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SUMMARY OF QUARTERLY REVIEW
Q1 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 (SOE). Further, this paper will assist stakeholders in understanding their businesses more effectively.

This quarterly Review is a summary of 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 one of 2018 with the quarter one of 2017.

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

In that context, this report consists of quarterly review of 19 different SOE's operating in the Maldivian market impacting a great portion to the economy. Due to the limitation of the information available, we were unable to prepare the reviews of all the SOEs. For example MMPRC, Aasandha and Maldives Hajj Corporation limited has not sent their quarterly reports. Therefore, we were unable to prepare reviews for them.

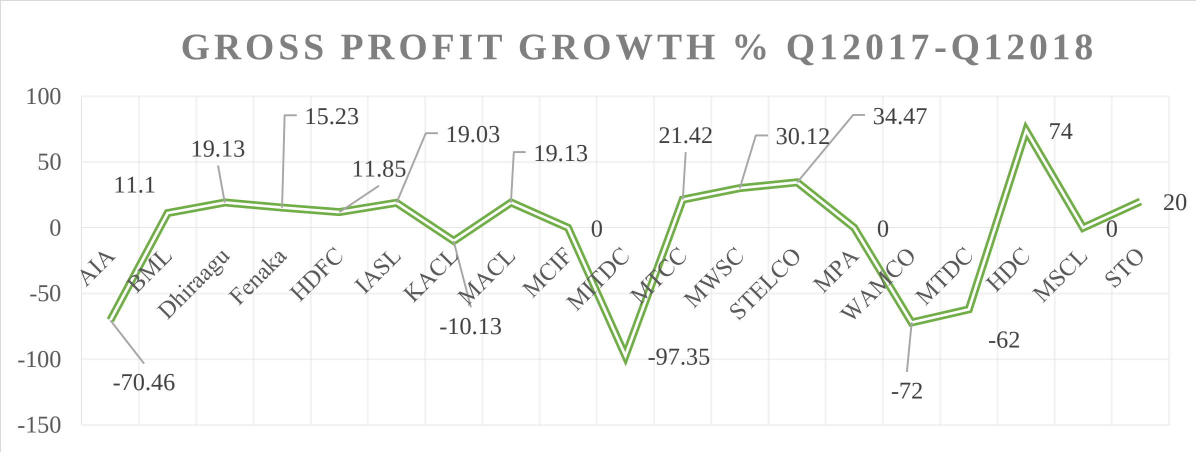
However, in the preceding quarters we are looking forward for a more comprehensive review as we await for the quarterly reports in the new format forwarded in the circular 454/CIR/2018/10 circulated on 05th August 2018.

Revenue

	Company Name	Q1/2017	Q1/2018	Growth %
1	AIA	11,960,334	14,087,460	17.78
2	BML	540,992,000	615,734,000	13.82
3	Dhiraagu	643,884,000	704,883,000	19.49
4	Fenaka	248,047,413	269,072,908	8.48
5	HDFC	46,910,541	51,986,744	10.82
6	IASL	459,833,296	533,607,369	16.04
7	KACL	3,672,197	3,278,286	-10.73
8	MACL	1,118,947,698	1,337,037,035	19.49
9	MCIF	0	113,756	-
10	MITDC	223,018	5,910	-97.35
11	MTCC	306,899,294	295,414,903	-3.749
12	MWSC	170,210,000	217,207,000	27.61
13	STELCO	402,297,426	407,709,584	1.35
14	MPA	151,951,591.	182,407,434	20
15	WAMCO	20,069,812.	38,010,885	89
16	MTDC	40,098,399.	17,071,590	-57
17	HDC	455,537,519.	231,199,782	-49
18	MSCL	-	261,479	-
19	STO	1,822,336,544	2,224,652,636	22
Total		**3,369,400,585.30**	**3,613,935,293.06**	

Total revenue to the economy by the SOE's increased in the first quarter this year, when compared to the same quarter of the previous year. STO, MACL, and IASL contributed the majority of the revenue among the SOE's during the quarter. BML, Dhiraagu, STELCO and MTCC are also among the top ranks. Revenue of MTCC and KACL fell 10.73% and 3.75% respectively. MTCC's revenue fell mainly from construction which is a 30% reduction and KACL's revenue deteriorated due to decrease in flight movements. It should be highlighted that MITDC had a drastic fall in revenue of 97.35% when comparing both the quarters due to the lower bid income received. It is also important to note that MSCL had no revenue in the first quarter of 2017, whereas they generated a petite income in first quarter of 2018. (Detailed quarterly analysis of individual companies are included in the quarterly review report of individual companies).

Gross Profit

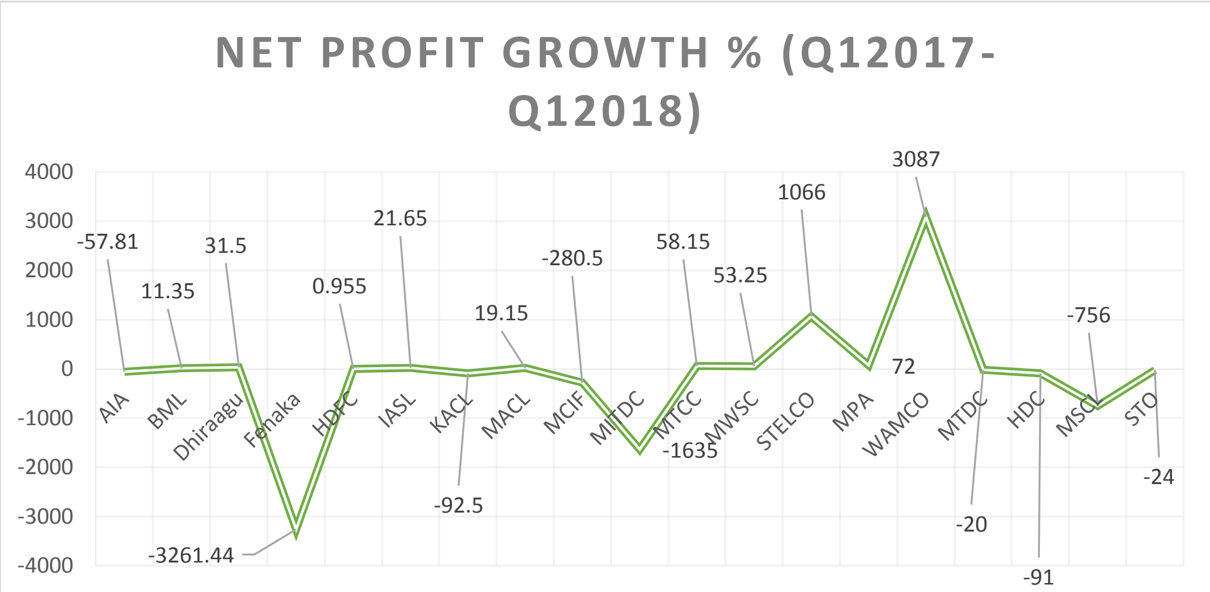


	Company Name	Q1/2017	Q1/2018	Growth %
1	AIA	-4,713,482	-8,034,669	- 70.46
2	BML	306,677,000	340,703,000	11.10
3	Dhiraagu	286,053,000	299,297,000	19.13
4	Fenaka	95,774,131	110,361,491	15.23
5	HDFC	27,542,972	30,806,574	11.85
6	IASL	166,748,726	198,476,304	19.03
7	KACL	3,473,935	3,121,918	-10.13
8	MACL	646,006,269	769,574,998	19.13
9	MCIF	-	69,179	-
10	MITDC	223,018	5,910	-97.35
11	MTCC	51,029,503	61,962,193	21.42
12	MWSC	117,973,000	217,207,000	30.12
13	STELCO	63,344,916	85,179,781	34.47
14	MPA	-	-	-
15	WAMCO	20,022,030	5,537,456	-72
16	MTDC	25,511,002	9,736,620	-62
17	HDC	411,518,896	107,892,244	-74
18	MSCL	-	261,479	-
19	STO	224,303,427	269,083,451	20
Total		**913,702,774.20**	**756,860,223.63**	

**MPA does not have a gross profit as it is service based.*

When looking into the gross profit, a huge growth in loss of 70.46% can be seen in the Addu International Airport (AIA) due to cost of sales increasing at a much higher level compared with revenue. MITDC's gross profit deteriorated from 97.35% between the quarters due to the loss in revenue. KACL, MTDC and HDC also showed decreasing gross profits between the quarters, also due to reduction in revenue. WAMCO also had a weakened gross profit by 72% due to high cost of sales in first quarter of 2018 (due to inclusion of rental of equipment and vessels in cost of sales in Q1 2018 which was expensed in Q1 2017). However, MACL, BML, Dhiraagu, STO, IASL are among the top rankers when comparing gross profit. STELCO had the greatest percentage increment in gross profit resulting from the high sale of electricity when two quarters are compared and which illustrates efficiency in managing their direct cost.

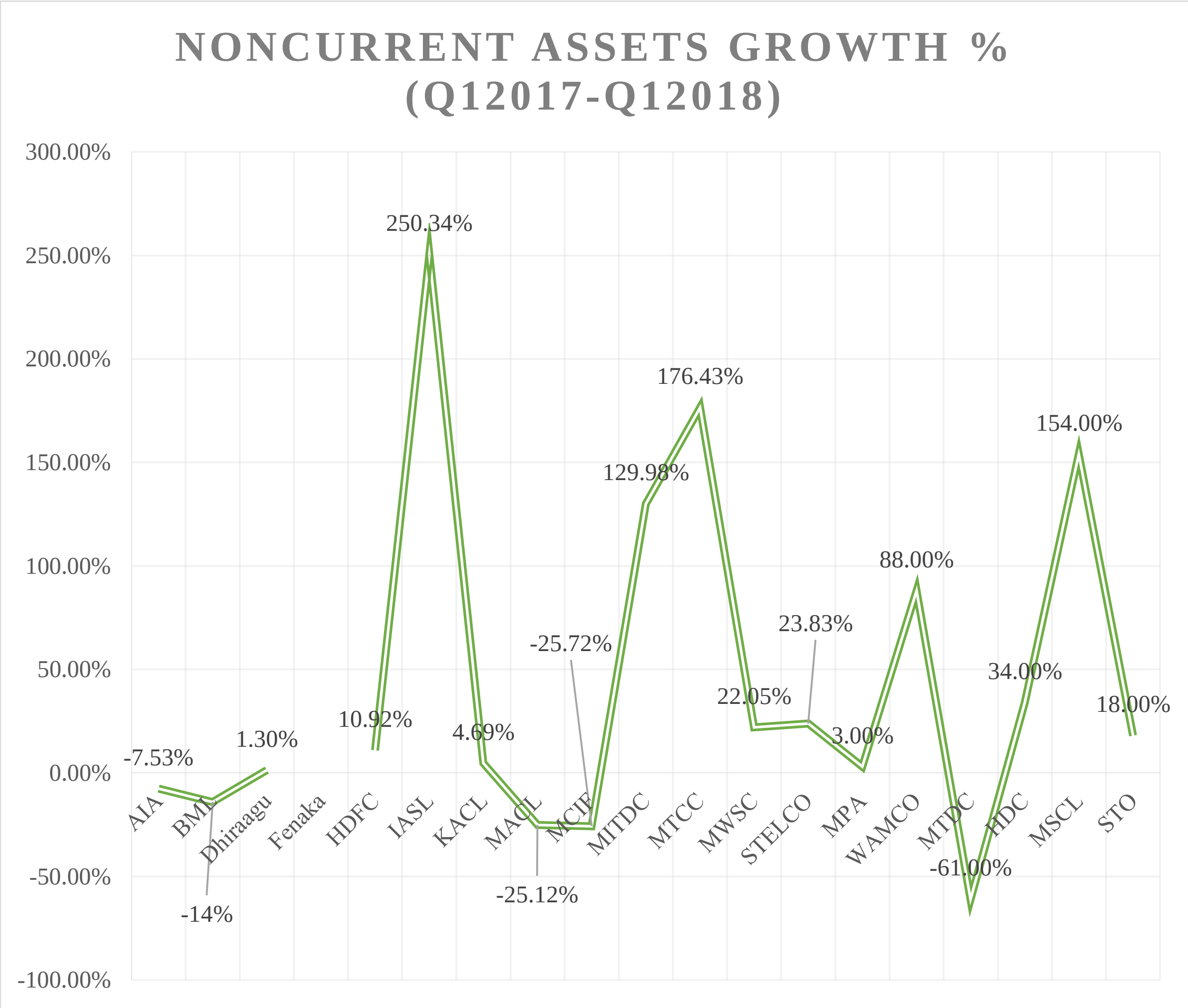
Net Profit



	Company Name	Q1/2017	Q1/2018	Growth %
1	AIA	-9,678,198	-15,273,430	-57.81
2	BML	259,912,000	259,960,000	11.34
3	Dhiraagu	243,809,000	254,177,000	31.50
4	Fenaka	22,989	-726,771	-3261.44
5	HDFC	26,820,513	27,075,064	0.95
6	IASL	43,023,440	52,350,010	21.68
7	KACL	-4,976,231	-9,566,980	-92.25
8	MACL	302,016,882	397,156,074	19.13
9	MCIF	-1,789,620	-1,739,353	-280.88
10	MITDC	-2,263,079	-5,954,781	-163.13
11	MTCC	6,858,225	10,844,004	58.12
12	MWSC	46,174,000	70,764,000	53.26
13	STELCO	2,840,722	33,124,165	1066.05
14	MPA	36,795,099.00	63,410,819	72
15	WAMCO	962,248	30,665,943	3087
16	MTDC	6,546,499	5,204,974	-20
17	HDC	316,565,514	26,993,535	-91
18	MSCL	-163,147	-1,395,900	-756
19	STO	61,365,467	46,617,213	-24
Total		**477,944,627.32**	**1,258,959,017.16**	

The above companies contribute a total of **MVR 1,258,959,017.16** to the economy in the first quarter of 2018. This is an enormous increase compared to the same quarter of the previous year. Net profit of Dhiraagu, IASL, MTCC, WAMCO and MWSC increased significantly compared to the first quarter of 2017. However, there is a huge reduction in the net profit of Fenaka; previously making a profit when comparing with the first quarter of 2017, mainly because of the inability to manage and control the overheads. MITDC continued making loss in this quarter with a net loss of MVR -5,954,781; which is an increase of 163.13% when compared to the quarter one of 2017. Their loss is mainly due to increase in the operating expenses by 140%. MSCL also continued increasing their loss due to high administrative expenses. HDC's fall in revenue resulted in a fall in net profit growth by 91% subsequently expense of the company remained relatively high.

Non-Current Assets

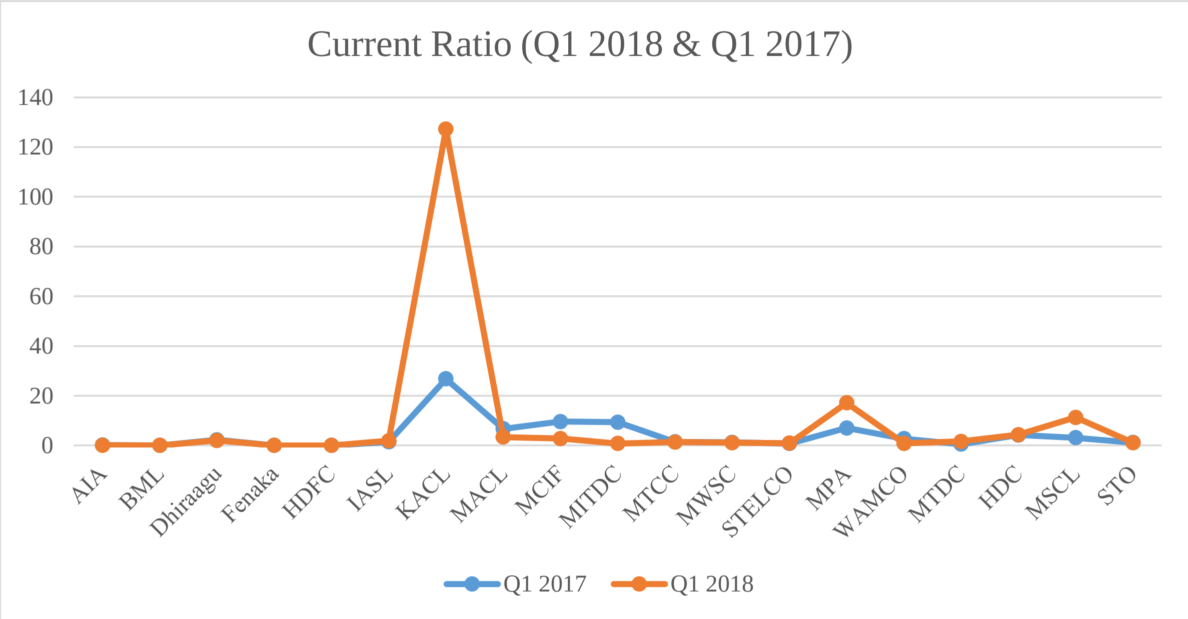


	Company Name	Q1/2017	Q1/2018	Growth %
1	AIA	636,900,515	592,294,421	- 7.53%
2	BML	17,408,848,000	14,971,984,000	-14.00%
3	Dhiraagu	2,050,513,000	2,077,069,000	1.30%
4	Fenaka	NR	NR	
5	HDFC	1,368,600,236	1,518,067,158	10.92%
6	IASL	1,140,646,778	3,996,178,005	250.34%
7	KACL	55,403,336	57,999,635	4.69%
8	MACL	7,719,726,174	5,780,562,274	-25.12%
9	MCIF	889,884	660,984	-25.72%
10	MITDC	23,472,270	53,982,024	129.98%
11	MTCC	388,192,445	1,073,071,703	176.43%
12	MWSC	1,150,432,000	896,743,000	-22.05%
13	STELCO	1,882,745,672	2,331,424,220	23.83%
14	MPA	738,893,665.09	759,243,261	3.00%
15	WAMCO	81,777,954.09	153,993,656.28	88.00%
16	MTDC	62,035,322	24,207,464	-61.00%
17	HDC	4,633,663,096	6,225,271,364	34.00%
18	MSCL	562,339	1,428,291	154.00%
19	STO	2,042,838,071	2,408,112,602	17.88%
Total		**6,888,211,760.00**	**27,520,558,418.00**	**299.53%**

Non-current assets shows a total of MVR 27,520,558,418 which is an increase of 299.53% when compared to the figures of the same quarter of the previous year. All the companies had an increase in the non-current assets apart from MACL, MCIFL, MWSC, AIA and BML which is 25.12%, 25.72%, 22.05%, 7.53% and 14% respectively. MTDC had a fall in their non-current assets mainly due to reduction in lease rent equalization. Though non-current assets value fell in the first quarter of 2018, BML has the highest value of non-current assets recorded in the financial statements when comparing with of the SOE's discussed in this paper. The higher value of non-current assets are due to financial investments and investment in subsidiaries included in the non-current assets apart from their property, plant and equipment (PPE). IASL, MITDC and MTCC has a huge increase in non-current assets between the quarters.

