SUMMARY OF QUARTERLY REVIEW

Q4 | 21

Q4

SECRETARIAT FOR
PRIVATIZATION AND CORPORATIZATION BOARD

Table of Contents

Secretariat for Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW

QUARTER 4, 2021

INTRODUCTION

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

SOEs are required to share the quarterly reports with PCB before 15th of the month following the end of each quarter as per the circular 10 of Privatization and Corporatization Board. This review report comprises of the companies whose Q4 2021 reports were received prior to the date of publication.

This quarterly review is a summary of the quarterly analysis prepared after analyzing the performance of the companies through the quarterly reports. For this purpose, individual analysis is prepared for each SOE separately. The analysis is done based on the comparison of fourth quarter of 2021 with the fourth quarter of 2020 and third quarter of 2021.

In this report, the revenue, gross profit and the net profit are analyzed between the quarters. The liquidity position is analyzed through current and quick ratio. The gearing level is understood through debt to equity and debt to assets ratio.

In that context, this report consists of quarterly review of 31 SOEs operating in the Maldivian market, which contributes significantly to the GDP of Maldives.

SUMMARY OF FINANCIALS

COMPANY NAME	Non-Current Assets	Current Assets	Total Assets	Loans and Borrowings	Total Liabilities
AASANDHA COMPANY LIMITED	7,674,192	30,219,193	37,893,385	-	27,086,283
BUSINESS CENTRE CORPORATION LTD	14,513,410	4,687,637	19,201,046	4,272,652	19,354,953
FAHI DHIRIULHUN CORPORATION LTD	3,156,185	636,353,220	639,509,405	619,099,367	619,222,159
KAHDHOO AIRPORT COMPANY LTD	48,834,383	43,027,346	91,861,729	-	6,394,096
MALDIVES FUND MANAGEMENT CORPORATION LTD	79,766,808	109,382,707	189,149,515	-	90,077,833
MALDIVES HAJJ CORPORATION LTD	92,778,129	116,753,394	209,531,523	-	230,179,299
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATIO	157,694,716	5,060,397	162,755,113	15,420,000	237,466,402
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	10,184,329	1,648,323,186	1,658,507,515	76,876,475	1,636,445,320
MALDIVES SPORTS CORPORATION LTD	950,181	1,413,422	2,363,603	-	118,877
PUBLIC SERVICE MEDIA	597,027,176	22,380,724	619,407,900	89,252,000	201,388,393
REGIONAL AIRPORTS COMPANY LIMITED	5,890,086	54,106,073	59,996,159	-	4,339,386
SME DEVELOPMENT FINANCE CORPORATION LTD	6,429,601	897,387,909	903,817,510	-	122,767,486
TRADE NET MALDIVES CORPORATION LTD	14,544,994	17,456,839	32,001,833	-	24,833,584
WASTE MANAGEMENT CORPORATION	165,152,230	183,977,087	349,129,317	-	176,925,366
TOTAL	**1,204,596,420**	**3,770,529,133**	**4,975,125,553**	**804,920,494**	**3,396,599,436**
ADDU INTERNATIONAL AIRPORT PVT LTD	539,133,142	39,920,052	579,053,194	490,057,316	765,697,112
BANK OF MALDIVES LTD**	-	-	39,064,338,000	1,129,466,000	30,296,658,000
DHIVEHI RAAJJEYGE GULHUN PLC	2,366,667,000	2,420,008,000	4,786,675,000	221,825,000	2,040,564,000
FENAKA CORPORATION LTD	3,038,815,123	772,755,682	3,811,570,805	128,322,584	1,526,087,411
HOUSING DEVELOPMENT CORPORATION	29,428,591,825	16,881,128,465	46,309,720,290	10,558,993,216	20,905,392,737
HOUSING DEVELOPMENT FINANCING CORPORATION PLC**	-	-	2,364,357,831	1,180,662,526	1,644,222,123
ISLAND AVIATION SERVICES LIMITED	2,048,806,765	1,114,149,608	3,162,956,373	554,469,239	1,996,314,300
MALDIVES AIRPORTS COMPANY LTD	21,158,810,000	3,009,749,000	24,168,559,000	8,461,789,000	17,364,013,000
MALDIVES ISLAMIC BANK	-	-	5,507,495,000	-	4,837,982,000
MALDIVES PORTS LIMITED	950,621,824	890,090,734	1,840,712,558	124,777,783	734,035,111
MALDIVES POST LIMITED	57,042,874	95,134,735	152,177,609	-	88,138,586
MALDIVES TOURISM DEVELOPMENT CORPORATION	1,510,253,520	186,268,666	1,696,522,186	-	806,425,492
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1,202,321,421	1,952,423,811	3,154,745,232	539,370,807	1,775,720,177
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1,672,607,779	1,280,653,371	2,953,261,150	140,236,838	1,177,431,931
ROAD DEVELOPMENT CORPORATION LIMITED	7,514,170	238,600,172	246,114,342	2,300,076	339,653,479
STATE ELECTRIC COMPANY LTD	4,407,094,518	1,021,557,384	5,428,651,902	3,005,551,651	4,464,498,545
STATE TRADING ORGANIZATION PLC	2,360,063,196	6,161,603,693	8,521,666,889	2,377,394,988	5,602,881,774
TOTAL	**70,748,343,157**	**36,064,043,373**	**153,748,577,361**	**28,915,217,024**	**96,365,715,778**
GRAND TOTAL	**71,952,939,577**	**39,834,572,507**	**158,723,702,915**	**29,720,137,518**	**99,762,315,214**

***Only total asset figure is shown for BML, MIB and HDFC since banks do not split their assets into NCA and CA.*

The table illustrates the balance sheet figures of SOEs as at the end of 31st December 2021. HDC is the highest asset-based company with total assets of over MVR 46 billion due to huge investment properties and trade and other receivables. For the housing and infrastructure projects the company has taken huge loans and borrowings, thus HDC have the highest loans and borrowings among SOEs.

The second highest assets are reported by BML with total asset of MVR 39 billion. The bank has reported total loans of MVR 15 billion and deposits of MVR 27 billion at the end of Q4 2021. In addition, BML has the highest liabilities because of significant dues to customers (customer deposits) due to the nature of the company.

MACL is also highly capital intensive as the company has significant capital works-in-progress including fuel farm and both cargo and passenger terminal. Thus, MACL has huge borrowings taken to finance these projects.

Companies such as MMPRC, BML, Dhiraagu, Fenaka, HDC, HDFC, IASL, MACL, MIB, MPL, MTDC, MTCC, MWSC, STELCO and STO have total assets over MVR 1 billion.

	REVENUE GROWTH			
	COMPANY NAME	Q4 2020 (MVR)	Q4 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	12,016,777	11,483,165	-4%
2	BUSINESS CENTRE CORPORATION LTD	2,152,782	7,078,462	229%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	1,911,302	3,187,902	67%
5	MALDIVES FUND MANAGEMENT CORPORATION LTD	-	-	-
6	MALDIVES HAJJ CORPORATION LTD	225	4,262,927	1894534%
7	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	62,383	39%
8	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	88,646,472	49,081,512	-45%
9	MALDIVES SPORTS CORPORATION LTD	1,269,949	2,156	-100%
10	PUBLIC SERVICE MEDIA	24,907,070	25,879,983	4%
11	REGIONAL AIRPORTS COMPANY LIMITED	-	7,385,729	100%
12	SME DEVELOPMENT FINANCE CORPORATION LTD	8,758,920	22,154,065	153%
13	TRADE NET MALDIVES CORPORATION LTD	786,630	5,686,407	623%
14	WASTE MANAGEMENT CORPORATION	71,260,950	55,157,478	-23%
	TOTAL	**211,756,077**	**191,422,169**	-10%
15	ADDU INTERNATIONAL AIRPORT PVT LTD	11,502,668	23,763,236	107%
16	BANK OF MALDIVES LTD	791,068,000	913,632,000	15%
17	DHIVEHI RAAJJEYGE GULHUN PLC	621,559,000	639,303,000	3%
18	FENAKA CORPORATION LTD	444,908,684	445,537,808	0%
19	HOUSING DEVELOPMENT CORPORATION	138,401,551	1,343,550,687	871%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	47,553,860	47,963,898	1%
21	ISLAND AVIATION SERVICES LIMITED	196,911,732	424,932,044	116%
22	MALDIVES AIRPORTS COMPANY LTD	573,697,000	1,532,529,000	167%
23	MALDIVES ISLAMIC BANK	66,947,000	88,730,000	33%
24	MALDIVES PORTS LIMITED	132,454,930	185,550,264	40%
25	MALDIVES POST LIMITED	5,060,285	5,510,878	9%
26	MALDIVES TOURISM DEVELOPMENT CORPORATION	15,467,432	22,524,842	46%
27	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	408,762,651	625,698,643	53%
28	MALE' WATER AND SEWERAGE COMPANY PVT LTD	327,127,125	534,147,247	63%
29	ROAD DEVELOPMENT CORPORATION LIMITED	18,640,687	45,293,218	143%
30	STATE ELECTRIC COMPANY LTD	494,609,345	554,595,759	12%
31	STATE TRADING ORGANIZATION PLC	1,872,542,632	3,295,088,928	76%
	TOTAL	**6,167,214,582**	**10,728,351,452**	**74%**
	GRAND TOTAL	**6,378,970,659**	**10,919,773,621**	**71%**

Total revenue generated by the SOEs for the fourth quarter of 2021 is MVR 10.91 billion, a growth of 71% compared to the same period of last year. The highest revenue growth in terms of value was achieved by STO with over MVR 1.42 billion. The growth is mainly attributable to the fuel revenue driven by increased price and quantity sold during the quarter. However, it is highlighted that STO receives fuel subsidy from the government to maintain the subsidized fuel prices. HDC records second largest revenue growth with over MVR 1.20 billion mainly attributable to land sale to FDC (Fahi Dhiriulhun Corporation) for housing projects. In terms of value MACL has also generated MVR 1.53 billion of revenue, which is MVR 0.95 billion more compared to Q4 2020 mainly due to increase in business operations.

It has to be noted that the revenue has improved in Q4 2021 compared to Q3 2021 from most of the SOE's except Aasandha, MMPRC, MSCL and WAMCO.

FDC and MFMC have not generated any revenue in Q4 2021. FDC is currently in the process of implementing the social housing projects mandated by the government and company will be able to generate revenue once the housing units are completed in 2 to 3 years' time. Although MFMC does not have any revenue generating activity, company has carried out an aid project affiliated with EU named

'EU support for resilient recovery of SME tourism industry in the Maldives' and distributed over MVR 1.2 million to 32 SMEs as grant aids.

