SUMMARY OF QUARTERLY REVIEW

Q4 | 18

Q4

SECRETARIAT FOR
PRIVATIZATION AND CORPORATIZATION BOARD

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Secretariat for Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW
Quarter 4, 2018

INTRODUCTION

The main purpose of this paper is to assist the (Privatization and Corporatization Board) PCB 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 four of 2018 with the quarter four 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 23 different SOEs operating in the Maldivian market, which contributes significantly to the GDP of Maldives.

REVENUE

#	COMPANY NAME	Q4 2017	Q4 2018	(%)
1	ADDU INTERNATIONAL AIRPORT (AIA)	11,257,558	14,160,708	25.79
2	BANK OF MALDIVES LTD (BML)	644,189,000	632,459,000	-1.82
3	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	698,095,000	704,746,000	0.95
4	FENAKA CORPORATION	244,810,065	296,471,277	21.10
5	HOUSING DEVELOPEMNT FINANCE CORPORATION (HDFC)	51,506,418	58,191,871	12.98
6	ISLAND AVIATION SERVICES LTD(IASL)	520,720,167	551,193,366	5.85
7	KAHDHOO AIRPORTS COMPANY LTD (KACL)	3,613,824	3,194,068	-11.62
8	MALDIVES AIRPORTS COMPANY LTD (MACL)	1,172,569,073	1,398,226,000	19.24
9	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	27,175	17,600	-35.23
10	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	2,594,850	0	-100.00
11	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	22,623,132	11,196,753	-50.51
12	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	382,948,357	363,156,856	-5.17
13	MALDIVES TOURISM DEVELOPMENT CORPORATION	18,393,840	19,351,653	5.21
14	MALE WATER AND SEWERAGE COMPANY (MWSC)	232,226,000	333,693,020	43.69
15	MALDIVES SPORTS CORPORATION	77,000	25,100	-67.40
16	STATE ELCTRIC COMPANY LTD (STELCO)	476,467,912	536,400,360	12.58
17	STATE TRADING ORGANIZATION (STO)	2,024,153,090	2,566,007,286	26.77
18	WASTE MANAGEMENT CORPORATION (WAMCO)	44,546,800	64,169,066	44.05
	TOTAL	**6,550,819,261**	**7,552,659,984**	**15**

SOEs generated a revenue of over MVR 7.55 billion at the end of the last quarter of 2018, which is a 15% increment compared to the period of the previous year.

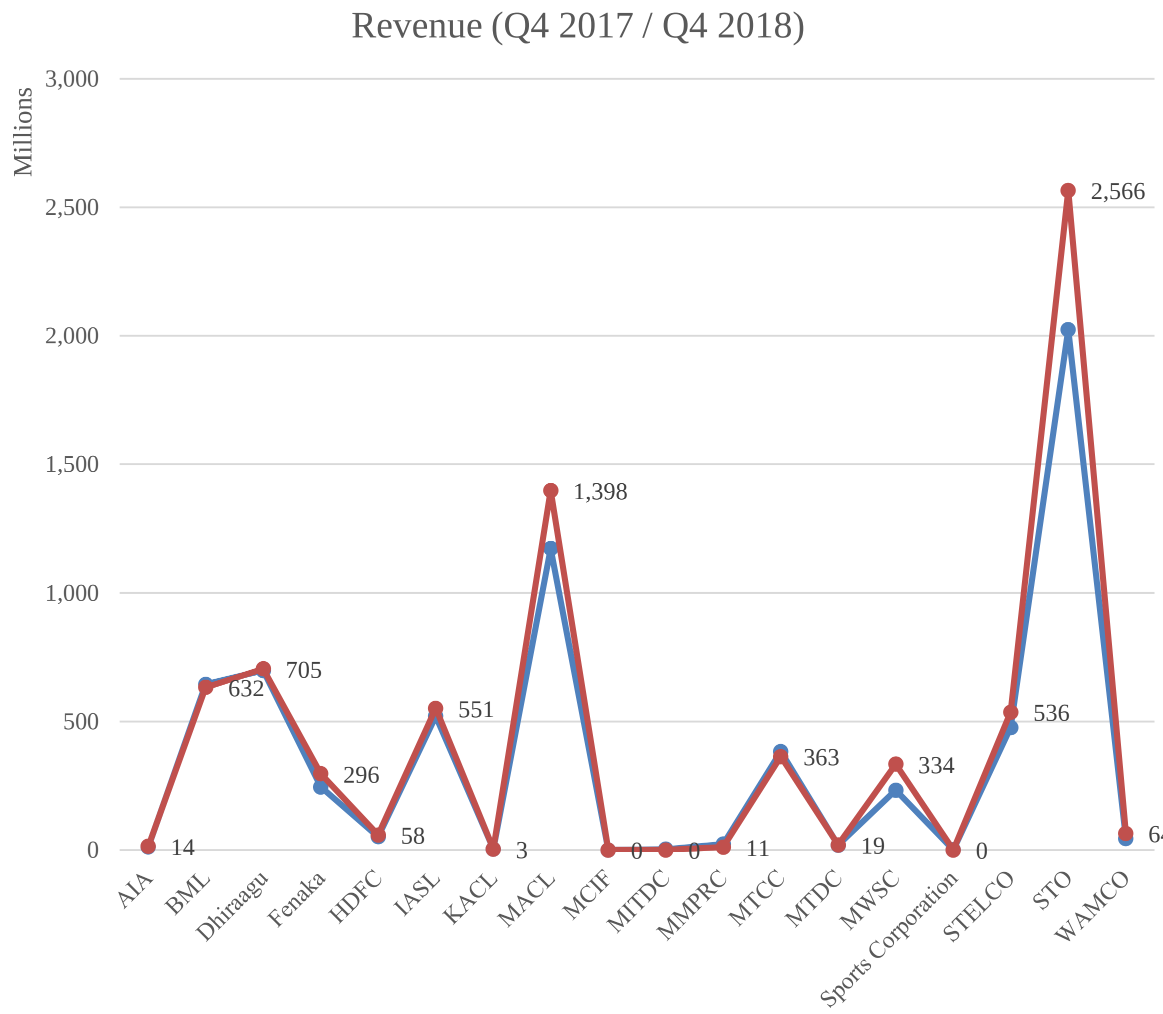
STO generated the highest income increasing the revenue by MVR 541 million compared to the same quarter of 2017, improving the segmental performance over the quarters. MACL is second highest in the list generating revenue of over MVR 1.4 billion in the fourth quarter 2018, majority of the revenue is generated from the sale of fuel.

BML, Dhiraagu, IASL, STELCO, MWSC, MTCC and FENAKA are among the companies generating a revenue of over MVR 200 million in the quarter. BML and MTCC have a decrease in revenue compared to the last Q4 2017. MTCC's revenue dropped by 5% compared to the last quarter of 2017 resulting from reduced revenue from contracting and transport department.

WAMCO recorded the highest growth in revenue compared to the same quarter of the previous year due to increased operations over the period. The revenue of the company recorded a 44% growth. MWSC also recorded a growth in revenue of 43.69% mainly from water sales. Revenue of AIA also recorded 26% growth due to increased number of flight operations, while STELCO recorded a revenue growth of 12.6% due to increased usage of electricity during the period. HDFC also recorded a revenue growth of 13%.

However, revenue of KACL declined compared to Q4 2017. KACL's revenue fell by 11.6% mainly due to drop in aeronautical revenue.

Other companies like MCIF, MITDC, MMPRC and Sports Corporation had huge negative impacts on their revenue growth. Revenue of MCIF fell by 35% while MITDC recorded a fall in revenue by 100% due to inability to generate revenue in the quarter. MMPRC's revenue dropped by 50% while Sports Corporation recorded a revenue decline of 67%. These companies had not taken sufficient operations to improve revenue.

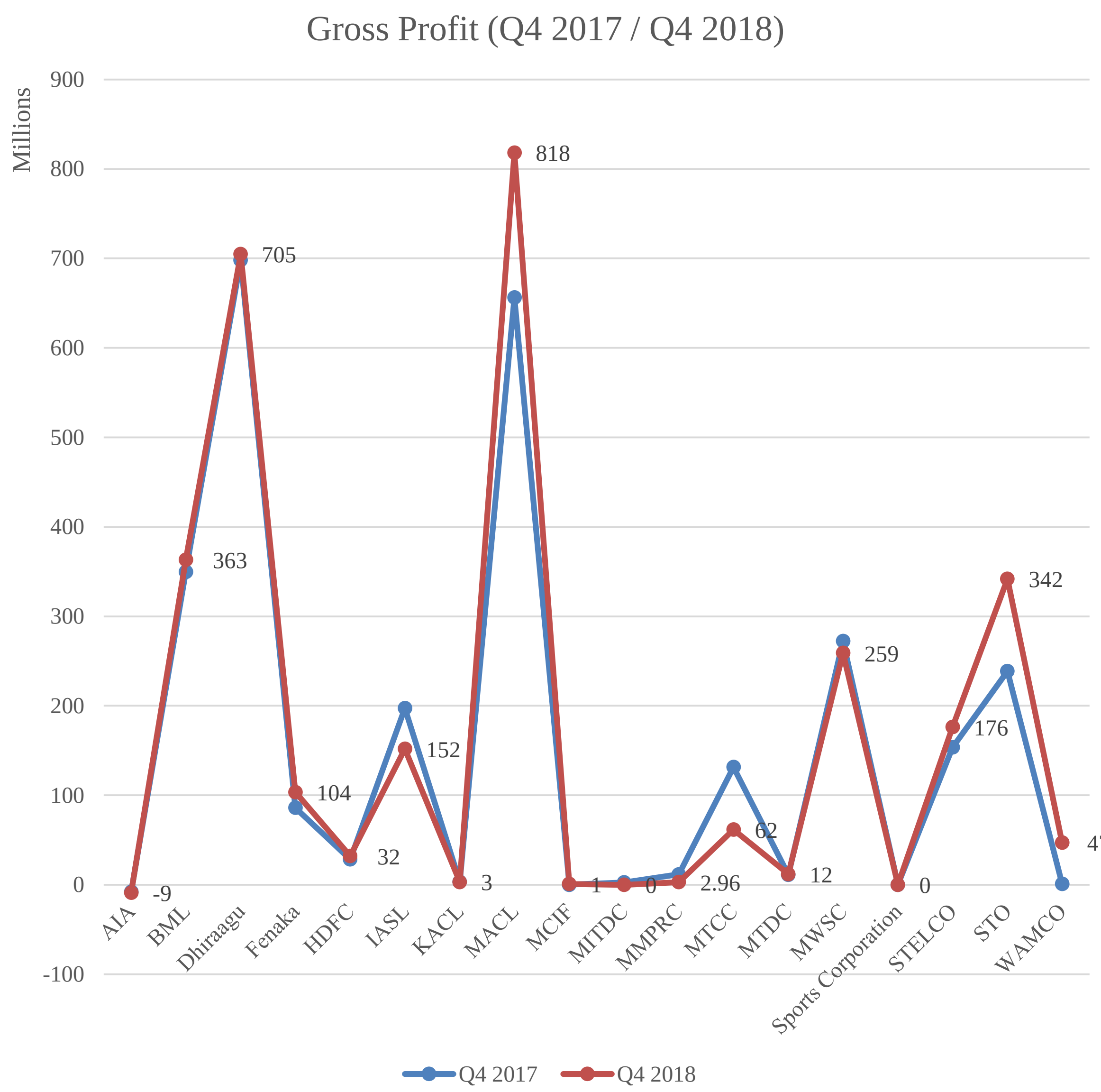


Revenue (Q4 2017 / Q4 2018)
Millions
3,000
2,500
2,000
1,500
1,000
500
0
14
632
705
296
58
551
3
1,398
0
0
11
363
19
334
0
536
2,566
64
AIA
BML
Dhiraagu
Fenaka
HDFC
IASL
KACL
MACL
MCIF
MITDC
MMPRC
MTCC
MTDC
MWSC
Sports Corporation
STELCO
STO
WAMCO
Q4 2017
Q4 2018

GROSS PROFIT

#	COMPANY NAME	Q4 2017	Q4 2018	%
1	ADDU INTERNATIONAL AIRPORT (AIA)	(7,853,071)	(8,645,804)	-10.09
2	BANK OF MALDIVES LTD (BML)	349,780,000	363,276,000	3.86
3	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	698,095,000	704,746,000	0.95
4	FENAKA CORPORATION	86,016,556	103,576,671	20.41
5	HOUSING DEVELOPEMNT FINANCE CORPORATION (HDFC)	28,442,098	32,239,036	13.35
6	ISLAND AVIATION SERVICES LTD(IASL)	197,352,663	151,834,759	-23.06
7	KAHDHOO AIRPORTS COMPANY LTD (KACL)	3,365,999	3,194,068	-5.11
8	MALDIVES AIRPORTS COMPANY LTD (MACL)	656,342,670	818,142,000	24.65
9	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	18,323	1,008,112	5401.89
10	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	2,594,850	0	-100.00
11	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	11,635,193	2,956,442.03	-74.59
12	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	131,618,619	61,751,072	-53.08
13	MALDIVES TOURISM DEVELOPMENT CORPORATION	11,058,854	12,016,683	8.66
14	MALE WATER AND SEWERAGE COMPANY (MWSC)	272,377,000	259,021,709	-4.90
15	MALDIVES SPORTS CORPORATION	77,000	25,100	-67.40
16	STATE ELCTRIC COMPANY LTD (STELCO)	153,672,800	176,399,603	14.79
17	STATE TRADING ORGANIZATION (STO)	238,758,780	341,828,444	43.17
18	WASTE MANAGEMENT CORPORATION (WAMCO)	1,111,740	47,317,125	4156.13
TOTAL		**2,834,465,074**	**3,070,687,020**	**8**

AIA could not manage its direct costs, resulting gross losses. As MITDC has not generated revenue in the quarter, gross profit declined by 100%. IASL, KACL, MTCC, MMPRC, MTCC, MWSC and Sports Corporation shows a negative growth in gross profit due to inability to manage direct costs.


Gross Profit (Q4 2017 / Q4 2018)
Millions
900
800
700
600
500
400
300
200
100
0
-100
818
705
363
342
259
176
152
104
62
47
32
12
3
2.96
1
0
0
-9
AIA
BML
Dhiraagu
Fenaka
HDFC
IASL
KACL
MACL
MCIF
MITDC
MMPRC
MTCC
MTDC
MWSC
Sports Corporation
STELCO
STO
WAMCO
Q4 2017
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NET PROFIT

#	COMPANY NAME	Q4 2017	Q4 2018	%
1	ADDU INTERNATIONAL AIRPORT (AIA)	(19,018,777)	(15,896,473)	16.42
2	BANK OF MALDIVES LTD (BML)	349,967,000	276,681,000	-20.94
3	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	234,004,000	231,853,000	-0.92
4	FENAKA CORPORATION	(14,732,647)	(18,652,433)	-26.61
5	HOUSING DEVELOPEMNT FINANCE CORPORATION (HDFC)	30,744,568	31,383,242	2.08
6	ISLAND AVIATION SERVICES LTD(IASL)	61,096,938	4,468,069	-92.69
7	KAHDHOO AIRPORTS COMPANY LTD (KACL)	(5,319,610)	(9,851,809)	-85.20
8	MALDIVES AIRPORTS COMPANY LTD (MACL)	262,929,866	360,927,000	37.27
9	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	(1,895,261)	(798,094)	57.89
10	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	177,894	(3,632,608)	-2142.01
11	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	9,035,205	976,164	-89.20
12	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	97,341,574	2,953,023	-96.97
13	MALDIVES TOURISM DEVELOPMENT CORPORATION	7,540,534	8,292,891	9.98
14	MALE WATER AND SEWERAGE COMPANY (MWSC)	206,512,000	176,124,214	-14.71
15	MALDIVES SPORTS CORPORATION	(1,474,668)	(1,318,861)	10.57
16	STATE ELCTRIC COMPANY LTD (STELCO)	92,574,527	63,112,235	-31.83
17	STATE TRADING ORGANIZATION (STO)	46,042,887	65,571,213	42.41
18	WASTE MANAGEMENT CORPORATION (WAMCO)	(22,510,011)	1,239,627	105.51
TOTAL		**1,333,016,019**	**1,173,431,400**	**(12)**

Total Net Profit generated by SOEs declined by MVR 159.6 million which is a reduction of 12% compared to the same quarter of the previous year.

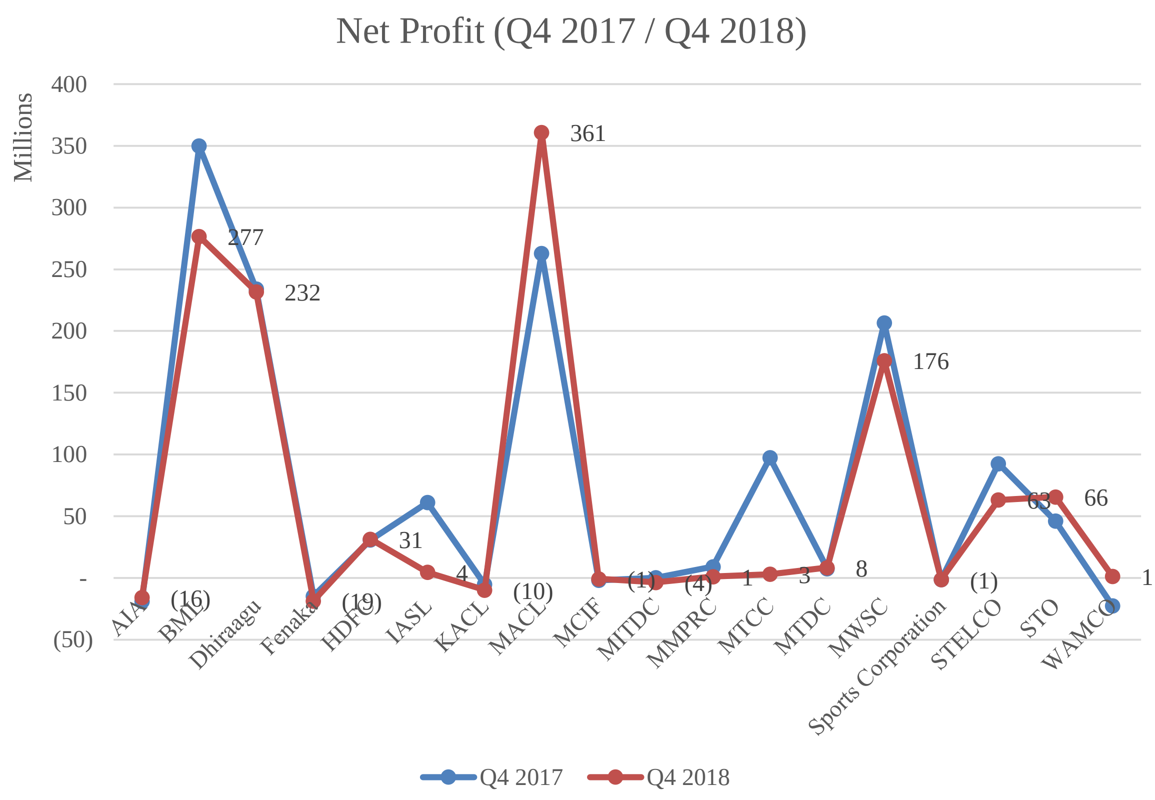
AIA recorded administrative expenses lower in Q4 2018 compared to the same quarter of the previous year. Finance cost also reduced when the quarters are concerned. Hence, the operating loss and net loss recorded in Q4 2018 are lower than the loss in Q4 2017.

HDFC, MACL, MTDC, STO and WAMCO recorded growth in their net earnings in the quarter when compared to Q4 2017. The companies managed their operational expenses well that resulted in profits. MCIF's net loss was reduced by 58% in the quarter. By reducing administrative expenses the company was able to reduce the losses. However, the company is unable to generate sufficient revenue to keep up with the costs requiring shareholder assistance. Sports Corporation's net loss also reduced by 10.6% due to reduced expenses. However, they are also not able to generate enough revenue to cover the costs.

Companies like MITDC, MTCC, STELCO, IASL, and KACL recorded significant deterioration in profits. MITDC recorded a loss of MVR 3.6 million in the quarter due to higher costs without generating revenue.

Moreover, MTCC's net profit reduced by MVR 94 million due to increased interest on borrowings causing finance costs to rise by MVR 3 million. MTCC has critical problem in terms of pricing its projects and managing costs. The company will not recover from the decline in profits without drastic changes in its costing and pricing of projects. The huge drop in net profit along with reduced turnover resulted in net profit margin to fall significantly to 0.81% from 25% a year earlier.

STELCO recorded 31.8% decline in net profits due to high operational costs along with increased finance costs. IASL recorded a negative growth of 92% in profits resulting from high administrative costs. KACL also recorded a decline in profits by 85% resulting from high operational expenses.

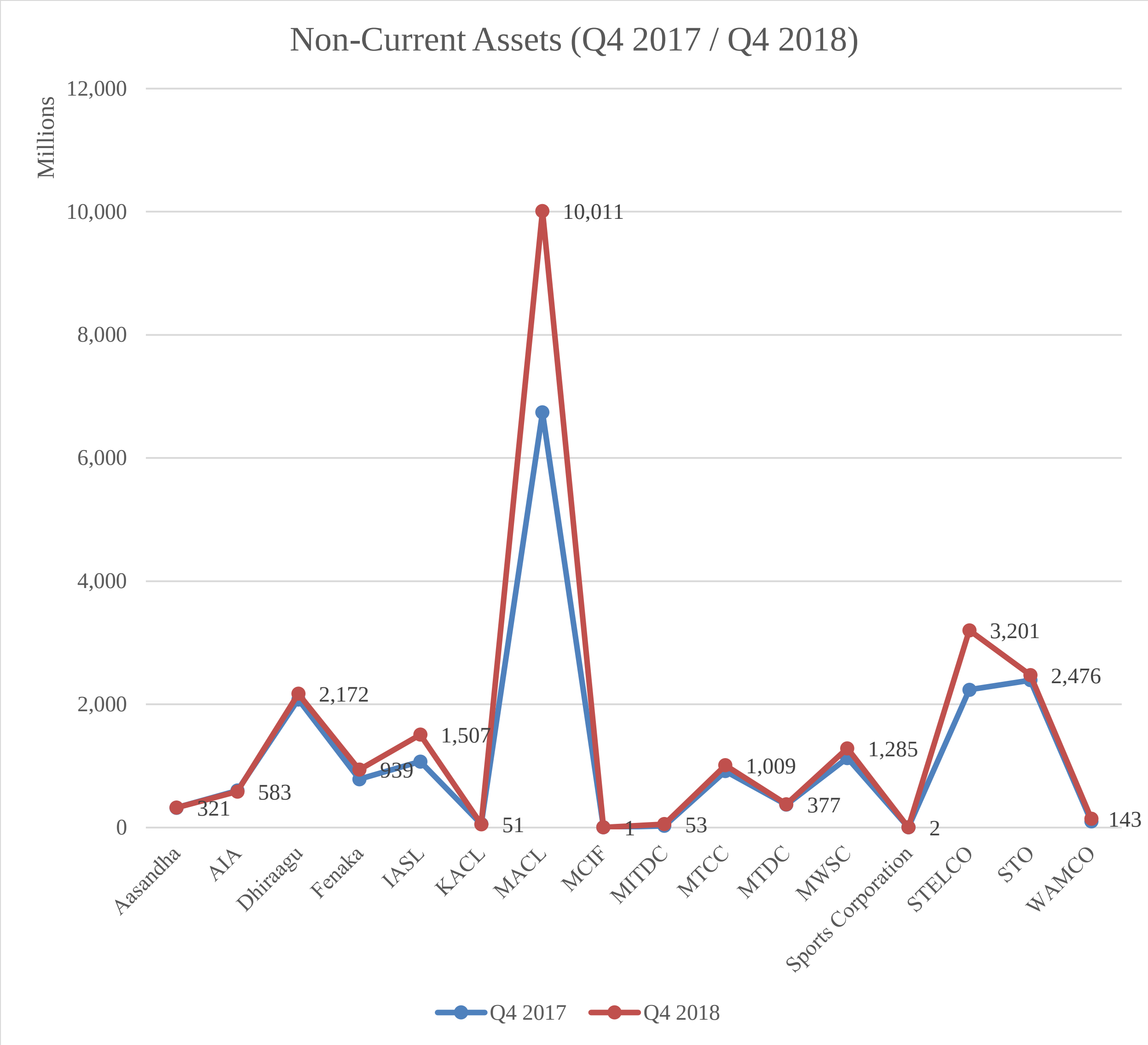


NON-CURRENT ASSETS

#	COMPANY NAME	Q4 2017	Q4 2018	%
1	AASANDHA COMPANY LTD	319,161,493	321,090,659	0.60
2	ADDU INTERNATIONAL AIRPORT (AIA)	597,684,209	582,914,846	-2.47
3	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	2,077,069,000	2,171,625,000	4.55
4	FENAKA CORPORATION	782,703,442	939,155,208	19.99
6	ISLAND AVIATION SERVICES LTD(IASL)	1,069,866,086	1,506,820,017	40.84
7	KAHDHOO AIRPORTS COMPANY LTD (KACL)	54,763,972	51,341,025	-6.25
8	MALDIVES AIRPORTS COMPANY LTD (MACL)	6,740,833,327	10,011,010,000	48.51
9	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	737,529	503,708	-31.70
10	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	26,082,931	53,461,590	104.97
11	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	914,348,240	1,009,423,202	10.40
12	MALDIVES TOURISM DEVELOPMENT CORPORATION	369,703,104	376,596,985	1.86
13	MALE WATER AND SEWERAGE COMPANY (MWSC)	1,127,774,000	1,285,446,152	13.98
14	MALDIVES SPORTS CORPORATION	1,223,206	1,574,013	28.68
15	STATE ELCTRIC COMPANY LTD (STELCO)	2,234,651,379	3,201,213,086	43.25
16	STATE TRADING ORGANIZATION (STO)	2,390,505,473	2,475,700,443	3.56
17	WASTE MANAGEMENT CORPORATION (WAMCO)	98,113,028	143,110,961	45.86
TOTAL		**18,805,220,419**	**24,130,986,895**	**28**

By the end of the fourth quarter, the above mentioned SOEs have non-current assets worth MVR 24 billion which is an increase of non-current assets by 28% compared to the same quarter of the previous year.

MACL, Dhiraagu, IASL, STELCO, MWSC and STO has high value of non-current assets compared to other SOEs mainly due to increased Property, Plant and Equipment and capital work in progress due to capital development projects undertaken by SOEs. However, MCIF, KACL and AIA recorded reduced non-current assets during the period.

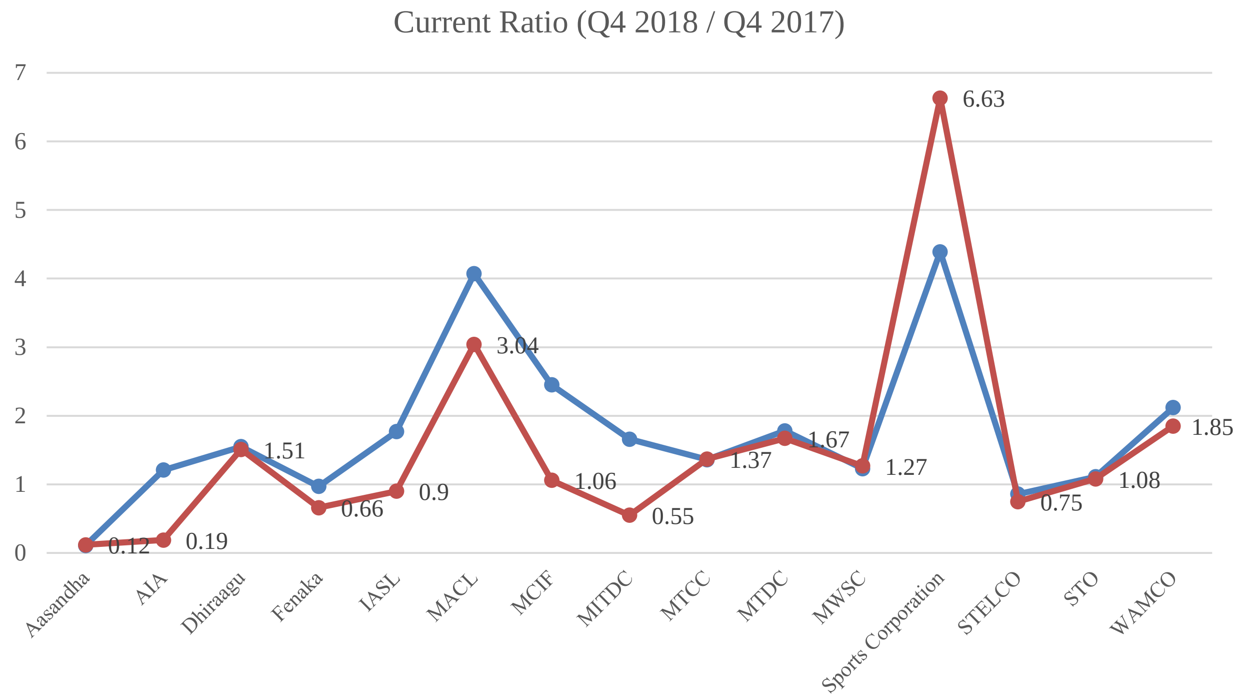

Non-Current Assets (Q4 2017 / Q4 2018)
Millions
12,000
10,000
8,000
6,000
4,000
2,000
0
10,011
3,201
2,476
2,172
1,507
1,285
1,009
939
583
377
321
143
53
51
2
1
Aasandha
AIA
Dhiraagu
Fenaka
IASL
KACL
MACL
MCIF
MITDC
MTCC
MTDC
MWSC
Sports Corporation
STELCO
STO
WAMCO
Q4 2017
Q4 2018

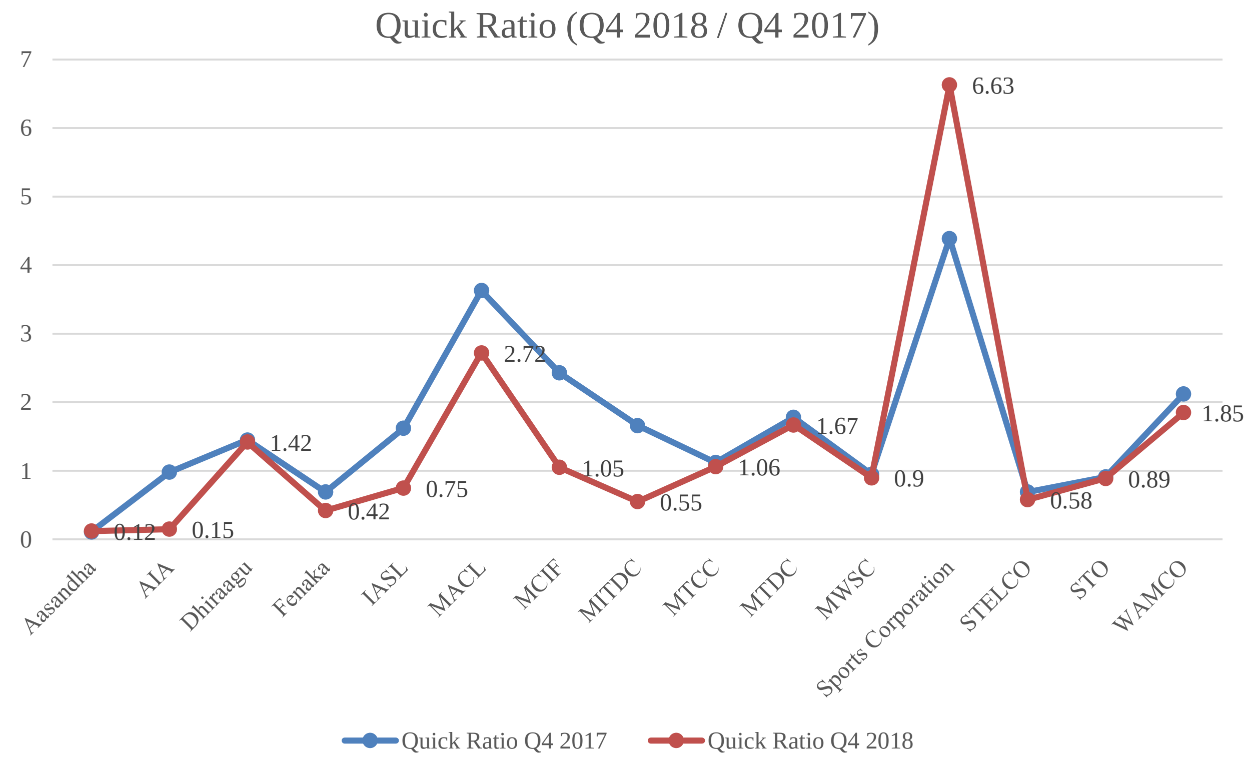
CURRENT RATIO AND QUICK RATIO	Current ratio		Quick Ratio	
COMPANY NAME	Q4 2017	Q4 2018	Q4 2017	Q4 2018
AASANDHA COMPANY LTD	0.11	0.12	0.11	0.12
ADDU INTERNATIONAL AIRPORT (AIA)	1.21	0.19	0.98	0.15
DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	1.55	1.51	1.45	1.42
FENAKA CORPORATION	0.97	0.66	0.69	0.42
ISLAND AVIATION SERVICES LTD(IASL)	1.77	0.9	1.62	0.75
KAHDHOO AIRPORTS COMPANY LTD (KACL)	83.46	36.14	82.22	34.87
MALDIVES AIRPORTS COMPANY LTD (MACL)	4.07	3.04	3.63	2.72
MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	2.45	2.5	2.43	2.49
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	1.66	0.55	1.66	0.55
MALDIVES TRANSPORT AND CONSTRUCTION COMPANY	1.36	1.37	1.12	1.06
MALDIVES TOURISM DEVELOPMENT CORPORATION	1.78	1.67	1.78	1.67
MALE WATER AND SEWERAGE COMPANY (MWSC)	1.23	1.27	0.95	0.9
MALDIVES SPORTS CORPORATION	4.39	6.63	4.39	6.63
STATE ELCTRIC COMPANY LTD (STELCO)	0.86	0.75	0.69	0.58
STATE TRADING ORGANIZATION (STO)	1.11	1.08	0.91	0.89
WASTE MANAGEMENT CORPORATION (WAMCO)	2.12	1.85	2.12	1.85

KACL recorded a very high level of current and quick ratios in both quarters due to high level of current assets which include trade receivables, cash and bank balances and inventory. The company has huge pile of short term assets compared to liabilities. The receivables need to be converted into cash and company needs to make use of the tied up cash in the operations.

GMIZL, MACL and Sports Corporation also has relatively high levels of liquidity ratios. If the companies could transfer the receivables into cash they will have more assets for increasing operations in the future. If these assets tied up in the business could be used efficiently, future cash flows can be generated which would benefit the company.

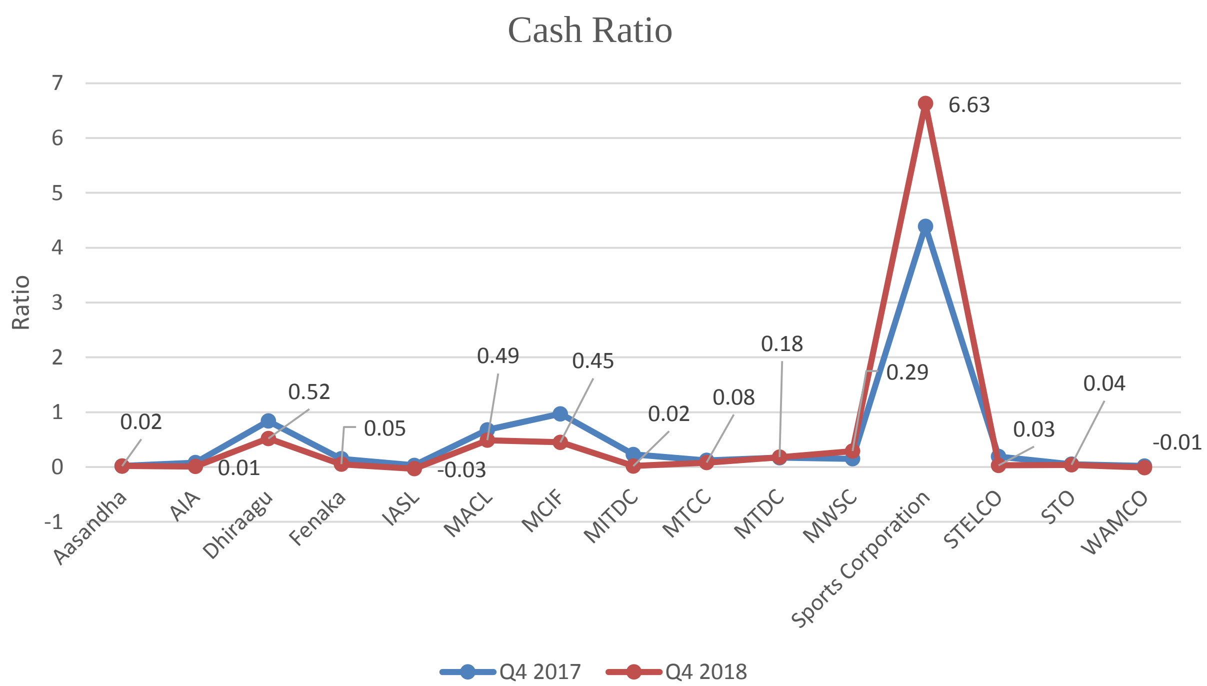
Aasandha Company has very low liquidity ratio due to higher level of payables compared to the short term assets. The liquidity position of AIA has worsened due to higher payables recorded compared to Q4 2017.


Current Ratio (Q4 2018 / Q4 2017)
7
6
5
4
3
2
1
0
6.63
3.04
1.51
0.12
0.19
0.66
0.9
1.06
0.55
1.37
1.67
1.27
0.75
1.08
1.85
Aasandha
AIA
Dhiraagu
Fenaka
IASL
MACL
MCIF
MITDC
MTCC
MTDC
MWSC
Sports Corporation
STELCO
STO
WAMCO
Current ratio Q4 2017
Current ratio Q4 2018


Quick Ratio (Q4 2018 / Q4 2017)
7
6
5
4
3
2
1
0
6.63
2.72
1.42
0.12
0.15
0.42
0.75
1.05
0.55
1.06
1.67
0.9
0.58
0.89
1.85
Aasandha
AIA
Dhiraagu
Fenaka
IASL
MACL
MCIF
MITDC
MTCC
MTDC
MWSC
Sports Corporation
STELCO
STO
WAMCO
Quick Ratio Q4 2017
Quick Ratio Q4 2018

CASH RATIO	Q4 2017	Q4 2018
AASANDHA COMPANY LTD	0.02	0.02
ADDU INTERNATIONAL AIRPORT (AIA)	0.08	0.01
DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	0.84	0.52
FENAKA CORPORATION	0.15	0.05
GREATER MALE' INDUSTRIAL ZONE LIMITED	1.03	1.7
ISLAND AVIATION SERVICES LTD(IASL)	0.03	-0.03
KAHDHOO AIRPORTS COMPANY LTD (KACL)	47.43	11.16
MALDIVES AIRPORTS COMPANY LTD (MACL)	0.68	0.49
MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	0.97	0.45
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)	0.23	0.02
MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	0.12	0.08
MALDIVES TOURISM DEVELOPMENT CORPORATION	0.17	0.18
MALE WATER AND SEWERAGE COMPANY (MWSC)	0.15	0.29
MALDIVES SPORTS CORPORATION	4.39	6.63
STATE ELCTRIC COMPANY LTD (STELCO)	0.19	0.03
STATE TRADING ORGANIZATION (STO)	0.05	0.04
WASTE MANAGEMENT CORPORATION (WAMCO)	0.02	-0.01

KACL has relatively high cash ratio due to high level of cash compared to the short term liabilities. It is important to note that the high level of cash is mainly contributed by the capital injection of the government and not through its core business activities. Sports Corporation also has a high cash ratio compared to other companies. The cash of the company represents the capital injection from the government. The company does not generate enough cash through its operations and depend on shareholder assistance for the operations. Most of the companies have low cash ratios and shows the inability to settle the debts through cash generated.



LEVERAGE RATIOS

COMPANY NAME	Q4 2017	Q4 2018	Q4 2017	Q4 2018
	Debt to Equity (%)		Debt to Assets (%)	
ADDU INTERNATIONAL AIRPORT (AIA)	462.48	1,397.23	55.3	59.27
FENAKA CORPORATION	92.49	82.48	17.5	11.53
ISLAND AVIATION SERVICES LTD(IASL)	50.19	46.74	24.42	23.33
MALDIVES AIRPORTS COMPANY LTD (MACL)	50.63	95.05	25.79	44.57
MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	73.87	68.81	32.11	33.32
MALE WATER AND SEWERAGE COMPANY (MWSC)	5.3	6.46	3.21	4.15
STATE ELCTRIC COMPANY LTD (STELCO)	257.02	343.94	50.46	55.71
STATE TRADING ORGANIZATION (STO)	58.4	79.54	21.47	28.09

As far as leverage is concerned, the significant increase in debt to equity ratio in AIA is due to reduced total equity of the company due to deterioration of retained earnings and increasing trend in borrowings. The rise in borrowings is not healthy for a company like AIA where they do not have the potential to repay the debts and has to depend on the capital injections from the government for the daily operations. The long-term sustainability of the airport depends on the growth of bed capacity in the region.

Gearing level of MACL has increased due to higher borrowings. As a result of this, financial risk of the company increased. This increase in gearing has shown a positive growth in total non-current assets. The airport development project is in progress and is likely to add more debt and more assets to the company's books. However this addition of assets and liabilities is likely to enable the company to increase its operations and number of passengers leading to higher revenue for the company.

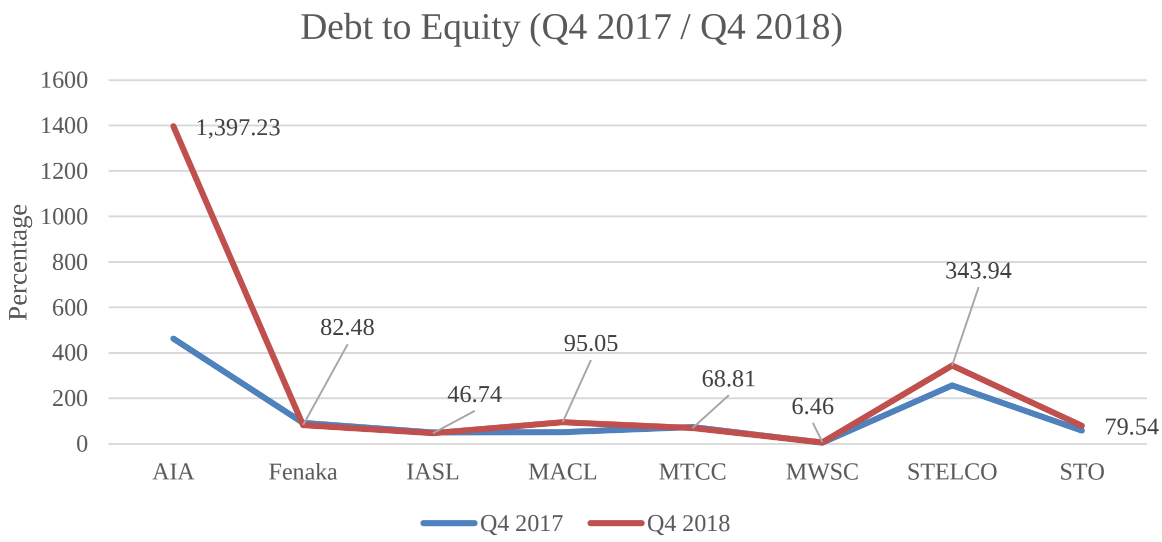
MWSC's total borrowings increased by MVR 24 million which is an increase of 37% compared to Q4 2017. Equity of the company increased by 12%, hence, debt ratio of the company reduced. MWSC has capacity to expand their operations through further borrowings. Gearing of STELCO also increased in the quarter due to higher borrowings compared to Q4 2017.

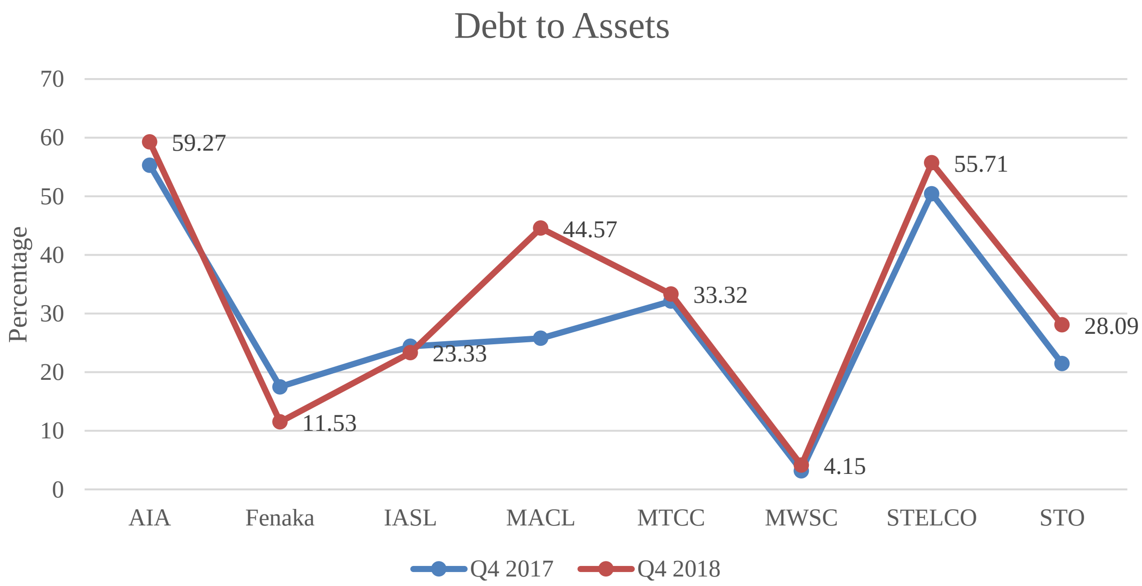
STO's Debt to Equity increased from 58.4% to 79% compared to Q4 2017 due to increased borrowings by MVR 580 million while equity increased by MVR 126 million only. The increase in debt to equity ratio will have a negative impact on the financial risk of the company. Debt to assets increased as a result of increase in assets compared to the increased borrowings during the period.

Debt to Equity ratio of Fenaka reduced from 92.49% to 82.48% in Q4 2018 due to reduction in total long term borrowings compared to Q4 2017. Debt to Asset ratio also reduced after reduction in the debts and increased total assets by 15%. This reduced the financial risk associated with the borrowings as Fenaka started to pay off their debts.

Leverage ratios of IASL reduced as the company has reduced long term borrowings. The total debt of the company reduced by MVR 13 million compared to the same quarter of the previous year.

Debt to equity of MTCC also reduced to 69% from 74% in Q4 2017, as short term borrowings reduced by MVR 71 million. The reduction in borrowing reduced the financial risks however long term sustainability of the company is risky as the company has a significant up trend in costs while revenue is in a down trend. Debt to Assets reduced as total assets reduced greater than the reduction in the borrowings.





IMPORTANT PROJECTS

BML being the largest banking service provider have launched BML Islamic General Financing facility for individuals and businesses to enable access to financing for a wide range of Shari'ah compliant purposes. BML hosted Maldives' first ever International Banking Conference under the theme of "Banking in Asia: the Next Frontier". With over 100 participants from 25 countries, including CEOs and the heads of some of Asia's biggest financial institutions, the ABA conference brought together leading minds to discuss banking development in Asia in the face of rapid technological advancement. BML also opened new branches with Self Service Banking Centers in Raa Atoll Meedhoo and Kaafu Atoll Kaashidhoo. They implemented additional 21 CSR initiatives across the country, taking the total to 110 for the year.

Dhiraagu Fibre service was extended to more islands covering 75% of the total population of the Maldives. They offered customers a fibre broadband promotion which included free connection and 3 months of discounted monthly rental and a special promotion offering additional data allowances. They also launched postpaid social media promotion under which all customers on the latest postpaid plans were offered up to a 5 GB social media data allowance. Dhiraagu demonstrated 5G technology for the first time in Maldives during the quarter and Dhiraagu TV service was extended to 7 additional islands by Q4 2018.

Fenaka carried out a total of 11 projects in 11 different islands of the Maldives including power house relocations and pre-fabricated power houses. It is important to note that certain projects of Fenaka were terminated after commencement which would cause losses to the company.

HDFC provided financing for a number of projects including "The Garden Hulhumale Project", "FW Constructions Hulhumale" which is expected to be completed by November 2019, "Hulhumale Residence", expected to be completed by the end of 2019, "AIRA Apartments", "One Avenue," the project is expected to be completed by October 2019, "Manaage Residence", project is estimated to be complete by October 2019, "Apollo Towers," and "Batch Apartments Marina View".

The biggest projects on-going by the end of the fourth quarter by MACL are Runway & Apron and Passenger Terminal building both valued over MVR 5 billion and it is expected to complete these projects by September 2019 and January 2020 respectively.

MTCC managed a total of 26 different projects during the quarter, from which the following projects were reported to be completed.

- Sh.Komandoo reclamation
- N.Fohdhoo Jetty
- GA.Dhaandhoo Football Stadium reclamation
- Construction of Runway, Taxiway & Apron at Kulhudhuffushi Airport.
- K.Hura reclamation project

The on-going resort development projects of MTDC includes Kihavah Huravalhi, Magudhuvaa- Ayada Maldives and Naagoshi project.

MWSC also undertook different water and sewerage projects worth MVR 932.8 million from which 84% has been completed. STELCO also undertook 5 different projects including Greater Male' Grid connection Phase1 (0.18% complete), Establishment of sewerage system in Adh.Fenfushi (10.8% complete), Fifth Power Development Project (95.3%), Substation 37 construction (95% complete) and hulhumale' warehouse (60% complete).

CONCLUSION

Major expenses of Aasandha increased mainly due to medical consumables which is the main business activity. As far as the nature of the business is concerned, Aasandha is an essential service provider rather than a profit maximizing business. However, Aasandha should implement strategies to minimize costs. They have a very low liquidity ratio where payables are much greater than the assets. Working capital should be managed well for long term sustainability. Receivables hold the greatest portion of the current assets and receivable collection is also equally important to manage working capital. A policy level decision on whether Aasandha is to be operated as an insurance scheme or a department of the government has to be made as the company currently operates more as a department of the government instead of an insurance company.

Though AIA has improved revenue compared to Q3 2018 and Q4 2017 due to increased number of flights landed to the Airport, the increased revenue does not reflect in the profits of the company and the company faces gross loss and net losses over the quarters due to higher cost of sales and higher operating expenses. The current assets are falling and current liabilities increased since there is a huge increase in shareholders loan. This demonstrates the liquidity problems of the company as current and quick ratios decline. . Cash and cash equivalents show an overdraft in Q3 2018 resulting mainly from cash out flow from operating activities and financing activities totaling MVR 9.6 million. The cash and cash equivalents increased in Q4 2018. The company is highly geared thus there is a huge financial risk associated with in the operation of AIA and they are likely to depend on shareholder's funding for future operations. The company will be profitable over the long-term with the development of tourist beds in this area and surrounding areas. Airport traffic will depend on the occupancy rates of these beds in the future.

BML's financial results for the fourth quarter of 2018 is positive with Profit after Tax of MVR 277 million, up 3% in the third quarter. Business volumes were healthy across all key lines and two new branches were opened in this quarter. Capital and liquidity ratios are maintained above the regulatory requirements and has a positive cash flow position.

With over half a million customers Dhiraagu remains to be the leading digital and telecommunications service provider in the Maldives aiming to provide future-proof digital and telecommunications connectivity that enable customers to get ahead in the digital future. With that aim, Dhiraagu puts forward their strategies to bring the latest innovations and technology expanding their scope of services provided. In Q4 2018 Dhiraagu reported a revenue growth of MVR 46 million compared to previous quarter. Net profit and EPS improved as a result of improvement in revenue. At the same time receivables has seen a significant increase in this Q4 2018, the increase represents 47% of Q4 sales. Thus there is high chance of rise in provision for doubtful debts. Finance cost is high compare to previous year but Non-current liability remains relatively at same level. Cash flow before financing was lower than the previous quarter due to higher capital investment in Q4. Though the profitability shows a slight downturn compared to the same quarter of the previous year, Dhiraagu managed to keep their margins at relatively same level.

The current performance of Fenaka in Q4 2018 is not at a satisfactory level compared with the previous quarter of 2018 and Q4 2017 in terms of profitability. Fenaka‘s profitability deteriorated due to increased operating costs. In addition to that, the company has difficulties in collecting their receivables and making payment before due dates. Therefore they have to improve their performance in the area of converting revenue into cash. This improvement could support them in improving their cash flow position and assist in making payments to suppliers promptly. The net losses in the quarters resulted equity to fall hence gearing ratio increased despite lowering of debts.

The performance of HDFC has improved in this quarter in terms of income and profitability for both conventional and shari'ah wing in comparison to 2018 Q3. However, profit from conventional wing has reduced against 2017 Q4. The Islamic wing of HDFC Amna keep contributing a significant portion towards the total revenue of the company and the profitability is also improving. Although the company's total assets exceed its liabilities, the debt to assets ratio is having an upward growth, increasing the financial risk of the company. HDFC is currently financing several housing projects and most of them are expected to be completed in 2019.

Profitability of IASL has increased compared to Q4 2017 resulting from growth in revenue as result of increase in number of flights operated. However revenue declined by 8% compared to the previous quarter. The profitability margins has been affected due to high expenses particularly, administrative expenses incurred during the quarter compared to Q4 2017 and Q3 2018. Liquidity ratios are below the ideal and is unfavorable to the company. The liquidity problems in IAS can be clearly seen as they have bank balance overdrawn in the quarter. They also have a greater amount of receivables which has to be taken into account and proper actions need to be taken to reduce receivables. In addition to decreased revenue, liquidity problems will create difficulties in the daily operations effecting profitability. Borrowings has been reduced compared to the previous year and previous quarter. This shows a promising progress in financial risk associated with in the company.

KACL's revenue reduced compared to Q4 of 2017 as well as Q3 of 2018. Operational expenses and staff costs remained comparatively higher than the revenue generated resulting in operational and net losses in the quarters. For a sustainable development, costs need to be minimized while finding ways to increase revenue. KACL is in a high liquidity position where they have enough current assets to settle their obligations. Moreover, the cash is also sufficient to settle the obligations. However as per liquidity ratios, there are idle resources tied up in the business which can be utilized for further expansion and generate additional return.

Revenue and direct cost of all segments of MACL has increased. Gross profit has improved as a result of higher revenue growth compare to cost. Further as result of managing operational expenses better, it has led to an increase in operating profit and net profit. MACL is in a good liquidity position where they are able to settle the short term liabilities with the current assets.

Further it is important to note that MACL was able to reduce their receivables compared to previous quarter and it has positively impacted cash flow of the company. Compared to the last quarter, borrowings have increased and it caused additional financial risk. However it is important to note that, compared to Q3 2018 borrowings increased lower than the growth in equity. The company is also expected to increase passenger traffic with the current investments made and this is likely to impact the operating revenue positively.