Liquidity

Current Ratio



	Company Name	Q1/2017	Q1/2018
1	AIA	0.12	0.10
2	BML	NA	NA
3	Dhiraagu	2.3	2.0
4	Fenaka	NR	NR
5	HDFC	NA	NA
6	IASL	1.43	1.91
7	KACL	26.79	127.17
8	MACL	6.72	3.38
9	MCIF	9.59	2.79
10	MITDC	9.36	0.82
11	MTCC	1.41	1.38
12	MWSC	1.27	1.14
13	STELCO	0.82	0.92
14	MPA	7.01	17.16
15	WAMCO	2.75	0.88
16	MTDC	0.56	1.66
17	HDC	4.19	4.36
18	MSCL	3.12	11.27
19	STO	1.15	1.1

When talking about the current ratio of the companies, it is to be highlighted that KACL has a huge current ratio when compared with the other companies. This is an indication that KACL is not using available resources effectively. KACL has a cash balance of over MVR 17 million and their operational expenses are approximately 6 million. Thus, KACL will be able to settle their operational expenses for 2-3 consecutive quarters without any further capital injection. Furthermore, MSCL has a high liquidity ratio because of the capital injection from the government which reflected in their current assets.

However, AIA, STELCO, WAMCO and MITDC have current ratios too low not allowing them to pay off the short term liabilities with the short term assets available. Thus, they have to obtain capital injection from the shareholder to meet the liabilities.

Current Ratio of BML and HDFC could not be calculated as they do not have the break downs of their liabilities shown in the balance sheet.

Quick Ratio

	Company Name	Q1/2017	Q1/2018
1	AIA	0.10	0.08
2	BML	NA	NA
3	Dhiraagu	2.3	1.8
4	Fenaka	NR	NR
5	HDFC	NA	NA
6	IASL	1.33	1.71
7	KACL	26.33	124.37
8	MACL	5.91	3.03
9	MCIF	9.59	2.78
10	MITDC	9.36	0.82
11	MTCC	1.41	1.38
12	MWSC	0.29	0.34
13	STELCO	0.64	0.72
14	MPA	6.26	14.90
15	WAMCO	2.75	0.88
16	MTDC	0.56	1.66
17	HDC	2.52	3.18
18	MSCL	3.12	11.27
19	STO	0.95	0.94

When talking about the quick ratio, KACL has a higher ratio than the ideal, meaning that their assets are sitting idle even after considering the inventory.

AIA has a lower quick ratio as the decrease in current assets are comparatively higher than the reduction in inventory.

STO, WAMCO, STELCO, MWSC, MITDC has too low liquidity after accounting inventory. These companies are not in a position to pay back the current liabilities with the current assets available. STO’s liquidity is weak due to increase in borrowings in the quarter one of 2018. Additionally, WAMCO has a poor liquidity as they have a huge sum as accounts payable, including GST payable, payroll clearing and output tax payable. STELCO’s low quick ratio is also merely due to payables. MWSC has a deprived quick ratio as they have an increased value of inventory. Current liabilities of MITDC increased enormously as a result the liquidity position has worsened.

Major projects

Most of the companies invested in the Hiyaa project initiated by the government in the first quarter of this year, to accommodate the housing needs of the employees in the public companies and to generate revenue in the future.

AIA invested in Capital Work in Progress (CWIP) project costing over 3 million.

BML invested in refurbishing branches, instalment of new ATMs, launching of lifestyle loan and innovation of certain online applications. BML invested over a million in investing activities and has borrowings totaling over MVR 840 million.

Dhiraagu also invested in expanding mobile money service, S9 and S9+ phone launching, upgrade of 4G Sims, enhancement of postpaid plans and launching of Dhiraagu TV service in additional islands. Dhiraagu invested cash over 108 million in different activities.

During the quarter, HDFC invested in end user finance project with Apollo Towers and in exclusive project with Batch Construction. In the quarter one of 2018 they have a net cash outflow of MVR 62,673 and they have a borrowings totaling over MVR 827 million.

IASL invested in giving a boost to the existing seaplane operation. They also invested in construction of a regional airport in the island of R.Fainu. They have borrowings of over MVR539 million in the first quarter of 2018.

KACL invested in airport infrastructure and Halaveli renovation. They spent MVR 185,430 in Halaveli renovation and MVR 516,568 in airport and island infrastructure in the quarter.

MACL invests in franchising complex at departure jetty, CCR building, Ramp Office, Shelter for gen set at power house and CCTV camera network. MACL has borrowings over 2 billion and has a cash outflow of over MVR 960 million in the quarter used in investing activities.

MITDC invested in integrated tourism development project in Kaashidhoo. The on-going projects include L.Baresdhoo Project, Project Palm, Addu integrated Tourism project, Kaashidhoo Project, Fuvahmulah Project and Kelaa project. MITDC spent a total of MVR 49,720,040 (over 49 million) in these projects over the quarter.

MTCC has over 50 on-going projects including harbor project, road construction and reclamation projects. MTCC used net cash outflow of MVR 68,365,075 in investing activities. They also had a borrowing of MVR 378,490,787 in the quarter.

MWSC scheduled to have numerous number of projects in 2018. In the first quarter they invested MVR 213,926,000 in upgrading PLC system & SCADA system. Additionally, they have invested MVR 707,334,000 and MVR 598,524,000 in 3T Forklift Battery and 3T Forklift Diesel, respectively. Also, MWSC invested MVR 547,596,000 in providing total utility solutions to L.Baresdhoo in the quarter.

STELCO has a total borrowings of MVR 1,423,952,246 in terms of foreign loan in the first quarter of 2018. The amount includes Asian Development Bank (ADB) loan for Multi project, Power Sys Dev project, Second Power Sys Project and Third Power Sys Project. It also includes FEC & DDB loan for MV Generator Set, NDF loan for Third power Sys Project, UNI Bank loan for Third Power Sys Project, UNI Bank Grant for Third Power Sys Project, ADB loan, MIB and Exim Bank loan.

MWSC scheduled to have numerous number of projects in 2018. In the first quarter they invested MVR 213,926,000 in upgrading PLC system & SCADA system. Additionally, they have invested MVR 707,334,000 and MVR 598,524,000 in 3T Forklift Battery and 3T Forklift Diesel respectively. Also, MWSC invested MVR 547,596,000 in providing total utility solutions to L.Baresdhoo in the quarter.

MPA invested over MVR57 million in purchase and expansions of PPE. They also have forecasted over MVR 10 million for capital work in progress project each month for the first quarter of 2018.

The on-going projects by HDC includes luxury residential, Central park sectors, Tree top hospital and Youth Park. HDC has invested MVR 3,406,926 in investing activities in the quarter one of 2018 compared with quarter 1 of 2017.

STO re-opened its electronics showroom at City Square on this quarter. This outlet offers leading brands of electronics items including Dell Laptops, Dell desktops, SJcam action camera, Vstarcam IP camera, JBL sound, Edifier speakers, Huawei mobile phones and other electronic accessories. The outlet offers a modern design with a friendly ambience, further enhancing the consumer experience. STO invested over MVR40 million in investing activities in the quarter. They also have borrowings valuing over MVR 455 million.

Conclusion

The overall performance of AIA is poor in this quarter. In the first quarter alone 15 million capital was injected as they have a lower liquidity position. They have a poor liquidity position and they are not in a position to repay the loans. This may distress the on-going operation of the company.

BML has a stronger profitability base and their liquidity is also favorable. They have the strongest, longest asset base when compared with the other companies.

Dhiraagu shows a progress in revenue and profitability. Also liquidity position is satisfactory indicating lower risk. However it is important to note that performance in terms of profitability and liquidity is weak compared with quarter 1 of 2017.

It was not expected to generate a higher return from Fenaka. Since they have constraints in formulating their own tariff for the services. However government provides grants to compensate for financial losses they incur through these restrictions. In addition, Fenaka has difficulties in collecting their receivables and making payment before due dates.

In terms of profitability HDFC is at a better position in quarter one of 2018 than the same quarter of the previous year. It should be noted that HDFC is making more profit from their Islamic Wing Amna than the conventional transactions.

There is an improvement in financial performance of IASL since IASL was able to generate higher revenue at better rates. This is a fairly reasonable progress and IASL can further improve their performance if they could manage their cost and expenses more effectively.

Overall performance of KACL has declined in quarter 1 of 2018, as a result of decreasing revenue and profitability of the company. Thus total accumulated loss of the company has increased over this period. KACL has difficulty in managing their receivables. Thus receivable at the end of quarter 1 of 2018 is almost 6.5 times higher than revenue for the period.

In overall, MACL shows a progress in revenue and profitability and further they have capacity to maintain this progress. Furthermore liquidity level of the company is relatively satisfactory.

MCIFL does not have suitable and self-sustaining business model to operate this business entity. At present there is no viable revenue generating sources.

Revenue of MITDC has declined by almost 97.35% however their operating expenses increased by 140%. As a result of this accumulated loss of the company has increased. In addition it is important that based on the nature of business, it may take time to generate a decent return from the investment. Further it requires a higher capital investment at early stage of business operation to establish a worthy business setup.

In terms of profitability, MTCC has a weakened performance when compared to the last quarter of the previous year. However, this performance is better when compared with the profitability of the first quarter of the last year. When looking into the liquidity, MTCC has a sound liquidity when compared to both quarter one of 2017 and quarter four of 2017.

The profitability of MWSC has shown improvements in the last quarters than the present quarters of the financial year. When looking into the liquidity, the ratios show that MWSC's ability to pay off the short term obligations with the available assets are comparatively lower over the quarters.

The financial Performance of STELCO has improved in the first quarter in 2018, than the first quarter of the previous year. However, when comparing the financial performance of quarter one with that of the performance in the last quarter of 2017, the financial performance has declined drastically. STELCO has shown improved performance in the last quarters of financial years than the commencing quarters.

For a sustainable growth WAMCO should take necessary measures to pay back their liabilities and make their asset base strong. WAMCO also should take steps to increase revenue while minimizing cost.

MPA's higher revenue indicates that they are in a good financial position when the quarters are compared. They have a strong liquidity position. However, MPA has to make efficient use of the idle resources to make more profitable business operation and improve efficiency.

Though revenue fell drastically in the quarter, the strong liquidity position implies that HDC is at a position to pay back the debts and improve their operations.

MSCL started their operations very recently. The company does not generate high revenue and thus is very weak financially. Though the figures show that they have favorable liquidity, the ratio is a representation of capital injection from the government. Therefore MSCL must take enough measures to increase profitability and liquidity.

Overall profitability of STO is reasonable though net profit and operating margin are low compared with quarter one of previous year. In quarter one of 2018 working capital of STO is low since current liability of the company has increased compared with previous periods.

Recommendation

- Fenaka have 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.
- IASL can further improve their performance if they could manage their cost and expenses more effectively. Thus IASL can focus more on minimizing expenses, mainly finance and administrative expenses and utilization of resources effectively.
- KACL has to form and implement proper policy and mechanism to manage their receivables. If KACL can manage their receivable appropriately then they could finance their operation without any help from shareholders. In addition KACL has sufficient cash balance to finance their operation hence government does not need to inject capital.
- MCIFL has to come up come with a virtuous strategic plan which could direct them to reach corporate objectives and mandate of the company. Since MCIFL could not cover any of the operational expenses with the revenue, they run with full support from shareholder.
- In order to minimize the financial risks MITDC has to manage their working capital at a sufficient level and build capacity in meeting short term obligations.
- It is vital for the businesses to improve revenue to see a brighter vision in the future as revenue is a key factor when assessing growth. For a sustainable growth, it is important to implement strategies to increase revenue quarterly and annually. Higher revenue will act as an advantage for companies to qualify for loans and favorable interest rates.
- In line with revenue improvement it is important to reduce the cost for businesses. Cost reduction will create a competitive advantage for companies over the competitors.
- Businesses should make the best use of the available resources. When the resources are utilized efficiently, businesses can achieve cost reduction.
- Businesses should conduct feasibility tests and Invest in financially feasible projects; this includes the costs associated with the project, estimating the cash flows received from the project, calculation of payback period and data analysis.
- Businesses should understand their working capital management & liquidity by routinely examining the relationship between the short term assets and liabilities. The businesses should have control over their firm’s cash, inventories and accounts receivable/payables.

QUARTERLY REVIEW QUARTER 1, 2018

ADDU INTERNATIONAL AIRPORT

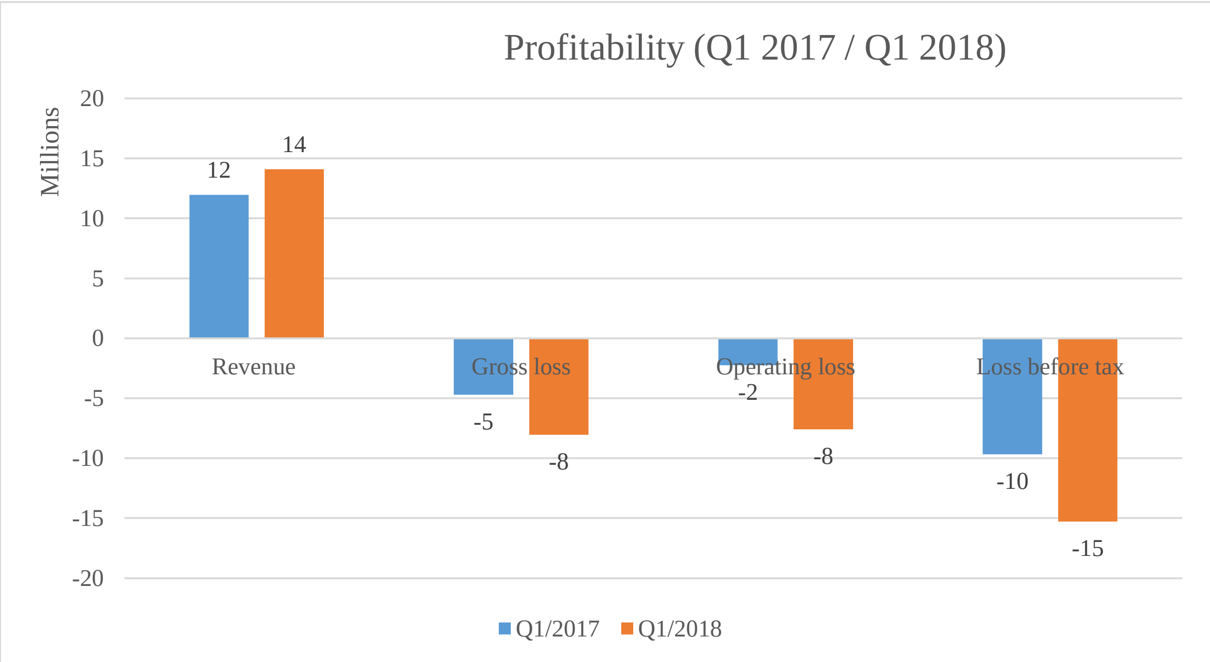
ADDU INTERNATIONAL AIRPORT

Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	11,960,334	14,087,460	2,127,126	17.78%
Gross loss	-4,713,482	-8,034,669	-3,321,187	70.46%
Operating loss	-2,247,198	-7,579,624	-5,332,426	237.29%
Loss before tax	-9,678,198	-15,273,430	-5,595,232	57.81%

- Revenue has increased from MVR 11,960,334 to MVR 14,087,460 (17.78%).
- Cost of jet fuel and operating expenses has increased at much higher level compared with revenue.
- Gross loss for the period has increased by MVR 3,321,187 (70.46%)
- Operating loss before tax has increased by MVR 5,332,426 (237.29%).
- Depreciation, supplies and requisites, bank charges and government fees and contractual payments are the major expenses which has been increased over this period.
- Loss for the period has increased by MVR 5,595,232 (57.81%).
- Net loss margin in Q1/2017 is -81% whereas in Q1/2018 is -108%, it illustrates a decline in profitability since cost and overheads of the company was much higher compared with Q1 of 2017.



	Q1/2017	Q1/2018
CURRENT RATIO	0.12	0.10
QUICK RATIO	0.10	0.08
CURRENT ASSETS	66,754,760	54,607,331
CURRENT LIABILITIES	563,421,469	574,562,192
WORKING CAPITAL	-496,666,709	-519,954,861
DEBT-EQUITY	4.01	500.57%
RETURN ON CAPITAL EMPLOYED	-1.38%	-2.36%
INVENTORY	8,091,203	7,056,994

- AIA had total current assets of MVR 66,754,760 in Q1/2017 and it has decreased to MVR 54,607,331 in Q1/2018.
- Current ratio of Q1/2017 was 0.12 and Q1/2018 was 0.10. This illustrates that AIA is not able to meet their short term obligations with the existing current assets. Thus, AIA obtained capital injection from shareholder to meet their obligations.
- Quick ratio of Q1/2017 is 0.10 and in Q1/2018 quick ratio is 0.08. Quick ratio of the company gets affected since overall current asset has decreased at much higher level compared with decrease in inventory.
- Current liability of the company is 8 times higher than current assets thus working capital of the company is negative.
- Debt-equity ratio in Q1/2018 was 500.57%. AIA is highly geared and based on current performance survival of the company is in doubt.
- Based on current liquidity position AIA is at high risk since they were not able to meet their short term obligation when due.

Important Projects Carried Out in the Quarter

In the first quarter of 2018, AIA used MVR 123,963 in investing activities. In the first quarter of 2017 AIA invested in CWIP project which cost MVR 3,409,394 which made the cash out flow relatively higher in that quarter. However, in the first quarter of 2018 there were no significant investments from AIA apart from purchase of property, plant and Equipment.

Conclusion

Overall performance of AIA is not at satisfactory level. At present their direct cost and operating expenses are much higher compared with the revenue. Therefore first and foremost AIA has to improve their margin level and reduce operating expenses to acceptable level. In addition, based on current performance AIA was not able run their operation without any support from shareholders.

In first quarter alone 15 million was injected as share capital. Therefore AIA has to improve their financial as well as operational performance in order to create a commercially sensible business operation.

