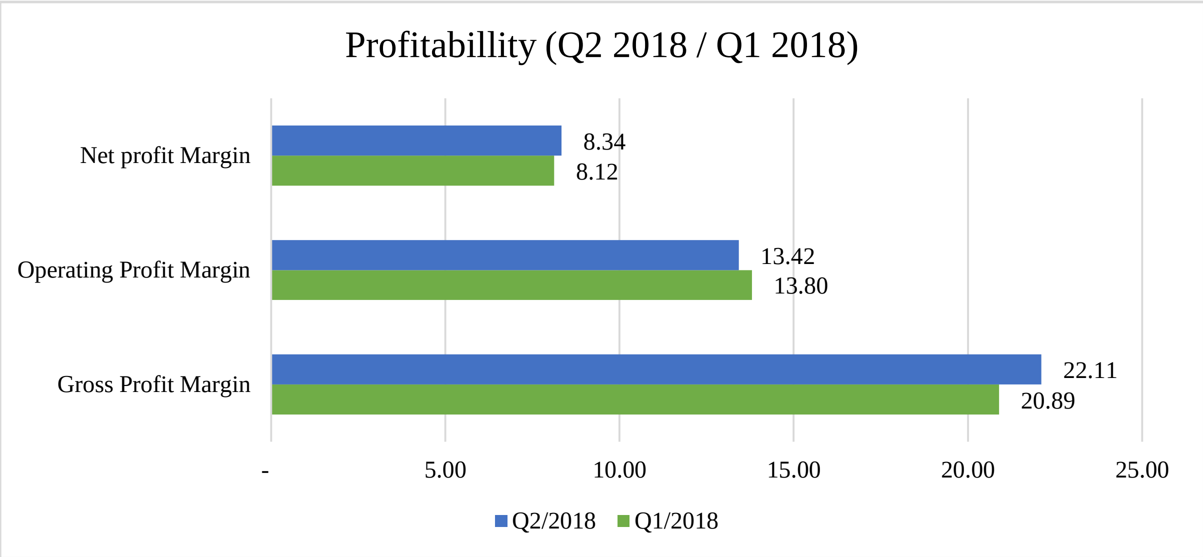


- Debt to Equity ratio of 201.26, in Q2 2017, increased to 237.76, in Q2 2018 due to increased borrowings by 41%. The borrowings increased, due to the additional borrowing from Exim Bank and ADB loan project valuing MVR 237 million and 147 million respectively.
- Debt to Assets also increased from 43.31% to 47.99% due to increased borrowings.
- Long term debt to capitalization shows an increment from 66.81 to 70.39 indicating that more debts are used for financing thus increasing the financial risk.

Q1 of 2018 AND Q2 of 2018

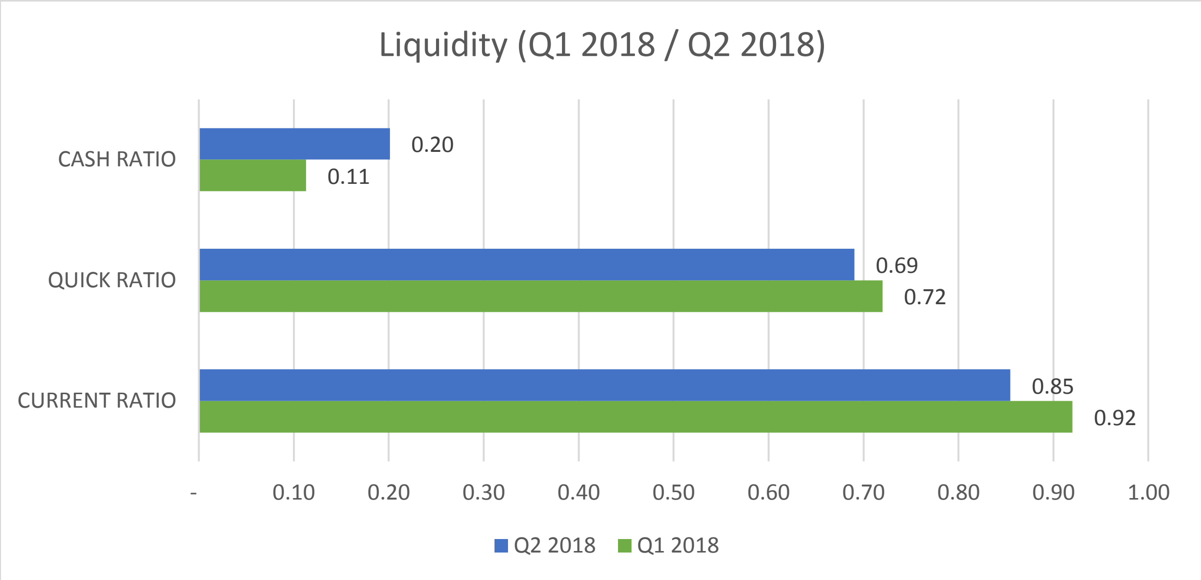
PROFITABILITY	Q1/2018	Q2/2018	Change	%
Revenue	407,709,584	446,451,224	38,741,640	9.50%
Cost of Sales	322,529,803	347,747,660	25,217,857	7.82%
Gross Profit	85,179,781	98,703,564	13,523,783	15.88%
Operating Profit	56,263,582	59,927,104	3,663,522	6.51%
Profit Before Tax	33,124,165	37,221,487	4,097,322	12.37%
Profit After Tax	33,124,165	37,221,487	4,097,322	12.37%

	Q1/2018	Q2/2018
Gross Profit Margin	20.89	22.11
Operating Profit Margin	13.80	13.42
Net profit Margin	8.12	8.34