MCIF currently has no revenue generating unit other than SAIIF. There is a need to implement proper business model to sustain their operations in the upcoming years. Based on the current operations the expenses are significantly high in MCIF resulting from weak management of resources. Government has to contribute capital more than the budgeted, as they have not taken proper measure to achieve budget targets. Based on the costs and operational model of the company, the government needs to make a decision on whether to carry out the company as a going concern or to convert it into a department and allocate the training function to Islamic university or national university.

MITDC's only source of revenue earned in the previous quarter is bid income and which is very low when compared to the operations of the corporation. However, in Q4 2018, the company did not generate any revenue. Once the ongoing projects are completed, revenue is expected to flow. Though there is no revenue, the operational expenses and administrative expenses are high resulting loss for the quarter. Further, the liquidity position of the company is very poor with current liabilities exceeding its current assets. However, the company has paid a greater portion to creditors, hence cash flow deteriorated. It is important to note that MITDC cannot generate enough revenue for their sustainable development and depends on the shareholder assistance for the operations. However, the on-going development projects are expected to generate future cash inflows.

The financial results of MMPRC in Q4 has declined when compared to 2017 Q4 as well as 2018 Q3. The revenue has recorded a significant fall, while the cost of sales has not reduced by the same percentage. This caused a decline in company's profitability. The overheads of the company has reduced in 2018 Q4 by MVR 877,322. Liquidity position of the company is not satisfactory, as company's current liabilities exceeds its current assets. Furthermore, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection. The company has not taken any long-term loan hence there is no finance cost.

Profitability of MTCC has declined in the quarter compared to the same quarter of the previous year after reduced revenue and increased overall expenses including increased interest on borrowings. However, when compared to the previous quarter of 2018, the company is better off in terms of profitability. MTCC is at a satisfactory liquidity position to set off the current liabilities. Their receivables has reduced to a great extent and payables also has recorded a reduction which is a favorable indication. However, the company's bank account has been overdrawn and strategies should be formulated to balance the cash and cash equivalents in favor of the company.

MTDC's revenue increased compared to Q4 2017 due to increased rent from leased and sub-leased islands. The rental income received in Q4 2018 is same as that of the income received in Q3 2018. Profitability of the company has been improved slightly as a result of reduced administrative expenses. Liquidity ratio is at a satisfactory level where current assets are kept higher than that of current liabilities. The long-term liabilities include MVR 163 million as sublease advances and hence gearing is calculated based on lease equalization and sublease advances. MTDC does not have any borrowings from government or any other financial institution. However MTDC has a large payable to MIRA in the form of lease rentals.

MWSC's overall performance has improved in Q4 compared with Q3 in terms of profitability and liquidity. However, when compared to the same quarter of the previous year, the profitability has declined despite increased revenue, due to higher costs. The liquidity ratios suggest that the company is in a satisfactory liquidity position. However, mechanisms should be put in place to reduce payables and collect receivables to effectively manage working capital. The long term borrowing of the company has reduced and they are in a position to pay back the debts with the operations.

There were no major operational activities undertaken by the Sports Corporation in the fourth quarter to improve revenue. Further there isn't any on-going project for the business development. However, as operational costs are high, the company is making losses. Moreover, capital has to be injected by the government more than the budgeted due to high costs. Failure in managing costs and capital leads to inefficient generation of revenue to fund even day to day operations. Thus they need to forecast the budget and strictly follow the budget while minimizing cost.

The level of revenue of STELCO was maintained at a satisfactory level as electricity usage has increased in the last quarter of 2018 compared to Q3 2018 and Q4 2017. Profitability of the company has improved compared to Q3 2018. However profitability of the company was negatively affected compared to Q4 2017 as a result of higher cost and expenses. Liquidity position also has a negative outlook where current assets are insufficient to settle the short term obligations. Further total payables has increased significantly due to accrued interest expenses incurred on borrowing. The rise in inventory has affected quick ratio of the company. As mentioned before, borrowings of the company are quite high thus financial risk associated with the company are relatively high. STELCO is a highly geared company, since they have financed almost all expansion and upgrading projects through borrowing. Based on current financial status, they are not in a position to repay all there loans, thus they may face difficulty in financing additional projects without any help from government or shareholders.

STO has increased their profitability in this quarter compared to Q4 2017 and Q3 2018. Though the costs increased along with rise in revenue, STO managed to improve operating profits and overall margin. However, profit in relation to the sales could be improved in order to increase margin levels. STO has a satisfactory liquidity levels where current assets is enough to settle the liabilities. During the quarter STO has paid off more of its short term borrowings which reduced the cash levels. Due to this the gearing of the company also reduced.

WAMCO has been achieving remarkable results in the year 2018 and has managed to make net profit of MVR 1.2 million for the quarter 4 of 2018. Gross profit of the company also shows an upward growth trend, however a marginal fall was recorded in 2018 Q4 due to increase in direct costs. Other income of the company has been declining over the period, on the other hand administrative expenses has an increasing trend. However the growth has reduced in 2018 Q4. The main components of the administrative expenses are staff costs such as salaries and wages paid to the employees and other staff expenses. WAMCO has a significant number of employees working the in the collection process and the company may benefit from a review of the company's staff requirement. Liquidity ratios show a satisfactory figure where current assets are sufficient to settle the short term liabilities. However, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection.

RECOMMENDATION

- It is vital for the businesses to improve revenue in order to achieve ultimate corporate objectives. 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 at favorable interest rates. Diversification is also a strategy companies can use to grow their revenue streams.
- In addition with revenue improvement it is important to reduce 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 attain efficiency.
- Businesses should conduct a feasibility analysis, in order to invest in financially feasible projects. A proper detailed review of costs associated with the project and estimating the cash flow will help them to manage projects more efficiently. In appraising projects, companies could use net present value and payback period.
- In order to carry day to day operations smoothly, all SOE's has to improve their working capital and liquid position. Businesses should understand their Working capital management & liquidity through routine scrutiny of current assets and short term obligations. The businesses should manage their cash, inventories and accounts receivable/payable effectively to order to maintain ideal liquidity position.
- A proper plan and forecasted cash flows should be prepared on an annual and quarterly basis. This could assist SOEs to improve their cash position. Further a proper receivable collection techniques could help them manage cash position efficiently.
- Receivables have to be collected within the preferred period without further delay. Proper credit control mechanisms and verifying the credit worthiness is important to minimize provision. 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 essential to improve company performance. Utilizing resources such as machinery and labor in the most economical way could reduce costs and improve labor efficiency.
- At present there are several SOEs heavily dependent on shareholders' funds. Thus they have to formulate a self-sustaining business model in order to minimize dependence on shareholders' funds.
- Implementing a good inventory management technique is important for companies in order to minimize obsolete inventory and maintain an adequate level of inventory. Companies hold high level of inventory meaning that it ties up a lot of cash. Companies have to avoid dead stock and save on storage costs. They can do accurate forecasting and set par levels for each item on inventory. Companies can use first in first out

method or either methods which is appropriate for the kind of business. Physical checking and accurate forecasting is also equally important.

- Internal control should be in place with the SOEs for a better performance. Sound internal controls could be implemented by reviewing control regularly and identify if deficiencies are identified. Proper internal audit function is essential to identifying the problems and ensure proper governance. If a separate risk department is not there, internal audit should perform this duty as well to mitigate risk. This function could assist company to make informed decisions. Risk management and internal audit functions are essential to minimize avoidable losses.
- Planning is the most vital part for any business. In order to keep business on track, a proper plan and implementation of action plan is important.
- Reliance on shareholders' funds should be minimized to a satisfactory level and should find ways to run independently.
- It is essential for companies operating in Islamic finance industry to outline ways to improve operations through their Islamic Wing, which will act an added advantage in a market where Islamic operations are likely to conquer the market in the future.
- Over staffing is a major issue in certain SOEs. Hence, staff levels and staffing costs need to be minimized to an adequate level. Companies need to review their pay structure and formulate a performance based pay in order to improve performance of the companies. Further keeping right number of employees will help organization to improve labor efficiency and reduce waste. Further employee appraisal and proper monitoring is necessary to improve employee performance. At the same time employee productivity can be improved though proper training and guidance, therefore it is important to focus on staff development to make best use of them.

Quarterly review; Quarter 4, 2018

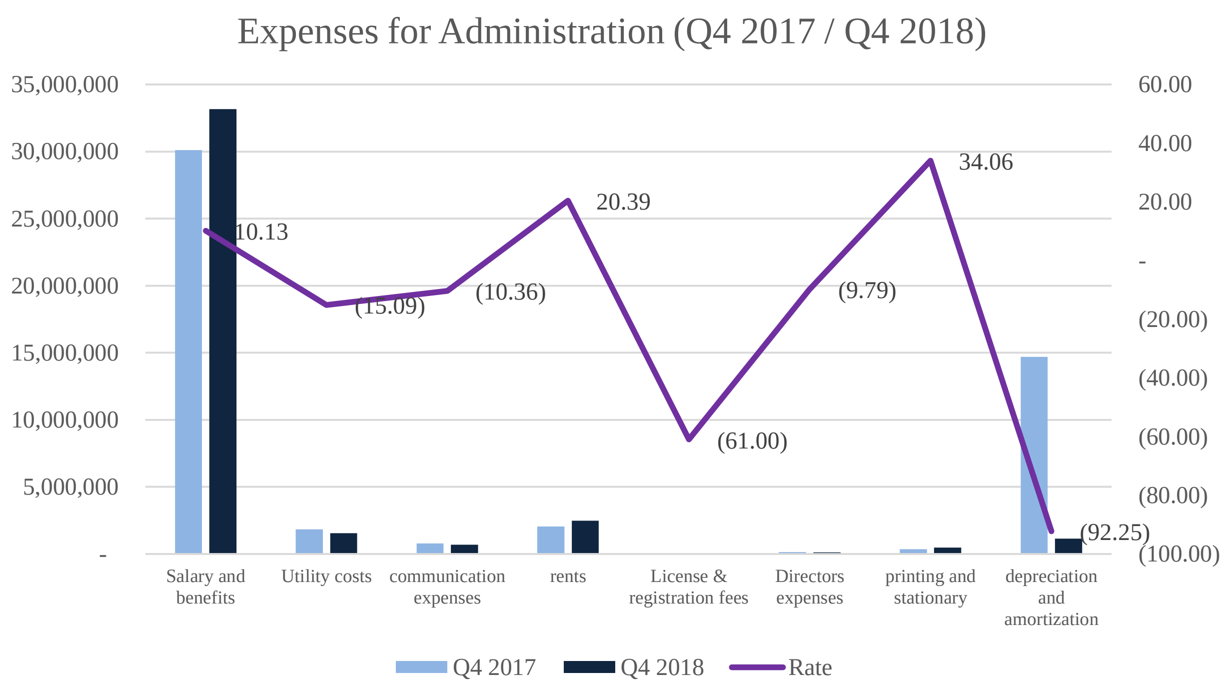
AASANDHA COMPANY LIMITED

AASANDHA COMPANY LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/AASANDHA/Q4

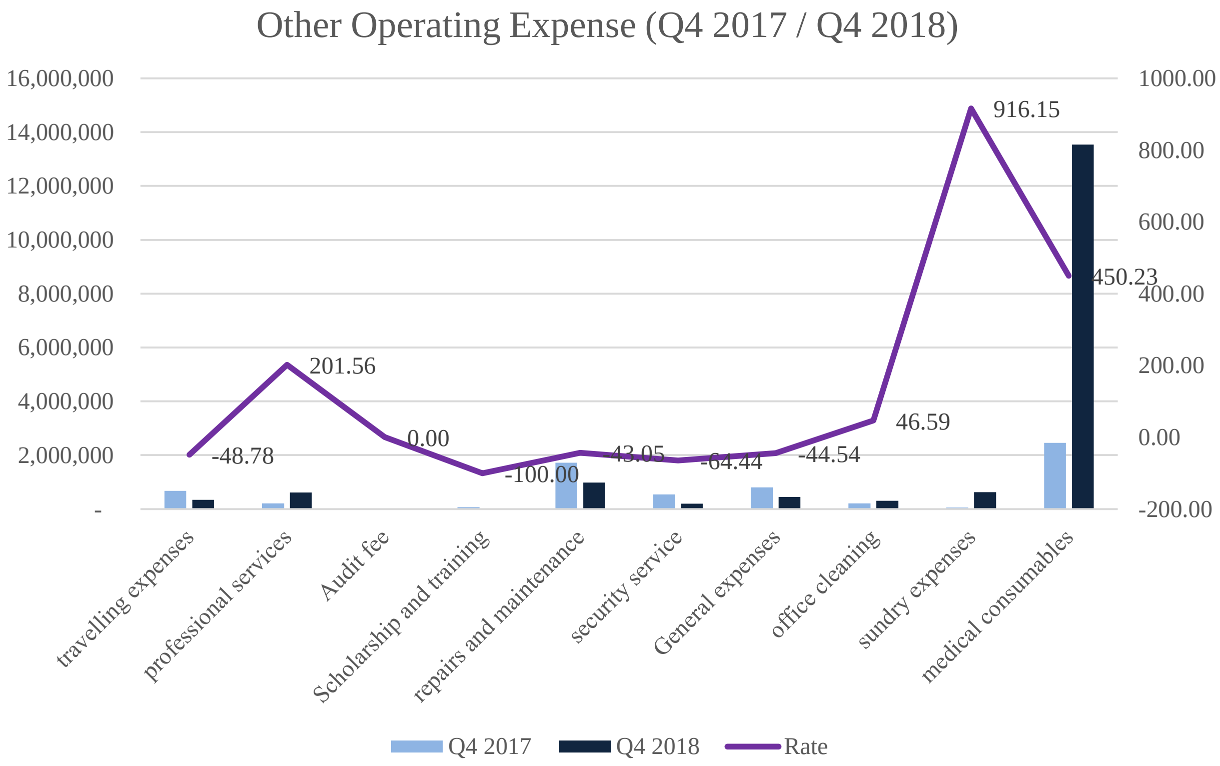
Q4 of 2017 AND Q4 of 2018

EXPENSES FOR ADMINISTRATION	Q4 2017	Q4 2018	Difference	Rate
SALARY AND BENEFITS	30,105,335	33,156,275	3,050,940	10.13
UTILITY COSTS	1,829,100	1,553,006	(276,094)	(15.09)
COMMUNICATION EXPENSES	777,973	697,404	(80,569)	(10.36)
RENTS	2,053,981	2,472,696	418,715	20.39
LICENSE & REGISTRATION FEES	17,511	6,829	(10,682)	(61.00)
DIRECTORS EXPENSES	138,625	125,054	(13,571)	(9.79)
PRINTING AND STATIONARY	354,695	475,508	120,813	34.06
DEPRECIATION AND AMORTIZATION	14,698,379	1,138,420	(13,559,959)	(92.25)
TOTAL	49,975,599	39,625,192	(10,350,407)	(20.71)



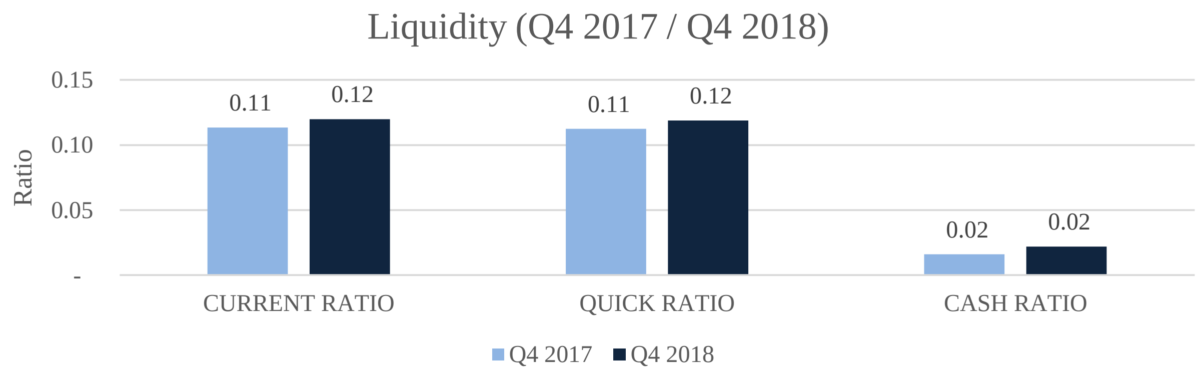
- Aasandha has total administrative expenses reduced by 21% compared to Q4 2017. This is mainly due to reduction in depreciation and amortization compared to the same quarter of the previous year. However, salary and benefits increased by MVR 3 million when the period is concerned.

OTHER OPERATING EXPENSES	Q4 2017	Q4 2018	Difference	Rate
TRAVELLING EXPENSES	668,369	342,320	(326,049)	-48.78
PROFESSIONAL SERVICES	205,600	620,000	414,400	201.56
AUDIT FEE	-	-	-	0.00
SCHOLARSHIP AND TRAINING	63,423	-	(63,423)	-100.00
REPAIRS AND MAINTENANCE	1,724,356	982,093	(742,263)	-43.05
SECURITY SERVICE	549,000	195,200	(353,800)	-64.44
GENERAL EXPENSES	804,467	446,157	(358,310)	-44.54
OFFICE CLEANING	210,000	307,832	97,832	46.59
SUNDRY EXPENSES	61,499	624,925	563,426	916.15
MEDICAL CONSUMABLES	2,460,912	13,540,600	11,079,688	450.23
TOTAL	6,747,626	17,059,127	10,311,501	152.82

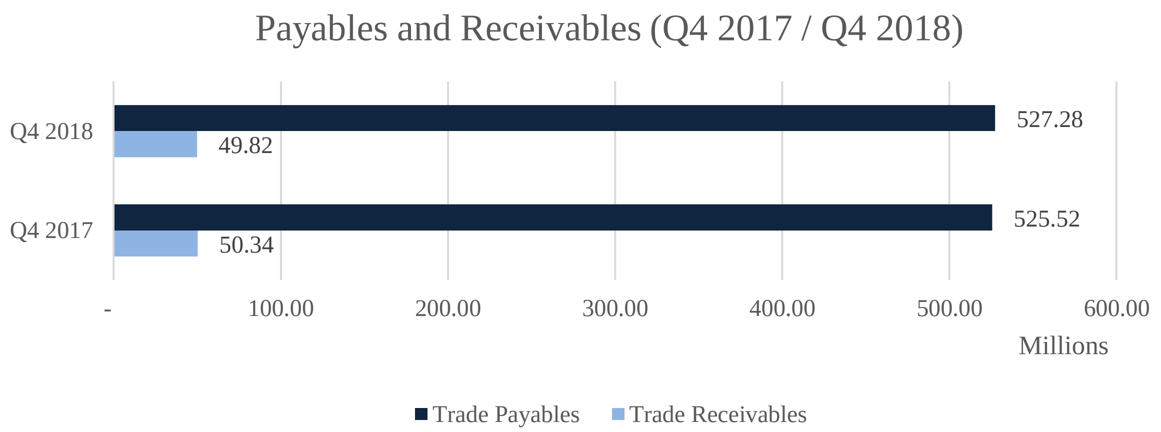


- The increase in operating expenses by MVR 10 million compared to Q4 2017 is due to increased medical consumables by MVR 11 million which is an increase of 450% compared to the same quarter of the previous year.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	319,161,493	321,090,659
CURRENT RATIO	0.11	0.12
QUICK RATIO	0.11	0.12
CURRENT ASSETS	59,637,543	63,211,471
CURRENT LIABILITIES	525,519,686	527,280,526
WORKING CAPITAL	-465,882,143	-464,069,055
CASH RATIO	0.02	0.02
INVENTORY	604,092	604,092



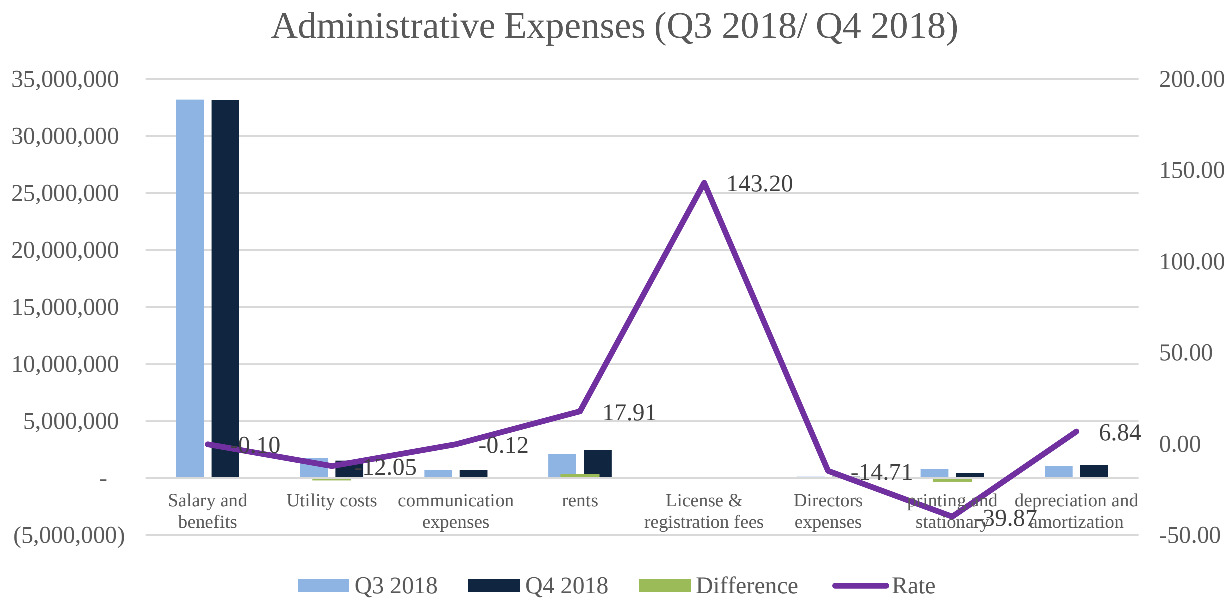
- Non-current assets increased slightly as a result of acquisition of computer and office equipment.
- Current assets increased by 6% compared to the same quarter of the previous year mainly due to cash and cash equivalents being increased by MVR 3.2 million compared to Q4 2017. A great portion of the cash is tied up in the receivables which accounts for over 80% of the short term assets.



- Trade payables increased by MVR 1.8million compared to Q4 2017. Though current and quick ratios increased slightly, the liquidity position of the company is poor as they have higher payables and have negative working capital.

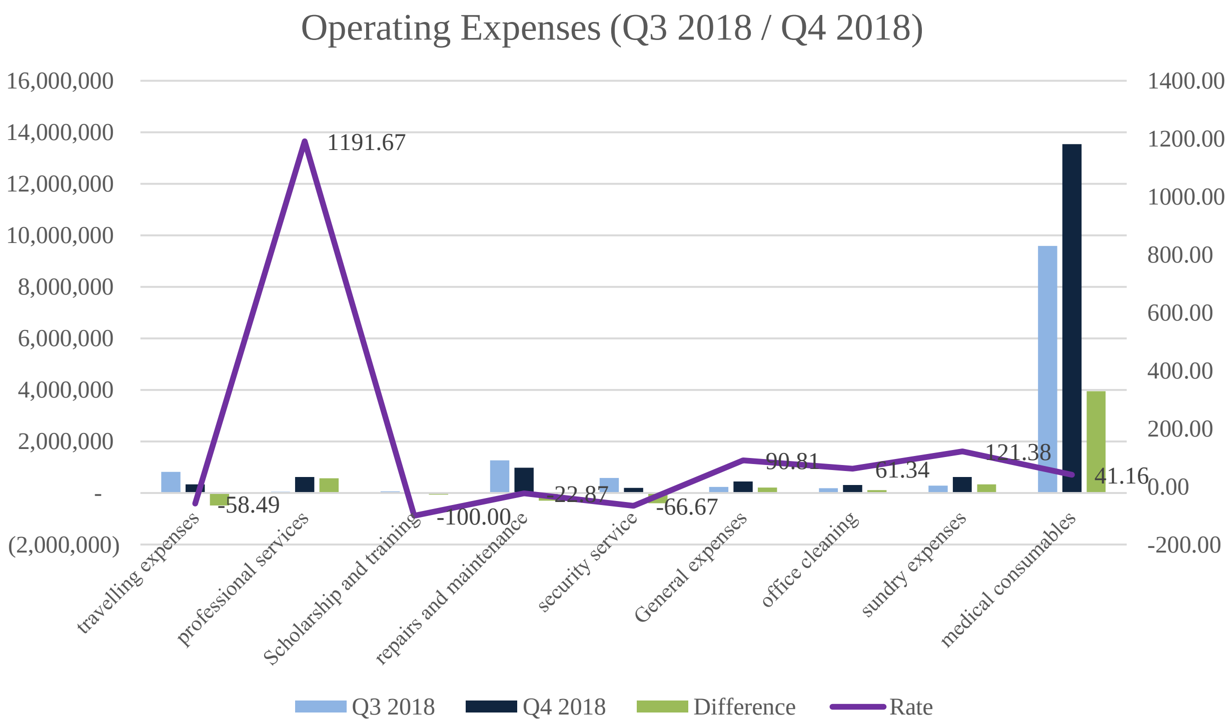
Q3 of 2018 AND Q4 of 2018

EXPENSES FOR ADMINISTRATION	Q3 2018	Q4 2018	Difference	Rate
SALARY AND BENEFITS	33,188,904	33,156,275	(32,629)	-0.10
UTILITY COSTS	1,765,705	1,553,006	(212,699)	-12.05
COMMUNICATION EXPENSES	698,247	697,404	(843)	-0.12
RENTS	2,097,175	2,472,696	375,521	17.91
LICENSE & REGISTRATION FEES	2,808	6,829	4,021	143.20
DIRECTORS EXPENSES	146,625	125,054	(21,571)	-14.71
PRINTING AND STATIONARY	790,769	475,508	(315,261)	-39.87
DEPRECIATION AND AMORTIZATION	1,065,542	1,138,420	72,878	6.84
TOTAL	39,755,775	39,625,192	(130,583)	-0.33



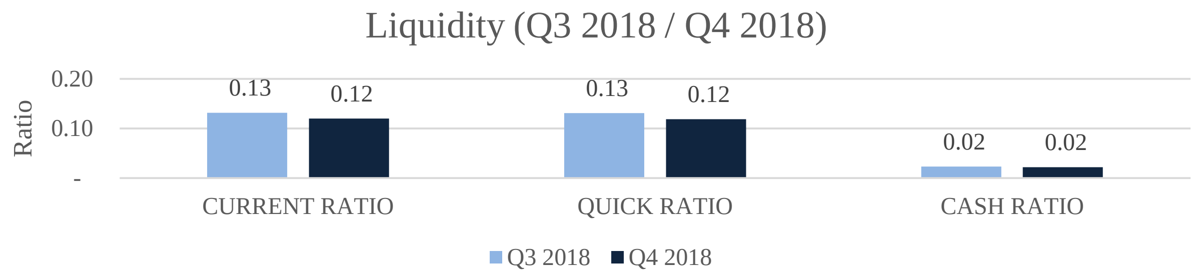
- When referring to administrative costs, it reduced slightly by 0.33% compared to the previous quarter. The change in administrative expenses is very insignificant compared to the overall costs of the company. Salaries and wages which holds the maximum portion of the total administrative expenses reduced slightly as the number of employees reduced from 179 to 175 during the quarter.

OTHER OPERATING EXPENSES	Q3 2018	Q4 2018	Difference	Rate
TRAVELLING EXPENSES	824,666	342,320	(482,346)	-58.49
PROFESSIONAL SERVICES	48,000	620,000	572,000	1191.67
SCHOLARSHIP AND TRAINING	65,921	-	(65,921)	-100.00
REPAIRS AND MAINTENANCE	1,273,356	982,093	(291,263)	-22.87
SECURITY SERVICE	585,600	195,200	(390,400)	-66.67
GENERAL EXPENSES	233,822	446,157	212,335	90.81
OFFICE CLEANING	190,800	307,832	117,032	61.34
SUNDRY EXPENSES	282,286	624,925	342,639	121.38
MEDICAL CONSUMABLES	9,592,443	13,540,600	3,948,157	41.16
TOTAL	**13,096,894**	**17,059,127**	**3,962,233**	**30.25**

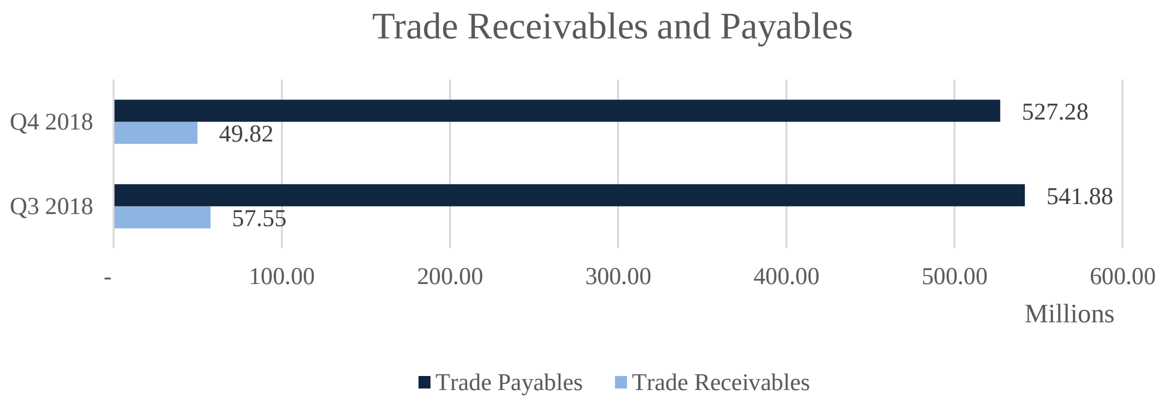


- A significant increase can be seen in the medical consumable expense which is an increase of MVR 3.9 million in a quarter's time. This makes total costs of the company to rise.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	322,433,619	321,090,659
CURRENT RATIO	0.13	0.12
QUICK RATIO	0.13	0.12
CURRENT ASSETS	71,418,047	63,211,471
CURRENT LIABILITIES	541,875,665	527,280,526
WORKING CAPITAL	(470,457,618)	(464,069,055)
CASH RATIO	0.02	0.02
INVENTORY	604,092	604,092



- Non-current assets reduced by MVR 1.3 million due to depreciation.
- When talking about the current assets, there is a notable reduction in the receivables of MVR 7.7 million compared to the previous quarter. This leads current assets to fall by 11.5%.



- Payables fell by MVR 14 million, which is a decrease of 3% compared to the last quarter. Hence there is a slight reduction in the liquidity ratio. However, Aasandha has a poor liquidity position where trade payables are comparatively higher than the short term assets. Short term assets along with the capital contribution from the government is insufficient to settle the liabilities.

Conclusion

Aasandha has increased the overall expenses mainly due to medical consumables which is the main business activity. As far as the nature of the business is concerned, Aasandha is an essential service provider rather than a profit maximizing business. However, Aasandha should implement strategies to minimize costs.

They have a very low liquidity ratio where payables are much greater than the assets. Working capital should be managed well for long term sustainability. Receivables hold the greatest portion of the current assets and receivable collection is also equally important to manage working capital.

Recommendation

- To improve the liquidity position of the company, Aasandha should improve its trade receivable collections. At the same time Aasandha should try to reduce its payables to a desired level.
- In addition, Aasandha Company should try to manage its operating expenses in order to maintain the profitability of the company.

Quarterly review; Quarter 4, 2018

ADDU INTERNATIONAL AIRPORT PVT LTD

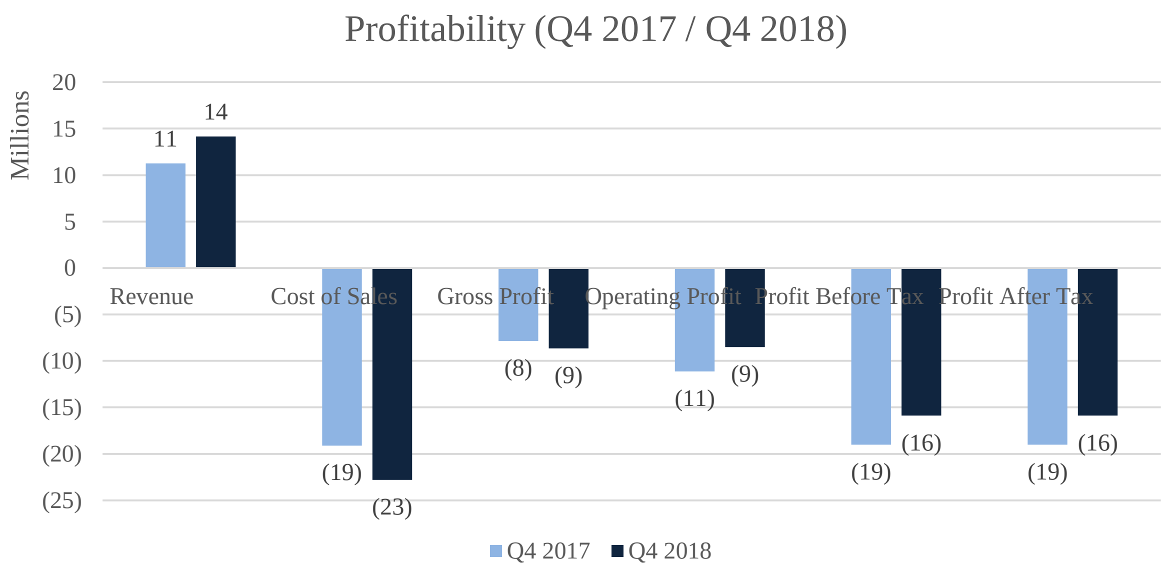
ADDU INTERNATIONAL AIRPORT PVT LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/AIA/Q4

Q4 of 2017 AND Q4 of 2018

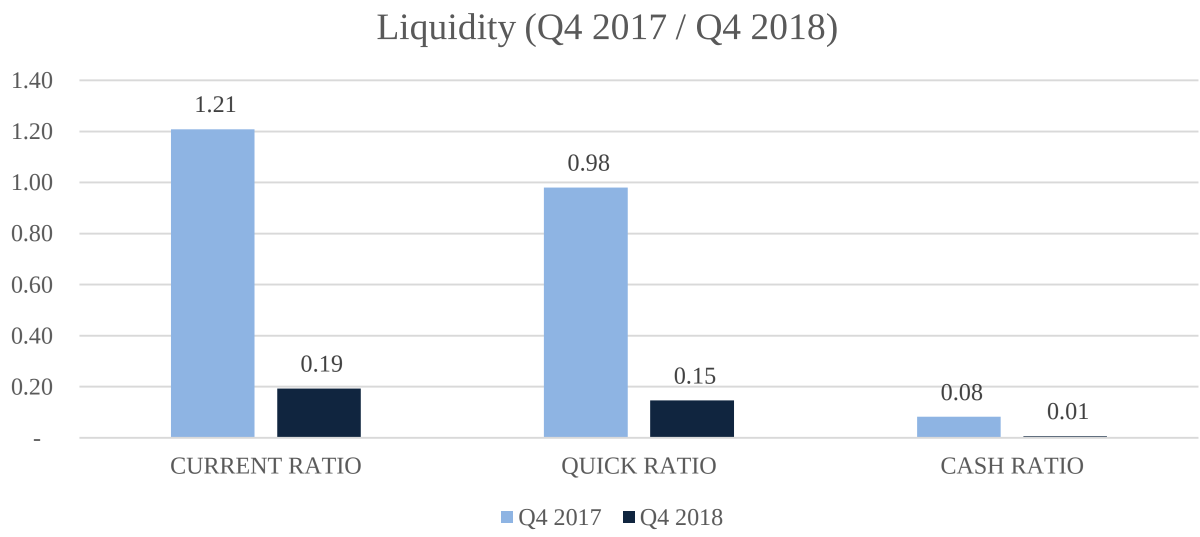
PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	11,257,558	14,160,708	2,903,150	26
Cost of Sales	(19,110,629)	(22,805,512)	(3,694,883)	19
Gross Profit	(7,853,071)	(8,645,804)	(792,733)	10
Operating Profit	(11,110,737)	(8,513,996)	2,596,741	(23)
Profit Before Tax	(19,018,777)	(15,896,473)	3,122,304	(16)
Profit After Tax	(19,018,777)	(15,896,473)	3,122,304	(16)

	Q4 2017	Q4 2018
Gross Profit Margin	(69.76)	(61.05)
Operating Profit Margin	(98.70)	(60.12)
Net profit Margin	(168.94)	(112.26)
Earnings Per Share	(68.66)	(52.00)



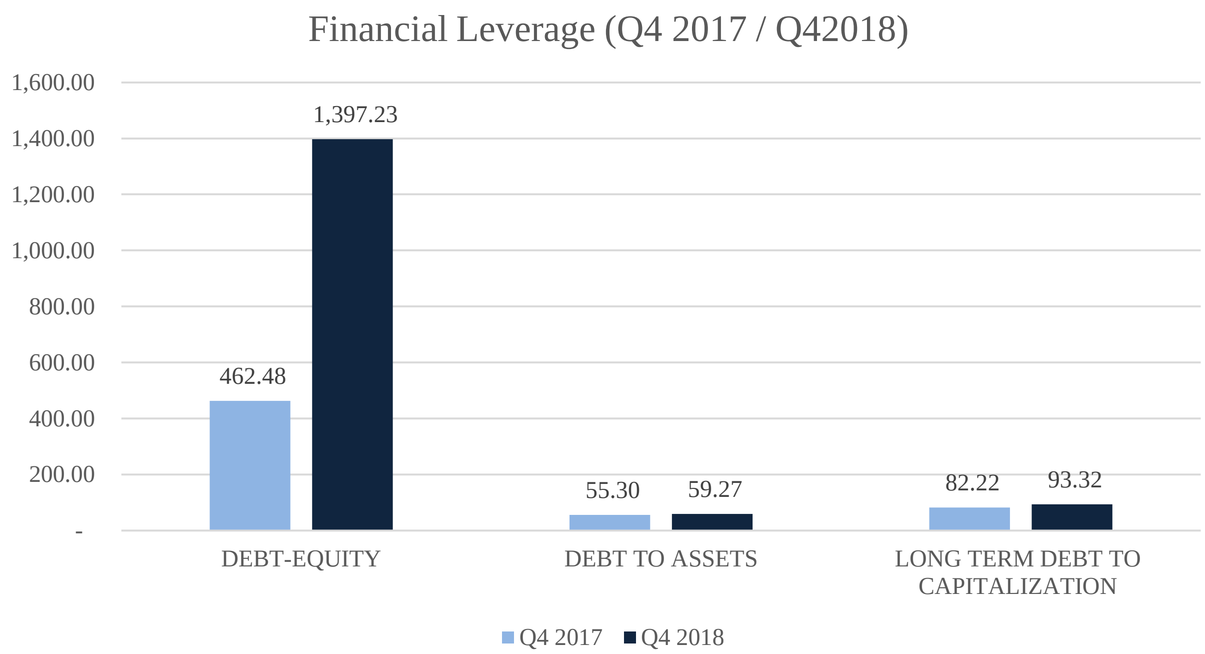
- Compared to Q4 of 2017 revenue increased by 26% due to the increased number of flight operations.
- However, the costs increased greater than the revenue leading to gross losses. Gross loss increased by 10% compared to the same quarter of the last.
- However, the administrative expenses are recorded lower in Q4 2018 compared to the same quarter of the previous year. Finance cost also reduced when the quarters are concerned. Hence, the operating loss and net loss recorded in Q4 2018 are lower than the loss in Q4 2017.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	597,684,209	582,914,846
CURRENT RATIO	1.21	0.19
QUICK RATIO	0.98	0.15
CURRENT ASSETS	70,449,158	51,638,206
CURRENT LIABILITIES	58,289,229	268,238,418
WORKING CAPITAL	12,159,929	(216,600,212)
CASH RATIO	0.08	(0.00)
INVENTORY	13,345,166	12,515,211



- Total non-current assets reduced by MVR 14.8 million.
- Current assets reduced by MVR 18.8 million compared to Q4 2017 mainly due to reduction in the receivables by 28% which is a favorable indication. However, cash balances and inventories also fell in the quarter compared to Q4 2017.
- Current liabilities increased by MVR 49 million in Q4 2018 due to increased payables and short term borrowings in Q4 2018. This led to deterioration of the liquidity position compared to Q4 2017.
- Cash and cash equivalents also fell by MVR 34 million weakening cash ratio.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	462.48	1,397.23
DEBT TO ASSETS	55.30	59.27
LONG TERM DEBT TO CAPITALIZATION	82.22	93.32

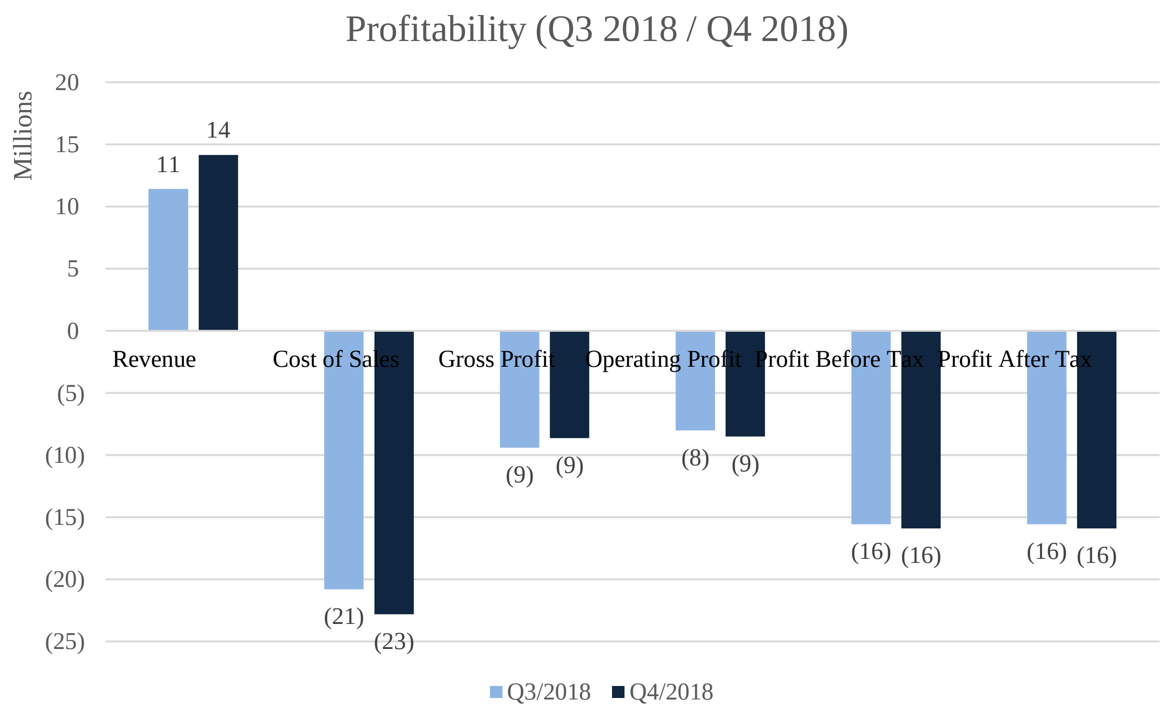


- The immense increase in debt to equity ratio is due to reduced total equity of the company due to deterioration of retained earnings and increasing trend in borrowings.
- The rise in borrowings is not healthy for a company like AIA where they do not have the potential to repay the debts and has to depend on the capital injections from the government for the daily operations.

Q3 of 2018 AND Q4 of 2018

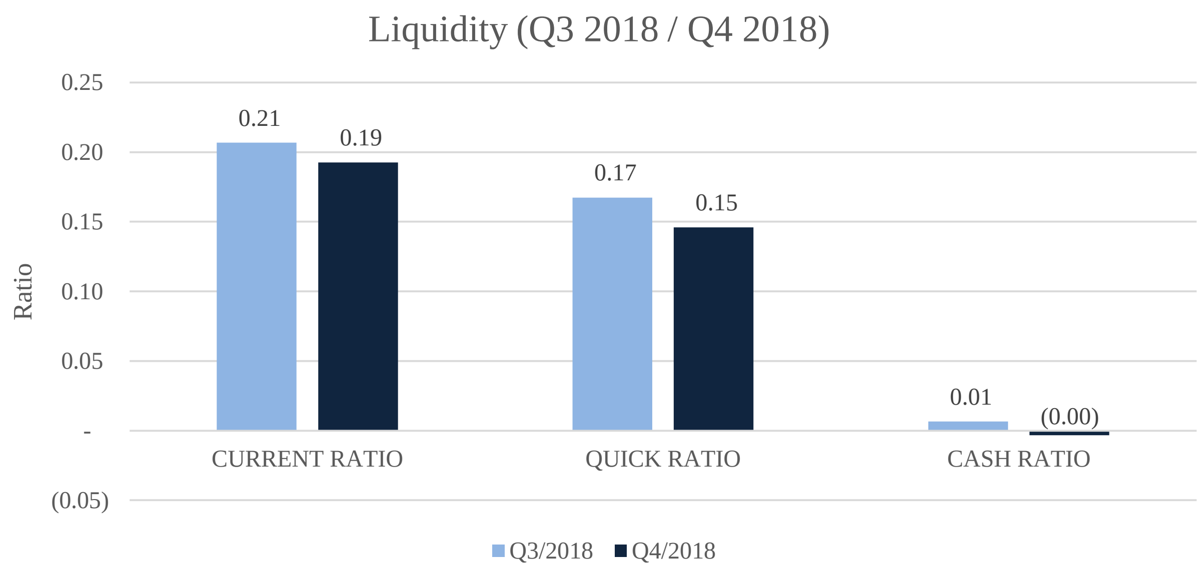
PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	11,411,217	14,160,708	2,749,491	24.09%
COST OF SALES	(20,811,001)	(22,805,512)	(1,994,511)	9.58%
GROSS PROFIT	(9,399,784)	(8,645,804)	753,980	-8.02%
OPERATING PROFIT	(8,027,085)	(8,513,996)	-486,911	6.07%
PROFIT BEFORE TAX	(15,575,874)	(15,896,473)	-320,599	2.06%
PROFIT AFTER TAX	(15,575,874)	(15,896,473)	-320,599	2.06%

	Q3/2018	Q4/2018
Gross Profit Margin	(82)	(61)
Operating Profit Margin	(70)	(60)
Net profit Margin	(136)	(112)
Earnings Per share	(53)	(52)



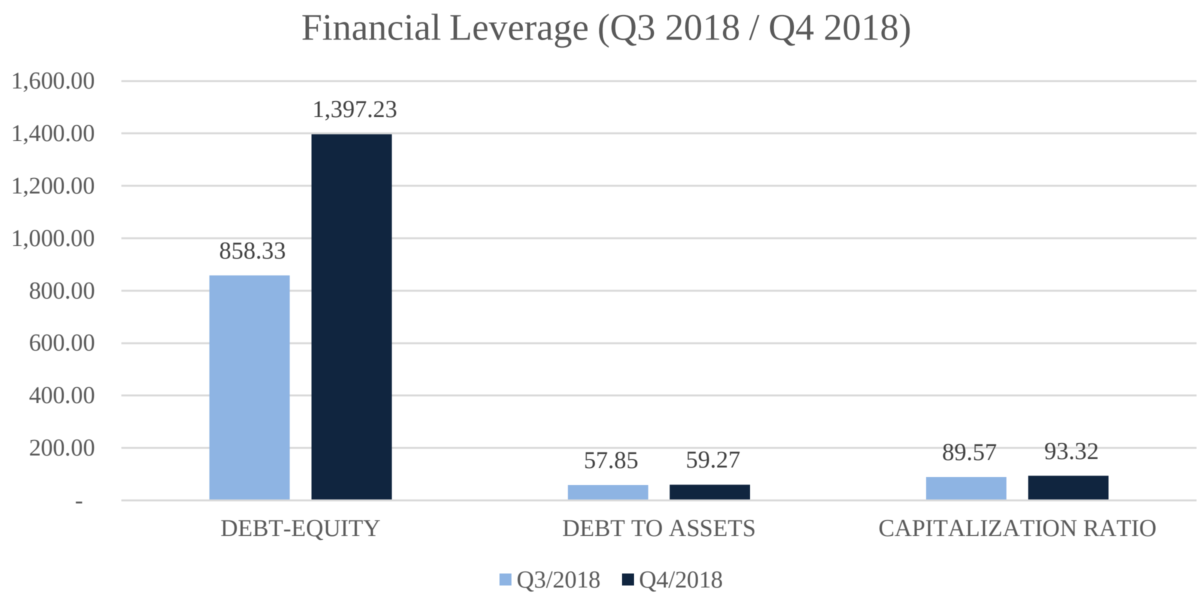
- The number of flights landed in AIA increased in the quarter leading to higher Jet fuel revenue along with increased revenue from landing and parking fees.
- However costs of jet fuel sold and operating expenses increased in the quarter leading to a gross loss of MVR 8.6 million in Q4 2018. Certain overheads have been treated as direct expenses which increased the gross loss.
- High operating expenses along with finance costs (interest on borrowings) led to net loss in the quarters.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	583,115,788	582,914,846
CURRENT RATIO	0.21	0.19
QUICK RATIO	0.17	0.15
CURRENT ASSETS	50,417,518	51,638,206
CURRENT LIABILITIES	243,921,870	268,238,418
WORKING CAPITAL	(193,504,352)	(216,600,212)
CASH RATIO	(0.00)	0.01
INVENTORY	9,602,215	12,515,211



- Non-current assets reduced in value due to depreciation. MVR 3 million was incurred on additional assets including purchase of tools and electrical equipment, office equipment and computer equipment.
- Current assets increased slightly by 2%. Inventories increased by MVR 2.9 million and cash equivalents became a positive of MVR 1.5 million while the company recorded a bank overdraft in the previous quarter. It is important to note that AIA has reduced its receivables by MVR 4.1 million compared to the last quarter. AIA recorded a positive cash balance of MVR 2.4 million while they had their bank balance overdrawn by MVR 871 thousand in the previous quarter.
- Current liabilities increased by MVR 24 million as a result of increased payables by MVR 8 million and short term borrowings by MVR 16 million. As a result liquidity position of AIA is weak.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	858.33	1397.23
DEBT TO ASSETS	57.85	59.27
CAPITALIZATION RATIO	89.57	93.32



- The total equity of the company weakened further by MVR 15.9 million due to deteriorating profits. At the same time the company borrowed funds more than the previous quarter which lead to a high leverage ratio in Q4 2018. The increased debts enhanced the financial risks and the company is not in a position to repay the debts. This increases the dependence on shareholder assistance for future operations.

Conclusion

Though AIA has improved revenue compared to Q3 2018 and Q4 2017 due to increased number of flights landed to the Airport, the increased revenue does not reflect in the profits of the company and the company faces gross loss and net losses over the quarters due to higher cost of sales and higher operating expenses.

The current assets are falling and current liabilities increased since there is a huge increase in shareholders loan. This results in lowering the current and quick ratios indicating the liquidity problems associated with it. Cash and cash equivalents show an overdraft in Q3 2018 resulting mainly from cash out flow from operating activities and financing activities totaling MVR 9.6 million. The cash and cash equivalents increased in Q4 2018.

When referring to gearing, the company is highly geared thus there is a huge financial risk associated with in the operation of AIA and they are most likely to depend on government funding for future operations.

The company will be profitable over the long-term with the development of tourist beds in this area and surrounding areas. Airport traffic will depend on the occupancy rates of these beds in the future.

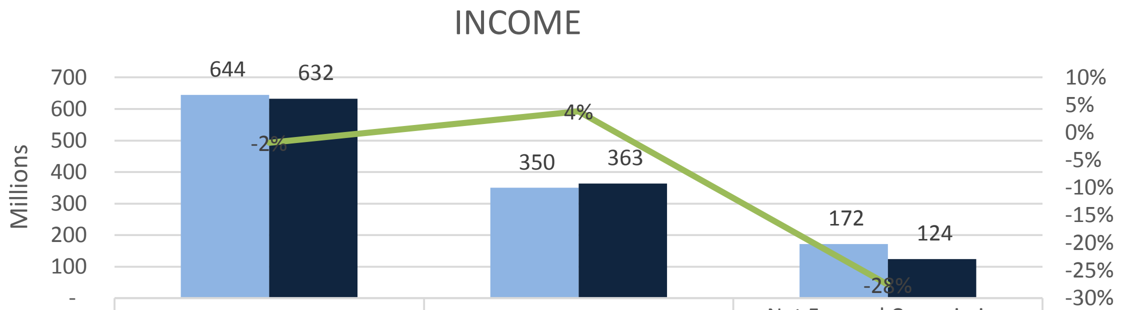
Recommendation

- Implement strategies for revenue improvement / diversify
  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, probably by increasing the bed capacity in the region, through this, other revenue including landing fees, parking, ground handling charges etc. can be improved. AIA also can diversify their operations into investments in building more tourist hotels in the area. Dhoogas project is a part of the diversification.
- Implement ways to improve cash flow;
  This includes proper forecasting of cash flows. Receivable collection will also improve cash flow as such, AIA should improve their receivable collection mechanisms to improve cash flows of the company.
- Reduce Costs/ efficiency
  Costs should be minimized from all areas wherever possible. Without further developments to business, the operating expenses should not be increased. AIA can cut down staff expenses by reducing number of staffs find ways to improve productivity. Also, expenses like repair and maintenance, telephone expenses, etc. can be minimized to enhance profit levels.
- Revise the existing unfavorable agreements:
  AIA should make the agreements with business partners favorable in such a way that it is more profitable. AIA should make commercially sensible agreements with those and revise the existing agreements in favor of the company.

Quarterly review; Quarter 4, 2018

BANK OF MALDIVES PLC

Q4 of 2017 AND Q4 of 2018

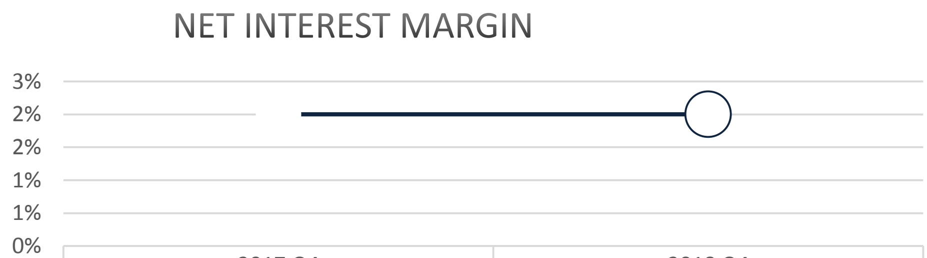


	Gross Income	Net Interest Income	Net Fee and Commission Income
2017 Q4	644,189,000	349,780,000	171,558,000
2018 Q4	632,459,000	363,276,000	124,304,000
% change	-2%	4%	-28%

In comparison to the same quarter of previous year the gross income has recorded a fall of 2%. This was led by the 28% fall in net fee and commission income. Net interest income on the other hand has shown a growth of 4%, which represents 57% of banks total income.