Liquidity position of AIA is very low and they are not in a position to repay short term obligations before due dates. Thus, this could distress ongoing operation of the company. Further AIA is in high financial risk since liquidity position and gearing position are at extreme level. In addition based on current performance AIA is not in a position to repay their loan.

QUARTERLY REVIEW QUARTER 1, 2018

BANK OF MALDIVES PLC

BANK OF MALDIVES PLC

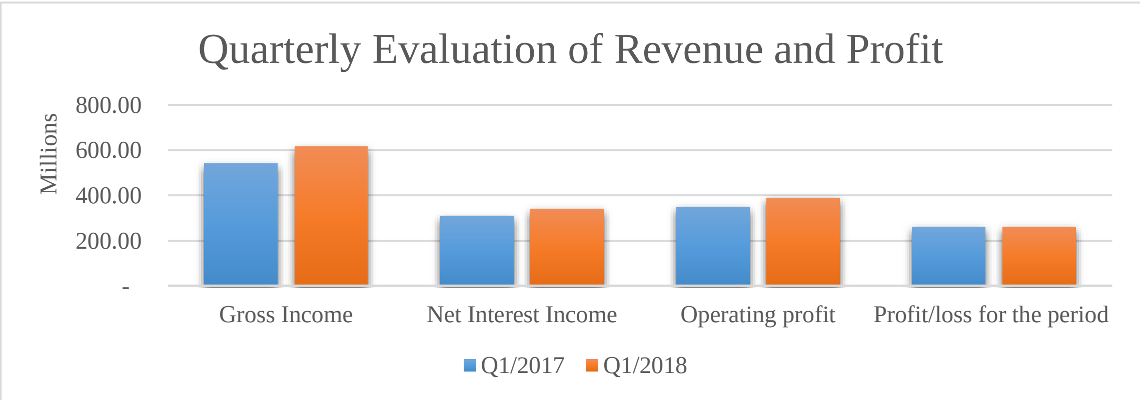
Q1/2018 PERFORMANCE ANALYSIS

Quarterly Evaluation (Q1/2017 – Q1/2018)

	Q1/2017	Q1/2018	Change	%
Gross Income	540,992,000.00	615,734,000.00	74,742,000.00	13.82%
Net Investment Income	306,677,000.00	340,703,000.00	34,026,000.00	11.10%
Operating profit	349,111,000.00	388,699,000.00	39,588,000.00	11.34%
Profit/loss for the period	259,912,000.00	259,960,000.00	48,000.00	0.02%

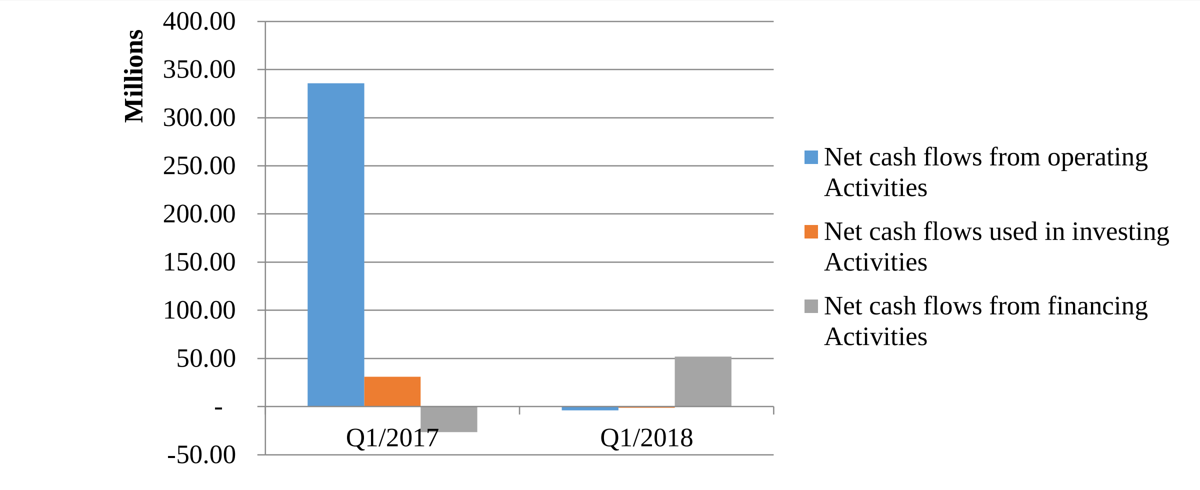
- Gross Income has been increased by 13.82% when compared to the same quarter of the previous year.
- The Net investment income increased by 11.10% compared to the first quarter of the previous year, which comprises of interest income and interest expense. Both interest income and interest expense increased in the first quarter of 2018. Interest Income increased mainly from loan and receivables to other customers.
- Operating Profit also improved by 11.34% compared to quarter 1 of 2017. Fee and commission income improved higher than the operating expense led to this increment when comparing the two quarters.
- Profit improved slightly by 0.02% mainly due to high provision for bad and doubtful debts compared to Q1 2017.

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	48.04	42.22
Operating Profit Margin	64.53	63.13



- Net profit Margin and operating profit are promising in the first quarter 2018 compared to the first quarter of 2017. Though the profit figure improved in the first quarter of 2018 the improvement and very slight and total operating expense also increased.

Cash Flow Analysis

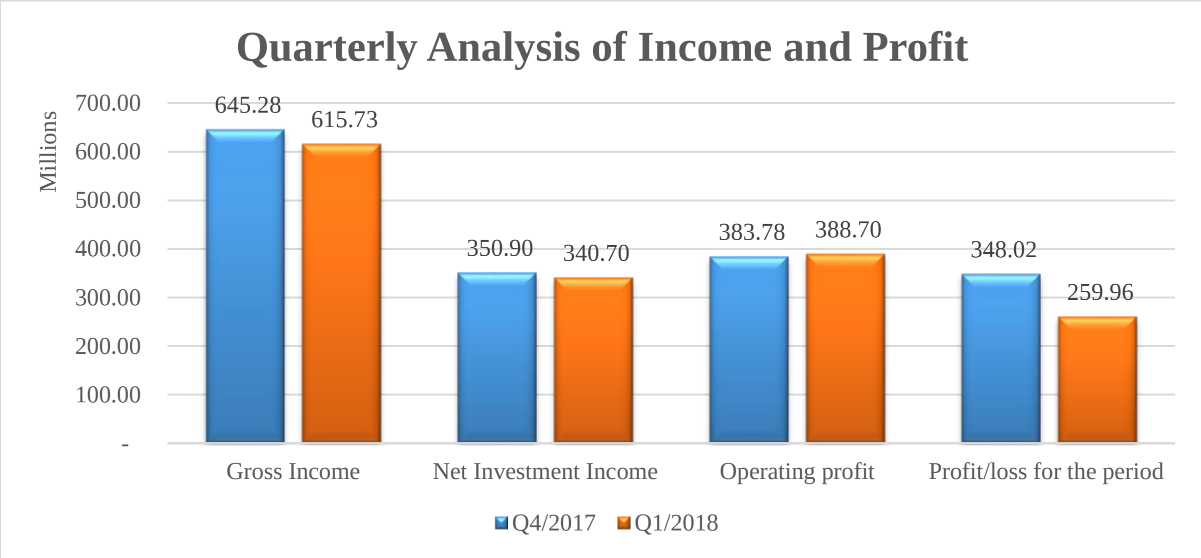


Quarterly Evaluation (Q4/2017 – Q1/2018)

	Q4/2017	Q1/2018	Change	%
Gross Income	645,276,000.00	615,734,000.00	- 29,542,000.00	**-4.58%**
Net Investment Income	350,903,000.00	340,703,000.00	- 10,200,000.00	**-2.91%**
Operating profit	383,776,000.00	388,699,000.00	4,923,000.00	**1.28%**
Profit/loss for the period	348,023,000.00	259,960,000.00	- 88,063,000.00	**-25.30%**

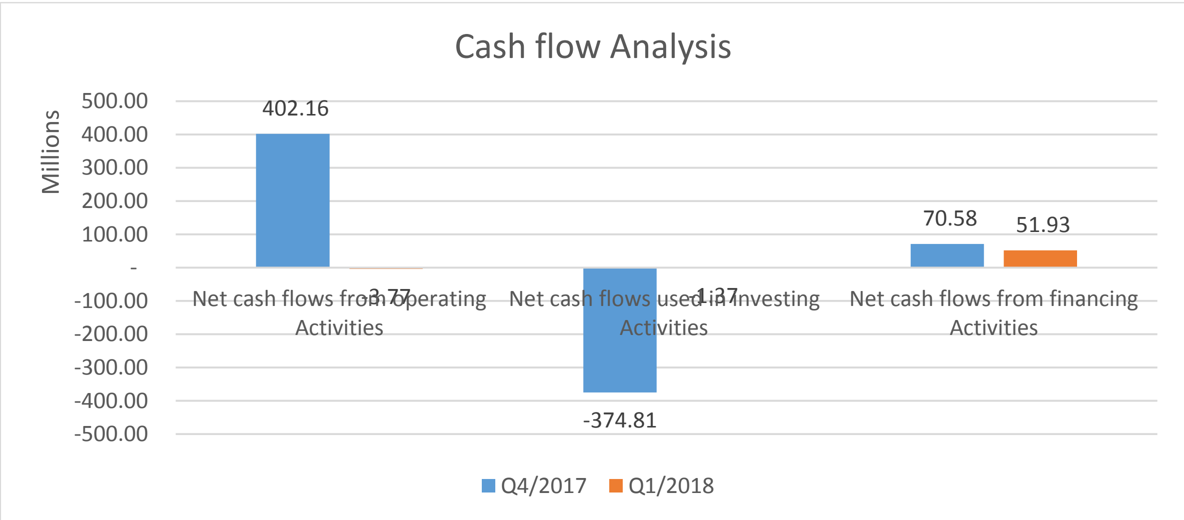
Profitability Ratios	**Q4/2017**	**Q1/2018**
Net profit Margin	53.93	42.22
Operating Profit Margin	59.47	63.13

- Q1 2018 shows a reduction in the gross income of 4.58% when compared to the last quarter (Q4 2017).
- Net investment income decreased by 2.91% compared to the last quarter of 2017. Net investment income includes interest income and interest expense. Interest income reduced and interest expense increased in the first quarter of 2018 than the last quarter of the previous year, which resulted in a deterioration of Net investment income by Q1 2018.
- Operating Profit improved slightly by 1.28% by quarter 1 of 2018 from the quarter 4 of 2017 resulting from high operating income generated in Q1 2018.
- Profit for the period declined by 25.30% over the quarters, mainly due to Provision for bad and doubtful debts in quarter 1 2018.



- Net Profit margin reduced in this quarter whereas the operating profit margin improved to 63.13%. Operating profit margin increased due to low operating expenses in the first quarter of 2018 than the last quarter of 2017.

Cash flow Analysis



Important Projects carried out in the quarter

BML invests in certain events during the quarter, which helped charitable, educational, sports and environmental causes throughout the country.

The Bank's refurbished branch in Vilimale' was opened during the quarter and now includes a modern Self-Service Banking Centre which operates on a 24/7 basis. The quarter also saw new ATMs installed in Gan International Airport and Hithadhoo Regional Hospital.

The 'Lifestyle Loan' also has been launched in this quarter to provide easy access to finance up to MVR 500,000 to those property owners who receive a rental income from their property.

Moreover, BML introduced Online Applications for a number of key services whereby customers can now apply online to open accounts as well as to obtain credit cards, debit cards and personal loans.

Conclusion

Net profit of BML has increased slightly in the first quarter of 2018, regardless of the negative provision for bad and doubtful debts, than the first quarter of the previous year. However, net profit shows a weakened figure when compared to the last quarter of the previous year.

Earnings per share has been MVR 193 which is same as the first quarter of the previous year. However it is important to note that in Q4/2017 earnings per share was MVR 259.

QUARTERLY REVIEW QUARTER 1, 2018

DHIRAAGU PLC

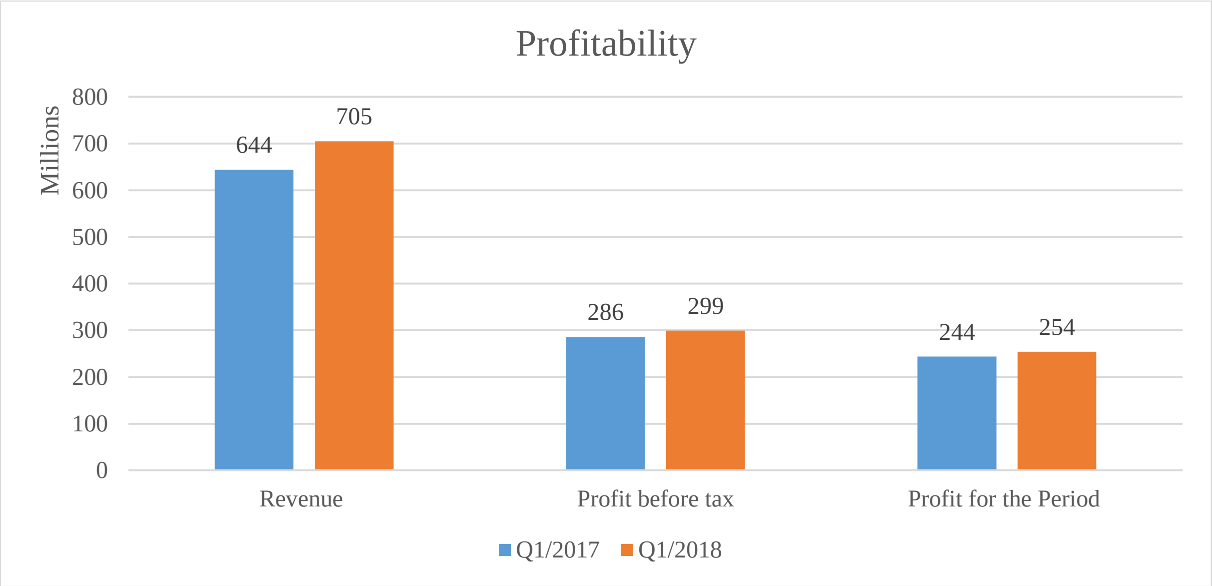
DHIRAAGU PLC

Q1/2018 PERFORMANCE REVIEW

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	643,884,000	704,883,000	60,999,000	19.49%
Profit before tax	286,053,000	299,297,000	13,244,000	19.13%
Profit for the Period	243,809,000	254,177,000	10,368,000	31.50%

- Revenue has increased from MVR 643,884,000 to MVR 704,883,000 (19.46%).
- Operating profit before tax has increased by MVR 13,244,000 (19%).
- Profit for the period has increased by MVR 10,368,000 (31.5%).
- Net profit margin in Q1/2017 is 38% whereas in Q1/2018 is 36%, its shows a decline in profitability as cost and overheads of the company was higher compared with Q1 of 2017. However overall profitability of the company is reasonable.



	Q1/2017	Q1/2018
CURRENT RATIO	2.3	2.0
QUICK RATIO	2.3	1.8
CURRENT ASSETS	1,680,442,000	1,395,142,000
CURRENT LIABILITIES	717,387,000	707,846,000
WORKING CAPITAL	963,055,000	687,296,000
DEBT-EQUITY	5.66%	6.86%
RETURN ON CAPITAL EMPLOYED	6.72%	7.38%
INVENTORY	45,732,000	88,858,000

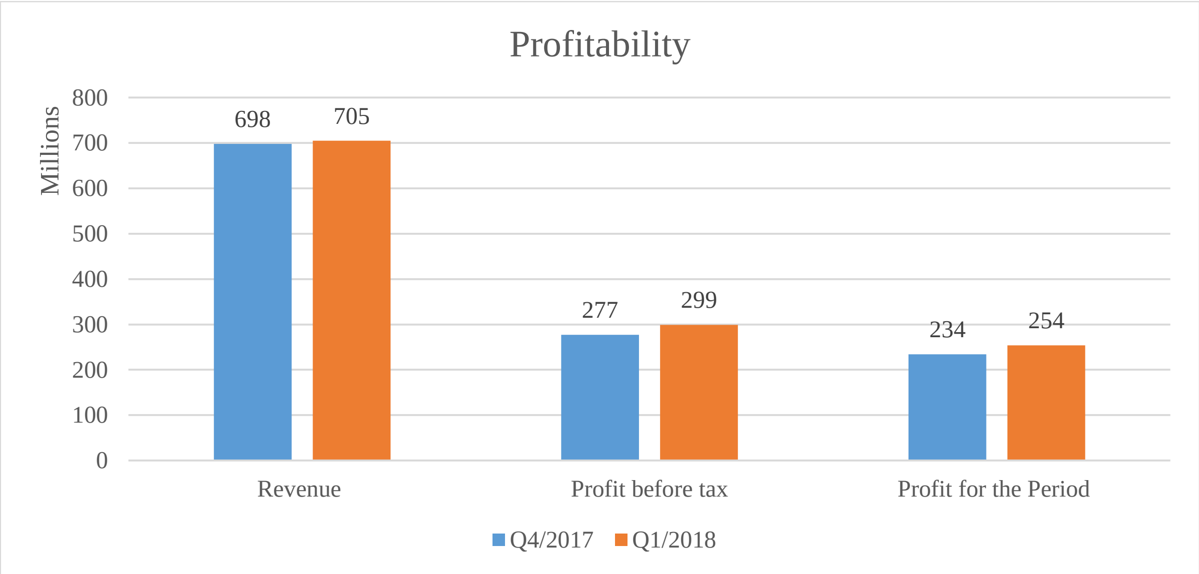
- Dhiraagu had total current assets of MVR 1,680,442,000 in Q1/2017 and it has decreased to MVR 1,395,142,000 in Q1/2018.
- Current ratio of Q1/2017 is 2.34 whereas in Q1/2018 is 1.97. Based on current level of current ratio, Dhiraagu is able to settle their short term obligation with the current assets.
- Quick ratio of Q1/2017 is 2.28 whereas in Q1/2018 is 1.85. Quick ratio of the company get affected as overall current asset has decreased over this period and inventory level of the company has increased from MVR 45,732,000 to MVR 88,858,000.
- Working capital of the company has reduced by MVR 275,759,000 compared with Q1/2017.
- Debt-equity ratio of Q1/2017 is 6.72% and it increased to 7.38% in Q1/2018.

- Overall liquidity position of the company is reasonable. However compared with the first quarter of 2017, it shows a weak performance.