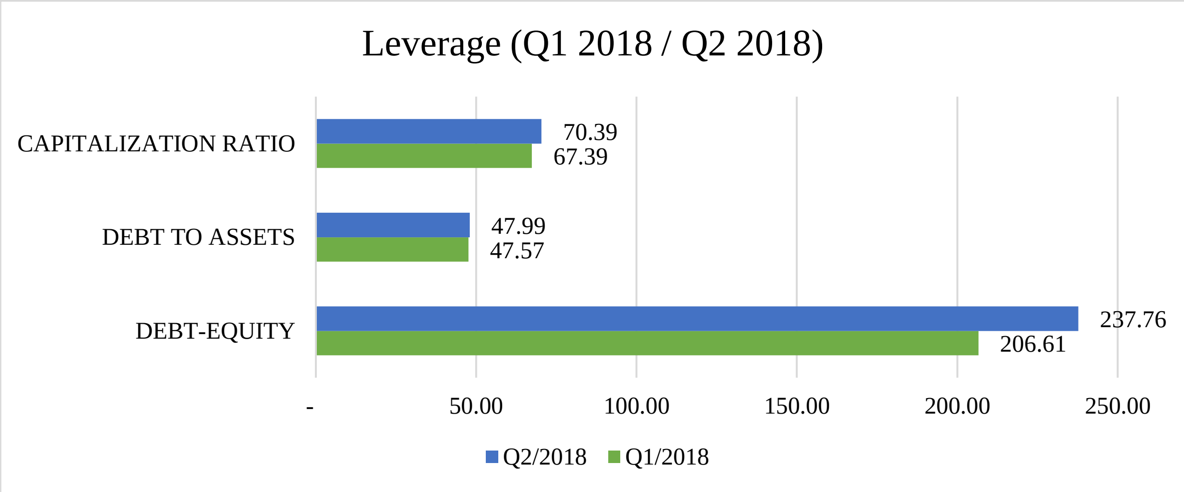
- Revenue increased by 9.5%, compared to the preceding quarter. Revenue from electricity and non-electricity sources, increased by 7.87% and 37.4% respectively. Additionally Q2 2018 recorded revenue from water fee and water bottling which contributes 0.39%, to the total revenue generated in the quarter.
- Cost of sales increased by 7.82%, mainly due to employee benefit expense and other direct expenses which increased by 37.9 million in Q2 2018, compared to the previous quarter.
- Gross profit increased by 15.88%, compared to the last quarter, since revenue increase was much higher compared with the increase in the cost of sales.
- Operating profit also increased by 6.51%, mainly due to reduced personnel expenses, human resource development, travelling expense and repair and maintenance expense.
- Profit for the year increased by 12.37%, compared to the last quarter due to lower finance costs, as interest on foreign loans reduced in Q2 2018, compared to the previous quarter.
- Gross profit and net profit margins improved due to lower cost compared to the last quarter.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	661,919,427	2,350,988,050
CURRENT RATIO	0.92	0.85
QUICK RATIO	0.72	0.69
CURRENT ASSETS	2,993,343,647	611,347,318
CURRENT LIABILITIES	721,086,649	715,421,500
WORKING CAPITAL	2,272,256,998	(104,074,182)
CASH RATIO	0.11	0.20
INVENTORY	139,383,854	117,442,416



- Non-current assets increased slightly by 0.83%, compared to Q1 2018. While the value of property, plant and equipment fell, capital work in progress, improved due to the on-going projects.
- There is a reduction in the value of current assets, by 7.64%. Though cash improved by 76.68%, receivables and inventory fell by 15.74% and 21.09% respectively which led to a fall in total current assets. Trade receivables hold 60%, of the total current assets.
- Current liabilities reduced slightly by 0.78%, due to reduction in trade and other payables.
- Current ratio of 0.92 fell to 0.85 in Q2 2018 due to lower current assets. Quick ratio also fell mainly due to the reduction in the short term assets. Current assets fell mainly due to reduction in receivables, which is a good sign though current ratio fell below the ideal rate.
- Cash ratio improved to 0.20 from 0.11 in Q1 2018. However, cash is not sufficient to settle the short term obligations.

LEVERAGE	**Q1/2018**	**Q2/2018**
DEBT-EQUITY	206.61	237.76
DEBT TO ASSETS	47.57	47.99
CAPITALIZATION RATIO	67.39	70.39



- Debt to equity ratio of 206.61% increased to 237.76% in Q2 2018, due to increased borrowings compared to the preceding quarter.
- Debt to assets increased slightly, as a result of increased borrowings in the quarter compared to the last quarter.
- Capitalization ratio also increased from 67.39 to 70.39 indicating that STELCO is more into debt financing and high risk associated with it, for investors.

Important Projects undertaken in the quarter

The important on-going projects by STELCO includes;

WIP - Buildings	10,946,879
WIP - Int Combustion Power Plant	56,093,385
WIP - Transmission & Distribution	59,058,266
WIP - Oil Storage	4,854,290
WIP - Furniture and Fittings	5,189
WIP - Vehicle & Vessels	9,529,925
WIP - Computers and Accessories	436,488
WIP - Machinery & Equipment	4,206,587
WIP - Other Tools	1,649,320
WIP - Hulhumale' 50MW Power Plant	27,300
WIP - Hulhumale' Building Extension	3,460,468
WIP - Communication Equipment	2,122,456
WIP - Water bottling Project	20,444
WIP - 5th Power Project	430,210,735
WIP - Sewerage System	1,476,426
WIP - Solar Project	5,477,986
WIP - Hulhumale' 50MW Power Plant	591,045
WIP - Gaakoshi Power House Extension Project	1,060,795
WIP - Project Misc. Expenses	179
WIP - SCADA System	13,530,323
WIP - Floating Solar Project (V.Keyodhoo)	56,342
WIP - Transfer of Electric Power from MACL to STELCO	3,363,022
WIP - Gaakoshi Fuel Project	47,762
WIP - Water	21,734
WIP - Water Tank Installation Project	-
WIP - Integrated Water Resource Management(IWRM)	29,065,166
WIP - 3rd Engine Project (POISED)	2,066,047
WIP - Hiyaa Housing Project	90,993,086
WIP- Greater Male' Grid Connection - Phase	153,876
WIP- PV PROJECT (POISED)	12,124,721
	742,650,242

Conclusion

STELCO shows improved profitability compared to the same quarter of the previous year and compared to the last quarter. Gross profit and net profit margins also improved. STELCO is expected to generate high revenue which would yield higher profits in the future.

Current and quick ratios are below 1, indicating STELCO will not be able to settle the current obligations with the current assets. Current assets reduced mainly due to reduction in trade receivables; at the same time cash balance improved. This could mean that STELCO's receivables are being collected, which is a favorable indication to the company.

When referring to leverage, STELCO is undertaking more projects which are financed through debts. This indicates high risk for investors and thus, STELCO is becoming highly geared.