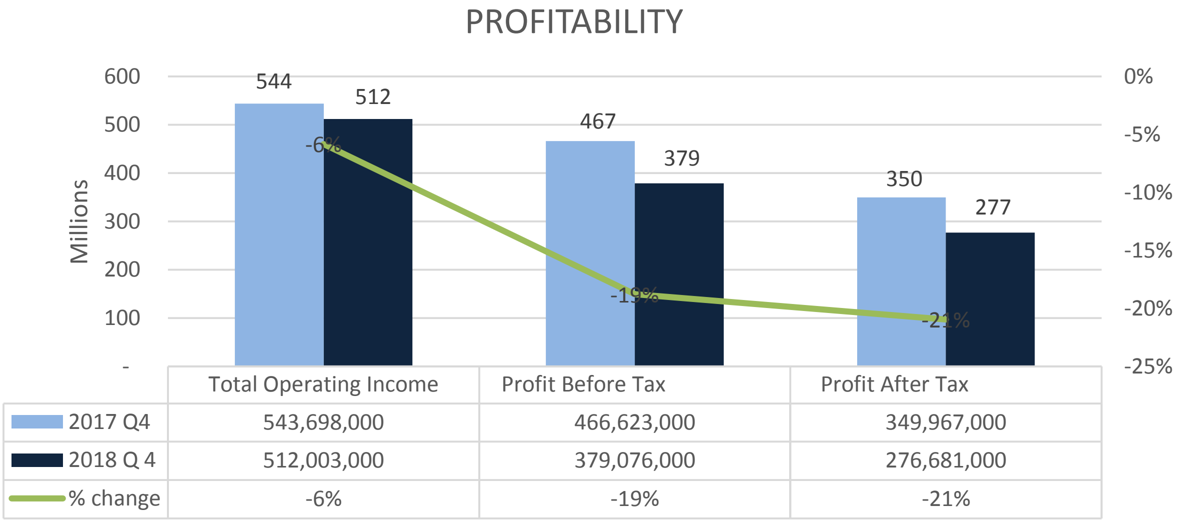
Net Interest Margin

Net interest margin is an especially important indicator in evaluating banks because it reveals a bank's net profit on interest-earning assets, such as loans or investment securities. Since the interest earned on such assets is a primary source of revenue for a bank, this metric is a good indicator of a bank's overall profitability, and higher margins generally indicate a more profitable bank.



	2017 Q4	2018 Q4
Net Interest Margin	2%	2%

The net interest margin has remained same over the period in review. Interest rates charged by the bank and the source of the bank's assets will significantly impact this ratio. The company's total earning assets has increased from MVR 21.6 billion to MVR 22.9 billion.



Overall profitability of the bank has reduced significantly when compared to 2017 Q4 from MVR 350 million to MVR 277 million. Total operating income of the company recorded a fall of 6% however the operating expenses has increased by one percent.

As a result of reduced profitability the earning per share of the company has drastically reduced when compared to 2017 Q4. Earnings per share for 2017 Q4 was MVR 260 and it has reduced to MVR 206 in 2018 Q4, almost a fall of 20%.

Capital Management

The bank is maintaining a strong capital position well above regulatory requirement of MVR 22 million and are summarized below;

Total Assets	Q4/2017	Q4/2018	% change
Cash, Short Term Funds & Balances with MMA	4,986,564,000	5,075,787,000	2%
Loans and Advances	12,200,188,000	12,934,941,000	6%
Financial Investments - Available for Sale	101,744,000	123,483,000	21%
Financial Investments - Held to Maturity	4,364,637,000	4,797,296,000	10%
Property, Plant and Equipment	408,983,000	409,976,000	0%
Other Assets	302,010,000	333,111,000	10%
Investment in subsidiaries	10,000	-	
Total Assets	**22,364,136,000**	**23,674,594,000**	**6%**

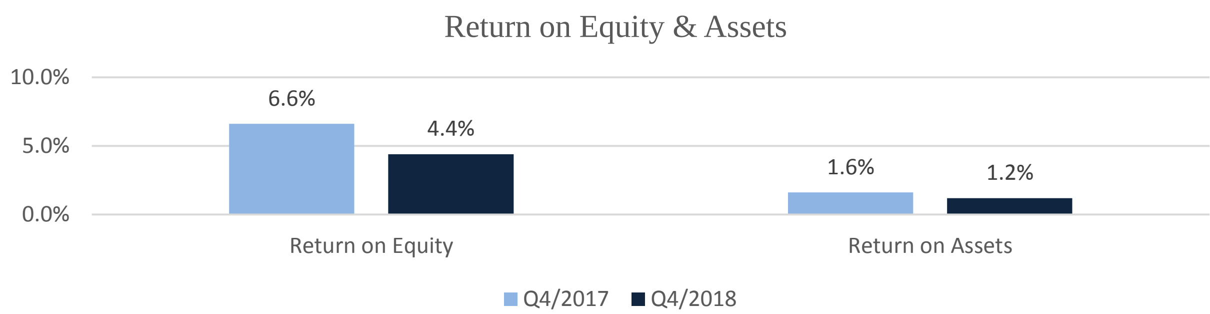
The assets of the bank has increased by 6% with most lines showing satisfactory growth. Loans and advances are the main component of the assets and it has increased by 6%. Investors monitor loan growth to determine whether a bank is increasing their loans and putting to use the bank's deposits to earn a favorable yield.

Maintaining adequate liquidity is essential to manage the expected and unexpected fluctuations in the assets and liabilities to provide funds for growth. The below table shows the liabilities of the bank.

Total Liabilities	Q4/2017	Q4/2018	% change
Deposits	15,198,258,000	15,280,223,000	1%
Borrowings	788,880,000	921,761,000	17%
Other Liabilities	851,132,000	997,808,000	17%
Total	**16,838,270,000**	**17,199,792,000**	2%

The liabilities of the bank has seen a growth 2 percent. Deposits are the largest liability for the bank and include money-market accounts, savings, and checking accounts. Both interest bearing and non-interest bearing accounts are included. Although deposits fall under liabilities, they are critical to the bank's ability to lend. If a bank doesn't have enough deposits, slower loan growth might result, or the bank might have to take on debt to meet loan demand which would be far more costly to service than the interest paid on deposits. The deposits represent 89% of its liabilities.

Return on Equity & Return on Assets



The return on equity ratio or ROE is a profitability ratio that measures the ability of the bank to generate profits from its shareholders investments in the company. In other words, the return on equity ratio shows how much profit each MVR of shareholder’s equity generates.

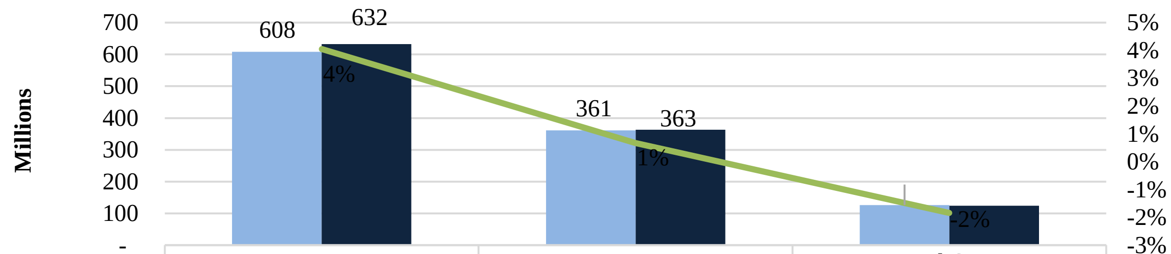
The return on assets ratio measures how efficiently a bank can manage its assets to produce profits during a period.

There was a downward movement in both the ratios from 2017Q4 to 2018 Q4. Return on Equity was reduced due to fall in net profit and increase in equity. Reason for increasing equity is that percentage retained from profit over the period.

The fall in Return on Assets is mainly due to reduction in profits and increase in bank’s assets when compared to 2017Q4. Although the profits has reduced, total assets of the bank has improved by almost MVR 1 billion.

Q3 of 2018 AND Q4 of 2018

Income



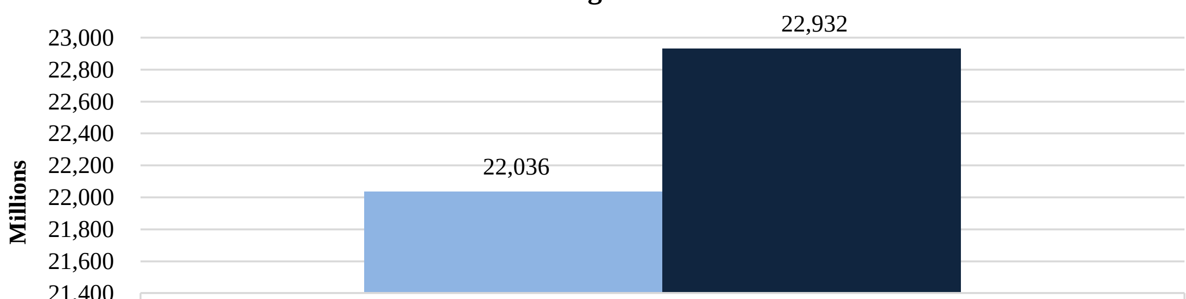
	Gross Income	Net Interest Income	Net Fee and Commission Income
2018 Q3	607,817,000	360,862,000	126,628,000
2018 Q4	632,459,000	363,276,000	124,304,000
% change	4%	1%	-2%

When compared to previous quarter gross income of the bank has recorded a growth of 4%. While the interest income has increased by 1%, net fee and commission income on the other hand has fallen by 2%.

Net Interest Margin

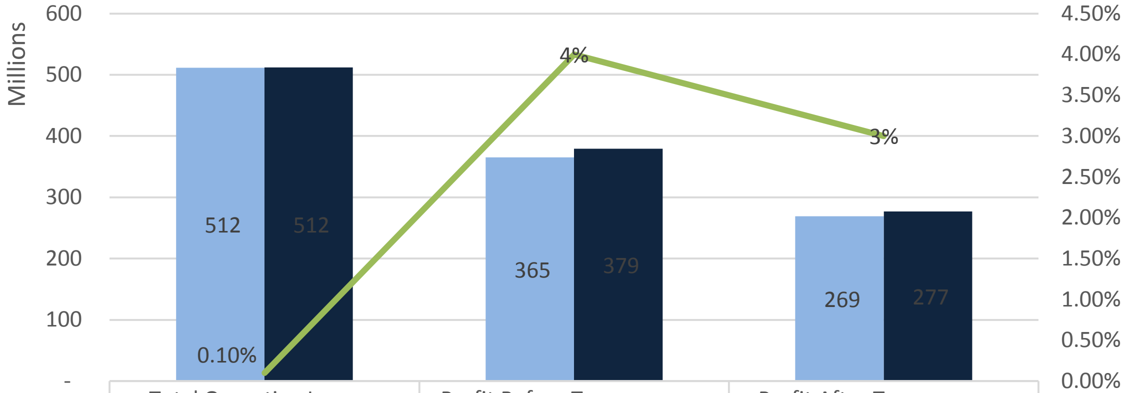
Net interest margin has remained same at 2% for both the quarters. The interest earning assets of the company has increased from 2013 Q3 to Q4 by MVR 895,091,000.

Earning Assets



	Earning Assets
2018 Q3	22,036,416,000
2018 Q4	22,931,507,000

Profitability



	Total Operating Income	Profit Before Tax	Profit After Tax
2018 Q3	511,677,000	365,257,000	269,338,000
2018 Q4	512,003,000	379,076,000	276,681,000
% change	0.10%	4%	3%

Profit after tax of the bank has increased by 3% from 2018 Q3 to 2018 Q4. However, the operating expenses of the quarter 4 is comparatively high. Operating expenses of 2018 Q3 is MVR 112,303 and MVR 157,286 for 2018 Q4. In addition, the earnings per share has increased by MVR 6.

Capital Management

The assets of the bank are summarized as below;

Total Assets	Q3/2018	Q4/2018	% change
Cash, Short Term Funds & Balances with MMA	4,340,445,000	5,075,787,000	17%
Loans and Advances	12,995,669,000	12,934,941,000	-0.5%
Financial Investments - Available for Sale	123,483,000	123,483,000	0.0%
Financial Investments - Held to Maturity	4,576,819,000	4,797,296,000	5%
Property, Plant and Equipment	415,210,000	409,976,000	-1%
Other Assets	261,142,000	333,111,000	28%
Total Assets	**22,712,768,000**	**23,674,594,000**	**4%**

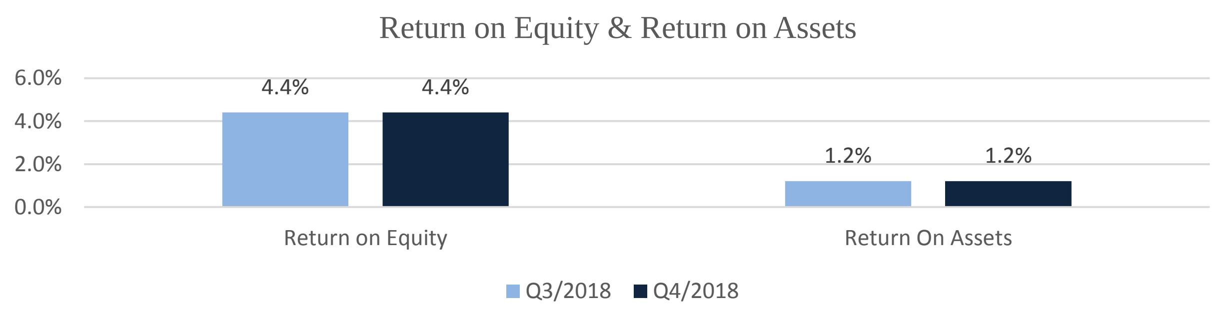
The total assets of the bank has increased by only 2% when compared to previous quarter. Loans and advances are the main component of the asset, however it has recorded a 0.5% reduction in this quarter.

In terms of liquidity position, the banks liabilities are below its assets and is summarized below;

Total Liabilities	Q3/2018	Q4/2018	% change
Deposits	14,389,466,000	15,280,223,000	6%
Borrowings	1,054,555,000	921,761,000	-13%
Other Liabilities	1,070,625,000	997,808,000	-7%
Total	**16,514,646,000**	**17,199,792,000**	**4%**

Increase of 4% in total liabilities is due to increase in deposits. Borrowings and other liabilities on the other hand has reduced when compared to 2018 Q3.

Return on Equity & Return on Assets



Return on Assets and Return on Equity remained unchanged from 2018Q3 to 2018Q4. This is because the proportion of increase in profit is almost equal to the increase in equity and assets.

Important Projects undertaken in the quarter

The main business developments in this quarter includes:

- Launched BML Islamic General Financing facility for individuals and businesses to obtain financing for a wide range of Shari'ah compliant purposes. Under the facility, customers can seek financing starting from MVR 50,000. The Bank will finance up to 70 percent of the requirement and the maximum repayment period for the facility is 10 years with a grace period of 12 months.

- BML hosted Maldives' first ever International Banking Conference under the theme of "Banking in Asia: the Next Frontier". With over 100 participants from 25 countries, including CEOs and the heads of some of Asia's biggest financial institutions, the ABA conference brought together leading minds to discuss banking development in Asia in face of rapid technological advancement.

- BML opened new branches with Self Service Banking Centers in Raa Atoll Meedhoo and Kaafu Atoll Kaashidhoo.

- Bank implement an additional 21 CSR initiatives across the country, taking the total to 110 for the year.

Corporate Governance

BML board has conducted 6 meetings during the last quarter of 2018. Audit and Risk Management committee held 10 meetings and Appointment, Nomination & Remuneration committee held 12 meetings in quarter 4. The main activities of the board and sub committees includes reviewing and approving bank's financial statements of Q3 2018, reviewing risk management and Non-Performing Assets and Loan Portfolio Report of Q3 2018 and approving Bank's budget for 2019. Bank is committed in achieving high standards of corporate conduct and in this regard, bank complies to provisions of its Corporate Governance Code its internal policies and procedures which govern its day to day operations.

Conclusion

Financial results for the fourth quarter of 2018 is positive with Profit after Tax of MVR 277 million, up 3% on the third quarter. Business volumes were healthy across all key lines and two new branches were opened in this quarter.

Capital and liquidity ratios are maintained above the regulatory requirements and has a positive cash flow position.

Quarterly review; Quarter 4, 2018

DHIVEHI RAAJJEYGE GULHUN PLC

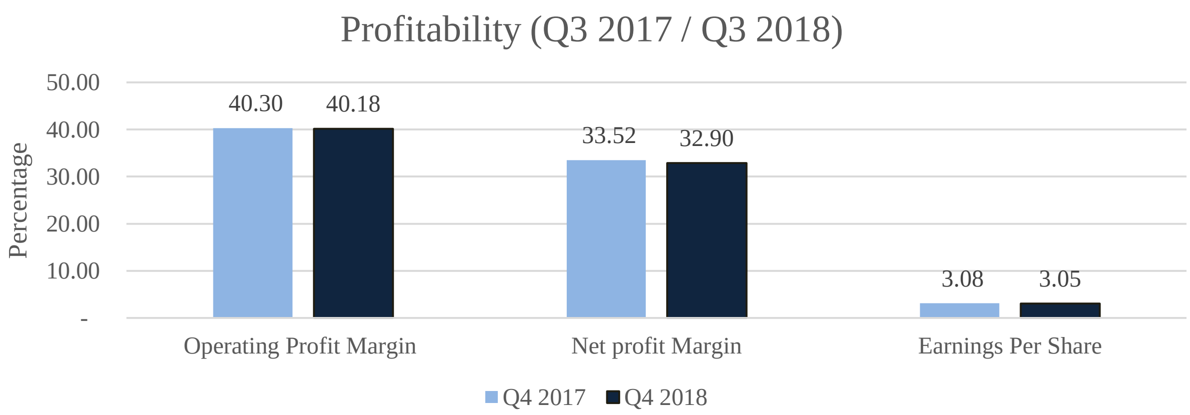
DHIVEHI RAAJJEYGE GULHUN PLC
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/DHIRAAGU/Q4

Q4 of 2017 AND Q4 of 2018

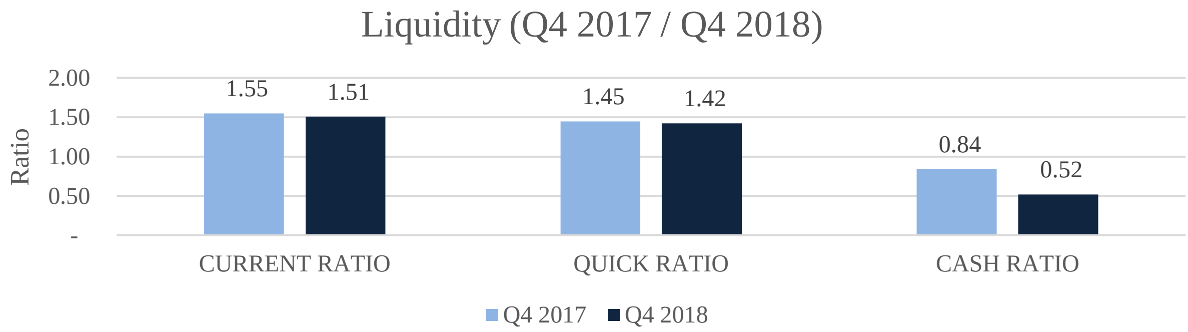
PROFITABILITY	Q4 2017	Q4 2018	Change	%
REVENUE	698,095,000	704,746,000	6,651,000	1
OPERATING PROFIT	281,367,000	283,196,000	1,829,000	1
PROFIT BEFORE TAX	277,355,000	272,870,000	(4,485,000)	(2)
PROFIT AFTER TAX	234,004,000	231,853,000	(2,151,000)	(1)

	Q4 2017	Q4 2018
OPERATING PROFIT MARGIN	40.3	40.18
NET PROFIT MARGIN	33.52	32.9
EARNINGS PER SHARE	3.08	3.05



- Being the market leader in telecommunication service in the Maldives, Dhiraagu reported a revenue growth of MVR 6.6 million in the last quarter of 2018 compared to the same quarter of the previous year.
- Operating expenses of the company decreased by MVR 10 million and at the same time other income decreased by MVR 13 million. In addition depreciation expenses also declined, thus operating profit of the company improved by MVR 1.8 million.
- Net financing expense increased by MVR 6.3 million which resulted in a 1% deterioration in profits. However, the margins of Dhiraagu remained attractive through the quarters and which is relative similar compare to Q4 of last year.
- In Q4 2018 Dhiraagu has traded 1480 shares at MVR 80 to 85 per share.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	2,077,069,000	2,171,625,000
CURRENT RATIO	1.55	1.51
QUICK RATIO	1.45	1.42
CURRENT ASSETS	1,120,952,000	975,852,000
CURRENT LIABILITIES	724,410,000	647,061,000
WORKING CAPITAL	396,542,000	328,791,000
CASH RATIO	0.84	0.52
INVENTORY	73,130,000	55,516,000

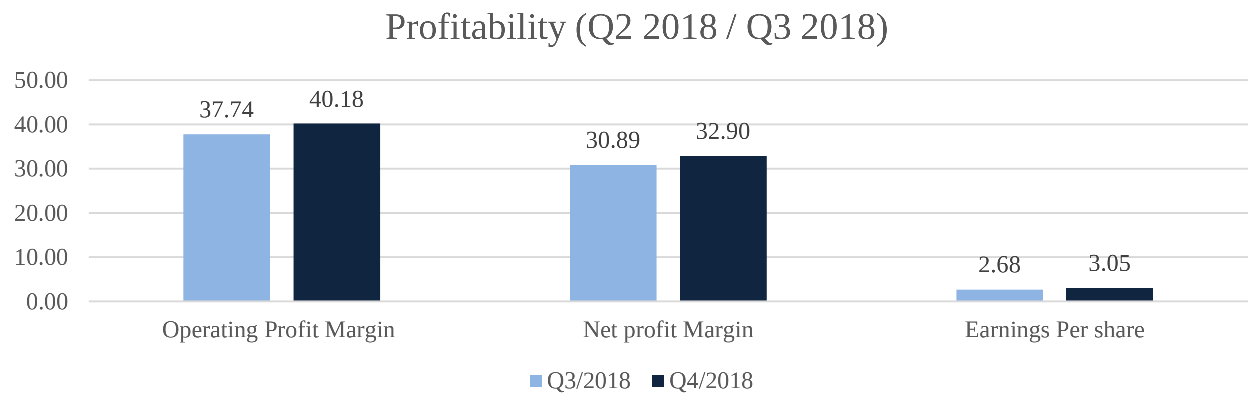


- Intangible assets and property plant and equipment rose by MVR 42 million and MVR 46 million respectively through a strategic plan to expand their fibre services. By the end of Q4, Dhiraagu fibre network covers 55 inhabited islands and reaches 74% of the households.
- Trade and other receivables increased by MVR 144 million while inventories fell by MVR 17 million. Further and cash and bank balances drastically fell by MVR 271 million. As a result current assets fell by 13% compared to the same quarter of the previous year.
- Current liabilities fell as a result of decline in trade payables which reduced by MVR 74 million and current tax liability by MVR 3 million.
- The current and quick ratio remained almost same through the quarters.
- Cash and bank balances is low in Q4 2018 since there is a huge investment in investing and financing activities.

Q3 of 2018 AND Q4 of 2018

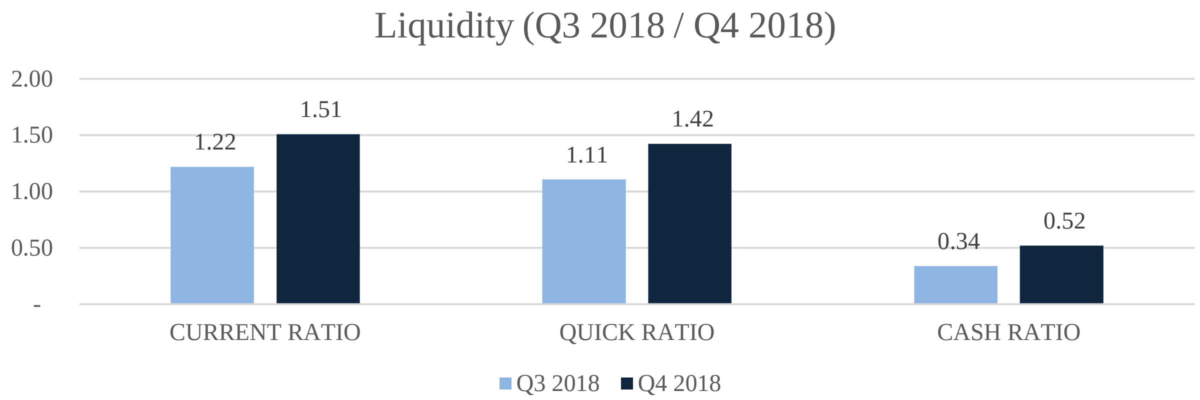
PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	658,464,000	704,746,000	46,282,000	7.03%
Operating Profit	248,480,000	283,196,000	34,716,000	13.97%
Profit Before Tax	239,288,000	272,870,000	33,582,000	14.03%
Profit After Tax	203,412,000	231,853,000	28,441,000	13.98%

	Q3/2018	Q4/2018
Operating Profit Margin	37.74	40.18
Net profit Margin	30.89	32.9
Earnings Per share	2.68	3.05



- There was an increment in revenue of MVR 46.2 million which is a 7% improvement compared to the previous quarter, driven by growth on mobile, FTTH and enterprise business revenues. Although operating costs and depreciation has increased by MVR 8.27 million and 3.41 million, revenue improvement is much higher compare to increase in expenses, thus overall profitability of the company has improved.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	2,117,133,000	2,171,625,000
CURRENT RATIO	1.22	1.51
QUICK RATIO	1.11	1.42
CURRENT ASSETS	825,035,000	975,852,000
CURRENT LIABILITIES	676,934,000	647,061,000
WORKING CAPITAL	148,101,000	328,791,000
CASH RATIO	0.34	0.52
INVENTORY	75,513,000	55,516,000



- Non-current assets increased by MVR 54 million due to huge investment in intangible assets and property plant and equipment in order to expand operation as well as to introduce latest technology.
- Cash flow before financing was lower than the previous quarter due to higher capital investment in Q4.
- Trade and other receivables rose by MVR 334 million and the increase represents 47% of Quarter four revenue. At the same time cash and bank balances also rose by MVR 106 million. It is also important to note that current liabilities was low compared to previous quarters. This it illustrates a satisfactory improvement in current and quick ratios.

Important projects and events carried out during the quarter

- Fibre service was extended to more islands covering 75% of the total population of the Maldives
- Offered customers a fibre broadband promotion which included free connection and 3 months of discounted monthly rental and a special promotion offering additional data allowances.
- Postpaid social media promotion under which all customers on the latest postpaid plans were offered up to a 5 GB social media data allowance.
- Dhiraagu demonstrated 5G technology for the first time in Maldives during the quarter.
- Dhiraagu TV service was extended to 7 additional islands by Q4 2018.
- Apple's iPhone XS was launched with attractive packages offering free data allowances and convenient payment plans.
- The first Maldivian OTT video streaming service was also launched during the quarter.

Conclusion

With over half a million customers Dhiraagu remains to be the leading digital and telecommunications service provider in the Maldives aiming to provide future-proof digital and telecommunications connectivity that enable customers to get ahead in the digital future. With that aim, Dhiraagu puts forward their strategies to bring the latest innovations and technology expanding their scope of services provided.

In Q4 2018 Dhiraagu reported a revenue growth of MVR 46 million compared to previous quarter. Net profit and EPS improved as a result of improvement in revenue. At the same time receivables has seen a significant increase in this Q4 2018, the increase represents 47% of Q4 sales. Thus there is high chance of rise in provision for doubtful debts. Finance cost is high compare to previous year but Non-current liability remain relatively same level.

Cash flow before financing was lower than the previous quarter due to higher capital investment in Q4. Though the profitability shows a slight downturn compared to the same quarter of the previous year, Dhiraagu managed to keep their margins at relatively same level.

Recommendation

- Along with revenue improvement, efficient costs management is also important to improve profitability of the company. For a mature company like Dhiraagu, growth comes from innovative services and improved efficiency.
- Transfer Sales into cash
  Almost 50% of company's sales are tied up as receivables, which shows a significant amount of cash is tied up with the slow paying customers. Thus, Dhiraagu should consider collecting these amounts before it falls into bad debts.
- Working Capital Management
  Since the company's both receivables and payables are increasing, it has to formulate strategies to monitor and utilize these two components to ensure the most financially efficient operation of the company.

Quarterly review; Quarter 4, 2018

FENAKA CORPORATION LTD

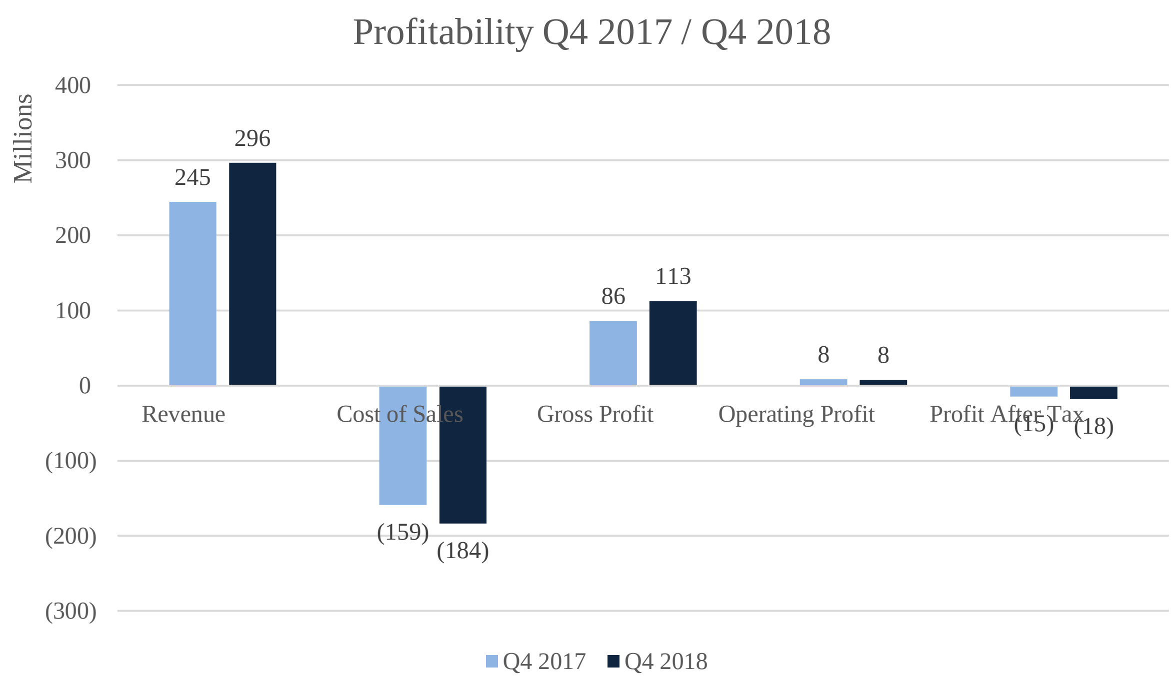
FENAKA CORPORATION LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/FENAKA/Q4

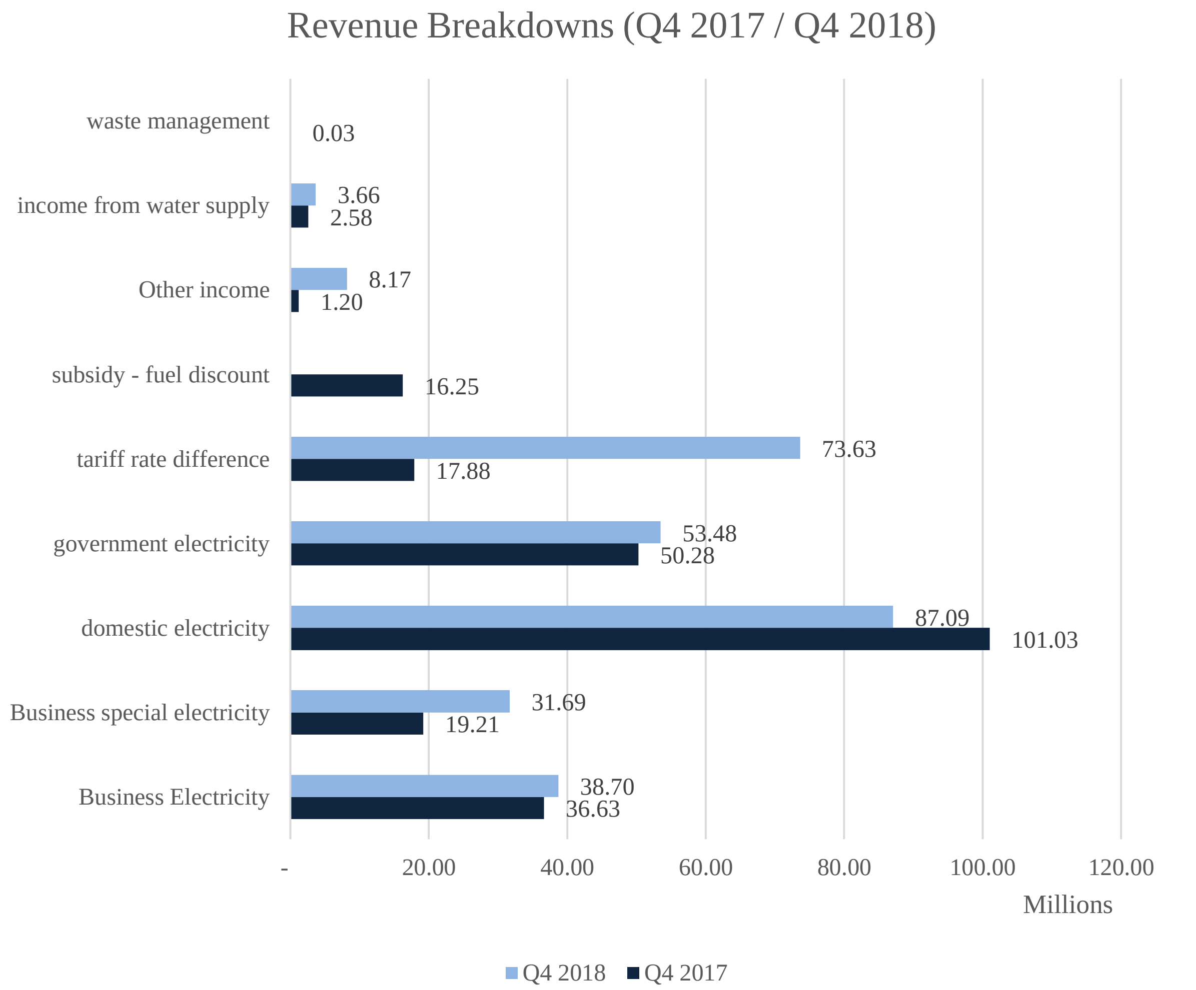
<u>Q4 of 2017 AND Q4 of 2018</u>

PROFITABILITY	Q4 2017	Q4 2018	Change	%
REVENUE	244,810,065	296,471,277	51,661,212	21
COST OF SALES	(158,793,509)	(183,763,789)	(24,970,280)	16
GROSS PROFIT	86,016,556	103,576,671	17,560,115	20
OPERATING PROFIT	8,235,918	4,692,873	(3,543,045)	(43)
PROFIT AFTER TAX	(14,732,647)	(18,652,433)	(3,919,786)	27

	Q4 2017	Q4 2018
GROSS PROFIT MARGIN	35.14	38.40
OPERATING PROFIT MARGIN	3.36	1.74
NET PROFIT MARGIN	(6.02)	(6.92)

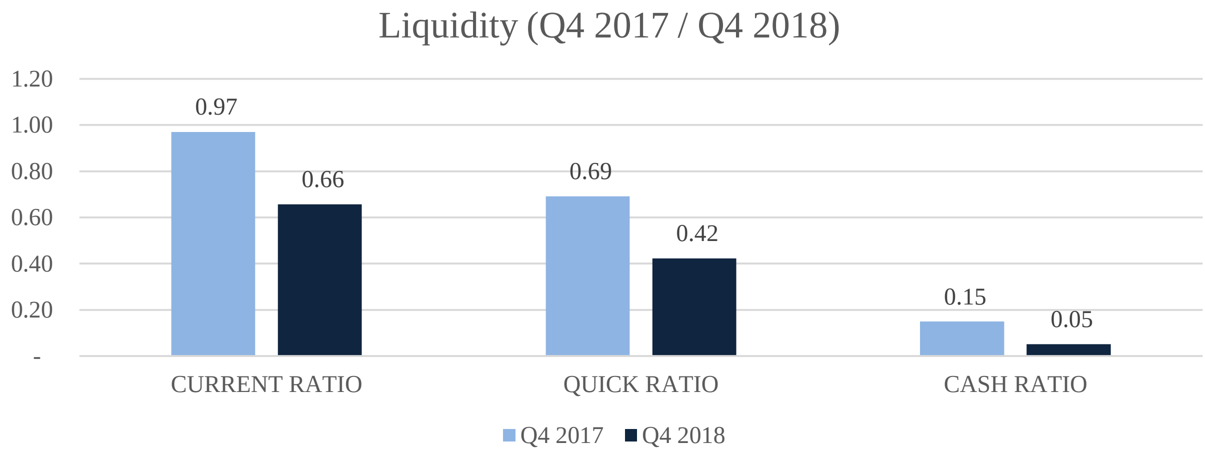


- Revenue improved by 21% due to increased business electricity and government electricity. Revenue also improved from revenue generated from tariff rate differences. Revenue generated from domestic electricity is the main source of revenue for the company.



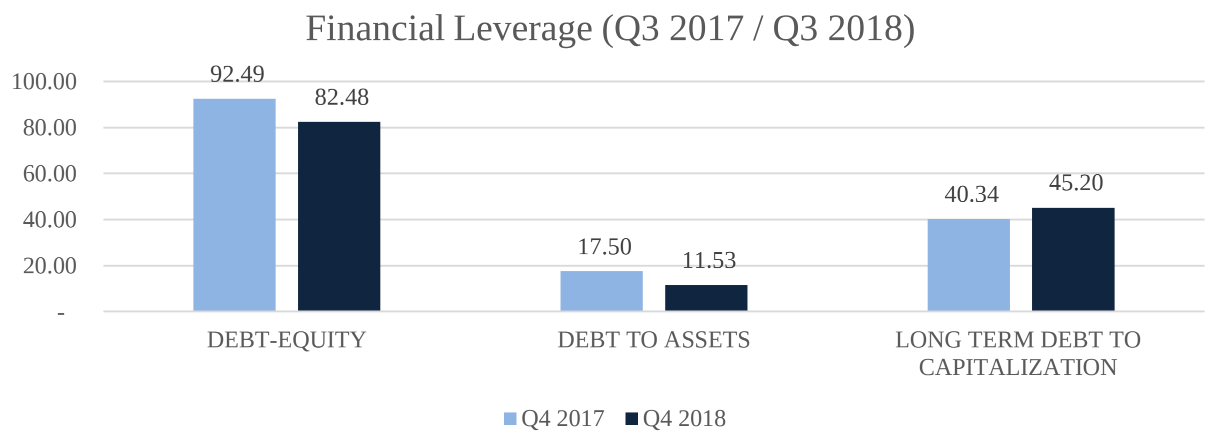
- The direct costs including increased cost of diesel, cost of spares for engine and cables and cost of repairs and maintenance resulted in increased direct costs by 16%.
- Gross profit margin improved to 38% since the increased revenue is comparatively higher than the increased cost.
- Administrative costs and operating costs increased by MVR 21 million compared to Q4 2017 leading operating profit to fall by 43%.
- The company has high interest on borrowings leading to losses in the quarters. Relatively higher depreciation expense also contributed to the loss.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	782,703,442	939,155,208
CURRENT RATIO	0.97	0.66
QUICK RATIO	0.69	0.42
CURRENT ASSETS	465,748,856	495,803,910
CURRENT LIABILITIES	479,960,405	754,869,642
WORKING CAPITAL	(14,211,549)	(259,065,731)
CASH RATIO	0.15	0.05
INVENTORY	133,728,297	176,415,578



- Non-current increased by 20% compared to Q4 2017 due to increased value of Property plant and Equipment.
- Current assets increased by MVR 30 million due to the same quarter of the previous year. This is a 6% increase due to increased inventory and receivables. However, cash levels fell by 33 million in the quarter.
- Current liabilities increased greatly by MVR 274.9 million due to increased payables. Short term borrowings of 59 million have been recorded in both quarters which has not been paid.
- Thus, liquidity ratios fell indicating the need to improve the liquidity position by enhancing cash balances and limiting trade creditors. Furthermore, mechanisms have to be made to collect receivables more promptly to enhance the cash levels.
- Cash and cash equivalents fell massively by MVR 33 million, as such the cash ratio fell from 0.15 to 0.05 in Q4 2018. The ratio suggests the insufficiency of cash balances in the company.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	92.49	82.48
DEBT TO ASSETS	17.50	11.53
LONG TERM DEBT TO CAPITALIZATION	40.34	45.20

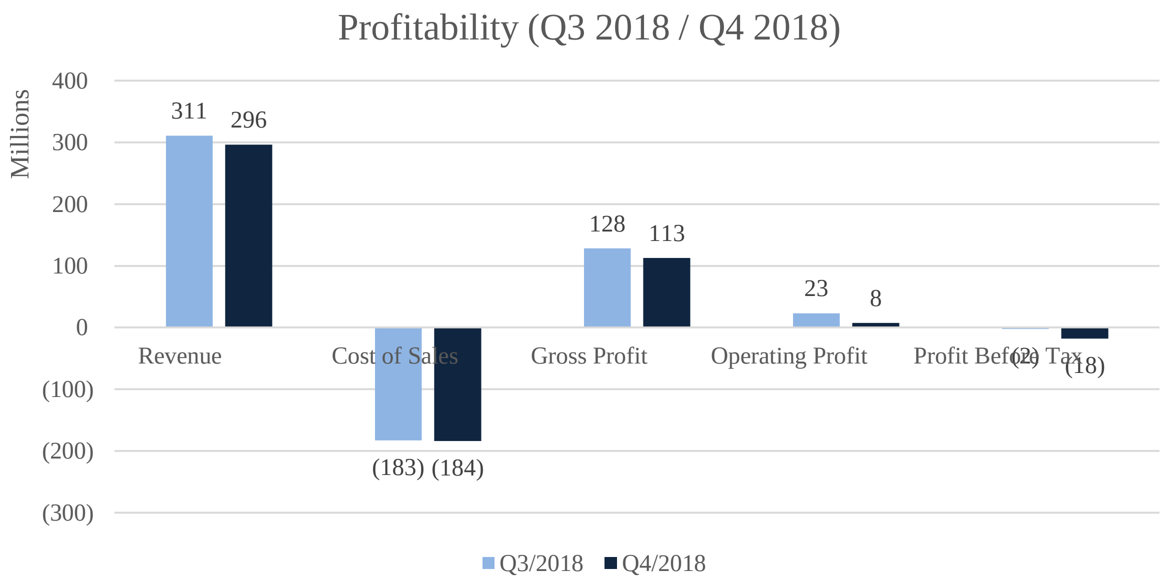


- Debt to Equity ratio reduced from 92.49% to 82.48% in Q4 2018 due to reduction in total long term borrowings compared to Q4 2017.
- Debt to Asset ratio also reduced after reduction in the debts and increased total assets by 15%. This reduced the financial risk associated with the borrowings as Fenaka started to pay off their debts. .

Q3 of 2018 AND Q4 of 2018

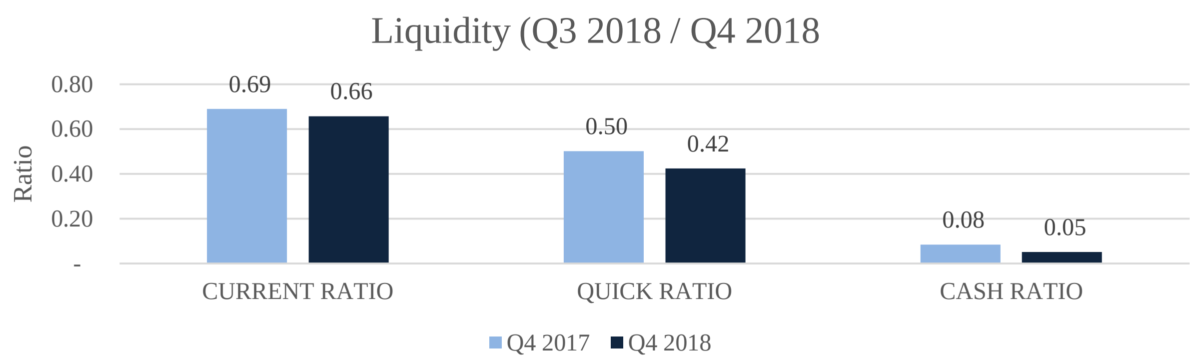
PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	310,909,727	296,471,277	(14,438,449)	-4.64%
Cost of Sales	182,701,998	183,763,789	1,061,791	0.58%
Gross Profit	128,207,729	112,707,488	(15,500,241)	-12.09%
Operating Profit	23,227,959	7,719,524	(15,508,435)	-66.77%
Profit Before Tax	(2,275,603)	(18,057,003)	(15,781,400)	-693.50%
Profit After Tax	(2,275,603)	(18,057,003)	(15,781,400)	-693.50%

	Q3/2018	Q4/2018
Gross Profit Margin	41.24	38.02
Operating Profit Margin	7.47	2.60
Net profit Margin	-0.73	-6.09



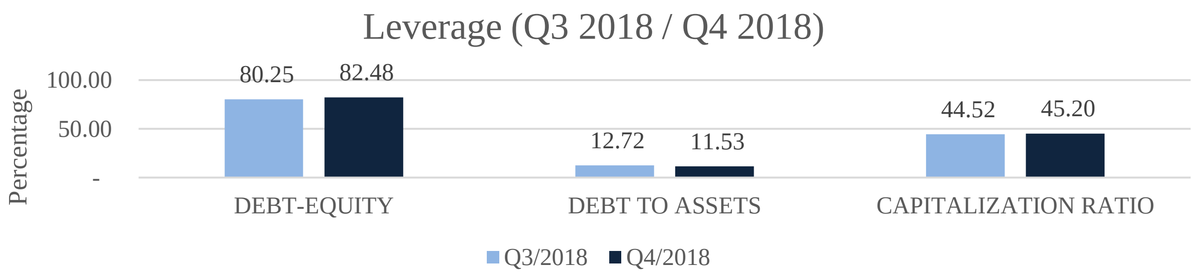
- Revenue of the company reduced by 5% compared to the previous quarter mainly due to reduced revenue from subsidy fuel discount and domestic electricity. However, Fenaka managed to generate a revenue which is MVR 55.7 million higher than the last quarter from tariff rate differences.
- Though revenue fell, direct costs particularly rise in cost of diesel during the quarter. Thus gross profit reduced by 12.09% compared to the previous quarter.
- Though administrative expenses fell slightly, other operating expenses increased by 100% as repair and maintenance cost remained high during the quarter.
- Finance costs and depreciation expenses remained higher resulting in net losses. In Q4 2018 net loss further deteriorated by MVR 15.8 million.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	917,005,004	939,155,208
CURRENT RATIO	0.69	0.66
QUICK RATIO	0.50	0.42
CURRENT ASSETS	462,685,572	495,803,910
CURRENT LIABILITIES	671,544,097	754,869,642
WORKING CAPITAL	(208,858,525)	(259,065,731)
CASH RATIO	0.08	0.05
INVENTORY	125,963,363	176,415,578



- Non-current assets increased by MVR 22 million due to additional property plant and equipment purchased during the quarter compared to the previous quarter.
- Current assets increased by MVR 33 million due to increase in the value of inventories and receivables during the quarter. However, cash and cash equivalents reduced by 45% during the quarter mainly due to the loss made in the quarter and cash spend in additional inventories.
- Current liabilities increased by MVR 83 million as trade and other payables rose by 13.6% in the quarter compared to the previous quarter.
- Current and quick ratios declined compared to the previous quarter due to trade payables increased greater than the short term assets compared to the last quarter.
- Cash levels dropped by MVR 17 million impacting cash ratio to fall.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	80.25	82.48
DEBT TO ASSETS	12.72	11.53
CAPITALIZATION RATIO	44.52	45.20



- When referring to leverage, total debts of the company reduced by 6%, however, equity of the company dropped steeper by MVR 18 million (8.2%) due to lower retained earnings. Thus, the debt to equity ratio increased by 82.48%.
- However, debt to assets ratio dropped as more assets were acquired compared to the borrowings.

Important Projects undertaken in the quarter

#	Project Name	Start date	Completion date	Value	Completed value	complete %
1	Ha. Uligamu Power house relocation	19-Aug-18	02/12/2018 (Terminated)	4,748,853.32	122,323.50	35%
2	Ha. Vashafaru (power house relocation)	2-May-18	31/01/2019	632,300.50	358,749.67	99%
3	Ha. Maarandhoo (Power house relocation)	14-Sep-18	01/12/2018 (Completed)	4,267,411.25	2,136,229.73	100 %
4	Hdh. Finey	17-Aug-17	25/11/2018 (Terminated)	3,818,064.05	1,170,869.98	20%
5	Hdh. Hanimaadhoo (power house relocation)	7-Aug-18	01/10/2018 (Terminated)	1,815,604.04		-
6	Sh. Bilehfahi (Power house relocation)	10-Dec-17	In termination process	2,173,386.37	587,838.03	70%
7	Sh. Lhaimagu (Pre-fabricated power house)	3-Jun-18	25/11/2018 (Terminated)	3,876,557.34	1,158,282.71	20%
8	N. Hen'badhoo (pre-fabricated power house)	7-Aug-17	25/11/2018 (Terminated)	3,816,722.87	862,442.50	16%
9	N. Maalhendhoo (pre-fabricated power house)	7-Aug-17	25/11/2018 (Terminated)	3,795,348.92	1,108,068.57	23%
10	B. Kendhoo (Pre-fabricated power house)	7-Aug-17	25/11/2018 (Terminated)	3,891,410.07	953,903.99	16%
11	Dh. Hulhudheli (pre-fabricated power house)	7-Aug-17	25/11/2018 (Terminated)	3,832,008.07	1,076,549.90	20 %

Fenaka carried out a total of 11 projects in 11 different islands of the Maldives including power house relocations and pre-fabricated power houses. It is important to note that Fenaka has certain projects being terminated after commencement which would cause losses to the company.

Conclusion

The current performance of the company is not at a satisfactory level when referring to Q4 2018 in comparison with the previous quarter of 2018 and Q4 2017 in terms of profitability. Fenaka has deteriorated profitability due to increased operating costs.

In addition to that, the company has difficulties in collecting their receivables and making payment before due dates. Therefore they have to improve their performance in the area of converting revenue into cash. This improvement could support them in improving their cash flow position and assist in making payments to suppliers promptly.

The net losses in the quarters resulted equity to fall hence gearing ratio increased despite lowering of debts.

Recommendation

- It is highly recommended to improve revenue of the company by thinking innovatively and finding new revenue streams like expanding services like water supply and waste management.
- At the same time costs need to be minimized as it is the greatest factor affecting the profitability of the company. The direct costs as well as operating expenses need to be minimized to improve the profitability. The operating expenses like repair and maintenance can be minimized by taking precautionary measures to minimize wear and tear of assets as well as spares.
- It is recommended to do proper investment appraisals and feasibilities before awarding a project since most of the projects of the company are being terminated after the commencement. This is likely to cause losses to the company.
- The company should formulate strategies to reduce receivables and enhance cash levels of the company. The cash could be increased by maintaining the inventories by systemizing the rolling of inventories. This would further reduce the level of inventories being obsolete.

Quarterly review; Quarter 4, 2018

GREATER MALE' INDUSTRIAL ZONE LTD

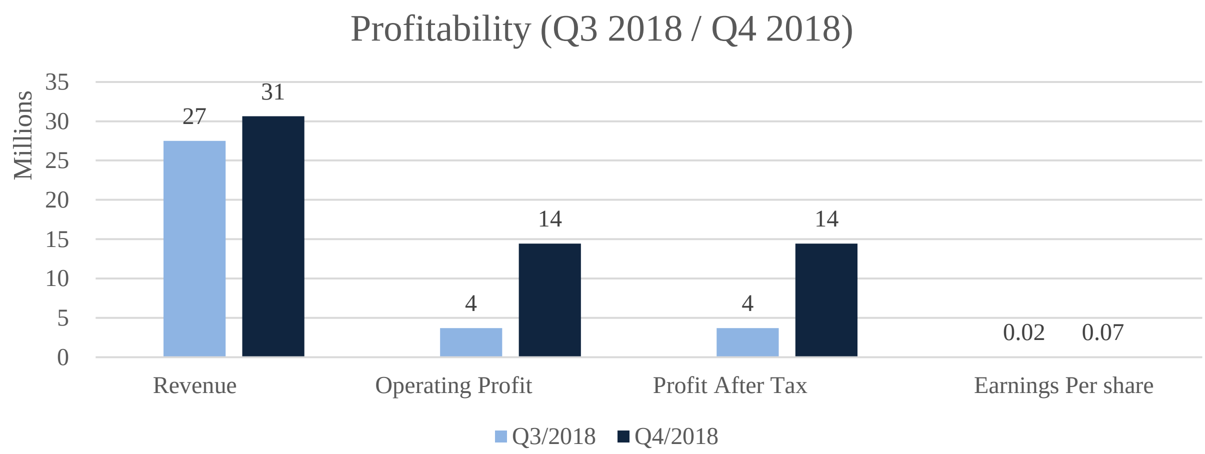
GREATER MALE' INDUSTRIAL ZONE LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/GMIZL/Q4

Q3 of 2018 AND Q4 of 2018

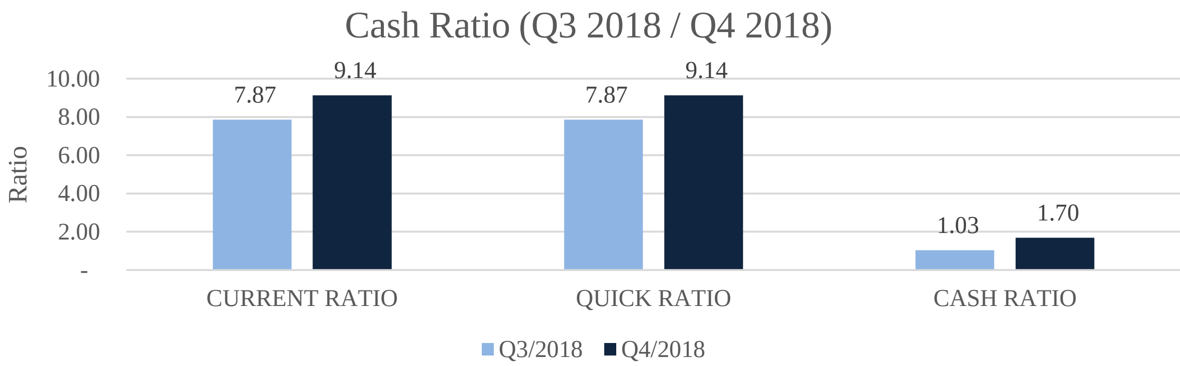
PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	27,479,764	30,615,630	3,135,866	11.41%
Gross Profit	27,479,764	30,615,630	3,135,866	11.41%
Operating Profit	3,698,685	14,451,967	10,753,282	290.73%
Profit Before Tax	3,698,685	14,451,967	10,753,282	290.73%
Profit After Tax	3,698,685	14,451,967	10,753,282	290.73%

	Q3/2018	Q4/2018
Operating Profit Margin	13	47
Net profit Margin	13	47
Earnings Per share	0.02	0.07



- Revenue increased by MVR 3.1 million compared to the previous quarter after increased rental income from Thilafushi industrial leased plots and Gulhifalhu apartment lease. Two companies, Thilafushi Corporation Limited and Gulhifalhu was merged and the new company was formed during the year 2018.
- Profit improved after administrative expenses fell by MVR 7.8 million compared to the previous quarter. Administrative expenses particularly salaries and wages and cleaning and maintenance reduced in Q4 2018 compared to the previous quarter.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	4,268,661,706	4,267,836,900
CURRENT RATIO	7.87	9.14
QUICK RATIO	7.87	9.14
CURRENT ASSETS	139,469,355	153,850,914
CURRENT LIABILITIES	17,728,741	16,833,528
WORKING CAPITAL	121,740,614	137,017,386
CASH RATIO	1.03	1.70



- Non-current assets reduced slightly mainly due to depreciation. There were some minor assets purchased during the quarter.
- Current assets increased by 10% after increased receivables by MVR 4.2 million and cash and cash equivalents by MVR 10 million. Cash increase is due to increased cash from operations compared to the previous quarter.
- Payables reduced by 5% as the company has paid off some of the amount due to related parties during the quarter.
- Current and quick ratios show relatively higher figures mainly due to higher receivables compared with the payables and maintenance of satisfactory cash levels. If the company could transfer the receivables into cash they will have more assets for increasing operations in the future. If these assets tied up in the business could be used efficiently, future cash flows can be generated which would benefit the company.