GROSS PROFIT/ LOSS

	COMPANY NAME	Q4 2020 (MVR)	Q4 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	12,016,777	11,483,165	-4%
2	BUSINESS CENTRE CORPORATION LTD	602,212	2,016,686	235%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	(4,173,035)	(2,995,006)	28%
5	MALDIVES FUND MANAGEMENT CORPORATION LTD	-	(15,000)	-
6	MALDIVES HAJJ CORPORATION LTD	(12,557)	527,841	4303%
7	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	62,383	39%
8	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	81,276,216	7,386,575	-91%
9	MALDIVES SPORTS CORPORATION LTD	1,184,000	2,156	-100%
10	PUBLIC SERVICE MEDIA	10,972,000	9,302,521	-15%
11	REGIONAL AIRPORTS COMPANY LIMITED	-	7,206,224	-
12	SME DEVELOPMENT FINANCE CORPORATION LTD	8,758,920	22,154,065	153%
13	TRADE NET MALDIVES CORPORATION LTD	786,630	5,686,407	623%
14	WASTE MANAGEMENT CORPORATION	28,551,982	(896,567)	-103%
	TOTAL	**140,008,145**	**61,921,450**	**-56%**
15	ADDU INTERNATIONAL AIRPORT PVT LTD	(13,154,471)	(10,838,945)	18%
16	BANK OF MALDIVES LTD	436,384,000	524,215,000	20%
17	DHIVEHI RAAJJEYGE GULHUN PLC	229,774,000	249,905,000	9%
18	FENAKA CORPORATION LTD	189,936,027	208,619,901	10%
19	HOUSING DEVELOPMENT CORPORATION	127,517,455	896,774,955	603%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	26,169,088	26,400,745	1%
21	ISLAND AVIATION SERVICES LIMITED	41,263,277	113,013,335	174%
22	MALDIVES AIRPORTS COMPANY LTD	419,441,000	887,345,000	112%
23	MALDIVES ISLAMIC BANK	16,478,000	32,187,000	95%
24	MALDIVES PORTS LIMITED	132,454,930	185,550,264	40%
25	MALDIVES POST LIMITED	4,794,917	4,911,543	2%
26	MALDIVES TOURISM DEVELOPMENT CORPORATION	4,864,856	10,490,272	116%
27	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	117,952,611	101,851,674	-14%
28	MALE' WATER AND SEWERAGE COMPANY PVT LTD	233,654,298	263,772,574	13%
29	ROAD DEVELOPMENT CORPORATION LIMITED	8,094,171	26,701,831	230%
30	STATE ELECTRIC COMPANY LTD	169,266,671	144,899,638	-14.4%
31	STATE TRADING ORGANIZATION PLC	372,875,048	397,407,778	7%
	TOTAL	**2,657,774,023**	**4,125,129,015**	**55%**
	GRAND TOTAL	**2,686,326,005**	**4,124,232,448**	**54%**

With significant growth in the revenue, overall gross profit of SOEs has improved in Q4 2021 by MVR 1.4 billion, a growth of 54% compared to the same quarter of previous year. Companies such as BML, Dhiraagu, Fenaka, HDC, IAS, MACL, PORTS, MTCC, MWSC, STELCO and STO have recorded gross profit over MVR 100 million individually in fourth quarter of 2021.

The highest gross loss was reported by AIA, followed by KACL, WAMCO and MFMC. AIA and KACL reported a gross loss for Q4 2021 due to high operating expenses compared to the revenue generated in the quarter.

Companies such as Aasandha, MMPRC, MSCL, PSM, WAMCO, MTCC and STELCO's gross profit declined compared to Q4 2020. Even though MTCC's revenue has increased by 53%, cost of sales has increase more than that (by 80%) which led to overall decline in gross profit for Q4 2021. Gross profit of STELCO declined due to increase in direct costs mostly from increased in cost of fuel and lube oil.

NET PROFIT/ LOSS

	COMPANY NAME	Q4 2020 (MVR)	Q4 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	618,816	291,659	-53%
2	BUSINESS CENTRE CORPORATION LTD	(3,293,988)	(2,913,537)	12%
3	FAHI DHIRIULHUN CORPORATION LTD	(1,781,021)	(3,268,759)	-84%
4	KAHDHOO AIRPORT COMPANY LTD	(5,966,361)	(4,052,450)	32%
5	MALDIVES FUND MANAGEMENT CORPORATION LTD	(1,578,307)	(3,164,672)	-101%
5	MALDIVES HAJJ CORPORATION LTD	(346,181)	62,298	118%
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(5,760,551)	(6,174,425)	-7%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	75,366,861	626,647	-99%
8	MALDIVES SPORTS CORPORATION LTD	(91,267)	(1,211,269)	-1227%
9	PUBLIC SERVICE MEDIA	(3,037,873)	(8,634,372)	-184%
10	REGIONAL AIRPORTS COMPANY LIMITED	-	(17,974,149)	-
11	SME DEVELOPMENT FINANCE CORPORATION LTD	2,141,732	755,353	-65%
12	TRADE NET MALDIVES CORPORATION LTD	(1,349,620)	(752,362)	44%
13	WASTE MANAGEMENT CORPORATION	3,226,418	(31,113,170)	-1064%
	TOTAL	**58,148,658**	**(77,523,208)**	**-233%**
14	ADDU INTERNATIONAL AIRPORT PVT LTD	(35,048,926)	(17,142,823)	51%
15	BANK OF MALDIVES LTD	(331,053,000)	354,289,000	207%
16	DHIVEHI RAAJJEYGE GULHUN PLC	188,383,000	206,206,000	9%
17	FENAKA CORPORATION LTD	23,021,338	11,456,927	-50%
18	HOUSING DEVELOPMENT CORPORATION	(29,936,559)	721,806,032	2511%
19	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	21,669,301	21,712,386	0%
20	ISLAND AVIATION SERVICES LIMITED	(54,133,349)	(24,737,744)	54%
21	MALDIVES AIRPORTS COMPANY LTD	104,270,000	428,172,000	311%
22	MALDIVES ISLAMIC BANK	15,019,000	9,704,000	-35%
23	MALDIVES PORTS LIMITED	2,663,967	27,193,129	921%
24	MALDIVES POST LIMITED	(3,475,991)	(1,377,559)	60%
25	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	67,829,494	44,432,105	-34%
26	MALDIVES TOURISM DEVELOPMENT CORPORATION	1,850,662	248,966,324	13353%
27	MALE' WATER AND SEWERAGE COMPANY PVT LTD	127,657,452	127,737,567	0%
28	ROAD DEVELOPMENT CORPORATION LIMITED	(13,502,918)	(15,475,130)	-15%
29	STATE ELECTRIC COMPANY LTD	(23,464,006)	23,533,217	200%
30	STATE TRADING ORGANIZATION PLC	90,615,333	131,062,890	45%
	TOTAL	**152,364,799**	**2,297,538,321**	**1408%**
	GRAND TOTAL	**210,513,457**	**2,220,015,113**	**955%**

Overall, Net profit of the SOEs have significantly improved in Q4 2021 by MVR 2 billion (955%) compared to the same quarter of previous year. However, some of the companies operating with financial assistance from Shareholder, continues to report a net loss and has increased the loss by 233% compared to same quarter of last year which includes WAMCO, RACL, PSM and MITDC.

Among self-sustaining companies IASL, AIA, RDC and POST made a net loss in Q4 2021. It is important to note that RDC's net loss has increased compared to Q4 2020, while other three companies were able to reduce its net loss over the comparable period.

The net loss of RACL has increased due to higher operating expenses compared with the revenue generated.

Highest net profits for Q4 2021 are recorded by HDC, MACL, BML, MTDC, Dhiraagu and STO with over MVR 100 million each. Significant increase in HDC's net profit is attributable to the land sale to FDC for their housing project. MACL's net profit has increased by MVR 324 million which mainly reflects the increased revenue from its core business activity.

SHORT TERM LIQUIDITY RATIOS

COMPANY NAME	Q4 2020 Current Ratio (Times)	Q4 2020 Quick Ratio (times)	Q4 2021 Current Ratio (times)		Q4 2021 Quick Ratio (times)	
AASANDHA COMPANY LIMITED	2.35	2.31	2.31	↓	2.28	↓
ADDU INTERNATIONAL AIRPORT PVT LTD	0.06	0.04	0.07	↑	0.05	↑
BUSINESS CENTRE CORPORATION LTD	2.04	1.95	0.83	↓	0.77	↓
DHIVEHI RAAJJEYGE GULHUN PLC	1.38	1.34	1.55	↑	1.53	↑
FAHI DHIRIULHUN CORPORATION LTD	1.97	0.00	5,182.37	↑	0.00	-
FENAKA CORPORATION LTD	0.68	0.27	0.54	↓	0.24	↓
HOUSING DEVELOPMENT CORPORATION	3.34	0.71	5.29	↑	4.07	↑
ISLAND AVIATION SERVICES LIMITED	0.80	0.74	0.83	↑	0.77	↑
KAHDHOO AIRPORT COMPANY LTD	21.84	21.30	6.73	↓	6.57	↓
MALDIVES AIRPORTS COMPANY LTD	1.35	1.16	0.35	↓	0.32	↓
MALDIVES FUND MANAGEMENT CORPORATION LTD	19.00	19.00	1.30	↓	1.30	↓
MALDIVES HAJJ CORPORATION LTD	2.54	2.52	3.84	↑	3.73	↑
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.02	0.00	0.04	↑	0.00	-
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	1.06	1.06	1.06	-	1.06	-
MALDIVES PORTS LIMITED	2.10	0.82	2.02	↓	0.56	↓
MALDIVES POST LIMITED	1.12	1.12	1.14	↑	1.14	↑
MALDIVES SPORTS CORPORATION LTD	7.90	7.66	11.89	↑	11.89	↑
MALDIVES TOURISM DEVELOPMENT CORPORATION	2.00	2.00	1.10	↓	1.10	↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1.60	1.20	1.50	↓	1.10	↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1.35	1.00	1.41	↑	1.07	↑
PUBLIC SERVICE MEDIA	0.11	0.11	0.20	↑	0.20	↑
REGIONAL AIRPORTS COMPANY LIMITED	0.00	0.00	12.47	↑	12.47	↑
ROAD DEVELOPMENT CORPORATION LIMITED	0.58	0.44	2.76	↑	1.51	↑
STATE ELECTRIC COMPANY LTD	3.78	3.28	4.37	↑	3.48	↑
STATE TRADING ORGANIZATION PLC	1.15	0.90	1.18	↑	0.93	↑
TRADE NET MALDIVES CORPORATION LTD	36.75	36.75	1.17	↓	1.17	↓
WASTE MANAGEMENT CORPORATION	1.52	1.52	1.11	↓	1.11	↓

The current ratio measures a company's ability to pay short-term obligations or those due within one year. The quick ratio reflects company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. These ratios indicate that the company has enough current assets to settle the short-term obligation.

The ideal standard of current ratio is 2:1, indicating that, for every MVR 1 worth of short-term liability, there should be MVR 2 worth of current assets. However, the ratio might differ from industry to industry and the perfect ratio depends on company's nature.

Companies such as HDC, STELCO, PORTS, MHCL, Dhiraagu and MTCC have a favorable short-term liquidity position as they have sufficient current assets compared to the current liabilities of the company.

Further, TradeNet, FDC, KACL, MSCL and RACL also has high current ratio, however current ratio of these companies represents the cash balance of the company which is capital contributed by the government. Contribution from shareholder is used to finance the operational expenses of the company. Hence, the result does not mean that these companies are operationally efficient.

On the other hand, MITDC, MMPRC, PSM, AIA, Fenaka, IAS and MACL current ratio shows unfavorable results as these companies have fewer current assets compared to its current liabilities. Hence, these companies may require alternative arrangements to pay off the liabilities in the short term.

FINANCIAL LEVERAGE RATIOS				
	Q4 2020		Q4 2021	
COMPANY NAME	Debt to Equity (times)	Debt to Assets (times)	Debt to Equity (times)	Debt to Assets (times)
ADDU INTERNATIONAL AIRPORT PVT LTD	(3.22)	0.78	(2.63) ↓	0.85 ↑
FAHI DHIRIULHUN CORPORATION LTD	0.54	0.29	30.52 ↑	0.97 ↑
FENAKA CORPORATION LTD	0.06	0.04	0.06 -	0.03 ↓
HOUSING DEVELOPMENT CORPORATION	0.48	0.30	0.42 ↓	0.23 ↓
ISLAND AVIATION SERVICES LIMITED	0.55	0.19	0.48 ↓	0.18 ↓
MALDIVES AIRPORTS COMPANY LTD	1.26	0.50	1.24 ↓	0.35 ↓
MALDIVES PORTS LIMITED	0.22	0.12	0.11 ↓	0.07 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	0.47	0.22	0.39 ↓	0.17 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	0.11	0.06	0.10 ↓	0.06 -
PUBLIC SERVICE MEDIA	0.18	0.13	0.21 ↑	0.14 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	(0.03)	0.02	(2.73) ↓	1.04 ↑
STATE ELECTRIC COMPANY LTD	3.70	0.74	4.17 ↑	0.74 -
STATE TRADING ORGANIZATION PLC	0.79	0.30	0.81 ↑	0.28 ↓

The above list of companies are the companies who have debts as means of financing for investments. Based on the ratios, FDC, STELCO, RDC and AIA has the highest gearing among SOEs. STELCO's leverage ratio has increased compared to Q4 2020 due to increase in borrowings. Although this increases the financial risk associated with the company, developmental projects will increase room for further revenue.