Recommendation

- Improve Revenue;
  The revenue improved by 1% compared to the same quarter of the previous year. STELCO is expected to generate higher revenue through non-electricity sources, rather than increasing the usage of electricity.
- Receivable Collection Mechanisms:
  As receivables holds over 60% of the total current assets, STELCO should further reduce receivables, by implementing proper receivable collection mechanisms.
- Reduce Payables:
  The liquidity level could be maintained by reducing the payables, as higher payables lead to negative working capital in Q2 2018. Payables could be reduced, by adopting the best practices in payable mechanisms.

QUARTERLY REVIEW QUARTER 2, 2018

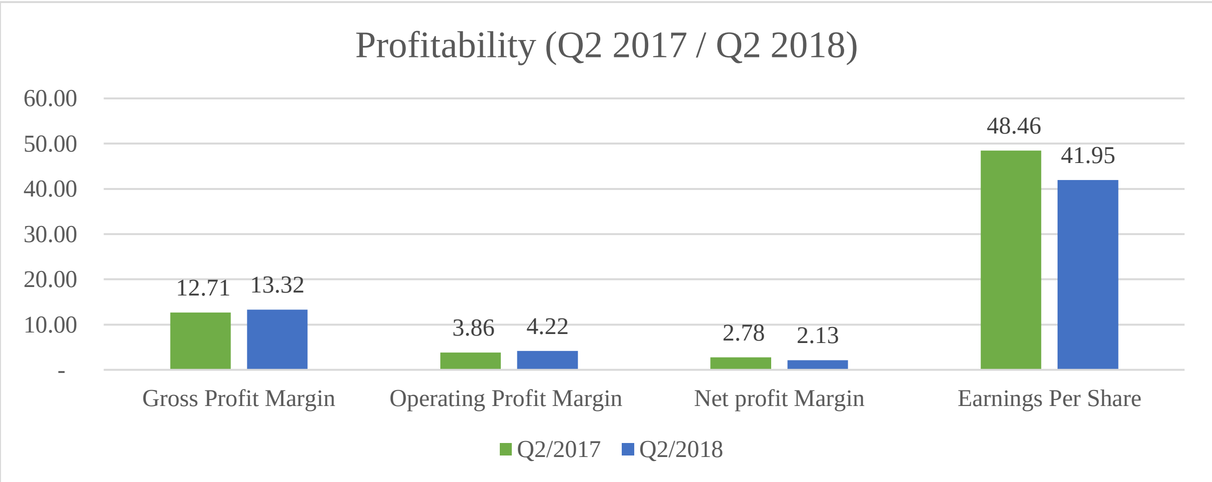
STATE TRADING ORGANIZATION PLC

STATE TRADING ORGANIZATION PLC
Q2 2018 PERFORMANCE ANALYSIS

Q2 of 2017 AND Q2 of 2018

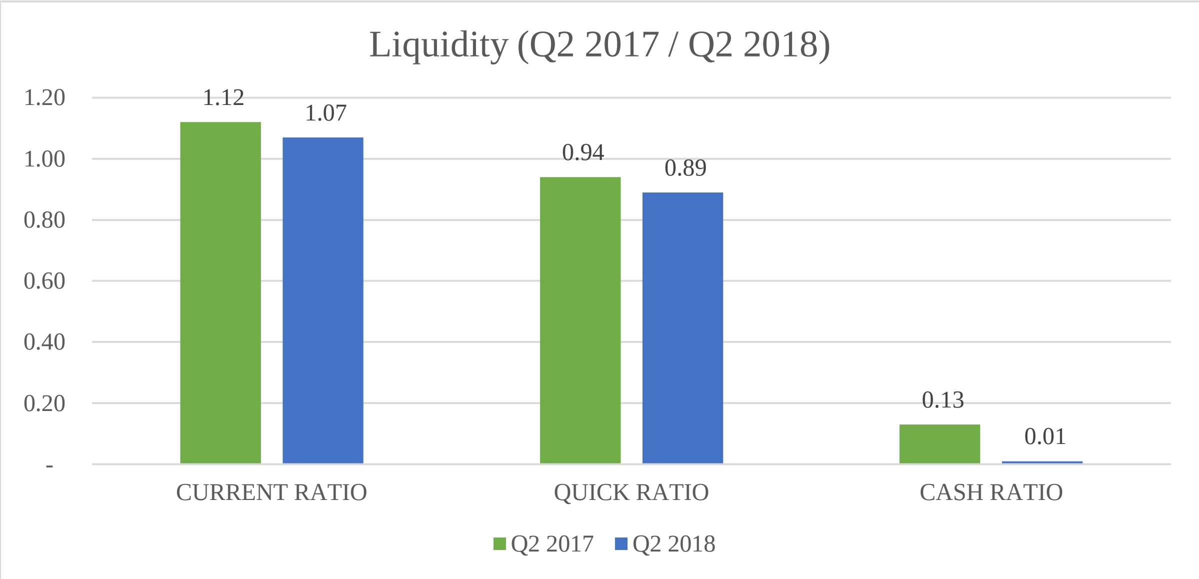
PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	1,965,357,265	2,215,151,304	249,794,039	12.71%
COST OF SALES	1,715,617,100	1,919,987,488	204,370,388	11.91%
GROSS PROFIT	249,740,165	295,163,816	45,423,651	18.19%
OPERATING PROFIT	75,861,870	93,417,874	17,556,004	23.14%
PROFIT BEFORE TAX	62,505,519	55,244,911	-7,260,608	-11.62%
PROFIT AFTER TAX	54,604,763	47,279,292	-7,325,471	-13.42%

	Q2/2017	Q2/2018
GROSS PROFIT MARGIN	12.71	13.32
OPERATING PROFIT MARGIN	3.86	4.22
NET PROFIT MARGIN	2.78	2.13
EARNINGS PER SHARE	48.46	41.95