<u>Q4 of 2017 AND Q1 of 2018</u>

	Q4/2017	Q1/2018	Change	%
Revenue	698,095,000	704,883,000	6,788,000	0.97%
Profit before tax	277,355,000	299,297,000	21,942,000	7.91%
Profit for the Period	234,004,000	254,177,000	20,173,000	8.62%

- Revenue has increased by MVR 6,788,000 (0.97%).
- Operating profit has increased by MVR 21,942,000 (7.91%).
- Profit for the period has also increased by MVR 20,173,000 (8.62%).
- Net profit margin in Q4/2017 is 34% whereas in Q1/2018 Dhiraagu is able to generate NP margin of 36%, thus there is a virtuous improvement in net profit margin and company profitability.
- Overall profitability as well as revenue growth of the company is satisfactory since there is a growth compared to previous quarter.



	Q4/2017	Q1/2018
CURRENT RATIO	1.5	2.0
QUICK RATIO	1.4	1.8
CURRENT ASSETS	1,120,952,000	1,395,142,000
CURRENT LIABILITIES	724,410,000	707,846,000
WORKING CAPITAL	396,542,000	687,296,000
DEBT-EQUITY	6.86%	6.86%
RETURN ON CAPITAL EMPLOYED	7.32%	7.38%
INVENTORY	73,130,000	88,858,000

- Total current assets of the company in Q4/2017 is MVR 1,120,952,000 and it has increased to MVR 1,395,142,000 in Q1/2018.
- Current ratio of Q4/2017 is 1.5 and in Q1/2018 it has improved to 2. As current liability of the company decreased and current asset increased over this period.
- Quick ratio of Q4/2017 is 1.4 whereas in Q1/2018 is 1.8. Quick ratio has also improved as a result of decrease in current liabilities.
- Working capital has increased from MVR 396,542,000 to MVR 687,296,000.

- Debt-equity ratio remains constant in both quarters.
- Overall liquidity position and gearing level of the company is satisfactory.

Important Projects Carried Out

Dhiraagu launched high speed fiber broadband services in several new islands in this quarter. They also continued Fiber broadband Promo providing free connection and discounts on their fiber broadband packages and Dhiraagu TV service. Dhiraagu postpaid plans were enhanced in this quarter, offering added value with social media data allowances of up to 5 GB and continued special offers for the new customers joining the network. Also, in this quarter special initiatives were introduced to upgrade customers to 4G Sims, with special offers and packages on 4G devices as Dhiraagu continued to enhance network across the country. During the quarter Dhiraagu TV service was launched in seven additional islands and thus this service is now available in 28 islands across Maldives.

Dhiraagu continued to expand mobile money service securing over 130 merchants, including popular supermarkets and cafes. Moreover, S9 and S9+ phones were launched with attractive packages offering free data allowances and attractive payment plans. Additionally Dhiraagu provided sponsorships to support various social and commercial activities.

Conclusion

Overall it shows a progress in revenue and profitability compared with Q4/2017. In addition liquidity position and gearing level of the company is satisfactory. Thus it demonstrate precisely low financial risk. Therefore Dhiraagu have high scope to finance their capital investment through debt finance. However it is important to note that performance in terms of profitably and liquidity is weak compared with Q1/2017.

QUARTERLY REVIEW QUARTER 1, 2018

FENAKA CORPORATION LIMITED

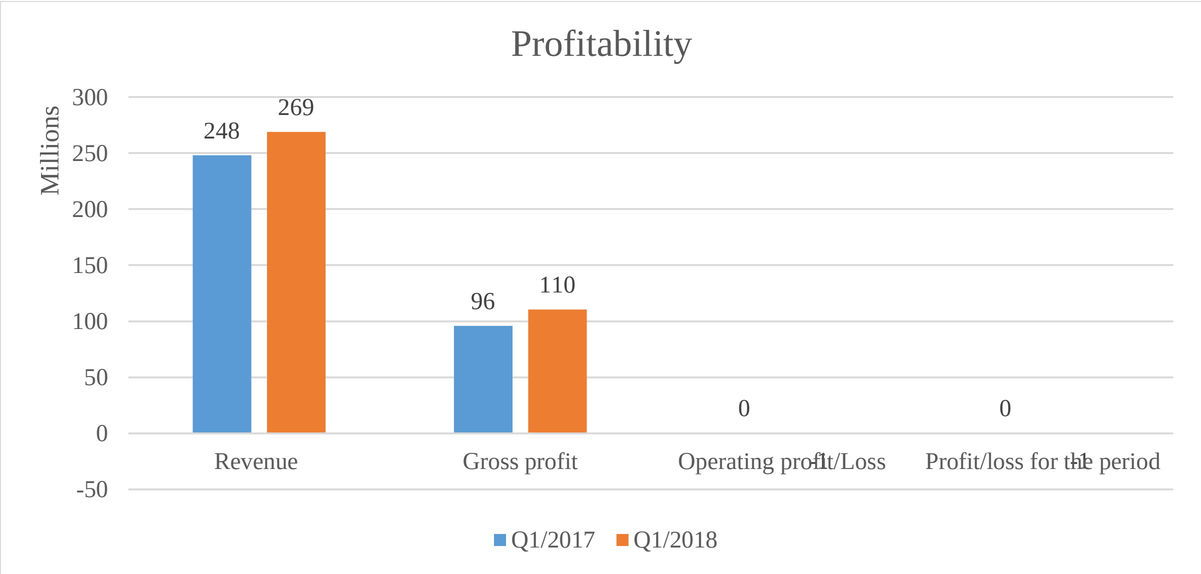
FENAKA CORPORATION LIMITED

Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	248,047,413	269,072,908	21,025,494	8.48%
Gross profit	95,774,131	110,361,491	14,587,360	15.23%
Operating profit/Loss	406,304	(683,419)	(1,089,722)	(268.20)%
Profit/loss for the period	22,989	(726,771)	(749,760)	(3261.44)%

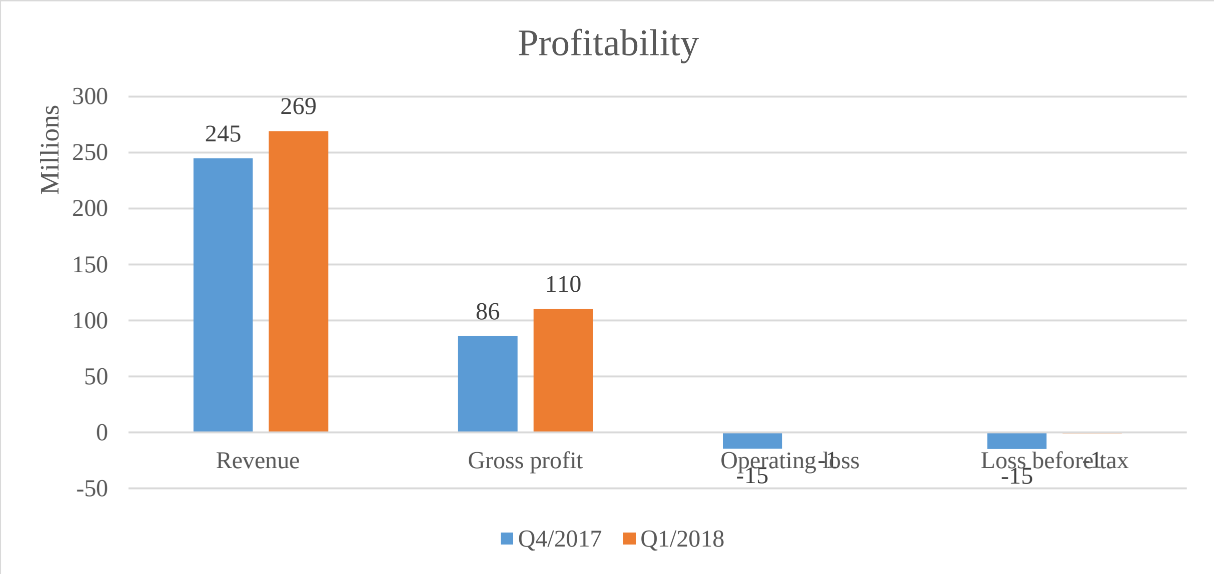
- Revenue has increased from MVR 248,047,413 to MVR 269,072,908 (8.48%).
- Gross profit for the period has increased by MVR 14,587,360 (15.23%)
- In Q1/2017 Fenaka made an operating profit of 406,304, nevertheless it has turned to a loss of MVR 683,419 in Q1/2018.
- Fenaka Corporation Limited was not able to manage their overheads at same level. Thus net profit margin deteriorated from 0.01% to -0.27%.



Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	244,810,065	269,072,908	24,262,842	9.91%
Gross profit	86,016,556	110,361,491	24,344,935	28.30%
Operating loss	(14,584,438)	(683,419)	13,901,019	95.31%
Loss before tax	(14,732,647)	(726,771)	14,005,876	95.07%

- Revenue has increased from MVR 244,810,065 to MVR 269,072,908 (9.91%).
- Gross profit for the period has increased by MVR 24,344,935 (28.3%)
- Operating loss for Q4/2017 is MVR -14,584,438 and level of loss has reduced to MVR 683,419.
- The profitability in Q4/2018 is not at appropriate level. However compared with previous quarter there is an improvement in managing their overhead cost. Thus they were able to reduce loss by 95%.



Important Projects Carried out

Conclusion

It was not expected to generate a higher return from Fenaka. Since they have constraints in charging their own rate for the services. However government provide grants to compensate damage they incur through restraints. It is expected to generate some return from them, since they could generate a yield through economies of scale and efficient management. Thus, current performance of the company is not at satisfactory level.

In addition Fenaka have 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.

HOUSING DEVELOPMENT CORPORATION

Q1 2018 PERFORMANCE ANALYSIS

<u>Q1 of 2017 AND Q1 of 2018</u>

	Q1/2017	Q1/2018	Change	%
Revenue	455,537,519.00	231,199,782.00	(224,337,737.00)	-49%
Cost of Sales	44,018,623.00	123,307,538.00	79,288,915.00	180%
Gross Profit	411,518,896.00	107,892,244.00	(303,626,652.00)	-74%
Operating Profit	367,468,641.00	22,403,204.00	(345,065,437.00)	-94%
Profit Before Tax	372,430,016.00	31,757,100.00	(340,672,916.00)	-91%
Profit After Tax	316,565,514.00	26,993,535.00	(289,571,979.00)	-91%

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	69.49	11.68
Gross Profit Margin	90.34	46.67
Operating Profit Margin	80.67	9.69

- Revenue fell in the quarter by 49% when compared to the same quarter of the previous year.
- Gross profit fell by 74% compared to Q1 2017 due to high cost of sales and lower revenue in the quarter.
- Net profit also fell drastically by 91% when compared to the same quarter of the previous year. This is a combined result of a lower gross profit and higher expenses. All the expenses other than selling and marketing expenses increased in the quarter Q1 2018.
- In Q1 2017, HDC had a net profit margin of 69.49% which is comparatively higher when compared to the 11.68% in Q1 2018.

	Q1/2017	Q1/2018
Current Ratio	4.19	4.36
Quick Ratio	2.52	3.18
Current Assets	2,280,364,896	2,586,536,668
Current Liabilities	544,232,462	592,957,619
Inventory	909,662,338	701,931,179

- Current ratio and quick ratio of Q1/2017 and Q1/2018 shows that HDC is in a strong position to pay off their short term obligations with the current assets available.
- HDC has current assets valuing MVR 2,586,536,668 compared to current liabilities valuing 592,957,619. Thus, they have a strong ability to pay off the short term liabilities without any distractions.

Important Projects Carried Out

The on-going projects by HDC includes luxury residential, Central park sectors, Tree top hospital and Youth Park. HDC has invested MVR 3,406,926 in investing activities in the quarter 1 2018 compared with Q1/2017.

Conclusion

Though revenue fell drastically in the quarter, the strong liquidity position implies that HDC is at a position to pay back the debts and improve their operations.

HDC must take initiatives to improve revenue like the first quarter of the previous year. HDC can take moderate reasonable measures to improve revenue whether attracting existing customers or inviting a new customer base. HDC also should use their resources efficiently and effectively to have an exclusive output.

The gearing of HDC is comparatively higher in Q1 2018 than the previous year as a result of increase in total liabilities. HDC must take measures to reduce their liabilities.

QUARTERLY REVIEW QUARTER 1, 2018

HOUSING DEVELOPMENT FINANCE CORPORATION

HOUSING DEVELOPMENT FINANCE CORPORATION (HDFC)

Q1/2018 PERFORMANCE ANALYSIS

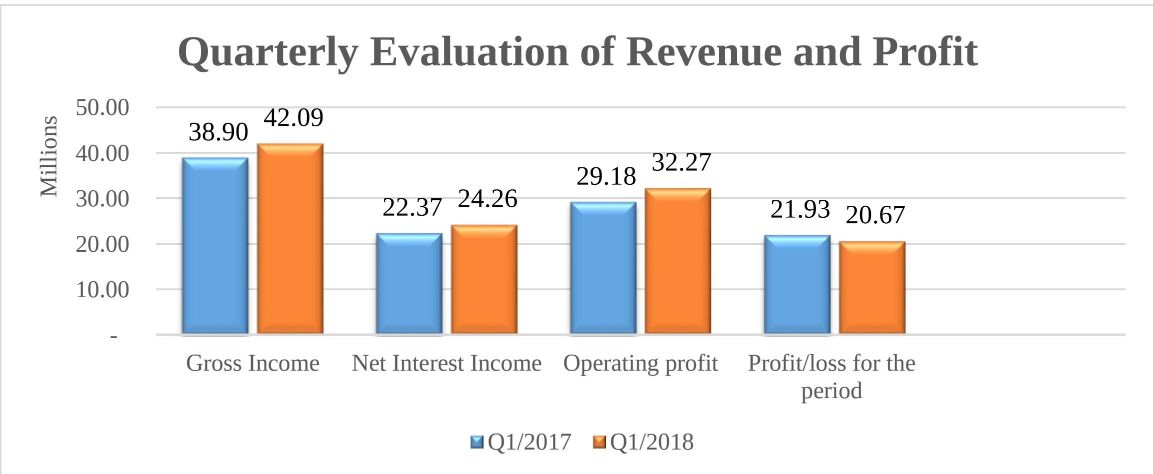
Quarterly Evaluation (Q1/2017 – Q1/2018)

	Q1/2017	Q1/2018	Change	%
Gross Income	46,910,541.00	51,986,744.00	5,076,203.00	**10.82%**
Net Investment Income	27,542,972.00	30,806,574.00	3,263,602.00	**11.85%**
Operating profit	34,459,601.00	39,115,073.00	4,655,472.00	**13.51%**
Profit/loss for the period	26,820,513.00	27,075,064.00	254,551.00	**0.95%**

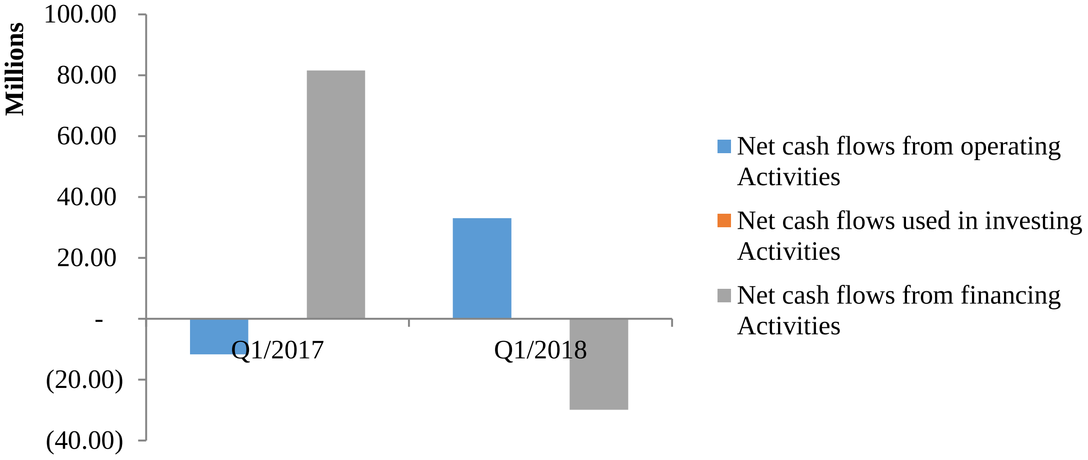
The figures presented represent the total of Amna and Conventional balance sheet figures.

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	57.17	52.08
Operating Profit Margin	73.46	75.24

- Gross Income of HDFC increased by 10.82% in the first quarter of 2018 when compared to the same quarter of the previous year.
- Net Investment/interest income increased by MVR 3,263,602.00 which is an increase of 11.85% when compared to the same quarter of the previous year. The net income increased greatly from Amna the Islamic financing activities than the conventional business activities.
- Operating Profit increased by 13.51% compare to Q1 2017. This mainly comprises of the high net income from Sharia products. Despite the slight reduction in the fee income compared to the last quarter of the previous year, the company showed an increase in the operating profit thoroughly due to High income on Sharia products.
- Profit for the period improved slightly by 0.95% compared to the same quarter of the previous year, due to high borrowed funds and securities.
- Net Profit Margin declined whereas Operating profit margin increased during the period.



Cash Flow Analysis



<u>Quarterly Evaluation (Q4/2017 – Q1/2018)</u>

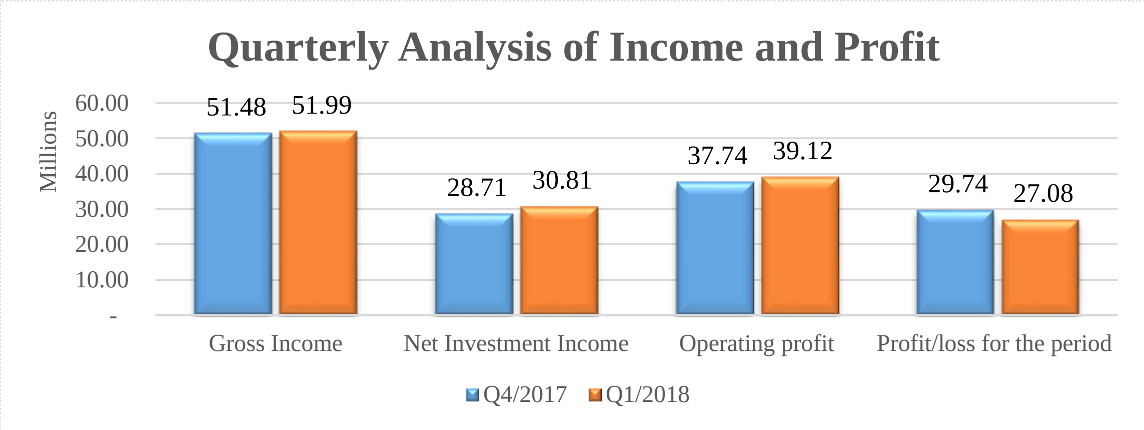
	Q4/2017	**Q1/2018**	**Change**	%
Income	51,480,906.00	51,986,744.00	505,838.00	**0.98%**
Net Interest Income	28,709,743.00	30,806,574.00	2,096,831.00	**7.30%**
Operating profit	37,740,435.00	39,115,073.00	1,374,638.00	**3.64%**
Profit/loss for the period	29,744,668.00	27,075,064.00	- 2,669,604.00	**-8.98%**

The figures presented represent the total of Amna and Conventional balance sheet figures.