The negative ratios of AIA are due to accumulated losses over the quarter. AIA has reported MVR 490 million as borrowings at the end of the Q4 2021 which has been increasing in each quarter. The rise in borrowing is not healthy for a company like AIA where they do not have the potential to repay the debts and has to depend on the capital contribution from the shareholders.

The companies with low financial leverage include Fenaka, MWSC, FDC, IAS, PORTS, PSM, MTCC and HDC. With a low financial risk these companies will be able to attract additional finances if required. However, although gearing is low in HDC, the company has significant borrowing that will require close cash flow management.

CONCLUSION

Total revenue of the SOEs has recorded a growth of 71% (by MVR 4.5 billion) compared to Q4 2020, indicating that overall performance of SOEs has improved with the ease and normalization of pandemic restrictions. Hence, profitability also has increased by MVR 2 billion over the comparable period. Some companies such as BML, MACL, Dhiraagu, HDC, MWSC and STO have achieved remarkable results in Q4 2021. Together with revenue growth and cost management these companies have achieved significant growth in net profit.

However, it is important to note that some of the companies which require financial assistance from Shareholder continues to operate with net loss. Out of which some companies have improved net loss compared to same quarter of last year, while other companies continue with a net loss growth. The total net loss of these companies for Q4 2021 is MVR 77 million, a growth of 233% compared Q4 2020. Financial assistance as capital contribution and government grants to these companies are required as the revenue generated does not cover its operating expenses.

Quarterly review; Quarter 4-2021

AASANDHA COMPANY LTD

AASANDHA COMPANY LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/ACL/Q4

Q4 2021 with Q4 2020 and Q3 2021

Revenue

Q4 2020	Q4 2021	Q3 2021
12.0	11.4	11.0
Million in MVR	Million in MVR	Million in MVR

The company has changed its business concept where the company generates revenue by charging a processing fee from service providers. In this regard, an agreement was signed between Aasandha, NSPA and MOF in 2021 to facilitate this process of generating and recording its income from stakeholders.

Company's revenue mainly consists of commission from scheme - others 79%, pharmacy commission 17.7% and grant income of 3% in the fourth quarter 2021. Compared to Q3 2021, total revenue has increased by 4% due to increase in commission from scheme-others by MVR 0.6 million as other claims processed in the quarter exceeds by 9 million. Company does not report any cost of sales, rather all the costs and expenses are recorded as overhead based on the nature of operation. Hence, both revenue and gross profit are same.

Net profit/Loss

Q4 2020	Q4 2021	Q3 2021
0.62	0.29	-0.52
Million in MVR	Million in MVR	Million in MVR

Company was able to turnout the net loss incurred in previous year to a net profit in Q4 2021 and net profit margin improved from -5% to 3% compared to previous quarter. The increase in profitability indicates company has optimized its operating expenses better than previous quarter while revenue was increased.

It must be noted that due to the nature of the activities and contracted terms of Aasandha, the company operates in a very restrictive business environment, however generating profit from the main activities of processing Aasandha scheme is now possible with changes in the business concept.

Expenses

Q4 2020	Q4 2021	Q3 2021
10.89	11.11	11.29
Million in MVR	Million in MVR	Million in MVR

The overhead expenses of the company consist of administrative costs and other operating expenses comprising 90% and 10% of total expenses respectively. Below are the major expenses captured under administrative expenses and other operating expenses.

ADMINISTRATIV EXPENSES	Q4 2020	Q4 2021	Q3 2021
Salary and Benefits	6,939,462	7,394,927	7,557,333
Utility Costs	316,943	308,879	302,130
Communication Expenses	425,812	434,389	433,502
Rents	761,250	715,500	715,500
Depreciation and Amortization	1,296,329	1,022,702	1,206,492

Administrative expenses mainly include salary and allowance (74% of total expense) and depreciation and amortization (10% of total expenses). Compared to Q3 2021, administrative expenses have decreased by MVR 0.35 million mainly due to decrease in salary expense and depreciation and amortization.

Salary and benefit have increased by 7% compared to previous quarter, as promotion was applied starting from Q2 2021. Whereas compared to previous quarter, salary and benefit decreased by 2% as overtime expense was charged higher in previous quarter. The table below shows the major expenses incurred under other operating expenses.

OTHER OPERATING EXPENSES	Q4 2020	Q4 2021	Q3 2021
Scholarship and Training	-	117,556	7,643
Repairs and Maintenance	171,677	174,492	226,702
Software & online service expenses	591,404	406,285	542,181
General Expenses	597,694	231,860	6,614

Other operating expenses have increased by 20% compared to previous quarter attributable to the increase in general expense which includes property insurance and expenses incurred for company's anniversary celebration. Scholarship and training expenses has also increased by MVR 109 thousand as training budget for the year was mostly utilized in the last quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
2.35	2.31	2.11
Million in MVR	Million in MVR	Million in MVR

Current ratio shows company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Current ratio has been above 1 for the comparable quarters, which indicates company have enough current assets to cover its current liabilities. It is important to highlight that trade receivables covers 47% of total current assets and relates to funds receivable from NSPA. The current ratio is approximately equal to quick ratio as the company holds insignificant value of inventory.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
2.31	2.28	2.07
Million in MVR	Million in MVR	Million in MVR

Quick ratio shows a company's capability to meet its short-term obligations with its most liquid current assets excluding its inventories. Company's quick ratio of 2.28 times indicates that company has the capacity to meet its short-term obligations with its most liquid assets. Company's inventory has increased by 5% and 3% compared to Q4 2020 and Q3 2021 respectively. Company's inventory represents 2% of total current assets in Q4 2021.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
1.78	1.14	1.37
Million in MVR	Million in MVR	Million in MVR

The cash ratio calculates a company's ability to repay its short-term debt with cash and cash equivalents. The cash ratio of Aasandha company shows that company has enough cash to cover its current liabilities. The cash balance has slightly decreased compared to the previous quarter, as the cash and cash equivalent has decreased by 26% (by MVR 5.3 million). Current liabilities have also decreased by 11% as payables of MVR 1 million for IASL (Island Aviation Service Limited) was settled during Q4 2021. Current liabilities mainly comprise of advance receipt and accounts payables.

CONCLUSION & RECOMMENDATION

Aasandha is the operator of the National Health Insurance scheme and is required to process all the scheme related bills and complete other relevant works assigned by the National Social Protection Agency (NSPA). After processing, the information is shared with NSPA who in turn requests MoF to settle the payments directly to the vendors. This work is performed utilizing a commission of 2% for processing pharmacy invoices and charges for processing other scheme services for a commission of 5%. These revenues are earned as per the tripartite agreement signed between MOFT, NSPA and Aasandha Company effective from January 2021.

The reported revenue for the quarter is 4% higher as the claims processed were more compared to the previous quarters. With a slight decrease in operating expenses, company was able to generate a net profit for the quarter.

Company maintains its current assets above its current liabilities, hence liquidity position is fairly in a good position. However, it is important note that maintaining company's liquidity position is not entirely within Company's control as NSPA virtually controls all receivables of the company.

Quarterly review; Quarter 4-2021

ADDU INTERNATIONAL AIRPORT COMPANY LTD
(AIA)

ADDU INTERNATIONAL AIRPORT PVT LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/AIA/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
11.5	23.7	11.2
Million in MVR	Million in MVR	Million in MVR

AIA's revenue is generated from two main sources; revenue from passengers and concessionaires for commercial activities undertaken on airport sites and revenue from airport charges paid by airlines/operators for the use of airside facilities and services. AIA's main revenue generating segment is from aeronautical facilities and services. AIA's revenue was improved in the fourth quarter of 2021 compared to the same quarter of last year by MVR 12.26 million which is 107%. Revenue was improved mainly due to increase in jet fuel revenue, ground handling charges and landing fees. Likewise, compared to previous quarter, revenue has increased by MVR 12.54 million (112%).

Revenue	Q4 2020	Q4 2021	Q3 2021
Jet Fuel Revenue	8,785,028	18,601,732	8,123,644
Ground Handling Charge	956,592	2,487,721	1,551,695
Landing Fees	538,647	1,239,090	914,075
Parking Fees	1,020,590	934,062	398,874
Ancillary Equipment Charge	125,442	192,904	172,010
Passenger Service Charge	-	231,871	-
Cargo Terminal Warehouse	43,716	75,856	62,142
Other	32,654	-	-
Total	**11,502,669**	**23,763,236**	**11,222,440**

As seen from the table, jet fuel revenue is the main revenue generating segment which covers 78% of company's total revenue. Jet fuel sales increased by 112% compared to the same quarter of last year, as more jet fuel was sold at higher rate as the cost of jet fuel was increased compared to Q4 2020, along with the increase in domestic flight movements by 114%.

In addition to that, ground handling charges and landing fees have increased by 160% and 130% respectively. The increase in these segments are apparently due to the increase is number of flight movements as domestic flight movements have increased compared to Q4 2020.

Aircraft Movements	Q3 2020	Q4 2021	Q2 2021	Q4 2021 vs Q4 2020	Q4 2021 vs Q3 2021
Domestic Operators					
Island Aviation Services Limited	201	405	385	101%	5%
Villa Air Pvt Ltd	0	9	0	-	-
Manta Air	0	16	0	-	-
International					
Scheduled International Flights	0	4	0	-	-
Passenger Charters	0	0	0	-	-
Intl Ad-hoc Aircraft	53	49	15	-8%	227%

It is seen that domestic flight movement has increased by 5% while international ad-hoc flights have increased by 227% compared to last quarter and worth mentioning that parking fees highly depend on the international ad-hoc flight movements.

Other Income	Q4 2020	Q4 2021	Q3 2021
Rent Income	571,617	1,209,480	1,292,802
Lounge Income	74,680	78,642	1,850
Miscelleneous income	-	112,971	3,347
Electricity charge	17,888	24,385	24,179
Total	**664,185**	**1,425,478**	**1,322,178**

AIA's other operating income was increased in Q4 2021 compared to other two quarters of Q4 2020 and Q3 2021 by 115% and 8% respectively. Rent income covers over 85% of total other income, which has increased by 112% compared to Q4 2021 as rentals waiver were made during Q4 2020. Compared to previous quarter miscellaneous income was increased by MVR 109 thousand by introducing a coffee counter at departure terminal when UL airline trips was resumed.

Net Profit/loss

Q4 2020	Q4 2021	Q3 2021
-35.0	-17.1	-20.7
Million in MVR	Million in MVR	Million in MVR

AIA has reported a net loss of MVR 17.1 million at the end of fourth quarter 2021. However, net loss has improved by 51% and 17% compared to Q4 2020 and Q3 2021 respectively. This improvement is achieved mainly due to significant increase in revenue, while maintaining operating expenses at an optimum level than previous quarters. As such net loss margin has reduced to -72% in current quarter (Q4 2020: -305% and Q3 2021: -185%). Below table illustrates company's operating expenses incurred in the quarters of Q3 2020, Q4 2021 and Q3 2021.

Operating Expenses

Operating Expenses	Q4 2020	Q4 2021	Q3 2021
Jet Fuel expenses (3.2)	5,581,952	12,271,123	5,396,095
Employee benefit expenses (3.1)	8,214,090	9,888,981	9,268,086
Depreciation of PPE	7,137,434	6,837,382	6,758,481
Amortisation of Intangible assets	131,077	-	-
Electricity Charges	883,306	1,305,675	549,167
Hire Charges	201,106	300,503	46,969
Supplies and requisites	360,268	657,748	1,164,154
Subscription and expenses	625,333	520,098	1,000,258
Consultancy expenses	662,304	542,734	478,600
Freight and Duty charges	(452,869)	230,939	253,418
Repairs and maintenance expenses	412,533	1,017,287	377,582
Fuel expenses	173,207	168,324	145,158
Telephone expenses	119,836	105,477	34,313
Uniform expenses	137,125	168,855	2,584
Insurance expenses	586,518	556,336	556,336
bank charges	54,530	118,707	127,825
Travelling expenses	66,762	373,176	125,741
Directors remuneration	90,548	185,700	136,900
Printing & Stationary	44,541	55,925	55,604
Fines and penalties	89,797	272,268	92,611
Others	201,951	450,421	187,848
Total	**25,321,349**	**36,027,659**	**26,757,730**

Operating expenses has increased by 42% compared to previous quarter mainly due to increase in jet fuel expenses which covers over 34% of total operating expenses. In addition to that employee benefit expenses have increased by MVR 1.67 million compared to Q4 2020 with the increase in number of employees compared to Q4 2020. In addition, electricity charges have increased by 48% as multiple electrical related works were carried out during the quarter. Repairs and maintenance have also increased by 147% due to maintenance work carried out in the terminal area.