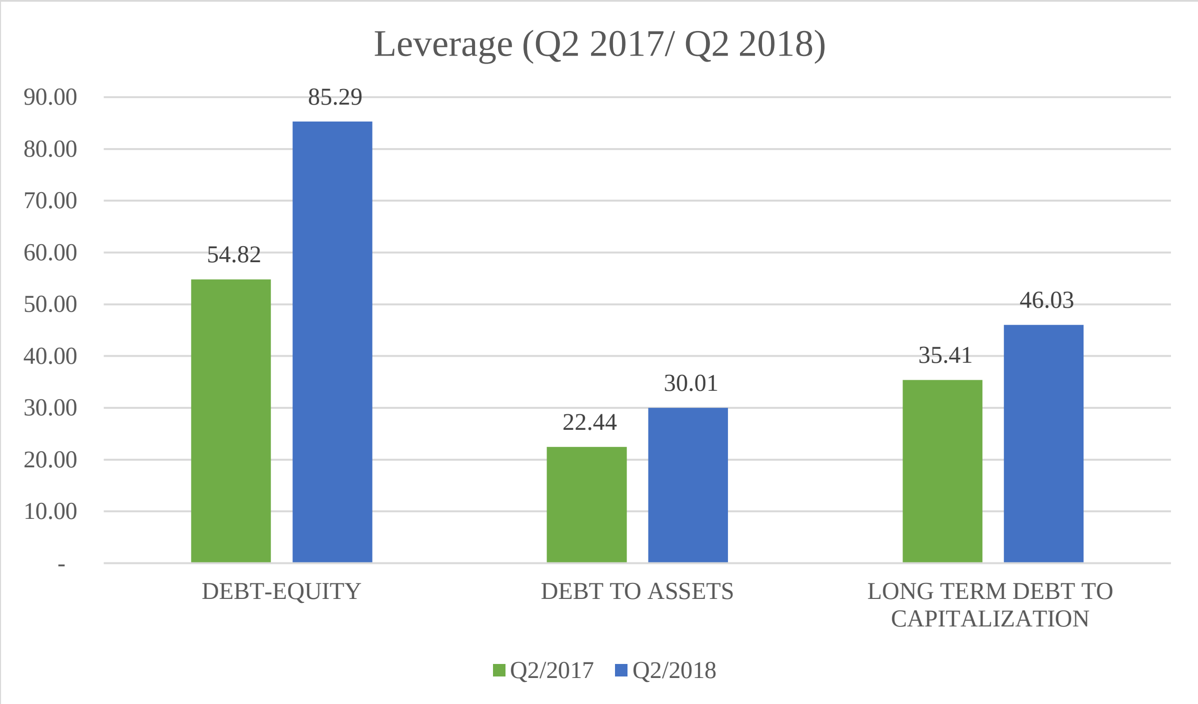
- Revenue of STO has increased by MVR 249 million, which is an increase of 12.71%, when compared to the same quarter of the previous year. This resulted in a rise in gross profit by 18.19%, in the quarter despite the increase in cost of sales by 11.91%.
- Operating profit also improved by 23.14%, when compared to the same quarter of the previous year, mainly due to the growth of other operating expenses.
- Net profit reduced by 13.42%, comparing with Q2 2017, resulting from higher finance costs in the quarter 2, 2018. Thus, net profit margin shows a slight decline compared to Q2 2017. STO should work to improve their profit margin in the forthcoming quarters.
- Gross profit margin improved to 4.22 in Q2 2018 compared to 3.86 in Q2 2017.

LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	2,057,972,733	2,432,025,080
CURRENT RATIO	1.12	1.07
QUICK RATIO	0.94	0.89
CURRENT ASSETS	3,265,754,505	4,059,699,438
CURRENT LIABILITIES	2,925,020,032	3,804,480,932
WORKING CAPITAL	340,734,473	255,218,506
CASH RATIO	0.13	0.01
INVENTORY	527,597,659	676,290,028



- When looking into the current ratio, STO is in a position to pay back its immediate liabilities with all the current assets available. However, the current ratio is less than the ideal ratio, indicating that STO should work on their liquidity, by improving current assets and reducing liabilities, by paying back the trade payables.
- After eliminating the inventory, STO will not be able to pay off the immediate liabilities with the current assets as indicated by the quick ratio less than one.
- The working capital of STO reduced in the quarter, when compared with the same quarter of the previous year. In the quarter 2, 2018, STO has a working capital of 255 million.
- STO will not be able to pay off its liabilities with the cash and cash equivalents. The ratio is too low in Q2 2018, indicating possible liquidity problems in STO. However, STO has other current assets that can be liquidated to meet the current obligations.