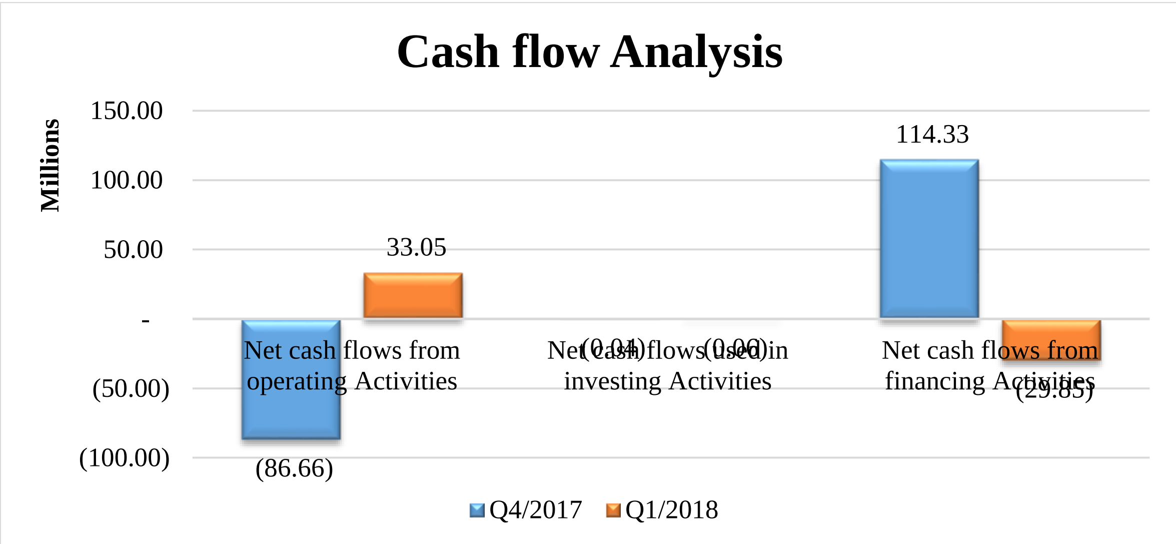
Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	57.78	52.08
Operating Profit Margin	73.31	75.24

- The gross Income of HDFC increased by MVR 505,838.00 in the first quarter of 2018 compared with the last quarter of the previous year. Gross Profit margin will always be 100% since their revenue is the Gross income earned.
- Net Interest Income increased by 7.30% when compared with the last quarter of 2017 resulting from the increasing net interest income and net investment income
- Operating Profit also increased by 3.64%. Gross income, net interest income and operating profit increased highly from their Islamic Window (Amna) than the conventional values.
- Profit for the period resulted in a decrease of 8.98% in the first quarter of 2018 with that of the last quarter of the previous year. The profit reduced by 15.48%, whereas their Islamic window made a profit increased by 21%. The combined profit makes a reduction in the profit by 8.98% between two quarters.
- Net profit Margin deprived to 52.08% with that of 57.78% in the last quarter of 2017

- Gross Profit Margin and Operating profit margin improved to 59.26 (from 55.77) and 73.31 (from 75.24) respectively.



Cash flow Analysis



- Liquidity ratios are not applicable to HDFC as they do not have any current asset or liability in their financial statement.

Important Projects Carried Out

Apollo Towers and HDFC Plc signed an exclusive end user financing project on 29th November 2017. The project "The Apollo Towers" is located in front of the Yacht Marina at the Hulhumale' beachfront. This is a 10 storey luxury real estate split into two main towers. At the end of the first quarter 2018, 30% of the project work is finished and the 5th floor shuttering and reinforcement work is in progress.

85% of the work of Amin Avenue Tower C (Final Tower) has been completed. This is an exclusive project of HDFC.

Batch Construction signed an exclusive project with HDFC in 2016 and scheduled to be completed within two years. Now they have completed 6 floor columns and slab. Also, 90% of the 2nd and 3rd floor masonry work is completed.

Conclusion

In terms of profitability HDFC is at a better position in quarter one of 2018 than the same quarter of the previous year. However, the profitability is recovering in the last quarters of the financial year. It should be noted that HDFC is making more profit from their Islamic Wing Amna than the conventional transaction

QUARTERLY REVIEW QUARTER 1, 2018

ISLAND AVIATION SERVICES LIMITED

ISLAND AVIATION SERVICES LIMITED
Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	459,833,296	533,607,369	73,774,073	16.04%
Gross profit	166,748,726	198,476,304	31,727,578	19.03%
Profit before tax	53,761,900	64,036,191	10,274,291	19.11%
Gross profit margin	36.26%	37.20%	0.93%	2.57%
Net profit margin	9.36%	9.81%	0.45%	5%

- Revenue has increased from MVR 459,833,296 to MVR 533,607,369 (16.04%).
- Gross profit has increased by MVR 31,727,578 (19.03%).
- Gross profit margin also increased from 36.26% to 37.20%. Compared with first quarter of previous year IASL was able to manage their cost more effectively.
- Profit before tax has increased by MVR 10,274,291 (19.11%).
- Net profit margin in Q1/2017 is 9.36% and in Q1/2018 it is 9.81%, thus its shows a growth in overall profitability.
- Overall profitability of the company is virtuous and it shows an improvement in Q1 of 2018.

	Q1/2017	Q1/2018
Current Ratio	1.43	1.91
Quick Ratio	1.33	1.71
Current assets	883,540,332	889,413,065
Current Liabilities	618,749,355	466,051,118
Working Capital	264,790,977	423,361,947
Inventory	58,339,949	92,557,376
Receivable Day	208 Days	214 Days
Payable Day	777 Days	428 Days
Debt to equity	39%	53%

- IASL had total current assets of MVR 883,540,332 in Q1/2017 and it has increased to MVR 889,413,065 in Q1/2018.
- Current ratio of Q1/2017 was 1.43 and Q1/2018 was 1.91. Based on current assets IASL is able to settle its short term obligations with current assets.
- Quick ratio of Q1/2017 was 1.33 and in Q1/2018 it was 1.71.
- Compared with Q1/2017 working capital of the company has increased by MVR 158,570,970.
- Total inventory of the company has increased by almost 58.7% however revenue increased by just 16.04%. Therefore it seems that existing inventory level of the company is quite high for a company operating in service industry.
- Trade receivable has increased by almost 19.09% thus, receivable days has increased from 208 days to 214 days.
- In addition with trade receivables there is quite huge amount as other receivables. In Q1/2017 other receivables is MVR 571,727,100 and it has decreased to MVR 41,783,013 in Q1/2018. Further in Q1/2018 there is an additional category as advance payment receivables and recognized MVR 412,741,607.
- Trade payables has decreased by almost 24.67% and as a result of this, payable days has decreased from 777 days to 428 days.
- Receivable as well as payables days are quite high compare with normal terms of credits. Therefore IASL has to manage their receivable and payables more efficiently in order to further improve performance of the company.

- Long term liabilities of the company has increased by MVR 230,582,471. Consequently gearing ratio has increased from 39% to 53%.

Important Projects Carried Out

IASL has been tasked with the construction of a regional airport in the island of Fainu in Raa Atoll in this quarter of 2018. Under this project, IASL will be responsible for creating the airport, two city hotels, a medical center, a recovery center for patients, hanger for IAS fleet, staff training facilities as well as lounges, cafés and restaurants. This project cost is over US$8 million.

The airline has an all amphibian fleet of 13 DHC-6 Twin Otter aircraft for its seaplane operations, and has recently announced a major expansion with plans to add four Twin Otter aircraft by the first quarter of 2018.

Maldivian entered into an agreement with Quest Aircraft Company in November 2017 to begin a new seaplane operation that uses a fleet comprising the Japanese-owned company's Kodiak aircraft, which will give a major boost to existing seaplane operation.

Conclusion

It shows an upright improvement in financial performance since IASL was able generate a high revenue at better lucrative rates. This is a fairly reasonable progress and IASL can further improve their performance if they could manage their cost and expenses more effectively. Thus IASL can focus more on minimizing waste and utilization of resources effectively.

Receivables and payables balance of IASL is relatively high therefore IASL needs to improve their performance at this area. An appropriate policy can be formulated and implemented to collect receivables. Further in order to maintain a good relation with suppler prompt payment is essential.

As a result of increasing long term liability, IASL financial leverage weakening and gearing ratio of the company increased from 39% to 53%. If IASL is capable to manage their receivable promptly, the level of dependence on long term liability could be reduce to a reasonable level. Based on current performance financial risks elevated.

QUARTERLY REVIEW QUARTER 1, 2018

KAHDHOO AIRPORTS COMPANY LIMITED

KADHDHOO AIRPORT COMPANY LIMITED
Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	3,672,197	3,278,286	-393,911	-10.73%
Gross profit	3,473,935	3,121,918	-352,017	-10.13%
Profit/Loss before tax	-4,976,231	-9,566,980	-4,590,749	92.25%

- Revenue has declined from MVR 3,672,197 to MVR 3,278,286 (-10.73%). This change is primarily attributed to the decreases in flight movement during the quarters.
- Gross profit has decreased by MVR -352,017 (-10.13%).
- Loss for the period has increased by MVR 4,590,749 (32%).
- Net profit margin in Q1/2017 is -135.51% while in Q1/2018 is -291.83%, thus its shows deviancy in profitability.

	Q1/2017	Q1/2018
Current Ratio	26.79	127.17
Quick ratio	26.33	124.37
Current Assets	36,917,778	39,766,267
Current Liabilities	1,377,795	312,709
Working Capital	35,539,983	39,453,558
Inventory	645,328	875,956
Receivable Days	1219 Days	2375 Days
Payable days	1936 Days	29 Days

- KACL had total current assets of MVR 36,917,778 in Q1/2017 and it has increased to MVR 39,766,267 in Q1/2018.
- Current ratio of Q1/2017 was 26.79 and in Q1/2018 it was 127.17. Based in this results KACL is able to settle their current liabilities with current assets.
- Quick ratio of Q1/2017 was 26.33 and Q1/2018 was 124.37.
- Compared with Q1/2017 and Q1/2018 working capital has increased by MVR 3,913,575.
- Receivable days has increased from 1219 day to 2375 days, since total receivable for the period has increased by 50%.
- Trade payable at first quarter of 2017 was MVR 1.05 million however in Q1/2018 it was MVR 12,233. Thus payable days has decreased from 1936 days to 29 days.

Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	3,613,824	3,278,286	-335,538	-9.28%
Gross profit	3,404,314	3,121,918	-282,396	-8.30%
Operating profit/loss	-3,651,654	-3,602,390	49,264	1.35%
Profit/Loss before tax	-9,632,348	-9,566,980	65,368	0.68%

- Revenue has decreased by MVR -335,538 (-9.28%). Mainly as result of decrease in flight movement during the quarter.
- Gross profit has decreased by MVR -282,396 (-8.3%).
- Loss for the period has also decreased by MVR 65,368 (-0.68%).
- Net profit margin in Q4/2017 is -266.54% while in Q1/2018 it was -291.83%.
- Compare with Q4/2017 overall profitability as well as revenue of the company has decreased.

	Q4/2017	Q1/2018
Current ratio	65.76	127.17
Quick ratio	64.37	124.37
Current Assets	43,774,281	39,766,267
Current Liabilities	665,660	312,709
Working Capital	43,108,621	39,453,558
Inventory	924,993	875,956
Receivables Days	1831 Days	2375 days
Payables Days	867 Days	29 Days

- Total current assets of KACL in Q4/2017 was MVR 43,774,281 and it has decreased to MVR 39,766,267 in Q1/2018.
- Current ratio of Q4/2017 was 65.76 and in Q1/2018 was 127.17. KACL has a huge current ratio when compared with the other companies. It can be indicated that KACL is not efficiently using the short term finance available. Based on Q1/2018 quarterly report of KACL, it has capacity to pay off the liabilities without any further capital injection. Their payables are comparatively acceptable in the quarter.
- Quick ratio of Q4/2017 was 64 and Q1/2018 was 124.
- Current ratio and quick ratio of KACL increase as a result of decreasing current liabilities by 53%.
- Working capital has reduced from MVR 43,108,621 to MVR 39,453,558.
- Receivable balance at the end of Q4/2017 was 18,130,678 and compare with previous quarter it has increased by 18%.
- Existing receivable balance is nearly 6.5 times higher than revenue of the period thus it illustrates accumulation of receivables from previous years.
- Receivables days has increased from 1831 days to 2375 days.
- Payable days has decreased from 867 days to 29 days primarily as a result of decreasing trade payables by 97.5%.
- KACL has a cash balance of 17 million at the end of Q1/2018 thus they have ability to meet their obligation without any burden.

Investments undertaken in the quarter

KACL has an outflow of MVR 1,011,638 cash in investing activities in the quarter which comprises of Airport and Island Infrastructure and Halaveli Renovation. KACL spent MVR 516,568 in Airport infrastructure and MVR 185,430 in Halaveli renovation respectively.

Conclusion

Overall performance of the company has declined in Q1/2018, since revenue and profitability of the company has declined. Thus total accumulated loss of the company has increased over this period.

KACL has difficulty in managing their receivable thus receivable at the end of Q1/2018 is almost 6.5 times higher than revenue for the period. Therefore KACL has to form and implement proper policy and mechanism to manage their receivables. If KACL can manage their receivable appropriately, then, they could finance their operation without any help from shareholders. In addition KACL has sufficient cash balance to finance their operation hence government does not have to inject capital.

QUARTERLY REVIEW QUARTER 1, 2018

MADIVES AIRPORT COMPANY LIMITED

MALDIVES AIRPORT COMPANY LIMITED
Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	1,118,947,698	1,337,037,035	218,089,337	19.49%
Cost of Sales	472,941,429	567,462,037	94,520,608	19.99%
Gross Profit	646,006,269	769,574,998	123,568,729	19.13%
Profit for the Period	302,016,882	397,156,074	95,139,192	31.50%

- Revenue has increased from MVR 1,118,947,698 to MVR 1,337,037,035 (19%). In addition revenue generated from almost all categories have increased except for parking fee.
- Gross profit has increased by MVR 123,568,729 (19%).
- Profit for the period has increased by MVR 95,139,192 (32%).
- Gross profit margin ratio in Q1/2017 is 57.73% whereas in Q1/2018 is 57.56%, it shows that MACL has maintained quite same level of lucrativeness.
- Net profit margin ratio in Q1/2017 is 27% whereas in Q1/2018 is 29.7%, thus it shows a progress in profitability since overhead are managed effectively compared with Q1/2017.
- Overall profitability of the company is good and it shows an improvement in Q1/2018 in terms of revenue as well as profits.

	Q1/2017	Q1/2018
CURRENT RATIO	6.72	3.38
QUICK RATIO	5.91	3.03
CURRENT ASSETS	2,552,221,387	3,082,376,359
CURRENT LIABILITIES	379,631,523	912,269,724
WORKING CAPITAL	2,172,589,864	2,170,106,635
DEBT-EQUITY	0.89	0.8
PROPERTY RATIO	0.51	0.51
INVENTORY	307,876,248	317,013,721

- MACL had total current assets of MVR 2,552,221,387 in Q1/2017 and it increased to MVR 3,082,376,359 in Q1/2018.
- Current ratio of Q1/2017 is 6.72 and in Q1/2018 is 3.38. MACL is able to settle its current liabilities with current assets.
- Quick ratio of Q1/2017 is 5.91 and in Q1/2018 quick ratio is 3.03. There is a huge increase in current liabilities thus, both quick and current ratio of MACL declined.
- Compared with Q1/2017 total working capital has reduced by MVR 2,483,229.
- Debt-equity ratio of Q1/2017 is 0.89 whereas in Q1/2018 is 0.80. In both period gearing is relatively high.
- Overall liquidity is satisfactory. However compared with the first quarter of 2017, it indicates a low performance.

Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	1,172,569,073	1,337,037,035	164,467,962	14.03
Cost of Sales	-516,226,404	-567,462,037	-51,235,633	9.93
Gross Profit	656,342,670	769,574,998	113,232,328	17.25
Profit for the Period	262,929,866	397,156,074	134,226,208	51.05

- Revenue has increased by MVR 164,467,962 (14.03%).
- Gross profit has increased by MVR 113,232,328 (17.25%).
- Profit for the period has also increased by MVR 134,226,208 (51.05%).
- Gross profit margin in Q4/2017 is 55.97% whereas in Q1/2018 is 57.56%, thus it shows relatively same level of lucrativeness.
- Net profit margin of Q4/2018 is 22.42% whereas in Q1/2018 net profit margin is 29.7%, thus there is an improvement in net profit margin.
- Overall profitability and revenue of MACL has increased.

	Q4/2017	Q1/2018
CURRENT RATIO	4.07	3.38
QUICK RATIO	3.63	3.03
CURRENT ASSETS	2,900,834,661	3,082,376,359
CURRENT LIABILITIES	713,174,547	912,269,724
WORKING CAPITAL	2,187,660,114	2,170,106,635
DEBT-EQUITY	0.82	0.8
PROPERTY RATIO	0.51	0.51
INVENTORY	312,898,003	317,013,721

- Total current assets of MACL in Q4/2017 is MVR 2,900,834,661 and it has increased to MVR 3,082,376,359 in Q1/2018.
- Current ratio of Q4/2017 is 4.07 whereas in Q1/2018 is 3.38. Existing level of current ratio is at satisfactory level.
- Quick ratio of Q4/2017 is 3.63 although in Q1/2018 is 3.03.
- Working capital has reduced from MVR 2,187,660,114 to MVR 2,170,106,635 mainly as a result of increase in current liabilities.
- Debt-equity ratio of Q4/2017 is 0.82 and it decreased to 0.80 in Q1/2018s since equity level of the company has improved.
- Gearing level of MACL is quite high, nevertheless overall liquidity position of the company is satisfactory.