Conclusion

The company reported a satisfactory growth in revenue since rental income from Thilafushi and Gulhifalhu industrial leased plots increased. Moreover, the company is able to generate higher profits due to reduction in administrative costs particularly staff costs and cleaning and maintenance costs.

The current ratio is high as the company has high current assets in comparison with the current liabilities. Current assets further increased compared to the previous quarter as a result of increased receivables and cash and cash equivalents. The company is having a good liquidity position where they can settle the short term obligations with the current assets. However they have a high level of receivables compared to revenue which increased by 3.6% compared to the previous quarter. Therefore, necessary measures need to be taken to convert cash being tied up in receivables into actual cash to enhance the operations. Conversely, they have low financial risk due to absence of borrowings.

Recommendation

- Increase Revenue:
  GMIZL should look for ways to improve revenue other than revenue from leasing plots. This will create a more diversified environment for GMZIL by adding means to earn revenue like mooring rental, lorry rental etc.
- Reduce Expenditure / Improve Efficiency
  GMZIL has reported a lower administrative expense compared to the last quarter. The reduction in administrative expenses could be further improved in order to earn higher profits if the company is not undertaking further developmental projects.
- Have Proper business plans:
  Planning is the most vital part of any business. In order to run the business smoothly, GMZIL needs to have proper planning and a visionary picture of where to take the business in time. Proper planning and effective implementation of strategic plan is essential to run the operations efficiently.
- Improve receivable collection and cash flow position:
  Efficient receivable collection mechanisms will reduce the receivables and enhance the cash position of the company. Cash flow enhancement will enable GMZIL to undertake more investing activities which could yield higher income in the future.

Quarterly review; Quarter 4, 2018

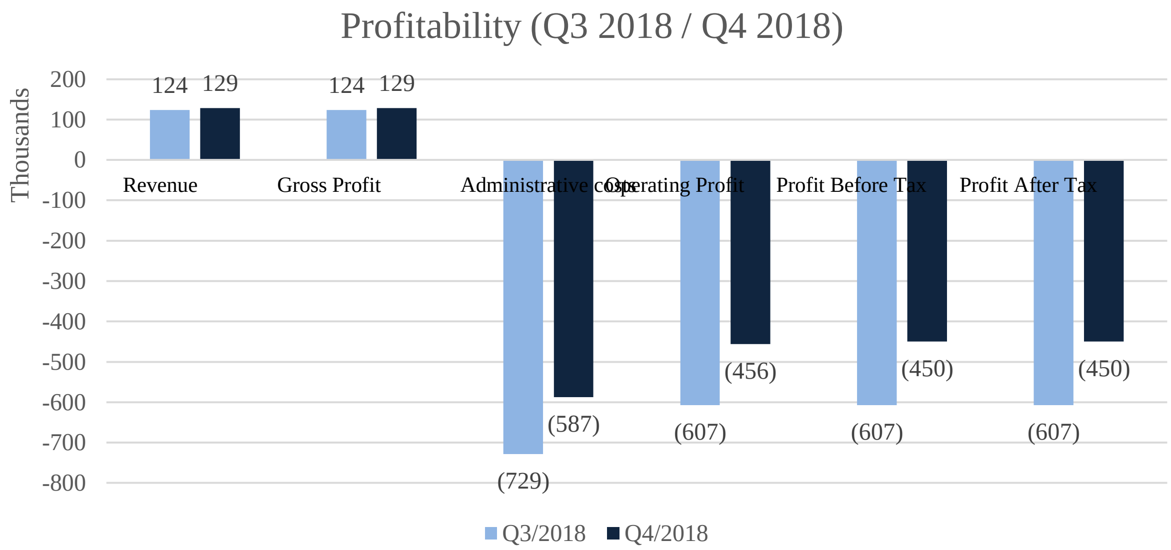
HAZANA MALDIVES LTD

HAZANA MALDIVES LTD
Q3 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/HAZANA/Q4

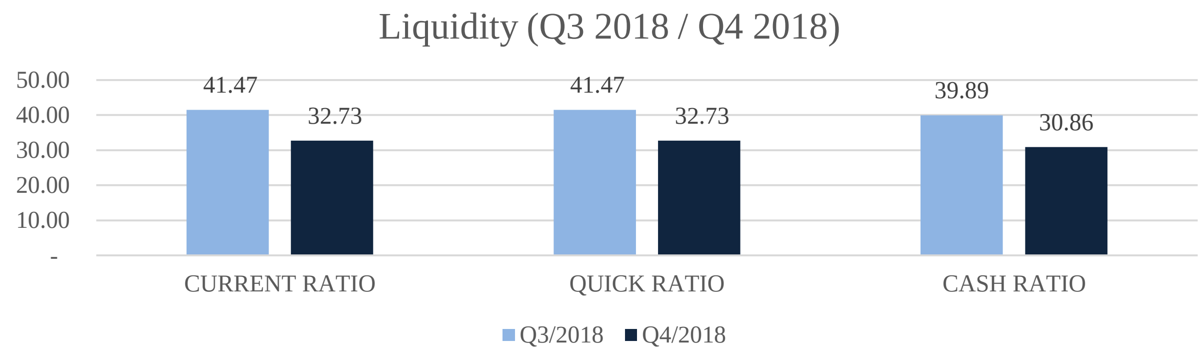
Q3 of 2018 AND Q3 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	123,560	128,664	5,104	4.13
Gross Profit	123,560	128,664	5,104	4.13
Administrative costs	(728,692)	(587,412)	141,280	(19.39)
Operating Profit	(607,268)	(456,095)	151,173	(24.89)
Profit Before Tax	(607,268)	(449,779)	157,489	(25.93)
Profit After Tax	(607,268)	(449,779)	157,489	(25.93)



- Revenue increased by 4% compared to the last quarter due to increased rental income. However the company does not generate any revenue from its core operating activities.
- Direct cost is nil resulting gross profit to be equal to revenue.
- Due to high administrative costs and other operating expenses operating losses were observed for both quarters. During the quarter the company recognized an investment income of MVR 6316.60. This slightly reduced the loss for the quarter. However, the overall profitability of the company is poor and depends on the capital injection by the government. The term viability of the company is in question as the company has not earned any revenue from its core business activities since inception.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	467,038	443,688
CURRENT RATIO	41.47	32.73
QUICK RATIO	41.47	32.73
CURRENT ASSETS	3,677,339	3,261,890
CURRENT LIABILITIES	88,684	99,664.00
WORKING CAPITAL	3,588,655	3,162,226
CASH RATIO	39.8	30.8



- Non-current assets decreased by 4.9% compared to the previous quarter due to the depreciation of the property plant and equipment. There were no additional purchase of assets during the quarter.
- Current assets reduced by 11%. The greatest portion of current assets is held as cash and cash equivalents which is merely the capital injection by the government. In addition to that trade receivables increased by 33% compared to the last quarter. Payables also increased by 12% accordingly.
- Current ratio of 41.47 reduced to 32.73. Though the ratios suggest the idle resources tied up in the business, this do not represent the true liquidity position of the company as the current assets has a greater portion of capital injected by government.
- Cash ratio is also high due to the capital contribution by the government.

Conclusion

Hazana Maldives has not earned an operational revenue from its core business actitivies since inception of the business. Hazana Maldives has increased revenue compared to the previous quarter slightly. The net loss also has been reduced due to reduced expenditure. However, the administrative expenses and operating expenses are comparatively higher than the revenue generated thus company is making losses.

Based on the ratios, Hazana is at a position to settle the current liabilities with the short run assets. However, the largest portion of the current assets consist of capital injected by the government. Hazana is not generating sufficient revenue, hence company is operated through the support from shareholders. Based on the current operations the sustainability of the company is questionable.

Recommendation

- 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.
- Reliance on shareholders fund should be minimized to a satisfactory level and try to finance independently.

Quarterly review; Quarter 4, 2018

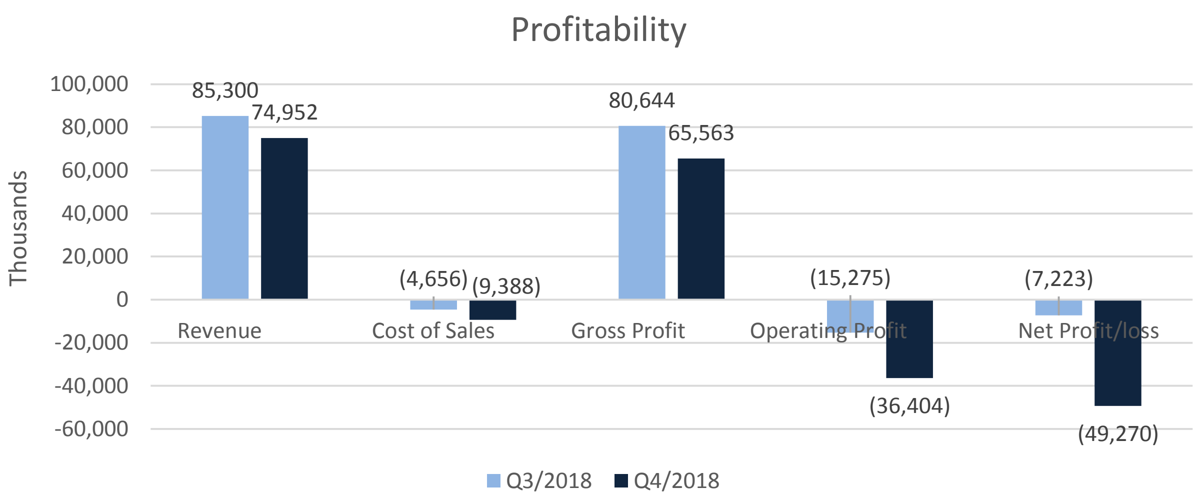
HOUSING DEVELOPMENT CORPORATION LTD

HOUSING DEVELOPMENT CORPORATION
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/HDC/Q4

Q3 of 2018 AND Q4 of 2018

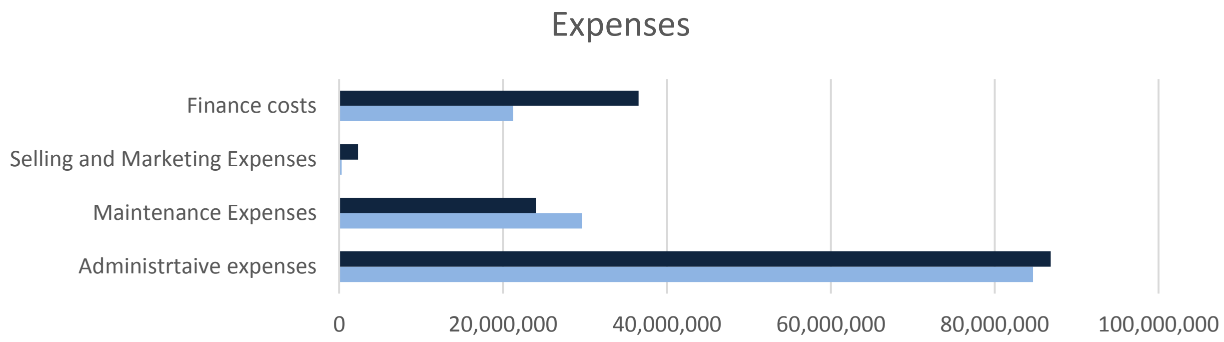
PROFITABILITY	**Q3/2018**	**Q4/2018**	**Change**	**%**
Revenue	85,299,669	74,951,524	(10,348,145)	-12%
Cost of Sales	(4,655,504)	(9,388,491)	(4,732,987)	102%
Gross Profit	80,644,166	65,563,033	(15,081,133)	-19%
Operating Profit	(15,275,308)	(36,403,850)	(21,128,542)	-138%
Net Profit/loss	(7,223,386)	(49,269,740)	(42,046,354)	-582%
Gross Profit Margin	95%	87%	(0.1)	-7%
Operating Profit Margin	-18%	-49%	(0.3)	-171%
Net profit Margin	-8%	-66%	(0.6)	-676%
Earnings Per share	-0.16	-0.01	0.2	94%



Revenue of the company has decreased by 12% in 2018 Q4, cost of sales on the other hand has increased by 102%. As a result the gross profit has declined by 7%. Gross profit margin was constrained by 7% due to high direct costs of HDC.

In addition, the net loss of the company has recorded a drastic increase from Q3 to Q4 by MVR 42 million. This was led by increased overheads and finance costs of the company.

Expenses

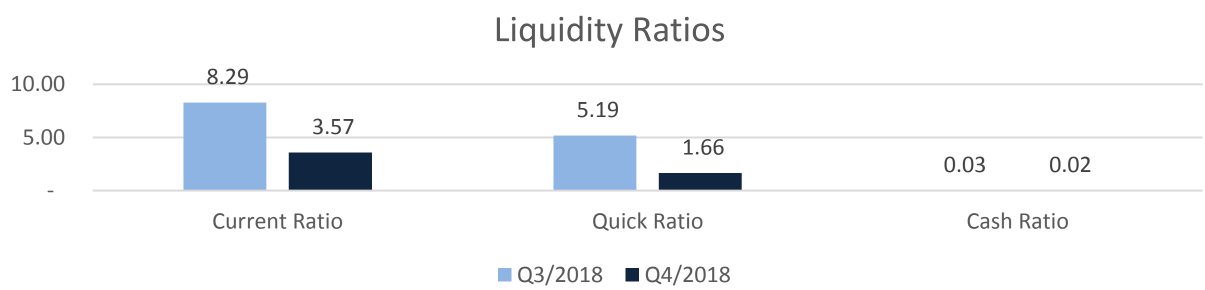


	Administrtaive expenses	Maintenance Expenses	Selling and Marketing Expenses	Finance costs
Q4/2018	86,861,587	24,010,701	2,294,833	36,523,496
Q3/2018	84,716,258	29,620,525	303,634	21,231,350

Administrative expenses are the largest overheads of the company and it has increased MVR 2 million from Q3 to Q4, which is almost 3% increase. It is important to highlight that the administrative expenses itself exceeds the revenue of the Q4. Maintenance Expenses on the other hand has recorded a fall of MVR 5.6 million when compared to 2018Q3. Selling and Marketing expenses has jumped from MVR 303,634 to MVR 2,294,833, which is an increase of 656%. Further, finance costs of the company has increase by MVR 15 million due to additional loans and borrowings.

Liquidity

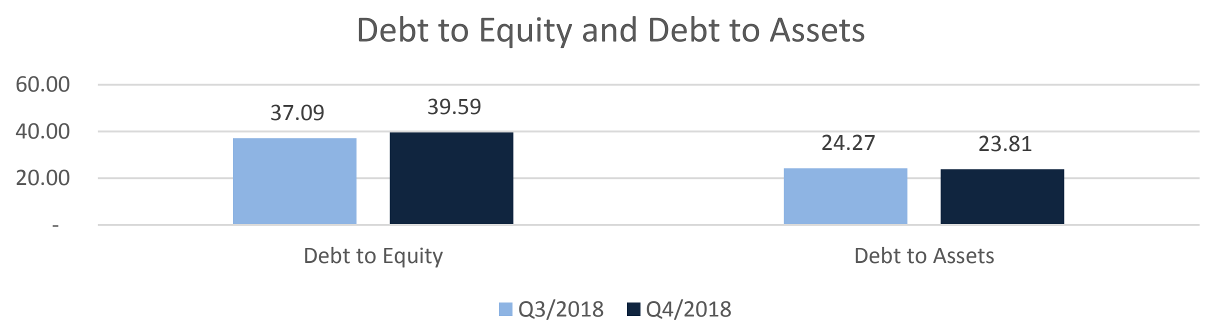
LIQUIDITY	Q3/2018	Q4/2018	Change	%
Current Assets	7,258,346,433.00	10,245,786,665.00	2,987,440,232.00	41%
Current liabilities	875,642,641.00	2,866,436,668.00	1,990,794,027.00	227%
Working Capital	6,382,703,792.00	7,379,349,997.00	996,646,205.00	16%
Current Ratio	8.29	3.57	(4.71)	-57%
Quick Ratio	5.19	1.66	(3.53)	-68%
Cash Ratio	0.03	0.02	(0.01)	-22%



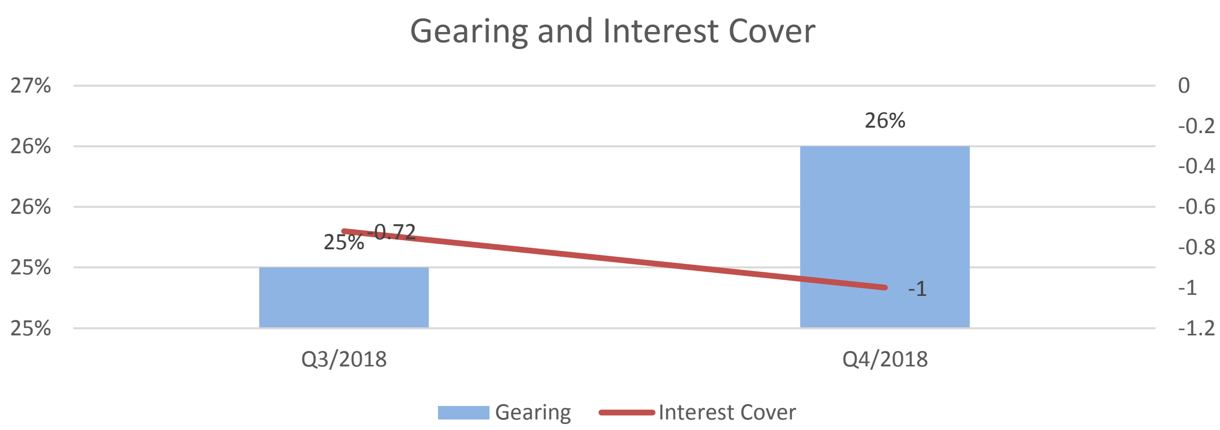
Company's both current assets and current liabilities has increased, however current ratio and quick ratio has reduced. This is because increase in current liabilities are greater than that of current assets. In addition, cash ratio has also dropped due to increase in current liabilities however the cash balance at the end of the quarter has increased by MVR 35 million.

Current assets of the company consists of inventories, receivables, amounts due from related parties and cash and cash equivalents. Of these elements inventories and receivables are most significant figures. Current liabilities of the company are loans and borrowings, bank overdraft, provisions, payables and amounts due to related parties. Trade and other payables is the largest element of liabilities which represents 67% of company's current liabilities and it has increased by MVR 1.8 million when compared to last quarter.

Leverage



HDC has borrowed additional funds of MVR 465 million in 2018Q4, as a result debt to equity ratio has increased. Total assets has increased greater than debts, therefore debts to assets ratio has reduced by 0.5%.



The gearing of the company has increased due to additional borrowings in the quarter. Consequently interest cover of the company is negative for both the quarters since they have made a net loss. The interest expense of HDC has increased MVR 21 million to MVR 36 million in 2018Q3.

Important Projects undertaken in the quarter

HDC has 19 different on-going projects which cost over MVR 12 billion. The biggest investments include development of housing units, Electricity and ICT ducting for Hulhumale' phase 2, Hiya-vehi housing project, Airport link road project, constriction of bridges in Hulhumale', etc. Most of the projects are expected to be completed by the end of 2018 and during the year 2019.

Conclusion

Profitability has been deteriorated resulting from loss of revenue and rising of administrative and maintenance expenses. Further as result of higher borrowings, finance costs of the company increased.

Liquidity ratios are at a favorable position where current assets exceeds the liabilities. However, receivables and inventories are the significant components of current assets, therefore the company does not have real funds to settle its liabilities. Receivables of the company has reduced when compared to last quarter, payables on the other hand has increased significantly.

When referred to the gearing, the ratios increased as a result of higher borrowings compared to the previous quarter. This indicates the higher financial risks. However based on books, the overall gearing level of the company is low showing the lack of financial stability.

Recommendations

- Reduce costs
  In order to maintain the sustainability of the company, HDC must reduce its costs and expenses.
- Reduce receivables
  HDC should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position. At the end of Q4 2018 receivable balance stands at MVR 12 million.
- Reduce Payables:
  It is important to build a strong relation with the suppliers for better terms. Further proper receivable collection will ultimately help in enhancing cash and thus reducing payables. HDC's payables has increased significantly in this quarter and it stands at MVR 1.9 billion at the end of 2018Q4.

Quarterly review; Quarter 4, 2018

HOUSING DEVELOPMENT FINANCE CORPORATION PLC

HOUSING DEVELOPMENT FINANCE CORPORATION PLC

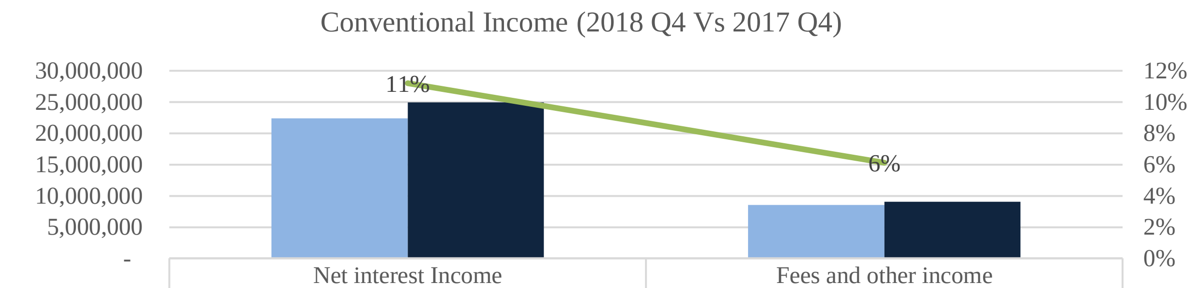
2018 Q4 PERFORMANCE ANALYSIS

Report No: PEM/2018/HDFC/Q4

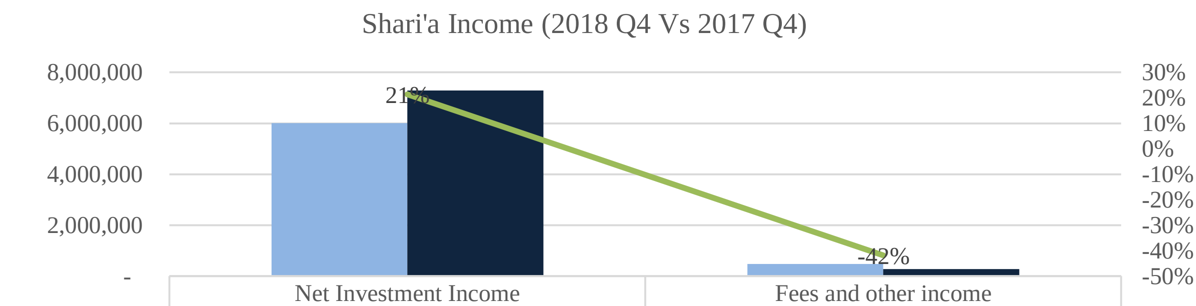
Q4 of 2017 AND Q4 of 2018

Income

HDFC's income is mainly derived from conventional products and Sharia's products. The below chart is the comparison of detail revenue for both the quarters.



	Net interest Income	Fees and other income
2017 Q4	22,430,543	8,535,863
2018 Q4	24,944,550	9,058,727
% change	11%	6%

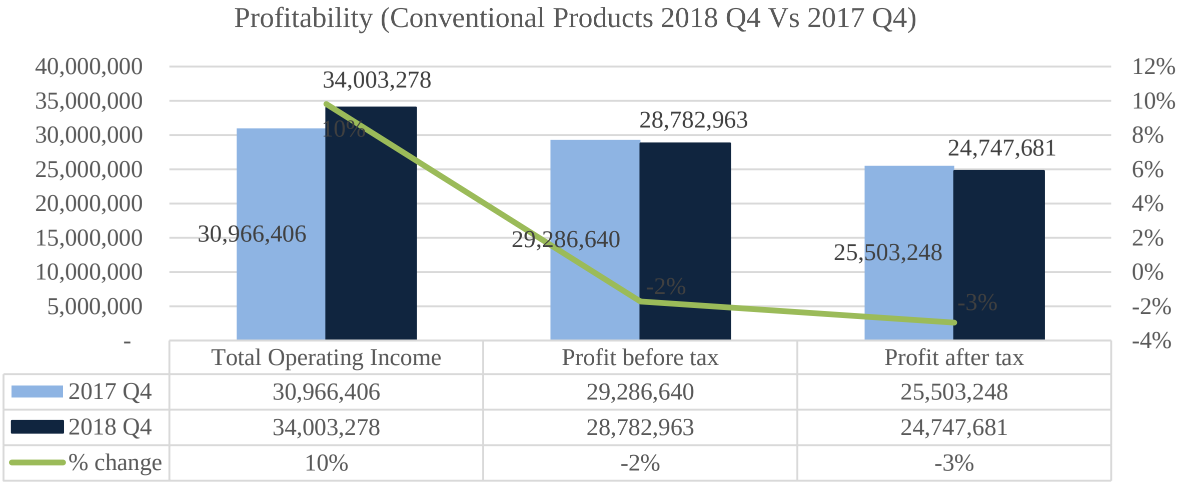


	Net Investment Income	Fees and other income
2017 Q4	6,011,555	486,731
2018 Q4	7,294,486	283,461
% change	21%	-42%

The overall income from conventional products has seen a positive growth in 2018 Q4. Interest income is the main component of the income of HDFC, and it has recorded a growth 11% as against 2017 Q4. Likewise, fees and other income has also increased by 6%.

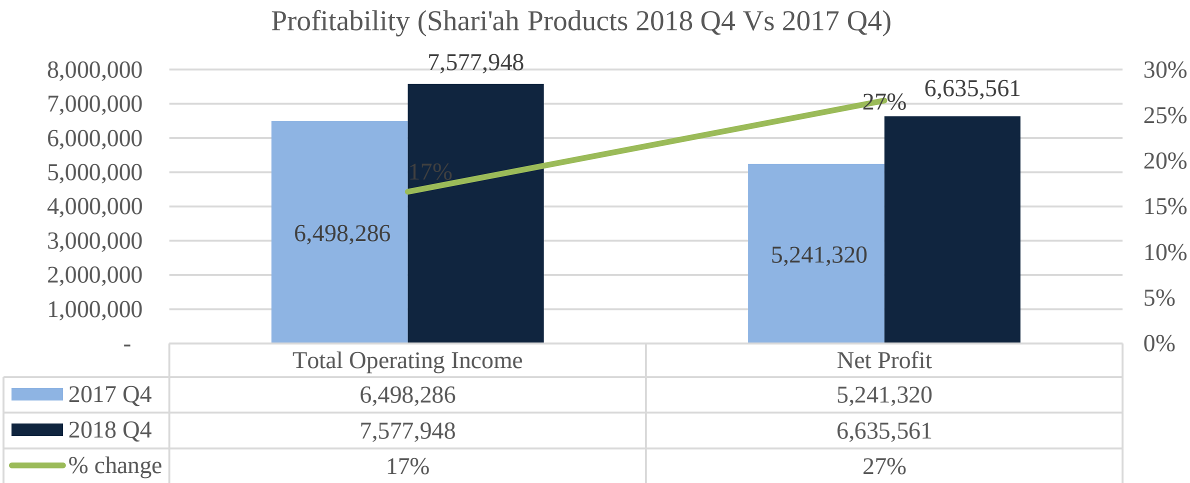
Net Investment income from shari'ah products has increased by 21% far greater than interest income. Fees and commission on the other hand has fallen significantly by 42%.

Profitability



Although the income from HDFC operations has seen a positive growth in 2018 Q4 when compared to 2017 Q4, the net profit of the quarter has decreased by 3%. This was led by increasing company’s personnel and other operating expenses and a significant reduction in reversal of provision of impairment loss on loans and advances.

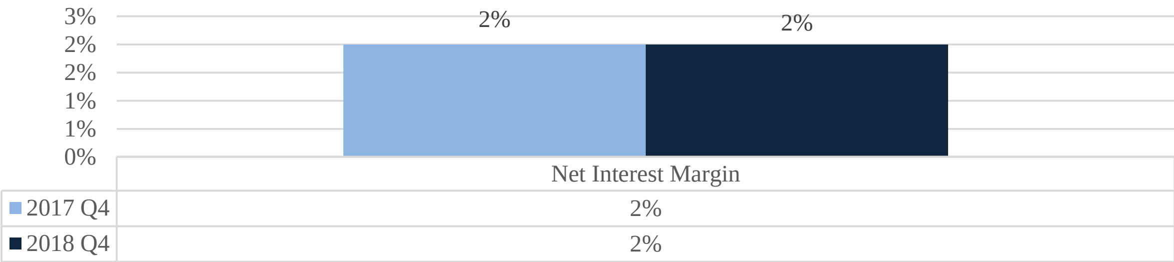
Expenses	Q4 2017	Q4 2018	% change
Reversal of provision for impairment loss on loans and advances	3,042,791	879,659	-71%
Personnel expenses	(2,247,052)	(2,253,226)	0.3%
Other operating expenses	(2,475,504)	(2,087,429)	-16%
Total	**(1,679,765)**	**(3,460,996)**	106%



HDFC’ Amna wing is performing very well and has achieved a remarkable net profit growth of 27%. Further, HDFC has managed to reduce the operating expenses by 25% in this quarter in comparison to 2017 Q4.

Net Interest Margin

Net interest margin is a ratio that measures how successful a bank is at investing its funds in comparison to its expenses on the same investments. A positive net interest margin indicates that an entity has invested its funds efficiently. In this regard, HDFC has a positive interest margin indicating that interest earning assets are generating income. HDFC's total earning assets has increased from MVR 1.4 billion to MVR 1.6 billion.



Earnings per Share

HFDC's earning per share in 2017 Q4 is MVR 16 and it has reduced to MVR 15.53 in 2017 Q4, however overall profitability has improved.

Capital Management

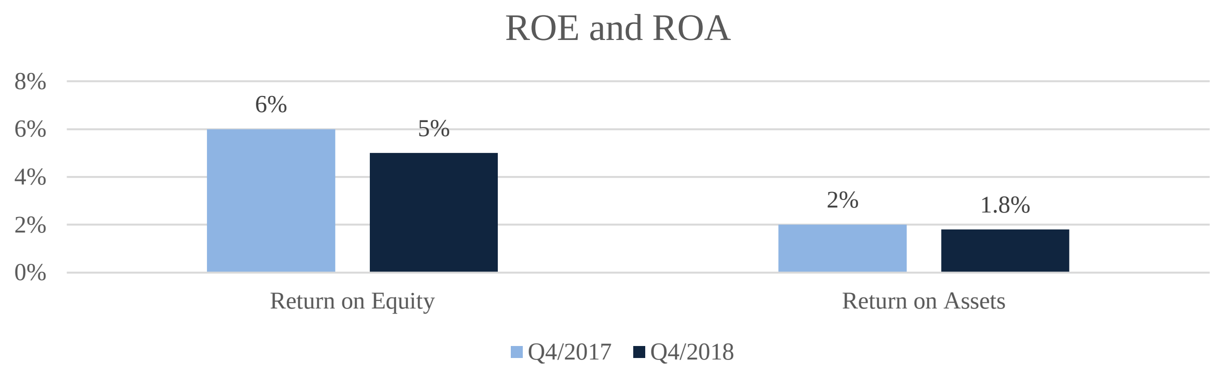
Banking is a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each bank and the banking system. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the banking system.

Assets and liabilities of HDFC for the two quarters in review are below;

	Q4/2017	Q4/2018	change
Liabilities			
Deposits	68,941,037	82,554,043	**13,613,006**
Borrowings	822,076,400	856,562,909	**34,486,509**
Other liabilities	149,263,166	244,444,770	**95,181,604**
Total liabilities	**1,040,280,603**	**1,183,561,722**	**143,281,119**
Assets			**-**
cash and balances with banks	68,590,274	76,672,028	**8,081,754**
Financial assets held to maturity	96,959,834	44,976,096	**(51,983,738)**
Loans and advances	1,411,113,547	1,613,610,336	**202,496,789**
Other assets	7,821,359	7,356,305	**(465,054)**
Total assets	**1,584,485,014**	**1,742,614,765**	**158,129,751**
NET (Assets-Liabilities)	**544,204,411**	**559,053,043**	**14,848,632**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, deposits with banks, financial asset held to maturity and housing loan repayment from customers.

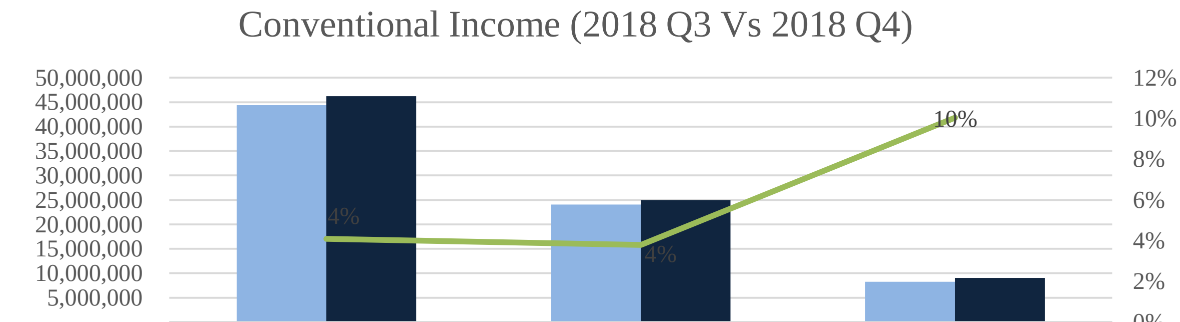
Return on Equity & Return on Assets



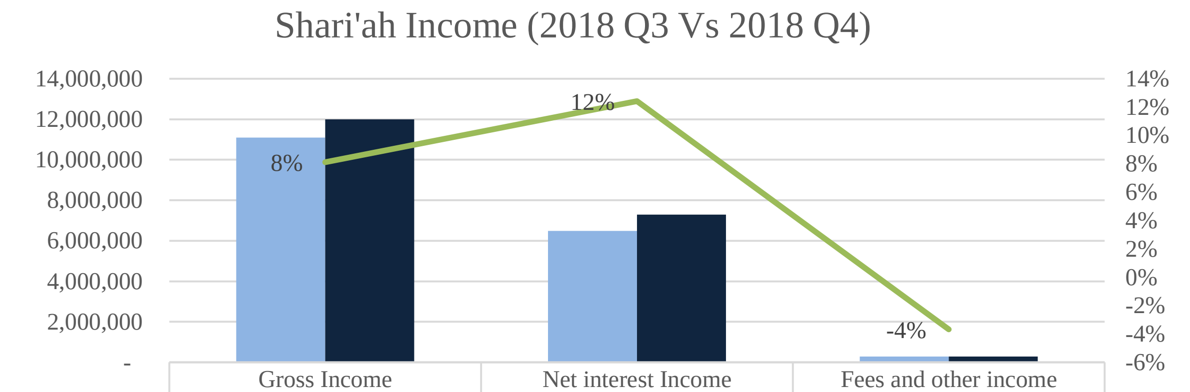
Both Return on Equity and Return on Assets has a downward movement from 2017Q4 to 2018Q4. Despite the profit was increased the ratios has reduced, this is because the percentage of increase in profit is less than the percentage of increase in assets and equity.

Q3 of 2018 AND Q4 of 2018

Income



	Gross Income	Net interest Income	Fees and other income
2017 Q3	44,388,410	24,034,066	8,232,715
2018 Q4	46,203,303	24,944,550	9,058,727
% change	4%	4%	10%

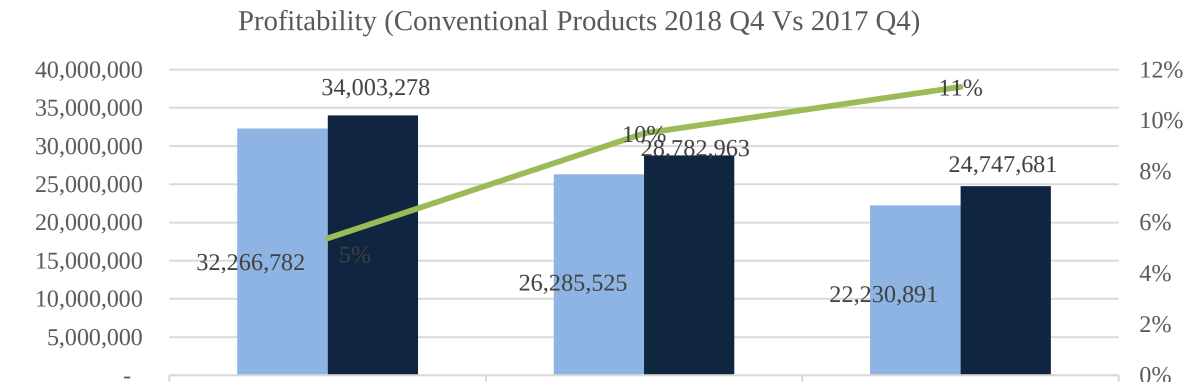


	Gross Income	Net interest Income	Fees and other income
2018 Q3	11,088,628	6,488,186	294,265
2018 Q4	11,988,568	7,294,486	283,461
% change	8%	12%	-4%

The gross income from conventional products has increased by 4% when comparison to last quarter. This was led by increase of both net interest income and fees and other income.

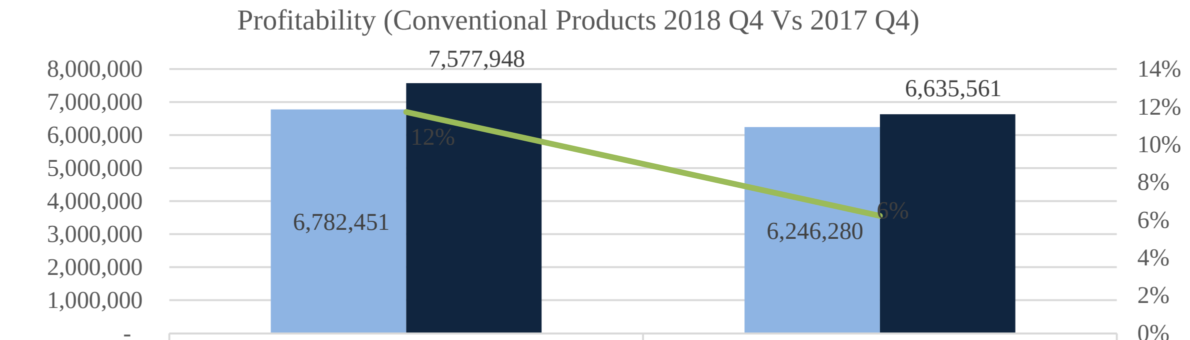
Similarly, income from Shari'ah products has also seen a positive growth of 8%. Net investment income has recorded a growth of 12%, fees and commission on the other hand has reduced by 4%.

Profitability



	Total Operating Income	Profit before tax	Profit after tax
2018 Q3	32,266,782	26,285,525	22,230,891
2018 Q4	34,003,278	28,782,963	24,747,681
% change	5%	10%	11%

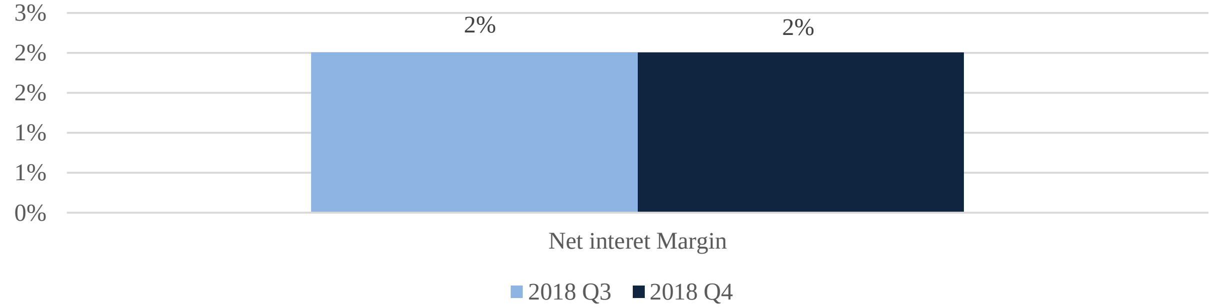
The conventional wing has performed well and has achieved a net profit growth of 11% when compared to previous quarter.



	Total Operating Income	Profit after tax
2018 Q3	6,782,451	6,246,280
2018 Q4	7,577,948	6,635,561
% change	12%	6%

Total Operating Income from Sharia wing has increased by 12%, however the growth of net profit is 6%. This was due to increase in operating expenses. It has increased from MVR 536,171 to MVR 942,387 in 2018 Q4.

Net Interest Margin



Net Interest Margin for both the quarters have remained same at 2%. Since the interest earned on such assets is a primary source of revenue for a bank, this metric is a good indicator of a bank's overall profitability, and higher margins generally indicate a more profitable bank.

Earnings per Share

Earnings per share has increased from MVR 13.95 to MVR 15.53 when compared to previous quarter.

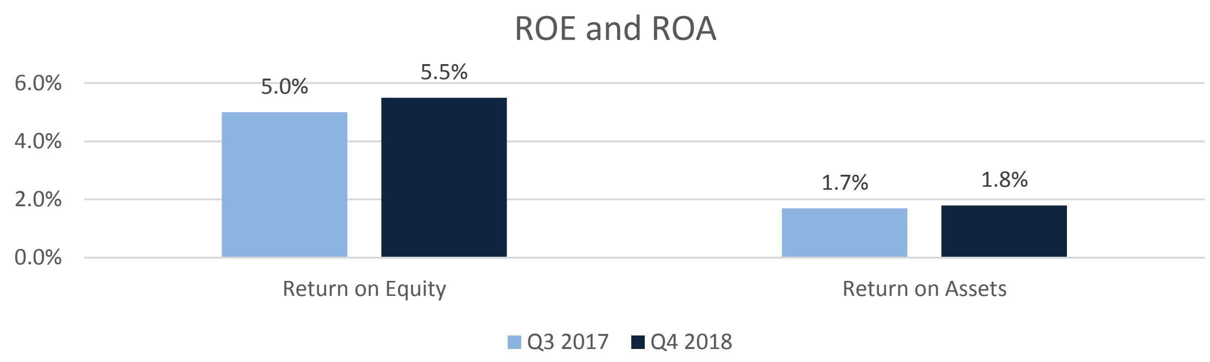
Capital Management

The assets and liabilities of HDFC for 2018Q3 and Q4 are as follows;

	Q3/2018	Q4/2018	change
Liabilities			
Deposits	80,237,234	82,554,043	**2,316,809**
Borrowings	851,879,906	856,562,909	**4,683,003**
Other liabilities	189,224,019	244,444,770	**55,220,751**
Total liabilities	**1,121,341,159**	**1,183,561,722**	**62,220,563**
Assets			**-**
cash and balances with banks	72,896,926	76,672,028	**3,775,102**
Financial assets held to maturity	74,886,325	44,976,096	**(29,910,229)**
Loans and advances	1,540,191,021	1,613,610,336	**73,419,315**
Other assets	7,455,190	7,356,305	**(98,885)**
Total assets	**1,695,429,462**	**1,742,614,765**	**47,185,303**
NET (Assets-Liabilities)	**574,088,303**	**559,053,043**	**(15,035,260)**

Net assets of the company has fallen by MVR 15 million in comparison to 2018Q3. This is because the liabilities has increased more than that of company's assets. Loans and advances are the main component of its assets, and it has increased by MVR 73 million, which is an increase of 5% when compared to previous quarter.

Return on Equity & Return on Assets



There is a marginal increase in both Return on Equity and Return on Assets due to increase in net Profit of HDFC. The Return on Equity ratio shows how much profit each MVR of shareholder's equity generates. The return on assets ratio measures how efficiently a bank can manage its assets to produce profits during a period.

Important Projects undertaken in the quarter

HDFC acts as the financing for the following housing projects:

- The Garden Hulhumale Project which is 23% completed, and expected to be completed December 2019.
- FW Constructions Hulhumale which is 22% completed, expected to be completed by November 2019.
- Hulhumale Residence, overall 16.77% is completed and expected to be completed by the end of 2019.
- AIRA Apartments, 90% of formwork completed in first floor and 28.57% of the overall project is completed.
- One Avenue, the project is expected to be completed by October 2019.
- Manaage Residence, project is estimated to be complete by October 2019.
- Apollo Towers, 95% of the structural works are completed and 45% of the overall project is completed. The project is delayed by 180 days due to delays caused during the mobilization stage due to water supply and electricity access.
- Batch Apartments Marina View, overall 70% of the project is completed.

Conclusion

The performance of the company has improved in this quarter in terms of income and profitability for both conventional and shari'ah wing in comparison to 2018 Q3. However, profit from conventional wing has reduced against 2017 Q4. The Islamic wing of HDFC Amna keep contributing a significant portion towards the total revenue of the company and the profitability is also improving.

Although the company's total assets exceed its liabilities, the debt to assets ratio is having an upward growth, increasing the financial risk of the company. HDFC is currently financing several housing projects and most of them are expected to be completed in 2019.

Quarterly review; Quarter 4, 2018

ISLAND AVIATION SERVICES LIMITED

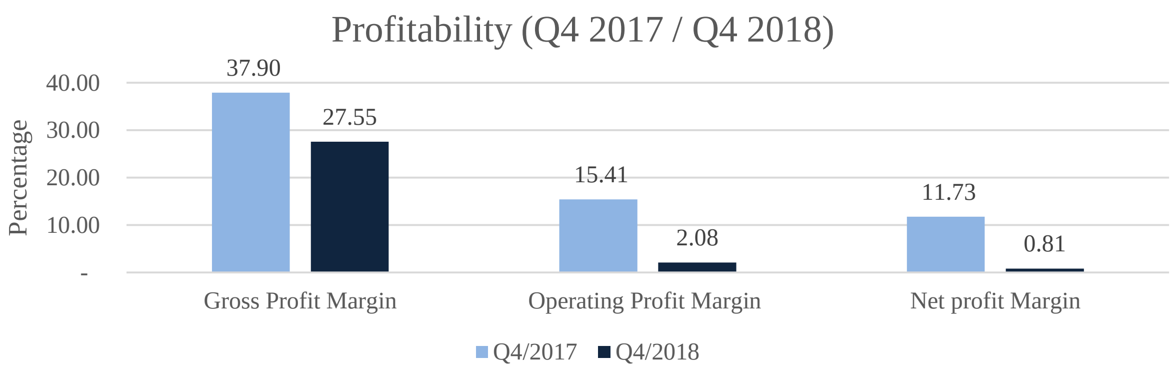
ISLAND AVIATION SERVICES LIMITED
Q3 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/IASL/Q4

Q4 of 2017 AND Q4 of 2018

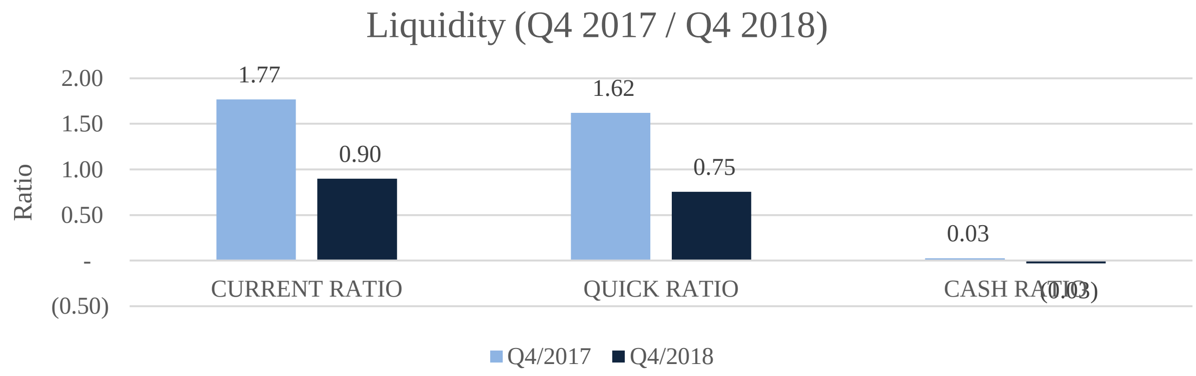
PROFITABILITY	Q4/2017	Q4/2018	Change	%
Revenue	520,720,167	551,193,366	30,473,199	6
Cost of Sales	(323,367,504)	(399,358,607)	(75,991,103)	23
Gross Profit	197,352,663	151,834,759	(45,517,904)	(23)
Operating Profit	80,255,520	11,447,484	(68,808,036)	(86)
Profit Before Tax	74,022,536	7,828,960	(66,193,576)	(89)
Profit After Tax	61,096,938	4,468,069	(56,628,869)	(93)

	Q4/2017	Q4/2018
Gross Profit Margin	37.90	27.55
Operating Profit Margin	15.41	2.08
Net profit Margin	11.73	0.81



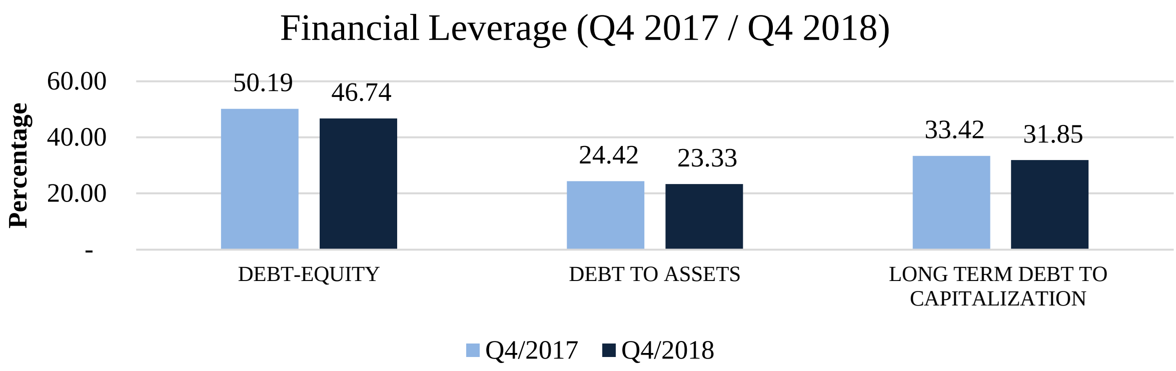
- Revenue improved by 6% compared to Q4 2017. Revenue includes passenger income from domestic and regional services, commercially important passenger's revenue, cargo handling income and sea plane operation income.
- Direct costs include direct costs related to the flight operations including delay diversion costs, engineering and maintenance of flights. These expenses increased by MVR 76 million in the quarter causing gross profit to fall by 23%. As a result gross profit margin also reduced.
- Though selling and marketing expenses reduced by 63% compared to Q4 2017 other overheads such as salaries and other administrative expenses increased during the quarter. This resulted operational profit to deteriorate by 86%. A sharp reduction can be seen on the operating profit margin as a result.
- Though finance costs reduced compared to Q4 2017, higher administrative costs resulted in the net profit to fall by MVR 56 million. Thus, net profit margin seems extremely lower indicating IASL to implement strategies for cost minimization.

LIQUIDITY	Q4/2017	Q4/2018
NON CURRENT ASSETS	1,069,866,086	1,506,820,017
CURRENT RATIO	1.77	0.90
QUICK RATIO	1.62	0.75
CURRENT ASSETS	972,067,612	517,418,438
CURRENT LIABILITIES	549,708,578	576,079,831
WORKING CAPITAL	422,359,034	-58,661,393
CASH RATIO	0.03	(0.03)
INVENTORY	81,569,508	83,046,574



- Non-current assets increased by 40% compared to Q4 2017 due to increased value of property plant and equipment.
- Current assets reduced by MVR 454 million compared to the previous quarter mainly due to reduction in the cash and cash equivalents and the receivables followed by the advance payments which were made in Q4 2017. The company was able to collect MVR 28 million of its receivables in Q4 2018 when compared to the last quarter of the previous year.
- Short term liabilities increased by 5% as payables increased. Inventories also fell by 1.8%. Hence, current and quick ratios moved unfavorably. Receivable reduction is a plus point to the company. The company can reduce finance costs further by managing cash flow better which will lead to reduction in overdraft facility.

LEVERAGE	Q4/2017	Q4/2018
DEBT-EQUITY	50.19	46.74
DEBT TO ASSETS	24.42	23.33
LONG TERM DEBT TO CAPITALIZATION	33.42	31.85

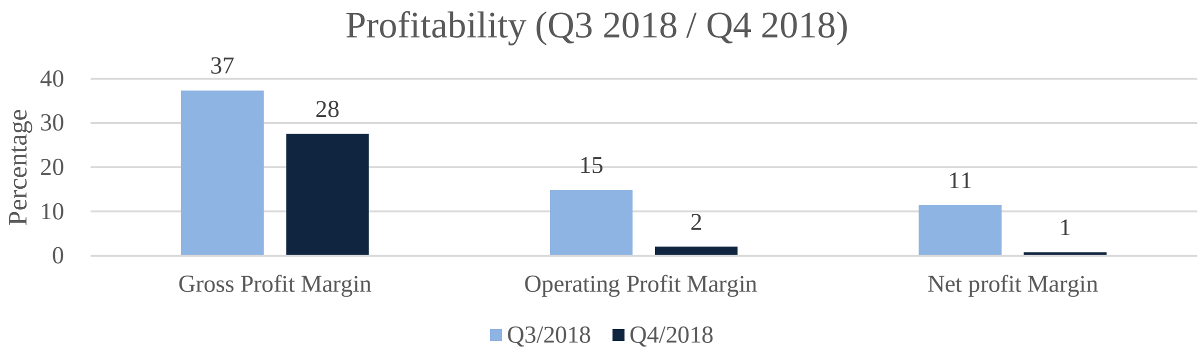


- Leverage ratios reduced as the company has reduced long term borrowings. The total debt of the company reduced by MVR 13 million compared to the same quarter of the previous year. This reduces the risks associated with the leverage and gives investors more confidence.