Compared to Q3 2021, operating expenses has increased by 35% mainly due to increase in jet fuel expenses (by 127%), employee benefit expenses (by 7%) and repairs and maintenance (by 169%) and electricity charges (by 138%). Jet fuel expenses increased as jet fuel sale was higher than Q3 2021, while employee expenses increased due to increase in overtime expense. Significant increase in electricity expenses is due to adjustments made for the previous quarter. Profit margin of fuel resulted to 34% in the quarter which is a slight decrease by 2% compared to Q4 2020, while remained similar compared to previous quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.06	0.07	0.08
TIMES	TIMES	TIMES

AIA's current asset is significantly low compared to the current liabilities. Hence, company's current ratio resulting 0.07 times in Q4 2021 indicates that the company is not capable to meet its short-term obligations with the current assets of the company. Current assets of the company were decreased by 8% compared to previous quarter while company has significant current liability of MVR 541.9 million, which is 3% higher than previous quarter.

Current liability mainly consists of loans and borrowing (49%) and trade and other payables (51%). Trade and other payables mainly include related party payables (liabilities transferred from STO to

MOF by MVR 226 million). It is important to note that if current loan and borrowings are excluded, current ratio will be 0.14 times in Q4 2021.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.04	0.05	0.06
TIMES	TIMES	TIMES

Quick ratio shows a company's capability to meet its short-term obligations with its most liquid current assets excluding its inventories. AIA's quick ratio of 0.05 times in Q4 2021 indicates that the company does not have the capacity to meet its short-term obligations with its most liquid assets. AIA's inventory increased by 7% and 3% compared to Q4 2020 and Q2 2021 respectively. Company's inventory represents 30% of total current assets in Q4 2021.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.007	0.004	0.036
TIMES	TIMES	TIMES

AIA's cash ratio of 0.004 times in Q4 2021 indicates that the company has less cash compared to current liabilities and shows that the company is not capable to meet the short-term obligations with company's cash or cash equivalents. Cash and cash equivalents of the company was decreased compared to Q4 2020 and Q3 2021 by 25% and 87% respectively. As such, during the quarter company recorded cash inflow of proceeds from share capital of MVR 2 million and proceeds from shareholder loan of MVR 16 million in addition with the cash flow from operation.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
-3.22	-2.63	-2.82
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. AIA's debt to equity ratio of -2.63 times in Q4 2021 indicates that the company has negative total equity. This is due to the accumulated loss incurred at the end of the fourth quarter 2021 by MVR 506.6 million. It is noted that company has huge borrowings which merely depend on shareholders assistance for its repayment.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.78	0.85	0.82
TIMES	TIMES	TIMES

Debt to asset ratio of a company shows company's capability to pay off its debts by its total assets, while it can also show the degree to which the company has used its debts to finance the asset. Company's debt to asset ratio was 0.85 times which is an increase compared to the other two quarters of Q4 2020 and Q3 2021 by 8% and 3% respectively. However, it is noted that the company is unable to service its debts through the operations and AIA is receiving financial assistance from shareholders to repay existing loans.

CONCLUSION & RECOMMENDATION

AIA has generated a revenue of MVR 23.7 million in Q4 2021 which is 112% more compared to previous quarter, mainly due to increase in jet fuel revenue. Company has high operating expenses compared to the revenue generated in the quarter, hence company has incurred a net loss of MVR 17.1 million in Q4 2021. It is noted that the net loss of the company was decreased by MVR 3.6 million compared to the previous quarter.

Company's liquidity position is unfavorable as AIA has more current liabilities compared to the current assets. Hence, company is unable to meet its short-term obligations with company's current assets. It is noted that the trade and other receivables is equivalent to 107% of company's revenue for the quarter and trade and other receivables covers 64% of total current assets in Q4 2021. AIA should implement effective measures for credit collection and needs to manage and settle its payables to maintain working capital ratios in a favorable position.

AIA's leverage ratio also shows unfavorable results as the company has more borrowings with huge accumulated loss at the end of fourth quarter 2021. Therefore, new strategies to generate more revenue is important to improve profitability and to reduce shareholder's assistance.

Quarterly review; Quarter 4-2021

BUSINESS CENTER CORPORATION LTD (BCC)

BUSINESS CENTER CORPORATION LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/BCC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
2.15	7.08	4.61
Million in MVR	Million in MVR	Million in MVR

BCC has generated a revenue of MVR 7.08 million in the fourth quarter of 2021 which is a 54% increase compared to previous quarter and 229% increase compared to Q4 2020. BCC generates its revenue mainly from Authentic Maldives outlets located in duty free shops in Velana International Airport and other locations. Hence, an increase in number of tourist arrivals is the major contributing factor of improvement in revenue of authentic Maldives segment.

BCC launched its first ever revenue generating activity on 9th January 2020 known as Authentic Maldives Duty free shop at Velana International Airport. Authentic Maldives started with 39 suppliers and as of now it has expanded to more than 125 suppliers. With such expansion BCC opened its third outlet of Authentic Maldives in March 2021.

BCC has earned other income of MVR 1.98 million which is a 152% increase in comparison to last quarter. BCC generates its other income from secondary income generating activities such as inspection, Maldives Business Network (MBN) channel, sponsorships and grants.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
602	2.02	1.31
Thousand in MVR	Million in MVR	Million in MVR

BCC's gross profit has increased by 54% compared to last quarter and which is a 235% increase compared to Q4 2020. Gross profit margin has remained relatively constant at 28% in Q4, Q3 2021 and Q4 2020 as well. The constant gross profit margin in the fourth quarter compared to the previous quarters indicates that the change in revenue and the change in cost of sales are relatively the same.

Net Profit/Loss

Q4 2020	Q4 2021	Q3 2021
-3.29	-2.91	-4.35
Million in MVR	Million in MVR	Million in MVR

At the end of the fourth quarter 2021, BCC has reported a net loss of MVR 2.91 million which is lower than the previous quarter by 33%.

Administrative expense has increased by 8% compared to previous quarter. Salaries and wages comprise 59% of total administrative expenses. In comparison to Q4 2020, salary and wages has increased by 119% as a result of hiring more staffs in 2021. In addition, almost all overhead expenses increased compare to two other quarters.

It is important to highlight that even though BCC reported a net loss for the fourth quarter, it has improved compare to other quarters. Growth in revenue and other income are the two factors which contribute improvement in net profit for the quarter. Both revenue and other income has increased by 54% and 152% respectively compared to previous quarter contributing to the decrease in net loss in the current quarter.

LIQUIDITY

Current ratio

Q4 2020	Q4 2021	Q3 2021
2.04	0.83	0.82
TIMES	TIMES	TIMES

BCC has a current ratio of 0.83 times in fourth quarter which has only been improved by 1% compared to previous quarter and worsen by 59% compared to 2.04 times of Q4 2020. That being said, BBC do not have enough current assets to meet their short-term liabilities.

Moreover, BCC has a current liability of MVR 5.7 million which has increased by 48% compared to Q3 2021 and mainly comprises 78% of trade and other payables related authentic Maldives. In Q4 2021 current asset has also increased by 49% in contrast to previous quarter but it has decreased by 34% compared to Q4 2020. Cash and cash equivalent are the major current asset which contributes 64% of total current assets and it has increased by 321% compared to previous quarter.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
1.95	0.77	0.74
TIMES	TIMES	TIMES

Quick ratio is the indicator of company's capacity to pay off its current liabilities with their current assets excluding inventories. Having said that, BCC has a quick ratio of 0.77 times, therefore BCC may face difficulty in meeting short term liabilities. Quick ratio has improved compared to previous quarter by 4% however, compared to Q4 2020, quick ratio has worsened by 60%. It is important to note that the company's inventory has remained relatively constant at MVR 3.13 thousand in the comparable periods.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
1.55 TIMES	0.53 TIMES	0.19 TIMES

BCC has a cash ratio of 0.53 times in the fourth quarter which has improved compared to previous quarter by 184% but compared to Q4 2020 cash ratio decreased by 66%. The reported cash balance at the end of Q4 2021 is MVR 3 million and current liabilities is MVR 5.7 million. Cash ratio lower than 1 indicates that the company has more current liabilities than cash and cash equivalents, therefore BCC may face some level of liquidity issues.

It is important to note that, BCC is relying on capital contribution from shareholder in managing operational activities. In Q4 2021 government has contributed MVR 2.6 million and the total capital contribution at the end of the period is MVR 26 million. Compared to Q3 2021 the level of increase in cash and cash equivalent is high compared to the level of increase in current liabilities.

Debt/Equity

Q4 2020	Q4 2021	Q3 2021
0%	-2776%	2176%

BCC has a debt to equity ratio of negative 2776% in the fourth quarter and which has decreased by 228% compared to the previous quarter. Even though there has been an increase in the share capital, due to the accumulated net loss it resulted a negative equity and reserve of MVR 153 thousand. Thus, BCC is experiencing a drastic decrease in debt to equity ratio in the fourth quarter. Loans and borrowings have remained constant in Q4 and Q3 2021 at MVR 4.3 million.

CONCLUSION & RECOMMENDATION

BCC has generated a revenue of MVR 7.08 million at the end of fourth quarter of 2021. However, company has incurred a loss of MVR 2.91 million due to high cost and expenses. BCC has reported administrative expense of MVR 6.82 million which mainly consisted of salary and wages. Accordingly, BCC should try to manage its cost and operational expenses more efficiently in order to reach breakeven and start generating a net profit.

BCC is heavily relying on shareholders funding in order to operate its day to day activities. Debt to equity ratio has worsened in the fourth quarter and the company's financial risk is quite high. Overall liquidity of the company indicates that the BCC's financial position needs to be improved.

Quarterly review; Quarter 4-2021

BANK OF MALDIVES PLC (BML)

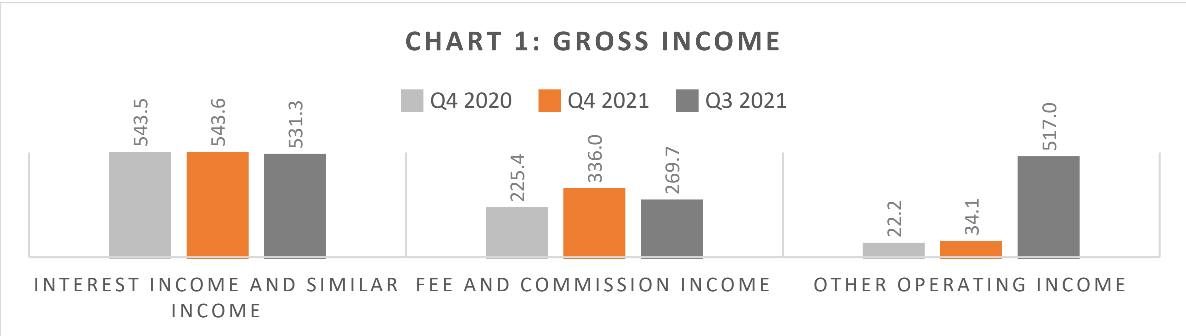
Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
791	913	1318
Million in MVR	Million in MVR	Million in MVR

While total revenue shows a 31% decline compared to last quarter, revenue shows a growth of 15% compared to same quarter of last year. The significant revenue reported in last quarter is mainly attributable to the significant improvement in other operating income related to a recovery of a long outstanding Non-Performing Asset. Nevertheless, the core business lines of the bank have improved in terms of revenue. Below chart illustrates BML's gross income for the quarters of Q3 2021, Q3 2020 and Q2 2021.