LEVERAGE	Q2/2017	Q2/2018
DEBT-EQUITY	54.82	85.29
DEBT TO ASSETS	22.44	30.01
LONG TERM DEBT TO CAPITALIZATION	35.41	46.03

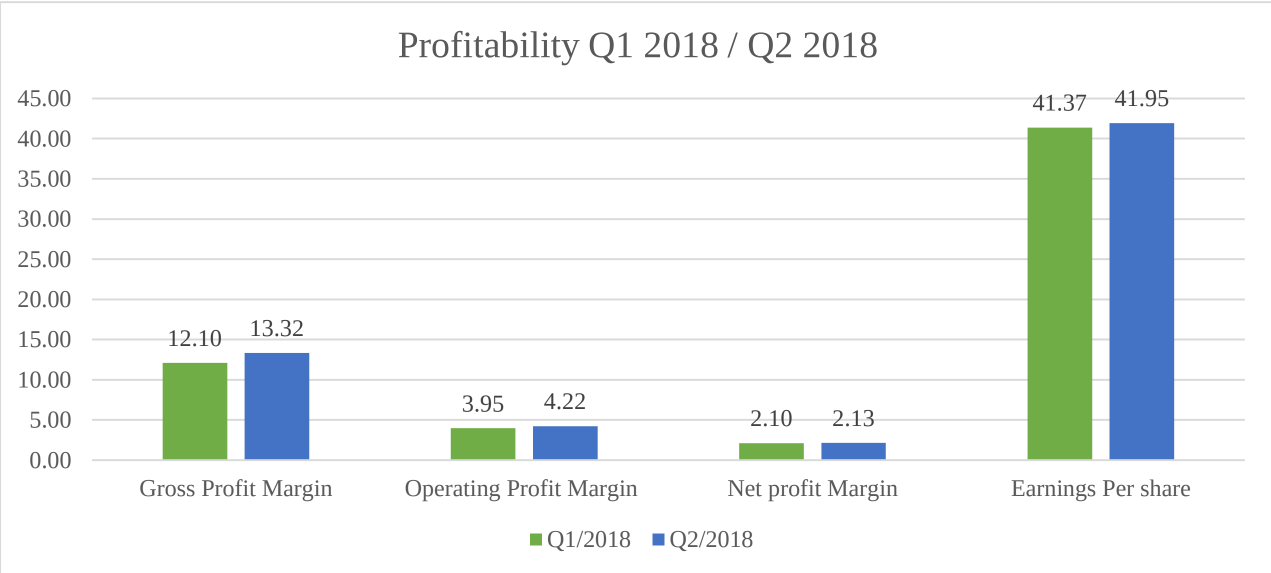


- STO's debt to equity ratio is below two indicating low risk for investors. The debt to equity ratio shows a slight increment in the quarter 2 of 2018, due to increase in borrowings. However, a ratio below 2 indicates low risks which is a favorable indication to the company.
- Debt to assets ratio of 22.4%, increased slightly to 30%, in Q2 2018. This means that most of the assets of STO are financed through equity and that they can meet the obligations by selling the assets if needed.
- Long-term debt to capitalization is 35.41% and 46% in Q2 2017 and Q2 2018 respectively, indicating that STO has very low debts compared to capital and thus shows their financial stability. They include some of the borrowings in the short run liabilities thus, reducing the long term debts.
- The interest coverage ratio is 5.68 in Q2 2017. STO is making enough money to pay the interest from their current operations. However, the ratio fell to 2.45 in Q2 2018, however, STO is still able to pay the interest from the current obligations. Further, this ratio is acceptable for STO as the prizes of the goods and services are set by the government rather than market prizes. Additionally, STO is a sole supplier for certain basic food items in the Maldives.

Q1 of 2018 AND Q2 of 2018

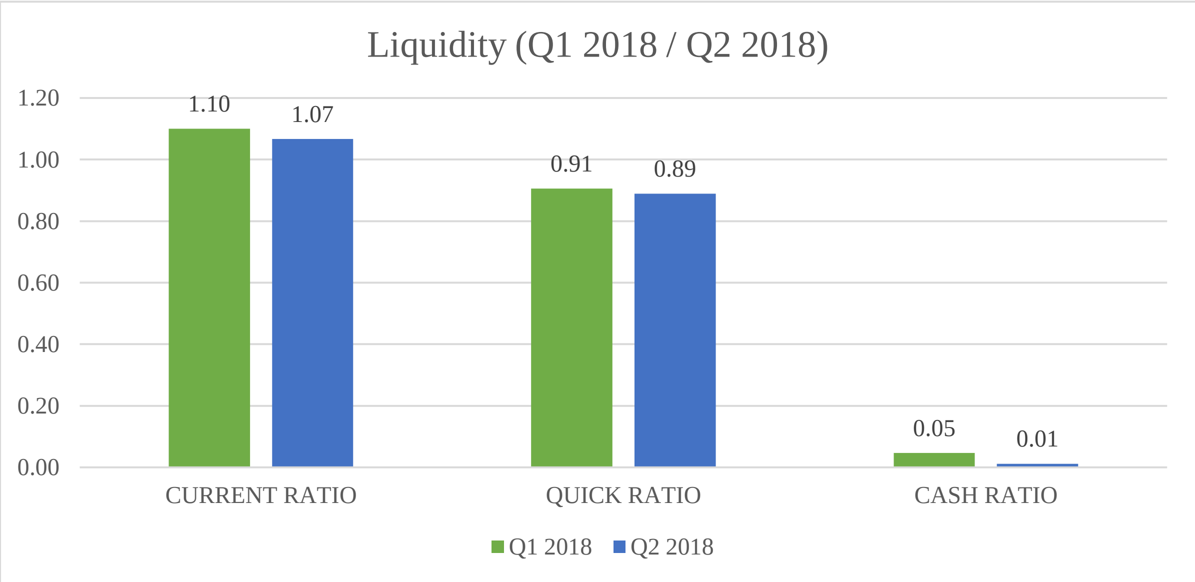
PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	2,224,652,636	2,215,151,304	-9,501,332	-0.43%
COST OF SALES	1,955,569,185	1,919,987,488	-35,581,697	-1.82%
GROSS PROFIT	269,083,451	295,163,816	26,080,365	9.69%
OPERATING PROFIT	87,929,435	93,417,874	5,488,439	6.24%
PROFIT BEFORE TAX	57,288,817	55,244,911	-2,043,906	-3.57%
PROFIT AFTER TAX	46,617,213	47,279,292	662,079	1.42%

	Q1/2018	Q2/2018
GROSS PROFIT MARGIN	12.10	13.32
OPERATING PROFIT MARGIN	3.95	4.22
NET PROFIT MARGIN	2.10	2.13
EARNINGS PER SHARE	41.37	41.95



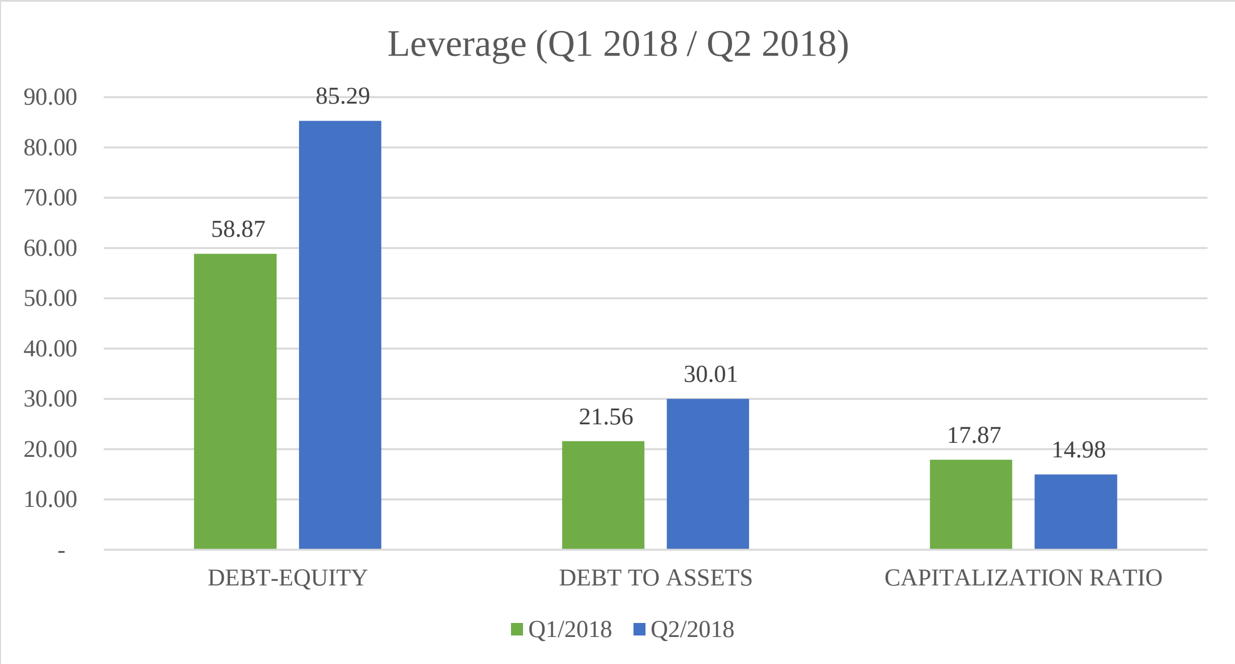
- Revenue reduced slightly by 0.43%, when compared to the last quarter Q1 2018.
- Gross profit improved by 9.69%, with a reduction in the cost of sales by 1.82%
- Operating profit increased by 6.24%, compared to the last quarter Q1 2018, with an increase in the other operating income compared to Q1 2018.
- Profit for the year increased slightly by 1.42%, comparing with Q1 2018.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	2,399,280,700	2,432,025,080
CURRENT RATIO	1.10	1.07
QUICK RATIO	0.91	0.89
CURRENT ASSETS	3,750,825,157	4,059,699,438
CURRENT LIABILITIES	3,407,400,735	3,804,480,932
WORKING CAPITAL	343,424,422	255,218,506
CASH RATIO	0.05	0.01
INVENTORY	665,129,644	676,290,028