Q3 of 2018 AND Q4 of 2018

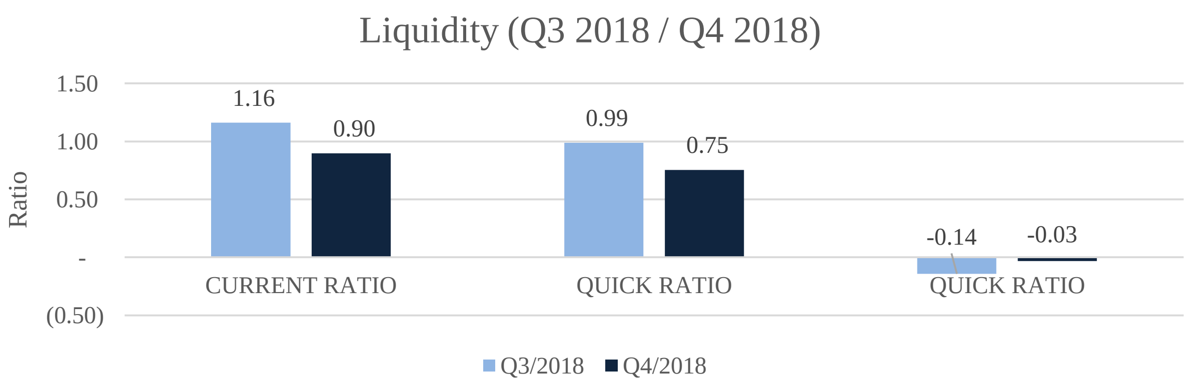
PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	603,183,774	551,193,366	(51,990,408)	(8.62)
COST OF SALES	(378,192,786)	(399,358,607)	(21,165,821)	5.60
GROSS PROFIT	224,990,988	151,834,759	(73,156,229)	(32.52)
OPERATING PROFIT	89,446,758	11,447,484	(77,999,274)	(87.20)
PROFIT BEFORE TAX	84,004,836	7,828,960	(76,175,876)	(90.68)
PROFIT AFTER TAX	68,977,406	4,468,069	(64,509,337)	(93.52)

	Q3/2018	Q4/2018
GROSS PROFIT MARGIN	37	28
OPERATING PROFIT MARGIN	15	2
NET PROFIT MARGIN	11	1



- Revenue fell by 8.62% compared to the previous quarter. Revenue includes passenger income from domestic and regional services, commercially important passenger's revenue, cargo handling income and sea plane operation income.
- Direct costs increased by 5.6% compared to the previous quarter. As a result gross profit reduced by 32%.
- While selling and marketing costs reduced, administrative expenses increased significantly by MVR 5 million resulting in operating profit to further deteriorate by 87%.
- The profitability measures have deteriorated as a result of higher expenses in relation to the sales generated. To maintain a solid margin level, costs need to be minimized.

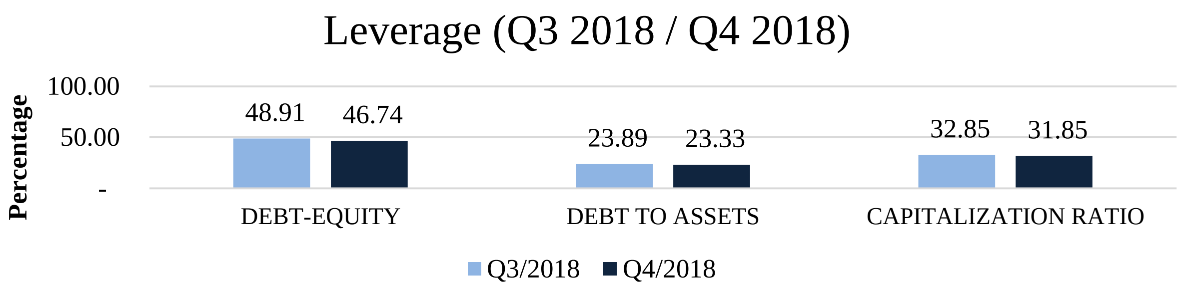
LIQUIDITY	**Q3/2018**	**Q4/2018**
NON CURRENT ASSETS	1,432,479,577	1,506,820,017
CURRENT RATIO	1.16	0.90
QUICK RATIO	0.99	0.75
CURRENT ASSETS	663,504,497	517,418,438
CURRENT LIABILITIES	571,652,390	576,079,831
WORKING CAPITAL	91,852,107	(58,661,393)
CASH RATIO	-0.141931047	(0.03)
INVENTORY	99,471,369	83,046,574



- Non-current assets increased by MVR 74 million compared to the preceding quarter due to increased value of property plant and equipment and intangible assets.

- Current assets reduced by MVR 146 million compared to the last quarter mainly due to reduction in the inventory.
- At the same time current liabilities increased by MVR 4 million. As a result liquidity ratios fell unfavorably.
- Cash ratio is negative as company has overdrawn the bank account in both quarters. They do not have sufficient cash to pay the liabilities. However, the company has cash tied up in the inventory and receivables which will it be able to recover.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	48.91	46.74
DEBT TO ASSETS	23.89	23.33
CAPITALIZATION RATIO	32.85	31.85



- Gearing ratios dropped as the company has reduced borrowings by paying the debts. The lower gearing reduces the risk of uncertainties to investors.

Conclusion

Profitability has increased compared to Q4 2017 resulting from growth in revenue as result of increase in number of flights operated. However revenue fell by 8% compared to the previous quarter. The profitability margins has been affected due to high expenses particularly, administrative expenses incurred during the quarter compared to Q4 2017 and Q3 2018.

Liquidity ratios are below the ideal and is unfavorable to the company. The liquidity problems in IAS can be clearly seen as they have their bank balance overdrawn in the quarter. They also have a greater amount of receivables which has to be taken into account and proper actions need to be taken to reduce receivables. In addition to decreased revenue, liquidity problems will create difficulties in the daily operations effecting profitability.

Borrowings has been reduced compared to the previous year and previous quarter. This shows a promising progress in financial risk associated with in the company.

Recommendation

- Reduce receivables:
  Proper methods need to be implemented to collect the receivables as they are increasing quarter by quarter. Flexible terms can be agreed on to the existing receivables which could help to collect receivables more swiftly. Also, relevant authorities must be informed and actions need to be taken accordingly for long outstanding payments.
  They also can revise the credit terms and agreements with the customers in such a way that is commercially beneficial to the company.
  Because company has a significant receivable from the government, a mechanism to settle the bills within a certain period of time has to be established with the ministry of finance.
- At the same time payables need to be minimized in order to improve the relation with the customers. The supplier relation should be improved in order to receive better payment terms and long credit periods which will improve the liquidity of the company.
- Inventory Management:
  Inventory has grown significantly over the recent quarters, tying up the assets of the business. Proper inventory management techniques need to be implemented to reduce the inventory related costs and to enhance liquidity.
  Proper contingency planning and accurate forecasting is essential for inventory management. It is important for IAS to set par levels of inventory which will set a minimum amount of items which should be on hand. This will alert them when to order more.
  IAS should have regular inspection on their inventory which will help them in knowing the product conditions before getting obsolete thus avoiding dead stock.
- Reduce or maintain operating expenses:
  Operating expenses such as staff expenses has been increased over the quarters which need to be minimized. Though it is difficult to reduce labor costs and improve labor productivity, it is very important for IAS to improve labor efficiency by reducing costs. IAS can monitor over-time working hours, and allocate labor in accordance with the schedule to enable tasks to be accomplished within a reasonable time frame by avoiding excessive overtime pay. They can always encourage employees to provide cost control strategies.

Quarterly review; Quarter 4, 2018

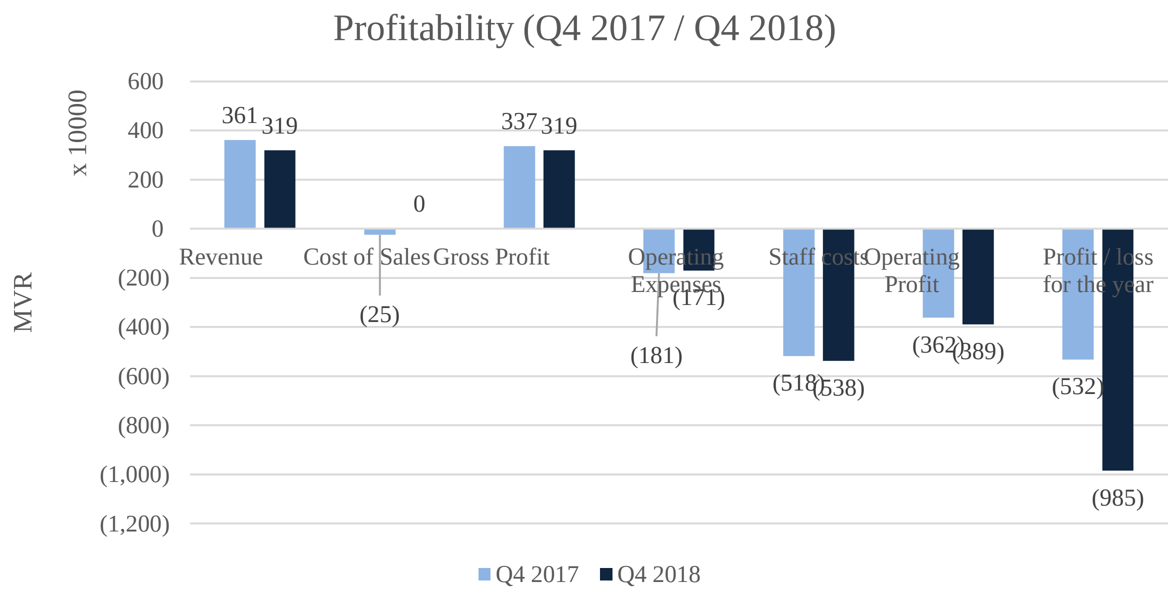
KAHDHOO AIRPORT COMPANY LTD

KAHDHOO AIRPORT COMPANY LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/KACL/Q4

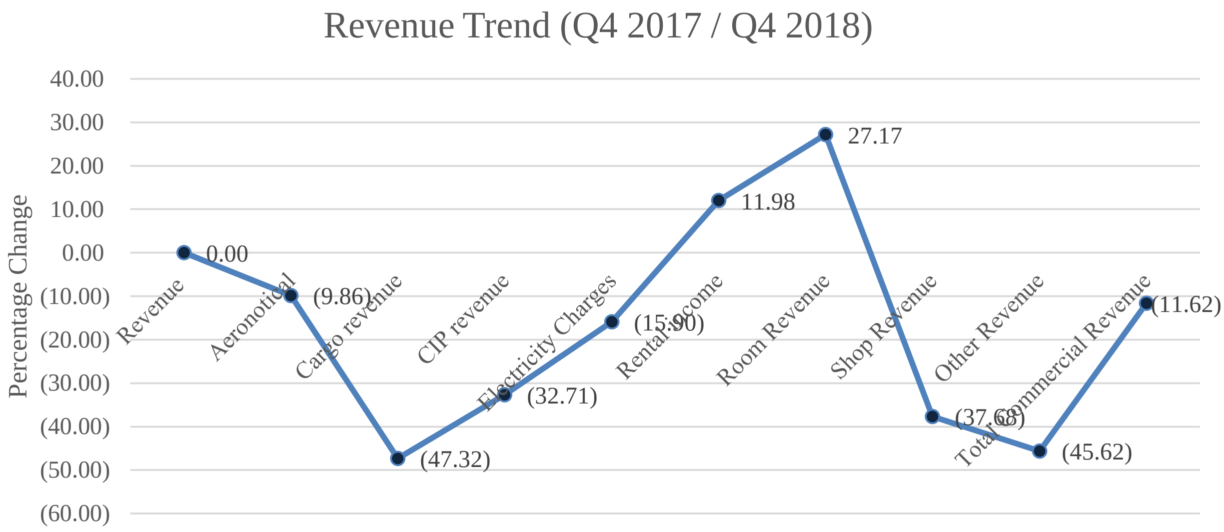
Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	3,613,824	3,194,068	(419,756)	(12)
Cost of Sales	(247,824)	0	247,824	(100)
Gross Profit	3,365,999	3,194,068	(171,931)	(5)
Operating Expenses	(1,810,610)	(1,705,259)	105,351	(6)
Staff costs	(5,179,941)	(5,376,640)	(196,699)	4
Operating Profit	(3,624,552)	(3,887,830)	(263,278)	7
Profit / loss for the year	(5,319,610)	(9,851,809)	(4,532,199)	85



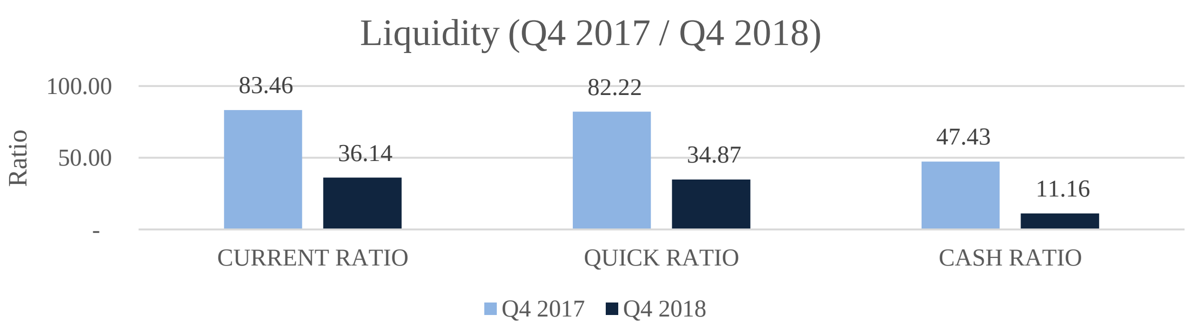
- KACL's revenue reduced by 12% in Q4 of 2018 compared to the MVR 3.6 million in revenue in Q4 of 2017.

Revenue	Q4 2017	Q4 2018	Difference	%
Aeronautical	2,897,002	2,611,260	(285,742.00)	(9.86)
Cargo revenue	28,880	15,213	(13,667.00)	(47.32)
CIP revenue	15,888	10,691	(5,197.00)	(32.71)
Electricity Charges	211,239	177,646	(33,593.00)	(15.90)
Rental income	155,313	173,913	18,600.00	11.98
Room Revenue	26,350	33,509	7,159.00	27.17
Shop Revenue	252,340	157,257	(95,083.00)	(37.68)
Other Revenue	26,811	14,580	(12,231.00)	(45.62)
Total Commercial Revenue	3,613,823	3,194,069	(419,754.00)	(11.62)



- There were no direct costs in the quarter whereas Q4 2017 recorded direct costs costing MVR 247,824. Hence, gross profit dropped by 5%.
- Operating expenses and Staff costs were recorded higher resulting in operating and net losses for the quarters. Operating expenses reduced by 5% when staff costs increased by 6% resulting operating loss to further deteriorate by 7%.
- Further, high depreciation expenses increased net loss by 85%.

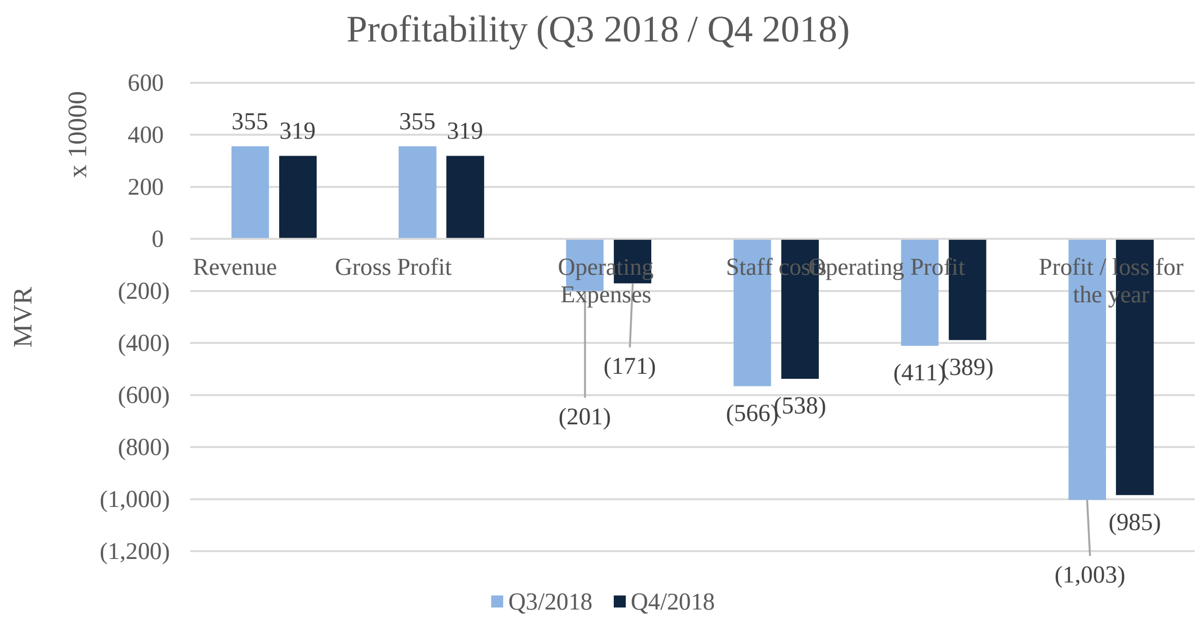
LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	54,763,972	51,341,025
CURRENT RATIO	83.46	36.14
QUICK RATIO	82.22	34.87
CURRENT ASSETS	43,491,416	44,135,404
CURRENT LIABILITIES	521,095	1,221,142
WORKING CAPITAL	42,970,321	42,914,262
CASH RATIO	47.43	11.16
INVENTORY	645,328	1,551,357



- Non-current assets reduced by MVR 3.4 million compared to Q4 2017 due to depreciation of the assets. Long term assets worth MVR 122,648 were purchased during the quarter.
- Current assets increased by 1.4% while payables increased by 134%. This resulted current ratio to fall from 83.46 to 36.14. Current assets include trade receivables, cash and bank balances and inventory. The company has huge pile of short term assets compared to liabilities. The receivables need to be converted into cash and company needs to make use of the tied up cash in the operations.

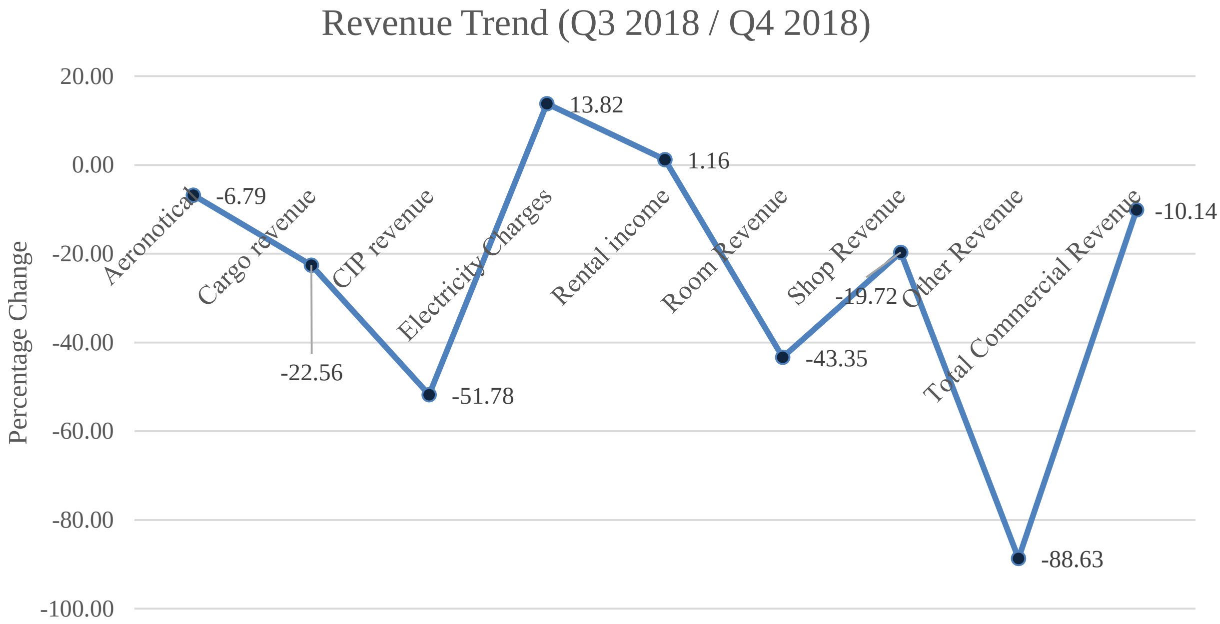
Q3 of 2018 AND Q4 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	3,554,654	3,194,068	(360,586)	-10.14%
GROSS PROFIT	3,554,654	3,194,068	(360,586)	-10.14%
OPERATING EXPENSES	(2,006,268)	(1,705,259)	301,009	-15.00%
STAFF COSTS	(5,660,560)	(5,376,640)	283,920	-5.02%
OPERATING PROFIT	(4,112,175)	(3,887,830)	224,345	-5.46%
PROFIT / LOSS FOR THE YEAR	(10,033,233)	(9,851,809)	181,424	-1.81%



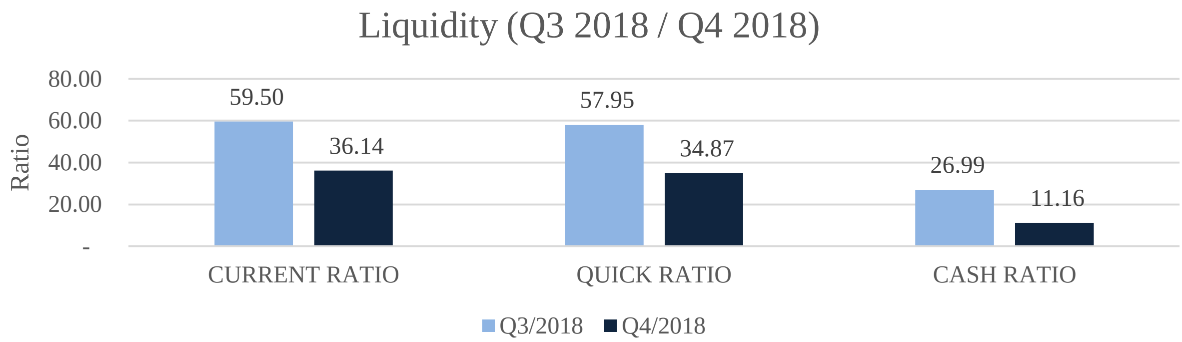
- Revenue reduced by 10% compared to the previous quarter. The comparison of revenue components in the quarter with the previous quarter is shown in the following table.

Revenue	Q3 2018	Q4 2018	Difference	%
Aeronautical	2,801,593	2,611,260	(190,333)	-6.79
Cargo revenue	19,644	15,213	(4,431)	-22.56
CIP revenue	22,170	10,691	(11,479)	-51.78
Electricity Charges	156,073	177,646	21,573	13.82
Rental income	171,913	173,913	2,000	1.16
Room Revenue	59,150	33,509	(25,641)	-43.35
Shop Revenue	195,876	157,257	(38,619)	-19.72
Other Revenue	128,235	14,580	(113,655)	-88.63
Total Commercial Revenue	3,554,654	3,194,069	(360,585)	-10.14



- There were no direct costs, hence, gross profit equals to revenue generated.
- Compared to the revenue generated operational and staff costs are higher resulting in operational losses.
- However, operational expenses and staff costs dropped by 15% and 5% respectively. Thus, operational losses were reduced by 5% compared to the last quarter. The company needs to further reduce the expenses in order to generate a profit and remain operational in future without government assistance.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	49,261,262	51,341,025
CURRENT RATIO	59.50	36.14
QUICK RATIO	57.95	34.87
CURRENT ASSETS	49,761,076	44,135,404
CURRENT LIABILITIES	836,299	1,221,142
WORKING CAPITAL	48,924,777	42,914,262
CASH RATIO	26.99	11.16
INVENTORY	1,295,069	1,551,357



- Non-current assets recorded a growth of 4% due to changes in property plant and equipment.
- Huge reduction can be seen in current assets of MVR 5.6 million mainly due to reduction in cash and bank balances by MVR 8.9 million. The receivables increased by MVR 3 million in the quarter.
- Cash levels dropped mainly due to huge sum of cash being invested in Halaveli development project.
- As such, liquidity ratios fell compared to the last quarter. However, the liquidity ratios are still high showing the idle assets being tied up in working capital.

Employment Data

Number of Staff at beginning	147
Number of Staff resigned / terminated	01
Number of Staff employed	0
Number of Staff at the end of the Quarter	146

Conclusion

Revenue reduced compared to Q4 of 2017 as well as Q3 of 2018. Operational expenses and staff costs remained comparatively higher than the revenue generated resulting in operational and net losses in the quarters. For a sustainable development costs need to be minimized while finding ways to increase revenue.

KACL is in a high liquidity position where they have enough current assets to settle their obligations. Moreover, the cash is also sufficient to settle the obligations. However as per liquidity ratios, there are idle resources tied up in the business which can be utilized for further expansion and generate additional return.

The company has no borrowings as at the end of the third quarter 2018.

Recommendation

- Formation and implementation of Strategic plan to improve revenue and profitability.
  It is important to improve profit through improving revenue and reducing expenditure.
  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. They can also diversify their business into different business areas expanding their business like providing restaurants and airport lounge services.
- Utilization of resources:
  Higher current and quick ratios indicate the high level of assets being tied in the business which can be used to expand operations to generate additional return.
- 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 need to be taken accordingly.

Quarterly review; Quarter 4, 2018

MALDIVES AIRPORTS COMPANY LTD

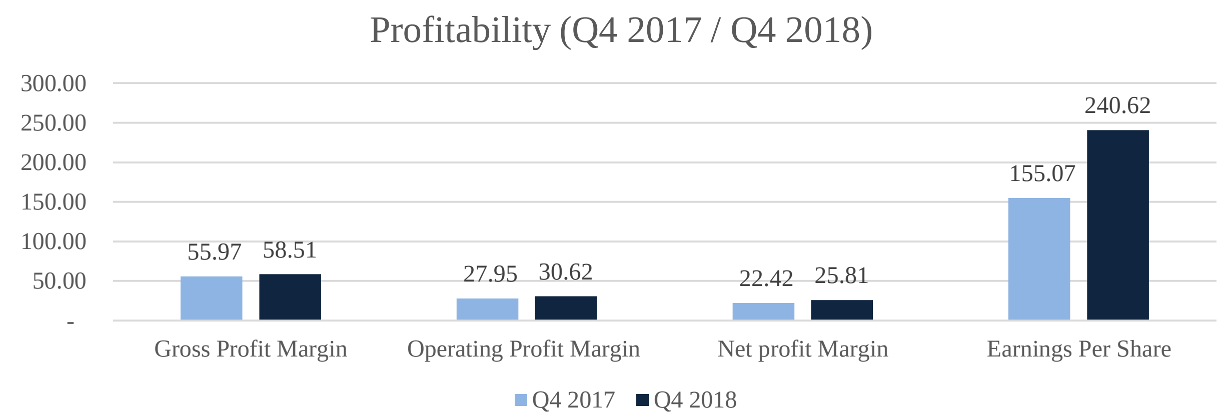
MALDIVES AIRPORTS COMPANY LTD
Q4 2018 PERFORMANCE ANALYSIS

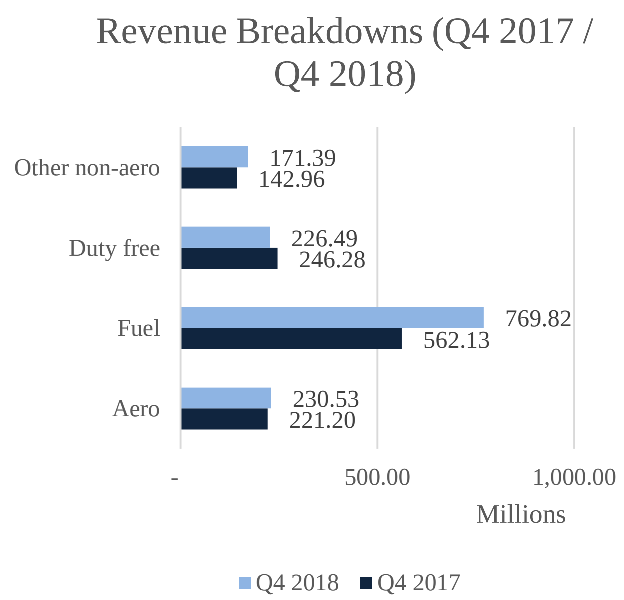
Report No: PEM/2018/MACL/Q4

Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4 2017	Q4 2018	Change	%
REVENUE	1,172,569,073	1,398,226,000	225,656,927	19
COST OF SALES	(516,226,404)	(580,084,000)	(63,857,596)	12
GROSS PROFIT	656,342,670	818,142,000	161,799,330	25
OPERATING PROFIT	327,684,438	428,132,000	100,447,562	31
PROFIT BEFORE TAX	309,329,254	409,686,000	100,356,746	32
PROFIT AFTER TAX	262,929,866	360,927,000	97,997,134	37

	Q4 2017	Q4 2018
Gross Profit Margin	55.97	58.51
Operating Profit Margin	27.95	30.62
Net profit Margin	22.42	25.81
Earnings Per Share	155.07	240.62

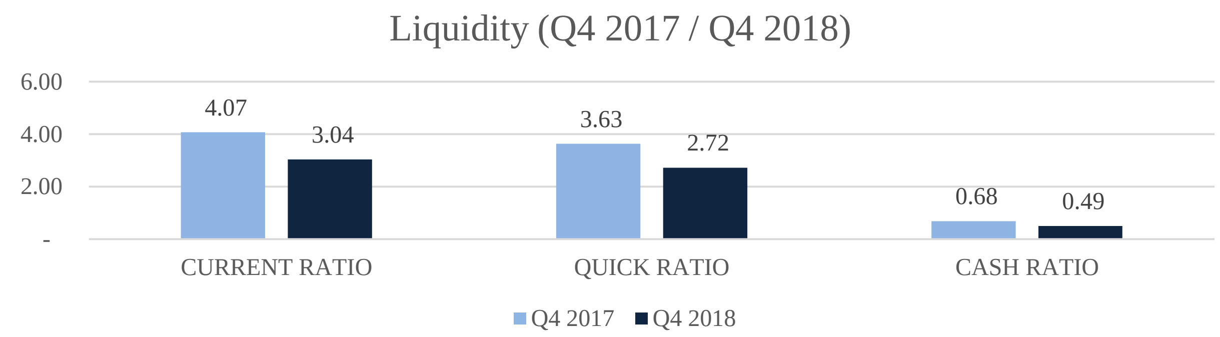




- Revenue improved by MVR 225 million since number of flight and air traffic movements increased.
- As a result of higher level of operations, the direct cost of the company increased. However there is a favorable movement in profitability since gross profit margin has improved from 55.97% to 58.51%.
- However some administrative expenses like repair and maintenance and insurance fell at a satisfactory level which helped to boost profit of the company. Therefore operating

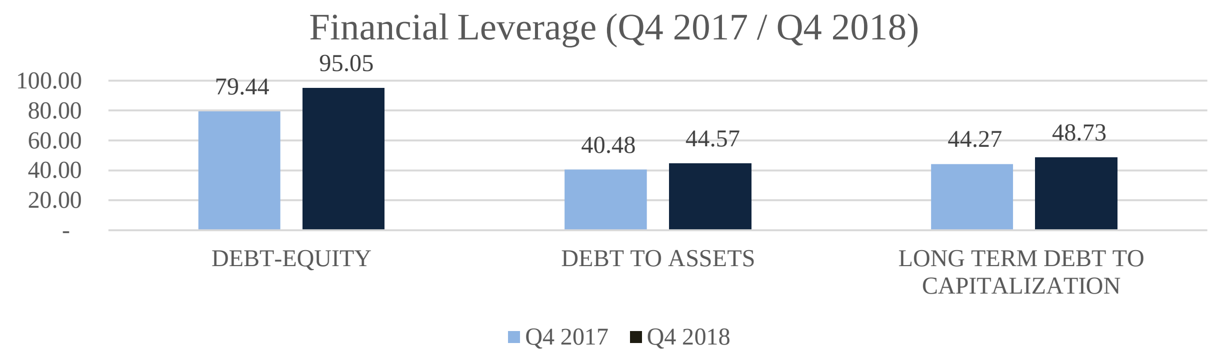
profit and net profit margin also improved.

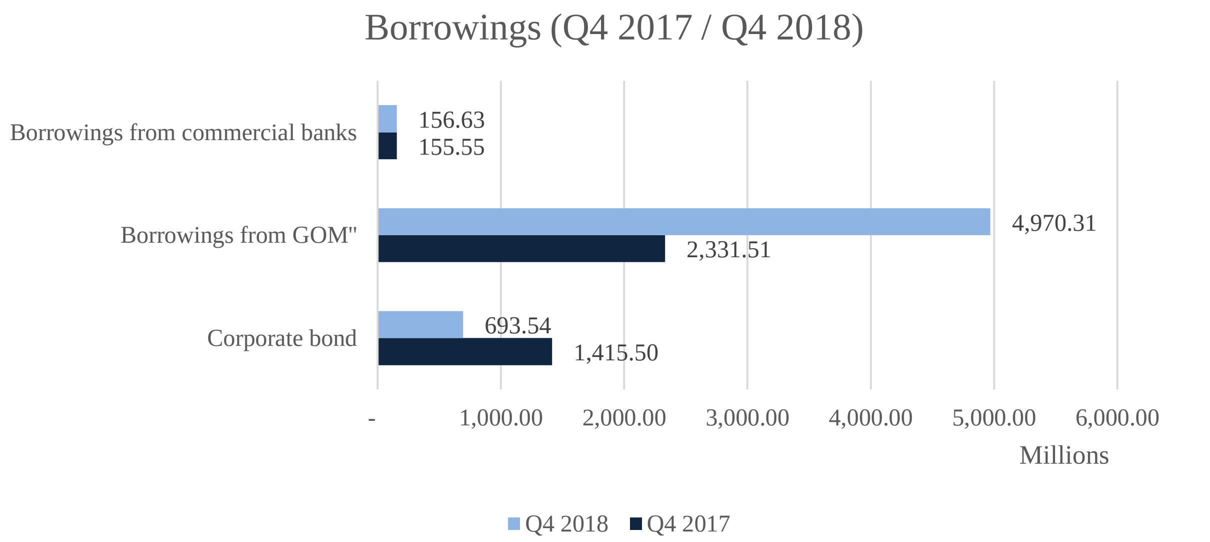
LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	6,740,833,327	10,011,010,000
CURRENT RATIO	4.07	3.04
QUICK RATIO	3.63	2.72
CURRENT ASSETS	2,900,834,661	3,047,221,000
CURRENT LIABILITIES	713,174,547	1,003,946,000
WORKING CAPITAL	2,187,660,114	2,043,275,000
CASH RATIO	0.68	0.49
INVENTORY	312,898,003	321,356,000



- Non-current assets increased by 48% compared to the same quarter of the previous year due to higher investment in property, plant and equipment. However, value in Building Island and infrastructure reduced in the quarter.
- All the components of current assets increased including receivables and cash. Trade payables increased compared to Q4 2017, which has resulted in a 41% rise in total current liabilities. Therefore, the current and quick ratios deteriorated compared to Q4 2017. However, liquidity ratios are at a satisfactory level where MACL would be able to settle the obligations with the short term assets.
- Cash ratio also fell as a result of greater increase in current liabilities compared to increase in cash levels. However, current cash level of the company is at satisfactory level.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	50.63	95.05
DEBT TO ASSETS	25.79	44.57
LONG TERM DEBT TO CAPITALIZATION	33.61	48.73
LONG-TERM DEBT TO NET WORKING CAPITAL	1.14	2.85



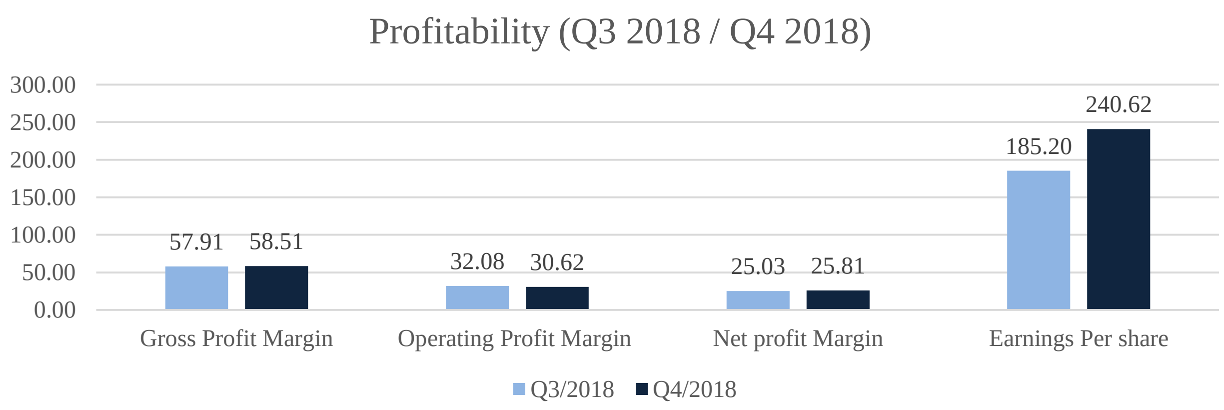


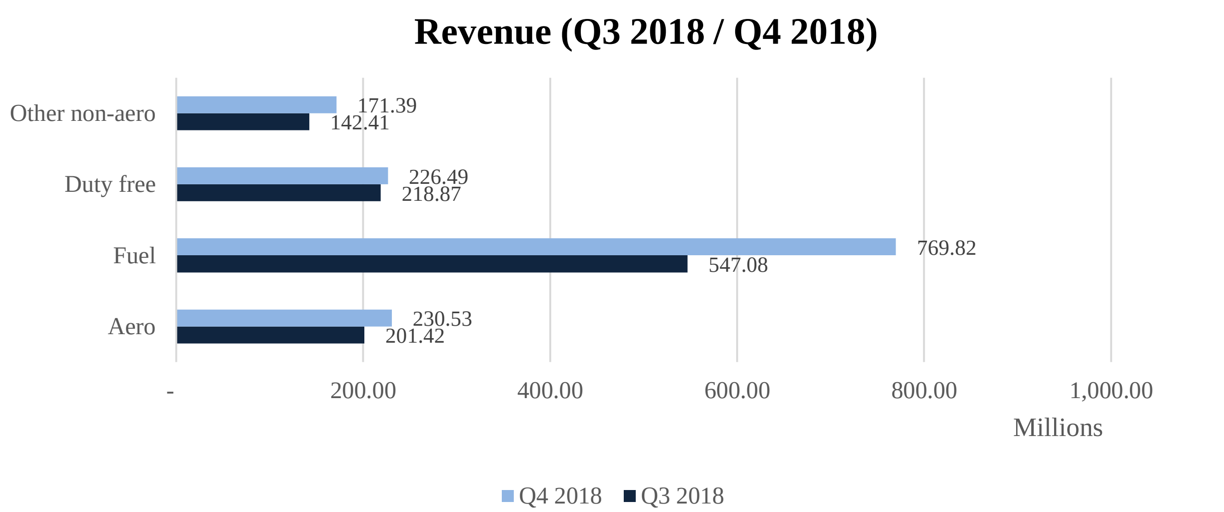
Gearing level of MACL has increased due to higher borrowings. As a result of this, financial risk of the company increased. This increase in gearing has shown positively with the increase in total non-current assets. The airport development project is in progress in which is likely to add more debt and more assets to the company's books. However this addition of assets and liabilities is likely to enable the company to increase its operations and number of passengers leading to higher revenue for the company.

Q3 of 2018 AND Q4 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	1,109,771,000	1,398,226,000	288,455,000	25.99%
COST OF SALES	(467,154,000)	(580,084,000)	(112,930,000)	24.17%
GROSS PROFIT	642,617,000	818,142,000	175,525,000	27.31%
OPERATING PROFIT	356,066,000	428,132,000	72,066,000	20.24%
PROFIT BEFORE TAX	335,125,000	409,686,000	74,561,000	22.25%
PROFIT AFTER TAX	277,794,000	360,927,000	83,133,000	29.93%

	Q3/2018	Q4/2018
GROSS PROFIT MARGIN	57.91	58.51
OPERATING PROFIT MARGIN	32.08	30.62
NET PROFIT MARGIN	25.03	25.81
EARNINGS PER SHARE	185.20	240.62

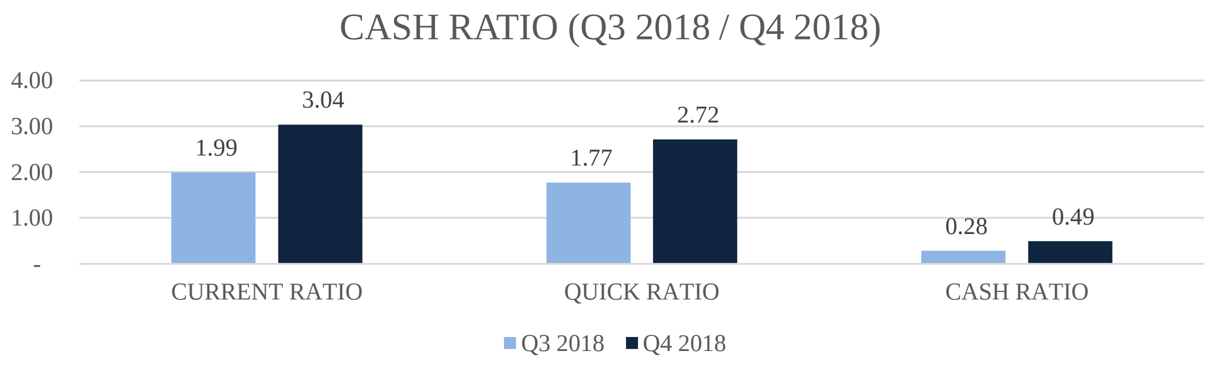




Margin	Q3 2018	Q4 2018
Fuel	36%	40%
Duty free	47%	48%
Other	99%	99%

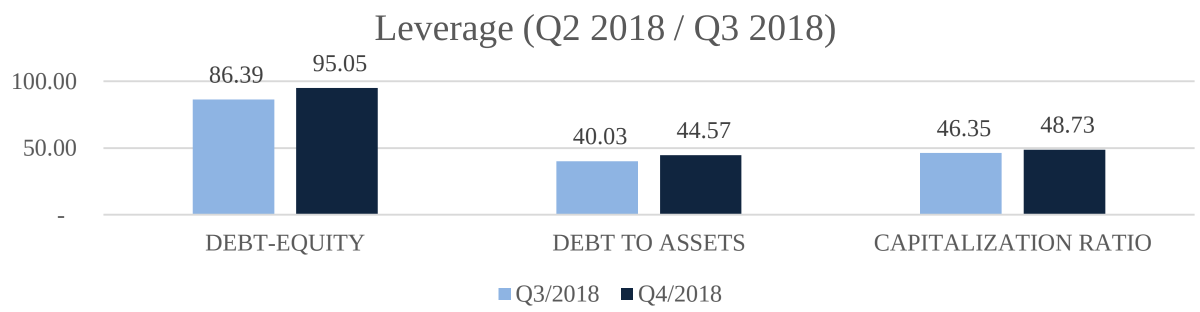
- Fuel supplied for jets is the main source of revenue for MACL. Fuel sales increased by 41% while revenue from aero, duty free and other non-aero also has a satisfactory growth. It is important to note that segmental margin is highest in other segments other than fuel and duty free sales.
- As a result of improvement in revenue, the related direct cost also rose. However this increase has not affected gross profit of the company, since revenue growth is higher than cost. In addition there is a marginal improvement in gross profit margin.
- Operating expenses and administrative costs increased, particularly employee benefits increased significantly. However sales and marketing related costs and interest expense fell and material amount is written off as provision for doubtful debts. Thus operating profit and net profit improved by 20% and 30% respectively. Further improvement in profit has resulted a significant improvement in earnings per share.

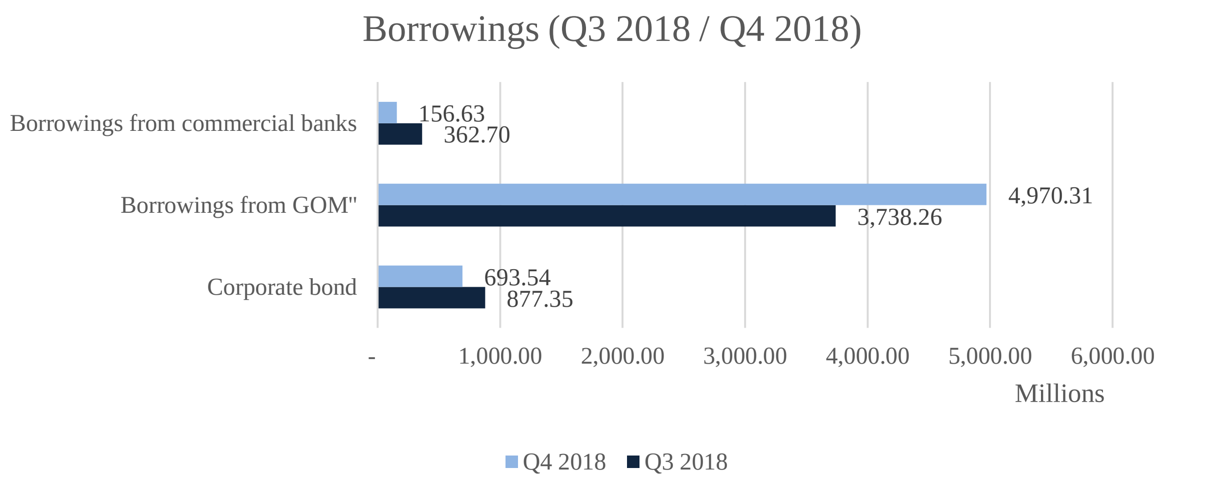
LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	9,277,777,000	10,011,010,000
CURRENT RATIO	1.99	3.04
QUICK RATIO	1.77	2.72
CURRENT ASSETS	3,157,945,000	3,047,221,000
CURRENT LIABILITIES	1,584,528,000	1,003,946,000
WORKING CAPITAL	1,573,417,000	2,043,275,000
CASH RATIO	0.28	0.49
INVENTORY	353,217,000	321,356,000



- Higher investment in property plant and equipment during the quarter led to a growth in total non-current assets by MVR 733 million.
- As a result of falling trade receivables and inventories, current assets has reduce by 3%. However it is important to note that cash and cash equivalents increased. In addition both current and quick ratios increased as result of fall in current liabilities
- Cash ratio also increased as a result of falling current liabilities more than cash position.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	86.39	95.05
DEBT TO ASSETS	40.03	44.57
LONG TERM DEBT TO CAPITALIZATION	46.35	48.73





Gearing level of MACL has increased due to higher borrowings. As a result of this, financial risk of the company increased. But MACL has the potential to increase revenue

Important Projects undertaken in the quarter

There are numerous on-going large projects by MACL. The project details are given in the following table.

(All amounts in MVR 000's)

#	Project Name	Start date	End date	Value	Completed value	completion %
1	Oracle HCM,EAM,BI and Hyperion	15-Dec	19-Mar	11,334	6,239	55%
2	Radar Installation	17-Mar	19-Mar	60,000	7,609	13%
3	Runway & Apron	16-Sep	19-Sep	5,552,628	4,601,083	83%
4	Fuel Farm	17-Sep	19-Sep	734,567	198,333	27%
5	Cargo Terminal	18-Sep	19-Sep	494,675	19,787	4%
6	Passenger Terminal Building	16-Jul	20-Jan	5,508,982	588,225	10%
7	Development of New Seaplane Facilities	17-Sep	19-Jul	855,856	321,043	38%
8	VIP/CIP Terminal	18-Jan	20-Mar	215,337	21,910	10%
9	MNDF Building	18-Jan	19-Mar	161,919	103,716	64%
10	Residential Apartment Project (HIYAA Project)	18-Feb	20-Feb	408,281	32,662	8%
11	Expansion of International Departure Terminal Check-in Area	18-Mar	19-Mar	9,148	7,001	77%
12	Passenger Jetties - Waterfront Building Area	18-Mar	19-Mar	17,023	7,660	45%
13	Shore Protection at Southwest lagoon area	18-Aug	19-Mar	41,322	19,666	48%
14	Power upgrading turnkey project	18-May	19-Oct	275,865	-	0%

The biggest projects on-going by the end of the fourth quarter are Runway & Apron and Passenger Terminal building both valued over MVR 5 billion and it is expected to complete this projects by September 2019 and January 2020 respectively.

Conclusion

Revenue and direct cost of all segments has increased. Gross profit of MACL has improved as a result of higher revenue growth compare to cost. Further as result of managing operational expenses better it has led to an increase in operating profit and net profit.

MACL is in a good liquidity position where they are able to settle the short term liabilities with the current assets. Further it is important to note that MACL was able to reduce their receivables compared to previous quarter and it has positively impacted cash flow of the company.

Compared to the last quarter, borrowings have increased and it caused additional financial risk. However it is important to note that, compared to Q3 2018 borrowings increased lower than the growth in equity. The company is also expected to increase passenger traffic with the current investments made and this is likely to impact the operating revenue positively.

Recommendation

- Improve Revenue and reduce cost:
  Revenue can be improved more by concentrating in areas where margins are higher and by expanding the duty free shops of the company.
  At the same time costs should be kept at minimum level to improve profitability without affecting the revenue and quality of the services provided. Fuel cost is a major influencer to the costs and it is important to manage fuel costs through most effective financial instrument.
- Employee Productivity Improvement:
  Though it is difficult to reduce labor costs and improve labor productivity, it is very important for MACL to improve labor efficiency by reducing costs. MACL can monitor over-time working hours, and allocate labor in accordance with the maintenance schedule to enable tasks to be accomplished within a reasonable time frame by avoiding excessive overtime pay. They can always encourage employees to provide cost control strategies. It is important to review employee pay structure and review salaries to reduce.
- Manage receivables & reduce provision:
  MACL has created a huge provision for doubtful debts, thus showing a lower receivables. This will result in lower net profit figures and thus taxable profits will be reduced.
- Complete development as per plan:
  MACL has to manage their developmental plans and try to complete the projects as planned. There are numerous projects to be completed in the first quarter of 2019. Delay of projects might end up in cash flow problems.

Quarterly review; Quarter 4, 2018

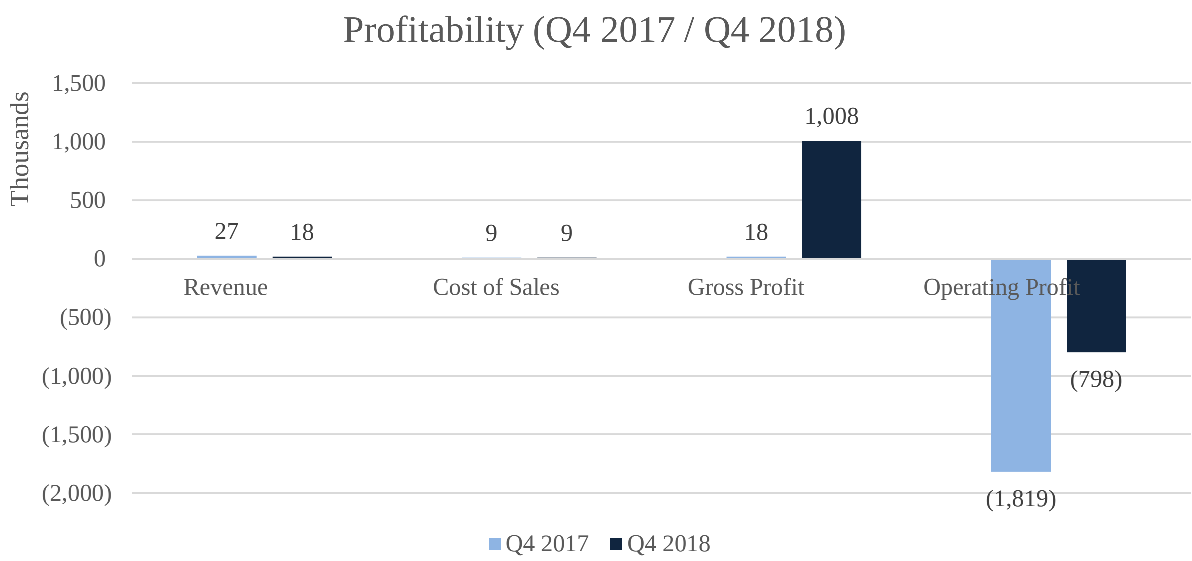
MALDIVES CENTER FOR ISLAMIC FINANCE LTD

MALDIVES CENTER FOR ISLAMIC FINANCE LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MCIF/Q4

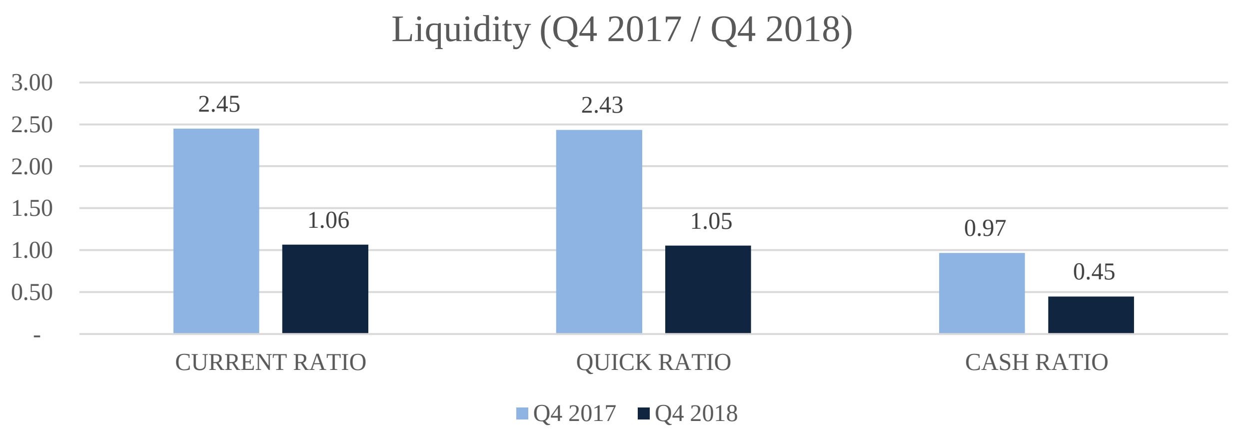
Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	27,175	17,600	(9,575)	(35)
Cost of Sales	8,852	9,488	636	7
Gross Profit	18,323	1,008,112	989,789	5,402
Operating Profit	(1,818,709)	(798,094)	1,020,615	(56)
Profit Before Tax	(1,895,261)	(798,094)	1,097,167	(58)
Profit After Tax	(1,895,261)	(798,094)	1,097,167	(58)



- Q4 records a revenue of just 17,600 from SAIIF which is a drop of 35% compared to Q4 2017.
- They have high selling and marketing costs along with administrative costs which resulted in operational and net losses. Personnel expenses are high with regard to a less operational business like MCIF since they have a high pay for the employees. In addition, they have significant rent expense and legal fees when the company is concerned. The expenses have increased significantly due to GST recoverable in the previous quarters being apportioned to the expenses of this quarter.
- Total expenditure of the company is low in Q4 2018 compared to the same quarter of the previous year.