BML's main income generating segment has increased from MVR 531.3 million to MVR 543.6 million, an increment of MVR 12.2 million compared to previous quarter. Net fee and commission income also recorded a healthy growth of 10% against Q3 2021. Compared to last quarter other operating income declined significantly due above-mentioned reason, while compared to Q4 2020, it has improved by 54%.

Net Interest Margin

Q4 2020	Q4 2021	Q3 2021
1.6%	1.3%	1.4%

Net interest margin is particularly important indicator in evaluating BML effectiveness, as it reveals a bank's profitability on interest-earning assets, such as loans or investment securities. Since the interest earned on such assets is a primary source of revenue for a bank, this metric is a good indicator of a bank's overall profitability, and higher margins generally indicate a more profitable bank. While net interest income has increased by 3% and 2% compared to

Q3 2021 and Q4 2020 respectively, interest earning assets has increased by 9% and 23%. This resulted to a slight decline in the net interest margin compared to other two quarters.

Net Profit/loss

Q4 2020	Q4 2021	Q3 2021
-331	354	737
Million in MVR	Million in MVR	Million in MVR

The profitability in core business lines has improved compared to other quarters, while total impact seems unfavourable due to one-off recovery of Non-performing assets in previous quarter. The total operating expenses of the bank has increased by 44% compared to last quarter which has a negative impact on net profit, however reduced by 3% compared to the same quarter of last year.. Further, the provision expense has also increased by 50% compared to Q3 2021 but decreased by 96% compared to Q4 2020.

CAPITAL MANAGEMENT

The bank has solid financial platform consisting of deposit base of MVR 27.3 billion and total assets of MVR 39 billion which has a growth of 10% compared to Q3 2021.

Total Assets	Q4 2020	Q4 2021	Q3 2021
Cash, Short term Funds & Balances with MMA	8,943,721,000	14,141,080,000	10,700,819,000
Loans and Advances	14,459,899,000	15,423,780,000	15,354,855,000
financial Investments- FVOCI	245,166,000	245,166,000	245,166,000
Financial Investments- Amortized Cost	6,433,845,000	7,279,135,000	7,631,060,000
Property, Plant and Equipment	606,805,000	618,243,000	605,575,000
Right-of-use-Assets	156,166,000	156,166,000	156,166,000
Other Assets	579,811,000	1,200,768,000	841,320,000
Total Assets	**31,425,413,000**	**39,064,338,000**	**35,534,961,000**

Loans and advances are the major asset of the bank amounting to MVR 15.4 billion as at the end of Q4 2021. In addition, the bank has strong cash and short-term funds & balances with MMA.

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

Total Liabilities	Q4 2020	Q4 2021	Q3 2021
Deposits	21,929,169,000	27,305,586,000	24,775,193,000
Borrowings	906,706,000	1,129,466,000	780,313,000
Lease Liabilities	144,059,000	144,058,000	144,058,000
Other Liabilities	1,425,964,000	1,717,548,000	1,422,007,000
Total Liabilities	**24,405,898,000**	**30,296,658,000**	**27,121,571,000**

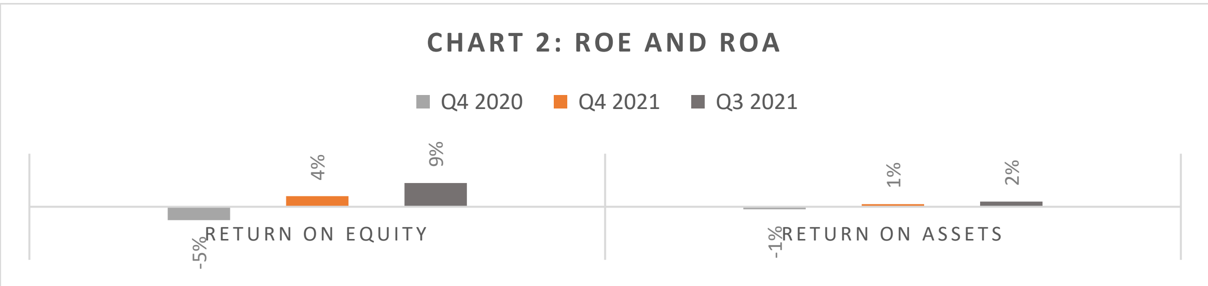
Total liabilities of the bank also grew in Q4 2021, by MVR 3.1 billion compared to previous quarter mainly from deposits and other liabilities. Deposits are the largest liability for the bank and include money-market accounts, savings, and checking accounts. Both interest bearing and non-interest-bearing accounts are also included. Although deposits fall under liabilities, they are critical to the bank's ability to lend. If a bank doesn't have enough deposits, it may result to a slower loan growth, or the bank might have to take on debt to meet loan demand which would be far costlier to service than the interest paid on deposits.

Loans to Deposits

Q4 2020	Q4 2021	Q3 2021
66%	56%	62%

Loans to deposits are a solvency ratio which shows whether the bank is healthy and sustainable in the long run. It shows a bank's ability to cover loan losses and withdrawals by its customers. Investors monitor the loans to deposit ratio of banks to make sure whether there's adequate liquidity to cover loans in the event of an economic downturn resulting in loan defaults. The Loans to Assets ratio should be as close to 100% as possible, but anything higher than that can mean that the bank gives more loans than it has in deposits, borrowing from other banks to cover the shortfall which is considered risky behavior. Compared to last quarter, the ratio has decreased since loans advances have grown (by 0.45%) which is less than the growth experienced in deposits (by 10%).

Return on Equity (ROE) and Return on Assets (ROA)



Both ratios have declined compared to last quarter, due to the significant fall in total income as explained above. However, both the ratios show significant improvement when compared to same quarter of last year, owing to the improvement in bank's profitability. The positive results illustrate that bank is generating profits with the money shareholders have invested.

Important Projects undertaken in the quarter

- Launched US Dollar Visa Credit card which allows foreign purchases up to the customer's approved credit limit without any of the existing foreign transactions limits. With the ease in liquidity pressure, bank has further increased the limit on credit cards for foreign transaction to USD 750.

- In December, BML reached the milestone of 100 Cash Agents providing deposit and payment service. Cash Agents were introduced in 2015 with just cash withdrawal services. Today agents are able to facilitate withdrawals, deposits and payments for loans or credit cards without any additional charges. Customers will be able to withdraw MVR 2,000 and deposit MVR 10,000 daily through these Cash Agents.

- During the quarter, five additional Aharenge Bank Community Fund projects were awarded, bringing the total to 60 projects awarded to organizations across the country to support the thematic areas of education, environment, sports and community development.

CONCLUSION AND RECOMMENDATION

BML has recovered in all the core business lines compared to the same quarter of last year and has achieved a revenue growth of 15% with a growth in net profit by 207% against Q4 2020. Both ROE and ROA was lower compared to previous quarter as significant one-off recovery was seen in Q3 2021, which resulted in higher than average profits.

Capital and liquidity ratios remain well above regulatory requirements and have a solid financial platform with a deposit base of MVR 27.3 billion and total assets of MVR 39 billion.

Quarterly review; Quarter 4-2021

DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)

DHIVEHI RAAJJEYGE GULHUN PLC
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/DHIRAAGU/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
621	639	610
Million in MVR	Million in MVR	Million in MVR

Dhiraagu reported a revenue of MVR 639 million in fourth quarter of 2021, an increase by 5% compared to the previous quarter. This increase in mainly attributable to the growth in tourist arrivals which led to increase revenue from roaming. Likewise, compared to same quarter of last year revenue has increased by 3% as revenue from fixed broadband and enterprise has increased by MVR 33 million.

Operating Profit

Q4 2020	Q4 2021	Q3 2021
229	249	231
Million in MVR	Million in MVR	Million in MVR

Operating profit shows a growth of 8% compared to previous quarter mainly due to increase in both revenue and other income. Likewise, operating profit reported a growth of 9% compared to Q4 2020. As such, operating profit margin of the company was recorded at 39% in Q4 2021 (Q3 2021: 38% and Q4 2020: 37%).

Expenses	**Q4 2020**	**Q4 2021**	**Q3 2021**
Operating Costs	294,201,000	293,014,000	279,542,000
Depreciation and amortization	97,934,000	99,807,000	99,151,000
Other Expenses	-	-	28,000

Net Profit

Q4 2020	Q4 2021	Q3 2021
188	206	191
Million in MVR	Million in MVR	Million in MVR

Dhiraagu has reported a net profit of MVR 206 million for Q4 2021, which is 8% higher compared to previous quarter and 9% higher than the same period of last year. As such, company has achieved a net profit margin of 32% for Q4 2021 (Q3 2021: 31% and Q4 2020:30%). Although net financing expenses have increased by MVR 0.8 million, company generated additional MVR 3.4 million as other income allowing a higher net profit for the quarter of Q4 2021.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.38	1.55	1.51
TIMES	TIMES	TIMES

Dhiraagu has more current assets compared to its current liabilities which indicate that the company is in a solid short-term liquidity position. It is important to highlight that company's receivables equivalent to 98% of the total revenue for the period and 26% of total current assets reported in Q4 2021. Company's cash position is stronger than the comparable quarters as it holds over 73% of total current asset.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
1.34	1.53	1.49
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of Dhiraagu is also above 1, showing that company has enough current assets to be instantly liquidated to pay off its current liabilities. Although inventory level has increased by 5% over the last quarter, it comprises only 2% of total current asset.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.78	1.13	1.02
TIMES	TIMES	TIMES

The company has a significant cash balance of over MVR 1.76 billion at the end of Q4 2021, which is greater than the total current liabilities recorded in the same quarter and shows improvement compared to other two quarters. Since cash ratio is at a decent level, Company has the ability to generate additional income by prudently investing its excess funds.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.00	0.08	0.06
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which Dhiraagu is financing its operations through debts. Debt to equity ratio of the company is quite low indicating low financial risk. Dhiraagu has borrowed new short-term borrowings in the quarter by MVR 88.2 million and repaid 12.1 million of long-term borrowing. As such total loans and borrowings at the end of Q4 2021 is MVR 221 million (MVR 145.7 million in Q3 2021), while there were no loans and borrowing recorded in Q4 2020.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.00	0.05	0.03
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. Company's total asset is recorded at MVR 4.78 billion which indicates that telecommunication industry is highly capital intensive. The total asset base has increased by 7% compared to previous quarter, when total loan and borrowings have increased from MVR 145 million to MMVR 221 million (by 52%).

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
0.00	0.07	0.05
TIMES	TIMES	TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Debt capitalization is also very low although company has obtained additional loans and borrowings. The results show that the company has space to raise further debt to expand business.

CONCLUSION AND RECOMMENDATION

In Q4 2021, Dhiraagu has reported a revenue of MVR 639 million, an increase by 5% compared to previous quarter mainly due to increase in revenue from roaming. Company was able to conclude the quarter with a net profit MVR 206 million which is an 8% increase compared to last quarter.

The liquidity position of the company is satisfactory with a current ratio of 1.55 and a quick ratio of over 1.53 indicating that company have enough liquid assets to settle its short-term obligations. In addition, the cash balance of the company looks healthy.

The company's leverage ratios are comparatively low, increasing its capacity to invest in future projects with external financing, although company has the ability to generate additional income with the cash reserve by investing the fund prudently.

Along with revenue improvement, efficient costs management is equally important to improve profitability of the company. Thus, with the implemented cost optimization measures company was able to achieve a growth in its financial performance during the quarter.

Quarterly review; Quarter 4-2021

FAHI DHIRIULHUN CORPORATION LTD (FDC)

Report No: PEM/2021/HDC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Operating Profit/ (Loss)

Q4 2020	Q4 2021	Q3 2021
-1.72	-3.23	-2.27
Million in MVR	Million in MVR	Million in MVR

The company is currently in the process of implementing the social housing projects mandated by the government of Maldives. The company will be able to generate revenue once the housing units are completed in 2 to 3 years' time. As a result of this, FDC has experienced an operating loss of MVR 3.23 in the fourth quarter which has increased compared to Q3 2021 and Q4 2020 by 42% and 88% respectively. Such an increase in operating loss is mainly due to high overhead expenses incurred by the company.