Important Projects carried-Out

There were no investments in fixed deposits as at the end of Q1 2018.

MACL has paid 10% of the contract value amounting to USD 43.8 million and the China Exim bank has paid 40% of the contract value which is USD 174.6 million to BUCG as at 31st March 2018. After completion of the reclamation and other ground levelling related works, asphalt layering works started on 14th March 2018 for the new runway.

On 29th January 2018 – The Ground Breaking Ceremony of the New Sea Plane Project was held. Over 35,000 square meters of land was reclaimed and over 720 meters of sheet piling was completed for the project. The project was awarded to BUCG and as at 31st March 2018, MACL has paid 15% of the contract value as advance amounting to USD 8.3 million.

Other projects currently work in progress

Project Name	Budget Amount in MVR	Amount Spent as at 31-Mar-18 in MVR
Franchise Complex at Departure Jetty	45,201,268	45,201,268
CCR Building, Ramp Office	23,909,984	23,909,984
Shelter for Gen set at Powerhouse	1,322,649	1,322,649
CCTV Camera Network	6,342,064	5,877,333
Hiya Project	408,280,814	21,638,883

Conclusion

Overall it shows a progress in revenue and profitability and further they have capacity to maintain this progress. Further liquidity level of the company is relatively satisfactory. However there is high financial risk since gearing level of the company is quite high.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES CENTER FOR FINANCE LIMITED

MALDIVES CENTRE FOR ISLAMIC FINANCE LIMITED

Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	0	113,756	113,756	-
Gross profit	0	69,179	69,179	-
Profit/Loss before tax	-1,789,620	-1,739,353	50,267	-280.88%

- In Q1/2018 MCIFL has generated a revenue of MVR 113,756 and a gross profit of MVR 69,179.
- Gross profit margin of the company is 60.8%.
- Profit for the period has increased by MVR -1,739,353 (280.9%).
- Net profit margin of the company is -1529%.
- At present MCIFL could not generate sufficient revenue to cover their operational expenses. Thus they depend solely on capital injection from shareholder to meet operational expenses.
- MCIFL has to formulate an appropriate business model to generate revenue and to transform as a profitable company.
- Since MCIFL is a corporation there main objective should be profit motive thus, in order to endure there operation they have to create a self-sustaining business model.

	Q1/2017	Q1/2018
Current Ratio	9.59	2.79
Quick ratio	9.59	2.78
Current Assets	4,223,061	1,803,194
Current Liabilities	440,166	646,770
Working Capital	3,782,895	1,156,424
Inventory	0	8,240
Receivable Day	0	91 Days
Payable Day	0	618 Days

- MCIFL had total current assets of MVR 4,223,061 in Q1/2017 and it decreased to MVR 1,803,194 in Q1/2018.
- Current ratio of Q1/2017 was 9.59 and in Q1/2018 it was 2.79. Based on these results MCIFL is able to settle its current liabilities with current assets.
- Quick ratio of Q1/2017 was 9.59 and in Q1/2018 it was 2.78.
- As a result of decreasing current assets by 57% their working capital has declined by MVR 2,626,471 compared with Q1/2017.
- Receivable for the period has increased by 50% thus receivable days at Q1/2018 was 91 days.
- Total trade payable in Q1/2018 is MVR 75,433 which is much higher than cost of goods sold for the period. Thus, payable days at end of quarter is 618 days.

No on-going capital investments in the quarter Q1 2018 by MCIF

Conclusion

MCIFL does not have suitable and self-sustaining business model to operate their business entity. MCIFL was not able to create sufficient revenue generating sources which could assist to cover their operational expenses. Therefore MCIFL has to come up come with a virtuous strategic plan which could direct them to reach corporate objectives and mandate of the company. Since MCIFL could not cover any of the operational expenses with the revenue, currently company operates with the full support from shareholder. However current model of business operation will not be a sustainable model for any corporation.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

Q1/2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	223,018	5,910	-217,108	-97.35%
Gross profit	223,018	5,910	-217,108	-97.35%
Operating profit/Loss	-2,263,079	-5,954,781	-3,691,702	163.13%
Profit/loss for the period	-2,263,079	-5,954,781	-3,691,702	163.13%

- Revenue has decreased from MVR 223,018 to MVR 5,910 (-97.35%).
- Gross profit for the period has decreased by MVR -217,108 (-97.35%)
- Compared with Q1/2017 the total operating loss of the company has increased by MVR -3,691,702 as a result of increasing operating expenses and decreasing revenue.
- The major expenses in Q1/2018 is land acquisition cost which is amounting MVR 3,777,900.
- Payroll expenses has also increased by 43% to MVR 496,608.
- Sales and marketing expenses has increased by MVR 594,322 as a result of additional expenditure on marketing consultancy, promotional expenses and fare participation.
- Total administrative as well as sales and marketing expenses is greater compared with first quarter of preceding year.

	Q1/2017	Q1/2018
Current Ratio	9.36	0.82
Quick Ratio	9.36	0.82
Current Assets	29,397,066	53,358,830
Current Liabilities	3,141,446	65,265,711
Working Capital	26,255,620	-11,906,881
Receivable Days	94	7186
Trade Payables	3,141,446	65,265,711
Trade Receivables	21,003,629	42,469,637

- MITDC had total current assets of MVR 29,397,066 in Q1/2017 and it has increased to MVR 53,358,830 in Q1/2018.
- Current ratio of Q1/2017 is 9.36 whereas in Q1/2018 is 0.82. It shows a huge decline in current ratio as result of enormous increasing current liabilities. In Q1/2018 MITDC is not in a position to settle their short term obligations with current assets.
- Compared with Q1/2017 working capital of MITDC has decreased by MVR 38,162,501.
- Trade receivables at Q1/2017 was MVR 21,003,629 whereas in Q1/2018 receivable is 42,469,637. Meanwhile revenue of the company has dropped by 97.35% thus, receivables days has increased from 94 days to 7186 days.
- At first quarter of 2017 total trade payable was 3.1 million however in Q1/2018 trade payable was MVR 65,265,711. Thus there is a difference of MVR 62,124,265 amongst this two periods.

Important Projects Carried Out

- A loan agreement was signed by MITDC and Ministry of Finance and Treasury on 26th April 2018, as MITDC intends to acquire a loan of MVR 15,420,000 at an interest rate of 8% (per annum) for Integrated Tourism Development project on the island of Kaashidhoo in Male' Atoll. The loan shall be repaid in 1 (one) years' time from the date of disbursement.
- In the first quarter MITDC's on-going projects include L.Baresdhoo Project, Project Palm, Addu Integrated Tourism Project, Kaashidhoo Project, Fuvahmulah Project and Kelaa Project. MITDC spent a total of MVR 49,720,040 (over 49million) in these projects over the quarter.

Conclusion

Revenue of the company has declined by almost 97.35% however their operating expenses increased by 140%. As a result of this, the accumulated loss of the company has increased. In addition it is important that based on the nature of business, it may take time to generate a decent return from the investment. Further it requires a higher capital investment at early stage of business operation to establish a worthy business setup.

In Q1/2018 working capital of the company was negative 11,906,881 as a result of higher short term obligation. At the end of Q1/2018 trade payables was MVR 65 million, the amount is higher compared with current financial performance of the company. Nevertheless based on the nature of this business operation their receivables and payable may remain relatively high at this stage. However, in order to minimize the financial risks MITDC has to manage their working capital at a sufficient level and build capacity in meeting short term obligations.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES PORTS LIMITED

MALDIVES PORTS LIMITED

Q1 2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	151,951,591.00	182,407,434.00	30,455,843.00	20%
Operating Profit	43,288,352.00	74,600,963.00	31,312,611.00	72%
Profit After Tax	36,795,099.00	63,410,819.00	26,615,720.00	72%

Profitability Ratios	Q1/2017	Q1/2018
Operating Profit Margin	28.49	40.90
Net Profit Margin	24.22	34.76

- Revenue increased by 20%. Revenue increased from both operational and non-operational income. This resulted mainly from Handling, Stevedoring, Storage, Pilotage, Quay wall, Vehicle Hire charges, Hulhumale' income and bond income. Revenue from stevedoring and Hulhumale' income increased remarkably.
- Operating Profit increased by 72%. Operational expenses fell by a slight percent in this quarter. However, the huge increase in revenue reflected on the operational profit as well.
- Net Profit also increased by 72% as a result of higher revenue and operating profit.
- Net profit margin increased to 34.76 from 24.22 in Q1 2017.
- Operating profit margin increased to 40.90 from 28.49 in Q1 2017. Therefore overall profitability of the company has increased.

	Q1/2017	Q1/2018
Current Ratio	7.01	17.16
Quick Ratio	6.26	14.90
Current Assets	376,365,330.74	385,487,695.00
Current Liabilities	53,674,681.25	22,459,602.00
Working Capital	322,690,649.49	363,028,093.00
Inventory	40,286,028.75	50,855,556.00

- Current and quick ratio increased in the first quarter 2018. Current Assets increased as well as current liabilities reduced by a greater extent. MPA reduced their payables in Q1 2018 which led to a strong current and quick ratio. MPA is at a good position to pay back the liabilities with the assets available. Nevertheless, MPA need to make use of the idle assets to create higher return in the future.

Important Projects Carried Out

MPA invested over MVR57 million in purchase and expansions of PPE. They also have forecasted over MVR 10 million for capital work in progress project each month for the first quarter of 2018.

Conclusion

MPA's higher revenue indicates that they are in a good financial position when the quarters are compared. They have a strong liquidity position. However, MPA has to make the efficient use of the idle resources to make more profitable business operations and improve efficiency.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES SPORTS CORPORATION LIMITED

MALDIVES SPORTS CORPORATION LIMITED
Q1 2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	-	261,479.00	261,479	-
Cost of Sales	-	-		-
Gross Profit	-	261,479.00	261479	-
Profit After Tax	-163,147	-1,395,900	-1232753	756%

- MSCL has no revenue recorded in Q1 2017, but made a revenue of MVR 261,479 in Q1 2018.
- In the first quarter of the previous year MSCL had a loss of 163,147 due to the administrative expenses. In Q1 2018 the administrative expenses increased to over 1.6 million recording a net loss of 1.3 million in that quarter.

	Q1/2017	Q1/2018
Current Ratio	3.12	11.27
Quick Ratio	3.12	11.27
Current Assets	983,674.00	4,120,970.00
Current Liabilities	314,958.00	365,726.00
Working Capital	668,716.00	3,755,244.00
Inventory	-	-

- Based on liquidity MSCL is in a position to pay off the debts with the assets available. Also, the ratio suggests that too much assets are sitting idle. MSCL needs to make efficient use of the resources to improve their operations.

Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	77,000.	261,479.00	184,479.00	240%
Cost of Sales	-	-	-	-
Gross Profit	77,000.	261,479.00	184,479.00	240%
Profit After Tax	-1,474,668	-1,395,900	78,768.00	-5%

- Compared to last quarter of 2017, it has shown increments in revenue and gross profit Q1 of 2018. The income statement shows only administrative expenses other than revenue in both the quarters. Thus, the change in the profit is due to increase in administrative expenses between the quarters.
- Loss for the quarter has declined by 5%.
- There is no margin as they are running on loss.

	Q4/2017	Q1/2018
Current Ratio	4.39	11.27
Quick Ratio	4.39	11.27
Current Assets	1,108,897.00	4,120,970.00
Current Liabilities	252,667.00	365,726.00
Working Capital	856,230.00	3,755,244.00
Inventory	-	-

- MSCL has a current ratio of 4.39 which increased to 11.27 in quarter one 2018 due to the increase in current assets. Current liabilities also rose, but the degree to which current assets increased is higher than the increment in current liabilities. Based on the liquidity position, MSCL is at a position to pay off the debts in case of liquidation. However, the only current asset is in the form of cash and cash equivalents which is the capital injection from the government.

Important Projects Carried Out

MSCL did not undergo any significant project in the quarter other than an acquisition of non-current liability.

Conclusion

MSCL started their operations very recently. The company does not generate high revenue and thus is very weak financially. Though the figures show that they have favorable liquidity, the ratio is a representation of capital injection from the government. Therefore MSCL must take enough measures to improve profitability and liquidity.

MSCL needs to form and implement strategic plans by defining their vision, mission, objectives, strategies and Action plans. MSCL should minimize expenses and utilize their resources efficiently. This can be done through proper planning and implementation of strategic plan. Furthermore, MSCL have a need to form a self-sustaining business model to add value to the business.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES TRANSPORT AND CONTRACTING COMPANY

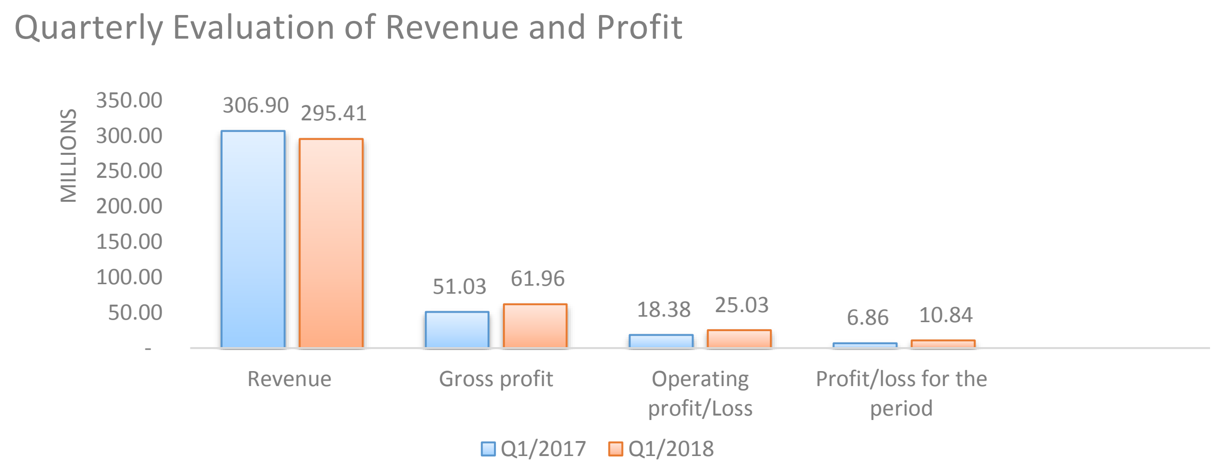
MALDIVES TRANSPORT AND CONTRACTING COMPANY (MTCC)

Q1/2018 PERFORMANCE ANALYSIS

Quarterly Evaluation (Q1/2017 – Q1/2018)

	Q1/2017	Q1/2018	Change	%
Revenue	306,899,294	295,414,903	- 11,484,391	-3.74%
Gross profit	51,029,503	61,962,193	10,932,690	21.42%
Operating profit/Loss	18,377,695	25,032,528	6,654,833	36.21%
Profit before tax	6,858,225	10,844,004	3,985,779	58.12%

- Compared with Q1/2017 revenue has reduced by 11,484,391.00 which is a reduction of 3.74%. The main reason for the shortfall in total revenue was unpredicted fall in revenue made from Construction by 30% compared to the same period last year. While revenue generated from Dredging, Trading and Transport has helped to alleviate the impact of this fall.
- Gross profit has increased by 10,932,690.00 which is an increase of 21.42%
- Despite the drastic fall in the total revenue caused by construction segment, the operating profit generated by construction increased by 83% and the net Operating profit of the company increased by 36.21%
- Profit for the period increased by 58.12% which indicates the greater profitability.



Cash flow Analysis

Net cash flows from operating activities increased by MVR 90,060,920.00 when compared to the 1st quarter of 2017. This illustrates efficiency in managing their cash flows. The incremental change is mainly due to decreasing trade and other receivables.

Net cash flows used in investing activities declined by MVR 45,227,027.00. This is because in the first quarter of 2018, the company invested a huge sum in the capital expenditure such as purchase of property, plant and Equipment.

Net cash flows from financing activities reduced by 48,828,488.00 compared to the 1st quarter of 2018. This is mainly because of the huge reduction in the interest and dividend paid. The repayment of borrowings also added to it.

Financial Ratio Analysis

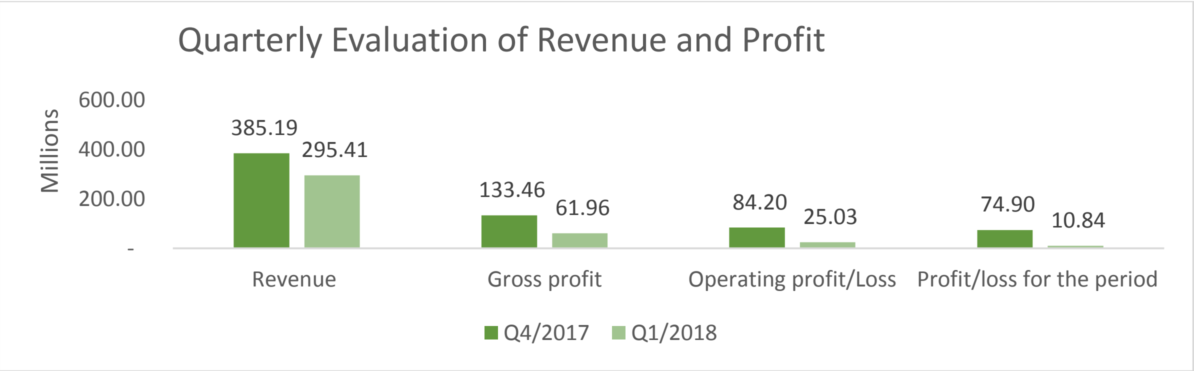
Liquidity Ratios	Q1/2017	Q1/2018
Current Ratio	1.41	1.38
Quick Ratio	1.08	1.09
Cash Ratio	0.04	0.15
Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	1.90	3.12
Gross Profit Margin	16.63	20.97
Operating Profit Margin	5.99	8.47

- The current ratio of both the quarters indicate that MTCC should not face any liquidity problems. The current assets of MTCC are sufficient to settle the current Liabilities. Current Ratio is slightly low in the first quarter of 2018 than the first quarter of 2017. However, the ratio is at a healthy level and do not indicate that MTCC is at a better position to settle their short term liabilities with the short term assets.
- The quick ratio of the company is maintained at the same level.
- Cash Ratio is increased to 0.15 from 0.04 which means the ability to pay the current liabilities in immediate short term has increased.
- The net profit margin has been increased to 3.12% in Q1 2018 compared to that of 1.90% in Q1 2017.
- Gross profit margin increased to 20.97% which is higher when compared to the first quarter of 2017 which is 16.63%.
- Operating profit margin also increased by 8.47% in Q1 2018 compared to that of 5.99% in Q1 2017.