- When looking into the current ratio, STO is in a position to pay back its immediate liabilities with all the short term assets available. However, the current ratio is less than the ideal ratio, indicating that STO should work on their liquidity by improving current assets and reducing liabilities by paying back the trade payables.
- After reducing the inventory, STO will not be able to pay off the immediate liabilities with the assets compared to the last quarter Q1 2018.
- STO has lower working capital in the Q2 2018 compared to Q1 2018, indicating the worsening of liquidity.
- Cash ratio is very low in STO in both quarters. Cash and cash equivalents are not at all enough to meet its obligations.

LEVERAGE	**Q1/2018**	**Q2/2018**
DEBT-EQUITY	58.87	85.29
DEBT TO ASSETS	21.56	30.01
CAPITALIZATION RATIO	17.87	14.98



- Debt to Equity is 59%, in Q1 2018, increasing to 85%, in Q2 2018. This shows that STO is using more debt financing. However, it is less risky in investing in STO when looking into their debt obligations.
- Debt to Assets ratio of 30%, indicates most of the assets of STO are financed through equity and that STO can meet the obligations by selling the assets if needed.
- STO has lower debts compared to capital which reflects their financial stability.
- However, STO, will be able to make the principle payments after paying off the interest from the current operations, both in Q1 2018 and Q2 2018.

Important Projects undertaken in the quarter

Events:

- STO signed an agreement with Abott Laboratories for distributorship of Abott pharmaceuticals in Maldives.
- STO signed an agreement with GE on the initiation of a healthcare institute in Maldives.
- “FSM Easy Fill Thinadhoo” was officially opened by STO.

Additionally, STO’s CSR includes celebrating World Autism day 2018, donating ‘roadha hadhiya’ to K.Guraidhoo home for people with special needs, donating blood culture and identification automation machine to IGMH and donating projectors to local clubs on the occasion of FIFA world cup 2018.

Conclusion

STO shows a decline in its financial position comparing with the figures of Q2 2017. However, a slight improvement can be seen when comparing the figures of the last quarter.

STO is in a weak liquidity position comparing the figures of the quarters.

Leverage ratios are in favor of STO, indicating low risk for investors to invest in STO.

Recommendation

- STO need to implement strategies to improve their liquidity by;
  - Formulating strategies to monitor accounts receivables more effectively to ensure that clients prompt payments are being received and take necessary actions against overdue payments.
  - Managing cash according to the forecast and ensuring proper management of cash.
- Strategies for Profit maximization:
  Profit has declined compared to the last quarter of the previous year. For further growth, profit maximization is vital for the company. It is important to build ways to earn higher revenue and cost deductions to earn higher profits.