In the fourth quarter, FDC has incurred an administrative expense of MVR 3.23 million which increased by 42% compared to previous quarter. Almost all expenses are increased compare to previous quarters. Among which payroll expenses comprises 57% of the total administrative expenses and it has increased as a result of new staffs recruited in 2021 as new housing projects are initiated during this period. Salaries and wages increased compare to Q4 2020 and Q3 2021 by 71% and 28% respectively. It is also important to note that FDC has not generated any other income during this period.

Net Profit/Loss

Q4 2020	Q4 2021	Q3 2021
-1.78	-3.27	-2.32
Million in MVR	Million in MVR	Million in MVR

FDC has experienced an increase in net loss compared to the previous quarter by 41% and compared to Q4 2020 by 84% mainly due to increase in all the overheard expenses. In addition to administrative expenses FDC reported MVR 39 thousand of finance cost for leasing which has decreased compared to Q4 2020 and Q3 2021 by 36% and 12% respectively.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
2.0	5182.4	136.0
TIMES	TIMES	TIMES

Current ratio indicates a company's ability to meet short term obligations using its current assets. That being said, FDC has a current ratio of 5182.4 times in the fourth quarter. Current ratio has increased significantly compared to the previous quarters as FDC has reported advance paid for 4000 social housing as a current asset.

In the fourth quarter, FDC current assets has increased from MVR 16 million to MVR 636 million compared to the previous quarter. It should be noted that 97% of total current assets are trade and other receivables of MVR 618 million. Out of which almost 100% is contributing advance paid to contractor. In addition to this, company's current liabilities stand at MVR 122 thousand consisting of only trade and other payables which has increased by 5% in comparison with Q3 2021. However, current liabilities have decreased by 88% compared to Q4 2020. A decrease in trade payables by 88% compared to Q4 2020 is due to a reduction in accounts payable in 2021.

Company has not reported any inventory in the quarters. Hence, quick ratio of the company is same in all quarters in review.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
1.9	151.3	134.1
TIMES	TIMES	TIMES

Cash and cash equivalents in all three quarters mainly represent the capital contribution provided by the government. In addition to that, FDC signed two loan agreements for the development of 4000 housing units in the previous quarter. Government of Maldives issued Sovereign Guarantee for these two loans facilities and first disbursements were received during the fourth quarter. Hence, FDC's cash and cash equivalent is at MVR 18.6 million and there has been an increase in cash and cash equivalent in the fourth quarter by 18% compared to previous quarter and which is 864% higher compared Q4 2020. Therefore, cash ratio of FDC in the Q4 2021 is 151.3 times which has improved by 13% and 7738% compared to Q3 2021 and Q4 2020 respectively.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.54	30.52	0.10
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. FDC's debt to equity ratio resulting 30.52 times in the fourth quarter of 2021 indicates that the company has more borrowings compared to its total equity and reserves. Debt to equity ratio has increased in Q4 2021 compared to other two quarters. Reason behind this increase is due to the first disbursement of the two loan agreements for the development of 4000 social housing units in Hulhumale'. The level of increase in loans and borrowing is much higher compare with the change in equity.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.29	0.97	0.09
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. FDC's debt to asset ratio was increased in Q4 2021 by 935% compared to the previous quarter resulting debt to asset ratio of 0.97 times in Q4 2021. Such an increase in debt to asset ratio is the result of increase in loans and borrowings compared to other two quarters.

CONCLUSION & RECOMENDATION

FDC signed two loan agreements with India Exim Bank on 23rd September 2021 for the development of 4000 social housing units in Hulhumale'. Finance raised through these 2 loans will be utilized for the development of 2000 housing units under FDC-NBCC Housing Project and another 2000 housing units under FDC-JMC Housing Project. The Project was commenced in the fourth quarter of 2021.

FDC has not reported any revenue in the fourth quarter of 2021 as the company is in the process of implementing the social housing projects mandated by the government of Maldives. Company's overhead expenses for the quarter was MVR 3.23 million. Overhead expenses of the company are the administrative expenses incurred for the business operations. Hence, company has reported a net loss of MVR 3.27 million at the end of the fourth quarter.

Although, the company's liquidity position shows favorable results, it is important to note that the current assets are the trade and other receivables which mainly represents the contractor advance payments.

FDC has reported MVR 618 million as borrowings in Q4 2021 which is quite significant compared to the current size of the company. It is important to highlight that the borrowings mainly include the first disbursement of two loan agreements of the 4000 housing units.

FDC is expected to generate revenue upon completion of some of the planned social housing projects. Therefore, company should focus to finish the projects on time without major variances and costs over runs.

Quarterly review; Quarter 4-2021

FENAKA CORPORATION LTD

FENAKA CORPORATION LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/FENAKA/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
444.9	445.5	453.7
Million in MVR	Million in MVR	Million in MVR

Fenaka Corporation has reported a revenue of MVR 445.5 million for Q4 2021, which is a reduction of 2% compared to previous quarter and a marginal increment of 0.1% compared to Q4 2020 including government subsidy.

Below table shows breakdown of revenue for Q4 2021, Q4 2020 and Q3 2021.

Revenue	**Q4 2020**	**Q4 2021**	**Q3 2021**
Business	38,983,973	41,878,254	42,616,448
Business Special	22,798,139	23,834,088	23,641,697
Domestic	128,593,362	129,651,175	142,181,745
Government	68,136,456	74,377,102	69,730,660
Tertiary	1,198,343	4,017,940	4,102,017
Water	7,917,801	7,284,184	7,419,414
Others	38,697,921	24,458,768	9,909,018
	306,325,995	**305,501,511**	**299,600,998**
Government Subsidy			
Tariff Rate Difference	138,582,690	140,036,298	154,086,858
Total	**444,908,684**	**445,537,808**	**453,687,856**

Revenue from operations are high in Q4 2021 compared to previous quarter, however due to reduction of government subsidy total revenue shows a marginal reduction. Compared to Q3 2021, the major increase was recorded by project income (others). On the other hand, revenue from domestic sector has seen a fall of 9% while other segments were almost same as previous quarter.

Compared to the same period of last year, revenue from operations are lower mainly due to reduction of project income. However, all other segments have improved. Government subsidy is a significant portion of company's revenue, and it stands at 31% (Q4 2021), 34% (Q3 2021) and 31% (Q4 2021) in the given periods.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
189.9	208.6	215.5
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company has also declined in Q4 2021 as a result of reduced revenue compared to previous quarter. While total direct costs reduced due to reduction in cost of diesel, cost of spares and cables have increased in Q4 2021 compared to previous quarter. Nevertheless, company has achieved a gross profit margin of 47% in Q4 2021. (48% in Q3 2021)

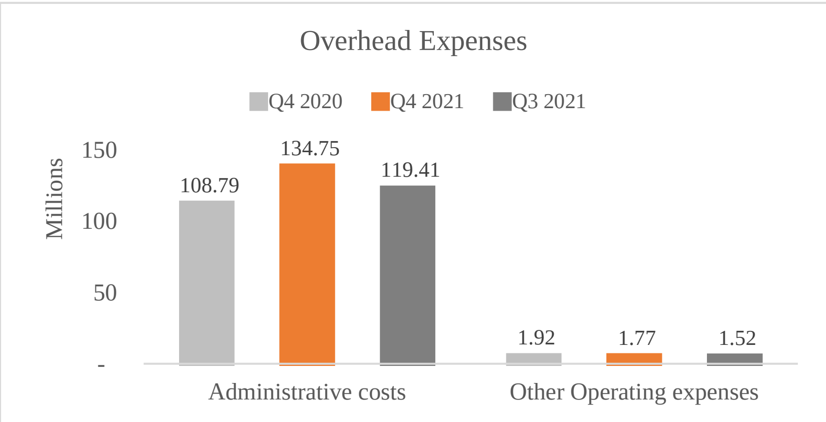
In comparison to the same period of last year, gross profit has improved mainly due to reduction of direct costs in Q4 2021 by over MVR 18 million. The significant savings were recorded by cost of projects, cost of spares and cables and repair and maintenance.

Operating Profit

Q4 2020	Q4 2021	Q3 2021
79.2	72.1	94.6
Million in MVR	Million in MVR	Million in MVR

The operating profit of the company for Q4 2021 is 24% and 9% lower than Q3 2021 and Q4 2020 respectively. Thus, operating profit margin declined from 18% in Q4 2020 and 21% in Q3 2021 to 16% in Q4 2021. The reduction in operating profit is mainly due to high overheads in Q4 2021 along with the reduced revenue.

Below chart illustrates company's overhead expenses incurred for the quarters of Q4 2020, Q4 2021 and Q3 2021.



Total overheads of the company stand at MVR 136 million, which is MVR 15.6 million higher than previous quarter and MVR 25.8 million higher than Q4 2020.

Compared to previous quarter, the major increase was recorded by salary allowances, overseas travelling expense, food and accommodation and CSR expenses. CSR expenses increased by MVR 1 million, which is 244% higher compared to previous quarter as company provided air condition units to schools and mosques under CSR and TV and other electronical equipment's to islands, government institutions and NGOs.

In comparison to the same period of last year, salary and allowances have recorded the highest increment of over MVR 13 million. In addition, transport expenses, overseas travelling and CSR expenses have recorded significant increase in Q4 2021 against Q4 2020.

Net Profit

Q4 2020	Q4 2021	Q3 2021
23.0	11.5	34.5
Million in MVR	Million in MVR	Million in MVR

Fenaka has reported a net profit of MVR 11.5 million for Q4 2021, which is a reduction of 67% and 50% compared to Q3 2021 and Q4 2020. Therefore, the net profit margin declined to 3% compared to 8% in Q3 2021 and 5% in Q4 2020. As mentioned earlier, the profitability has declined due to reduction and income and increase in overheads for the quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.68	0.54	0.57
TIMES	TIMES	TIMES

The company has fewer current assets compared to current liabilities, hence the current ratio indicates that the company is unable to meet its short-term obligations with the current assets. The majority of current assets are inventory and trade and other receivables which contributes 99% of current assets.

Current liabilities of the company consist of trade and other payables, borrowings and employee defined benefit liability. The payables of the company are significantly high and has been accumulating. Further, company does not have the capacity to settle these liabilities with the current assets, thus liquidity position of the company is at quite risky level.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.27	0.24	0.25
TIMES	TIMES	TIMES

The quick ratio shows company’s short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Since company’s major current asset is inventory, quick ratio of the company is very low. The inventory at the end of Q4 2021 is MVR 433.5 million, an increment of MVR 23.5 million compared to previous quarter. The inventory of the company mainly consists of stock of diesel, engine and other spares and tools.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.006	0.005	0.006
TIMES	TIMES	TIMES

Cash ratio shows company's ability to repay its short-term debt with cash or near-cash resources. Fenaka Corporations has a very low level of cash compared to their current liabilities therefore they may face challenges in settling outstanding payables on time. Trade payables of the company has reached MVR 1.37 million as at the end of Q4 2021. Although deferring payables is favorable for cashflow, company's current trend is unnatural. During the quarter, company has purchased MVR 23.6 million of inventories and invested MVR 175 million in PPE. It seems that Company has been investing capital projects by deferring their supplier payments. Hence, cash balance of the company has further declined in Q4 2021.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.06	0.06	0.06
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which company is financing its operations through debts. The ratio of the company is relatively low as the equity of the company is high comparative to borrowings.

It is noted that Fenaka Corporation has an outstanding account payable of MVR 1,371 million at the end of Q4 2021. Majority of these payable is long standing payables related to fuel bills. Since the company is using it as a financing tool, these figures are included in the following debt to equity computation. If debt to equity is considered with company's accounts payable the ratio is 0.66 times for Q4 2021.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.04	0.03	0.04
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. Company's debt to asset ratio is 0.03 times in Q4 2021 indicating that company is capable to settle their debts (borrowings) as they have fewer debts compared to their assets. The company has neither taken any additional borrowing nor repaid any loans during the quarter. Although debt to assets considers only long-term borrowings, it is important to highlight that Fenaka has a longstanding trade payable due for suppliers over a billion.