<u>Quarterly Evaluation (Q4/2017 – Q1/2018)</u>

	Q4/2017	**Q1/2018**	**Change**	%
Revenue	385,190,855.00	295,414,903.00	- 89,775,952.00	**-23.31%**
Gross profit	133,461,452.00	61,962,193.00	- 71,499,259.00	**-53.57%**
Operating profit/Loss	84,204,577.00	25,032,528.00	- 59,172,049.00	**-70.27%**
Profit/loss for the period	74,904,475.00	10,844,004.00	- 64,060,471.00	**-85.52%**

- Revenue has been reduced by 23.31% in Q1/2018 compared to the last quarter.
- Gross profit also has declined drastically by 53.57% compared to the last quarter of the previous year.
- Operating Profit has fell by 59,172,049.00 which is a decline of 70.27%
- Profit has declined by 64,060,471.00 which is a deterioration of 85.52%



Cash flow Analysis

- Net cash flows from operating activities increased to MVR 124,485,670.00 which is an increment of 69.66%. This increase is a result of increase in receivables and reduction in payables.
- MTCC has used more cash flows in investing activities in Q1 2018 than the last quarter of the previous year. This is due to high value of Property Plant and Equipment purchased in the quarter.
- Net cash flows from financing activities was a negative change of MVR 27,501,598.00 due to repayment of borrowings and interests paid.

Financial Ratio Analysis

Liquidity Ratios	Q4/2017	Q1/2018
Current Ratio	1.34	1.38
Quick Ratio	1.06	1.09
Cash Ratio	0.14	0.15
Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	17.50	3.12
Gross Profit Margin	34.65	20.97
Operating Profit Margin	21.86	8.47

- Current Ratio is favorable to MTCC where they are able to pay their short term liabilities with the short term assets.
- Cash Ratio is also slightly increased by 0.01 times compared to Q4 2017
- Gross profit margin, Net profit Margin and Operating Profit Margin shows a declined figure in the first quarter of 2018 when compared to the last quarter of 2017.

Projects Carried Out

Ongoing projects by MTCC includes:

- G.A. Villingili Harbor Phase 1 and the Shore Protection Project
- L. Dhambidhoo Harbor Project
- L. Maabaidhoo Harbor
- B.Thulhaadhoo Harbor Project
- B. Inguraidhoo Harbor Construction
- N. Fohdhoo Jetty
- Sh. Funadhoo Shore Protection
- Sh. Funadhoo Road Construction
- H.Dh. Nolhivaram IDB harbor project
- Hdh. Kulhudhuffushi Shore Protection
- Construction of runway, taxiway and apron at Kulhudhuffushi Airport
- R.Hulhuduffaaru Breakwater
- Sh.Maaungoodhoo Breakwater
- Th. Guraidhoo Reclamation Project
- Th. Madifushi Harbor Project
- Lh. Naifaru Breakwater
- Lh. Kurendhoo Harbor
- Consatruction of K. Guraidhoo Harbor
- GDh.Gahdhoo Harbor phase 2 project
- Design and Build of Coastal Protection structures at K.Maafushi

- R.Fainu Harbor project
- Sh. Funadhoo Road construction
- Reclamation of Ithaafushi Resort
- Hulhumale harbor entrance Channel
- Ha.Dhidhoo Channel Breakwater
- H.dh.Kumnudhoo Harbor Project
- G.dh.Thinadhoo Museum and Park Project
- Coastal Protection Structures at G.dh Thinadhoo
- Ga. Kanduhulhudhoo harbor construction
- F.Maagoodhoo Harbor Project
- Land Reclamation at Dhonmaaga
- B.Eydhafushi capping work
- Design build of HA.Thuraakunu harbor
- Adh. Fenfushi Breakwater construction
- Th.Guraidhoo Reclamation project
- Th. Thimarafushi Terminal (phase 2)
- Dh.Hulhudheli Sewerage Project
- F.Maagoodhoo Harbor Project
- M.Maduvvari harbor construction
- Adh.Dhangethi Harbor Project
- REEF residence
- Contract for Construction, Repair and Renovation of Temporary Facilities, Buildings & Services at Ibrahim Nasir International Airport
- Hulhumale Harbor Entrance Channel Dredging
- Construction of MHI new extension
- Dhaarul Eemaan Office Building Project
- Lh.Kurendhoo Harbour
- Lh. Naifaru Breakwater
- B.Thulhaadhoo Harbor Project
- N.Holhudhoo Harbor Project
- Sh.Funadhoo Road Construction
- Sh.Komandoo Reclamation
- Sh.Kanditheemu Harbour Project
- H.DH. Makunudhoo Harbour Project
- Reconstruction of Harbour Infrastructure at F.Biledhoo
- H.A.Dhidhoo Shore Protection

Conclusion

In terms of profitability, MTCC has a weakened performance when compared to the last quarter of the previous year. However, this performance is better when compared with the profitability of the first quarter of the last year.

When looking into the liquidity, MTCC has a satisfactory liquidity position when compared to both Q1 2017 and Q4 2017.

QUARTERLY REVIEW QUARTER 1, 2018

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

Q1 2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	40,098,399.30	17,071,589.94	-23,026,809.36	-57%
Cost of Sales	14,587,397.10	7,334,970.18	-7,252,426.92	-50%
Gross Profit	25,511,002.20	9,736,619.76	-15,774,382.44	-62%
Profit After Tax	6,546,499.32	5,204,974.74	-1,341,524.58	-20%

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	16.33	30.49
Gross Profit Margin	63.62	57.03

- Revenue fell by 57% in the quarter one of 2018 when compared to the same quarter of the previous year.
- Though the cost of sales fell by 50%, gross profit also fell by 62% as a result of the reduction in revenue by 57%.
- Net profit also reduced by 20%. However this reduction is relatively lower when compared with the reduction in revenue and gross profit, mainly due to massive reduction in the administrative expenses in the quarter.

	Q1/2017	Q1/2018
Current Ratio	0.56	1.66
Quick Ratio	0.56	1.66
Current Assets	224,237,100.30	22,389,041.00
Current Liabilities	397,616,573.00	13,467,177.00
Working Capital	-173,379,473.10	137,575,142.88

- Current ratio and quick ratio is favorable in Q1 2018 when compared to the same quarter of the previous year. In the first quarter 2018, current assets increased as well as MTDC was able to reduce their current liabilities by much greater extent. This resulted in satisfactory liquidity ratios.

Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	18,393,839.52	17,071,589.94	-1,322,249.58	-7%
Cost of Sales	7,334,970.18	7,334,970.18	-	0
Gross Profit	11,058,853.92	9,736,619.76	-1,322,234.16	-12%
Profit After Tax	7,540,534.20	5,204,974.74	-2,335,559.46	-31%

Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	40.99	30.49
Gross Profit Margin	60.12	57.03

- Revenue fell by 7% in the quarter one of 2018 when compared to the last quarter of the previous year.
- Though the cost of sales were equal, Gross profit also fell by 12%, due to loss in revenue generated.
- Net profit also reduced by 31%, merely due to the reduction on revenue.

	Q4/2017	Q1/2018
Current Ratio	1.78	1.66
Quick Ratio	1.78	1.66
Current Assets	368,704,381.80	22,389,041.00
Current Liabilities	206,945,343.60	13,467,177.00
Working Capital	161,759,038.20	137,575,142.88

- Current ratio and quick ratio is favorable in Q1 2018 as well as in Q4 2017. In the last quarter 2017, current assets were higher compared to Q1 2018, as well as MTDC was able to reduce their current liabilities by much greater extent in Q1 2018. This resulted in satisfactory liquidity ratios.

Conclusion

MTDC's profitability shows declining figures over the quarters. However, the liquidity seems favorable to the company. MTDC should take necessary actions to improve their profitability and liquidity. MTDC should take measures to improve their revenue at reduced costs.

QUARTERLY REVIEW QUARTER 1, 2018

MALE' WATER AND SEVERAGE COMAPNY

MALE WATER AND SEVERAGE COMPANY (MWSC)

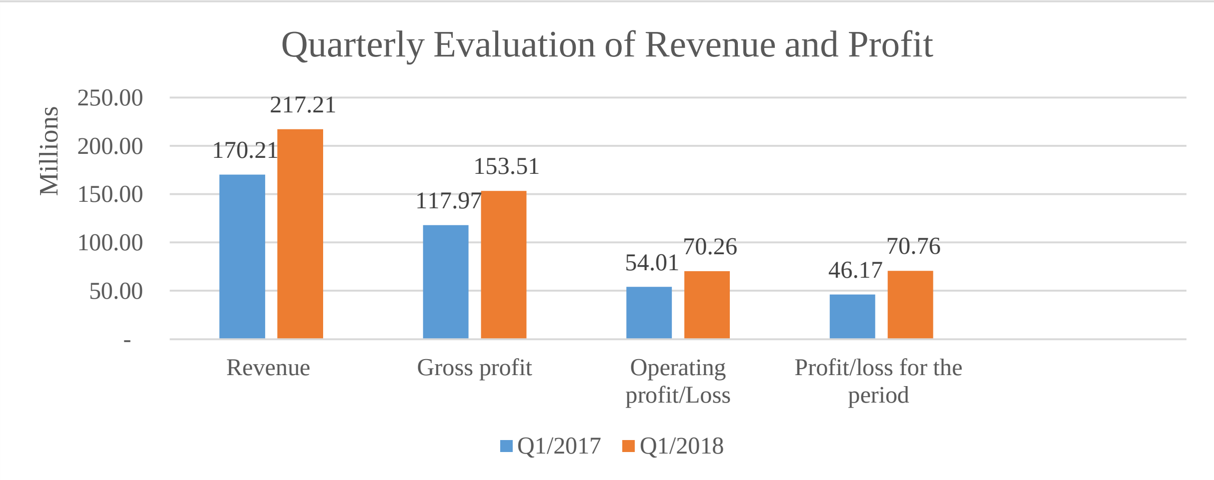
Q1/2018 PERFORMANCE ANALYSIS

Quarterly Evaluation (Q1/2017 – Q1/2018)

	Q1/2017	Q1/2018	Change	%
Revenue	170,210,000	217,207,000	46,997,000	27.61%
Gross profit	117,973,000	153,507,000	35,534,000	30.12%
Operating profit/Loss	54,013,000	70,256,000	16,243,000	30.07%
Profit/loss for the period	46,174,000	70,764,000	24,590,000	53.26%

- Revenue increased by MVR 46,997,000 which is 27.61% compared to the same quarter of the previous year. Revenue from water sales and other income rose when compared to Q1 2017. Income from other sources almost doubled in this quarter.
- Gross profit increased by 35,534,000 which is an increase of 30.12% compared to the first quarter of the previous year. Though cost of sales increased, the gross profit increased due to high revenue generated this quarter compared to the first quarter of the previous year.
- Operating profit increased by 16,243,000 which is an increase of 30.07% compared to the first quarter of the previous year.
- Profit also increased by 53.26% in this quarter compared to the same quarter of the last year. As a result, the business profit tax also increased comparatively higher than the same quarter of the previous year.

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	27.13	32.58
Gross Profit Margin	69.31	70.67
Operating Profit Margin	31.73	32.35



- Net Profit Margin increased to 32.58%
- Gross Profit Margin increased to 70.67%.
- Operating Profit Margin increased to 32.35% when compared to 31.75% in the first quarter of the last year. Thus overall profitability of the company has increased as a result of efficient management of cost.

Liquidity Ratios

Liquidity Ratios	Q1/2017	Q1/2018
Current Ratio	1.27	1.14
Quick Ratio	0.29	0.34
Cash Ratio	0.19	0.33

- Current ratio declined slightly to 1.14 in the first quarter of 2018 when compared with the first quarter of 2017. In technical terms, current ratio in both the quarters are not satisfactory for the business. In Q1/2018, the current ratio declined indicating that the ability to payoff short term debts declined.
- Quick Ratio increased to 0.34 in Q1 2018 with that of 0.29 in Q1 2017. Though the increase is favorable, the incremental change is lower, that it does not indicate that their liquidity position has improved.
- Cash Ratio increased to 0.33 in the first quarter of 2018 from 0.19 in the first quarter of the previous year.

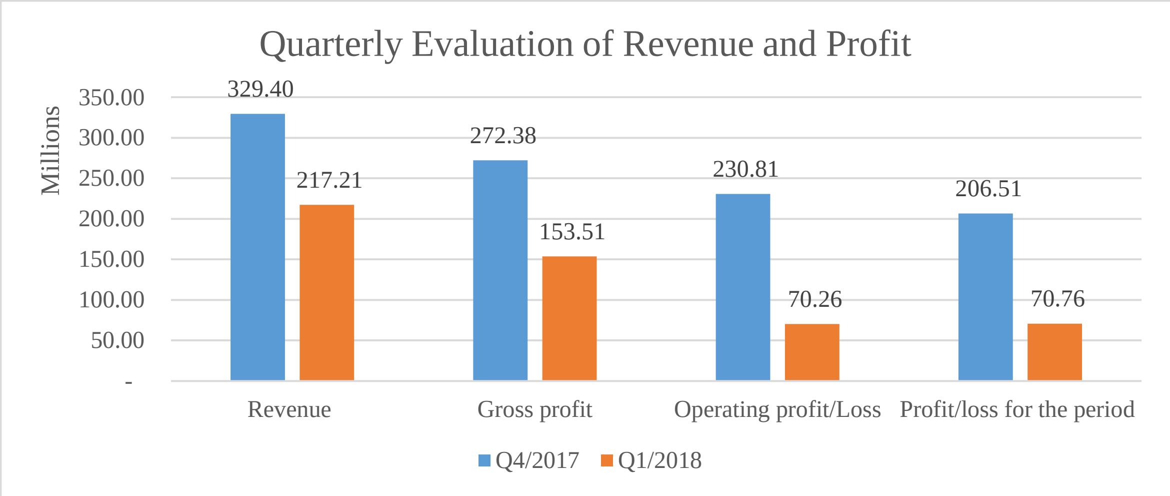
Quarterly Evaluation (Q4/2017 – Q1/2018)

Financial Ratios

	Q4/2017	**Q1/2018**	**Change**	%
Revenue	329,401,000.00	217,207,000.00	- 112,194,000.00	**-34.06%**
Gross profit	272,377,000.00	153,507,000.00	- 118,870,000.00	**-43.64%**
Operating profit/Loss	230,805,000.00	70,256,000.00	- 160,549,000.00	**-69.56%**
Profit/loss for the period	206,512,000.00	70,764,000.00	- 135,748,000.00	**-65.73%**

- Revenue reduced by -112,194,000 which is a deterioration of 34.06%. Revenue from sales of water and other income fell significantly when compared with the last quarter of the previous year.
- Gross Profit declined by -118,870,000 which is a reduction of 43.64% mainly due to fall in revenue and a high cost of sales compared to the last quarter of the previous year.
- Profit for the period declined by 65.73% in Q1/2018 when compared with the last quarter of the previous year.

Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	62.69	32.58
Gross Profit Margin	82.69	70.67
Operating Profit Margin	70.07	32.35



- Net Profit margin reduced to 32.58% in Q12018 from a relatively high ratio in the last quarter of 2017.
- Gross Profit Margin also deteriorated to 70.67% in Q1 2018 from 82.69% in Q4 2017
- Operating profit Margin weakened by a greater extent to 32.35% from a Margin of 70.07 in the last quarter of 2017.

Liquidity Ratios

Liquidity Ratios	Q4/2017	Q1/2018
Current Ratio	1.23	1.14
Quick Ratio	0.47	0.34
Cash Ratio	0.15	0.33

- Both the current and quick ratio reduced indicating that the ability to pay off the debts by MWSC reduced over the quarters.
- Thus, the liquidity position of MWSC shows that the capability to meet the short term obligations are comparatively lower.

Important Projects Carried out

MWSC was scheduled to have numerous number of projects in 2018. In the first quarter they invested MVR 213,926,000 in upgrading PLC system & SCADA system. Additionally, they have invested MVR 707,334,000 and MVR 598,524,000 in 3T Forklift Battery and 3T Forklift Diesel respectively. Also, MWSC invested MVR 547,596,000 in providing total utility solutions to L.Baresdhoo in the quarter.

Conclusion

When observed financially, the financial position of MWSC in this quarter has improved, when compared with the same quarter of the previous year. However, financial position shows a declining phase when compared with the last quarter of 2017.

When looking into the liquidity, the ratios show that MWSC's ability to pay off the short term obligations with the available assets are comparatively lower over the quarters.

In conclusion, the profitability of MWSC has shown improvements in the last quarters than the commencing quarters of the financial year.

QUARTERLY REVIEW QUARTER 1, 2018

STATE ELECTRIC COMPANY LIMITED

STATE ELECTRIC COMPANY LIMITED

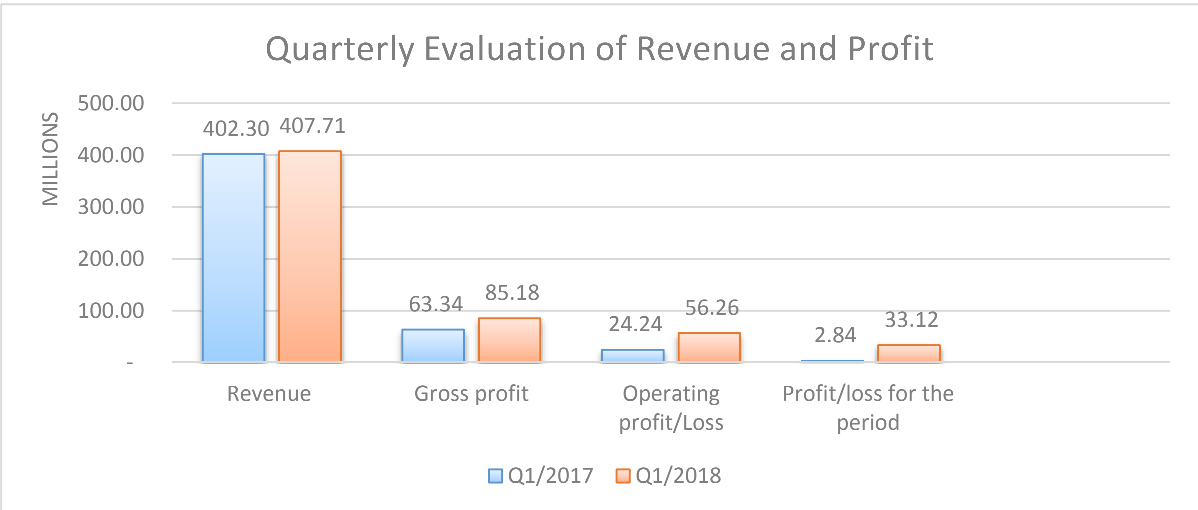
Q1/2018 PERFORMANCE ANALYSIS

Quarterly Evaluation (Q1/2017 – Q1/2018)

	Q1/2017	Q1/2018	Change	%
Revenue	402,297,426.00	407,709,584.00	5,412,158.00	**1.35%**
Gross profit	63,344,916.00	85,179,781.00	21,834,865.00	**34.47%**
Operating profit/Loss	24,235,090.00	56,263,582.00	32,028,492.00	**132.16%**
Profit/loss for the period	2,840,722.00	33,124,165.00	30,283,443.00	**1066.05%**

- Revenue has been increased by MVR 5,412,158.00 which is an increase of 1.35% when compared to Q1 2017, mainly from sales of electricity.
- Gross profit also has increased by 34.47% due to the reduction in the cost of sales in this quarter.
- Operating Profit has increased tremendously by 132.16% due to the huge reduction in operating expenses.
- Profit for the period improved enormously by 1066.05% after a net loss in the same quarter of the previous year mainly due to high operating cost and higher cost of sales.