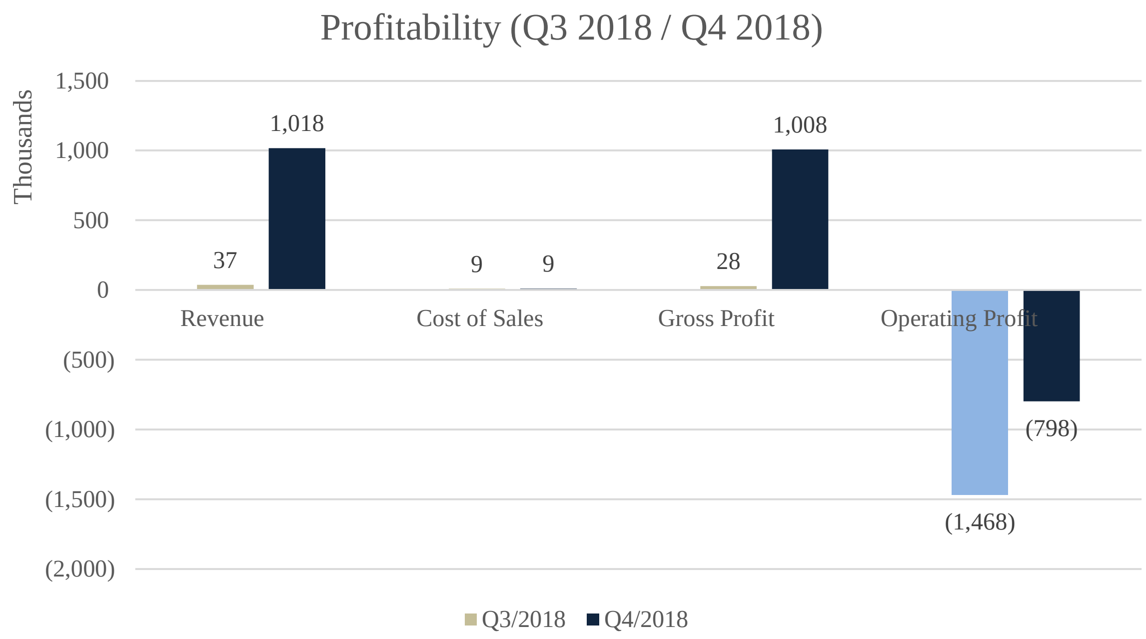
LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	737,529	503,708
CURRENT RATIO	2.45	1.06
QUICK RATIO	2.43	1.05
CURRENT ASSETS	1,260,118	742,974
CURRENT LIABILITIES	514,370	698,070
WORKING CAPITAL	745,748	44,904
CASH RATIO	0.97	0.45
INVENTORY	8,240	8,240



- Non-current assets declined as a result of accumulated depreciation being charged.
- MCIF has higher lower value of short term assets compared to Q4 2017 while cash level also fell slightly during the period. The cash represents the capital injected by the government.
- Hence, the liquidity ratios fell in the quarter. Though the figures show that MCIF has a satisfactory liquidity position, the cash represents the capital injected by government. The company does not generate enough cash through operations and without the government support, they will be unable to survive in the market.

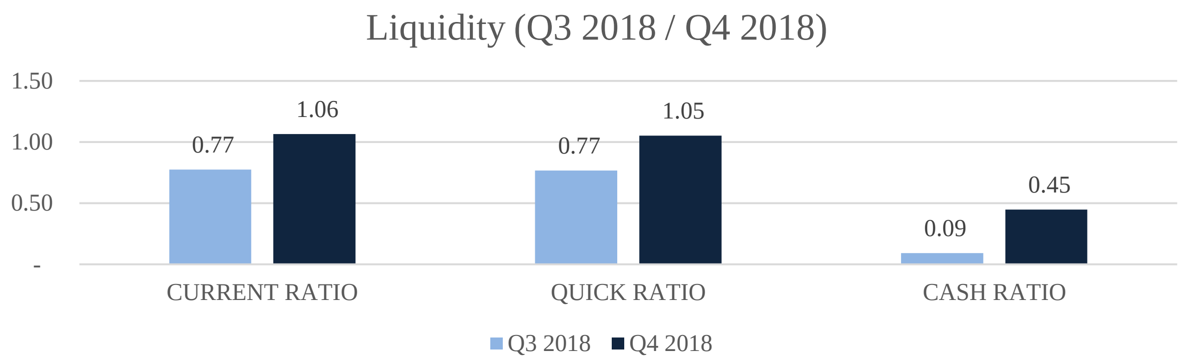
Q3 of 2018 AND Q4 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	37,200	1,017,600	980,400	2635.48%
COST OF SALES	8,772	9,488	716	8.16%
GROSS PROFIT	28,428	1,008,112	979,684	3446.19%
OPERATING PROFIT	(1,467,882)	(798,094)	669,788	-45.63%
PROFIT BEFORE TAX	(1,467,882)	(798,094)	669,788	-45.63%
PROFIT AFTER TAX	(1,467,882)	(798,094)	669,788	-45.63%



- Revenue earned was too less to settle the operational expenses resulting in operating and net losses in both quarters. Total operational expenses was higher when compared to the previous quarter. The expenses increased due to GST recoverable being apportioned to the expenses of this quarter.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	549,241	503,708
CURRENT RATIO	0.77	1.06
QUICK RATIO	0.77	1.05
CURRENT ASSETS	1,034,953	742,974
CURRENT LIABILITIES	1,337,488	698,070
WORKING CAPITAL	(302,535)	44,904
CASH RATIO	0.09	0.45
INVENTORY	8,240	8,240



- Non-current assets reduced after depreciation expenses.
- Current assets fell by 28% while current liabilities fell by 48% leading to an increase in liquidity ratio. However, the company is not in a good liquidity position and thus have to depend on shareholder assistance to fund for running expenses. The current liabilities are also unreasonable compared to the operations.

Conclusion

MCIF currently has no revenue generating unit other than SAIIF. There is a need to implement proper business model to sustain their operations in the upcoming years. Based on the current operations the expenses are significantly high in MCIF resulting from weak management of resources.

Government has to contribute capital more than the budgeted, as they have not taken proper measure to achieve budget targets.

Based on the costs and operational model of the company, the government needs to make a decision on whether to carry out the company as a going concern or to convert it into a department and allocate the training function to Islamic university or national university.

Recommendation

- Improve revenue.

The company is not sustainable in the model it is operating now. The government's objective is to operate the company from revenue generated from the company. As the company is not operationally efficient and is not generating revenue from its core business the government should make a decision on the sustainability of the business.

- Reduce costs:

Costs has been increased significantly without further operations. Costs particularly staff expenses have to be minimized since their operations do not generate enough revenue to cover operational costs. The salary ranges are quite high in MCIF, even when compared to well-established companies in the Maldives. The staff costs can be reduced by revising the pay structure. Moreover, costs like Sharia committee allowance and legal fees are also costs which can be minimized.

Quarterly review; Quarter 4, 2018

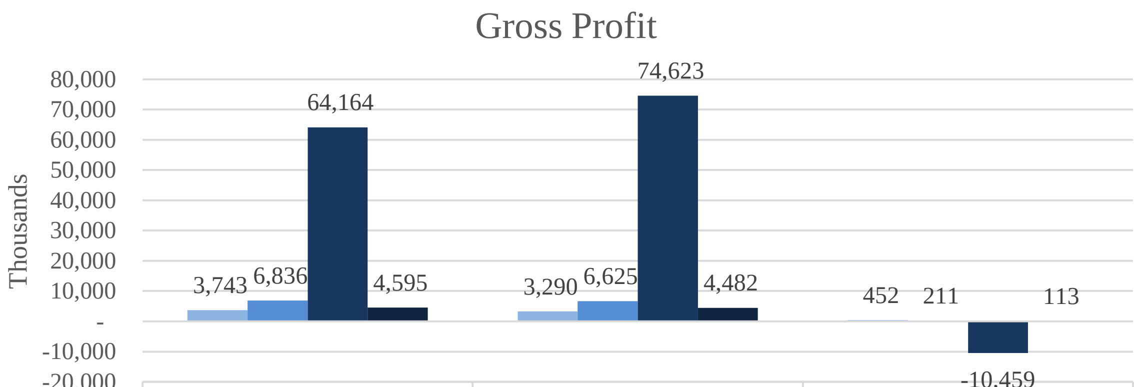
MALDIVES HAJJ CORPORATION LIMITED

MALDIVES HAJJ CORPORATION LIMITED
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MHCL/Q4

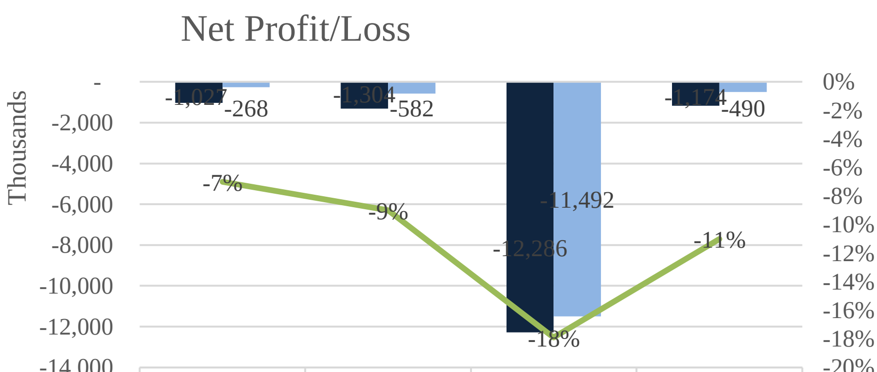
<u>Q1 of 2018 to Q4 of 2018</u>

<u>Profitability</u>



	Revenue	Cost of Sales	Gross Profit
Q1/2018	3,742,579	3,290,201	452,378
Q2/2018	6,835,883	6,624,557	211,326
Q3/2018	64,163,934	74,623,175	-10,459,241
Q4/2018	4,594,999	4,481,934	113,066

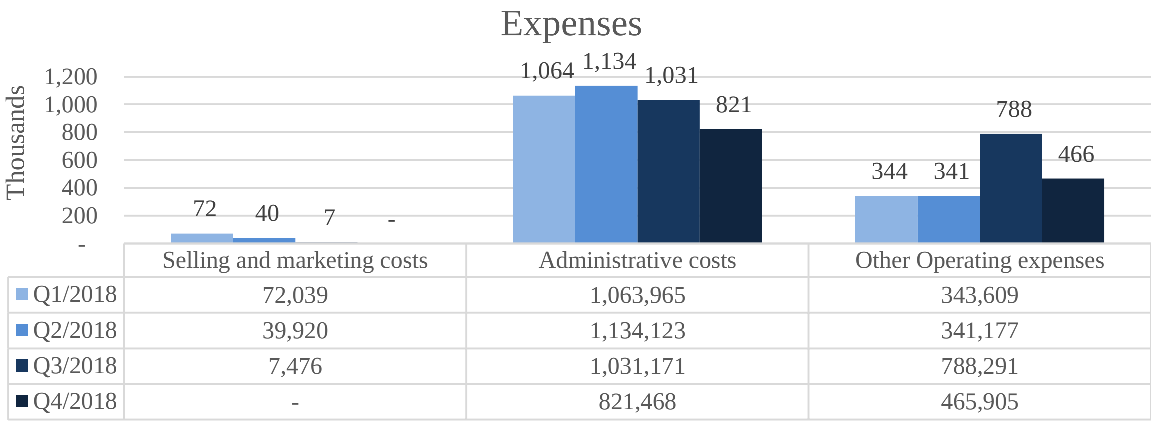
MHCL's revenue depends on Hajj and Umra trips, as such the revenue of Q3 is significantly higher than the other quarters because the hajj period falls in the third quarter. Consequently, cost of sales is also higher in Q3 when compared to other three quarters. MHCL's direct costs are very high as it represents 98% of revenue in Q4 and 112% of revenue if the whole year is considered. In 2018 Q4, MHCL has made a gross profit of MVR 113,066 while they made revenue of MVR 4.5 million. The gross profit is constrained by the higher cost of sales.



	Q1/2018	Q2/2018	Q3/2018	Q4/2018
Operating Profit/Loss	-1,027,235	-1,303,894	-12,286,180	-1,174,308
Net Profit/Loss	-267,558	-581,600	-11,491,552	-489,910
Net profit Margin	-7%	-9%	-18%	-11%

The company has made net losses for all the quarters in 2018. This is mainly because of high direct costs of the Hajj and Umra trips.

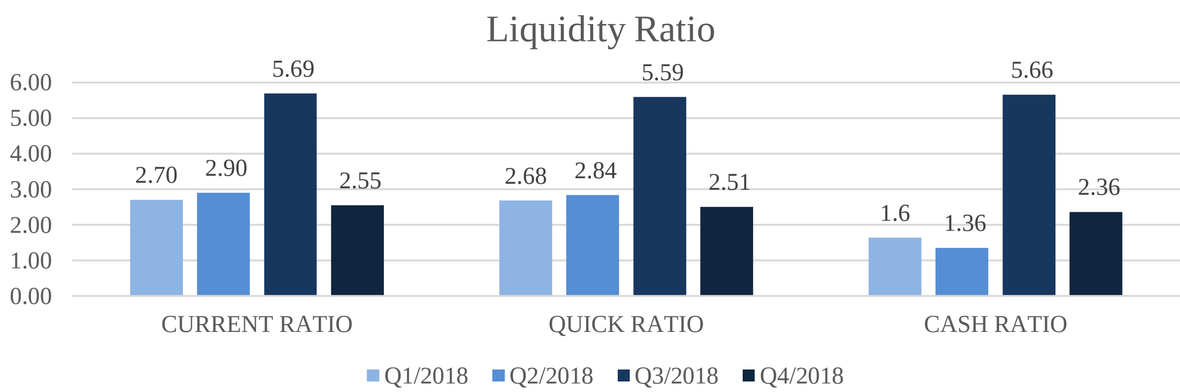
Expenses



The overheads for 2018 Q4 is relatively lower when compared to other quarters. Selling and marketing expenses were not incurred in this quarter, and both administrative and other operating expenses has reduced.

Liquidity

LIQUIDITY	Q1/2018	Q2/2018	Q3/2018	Q4/2018
Current Assets	92,557,023	80,189,778	68,253,383	73,214,108
Current Liabilities	34,246,636	27,663,035	11,987,969	28,742,795
Working Capital	58,310,386	52,526,742	56,265,414	44,471,313
Current Ratio	2.70	2.90	5.69	2.55
Quick Ratio	2.68	2.84	5.59	2.51
Cash Ratio	1.6	1.36	5.66	2.36



Both current and quick ratios of the company are positive for all the quarters showing that the company is in a position to meet its short term obligations. Only the cash balance itself is also enough to cover the current liabilities of the company, thus cash ratio has been improving over the quarters. However, it is important to highlight that cash balance consists of the advance deposits from pilgrims.

Current Assets of the company has been declining over the quarters due to reduction in reduction in receivables. However, it shows that the company has collected its receivable which is favorable for the company. Current liabilities of the company consists of trade and other payables and advance received from customers for Hajj.

Important Projects undertaken in the quarter

- No important projects were undertaken in this quarter.

Conclusion

Revenue of the company has reduced significantly in comparison to last quarter mainly due to Hajj revenue falling for the third quarter. Although the revenue has decreased, company made a gross profit. However, due to high direct and indirect costs the company is operating with a high net loss.

The liquidity position of the company is favorable, however it is mainly due to the advances from pilgrims. As such the company is unable to finance the operations by itself through the revenue.

Recommendations

- Reduce costs
  In order to maintain the sustainability of the company, MHCL must reduce its costs and expenses. Currently the price charged from pilgrim are lower than the direct costs of the service. Therefore, the company must manage its costs and try to find area where it can save costs.

- Reduce receivables
  MHCL should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position. At the end of Q4 2018 receivable balance stands at MVR 4 million.

- Though Hajj Corporation aims to enhance the affordable prizes for citizens to perform Hajj, the rates charged should enable the company to cover the direct and indirect costs of the company. Thus, negotiations could be made with the government to revise the rates since the current rates are not ideal to cover the costs of the company.
- Operational expenses can be reduced by cutting down the avoidable expenses such as refreshments and events and ceremonies. Also MHCL should be cautious about the employment expense as it has recorded an upsurge.

- In order to sustain in the market Hajj Corporation has to reduce costs and increase efficiency. They should also utilize the funds collected from public efficiently for the growth of the company. If they do not have the capability to do so, they can hire the expertise who can increase the efficiency. This might be costly in the short run, however, if the funds could be well utilized the company has the chance to bloom in the future.

- Consequently, improving public image is also equally important to Hajj Corporation as the bad image will ultimately ruin the commercial life of the company. By raising the awareness among the customers as to where and how the funds are being utilized and the expected return, Hajj Corporation can maintain its public image.

Quarterly review; Quarter 4, 2018

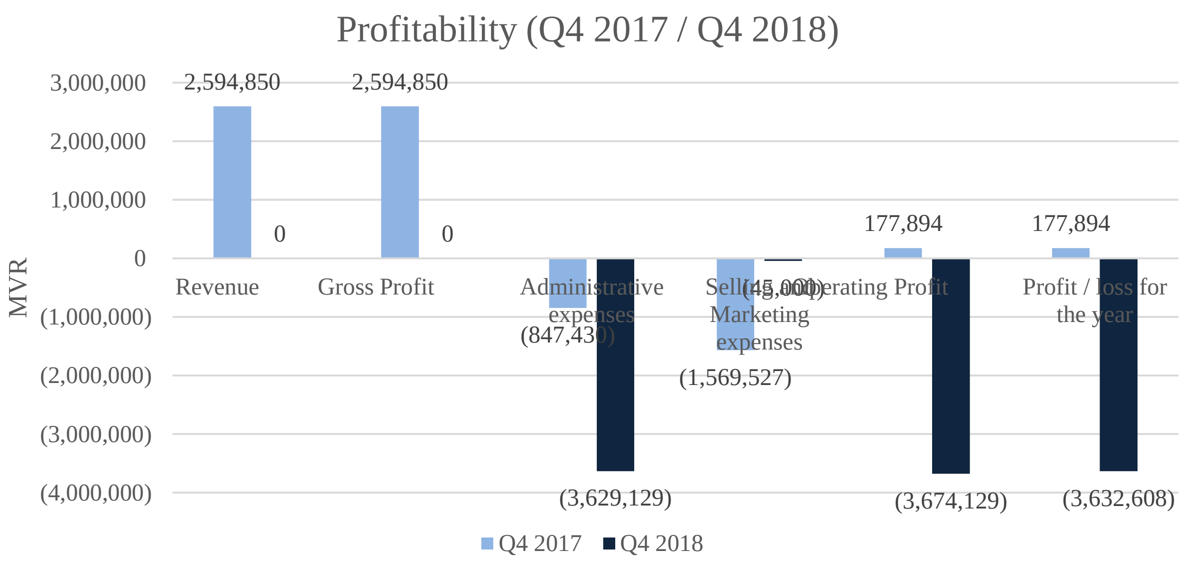
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION LTD

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MITDC/Q4

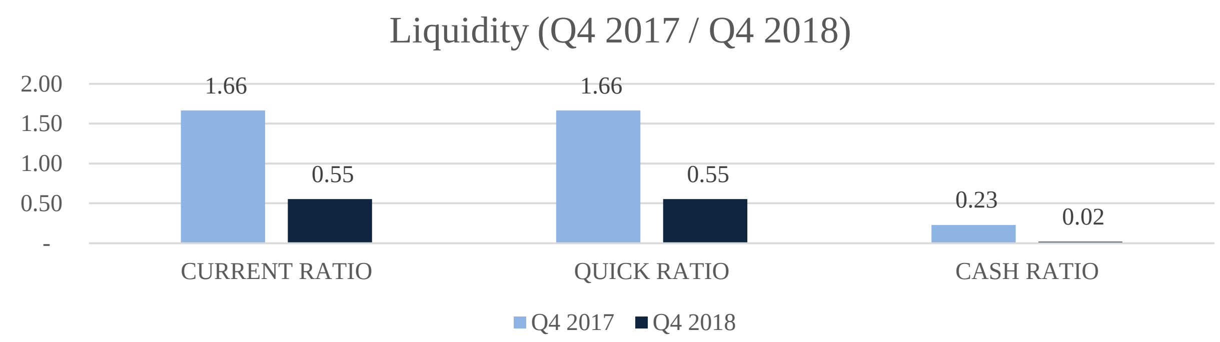
Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	2,594,850	0	(2,594,850)	(100)
Gross Profit	2,594,850	0	(2,594,850)	(100)
Administrative expenses	(847,430)	(3,629,129)	(2,781,699)	328
Selling and Marketing expenses	(1,569,527)	(45,000)	1,524,527	(97)
Operating Profit	177,894	(3,674,129)	(3,852,023)	(2,165)
Profit / loss for the year	177,894	(3,632,608)	(3,810,502)	(2,142)



- MITDC generated a revenue of MVR 2.6 million in the last quarter of the previous year. However, they do not generate any revenue in Q4 2018.
- Administrative expenses rose by MVR 2.8 million while selling and marketing expenses dropped by MVR 1.5 million compared to Q4 2017. Administrative expenses such as payroll expenses and bank charges increased compared to Q4 2017.

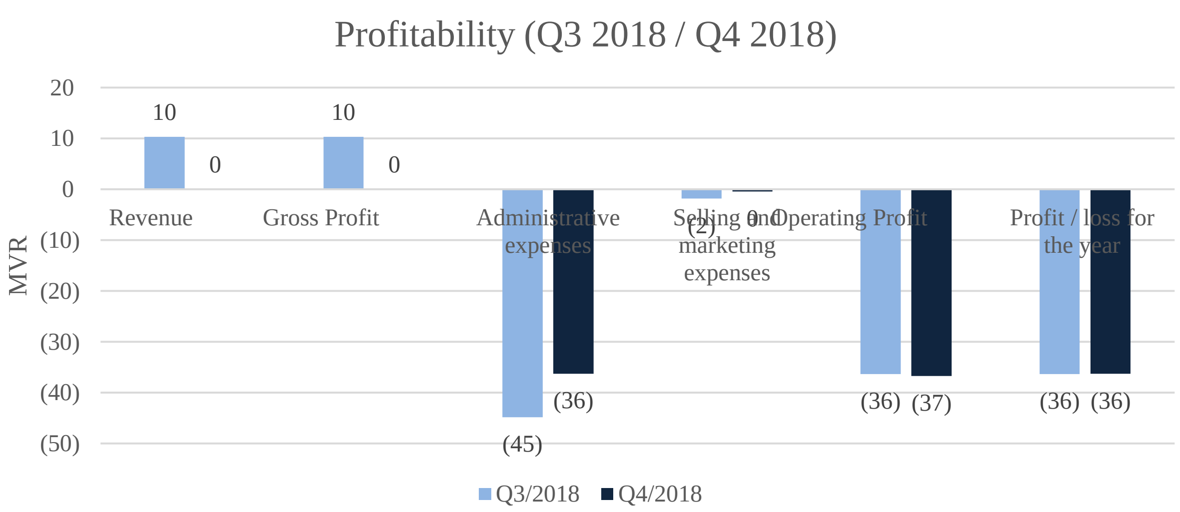
LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	26,082,931	53,461,590
CURRENT RATIO	1.66	0.55
QUICK RATIO	1.66	0.55
CURRENT ASSETS	46,864,185	29,636,247
CURRENT LIABILITIES	28,154,968	53,539,636
WORKING CAPITAL	18,709,217	(23,903,389)
CASH RATIO	0.23	0.02



- Non-current assets increased by MVR 27 million compared to Q4 2017 due to the capital investments in the projects undertaken by the company in 2018.
- Current assets reduced by MVR 17 million compared to Q4 2017 due to loss of cash and cash equivalents. This is mainly due to the cash paid to the creditors in Q4 2018. However, payables are much higher in Q4 2018 that short term liabilities are greater than the short term assets in Q4 2018. Thus current ratios moved unfavorably. There wasn't any capital injection by the government in Q4 2017.

<u>Q3 of 2018 AND Q4 of 2018</u>

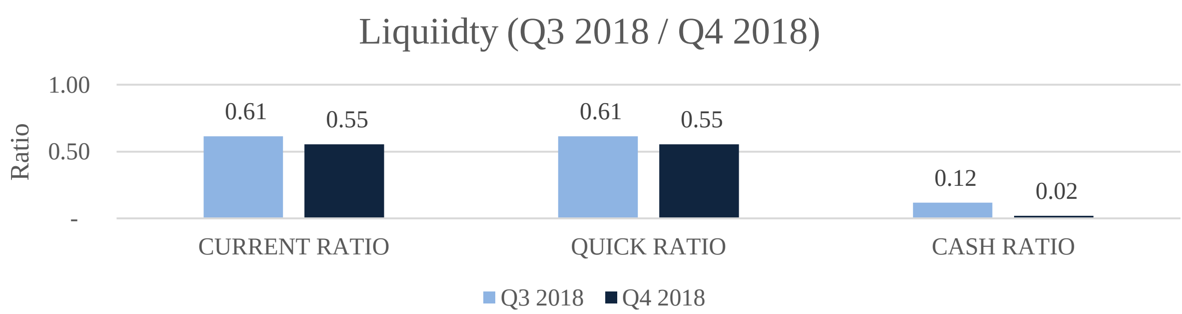
PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	1,029,656	0	(1,029,656)	-100.00%
GROSS PROFIT	1,029,656	0	(1,029,656)	-100.00%
ADMINISTRATIVE EXPENSES	(4,483,491)	(3,629,129)	854,362	-19.06%
SELLING AND MARKETING EXPENSES	(184,504)	(45,000)	139,504	-75.61%
OPERATING PROFIT	(3,638,339)	(3,674,129)	(35,790)	0.98%
PROFIT FOR THE YEAR	(3,638,339)	(3,632,608)	5,731	-0.16%



- MITDC did not generate any revenue in the last quarter of the year. They incurred administrative expenses and selling and marketing costs totaling a loss of over MVR

3.6 million for the quarter. However, this loss is less than the loss of the previous quarter as the expenses were higher in the last quarter. It is notable that MITDC tried to reduce its expenses as much as possible in the quarter as they do not generate a revenue and totally depends on the capital injection by the government.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	53,173,217	53,461,590
CURRENT RATIO	0.61	0.55
QUICK RATIO	0.61	0.55
CURRENT ASSETS	35,088,588	29,636,247
CURRENT LIABILITIES	57,070,996	53,539,636
WORKING CAPITAL	(21,982,408)	(23,903,389)
CASH RATIO	0.12	0.02



- Non-current assets increased slightly by 0.5%
- Current assets reduced by 15% as cash and cash equivalents dropped by MVR 5.7 million compared to the last quarter. Cash levels dropped mainly because the company paid MVR 3.5 million to its creditors which is a cash outflow. Moreover, the government injected a share capital of MVR 2 million to the company in the 4th quarter of 2018.

Important Projects undertaken in the quarter

#	Project Name	Start Date	End Date	Project value	Completed Value	Complete %
1	Kaashidhoo Integrated Tourism Development Project (Kaashidhoo Tourist Village)	2017	End of 2018	2,500,000	882,802	35%
2	Laamu Baresdhoo Integrated Tourism Development Project	2017	2019	50,000,000	2,383,042	5%

MITDC currently undertakes projects worth MVR 52.5 million, of which the work worth MVR 3.2 million has been accomplished.

Conclusion

The only source of revenue earned in the previous quarter is bid income and which is very low when compared to the operations of the corporation. However, in Q4 2018, the company did not generate any revenue. Once the ongoing projects are completed, revenue is expected to flow.

Though there is no revenue, the operational expenses and administrative expenses are kept high resulting loss for the quarter. Further, the liquidity position of the company is very poor with current liabilities exceeding its current assets. However, the company has paid a greater portion of its creditors, hence cash flow deteriorated. It is important to note that since MITDC cannot generate enough revenue for their sustainable development and depends on the shareholder assistance for the operations. However, the on-going development projects are expected to generate future cash inflows.

Recommendation

- Revenue generation
  For sustainable development of the company the corporation should start generating revenue. Currently the company only earns from bid income which is not enough to cover its costs. Therefore, MITDC has to find stable revenue generating activities. The company has been carrying out several capital projects, thus the revenue generation is expected to improve in future.
- Self-sustainable operation
  Currently the company is sustaining from the capital injunctions from the government. The corporation must formulate strategic plans to improve its business operation and be self-sufficient. Further, cost management is also an important to reduce the loss of the corporation and to improve sustainability.
- Short term plans:
  MITDC should focus on some short term objectives to finance their operations and improve revenue. Some of the short term plans could include involving in some of the local businesses like guest houses, community centers, spas, restaurants, etc.

- Reasonable finance arrangement to complete the on-going projects:
  MITDC should find reasonable financing arrangements to complete the on-going projects smoothly and to complete them before the due dates.
- Receivable collection:
  MITDC should formulate strategies in receivable collection to enhance the liquidity position. Rent receivables, account receivables and advance payments from customers need to be collected and relevant authorities must be informed and actions should be taken accordingly from the overdue customers.
- Consequently payables management is also important including maintaining a good relation with the suppliers to increase the credit limits.

Quarterly review; Quarter 4, 2018

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION LTD

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION LTD

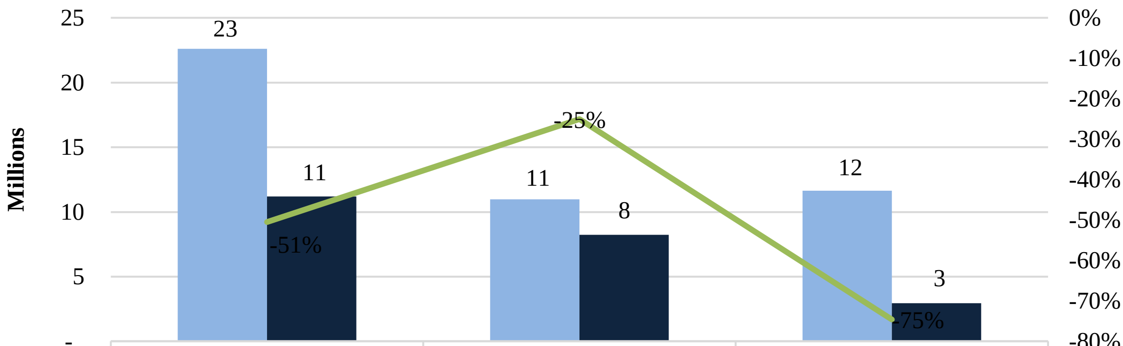
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MMPRC/Q4

Q4 of 2017 AND Q4 of 2018

Profitability

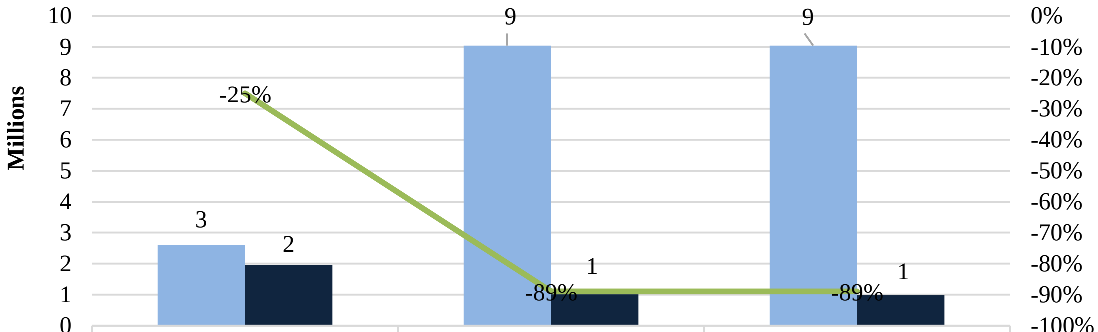
Gross Profit



	Revenue	Direct expenses	Gross Profit
Q4/2017	22,623,132	10,987,938	11,635,193
Q4/2018	11,196,753	8,240,311	2,956,442
% change	-51%	-25%	-75%

Revenue of 2018 Q4 has recorded a significant fall of 51% when compared to the same quarter of last year. Although the cost of sales has reduced in Q4, the percentage reduction is small when compared to fall in revenue. Consequently, gross profit has reduced from MVR 11.6 million to MVR 2.9 million.

Net Profit



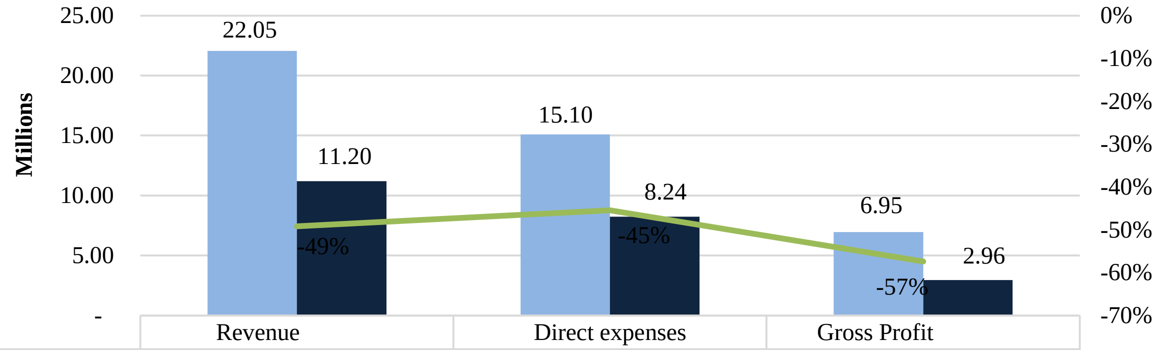
	Total Expenses	Operating Profit	Net Profit
Q4/2017	2,600,651	9,034,542	9,035,205
Q4/2018	1,947,295	1,009,147	976,164
% Change	-25%	-89%	-89%

Total expenses of the company has reduced from MVR 2.6 million to MVR 1.9 million from 2017 Q4 to 2018 Q4. Due to reduction revenue the operating profit has reduced from MVR 9 million to MVR 1 million in 2018 Q4.

Q1 of 2018 to Q4 of 2018

Profitability

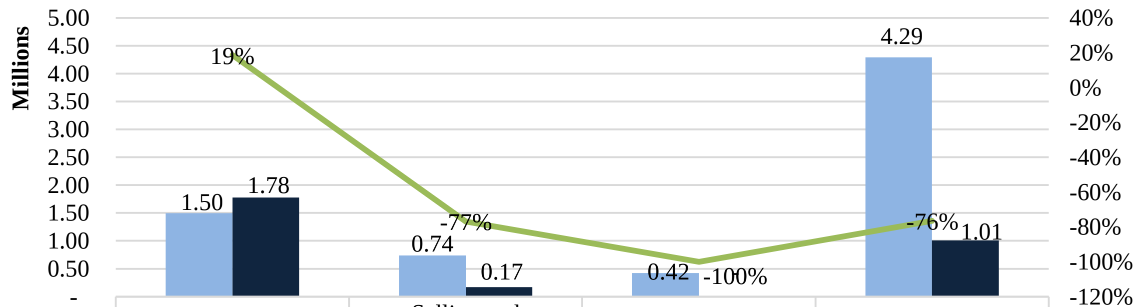
Gross Profit



	Revenue	Direct expenses	Gross Profit
Q3/2018	22,049,781.89	15,102,570.66	6,947,211.23
Q4/2018	11,196,753.27	8,240,311.24	2,956,442.03
% change	-49%	-45%	-57%

Revenue of the company has reduced by MVR 10.8 million when compared to previous quarter. Likewise, cost of sales and gross profit has also reduced by almost similar proportion in comparison to last quarter.

Net Profit

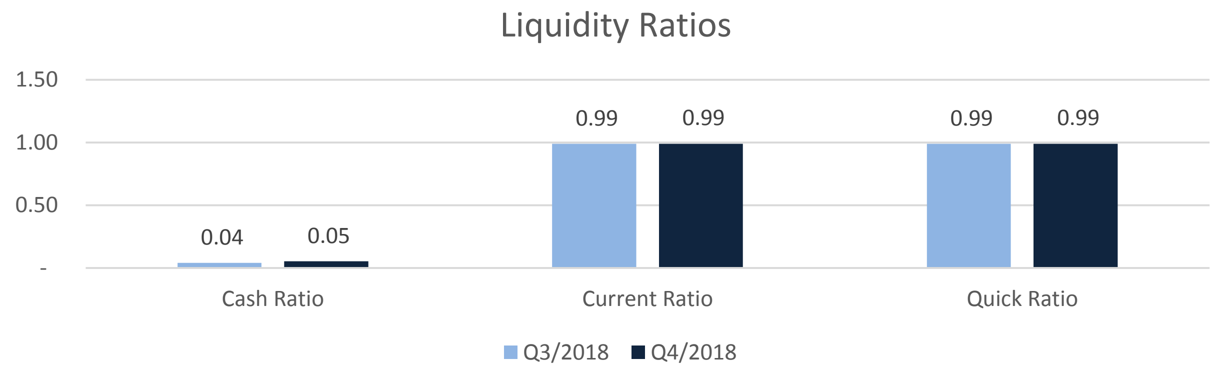


	Administrative expenses	Selling and distribution expenses	Other Operating expenses	Operating Profit
Q3/2018	1,496,745.65	736,068.74	421,112.78	4,293,284.06
Q4/2018	1,776,604.87	170,690.19	-	1,009,146.97
% change	19%	-77%	-100%	-76%

Administrative expenses has increased by 19% and selling and distribution costs on the other hand has increased by 77%. In addition, operating profit of the company reduced by 76% mainly due to fall in revenue.

Liquidity

LIQUIDITY	Q3/2018	Q4/2018	Difference	% change
Current Assets	1,512,161,006	1,521,998,327	9,837,320.71	1%
Current Liabilities	1,527,706,851	1,535,653,181	7,946,329.78	1%
Working Capital	- 15,545,845	-13,654,854	1,890,990.93	-12%
Cash Ratio	0.04	0.05	0.01	28%
Current Ratio	0.99	0.99	0.00	0%
Quick Ratio	0.99	0.99	0.00	0%



Company's current assets and current liabilities are maintained at almost similar levels for both the quarters, therefore the current and quick ratios remain unchanged. The current liabilities of the company exceeds its current assets, indicating the short term liquidity issues in the company. Current liabilities of the company are trade and other payables which for which funding is required over short-term while the company does not have funds. Further, the most significant component of currents assets is trade receivables, which the company has been facing difficulties to recover. Company's cash balance at the end of 2018 Q4 is MVR 81 million, which is less than 5% of its current liabilities.

Conclusion

The financial results of Q4 has declined when compared to 2017 Q4 as well as 2018 Q3. The revenue has recorded a significant fall, while the cost of sales has not reduced by the same percentage. This caused a decline in company's profitability.

The overheads of the company has reduced in 2018 Q4 by MVR 877,322. Liquidity position of the company is not satisfactory, as company's current liabilities exceeds its current assets. Furtherurther, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection. The company has not taken any long-term loan hence there is no finance cost.

Recommendations

- Reduce Payables:

It is important to build a strong relationship with the suppliers for better terms. Further proper receivable collection will ultimately help in enhancing cash and thus reducing payables.

- Reduce receivables

MMPRC should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position. At the end of Q4 2018 receivable balance stands at MVR 1.4 billion. Large percentage of this receivable is the lease rent collected and siphoned off of the company and the cases related to the miss use of the company funds is under investigation by relevant authorities.

Quarterly review; Quarter 4, 2018

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

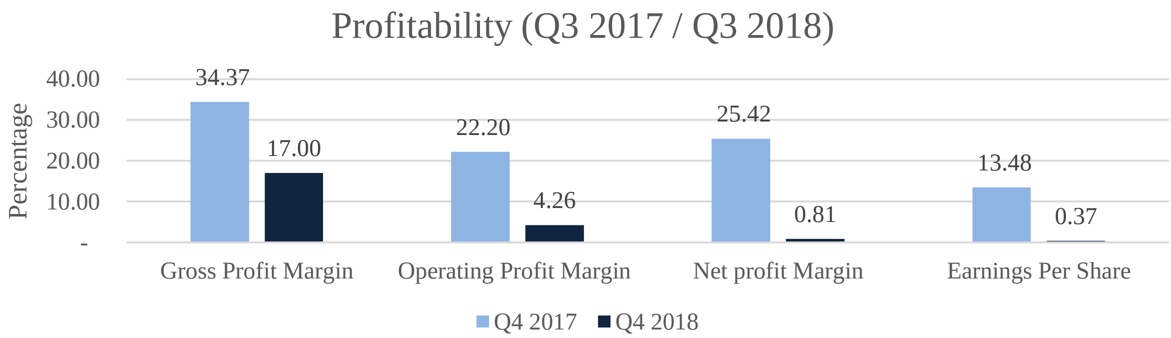
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Q4 2018 PERFORMANCE ANALYSIS

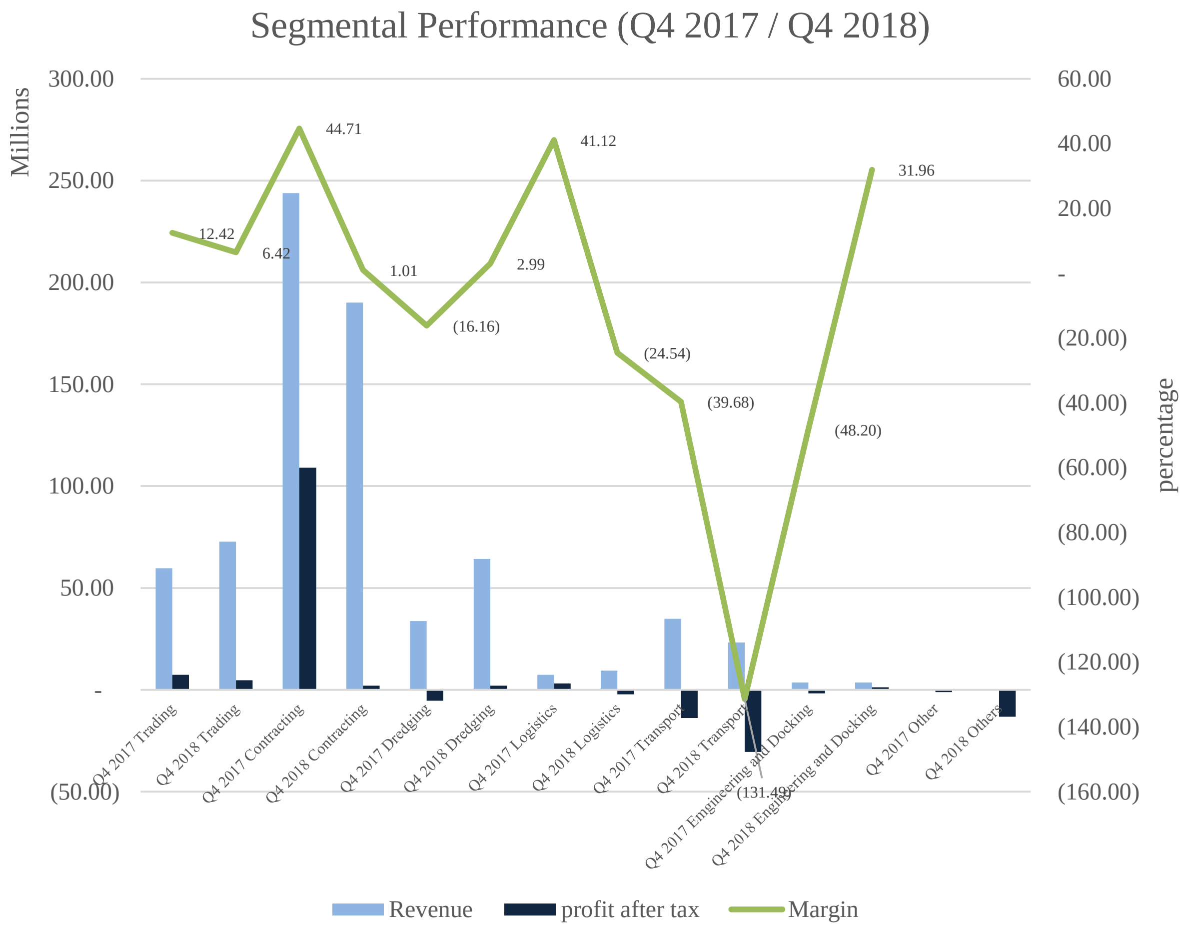
Report No: PEM/2018/MTCC/Q4

Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4 2017	Q4 2018	Change	%
REVENUE	382,948,357	363,156,856	(19,791,501)	(5)
COST OF SALES	(251,329,738)	(301,405,784)	(50,076,046)	20
GROSS PROFIT	131,618,619	61,751,072	(69,867,547)	(53)
OPERATING PROFIT	85,031,586	15,471,960	(69,559,626)	(82)
PROFIT BEFORE TAX	76,030,350	3,474,145	(72,556,205)	(95)
PROFIT AFTER TAX	97,341,574	2,953,023	(94,388,551)	(97)

	Q4 2017	Q4 2018
GROSS PROFIT MARGIN	34.37	17.00
OPERATING PROFIT MARGIN	22.20	4.26
NET PROFIT MARGIN	25.42	0.81
EARNINGS PER SHARE	0.04	0.37

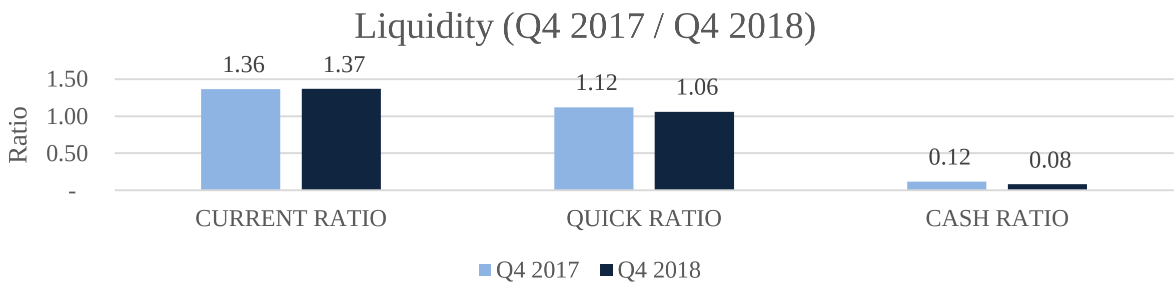




- Revenue dropped by 5% compared to the last quarter of 2017 resulting from reduced revenue from contracting and transport.
- Direct costs increased by MVR 50 million which resulted in gross profit to decline by 53%. As a result gross profit margin fell greatly in the quarter compared to Q4 2017. The company is not moving in a sustainable trend as the decline in sales is accompanied with an increase in cost of sales.
- 82% drop could be seen in operating profit resulting from increase in selling and marketing costs by MVR 7 million and other expenses by MVR 1 million apart from the reduced gross profit. It is also important to note that administrative expenses fell by 20% during the quarter compared to Q4 2017.
- Net profit reduced by MVR 94 million contributed from increased interest on borrowings causing finance costs to rise by MVR 3 million. The huge drop in net profit along with reduced turnover resulted in net profit margin to fall significantly to 0.81% from 25% a year earlier
- Reduced profits led to fall in earnings per share to 0.37 from 13.48 per share in Q4 2017.
- When looking into the segmental performance, the net profit contributed from the segments which made higher profits in the last quarter of 2017. Margin from contracting department which was contributing highest revenue and profit faced a sharp drop in their margin. Dredging, logistics, transport and others marked negative profits

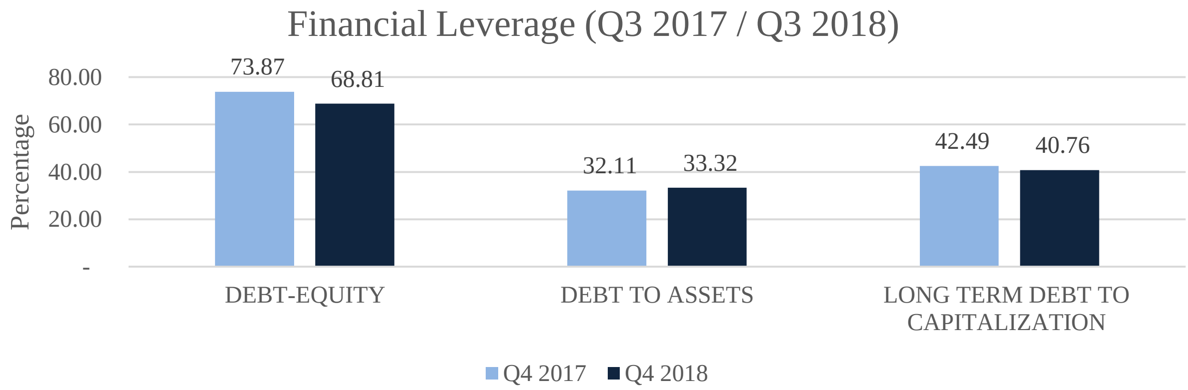
during the quarter. Transport segment recorded the lowest profit (MVR -131.49 million) during the quarter.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	914,348,240	1,009,423,202
CURRENT RATIO	1.36	1.37
QUICK RATIO	1.12	1.06
CURRENT ASSETS	1,190,697,357	949,025,961
CURRENT LIABILITIES	873,212,009	693,742,238
WORKING CAPITAL	317,485,348	255,283,723
CASH RATIO	0.12	0.08
INVENTORY	212,487,783	213,394,116



- Non-current assets reduced by 3% mainly due to reduction in the value of financial investments by MVR 30 million compared to Q4 2017. It is also important to note that trade and other receivables which are treated as a non-current asset reduced by MVR 2.5 million which is a reduction of 24.8% compared to the last quarter of 2017.
- Reduction in the current assets is mostly due to the reduced receivables by MVR 195.6 million compared to Q4 2017 which is a favorable indication. However, cash and cash equivalents compared to the same period fell by MVR 47 million during the quarter.
- Short term borrowings increased by MVR 7.8 million while payables reduced greatly by MVR 200 million. The fall in short term liabilities greater than that of the short term assets, resulted in slight improvement in the current ratio compared to Q4 2017.
- The inventory increased during the period resulting a reduced quick ratio. However, the overall liquidity of the company is satisfactory where they will be able to set off the immediate liabilities with their short term asset base.
- Cash and cash equivalents fell by MVR 47 million resulting from reduced profits from operating activities during the period. However, dividend received of MVR 4 million contributed towards cash.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	73.87	68.81
DEBT TO ASSETS	32.11	33.32
LONG TERM DEBT TO CAPITALIZATION	42.49	40.76

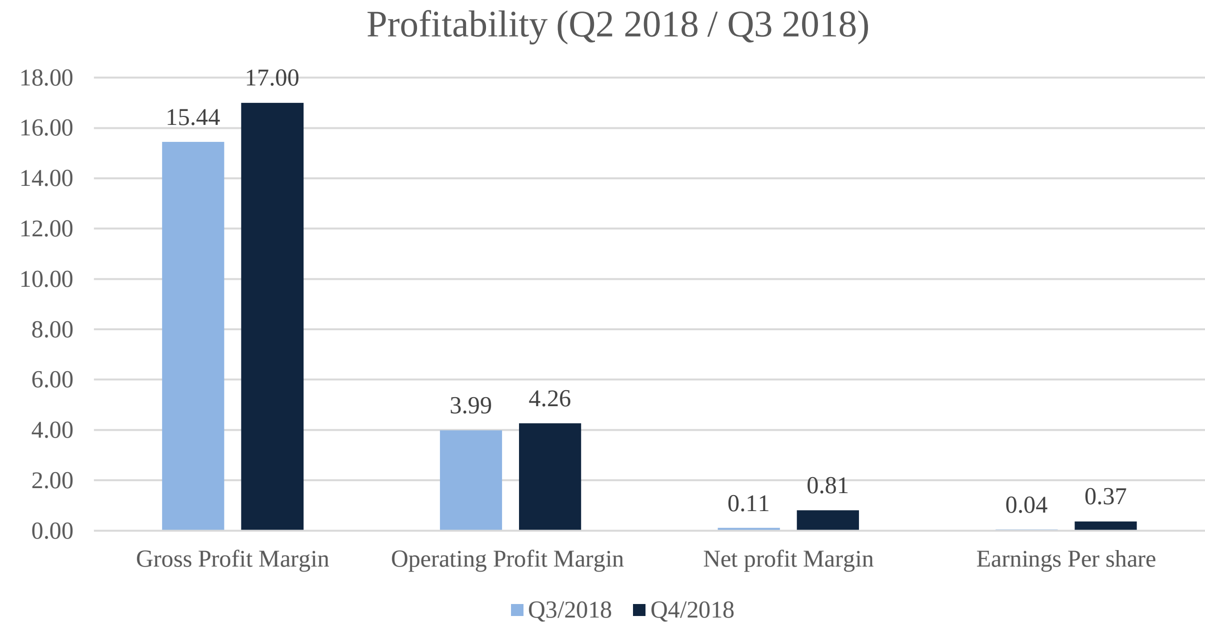


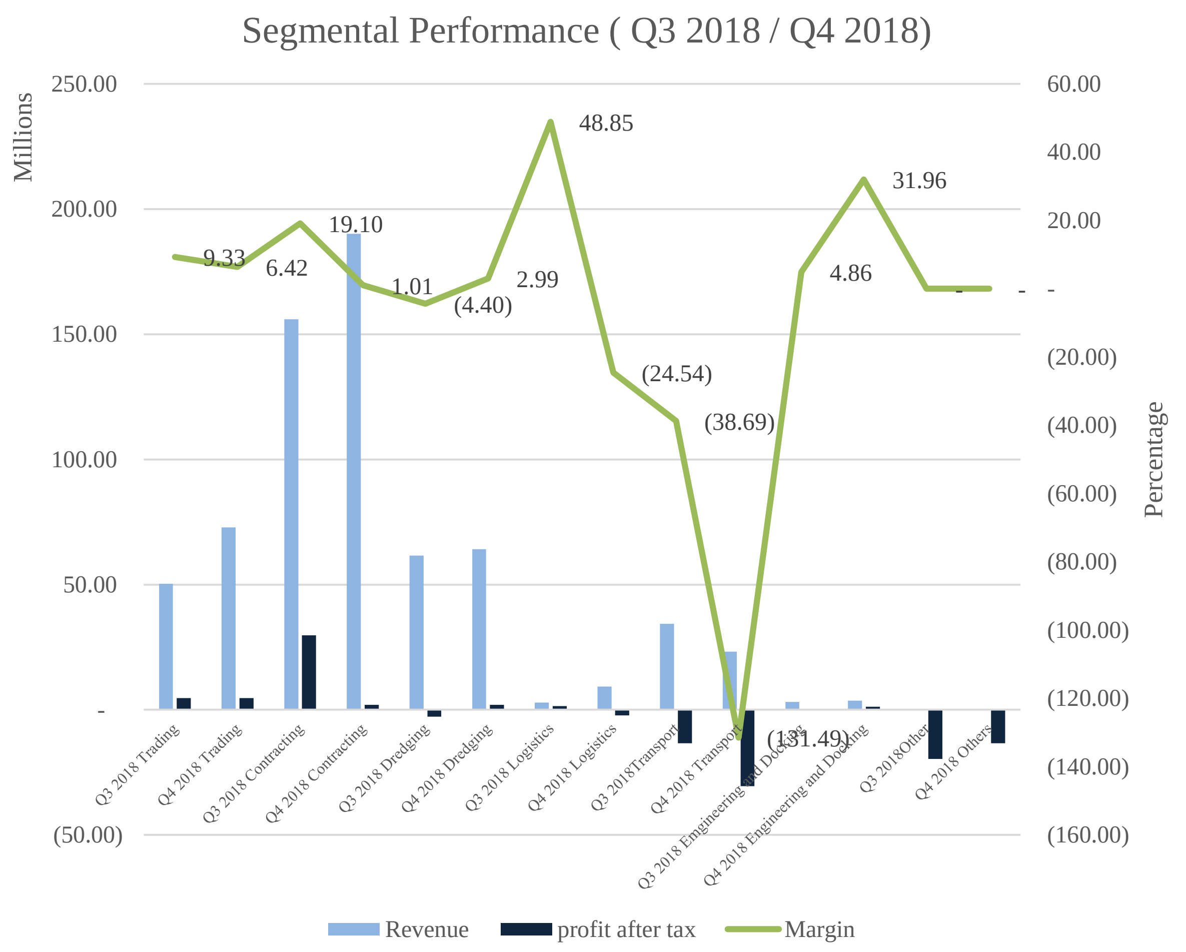
- Debt to equity reduced to 69% from 74% in Q4 2017, due to short term borrowings being reduced by MVR 71 million.
- The reduction in borrowing reduced the financial risks however long term sustainability of the company is risky as the company has a significant up trend in costs while revenue is in a down trend..
- Debt to Assets reduced as total assets reduced greater than the reduction in the borrowings.