CONCLUSION

The performance of the company for Q4 2021 has declined in terms of revenue and profitability. The revenue of the company has declined due to decline in revenue from domestic electricity revenue and government subsidy compared to previous quarter. Although revenue reduced by over MVR 8 million, the direct costs have reduced by only 1.3 million. In addition, the overheads have recorded a growth 13%, resulting 67% reduction in net profit of Q4 2021 compared to Q3 2021.

Company’s liquidity position is poor as they have fewer current assets compared to their current liabilities. Company’s total current assets consists of 43% of receivables and 56% of inventories. It is also important to highlight that company has significant trade and other payables of MVR 1,371 million at the end of the Q4 2021. It is vital that company manages its working capital more efficiently and effectively.

Although, company’s leverage ratios show satisfactory results as their borrowings are relatively lower compared to equity and assets, it is important to highlight that Fenaka has a longstanding trade payable due for suppliers of over a billion.

For a better liquidity position, company needs to manage their receivables to improve cash and cash equivalents and manage its trade payables in order for good business relation with suppliers and contactors. Further, company need to consider their financial position when making investment decision.

Quarterly review; Quarter 4-2021

HOUSING DEVELOPMENT CORPORATION LTD (HDC)

HOUSING DEVELOPMENT CORPORATION LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/HDC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
138	1,343	7,076
Million in MVR	Million in MVR	Million in MVR

HDC has generated revenue of MVR 1.34 billion from sale of both properties and rental income. A significant decrease is seen compared to previous quarter as sale of 7000 housing units was recorded in Q3 2021. During Q4 2021, revenue from sale of property recorded MVR 1.24 billion for land sale to FDC, while rental income recorded MVR 101.30 million. Rental income has decreased by 6.7 million (by 6%) and decreased by MVR 1.98 million (by 2%) compared to Q4 2020 and Q3 2021 respectively.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
127.5	896.7	320.7
Million in MVR	Million in MVR	Million in MVR

Gross profit has seen a growth of 180% compared to previous quarter, and 603% compared to same quarter of last year. The increase is mainly due to significant drop in cost of sales compared to the level of decrease in revenue. Revenue dropped as a smaller number of properties were sold in the quarter compared to last quarter.

Both revenue and cost of sales recorded in Q4 2020 were insignificant compared to other two quarters, as a smaller number of properties were sold while rental income was maintaining at similar level. Gross profit margin was recorded at 67%, which is an increase by 62% compared to last quarter (Gross profit margin 92% in Q4 2020)

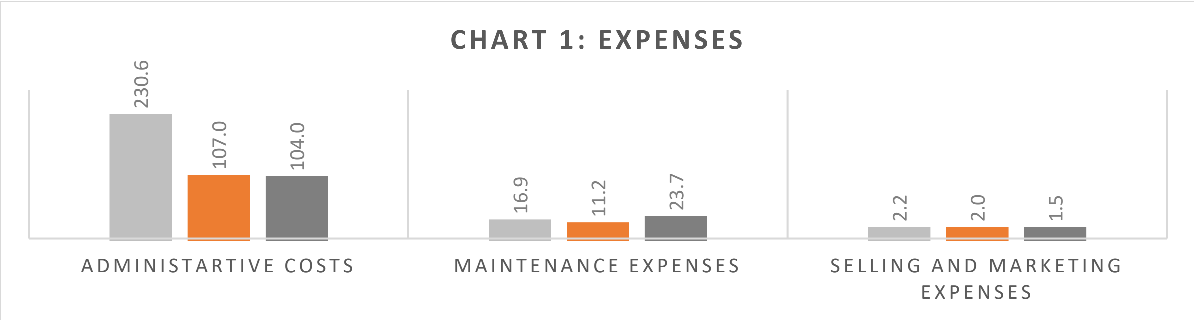
Operating Profit/Loss

Q4 2020	Q4 2021	Q3 2021
43.7	786.2	196.4
Million in MVR	Million in MVR	Million in MVR

Company has earned a significant operating profit compared to other two quarters. As such operating profit margin has increased to 59% from 3% compared to Q3 2021 (32% in Q4 2020). The increase in operating profit is attributable to the high gross profit earned in the period, while administrative expense has increased by 3% and maintenance expenses has decreased by 53% compared the last quarter. The decrease in maintenance expenses is due to decrease in public area maintenance expense from MVR 14.66 million to MVR 3.62 million (by 75%), as greater percentage of public infrastructure projects were incured in last quarter.

Expenses

Total operating expenses also recorded a decline of 7% and 52% against Q3 2021 and Q4 2020 respectively.



Administrative expenses	Q4 2020	Q4 2021	Q3 2021
Bank fees & Charges	1,766,903	790,780	912,435
Board directors remuneration and fees	496,785	669,604	1,419,602
CSR expenses	22,615	150,745	45,120
Others general & administrative expenses	167,703,835	20,827,797	17,606,981
Professional & Consultancy expenses	4,675,128	12,329,447	9,069,402
Rent & hiring expenses	256,639	-	-
Supplies, requisities, tools & consumables	285,784	387,318	744,522
Training	969,008	712,192	426,323
Travelling expenses	43,762	16,251	35,326
Depreciation and amortization charge	5,373,388	5,251,874	5,127,592
Amortisation of ROU Assets	-	8,848	8,848
Personnel costs (Note 9.1)	48,996,959	65,828,236	68,635,984
	230,590,806	**106,973,092**	**104,032,135**

Administrative expenses have increased from MVR 104 million to MVR 106 million compared to Q3 2021, mainly from general & admin expenses and Professional & consultancy expenses. General & administrative expenses increased due to recognition of compensation to tenant in Q4 2021 with relation to Male' and Thilafushi Bridge. Professional & consultancy fee incurred for financial and legal consultancy fee relating to bond issue while additional legal consultancy fee incurred related to merger of GMIZL. Compared to same quarter of last year, other general & administrative expenses have declined by 88% (by MVR 146 million), as project related (non-recurring) expenses such as scope changes and mobilization expense was accounted in Q4 2020.

Total maintenance expense has decreased by 53% mainly due to decrease in public area maintenance expenses from MVR 14.6 million to MVR 3.6 million as greater portion of public infrastructure projects was expenses in Q3 2021 compared to Q4 2021. In comparison to same quarter of last year, maintenance cost has reported a decrease by 34%.

Compared to last quarter, selling and marketing expense has increased by 31% whereas compared to Q4 2020, this cost has decreased by 8%. The increase is mainly due to advertising expenses relating to branding of SmartCom, a project with an ambitious long-term vision of building smart and connected communities.

Net Profit/Loss

Q4 2020	Q4 2021	Q3 2021
29.9	721.8	254.5
Million in MVR	Million in MVR	Million in MVR

With a significant gross profit earned in the quarter, company was able to record higher net profit compared to the comparable periods. And was less affected by the net finance income for the period, which has deteriorated compared to last quarter by 39% while a negative net finance income was experienced in Q4 2020. As such, net profit margin was recorded at 54% while only 4% was achieved in last quarter (Q4 2020: -22%).

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
3.34	5.29	6.15
TIMES	TIMES	TIMES

Current ratio of HDC illustrates that the short-term liquidity position of the company is satisfactory with greater level of current assets compared to its current liabilities. Although current ratio has increased compared to Q4 2020 by 58%, it has decreased by 14% compared to last quarter. Total current asset has increased by 8% and 33% compared to Q3 2021 and Q4 2020 respectively. It is important to note that 74% of total current asset comprises trade receivables.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.71	4.07	4.50
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio has decreased by 10% but increased by 473% compared to Q3 2021 and Q4 2020 respectively. It is important to note that inventory holds 23% of total current asset during the quarter.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.03	0.15	0.05
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Although cash and cash equivalent has increased from MVR 116 million to MVR 468 million compare to last quarter, cash balance of the company is low compared to its current liabilities. As such. current liabilities have increased from MVR 2.53 billion to MVR 3.19 billion from Q3 2021 to Q4 2021.

The increase in cash and cash equivalent is mainly attributable to the increase in net cash inflow from financing activities, which has increased from MVR 138 million to MVR 518 million over last quarter. The increase in due to the capital contribution from government and increased borrowing.

LEVARAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.48	0.42	0.43

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Total loans and borrowings of the company stands at MVR 10.55 billion, an increase by MVR 178 million against previous quarter. However, the ratio has slightly declined with the improvement in equity as a result of advanced share capital.

Since the main business of the company is to establish infrastructure and to provide residential, commercial and industrial developments for sale or lease, it naturally requires significant financing. Thus, it is normal for such a company to have relatively high debts. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and increase core business activities to further generate cash.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.30	0.23	0.23

Debt to Assets ratio defines the total amount of debts relative to its assets. Debt to Assets ratio of HDC is relatively low, due to significant asset base of the company. While the ratio remained constant compared to last quarter, compared to Q4 2021, the ratio has reduced as a result of improvement in total assets. It is important to highlight that the main purpose of the loans taken by HDC is for asset creation either as an investment property or inventory.

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
0.32	0.29	0.30

Debt capitalization ratio measures total amount of outstanding debt as a percentage of the HDC's total capitalization. Compared to both quarters, debt capitalization ratio of the company has marginally declined since equity has improved. However, high debt capitalization will not be risky if company is able to maintain the same level of sales to meet their debt servicing obligations. The acceptable level of total debt for a company depends on the industry in which it operates. Companies in capital-intensive sectors are typically highly leveraged.

Interest Cover

Q4 2020	Q4 2021	Q3 2021
0.64	9.87	4.21
TIMES	TIMES	TIMES

The interest cover ratio measures how many times HDC can cover its current interest payment with its available earnings. Although finance cost has increased by 71% compared to last quarter, operating profit shows a higher growth (by 300%) which result to improve interest cover over last two quarters. Likewise compared to Q4 2020, interest cover shows improvement with the significant growth in operating profit by MVR 742 million. It is worth mentioning that company earns significant interest income, beyond the level of finance cost from the financial assets invested.

CONCLUSION AND RECOMMENDATION

HDC has generated revenue of MVR 1.34 billion from sale of both properties and rental income which mainly include sale of land plots to FDC for social housing projects. Revenue was higher in last quarter, as sale of 7000 housing units was recognized in the period. Company was able to generate a net profit of MVR 721 million to maintain a net profit margin of 54%.

Short-term liquidity position of the company is satisfactory based on current and quick ratio. It has to be noted that receivables and inventories are the significant components of current assets. While current liabilities mainly include current component of loans and borrowings and trade and other payables.

Leverage ratios of the company is constantly maintained throughout the comparable periods, while interest cover improved with the growth in operating profit. It is also important to note that HDC earns decent interest income to settle the interest payments. The most concerning issue for HDC is the significant level of borrowings of the company. However, it has to be noted that majority of the borrowings are to invest in investment property and Inventory which once completed will help in debt repayment. HDC must improve its capacity of loan repayment. In addition, HDC must improve efficiency and fast track project completion to meet debt repayments.