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	0.71	8.12
Gross Profit Margin	15.75	20.89
Operating Profit Margin	6.02	13.80



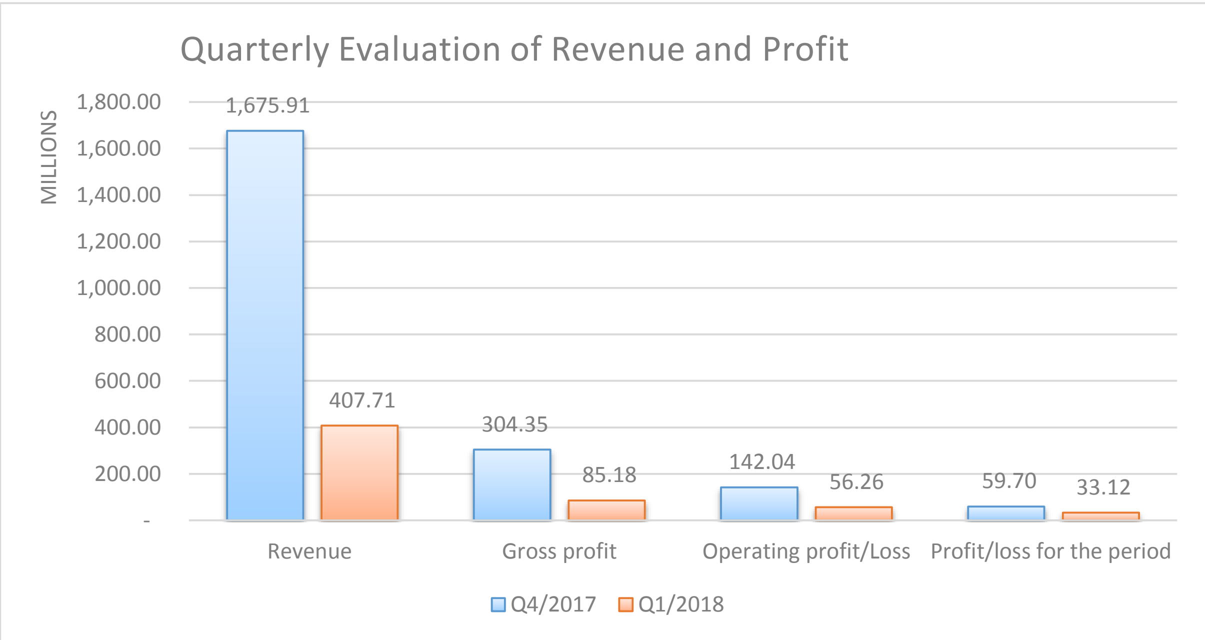
- The net Profit, Gross Profit and Operating Profit margins has improved.

Liquidity Ratios	Q1/2017	Q1/2018
Current Ratio	0.82	0.92
Quick Ratio	0.64	0.72
Cash Ratio	0.08	0.11

- Current ratio is 0.82 at Q1/2017 which means that STELCO is not at a position to pay off their short term liabilities with the short term assets. The ratio improved slightly to 0.92. STELCO is at a better liquidity position where they are able to sell the short term liabilities with an improved level of current assets. However, STELCO should still work on their current ratio as the level is below 1.
- Quick ratio also has improved over the quarters (Q1/2017-Q1/2018). However, it is below the desired value.
- Cash ratio has improved to 0.11 in Q1/2018 from 0.08 as that of Q1/2017. The ability to pay the current liabilities in immediate short term has increased.

Quarterly Evaluation (Q4/2017 – Q1/2018)

	Q4/2017	Q1/2018	Change	%
Revenue	476,467,912.00	407,709,584.00	- 68,758,328.00	**-14.43%**
Gross profit	153,672,800.00	85,179,781.00	- 68,493,019.00	**-44.57%**
Operating profit/Loss	114,484,716.00	56,263,582.00	- 58,221,134.00	**-50.85%**
Profit/loss for the period	92,574,527.00	33,124,165.00	- 59,450,362.00	**-64.22%**



- Unlike the comparison with Q1/2017, the comparison with Q4/2017 shows that Revenue, Gross profit, Operating profit and Net Profit has declined drastically.
- Revenue has declined by MVR 68,758,328.00 comparing with the last quarter Q4/2017.
- Gross profit has dropped by 44.57%
- Operating profit declined by 64.22%
- Profit declined by 64.22%

Liquidity Ratios	Q4/2017	Q1/2018
Current Ratio	1.16	0.92
Quick Ratio	0.69	0.72
Cash Ratio	0.19	0.11
Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	19.43	8.12
Gross Profit Margin	32.25	20.89
Operating Profit Margin	24.03	13.80

- Current Ratio has declined to 0.92:1 from 1.16:1 in Q4/2017 which means STELCO is able to set off less of their short term liabilities with the short run assets available. The ratio below 1 shows that the liquidity is unfavorable.
- Quick Ratio has shown a slight increment to 0.72:1 from 0.69:1 as inventories also increased.
- Cash Ratio has declined slightly thus it reduce the ability to pay the current liabilities in immediate short term.
- Net profit margin has improved when compared to the last quarter Q4/2017.
- Gross Profit margin has deteriorated from 32.25 in Q4/2017 to 20.89 in Q1/2018.
- Operating Profit Margin also declined to 13.8% from 24.03% in Q4/2017.
- Decrease in Gross Profit, Net Profit and Operating profit mainly resulted from the decrease in revenue from electricity and increase in cost of sales.

Important Projects Carried out

STELCO has a total borrowings of MVR 1,423,952,246 in terms of foreign loan in the first quarter of 2018. The amount includes ADB loan for Multi project, Power Sys Dev project, Second Power Sys Project and Third Power Sys Project. It also includes FEC & DDB loan for MV Generator Set, NDF loan for Third power Sys Project, UNI Bank loan for Third Power Sys Project, UNI Bank Grant for Third Power Sys Project, ADB loan, MIB and Exim Bank loan.

Conclusion

The financial Performance of STELCO has been improved in the first quarter in 2018 than the first quarter of the previous year. However, when comparing the financial performance of Q1 of 2018 with that of the performance in the last quarter of 2017, the Financial Performance has declined drastically. STELCO has shown improved performance in the last quarters of financial years than the commencing quarters.

QUARTERLY REVIEW QUARTER 1, 2018

STATE TRADING ORGANIZATION PLC

STATE TRADING ORGANIZATION PLC

Q1 2018 PERFORMANCE ANALYSIS

<u>Q1 of 2017 AND Q1 of 2018</u>

	Q1/2017	Q1/2018	Change	%
Revenue	1,822,336,544	2,224,652,636	402,316,092	22%
Cost of Sales	1,598,033,117	1,955,569,185	357,536,068	22%
Gross Profit	224,303,427	269,083,451	44,780,024	20%
Operating Profit	77,174,066	87,929,435	10,755,369	14%
Profit Before Tax	70,813,080	57,288,817	-13,524,263	-19%
Profit After Tax	61,365,467	46,617,213	-14,748,254	-24%

	Q1/2017	Q1/2018
Gross Profit Ratio	12.31	12.1
Net Profit Ratio	3.37	2.1
Operating Profit Ratio	4.23	3.95

- STO's revenue has increased from MVR 1,822,336,544 to MVR 2,224,652,636. This is a 22% increase in revenue compared with Q1/2017.
- Gross profit has increased by MVR 44,780,024 (20%).
- However STO was not able to manage their expenses efficiently, as a result of this, profit after tax declined by MVR 14,748,254.
- Gross profit margin in Q1/2017 is 12.31% whereas in Q1/2018 is 12.10%. Thus, gross profit margin remained at a relatively identical level.
- Operating profit margin has similarly decreased in Q1/2018 to 3.95% compared to 4.23% in Q1/2017. This is due to increase in overhead expenses.
- Net profit margin in Q1/2017 is 3.37% whereas in Q1/2018 is 2.10%. Thus there is a huge decline in net profit margin as a result of increase in overheads cost and finance cost.

	Q1/2017	Q1/2018
CURRENT RATIO	1.15	1.1
QUICK RATIO	0.95	0.94
CURRENT ASSETS	3,050,762,055	4,001,135,783
CURRENT LIABILITIES	2,663,693,277	3,637,767,292
WORKING CAPITAL	387,068,778	363,368,491
DEBT-EQUITY	0.1	0.2
PROPERTY RATIO	0.43	0.36
INVENTORY	528,861,865	569,418,601

- In Q1/2017, STO's current assets exceeded its current liabilities by 1.15 times. In Q1/2018, the company's current assets exceeded its current liabilities by 1.10 times. It can be seen that in both years, the company was able to use their current assets to pay for its short-term obligations (current liabilities). However it is important to note that current ratio has been declined in Q1/2018.
- Quick ratio of Q1/2017 is 0.95 whereas in Q1/2018 is 0.94. Quick ratio is lesser in the first quarter of 2018. Thus STO needs to improve its quick ratio to above 1.0, in order to repay their obligations with liquid assets.
- Working capital has reduced from MVR 387,068,778 in Q1/2017 to MVR 363,368,491 in Q1/2018 as a result of increasing current liability by 36%.

- The debt-to-equity ratio for Q1/2017 is 0.10. Furthermore, for every one rufiyaa the owners have invested into the company, creditors invested 10 laari. In Q1/2018, the debt-to-equity ratio is 0.20. Debt-to-equity ratio of the company increased compare with Q1 of previous year.

<u>Q4 of 2017 AND Q1 of 2018</u>

	Q4/2017	Q1/2018	Change	%
Revenue	2,024,153,090	2,224,652,636	200,499,546	9.91
Cost of Sales	1,786,770,831	1,955,569,185	-168,798,354	9.45
Gross Profit	237,382,258	269,083,451	31,701,193	13.35
Operating Profit	74,920,106	87,929,435	13,009,329	17.36
Profit Before Tax	52,284,120	57,288,817	5,004,697	9.57
Profit After Tax	44,409,423	46,617,213	2,207,790	4.97

	Q4/2017	Q1/2018
Gross Profit Ratio	11.73	12.1
Net Profit Ratio	2.19	2.1
Operating Profit Ratio	3.7	3.95

- Revenue has increased by MVR 200,499,546 (9.91%).
- Gross profit has increased by MVR 31,701,193 (13.35%).
- Profit after tax has similarly increased by MVR 2,207,790 (4.97%).
- Gross profit to sales ratio in Q4/2017 is 11.73% whereas in Q1/2018 is 12.10%.
- Net profit to sales ratio in Q4/2017 was 2.19% while in Q1/2018 it is 2.10%.
- Overall profitability and revenue of STO, has improved compare with Q4/2017.

	Q4/2017	Q1/2018
CURRENT RATIO	1.11	1.1
QUICK RATIO	0.91	0.94
CURRENT ASSETS	3,750,825,157	4,001,135,783
CURRENT LIABILITIES	3,378,463,559	3,637,767,292
WORKING CAPITAL	372,361,598	363,368,491
DEBT-EQUITY	0.22	0.2
PROPERTY RATIO	0.37	0.36
INVENTORY	665,129,644	569,418,601

- Total current assets of STO in Q4/2017 was MVR 3,750,825,157 and it increased to MVR 4,001,135,783 in Q1/2018.
- Current ratio of Q4/2017 is 1.11 whereas in Q1/2018 is 1.10. Even though STO is able to cover its current liabilities with current assets, the current ratio needs to be improved. In order to stay solvent, the company must have a current ratio of at least 1.0, which means it can exactly meet its short term obligations.
- Compared with previous quarter there is an improvement in quick ratio. Therefore STO has improved their ability in meeting short-term obligations.
- Working capital has reduced from MVR 372,361,598 to MVR 363,368,491.
- Debt-equity ratio of Q4/2017 was 0.22 and it decreased to 0.20 in Q1/2018.

Important Projects Carried Out

STO re-opened its electronics showroom at City Square on this quarter. This outlet offers leading brands of electronics items including Dell Laptops, Dell desktops, SJcam action camera, Vstarcam IP camera, JBL sound, Edifier speakers, Huawei mobile phones and other electronic accessories. The outlet offers a modern design with a friendly ambience, further enhancing the consumer experience.

Foundation stone of STO Hiyaa project was laid in this quarter. The two residential towers of fifteen floors will provide STO staff with 356 apartments.

Conclusion

Overall profitability of the company is reasonable, though, net profit and operating margin are low compared with Q1 of previous year. In Q1/2018 working capital of STO is low. This is because the current liability of the company has increased compared with previous periods. Further, STO depends severely on short term finance to invest their operation thus gearing level of the company is at an acceptable level.

QUARTERLY REVIEW QUARTER 1, 2018

WASTE MANAGEMENT CORPORATION

WASTE MANAGEMENT CORPORATION
Q1 2018 PERFORMANCE ANALYSIS

Q1 of 2017 AND Q1 of 2018

	Q1/2017	Q1/2018	Change	%
Revenue	20,069,812.00	38,010,885.12	17,941,073.12	89%
Cost of Sales	47,782.00	32,473,429.25	32,425,647.25	67862%
Gross Profit	20,022,030.00	5,537,455.87	- 14,484,574.13	-72%
Profit After Tax	962,248.00	30,665,943.42	29,703,695.42	3087%

Profitability Ratios	Q1/2017	Q1/2018
Net profit Margin	4.79	80.68
Gross Profit Margin	99.76	14.57

- WAMCO has a revenue increase of 89% in Q1 2018 compared to Q1 2017. WAMCO has improved revenue from collection services, i.e. collection from the households of Hulhumale', Male', Vilimale' and Addu. They have also increased revenue from commercial services and CAP service.
- Gross Profit declined when two quarters are compared due to high cost of sales in Q1 2018. In Q12017 WAMCO's cost of sales were their recycling cost. Rental of equipment vessels and vehicle were expensed in Q1 2017. However, in Q1 2018 their cost of sales comprised direct expenses including Rental of equipment and repair and maintenance.
- Net profit also increased in the quarter Q1 2018 compared to Q1 2017. Net profit margin is also comparatively higher in the quarter.

	Q1/2017	Q1/2018
Current Ratio	2.75	0.88
Quick Ratio	2.75	0.88
Current Assets	53,021,477.28	81,211,424.59
Current Liabilities	19,303,093.80	92,703,621.47
Working Capital	33,718,383.48	- 11,492,196.88

- Current and quick ratios are unfavorable in Q1 2018 when compared to Q1 2017. The increase in current liabilities in that quarter are relatively higher. The liabilities include significant liabilities like GST payable, Payroll clearing and output tax payable.
- Working capital shows a negative value as a result of liabilities exceeding assets.
- They are not in a position to set off the current liabilities with the short term assets available.

Q4 of 2017 AND Q1 of 2018

	Q4/2017	Q1/2018	Change	%
Revenue	44,546,800.19	38,010,885.12	- 6,535,915.07	-15%
Cost of Sales	43,435,060.36	32,473,429.25	- 10,961,631.11	-25%
Gross Profit	1,111,739.83	5,537,455.87	4,425,716.04	398%
Profit After Tax	22,510,010.50	30,665,943.42	8,155,932.92	36%

Profitability Ratios	Q4/2017	Q1/2018
Net profit Margin	50.53	80.68
Gross Profit Margin	2.50	14.57

- Revenue fell by 15% in Q1 2018 when compared to the last quarter of 2017.
- Gross Profit increased enormously due to low cost of sales when compared to the last quarter of the previous year.
- Profit after tax also improved by 36% in the quarter comprising over 5 million from other income sources including management & operation income.
- The net profit and gross profit margin improved in Q1 2018 when compared to the last quarter of the last year.

	Q4/2017	Q1/2018
Current Ratio	2.12	0.88
Quick Ratio	2.12	0.88
Current Assets	104,014,153.43	81,211,424.59
Current Liabilities	48,959,778.75	92,703,621.47
Working Capital	55,054,374.68	- 11,492,196.88

- Current and quick ratios are unfavorable in Q1 2018 when compared to Q4 2017. The increase in current liabilities in that quarter are relatively higher. WAMCO is unable to pay off the liabilities with the current assets available resulting a poor liquidity.

Important Projects Carried Out

There were no significant special projects during first quarter of 2018, however the key operations carried out during the first quarter of 2018 are;

1. Island waste management Center Clean-up operations were carried out for islands in Zone 2.
2. Agreement signed with MEE regarding Environment Police
3. Collection and Transfer of Construction and Demolition waste from MACL airport development project and HDC.

Conclusion

For a sustainable growth WAMCO should take necessary measures to pay back their liabilities and make their asset base strong. WAMCO also should take steps to increase revenue while minimizing cost.

WAMCO should minimize dependency on capital injections. WAMCO should improve efficiency and utilize resources fully to reach the maximum output. They also should make the best utilization of the capital injection to further expand their operations and increase revenue while minimizing cost.

WAMCO should manage their working capital and liquidity position. They have a huge amount of account payable and thus are in a bad liquidity position. They should make proper arrangements for receivable collections and to pay back their debts. WAMCO should implement strategies to collect receivables from the debtors at a speedy mode.