Q3 of 2018 AND Q4 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	308,219,436	363,156,856	54,937,420	17.82%
COST OF SALES	(260,616,434)	(301,405,784)	(40,789,350)	15.65%
GROSS PROFIT	47,603,002	61,751,072	14,148,070	29.72%
OPERATING PROFIT	12,285,802	15,471,960	3,186,158	25.93%
PROFIT BEFORE TAX	385,839	3,474,145	3,088,306	800.41%
PROFIT AFTER TAX	327,963	2,953,023	2,625,060	800.41%

	Q3/2018	Q4/2018
GROSS PROFIT MARGIN	15.44	17.00
OPERATING PROFIT MARGIN	3.99	4.26
NET PROFIT MARGIN	0.11	0.81

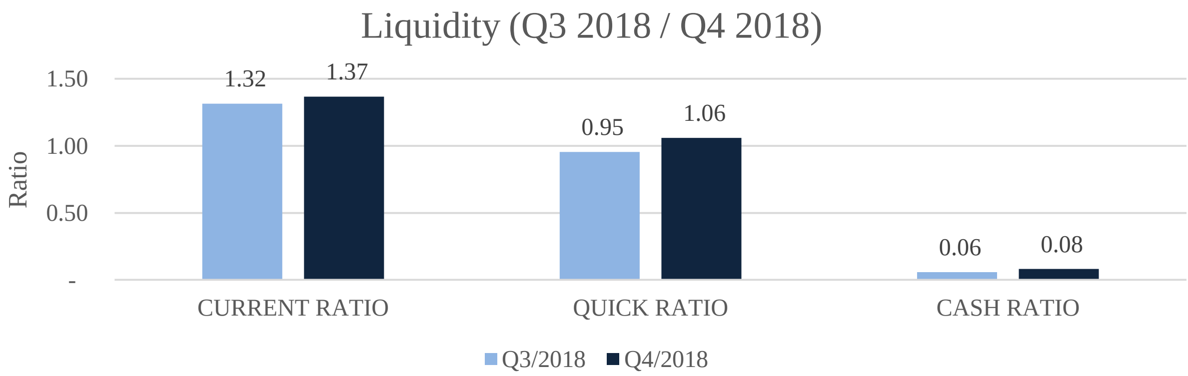




- Revenue increased by 18% compared to the last quarter from the departments. However, revenue from transport department fell compared to the previous quarter probably due to loss of operations in the Hulhumale’ ferry service.
- Compared with the last Q3 of 2018 along with increased operations, costs increased by MVR 41 million. Gross profit increased by MVR 14 million with the contribution from all the departments except transport.
- Operating profit increased by 26% following increased revenue in Q4 compared to Q3. However, selling and marketing expenses costs along with other expenses rose in the quarter. It is important to note that administrative expenses fell by MVR 3.6 million compared to the previous quarter.
- Profit improved even though it is considerably lower than Q4 of 2017 by MVR 2.9 million compared to the previous quarter. In the previous the lower profits were driven by huge finance costs. However, in Q4 2018 the profits were compensated by the increased revenue in the quarter compared to Q3 2018 even though it is still low. Though margins increased in the quarter compared to the last quarter, the overall margins are low due to higher costs compared to the revenue.
- When referring to segmental performance, revenue from transport segment fell while other segments recorded increased revenue. Profit from Dredging and Engineering and docking improved while profit from other departments fell compared to the previous

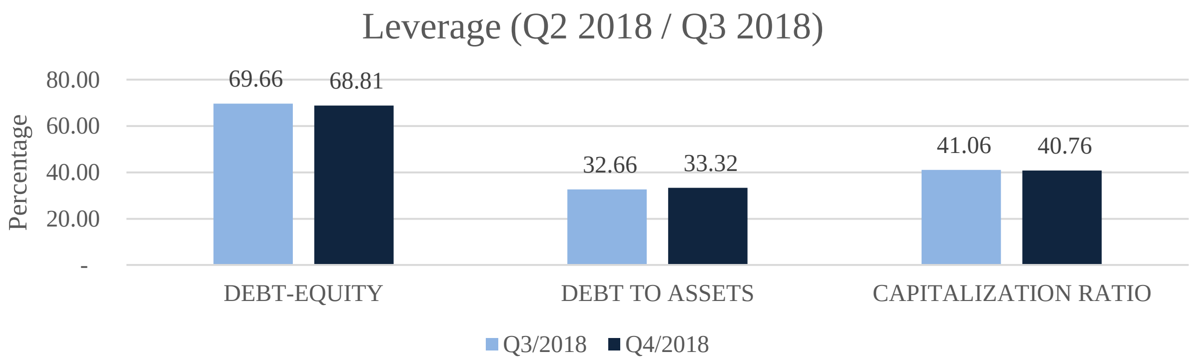
quarter. It is important to note that the loss from dredging in Q3 2018 was transformed into profit in Q4 2018.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	1,064,218,769	1,009,423,202
CURRENT RATIO	1.32	1.37
QUICK RATIO	0.95	1.06
CURRENT ASSETS	999,318,456	949,025,961
CURRENT LIABILITIES	759,640,557	693,742,238
WORKING CAPITAL	239,677,899	255,283,723
CASH RATIO	0.06	0.08
INVENTORY	273,928,124	213,394,116



- Non-current assets decreased by 54 million compared to the previous quarter due to reduced value of property, plant and equipment and reduced financial investments.
- Current assets reduced resulting from decreased inventories and receivables by MVR 60.5 million and MVR 2 million respectively. It is important to note that cash and cash equivalents during the period increased compared to the previous quarter.
- Current liabilities reduced by MVR 66 million compared to the previous quarter mostly due to current liabilities being paid off by the company. The Bank account overdrawn by MVR 13 million in the previous quarter reduced by 1.5% in Q4 2018.
- As a result of reduced current liabilities greater than the reduction in the short term assets, the company has a positive working capital which increased in Q4 2018. As a result, current ratio also improved. Liquidity position of MTCC is at a satisfactory level where they are in a position to settle the liabilities with the assets available.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	69.66	68.81
DEBT TO ASSETS	32.66	33.32
CAPITALIZATION RATIO	41.06	40.76



- Debt to equity reduced slightly to 69% from 70% in Q4 2017, due to borrowings being reduced by MVR 21 million.
- The reduction in borrowing reduced the financial risks although the company's business risk remains significantly high.
- Debt to Assets reduced as total assets reduced greater than the reduction in the borrowings.

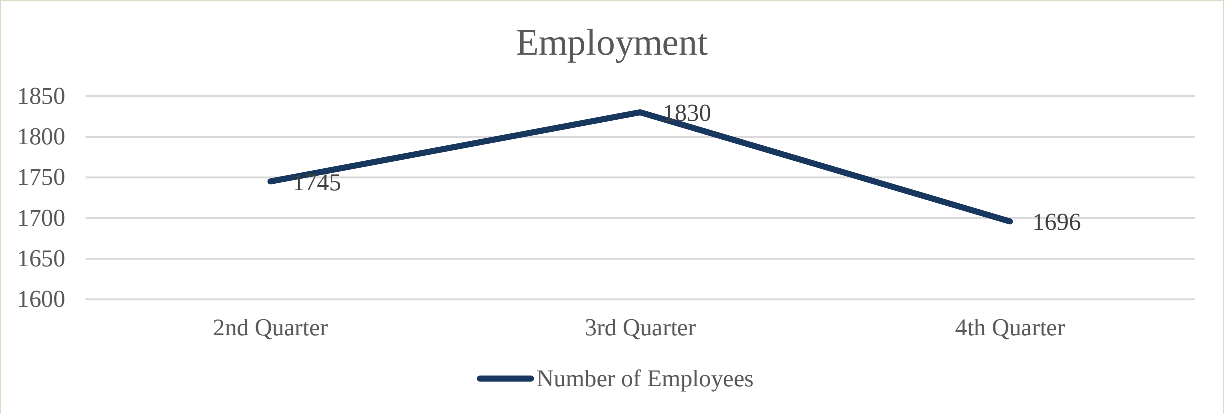
Important Projects undertaken in the quarter

MTCC managed a total of 26 different projects during the quarter, from which the following projects were reported to be completed.

- Sh.Komandoo reclamation
- N.Fohdhoo Jetty
- GA.Dhaandhoo Football Stadium reclamation
- Construction of Runway, Taxiway & Apron at Kulhudhuffushi Airport.
- K.Hura reclamation project

Employment

In the previous quarter (Q3 2018) MTCC employed 85 more employees in just one quarter compared to Q2 2018. However, in Q4, MTCC dismissed 134 employees in just a quarter's time.



Conclusion

Profitability has been declined in the quarter compared to the same quarter of the previous year after reduced revenue and increased overall expenses including increased interest on borrowings. However, when compared to the previous quarter of 2018, the company is better off in terms of profitability.

MTCC is at a satisfactory liquidity position to set off the current liabilities. Their receivables has reduced to a great extent and payables also has been recorded to be reduced which is a favorable indication. However, the company's bank account has been overdrawn and strategies should be formulated to balance the cash and cash equivalents in favor of the company.

Recommendation

- It is recommended to publish quarterly reports on time since MTCC was obliged to pay a fine of MVR 30,000 in the 3rd quarter due to the delay in reporting.
- Maintain margins at a desired level;
  The company is not sustainable on the revenue and cost relationship it has now. The increase in costs is far more than the increase in revenue. Therefore the company needs to manage the costs and price the projects with an adequate margin.
- Reduce Selling and marketing expenses:
  MTCC's marketing expenses are comparatively high in Q4 2018 due to increased business marketing activities.
- Reduce finance costs and proper planning:
  Proper mechanisms has to be set to review the interest rates on the borrowed funds and minimize the borrowings. Finance costs should be considered when pricing the projects on an aggregate basis. And projects has to be evaluated individually whether the right combination or right financial model is used.

Quarterly review; Quarter 4, 2018

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

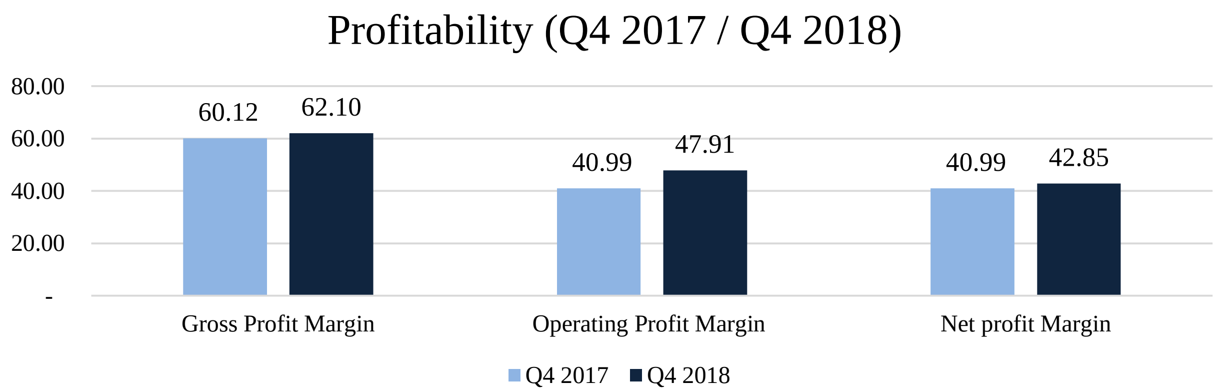
MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MTDC/Q4

Q4 of 2017 AND Q4 of 2018

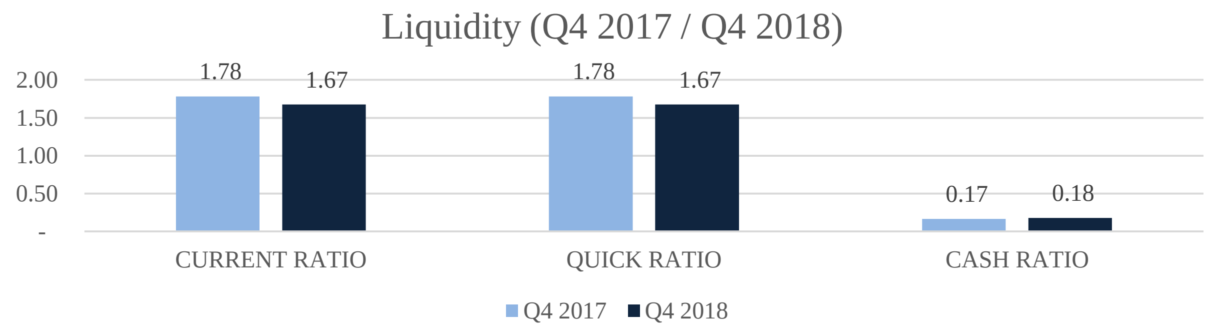
PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	18,393,840	19,351,653	957,813	5
Cost of Sales	7,334,970	7,334,970	0	0
Gross Profit	11,058,854	12,016,683	957,829	9
Operating Profit	7,540,534	9,271,815	1,731,281	23
Profit Before Tax	7,540,534	9,271,815	1,731,281	23
Profit After Tax	7,540,534	8,292,891	752,357	10

	Q4 2017	Q4 2018
Gross Profit Margin	60.12	62.10
Operating Profit Margin	40.99	47.91
Net profit Margin	40.99	42.85



- Revenue improved by 5% compared to Q4 2017 due to increasing number of business activities on resort development projects.
- Gross profit increased as the increase in revenue is not associated with an increase in cost of sales. The business operates in a sublease model where the company subleases the islands to third parties to develop/operate.
- The administrative costs incurred reduced significantly compared to the same period of the previous year, resulting in operating profit to increase by 23%. There were no other costs recognized during the period other than the tax expense in Q4 2018.
- The basic earnings per share increased to 0.02 from 0.01 per share.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	369,703,104	376,596,985
CURRENT RATIO	1.78	1.67
QUICK RATIO	1.78	1.67
CURRENT ASSETS	368,704,382	346,336,962
CURRENT LIABILITIES	206,945,344	206,862,970
WORKING CAPITAL	161,759,038	139,473,993
CASH RATIO	0.17	0.18

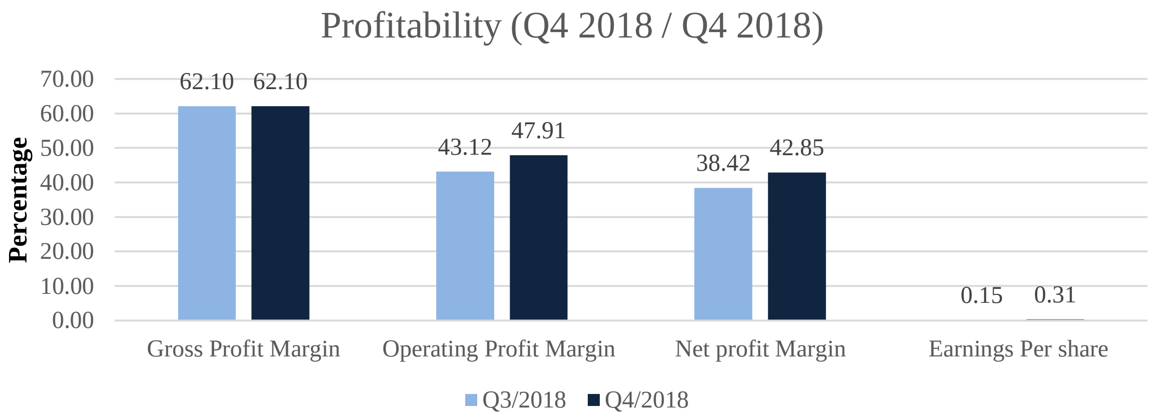


- Non-current assets increased by MVR 6.9 million mainly due to increased value of lease rent equalization on sublease.
- Total current assets fell by MVR 22 million mainly due to business profit tax refund recorded as a short term assets which the company expects to recognize in the future. From the ratio, it can be concluded that MTDC has a satisfactory liquidity position. However, they have a high portion of receivables in their current assets which is probable to be written off as bad debts.

Q3 of 2018 AND Q4 of 2018

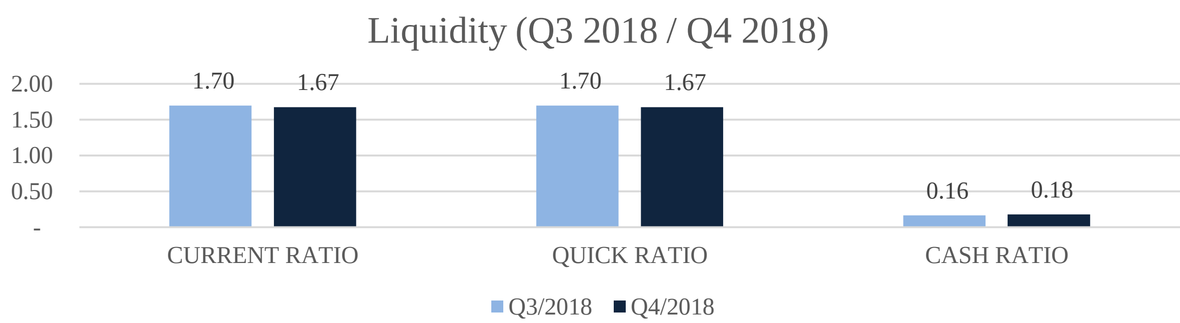
PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	19,351,653	19,351,653	0	0.00%
COST OF SALES	(7,334,970)	(7,334,970)	0	0.00%
GROSS PROFIT	12,016,683	12,016,683	0	0.00%
OPERATING PROFIT	8,344,348	9,271,815	927,467	11.11%
PROFIT BEFORE TAX	8,344,348	9,271,815	927,467	11.11%
PROFIT AFTER TAX	7,434,815	8,292,891	858,077	11.54%

	Q3/2018	Q4/2018
GROSS PROFIT MARGIN	62.10	62.10
OPERATING PROFIT MARGIN	43.12	47.91
NET PROFIT MARGIN	38.42	42.85
EARNINGS PER SHARE	0.15	0.31



- MTDC recognized a fixed value of revenue as the previous quarter as they received same amount from the leased rentals. Hence direct costs and gross profit also equaled to the previous quarter.
- Administrative expenses reduced by 25% compared to the last quarter. Thus operating profit increased by 11%. There were no finance costs as they have no borrowings, therefore, profit after tax increased by 11.54% after taxes being paid. Earnings per share also increased slightly to MVR 0.31 per share from MVR 0.15 per share.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	378,163,842	376,596,985
CURRENT RATIO	1.70	1.67
QUICK RATIO	1.70	1.67
CURRENT ASSETS	349,977,424	346,336,962
CURRENT LIABILITIES	206,289,947	206,862,970
WORKING CAPITAL	143,687,477	139,473,993
CASH RATIO	0.16	0.18



- Compared to Q3 non-current assets reduced by MVR 1.5 million after depreciation of the assets. This is a slight decrease of 0.4% compared to the previous quarter.
- Short term assets reduced by MVR 3.6 million as trade receivables and cash equivalents reduced by MVR 2 million and MVR 2.6 million respectively. Trade payables also

increased slightly by 0.3%. The liquidity position of the company is favorable as per the ratio since current assets exceeds the liabilities.

- Cash ratio improved slightly as cash and cash equivalents increased by MVR 2.6 million.

Important Projects undertaken in the quarter

On-going resort development projects of MTDC are summarized as follows:

- Kihavah Huravalhi
  Location: Baa Atoll
  Development Mode: Sublease model
  Details: 5-star deluxe
  Status: Under Operation from December 2010 onwards as Anantara Kihavah Maldives

- Magudhuvaa – Ayada Maldives
  Location: Haa Dhaalu Atoll
  Development Mode: Sublease Model
  Available Details: 5-Star
  Status: Under Operation from November 2011 onwards as Ayada Maldives

- Naagoashi

  Location: Haa Dhaalu Atoll

  Development Mode: Sublease Model

  Details: 5 star

  Status: Under Development, 40% complete

Conclusion

Company's revenue increased compared to Q4 2017 due to increased rent from leased and sub-leased islands. The rental income received in Q4 2018 is same as that of the income received in Q3 2018. Profitability of the company has been improved slightly as a result of reduced administrative expenses. Liquidity ratio is at a satisfactory level where current assets are kept higher than that of current liabilities.

The long-term liabilities include MVR 163 million as sublease advances and hence gearing is calculated based on lease equalization and sublease advances. MTDC does not have any borrowings from government or any other financial institution. However MTDC has a large payable to MIRA in the form of lease rentals.

Recommendation

- Increase business Operations:
  MTDC need to consider the current business model and evaluate the parties it chooses to sub lease the islands more carefully as the company has significant receivable due to a default by a sub leased party.
- Further reduce receivables and Payables:
  MTDC should further reduce payables by settling the creditors and reduce receivables through faster resolution of the case pending on the sub lease of the islands in order to improve overall liquidity.

Quarterly review; Quarter 4, 2018

MALE' WATER AND SEWERAGE COMPANY PVT LTD

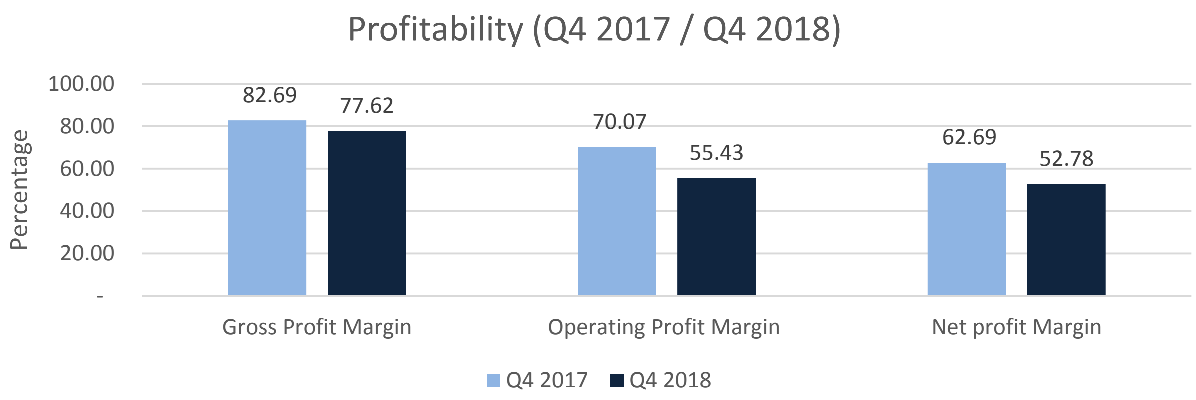
MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MWSC/Q4

Q4 of 2017 AND Q4 of 2018

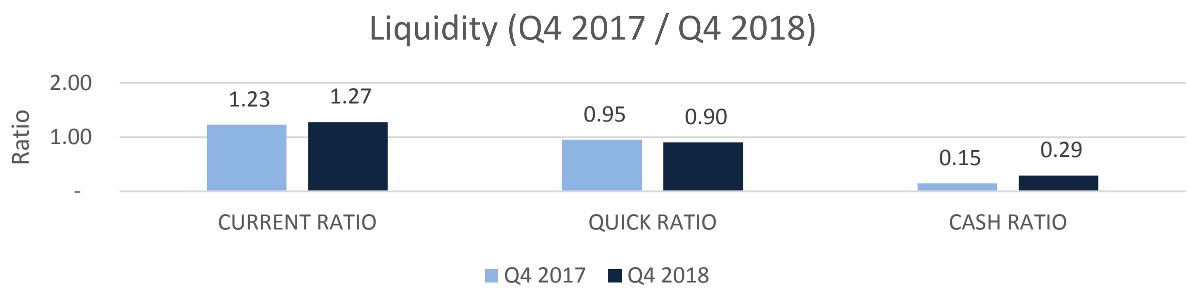
PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	232,226,000	333,693,020	4,292,020	1
Cost of Sales	(57,024,000)	(74,761,311)	(17,737,311)	31
Gross Profit	272,377,000	259,021,709	(13,355,291)	(5)
Operating Profit	230,805,000	184,971,457	(45,833,543)	(20)
Profit Before Tax	230,805,000	207,204,957	(23,600,043)	(10)
Profit After Tax	206,512,000	176,124,214	(30,387,786)	(15)

	Q4 2017	Q4 2018
Gross Profit Margin	117.29	77.62
Operating Profit Margin	99.39	55.43
Net profit Margin	88.93	52.78



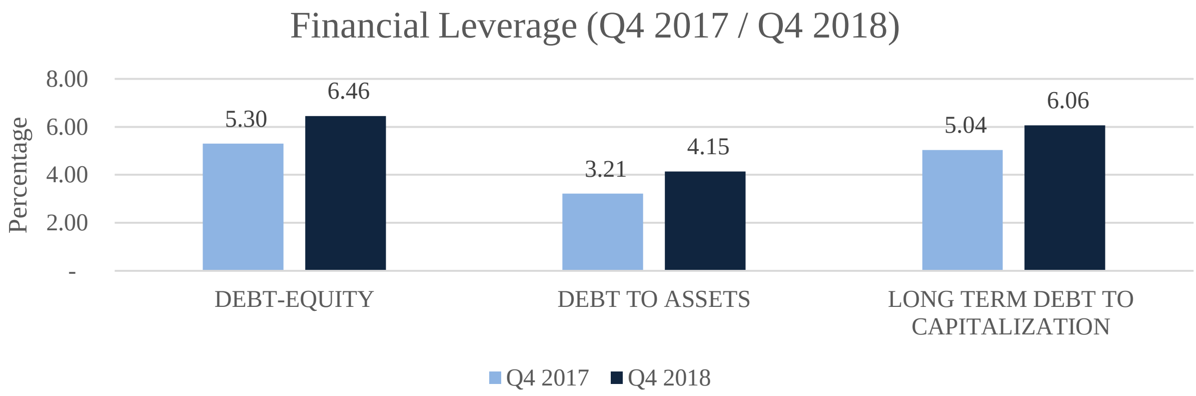
- Revenue increased by MVR 4 million which is an increase of 1% compared to the same quarter of the previous year mainly from the water supply operation.
- However, along with the rise in revenue due to increased operations the direct costs increased by 31%. Thus, gross profit reduced by 5% and gross profit margin also fell proportionately.
- However, operating expenses particularly administrative expenses increased significantly during the quarter resulting in profits to fall by 15%.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	1,127,774,000	1,285,446,152
CURRENT RATIO	1.23	1.27
QUICK RATIO	0.95	0.90
CURRENT ASSETS	902,423,000	868,584,780
CURRENT LIABILITIES	735,217,000	681,413,646
WORKING CAPITAL	167,206,000	187,171,134
CASH RATIO	0.15	0.29
INVENTORY	205,613,487	251,939,441



- Non-current assets increased by 14% compared to the same quarter of the previous year, mainly due to increased value of operating assets and capital work in progress
- Current assets reduced by 4% which is a reduction of MVR 33.8 million compared to Q4 2017 mainly due to reduction in inventory.
- Current liabilities reduced by MVR 53.8 million due to reduced creditors. Hence working capital increased and as a result company has a favorable liquidity ratio. However, liquidity ratio reduced when inventory was excluded since inventory increased in the quarter. Overall, MWSC has a favorable liquidity position where they will be able to cover the short term debts with the short term assets if needed to.
- Cash level improved the cash ratio from 0.15 to 0.29 in Q4 2018. Receivable collection will further enhance the cash ratio of the company.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	5.30	6.46
DEBT TO ASSETS	3.21	4.15
LONG TERM DEBT TO CAPITALIZATION	5.04	6.06

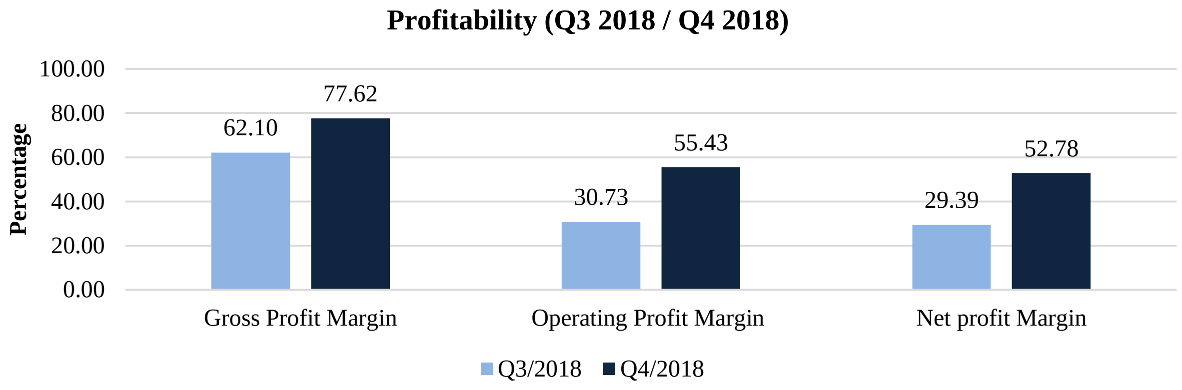


- MWSC's total borrowings increased by MVR 24 million which is an increase of 37% compared to Q4 2017. Equity of the company increased by 12%, hence, debt ratio of the company reduced. MWSC has capacity to expand their operations through further borrowings.

Q3 of 2018 AND Q4 of 2018

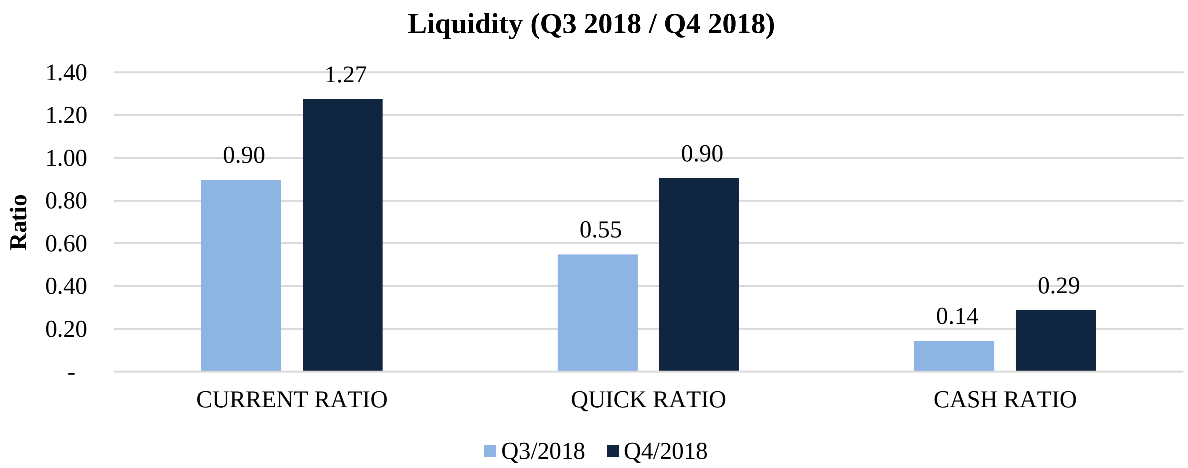
PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	198,635,951	333,693,020	135,057,069	67.99%
Cost of Sales	(75,289,053)	(74,761,311)	527,742	-0.70%
Gross Profit	123,346,898	259,021,709	135,674,811	109.99%
Operating Profit	61,035,448	184,971,457	123,936,009	203.06%
Profit Before Tax	68,683,227	207,204,957	138,521,730	201.68%
Profit After Tax	58,380,743	176,124,214	117,743,471	201.68%

	Q3/2018	Q4/2018
Gross Profit Margin	62.10	77.62
Operating Profit Margin	30.73	55.43
Net profit Margin	29.39	52.78



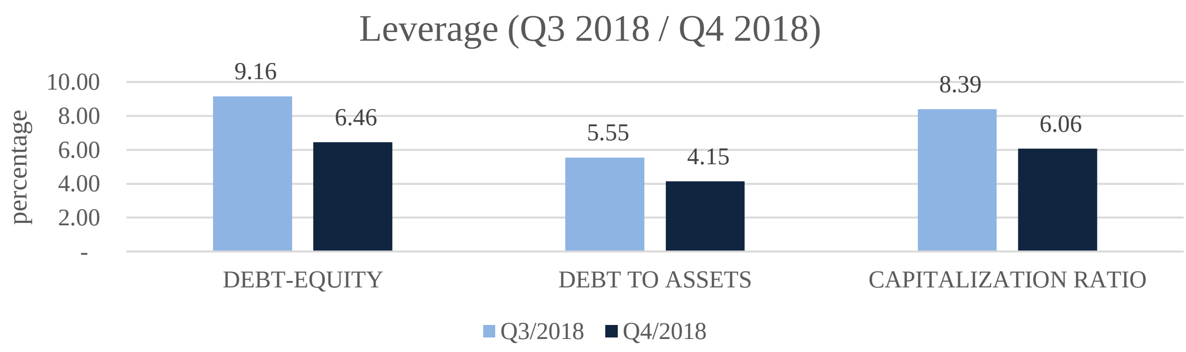
- Revenue increased by 68% compared to the last quarter. Direct expenses reduced by 0.7%. This led to increased gross profit by 110% and as a result gross profit margin also improved.
- Selling and marketing expenses along with other operating expenses reduced resulting operating profit to increase by 203%. However, administrative expenses increased compared to the previous quarter.
- Increase in financing income resulted in increased net profit by 202% compared to Q3 2018. Net profit margin also increased from 29% to 53%.

LIQUIDITY	**Q3/2018**	**Q4/2018**
NON CURRENT ASSETS	1,243,574,230	1,285,446,152
CURRENT RATIO	0.90	1.27
QUICK RATIO	0.55	0.90
CURRENT ASSETS	637,182,412	868,584,780
CURRENT LIABILITIES	710,480,018	681,413,646
WORKING CAPITAL	(73,297,606)	187,171,134
CASH RATIO	0.14	0.29
INVENTORY	248,052,672	251,939,441



- Non-current assets increased by 3% mainly due to increased value of operating assets and capital work in progress.
- Current assets increased by 36% compared to the last quarter, mainly due to increased cash levels of the business, other receivables and inventories during the quarter. However, compared to the previous quarter receivables of the company reduced.
- Current liabilities dropped by 4% compared to the previous quarter due to reduction in dividend payables and reduction in accrued expenses.
- As a result, the liquidity position of the company has improved.
- The ability to pay the short term debts with the cash also increased after increased cash levels.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	9.16	6.46
DEBT TO ASSETS	5.55	4.15
CAPITALIZATION RATIO	8.39	6.06



- Leverage ratios has shown a downward trend due to reduced borrowings lowering the financial risk associated. The company has capacity to expand operations through further borrowings.

Important Projects undertaken in the quarter

#	PROJECT NAME	PROJECT START DATE	PROJECT END DATE	PROJECT VALUE	COMPLETED VALUE (BILLED AMOUNT)	PROJECT COMPLETION %
1	IHAVANDHOO SEWERAGE PROJECT	2014	2018	59,226,721	59,226,721	100.00%
2	NOLHIVARAM SEWERAGE PROJECT	2014	2018	70,782,683	70,782,683	100.00%
3	S. HITHADHOO N&S - D&B OF SEWERAGE SYSTEM	2016	2018	103,973,136	81,662,957	79.00%
4	B.THULHAADHOO WATER AND SEWERAGE	2016	2018	70,832,314	70,832,314	100.00%
5	GA.KOLAMAAUSHI WATER AND SEWERAGE	2016	2018	53,381,802	53,381,527	100.00%
6	N.VELIDHOO WATER AND SEWERAGE	2016	2018	73,598,144	73,598,144	100.00%
7	R.HULHUDHUFFAARU - WATER & SEWERAGE	2016	2018	52,135,166	52,135,166	100.00%
8	G.DH.GAHDHOO SEWERAGE PROJECT	2016	2018	40,312,586	40,312,586	100.00%
9	DHIGGARU SEWERAGE PROJECT	2016	2018	25,073,444	25,073,444	100.00%
10	MULAH SEWERAGE PROJECT	2016	2018	41,453,943	41,453,943	100.00%
11	MAAMIGILI SEWERAGE PROJECT	2016	2018	65,866,378	65,866,378	100.00%
12	R.MEEDHOO - D&B OF INTERGRATED WATER SUPPLY	2016	2018	27,372,359	27,372,359	100.00%
13	STELCO - CONSTRUCTION & DEVELOPMENT OF BOREHOLES	2017	2018	3,866,376	3,866,376	100.00%
14	MALE' - STORM WATER UPGRADING PHASE 4	2017	2018	12,215,710	6,718,641	55.00%
15	PROVISION OF WATER SUPPLY FACILITY - MILANDHOO	2017	2019	44,270,172	18,579,677	42.00%
16	PROVISION OF WATER SUPPLY FACILITY - UNGOOFAARU	2017	2019	38,707,211	19,523,681	50.00%
17	HANIMAADHOO - PROVISION OF WATER SUPPLY FACILITIES	2018	2018	44,249,041	30,586,820	69.00%
18	HOARAFUSHI - PROVISION OF WATER SUPPLY FACILITIES	2018	2018	49,231,304	27,300,927	55.00%
19	RASDHOO - WATER PROJECT - 2018	2018	2018	26,841,361	14,552,331	54.00%
20	KURENDHOO - SEWERAGE PROJECT - 2018	2018	2019	29,401,919	-	0.00%

Conclusion

The overall performance of the company has improved in Q4 compared with Q3 in terms of profitability and liquidity. However, when compared to the same quarter of the previous year, the profitability has declined despite increased revenue, due to higher costs. The liquidity ratios suggest that the company is in a satisfactory liquidity position. However, mechanisms should be put in place to reduce payables and collect receivables to effectively manage working capital.

The long term borrowing of the company has been reduced and they are in a position to pay back the debts with the operations.

Recommendation

- Reduce Expenditure:
  MWSC has high indirect expenditure over the quarters. They can reduce cost in some arears, such as marketing & administration. Particularly, administrative expenses has increased and impacted profits of the company negatively. A mechanism has to be introduced to minimize costs.
- Inventory management techniques
  Inventory is too high compared to the assets in Q3 2018 and this will negatively affect the company as assets are being tied up in the form of inventory. Thus, inventory has to be managed well.
- Reduce Receivables:
  Receivables has to be collected to improve the cash position of the company. Mechanisms has to be set in such a way that MWSC can directly appeal to the ministry of finance which can directly intervene in the case of non-payment by government agencies. Moreover, a system of advance payments can be put in place where customers pay an estimated amount of monthly bills.
- It is also important to supervise meters of all households regularly. Mechanical meters become more inaccurate due to wear and tear. This can result in meter malfunctioning and meter can record a wrong reading.

Quarterly review; Quarter 4, 2018

MALDIVES PORTS LIMITED

MALDIVES PORTS LIMITED
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MPL/Q4

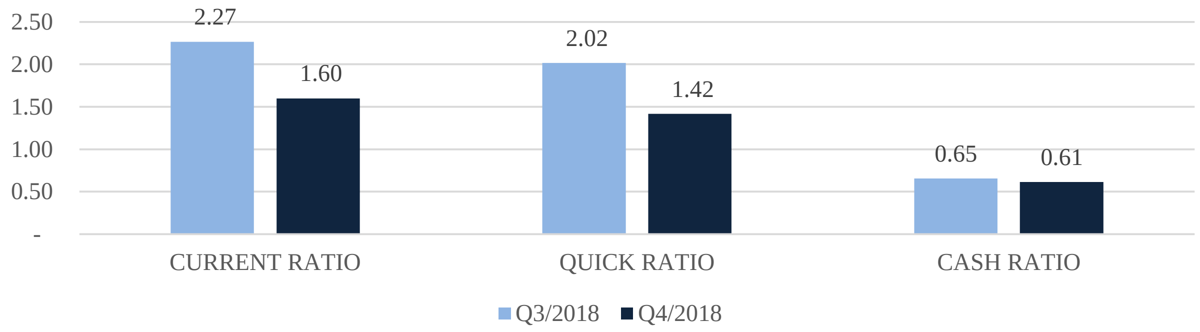
<u>Q3 of 2018 AND Q4 of 2018</u>

PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	205,799,512	210,943,335	5,143,823	2%
Cost of Sales	(33,817,168)	(41,865,057)	(8,047,889)	24%
Gross Profit	171,982,344	167,769,170	(4,213,174)	-2%
Expenses	85,930,110	88,275,452	2,345,342	3%
Operating Profit	86,052,234	79,493,718	(6,558,516)	-8%
Profit Before Tax	85,095,559	79,078,296	(6,017,263)	-7%
Profit After Tax	72,331,225	67,216,552	(5,114,673)	-7%

	Q3/2018	Q4/2018
Gross Profit Margin	84	80
Operating Profit Margin	42	38
Net profit Margin	35	32
Earnings Per share	17	16

- Revenue has recorded a growth of 2% when compared to previous quarter. The increase of cost of sales is greater than the growth of revenue, hence the gross profit has reduced by 2%.
- Furthermore, the company has failed to maintain its expenses, thus, operating profit reduced by 8%.
- The net finance cost has reduced as a result of increase in finance income along with reduced finance costs as borrowings reduced.
- The company's profit growth has deteriorated compared to the previous quarter. However, margins profit margins are satisfactory and the company is required to maintain the margins in the future.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	864,451,460	937,607,483
CURRENT RATIO	2.27	1.60
QUICK RATIO	2.02	1.42
CURRENT ASSETS	530,974,291	559,617,790
CURRENT LIABILITIES	234,389,107	349,969,360
WORKING CAPITAL	296,585,184	209,648,430
CASH RATIO	0.65	0.61
INVENTORY	58,396,543	64,242,173



- Current and quick ratio shows that the company is capable of settling its short term obligations with the available current assets. Company's current assets consists of inventories, trade receivables and cash and cash equivalents. If inventory and receivables are removed, the cash balance is not enough to cover company's current liabilities. However, the cash levels are also satisfactory for a mass operating company like MPL.
- Receivables has reduced notably by MVR 38 million and hence enhanced cash levels. In order to maintain a healthy liquidity position, company must manage its receivable collection and settle the debts due to creditors. Trade payables increased by MVR 115 million in just a quarter.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	17%	21%
DEBT TO ASSETS	14%	33%
CAPITALIZATION RATIO	14%	17%
CAPITAL EMPLOYED (TA_CL)	1,161,036,644	1,147,255,914
GEARING RATIO (LL/CE)	17%	16%
INTEREST COVER(EBIT/INTEREST)	46.49	46.10

- The company's long term loans and borrowings has reduced from MVR 194 million to MVR 186 million from 2018 Q3 to Q4. As a result gearing ratio has reduced from 17% to 16%. However, Debt to Assets ratio has increased from 17% to 21% as equity fell greatly by MVR 261 million due to lower retained earnings.
- The loans were taken to finance the on-going projects of the company.

Important Projects undertaken in the quarter

Maldives Ports Limited has carried out the following projects in the 3rd quarter of 2018.

- **Hiyaa Housing Project**- the total value of the project is MVR 621,044,070. As of the end of the quarter 20% of the project was completed.
- **Hulhumlae Paving Project**- the project was commenced on 29 April 2018 with a value of MVR 7.8 milliom. As of the end of the quarter 49% of the project was completed.

Conclusion

The performance of the company in terms of profitability has deteriorated in the quarter as they recorded a lower net profit compared to the last quarter. The cost of sales has increased greater than the revenue growth, thus it has hindered the profit margin. While administrative expenses has increased, further payroll expenses and selling and marketing expenses also has increased. As a result the company has achieved a negative growth in net profit of 7%. Further, earnings per share has recorded a reduction from MVR 17 per share to MVR 15.82 per share from 2018 Q3 to 2018 Q4.

In terms of liquidity, the company is in a position to pay its short term liabilities with the available current assets. However, the most significant component of current asset is trade and other receivables. Though the company received MVR 38 million from debtors, receivables still comprise 50% of the total short term assets.

The company has reduced its long term borrowings by paying some of the liabilities. This ratio indicates that only 16% of company's assets are finance through loans therefore financial risk associated with company is reasonable.

Recommendation

- Reduce cost of sales
  In order to maintain the GP margin at a stable level, the company should manage its direct costs. Without an adequate gross margin, a company cannot pay for its operating expenses. The cost of sales has recorded a growth of 24% while the revenue has increased by only 2%. Therefore the company should cut down costs where ever possible.
- Reduce receivable:
  Receivable collection is vital for businesses in order to be in a good liquidity position. Receivables need to be collected within the desired time and proper actions need to be taken with the overdue payments from customers. Receivable collection will further enhance the cash position of the company.
- Direct and indirect costs has been increased compared to the previous quarter. Thus, margins have fallen compared to the last quarter. Necessary measures need to be taken to improve revenue while keeping costs at minimum to achieve a higher margin.
- MPL has the capacity to invest in new projects. Thus funds should be utilized in such a way that could yield a higher return.

Quarterly review; Quarter 4, 2018

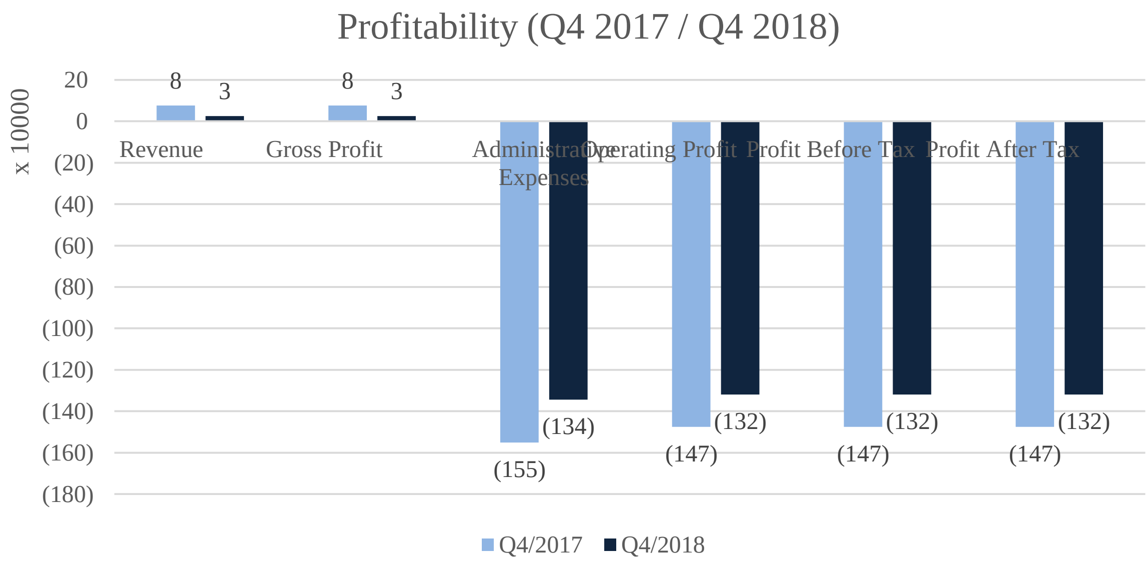
MALDIVES SPORTS CORPORATION LTD

MALDIVES SPORTS CORPORATION LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/MSCL/Q4

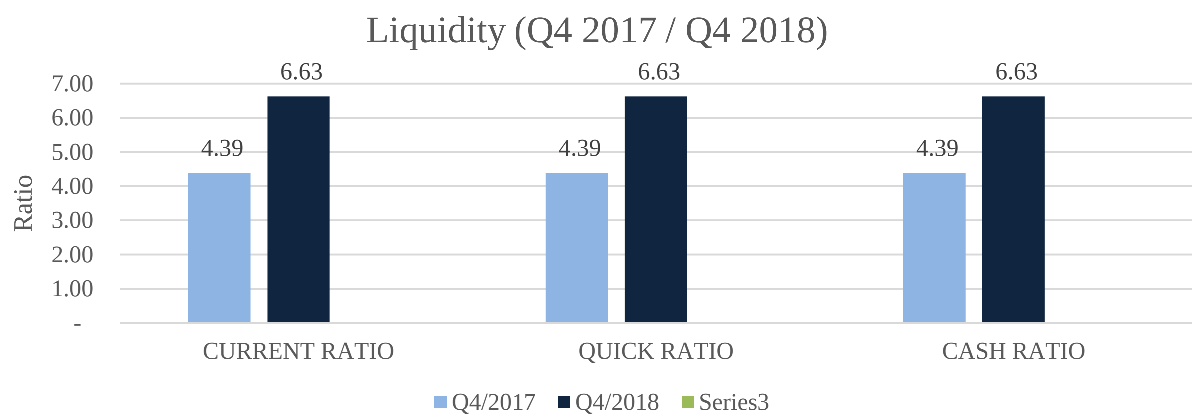
Q4 of 2017 AND Q4 of 2018

PROFITABILITY	Q4/2017	Q4/2018	Change	%
Revenue	77,000	25,100	(51,900)	(67)
Gross Profit	77,000	25,100	(51,900)	(67)
Administrative Expenses	(1,551,668)	(1,343,961)	207,707	(13)
Operating Profit	(1,474,668)	(1,318,861)	155,807	(11)
Profit Before Tax	(1,474,668)	(1,318,861)	155,807	(11)
Profit After Tax	(1,474,668)	(1,318,861)	155,807	(11)



- Compared to Q4 2017, the revenue of the company has fallen by 67%. The company does not generate enough revenue to run the day to day operations of the company.
- Since the direct expenses are nil, the gross profit is equal to the amount of revenue generated.
- Administrative expenses reduced compared to the same quarter of the previous year. However, the costs of the business remains higher than the revenue generated, causing operational and net losses for the business.

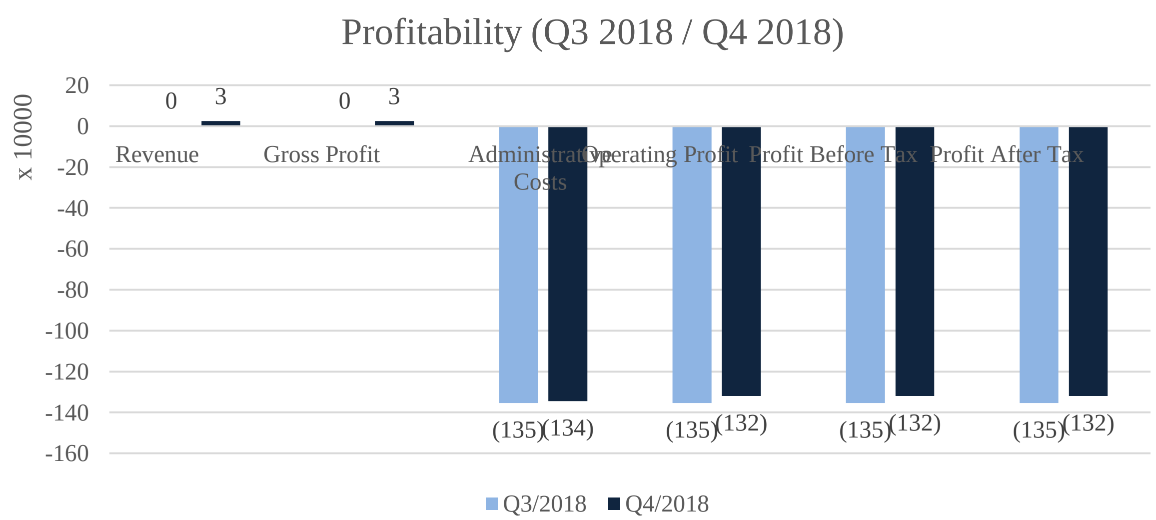
LIQUIDITY	Q4/2017	Q4/2018
NON CURRENT ASSETS	1,223,206	1,574,013
CURRENT RATIO	4.39	6.63
QUICK RATIO	4.39	6.63
CURRENT ASSETS	1,108,897	1,537,807
CURRENT LIABILITIES	252,667	232,045
WORKING CAPITAL	856,230	1,305,762
CASH RATIO	4.39	6.63



- Non-current assets increased by 29% compared to the same quarter of the previous year due to increased property, plant and equipment.
- Current assets increased by 39% due to increase in capital contribution by the government.
- Trade payables reduced compared to Q4 2017, as a result current and quick ratios increased. However, the liquidity ratios does not reflect a true picture of the liquidity position of the company, hence working capital consists of a great portion of capital contributed by the government.

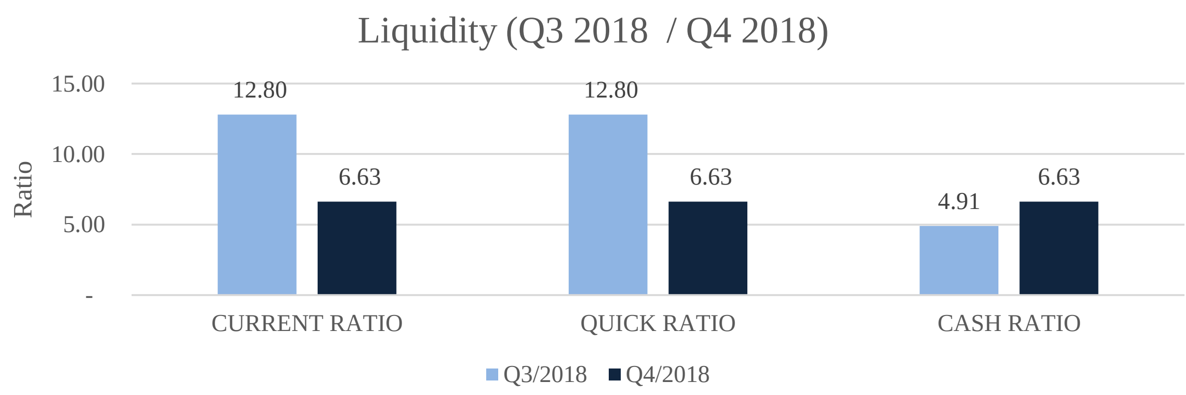
Q3 of 2018 AND Q4 of 2018

PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	3,577	25,100	21,523	601.71
Gross Profit	3,577	25,100	21,523	601.71
Administrative Costs	(1,353,707)	(1,343,961)	9,746	(0.72)
Operating Profit	(1,353,130)	(1,318,861)	34,269	(2.53)
Profit Before Tax	(1,353,130)	(1,318,861)	34,269	(2.53)
Profit After Tax	(1,353,130)	(1,318,861)	34,269	(2.53)



- Revenue increased by 601% compared to the previous quarter. However, the company does not generate enough revenue for long term sustainability.
- Gross profit is equal to revenue since they have no direct costs.
- Administrative costs reduced slightly. However, the costs are very high compared to the business operations resulting in losses.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	1,527,585	1,574,013
CURRENT RATIO	12.80	6.63
QUICK RATIO	12.80	6.63
CURRENT ASSETS	2,198,636	1,537,807
CURRENT LIABILITIES	171,787	232,045
WORKING CAPITAL	2,026,849	1,305,762
CASH RATIO	4.9	6.6



- Non-current assets increased by 3% due to increased property plant and equipment.
- Current assets comprises mainly of cash and cash equivalents which is the capital contribution by the government.
- Trade payables remain fairly lower than the cash of the business, showing a high liquidity ratio. Since, the cash represents the capital by the shareholder, it shows that the company's not capable to generate return from their own operations. The company does not have enough revenue to cover operating expenses and the company will not be able to continue its operations without significant assistance from the government. Hence, their current business operation is not sustainable.