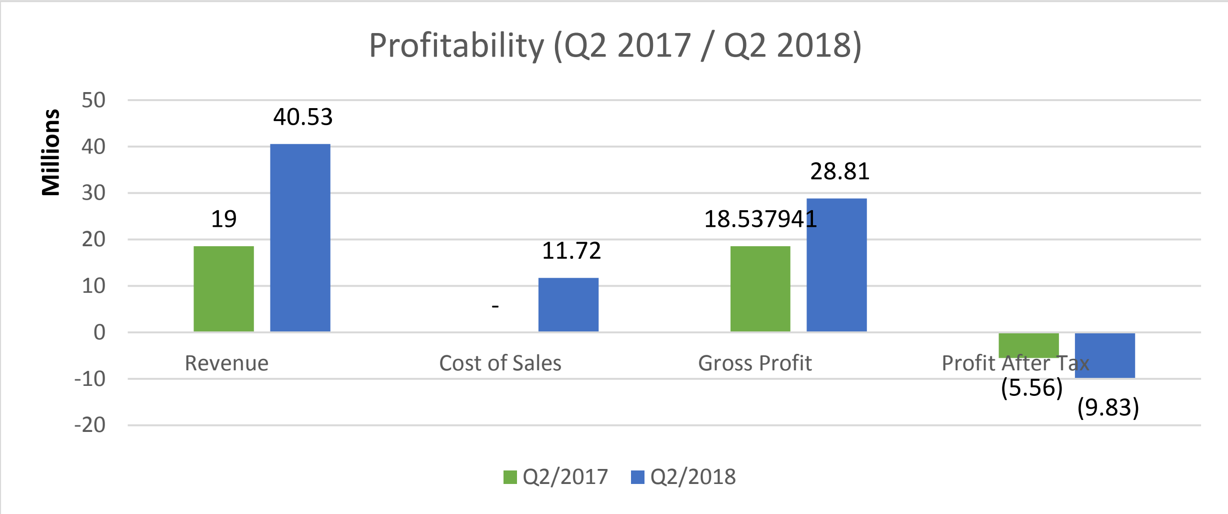
QUARTERLY REVIEW QUARTER 2, 2018

WASTE MANAGEMENT CORPORATION LTD

WASTE MANAGEMENT CORPORATION LTD
Q2 2018 PERFORMANCE ANALYSIS

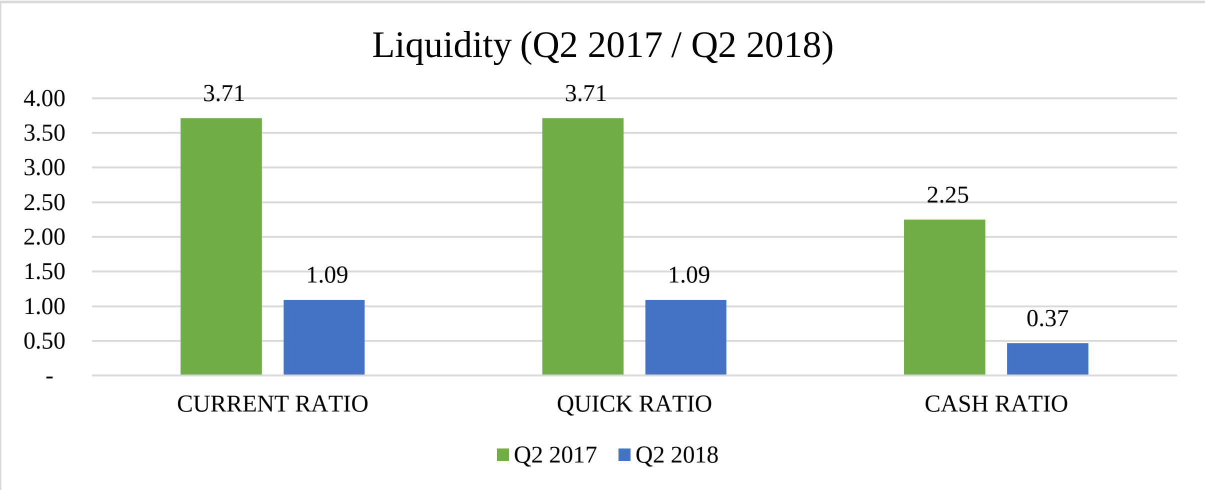
Q2 of 2017 AND Q2 of 2018

PROFITABILITY	Q2/2017	Q2/2018	Change	%
REVENUE	18,537,941	40,532,168.48	21,994,227	118.64
COST OF SALES	-	11,721,833.47	11,721,833	-
GROSS PROFIT	18537941	28,810,335.01	10,272,394	55.41
PROFIT AFTER TAX	(5,561,671.00)	(9,834,496.00)	(4,272,825.00)	76.83



- Revenue increased by 21 million, which is an improvement by 118%, compared to the same quarter of the previous year. Revenue increased from commercial and household collection services. Moreover, revenue increased from coconut sales and Male', Villimale cleaning service which were started recently.
- The cost of sales were nil in the quarter 2, as they had expensed all of the direct costs of the previous year and cost of sales of 11.7 million were recorded in the second quarter of the current year.
- Gross profit increased by 55.41%, compared to Q2 2017 despite the direct costs merely due to increased revenue.
- WAMCO faced a loss of 5.56 million in the second quarter of the previous year. This loss had increased to a 9.8 million in the second quarter of the current year due to higher expenses with respect to the expenses in the second quarter of the previous year.

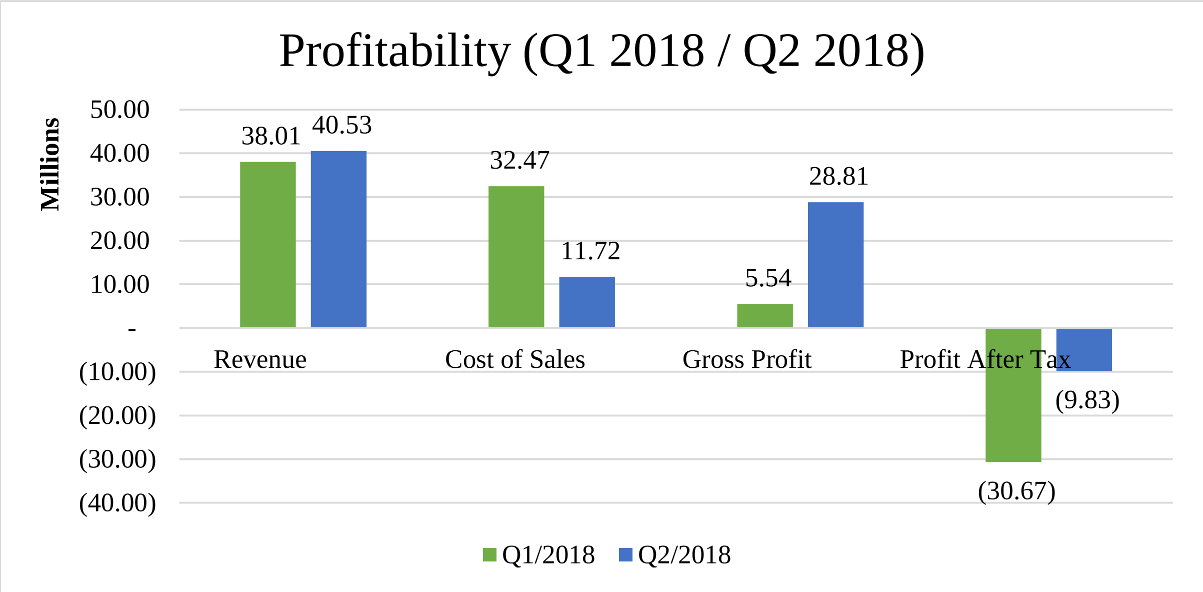
LIQUIDITY	Q2/2017	Q2/2018
NON CURRENT ASSETS	88,535,717	161,122,375.48
CURRENT RATIO	3.71	1.09
QUICK RATIO	3.71	1.09
CURRENT ASSETS	99,094,859	135,631,928.16
CURRENT LIABILITIES	26,702,154	124,087,340.24
WORKING CAPITAL	72,392,705	11,544,587.92
CASH RATIO	2.25	0.37



- Non-current assets totaled to a 161 million, in the current quarter, which is an increase of 82%, compared to the same quarter of the previous year. In Q2 2018, WAMCO expended MVR 19.7 million in capital work in progress which includes garage building, warehouse of legion industries and CRM software collections.
- Current assets increased by 36.5 million in Q2 2018 compared to Q2 2017 mainly due to increase in account receivable.
- Current liabilities increased greatly by 97 million which is an increase of 364.7% compared to the last quarter of the previous year, mainly due to increased payables.
- Current ratio reduced to 1.09 from 3.71 in the second quarter of the last year as the increase current liabilities was greater than the increase in current assets. Though the ratio suggests that WAMCO can pay-off the obligations. Its liquidity position is poor as a greater portion of the current assets hold accounts receivables.
- Cash ratio of 2.25 reduced to 0.37 in Q2 2018, as result of falling cash and bank balances and increasing current liabilities in the quarter. In Q2 2018, WAMCO is not in a position to set off the liabilities with the cash available.

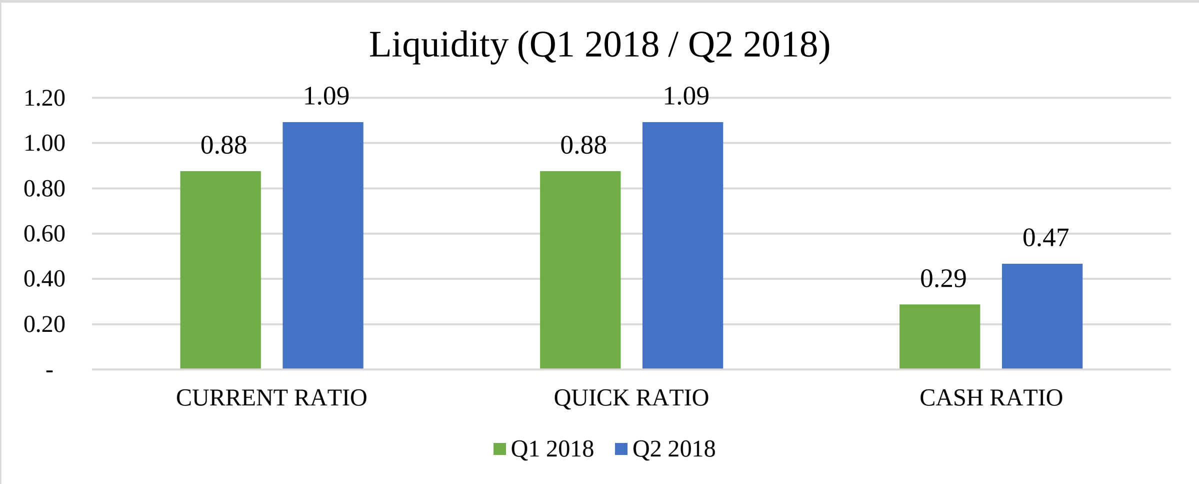
Q1 of 2018 AND Q2 of 2018

PROFITABILITY	Q1/2018	Q2/2018	Change	%
REVENUE	38,010,885.12	40,532,168.48	2,521,283	6.63
COST OF SALES	32,473,429.25	11,721,833.47	(20,751,595.78)	(63.90)
GROSS PROFIT	5,537,445.87	28,810,335.01	23,272,889	420.28
PROFIT AFTER TAX	(30,665,943.42)	(9,834,496.00)	20,831,447	(67.93)



- Revenue increased by 40 million which is an increase of 6.63%, compared to the previous quarter. Revenue increased mainly from household and commercial collection services.
- Cost of sales reduced by 63.9%, which is remarkable mainly due to the reduction of direct expenses including rental of equipment, vessels & vehicles and repair and maintenance of vessels & vehicles.
- Gross profit improved greatly following the reduction in the cost of sales.
- WAMCO recorded an improvement in the net loss by 67.93%, compared to the last quarter due to increased expenses as a result of increased administrative expenses and marketing expenses by 21% and 20.8% respectively.

LIQUIDITY	Q1/2018	Q2/2018
NON CURRENT ASSETS	153,993,656	161,754,304
CURRENT RATIO	0.88	1.09
QUICK RATIO	0.88	1.09
CURRENT ASSETS	81,211,425	135,631,928
CURRENT LIABILITIES	92,703,621	124,087,340
WORKING CAPITAL	(11,492,197)	11,544,588
CASH RATIO	0.15	0.37



- Non-current assets reported an increase of 5%, compared to the preceding quarter. This includes 29% increase in capital work in progress in Q2 2018.
- Current assets increased immensely by 67.01% compared to Q1 2018, as a result of increased receivables by 36%, and increased cash and cash equivalents by 238%.
- Current liabilities also increased by 33.85% compared to the last quarter. Though payables fell slightly by 0.5%, other current liabilities increased greatly.
- In Q1 2018, WAMCO recorded a negative working capital of 11.5 million. However, the working capital improved to a positive 11.5 million, recorded in Q2 2018.
- Current ratio of 0.88, improved to 1.09, in Q2 2018, improving the liquidity position. However, a greater portion of current assets include receivables. Thus, in real terms WAMCO will not be able to set off the current obligations in case of liquidation.
- Cash ratio of 0.15 increased slightly to 0.37 due to increased cash balances. However, cash balances are still insufficient to set off the current liabilities.

Conclusion

WAMCO showed increased revenue in Q2 2018, compared to the same quarter of the previous year and the preceding quarter. However, the profit declined due to high administrative and marketing expenses. Moreover, WAMCO has reportedly high operational expenses such as rent and employee benefits.

WAMCO has high level of receivables and payables. Hence, WAMCO is not in a good liquidity position to pay back the debts. Cash and cash equivalents are also low, to set off the current obligations.

Recommendation

- Reduce Costs:
  Along with revenue improvement, cost reduction is also vital for WAMCO. The administrative and marketing expenses should be minimized to earn higher profits in the future.
- Reduce Receivables:
  The receivables from households and commercial waste collection units are comparatively high in WAMCO. They have higher value of receivables from government organizations and individual institutes. For a sustainable development of the company, it is important to collect the receivables at the earliest.
- Reduce Payables:
  Along with the high receivables, WAMCO also has higher payables. Along with accounts payable WAMCO has a high value of GST payable. Receivables should be collected and other sources of income should be arranged, to set off the payables at the earliest.
- Reduce waste and implement cost controlling mechanisms:
  WAMCO can reduce waste by implementing cost control mechanisms. Administrative expenses as well as operational expenses need to be reduced and resources should be fully utilized to improve efficiency.
- Improve Profitability and Liquidity:
  By cost reduction and revenue increment strategies, WAMCO can improve their profitability. Along with that, liquidity also should be improved by reducing the payables and increasing the cash base.
- WAMCO should formulate self-sustaining operations and minimize dependence on shareholders.