Conclusion

There were no major operational activities undertaken by the sports Corporation in the fourth quarter to improve revenue. Further there isn't any on-going project for the business development. However, as operational costs are high, the company is making losses.

Moreover, capital has to be injected by the government more than the budgeted due to high costs. Failure in managing costs and capital leads to inefficient generation of revenue to fund even day to day operations. Thus they need to forecast the budget and strictly follow the budget while minimizing cost.

Recommendation

- Increase Business Operations:
  Sports Corporation should set short term goals and try to achieve them in order to increase revenue. These goals should be realistic and reachable.
- Costs have been increased despite the lack of operation of the company. Thus avoidable costs need to be minimized.
- Create a self-sustainable business model and implement the strategies which could generate revenue.

Quarterly review; Quarter 4, 2018

STATE ELECTRIC COMPANY LTD

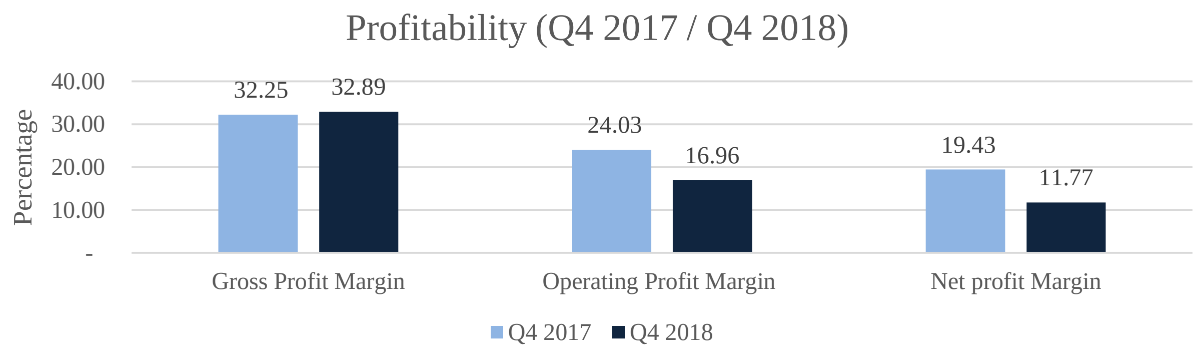
STATE ELECTRIC COMPANY LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/STELCO/Q4

Q4 of 2017 AND Q4 of 2018

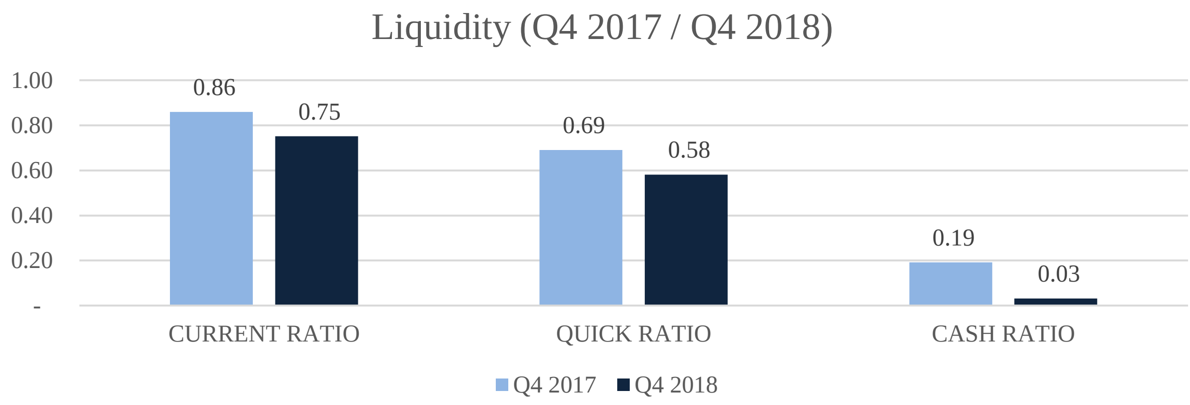
PROFITABILITY	Q4 2017	Q4 2018	Change	%
Revenue	476,467,912	536,400,360	59,932,448	13
Cost of Sales	(322,795,112)	(360,000,757)	(37,205,645)	12
Gross Profit	153,672,800	176,399,603	22,726,803	15
Operating Profit	114,484,716	90,981,232	(23,503,484)	(21)
Profit Before Tax	92,574,527	63,112,235	(29,462,292)	(32)
Profit After Tax	92,574,527	63,112,235	(29,462,292)	(32)

	Q4 2017	Q4 2018
Gross Profit Margin	32.25	32.89
Operating Profit Margin	24.03	16.96
Net profit Margin	19.43	11.77



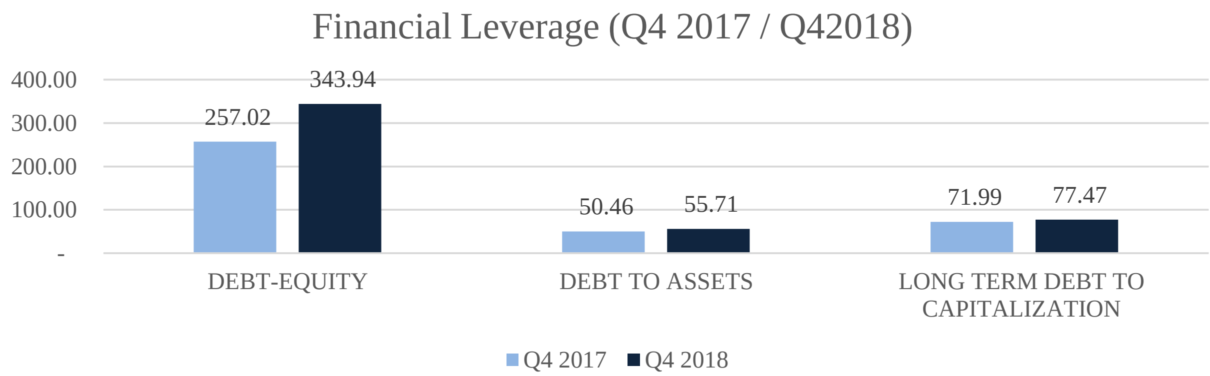
- Revenue increased by 13% since the electricity usage increased in the last quarter of 2018 compared to the same quarter of the previous year.
- As revenue increased, the direct costs also increased along, mainly due to increased cost of fuel and lubrication oil along with rising repair and maintenance costs. Gross profit shows an upward movement after increased revenue. Thus, a slight improvement can be seen in gross profit margin.
- Other operating expenses increased immensely as a result of increasing office expenses by MVR 43 million which is relatively high when a quarter is concerned. In addition to that, personnel expenses and travelling expenses rose by 21% and 75% respectively. This led operating profit to fall by 21% and operating profit margin fell to 17% from 24% in the same quarter of the previous year.
- Net profit also fell by 32% as finance costs rose alongside the reduction in the operating profit. As a result, net profit margin also reduced.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	2,234,651,379	3,201,213,086
CURRENT RATIO	0.86	0.75
QUICK RATIO	0.69	0.58
CURRENT ASSETS	588,895,182	590,944,406
CURRENT LIABILITIES	685,268,752	786,664,554
WORKING CAPITAL	-96,373,570	-195,720,148
CASH RATIO	0.19	0.03
INVENTORY	115,835,689	133,896,923



- Non-current assets increased by MVR 139.7 million mainly due to increase in value of generation & distribution equipment and vehicles & vessels.
- Trade receivables increased by MVR 90.6 million while inventories rose by MVR 18 million. Cash levels dropped immensely by MVR 106.6 million. As a result total current assets rose slightly.
- Trade payables increased by MVR 101 million compared to Q4 2018. Therefore, liquidity position of the company weakened in Q4 2018 compared to Q4 2017.
- Cash and cash equivalents fell in the quarter compared to Q4 2017 due to higher level of cash being used in investing activities.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	257.02	343.94
DEBT TO ASSETS	50.46	55.71
LONG TERM DEBT TO CAPITALIZATION	71.99	77.47



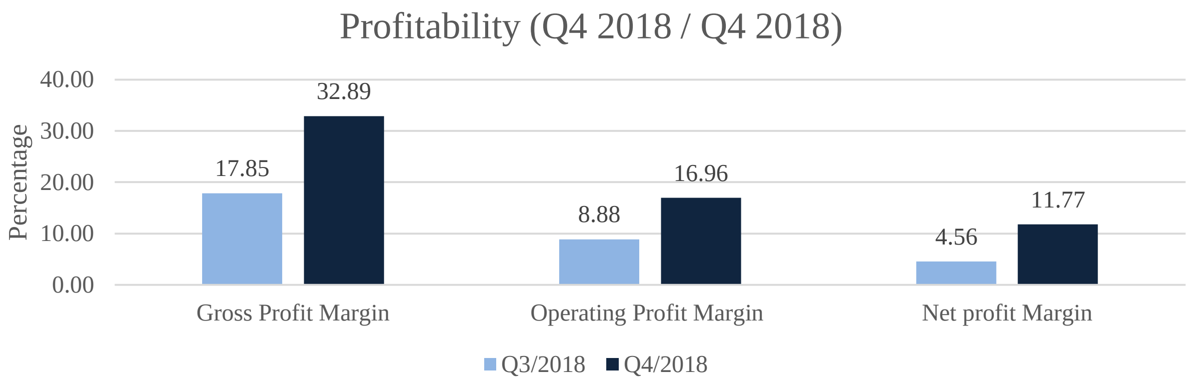
- Debt to Equity increased due to increased borrowings. The borrowing structure of STELCO in Q4 2018 in comparison with Q4 2017 are summarized in the table below:

Borrowings	Q4 2017	Q4 2018
ADB Loan (Power Sys Dev Project	10,386,930.00	10,386,930.00
ADB Loan (second Power Sys Project)	33,654,427.00	33,654,427.00
ADB Loan (Third Power Sys Project)	52,758,719.00	52,758,719.00
FEC & DDB Loan (5.4 MV Generator Set)	24,595,026.00	24,595,026.00
NDF Loan (Third Power Sys Project)	54,759,362.00	54,759,362.00
UNI Bank Loan	41,964,501.00	41,964,501.00
UNI Bank Grant	10,379,458.00	10,379,458.00
Fourth Power Development Project	738,561,034.00	738,561,034.00
MIB - MGAF	38,270,738.00	28,914,170.00
Exim Bank 5th Power Development Project	273,129,035.00	965,924,346.00
ADB Loan - Project POISED	146,348,246.00	150,847,779.00
	1,424,807,476.00	2,112,745,752.00

Q3 of 2018 AND Q4 of 2018

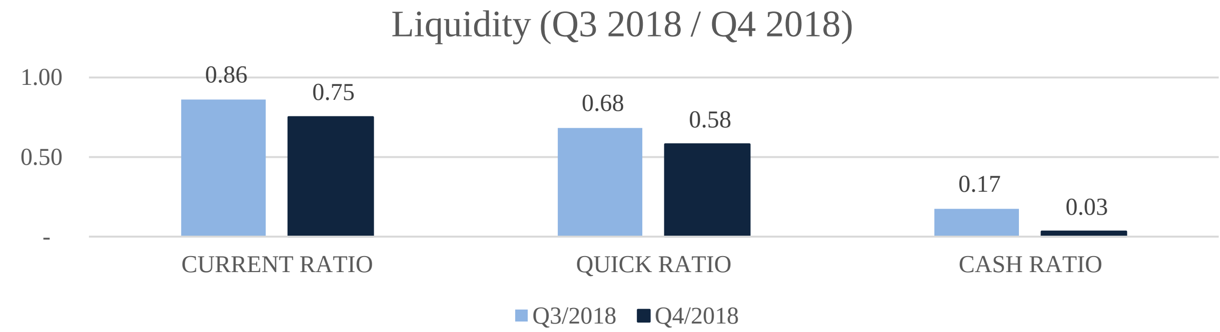
PROFITABILITY	Q3/2018	Q4/2018	Change	%
Revenue	445,857,536	536,400,360	90,542,824	20.31%
Cost of Sales	(366,257,948)	(360,000,757)	6,257,191	-1.71%
Gross Profit	79,599,588	176,399,603	96,800,015	121.61%
Operating Profit	39,606,915	90,981,232	51,374,317	129.71%
Profit Before Tax	20,337,711	63,112,235	42,774,524	210.32%
Profit After Tax	20,337,711	63,112,235	42,774,524	210.32%

	Q3/2018	Q4/2018
Gross Profit Margin	17.85	32.89
Operating Profit Margin	8.88	16.96
Net profit Margin	4.56	11.77



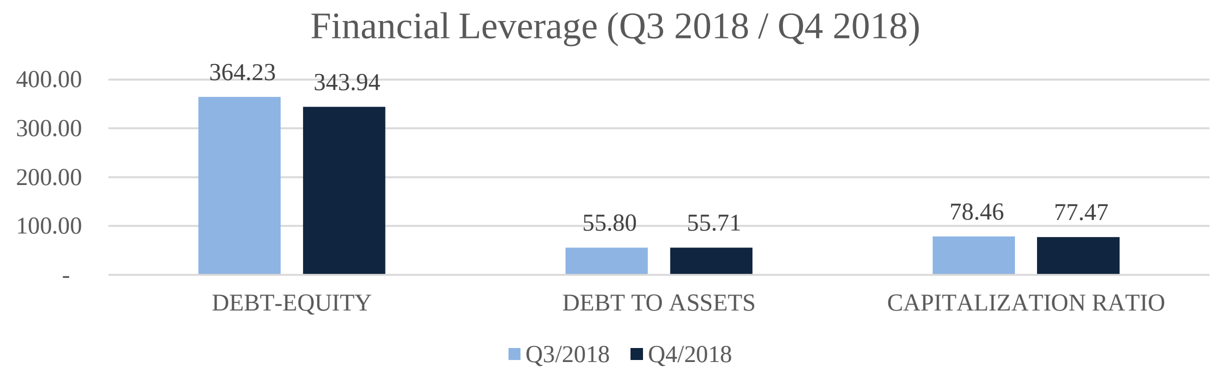
- Usage of electricity increased in the last quarter of the year causing revenue to increase. Though non-electricity revenue fell by MVR 2.6 million, water fee and water bottling increased by 37% and 33% respectively.
- The overall direct costs did not increase alongside the revenue and thus gross profit increased by MVR 96.8 million. While the cost of fuel and lubricant oil fell greatly during the period (which is the main direct cost component), direct costs associated with sales center also reduced. However, direct costs associated with water bottling expenses, repair and maintenance and customer service expenses increased significantly compared to the previous quarter.
- Other operating expenses increased mainly as a result of rise in office expenses by MVR 44 million.
- High interest on foreign loans increased the overall finance costs for the quarter by MVR 8.7 million. Overall profit margin of the company improved resulting from increased revenue while costs are being maintained.

LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	2,935,295,986	3,201,213,086
CURRENT RATIO	0.86	0.75
QUICK RATIO	0.68	0.58
CURRENT ASSETS	662,901,937	590,944,406
CURRENT LIABILITIES	770,275,182	786,664,554
WORKING CAPITAL	(107,373,245)	(195,720,148)
CASH RATIO	0.17	0.03
INVENTORY	137,806,235	133,896,923



- STELCO has a total long term assets worth MVR 3.2 billion at the end of quarter 4, 2018
- Trade and other receivables increased by MVR 41 million while inventories and cash levels reduced by MVR 4 million and MVR 109 million respectively. Therefore, total current assets reduced by 10% compared to the previous quarter.
- Receivables increased mainly from the accounts receivables from electricity bill payers. Receivables increased by MVR 85 million in just a quarter indicating that there is a need for reviving receivable collection mechanisms.
- Trade payables increased by MVR 16 million which is increase of payables by 2% resulting from trade payables and accrued interest.
- Current ratio of 0.86 further reduced to 0.75:1 due to reduction in the current assets while current liabilities increased in terms of payables and accrued interests. The overall liquidity position of the company is deteriorating as more cash is being tied up in receivables resulting in more provision for doubtful debts.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	364.23	343.94
DEBT TO ASSETS	55.80	55.71
CAPITALIZATION RATIO	78.46	77.47



- There was a 5% increase in borrowings while equity increased by 11% in Q4 compared with Q3. This led debt ratio to fall in the last quarter compared to the preceding quarter. However, STELCO has a high gearing ratio where borrowings are comparatively higher than the equity which shows a high financial risk to the investors. The current borrowings of the company in comparison to the borrowings in Q3 2018 are summarized in the table below:

Borrowings	Q3 2018	Q4 2018
ADB Loan (Power Sys Dev Project	10,386,930	10,386,930
ADB Loan (second Power Sys Project)	33,654,427	33,654,427
ADB Loan (Third Power Sys Project)	52,758,719	52,758,719
FEC & DDB Loan (5.4 MV Generator Set)	24,595,026	24,595,026
NDF Loan (Third Power Sys Project)	54,759,362	54,759,362
UNI Bank Loan	41,964,501	41,964,501
UNI Bank Grant	10,379,458	10,379,458
Fourth Power Development Project	738,561,034	738,561,034
MIB - MGAF	31,325,226	28,914,170
Exim Bank 5th Power Development Project	861,373,380	965,924,346
ADB Loan - Project POISED	147,772,237	150,847,779
	2,007,530,300	**2,112,745,752**

Important Projects undertaken in the quarter

The on-going projects of STELCO are summarized as follows:

#	Project Name	**Project Commencement Date**	**Project completion Date**	**Project Value**	**Completed Value**	**Project Completion**
1	Greater Male' Grid Connection Phase 1	22nd October 2018	22nd October 2019	USD 44,462,087.71	USD 84,050.75	0.18%
2	Establishment of sewerage system in Adh.Fenfushi	11th October 2017	12 months from the start date	MVR 21,775,941.27	MVR 2,358,178.80	10.8%
3	Fifth Power Development Project	27th December 2016	26 months from start date	USD 79,946,000.00	USD 66,625,077.17	95.3%
4	Substation 37 construction	01st June 2017	In progress	MVR 1,352,033.34	MVR 1,352,033.34	95%
5	Hulhumale' Warehouse	10th March 2018	In progress	MVR 1,314,093.03	MVR 1,314,093.03	60%

Conclusion

The level of revenue was maintained at a satisfactory level as electricity usage has increased in the last quarter of 2018 compared to Q3 2018 and Q4 2017. Profitability of the company has improved compared to Q3 2018. However profitability of the company was negatively affected compared to Q4 2017 as a result of higher cost and expenses.

Liquidity position also has a negative outlook where current assets are insufficient to settle the short term obligations. Further total payables has increased significantly due to accrued interest expenses incurred on borrowing. The rise in inventory has affected quick ratio of the company.

As mentioned before, borrowings of the company are quite high thus financial risk associated with the company are relatively high. STELCO is a highly geared company, since they have financed almost all expansion and upgrading projects through borrowing. Based on current financial status, they are not in a position to repay all there loans, thus they may face difficulty in financing additional projects without any help from government or shareholders.

Recommendation

- Prompt collection of receivables:
  Receivable collection is one of the major issues in STELCO. They have over MVR 423 million as uncollected revenue from electricity bills at the end of the fourth quarter. Thus necessary steps must be taken to collect the receivables at the earliest. They can make separate policies for public institutes as significant part of receivables is contributed from public institutes and electricity cannot be cut off from a public institute like households. Moreover, necessary measures must be taken for the unpaid customers and relevant authorities must be informed.
- Cash flow enhancement and reduction of Payables:
  Receivable collection measures will assist in improving cash flow position. Cash flow should be forecasted and planned well to make the optimal usage of cash for current operations and to pay back the debts as much as possible. Loans and other accrued expenses can be paid off by enhancing cash position which could assist to improve financial strength of the company.
- Increase Revenue:
  STELCO has already started water bottling and sales which is generating additional revenue. They can further enhance water bottling and sales which could generate a good return in the long run. Likewise, they can use innovative business techniques for other business projects which could yield good return. They also can diversify into engineering service garages which could improve revenue.
- Cost Reduction:
  Cost reduction is the most important aspect for STELCO. Operating expenses like repairs and maintenance, personnel expenses and transport and hiring charges has grown immensely. These costs can be reduced by improving efficiency in every process of the company.
- Inventory Management:
  Proper contingency planning and accurate forecasting is essential for inventory management.
  It is important for STELCO to set par levels of inventory which will set a minimum amount of items which should be on hand. This will alert them when to order more.
  STELCO should have regular inspection on their inventory which will help them in understanding the product conditions before getting obsolete thus avoiding dead stock.
- Set Strategic Targets:
  STELCO needs to make a strategic plan and set objectives and mechanisms to achieve the objectives rather than working on project basis. This will help in adding value to business activities and employees will have an ultimate target to achieve at the end of each year while minimizing costs.

Quarterly review; Quarter 4, 2018

STATE TRADING ORGANIZATION PLC

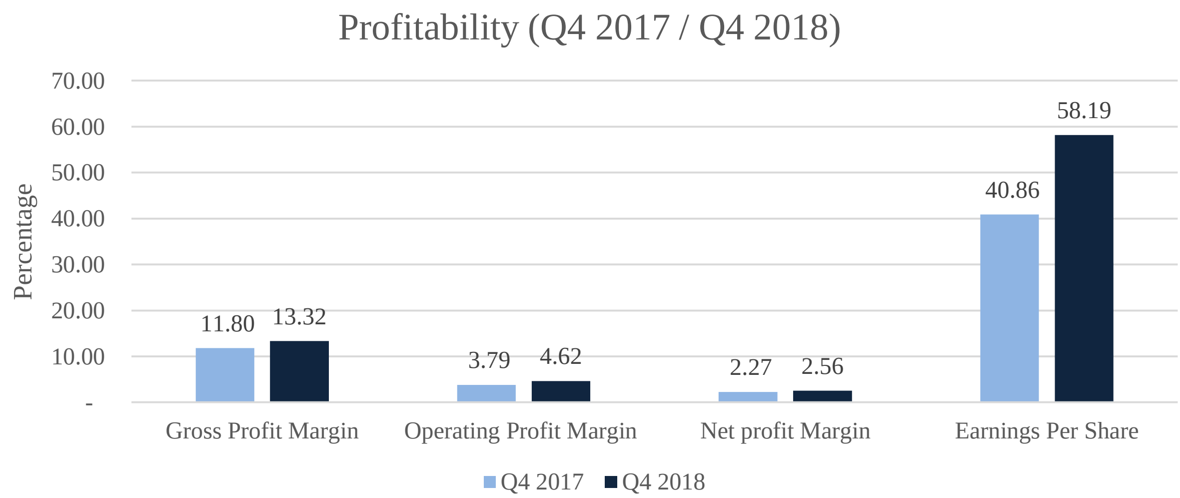
STATE TRADING ORGANIZATION PLC
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2018/STO/Q4

Q4 of 2017 AND Q4 of 2018

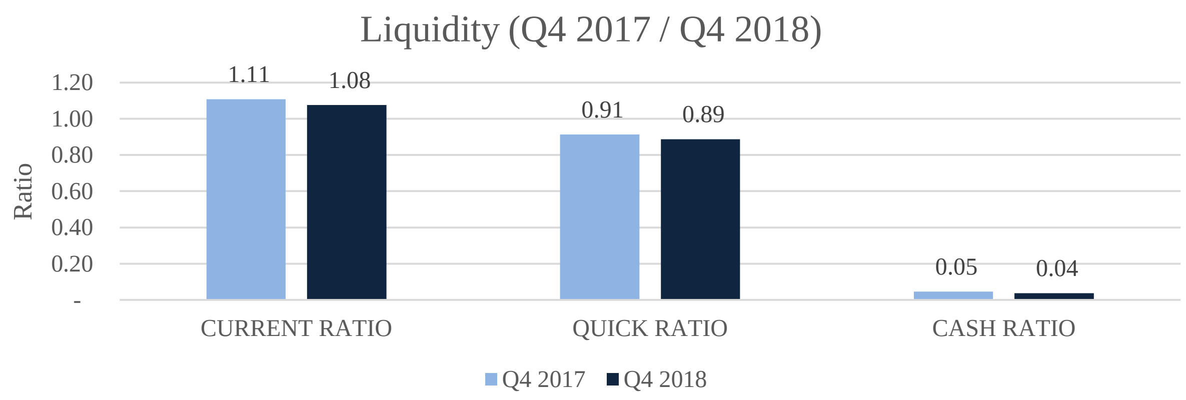
PROFITABILITY	Q4 2017	Q4 2018	Change	%
REVENUE	2,024,153,090	2,566,007,286	541,854,196	27
COST OF SALES	(1,785,394,310)	(2,224,178,842)	(438,784,532)	25
GROSS PROFIT	238,758,780	341,828,444	103,069,664	43
OPERATING PROFIT	76,679,671	118,649,086	41,969,415	55
PROFIT BEFORE TAX	53,917,584	88,028,032	34,110,448	63
PROFIT AFTER TAX	46,042,887	65,571,213	19,528,326	42

	Q4 2017	Q4 2018
GROSS PROFIT MARGIN	11.80	13.32
OPERATING PROFIT MARGIN	3.79	4.62
NET PROFIT MARGIN	2.27	2.56
EARNINGS PER SHARE	40.86	58.19



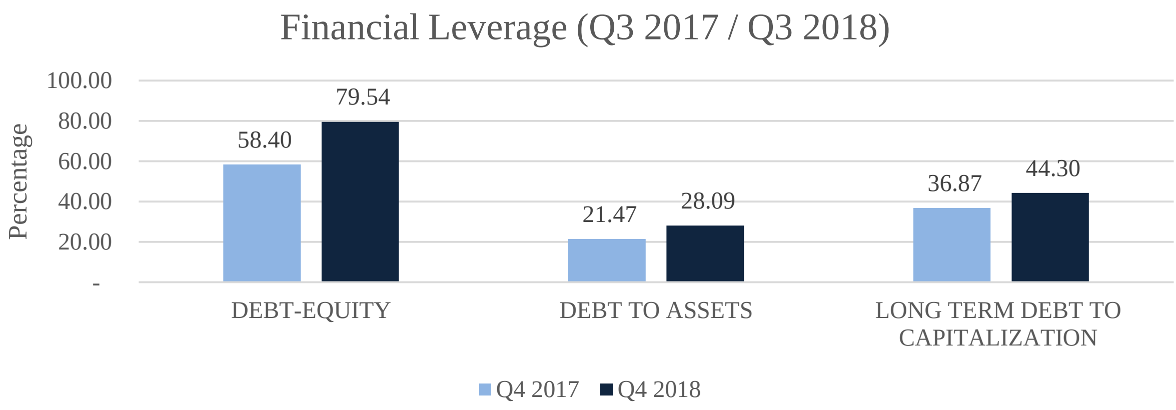
- STO recorded a revenue exceeding MVR 2 billion which is an improvement in revenue by MVR 541 million.
- Along with increasing sales, selling and marketing costs and administrative costs increased in the quarter. Though certain costs increased, other operating costs reduced by MVR 1 million and operating income increased by MVR 8.3 million. On the other hand finance costs also increased by MVR 7.86 million. The combined increase and reduction in costs along with rise in revenue resulted net profit to increase by 42% compared to the same quarter of the previous year.
- Thus, profit margins have been increased when both quarters are compared. Nevertheless, margins are comparatively lower compared to other market participants.

LIQUIDITY	Q4 2017	Q4 2018
NON CURRENT ASSETS	2,390,505,473	2,475,700,443
CURRENT RATIO	1.11	1.08
QUICK RATIO	0.91	0.89
CURRENT ASSETS	3,786,883,949	4,313,092,596
CURRENT LIABILITIES	3,416,587,181	4,009,564,549
WORKING CAPITAL	370,296,768	303,528,047
CASH RATIO	0.05	0.04
INVENTORY	665,129,644	753,904,033



- Non-current assets increased by 85% contributing from increased property, plant and Equipment and investments compared to Q4 2017.
- Current assets increased by MVR 526 million after increased levels of inventory and receivables. Receivables has increased significantly by MVR 444 million while cash and cash equivalents fell by MVR 6.9 million compared to Q4 2017.
- On the current liabilities side payables reduced by MVR 111 million while short term borrowings increased by MVR 689 million.
- Increased current liabilities greater than that of the short term assets lead to lower liquidity ratios. However, STO has a satisfactory level of liquidity position where they are in a position to settle the obligations with the short term assets available. Nevertheless measures must be taken to ensure that receivables are kept at a minimum level since receivables has increased significantly and it holds 61% of the total current assets of the company which is quite significant.

LEVERAGE	Q4 2017	Q4 2018
DEBT-EQUITY	58.40	79.54
DEBT TO ASSETS	21.47	28.09
LONG TERM DEBT TO CAPITALIZATION	36.87	44.30

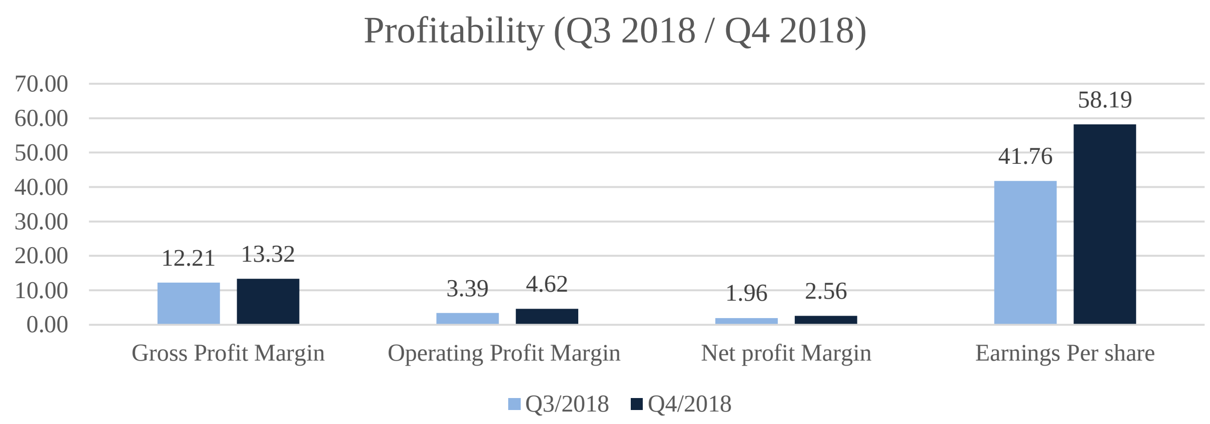


- Debt to Equity increased from 58.4% to 79% compared to Q42017 due to increased borrowings by MVR 580 million while equity increased by MVR 126 million only. The increase in debt to equity ratio will have a negative impact on the financial risk of the company.
- Debt to assets increased as a result of increase in assets compared to the increased borrowings during the period.

Q3 of 2018 AND Q4 of 2018

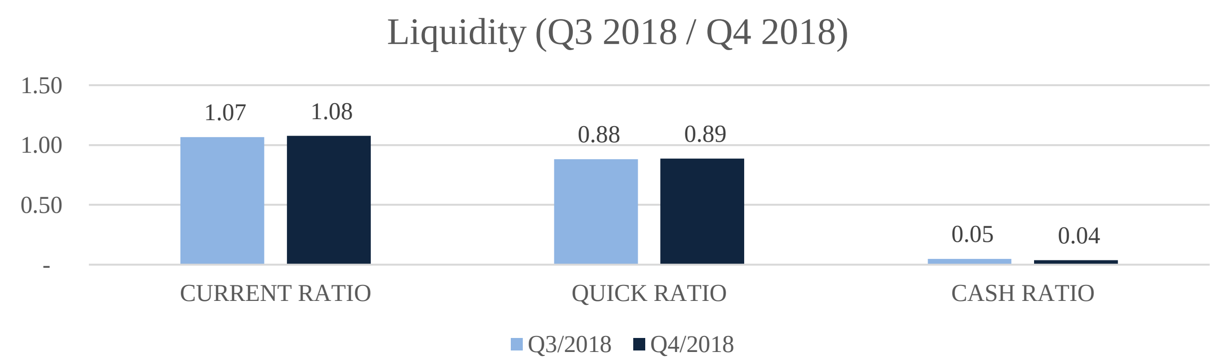
PROFITABILITY	Q3/2018	Q4/2018	Change	%
REVENUE	2,398,303,260	2,566,007,286	167,704,026	6.99%
COST OF SALES	(2,105,366,290)	(2,224,178,842)	(118,812,552)	5.64%
GROSS PROFIT	292,936,970	341,828,444	48,891,474	16.69%
OPERATING PROFIT	81,258,347	118,649,086	37,390,739	46.01%
PROFIT BEFORE TAX	55,986,952	88,028,032	32,041,080	57.23%
PROFIT AFTER TAX	47,064,992	65,571,213	18,506,221	39.32%

	Q3/2018	Q4/2018
GROSS PROFIT MARGIN	12.21	13.32
OPERATING PROFIT MARGIN	3.39	4.62
NET PROFIT MARGIN	1.96	2.56
EARNINGS PER SHARE	41.76	58.19



- STO reported revenue exceeding MVR 2.5 billion which is an increment of revenue by 7% compared to the Q3.
- While revenue recorded improvement, selling and marketing costs along with administrative costs and other operating expenses increased during the period. However, operating income improved by MVR 20 million contributing to the improvement in operating profit by 46% compared to the previous quarter.
- Profit margins improved compared to the previous quarter. However, costs should be minimized relatively to further improve the margins.

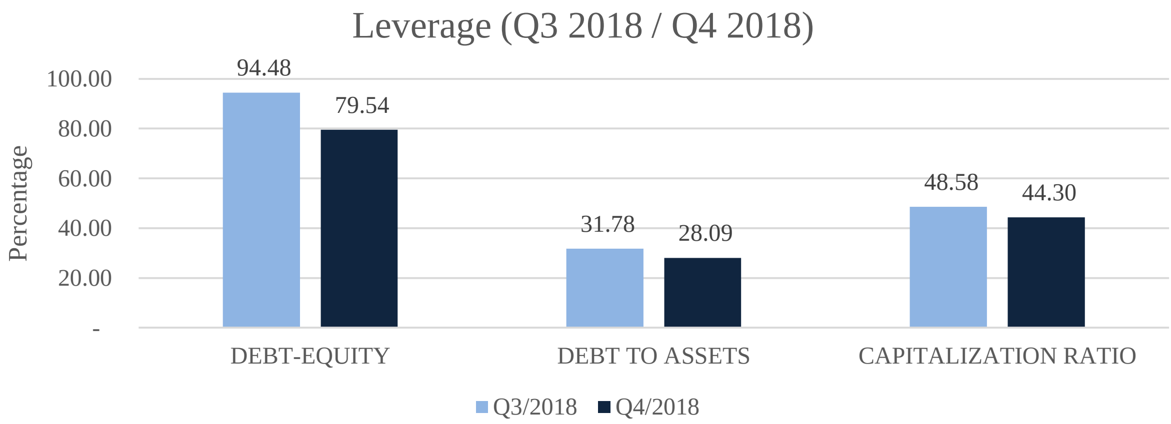
LIQUIDITY	Q3/2018	Q4/2018
NON CURRENT ASSETS	2,455,916,192	2,475,700,443
CURRENT RATIO	1.07	1.08
QUICK RATIO	0.88	0.89
CURRENT ASSETS	4,476,727,426	4,313,092,596
CURRENT LIABILITIES	4,196,211,191	4,009,564,549
WORKING CAPITAL	280,516,235	303,528,047
CASH RATIO	0.05	0.04
INVENTORY	775,770,774	753,904,033



- Non-current assets increased due to increased property, plant and equipment and investments compared to the last quarter.

- Current assets reduced by MVR 163 million. Trade and other receivables reduced greatly by MVR 85.5 million which is a favorable indication. However, inventories and cash and cash equivalents reduced by MVR 21.9 million and MVR 56 million respectively.
- Short term liabilities reduced by MVR 186 million contributed from paying off the short term borrowings by MVR 273 million compared to the last quarter. However, current tax liability and payables increased by MVR 16.9 million and MVR 69.8 million respectively.
- Liquidity ratios increased slightly as reduction in current assets are less than the reduction in current liabilities. As such, STO has a satisfactory level of liquidity and there is room for improvement.

LEVERAGE	Q3/2018	Q4/2018
DEBT-EQUITY	94.48	79.54
DEBT TO ASSETS	31.78	28.09
CAPITALIZATION RATIO	48.58	44.30



- The leverage ratios fell as STO is paying off more of their debts reducing total borrowings. This will boost investor confidence in the company in terms of reduced risk.

Employment

STO employees a total of 2164 employees by the end of the 4th quarter. This comprised recruitment of 7 additional staffs compared to the previous quarter. Employment consists of 82% local and the rest being foreign employees.

Conclusion

STO has increased their profitability in this quarter compared to Q4 2017 and Q3 2018. Though the costs increased along with rise in revenue STO managed to improve operating profits and overall margin. However, profit in relation to the sales could be improved in order to increase margin levels.

STO has a satisfactory liquidity levels where current assets enough to settle the liabilities. During the quarter STO has paid off more of its short term borrowings which reduced the cash levels. Due to this the gearing of the company also reduced.

Recommendation

- Improve efficiency in all business process;
  Labor and capital efficiency will result in more efficient business processes. STO needs to increase efficiency in all grounds of their business to achieve higher profits in the future. Since STO is one of the largest public owned enterprise, many shareholders have their eyes on STO's business activities. Hence, profit has to be maximized in order to maintain shareholder interest.
- Reduce dependence on short term finance which could reduce the finance costs.
- Payable and Receivable management techniques can be applied such as:
- Improving credit collection policies: STO can apply different credit policies for different class of customers according to the goods/services provided. Regular customers with good credit ratings can be given greater flexibility period for payment. Also, credit policies can be made according to the customer type, whether it is an individual or government institute.

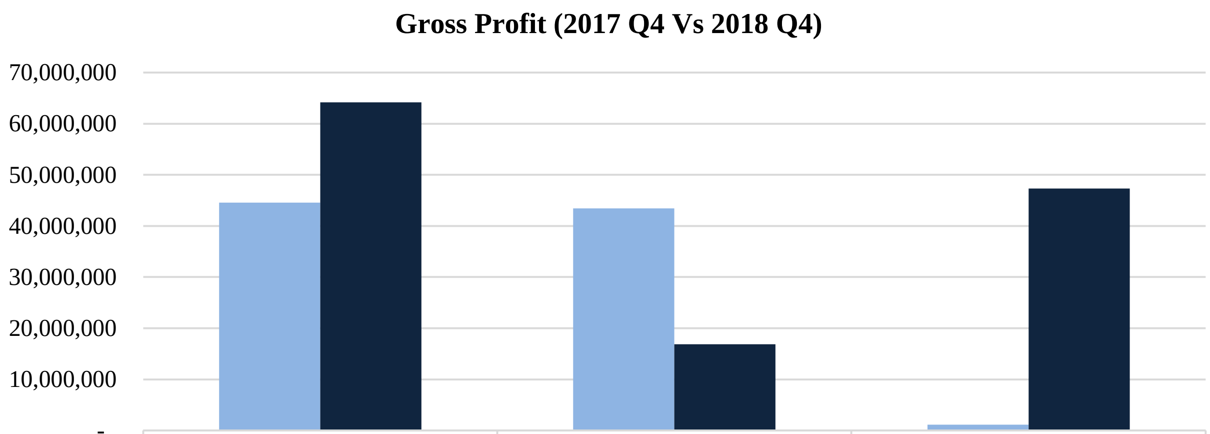
Quarterly review; Quarter 4, 2018

WASTE MANAGEMENT CORPORATION LTD

Report No: PEM/2018/WAMCO/Q4

Q4 of 2017 AND Q4 of 2018

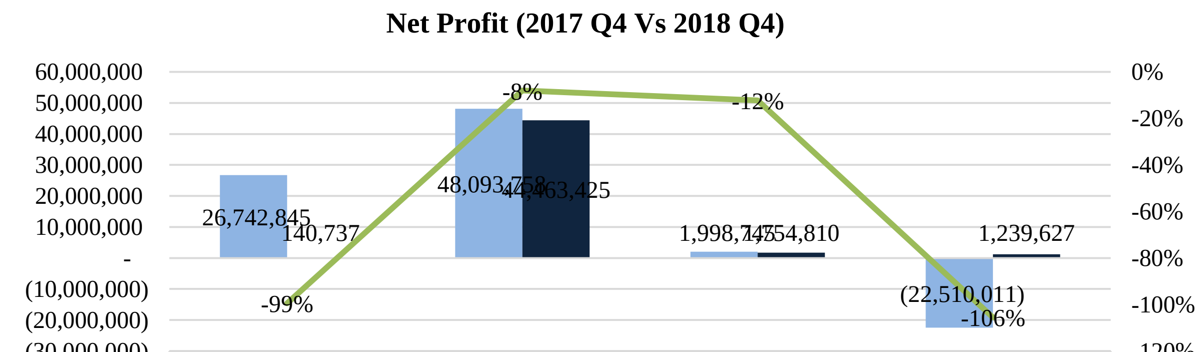
Gross Profit



	Revenue	Direct expenses	Gross Profit
2017 Q4	44,546,800	43,435,060	1,111,740
2018 Q4	64,169,066	16,851,941	47,317,125

WAMCO has increased its operations over the time period evaluated; as a result revenue has increased from MVR 44 million to MVR 64 million from 2017 Q4 to 2018 Q4. Although the direct expenses reduced significantly, we believe this is mainly because of classification. A remarkable growth in gross profit is also achieved in comparison to 2017 Q4. Consequently, gross profit margin has improved from 2.5 percent to 73.7 percent.

Net Profit



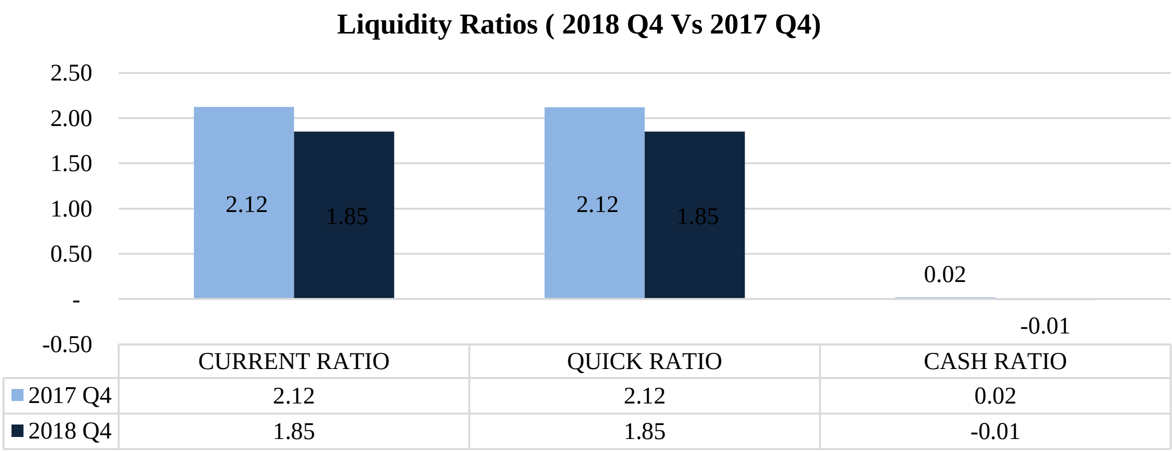
	Other Operating Income	Administrative expenses	Selling and distribution expenses	Net Profit/Loss
2017 Q4	26,742,845	48,093,758	1,998,745	(22,510,011)
2018 Q4	140,737	44,463,425	1,754,810	1,239,627
% change	-99%	-8%	-12%	-106%

As seen from the above the table other operating income has reduced by 99% in 2018 Q4 as against 2017 Q4. Other operating income comprises of fine collections, interest income, management and operation income, miscellaneous income and resalable income. However, in 2018 Q4, WAMCO has earned only interest income and recycling income.

Administrative expenses and selling and distribution expenses has reduced by 8% and 12% respectively. With increased revenue and reduced expenditure WAMCO was able to turn a net loss in 2017 Q4 to a profit of MVR 1.2 million in 2018 Q4.

Liquidity

LIQUIDITY	Q4/2017	Q4/2018
Non-Current Assets	98,113,028	143,110,961
Current Assets	104,014,153	105,750,851
Current Liabilities	48,959,779	57,068,025
Working Capital	55,054,375	48,682,826
Cash Ratio	0.02	-0.01
Current Ratio	2.12	1.85
Quick Ratio	2.12	1.85



Non-current assets of the company has increased by 46% mostly due to increase in property plant and equipment. Current assets of the company has increased by only 2% which consists of trade receivables and cash and bank balances. WAMCO's cash and bank balance at the end of 2018 Q4 is negative MVR 285,560. Trade receivables include a greater portion of uncollected debts from government institutes and households for the waste disposal service provided. Refundable deposits are in the form of rent which is expected to be received. Advance and prepayments are mainly due to huge advances being paid to the vessels and vehicles bought recently for waste collection. One of the company's main operational weakness is the in efficiency in receivable collections. The company has started a process to improve the collections and the long-term solution to this problem could be inclusion of the waste collection fee in a utility bill such as electricity bill.

Current liabilities increased by MVR 8 million which is an increase of 12% compared to the same quarter of the previous year due to higher payables. The payables mainly consists of payables for FSM and rent of other parties vehicles.

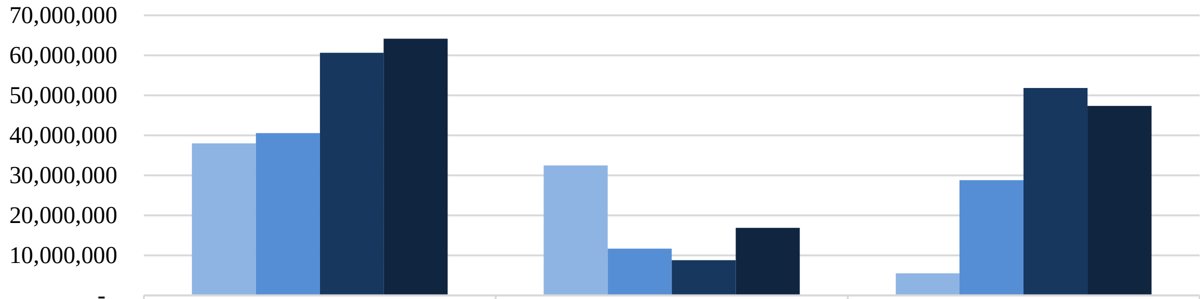
Since WAMCO does not have any inventory, current ratio equals to the quick ratio. This ratio has reduced due to payables increasing greater than that of receivables. Though ratio shows a favorable liquidity position, overall liquidity position is unsatisfactory where company does not have quick funds and receivables from government are not expected to receive in one year. Since company's cash and bank balance is negative at the end of quarter 4 2018 cash ratio has changed to negative 0.1.

The company does not have any loans or any other long term debt.

Q1 of 2018 to Q4 of 2018

Gross Profit

Gross Profit (2018 Q1 to 2018 Q4)

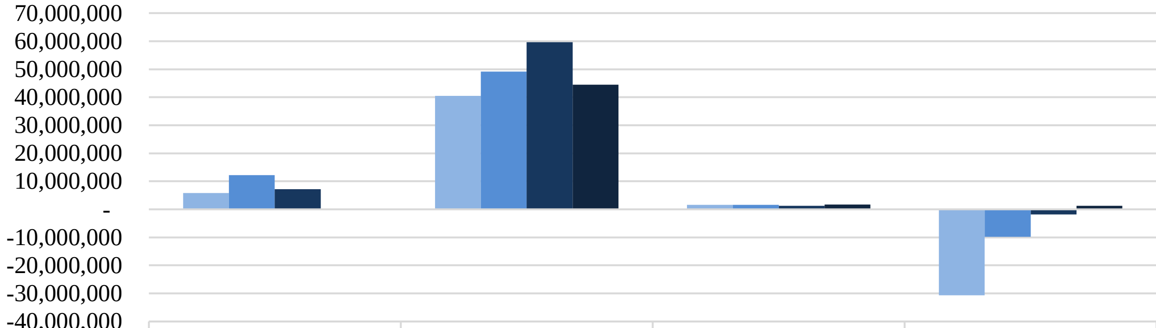


	Revenue	Direct expenses	Gross Profit
Q1/2018	38,010,885	32,473,429	5,537,456
Q2/2018	40,532,168	11,721,833	28,810,335
Q3/2018	60,640,923	8,798,584	51,842,339
Q4/2018	64,169,066	16,851,941	47,317,125

Revenue from waste collection has seen a satisfactory growth in 2018 achieving MVR 64 million in 2018 Q4. Gross profit of the company has increased quarter by quarter and the highest gross profit was achieved in Q3. This was mainly because some of the direct costs were categorized as indirect expenses.

Net Profit

Gross Profit (2018 Q1 to 2018 Q4)



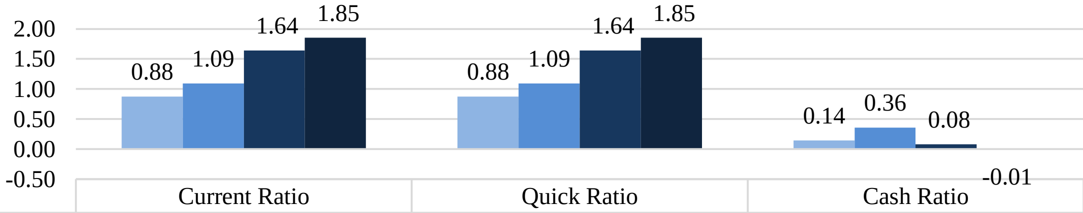
	Other Operating Income	Administrative expenses	Selling and distribution expenses	Net Profit/Loss
Q1/2018	5,839,213	40,462,300	1,580,463	-30,665,943
Q2/2018	12,162,463	49,172,179	1,616,168	-9,834,496
Q3/2018	7,239,292	59,645,346	1,271,109	-1,834,824
Q4/2018	140,737	44,463,425	1,754,810	1,239,627

Other operating income is at its lowest in 2018 Q4 and administrative expenses has reduced in comparison to Q3 and Q4. However, selling and distribution expenses has increased by 38% when compared to Q3. WAMCO was able to achieve a net profit in 2018 Q4 for the first time since its inception.

Liquidity

LIQUIDITY	Q1/2018	Q2/2018	Q3/2018	Q4/2018
Non-Current Assets	153,993,656	161,122,375	146,088,769	143,110,961
Current Assets	81,211,425	135,631,928	104,053,877	105,750,851
Current Liabilities	92,703,621	124,087,340	63,308,657	57,068,025
Working Capital	- 11,492,197	11,544,588	40,745,220	48,682,826
Cash Ratio	0.14	0.36	0.08	- 0.01
Current Ratio	0.88	1.09	1.64	1.85
Quick Ratio	0.88	1.09	1.64	1.85

Liquidity Ratios (2018 Q1 to 2018 Q4)



	Current Ratio	Quick Ratio	Cash Ratio
Q1/2018	0.88	0.88	0.14
Q2/2018	1.09	1.09	0.36
Q3/2018	1.64	1.64	0.08
Q4/2018	1.85	1.85	-0.01

As per the ratios the liquidity position is favorable as the current liabilities of the company are decreasing greater than that of its current assets. However, it is important to note that current assets consists of cash and trade receivables and company's cash balance is negative at the end of 2018 Q4. Trade receivables are receivables from government authorities and it is likely it can be collected within one years' time. At the end of Q4, company's trade receivables stands at MVR 106 million and its payables at MVR 57 million.

Conclusion

WAMCO has been achieving remarkable results in the year 2018 and has managed to make net profit of MVR 1.2 million for the quarter 4 of 2018. Gross profit of the company also shows an upward growth trend, however a marginal fall was recorded in 2018 Q4 due to increase in direct costs.

Other income of the company has been declining over the period, on the other hand administrative expenses has an increasing trend. However the growth has reduced in 2018 Q4. The main components of the administrative expenses are staff costs such as salaries and wages paid to the employees and other staff expenses. WAMCO has a significant number of employees working the in the collection process and the company may benefit from a review of the company's staff requirement.

Liquidity ratios show a satisfactory figure where current assets are sufficient to settle the short term liabilities. However, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection.

The company has not taken any long-term loan hence there is no finance cost. However, they have made huge investments in acquiring vehicles for waste disposal which might take long time to recover the investment costs.

Recommendation

- Receivable collection:
  Receivable collection is a major issue in WAMCO. Proper policies need to be set and implemented to collect receivables at the earliest. WAMCO has already automated their billing and payment process. Thus, necessary policies need to be made and implemented against the unrecovered receivables. Further relevant authorities must be informed and actions need to be taken accordingly. They can also remind the unpaid customers every month through a general message and make public more aware on the pending payments.
  Receivables compose a greater portion of debts from government authorities. Proper mechanisms can be arranged with the ministry of finance where they can directly intervene to the payments made by government authorities.
- Reduce Payables:
  It is important to build a strong relation with the suppliers for better terms. Further proper receivable collection will ultimately help in enhancing cash and thus reducing payables.
- Reduction of Operational costs:

Overall operational cost need to be minimized, mainly the staff costs need to be minimized by reviewing the pay structure and the adequacy of number of staffs. WAMCO recruited relatively high number of employees for the collection and disposal of waste. They can employ contract staffs who would require benefits instead of full time employees. This would also help them in managing staff costs.

- Revenue Improvement:

  WAMCO can improve revenue in waste disposal by:

  - Specializing on a specific niche like disposal of medical waste management, food waste management, commercial/industrial waste management, disposal of electronic devices, green waste, construction waste and hazardous waste management.

    Medical waste has certain strict regulations in regard to disposal. Hence, WAMCO has an opportunity to get into medical waste disposal where they can charge higher prices for such disposals which could ultimately increase revenue.

    Food waste management also can be done separately from restaurants and grocers. These waste should be disposed in a sanitary and efficient manner. Thus, WAMCO can play a leading role in disposing such waste where restaurants and groceries will also have the motivation to dispose such waste in the cleanest way to build their reputation. WAMCO also can charge different prices for these niches.

- WAMCO can grow by recycling waste and offering environmentally friendly services. Government is seeking to reduce their environmental footprint by reducing and recycling waste they produce. Implementing ways to recycle waste can help WAMCO to save costs, benefit the planet and boost their image. This will ultimately increase revenue and aid WAMCO in recovering costs.
- Consequently WAMCO should ensure that they are adequately financed. As a startup waste management business, WAMCO is capital intensive. Thus, careful financial planning and keeping a close eye on cash flow is essential. They have to be prepared with a backup plan to get the cash they might need urgently.