Quarterly review; Quarter 4-2021

HOUSING DEVELOPMENT FINANCING CORPORATION PLC (HDFC)

HOUSING DEVELOPMENT FINANCING CORPORATION PLC
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/HDFC/Q4

<u>Q4 2021 with Q4 2020 and Q3 2021</u>

PROFITABILITY

Gross Income from conventional

Q4 2020	Q4 2021	Q3 2021
39.1	39.6	40.1
Million in MVR	Million in MVR	Million in MVR

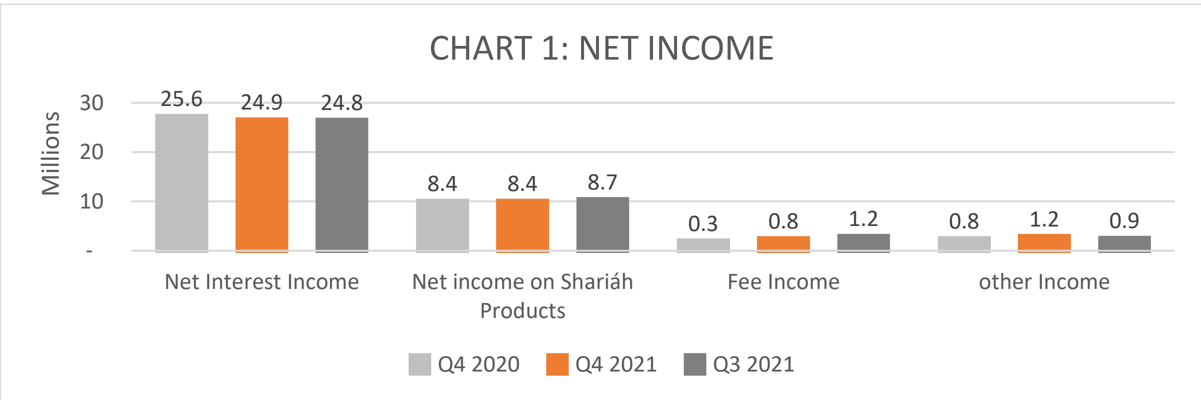
Gross Income from Amna

Q4 2020	Q4 2021	Q3 2021
16.9	17.5	17.4
Million in MVR	Million in MVR	Million in MVR

HDFC has reported a total income of MVR 57.01 million for the fourth quarter 2021. Although, the gross revenue increased in Q4 2021 by 1% compared to the corresponding quarter, gross revenue was declined in the quarter by 2% compared to previous quarter.

Gross income from conventional was MVR 39.6 million and gross income from Amna was MVR 17.5 million for Q4 2021.

HDFC's revenue segments consists of interest income, income from shariáh products, fee income and other income. Below chart illustrates HDFC's revenue segments in the quarters of Q4 2020, Q4 2021 and Q3 2021. Since these figures are net income figures the total gross income will not be equal to the total as per the below chart.



Interest income was declined in Q4 2021 by 1.3% compared to previous quarter as total loans was decreased by MVR 24.5 million in the quarter. Correspondingly interest expenses and similar charges declined in Q4 2021 by 4.4% which leads to increase the net interest income by 0.4% compared to previous quarter. In addition, net income on shariáh products and fee income was declined in Q4 2021 compared to Q3 2021 by 3.8% and 33.8% respectively. However, other income was improved in Q4 2021 by 45.3% compared to previous quarter. With comparison to the corresponding quarter, fee inocme and other income has improved while net interest income and net income on shariáh products declined.

Net Interest and Investment Margin

Net interest margin is an indicator in evaluating financial institutions because it reveals an entity’s net profit on interest-earning assets, such as loans and investment securities. Investment margin illustrates the net profit on shari’ah products

Net Interest Margin

Q4 2020	Q4 2021	Q3 2021
1.7%	1.4%	1.5%

Net Investment Margin

Q4 2020	Q4 2021	Q3 2021
1.6%	1.7%	1.7%

Although HDFC has a positive net interest margin in Q4 2021, it has declined from 1.5% to 1.4% compare to previous quarter. This is mainly due to increase in total interest earning assets by 11% in the quarter. As per the above ratio, the Shari’ah Products have higher profit margins than conventional loans. Net investment margin at the end of Q4 2021 was 1.7%. Hence, positive net interest margin and net investment margin suggests that the company operates profitably. Since the interest earned on assets is a primary source of revenue for a financial institution, this metric is a good indicator of a company's overall profitability, and higher margins generally indicate a more profitable use of funds.

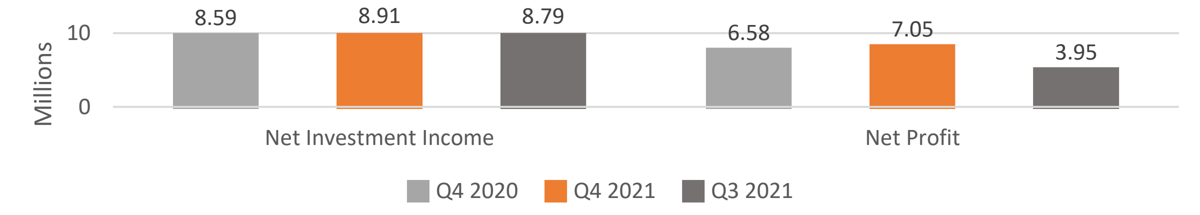
Net Profit

Q4 2020	Q4 2021	Q3 2021
21.67	21.71	22.76
Million in MVR	Million in MVR	Million in MVR

HDFC has reported a net profit of MVR 21.71 million in the fourth quarter of 2021. Which is a growth of 0.2% compared to the corresponding quarter and a decline of 4.6% compared to previous quarter. Net profit of the company was declined in Q4 2021 mainly due to the increased in other operational expenses by 55% compared to previous quarter.

Amna Wing Profit

CHART 2: PROFITABLITY OF SHARIAH WING



Total mortgage facilities of Islamic Window have declined by MVR 3.7 million compared to previous quarter. However, it is noted that compared to previous quarter, company’s net investment income and net profit was improved in Q4 2021 by 1.4% and 79% respectively.

CAPITAL MANAGEMENT

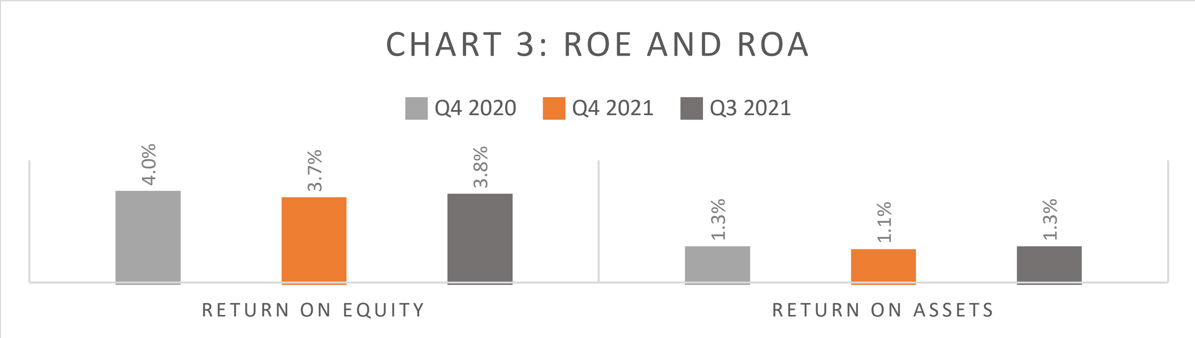
Financial institutions are highly-leveraged businesses requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial sector.

Assets that are available to cover their obligations and liabilities of HDFC for the three quarters in review are below;

Details	Q4 2020	Q4 2021	Q3 2021
Total Liabilities			
Deposits	80,289,957	78,518,115	78,629,853
Borrowings	1,057,167,319	1,180,662,526	1,053,003,019
Other Liabilities	287,353,658	345,197,572	324,839,954
Total Liabilities	**1,424,810,934**	**1,604,378,213**	**1,456,472,826**
Total Assets			
Cash, Short term Funds	50,565,734	115,150,051	88,042,163
Financial assets held to maturity	176,942,661	512,151,248	344,166,080
Loans and advances to customers	1,830,694,622	1,715,311,376	1,739,848,754
Property, Plant and Equipment	1,053,350	882,982	971,557
Right of use assets	8,738,051	7,637,567	7,912,688
Intangible assets	246,724	74,724	106,789
Deferred tax asset	6,081,337	5,900,350	5,900,350
Other Assets	7,391,939	7,249,533	7,791,679
Total Assets	**2,081,714,418**	**2,364,357,831**	**2,194,740,060**
NET (Assets-Liabilities)	**656,903,484**	**759,979,618**	**738,267,234**

Total assets of HDFC have significantly improved in Q4 2021 compared to Q4 2020 and Q3 2021 by 14% and 8% respectively. Total assets were increased from cash, short term funds by 31% and financial assets held to maturity by 49% compared to previous quarter. On the other hand, total liabilities were also increased in Q4 2021 compared to Q4 2020 and Q3 2021 by 15% and 11% respectively. Borrowing was increased by 12% and dividend payables by 100% compared to previous quarter.

Return on Equity (ROE) and Return on Assets (ROA)

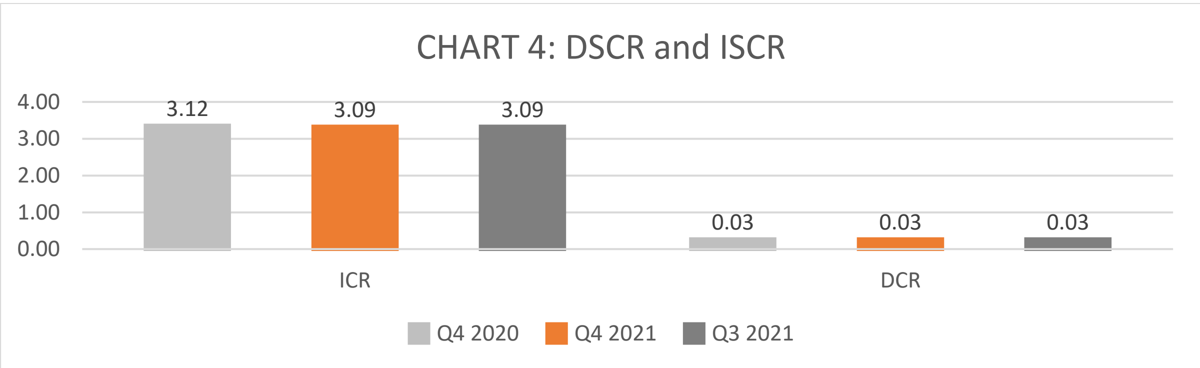


ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period.

ROE has declined from Q3 2021 (3.8%) to Q4 2021 (3.7%) as profit reduced in Q4 2021 while total equity increased compared to previous quarter. Likewise, ROA has also declined from Q3 2021 (1.3%) to Q4 2021 (1.1%) due to the reduction in profit while total assets increased. Nevertheless, positive results show that company is generating profits with the equity/assets invested.

Debt Service Coverage Ratio (DSCR) and Interest Service Coverage Ratio

The debt-service coverage ratio (DSCR) is a measurement of the cash flow available to pay current debt obligations. The interest coverage ratio is a debt ratio and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.



HDFC's profitability reduced while interest expenses reduced in Q4 2021 compared to previous quarter, resulting interest ratio of 3.09 times in Q4 2021 which was similar to previous quarter. It is noted that interest expenses of the company have reduced in Q4 2021 by 4.4% compared to previous quarter. Hence, a reduction in the interest expense could positively impact its coverage ratio if profit remain constant or it improved.

At the end of the quarter total loans and borrowings stands at MVR 1,181 million, which is an increase of 12% compared to previous quarter. The higher the ratio of EBIT to interest payments, the company will be more financially stable. However, it should be noted that this ratio only considers interest payments and not principal debt payment. Hence, the debt-service coverage ratio is slightly more comprehensive.

Debt coverage ratio was 0.03, similar as other two quarters in review. Debt coverage ratio of the company is very low, as for the ratio calculation operating profit for the quarter is considered while borrowings figure is the total figure. Low debt service coverage ratio indicates that company does not have capacity to cover or pay current debt obligations without drawing from outside sources.

CONCLUSION & RECOMMENDATION

HDFC has reported a gross income of MVR 48 million at the end of Q4 2021 which is a decline of 2% compared to previous quarter. Other operating expenses was increased in Q4 2021 by 55% compared to previous quarter which leads to a reduction of net profit of the company in Q4 2021.

Total assets of the company stand at MVR 2.36 billion and housing loan/facility portfolio stands over MVR 1.72 billion at the end of Q4 2021. Although, the loans and advance to customers have reduced by 1% compared to previous quarter, it is noted that the net assets of the company have increased by MVR 1.8 million in Q4 2021.

The borrowings of the company stand over MVR 1,181 million in the end of the fourth quarter of 2021. Thus, company’s debt service coverage ratios are quite low, hence it is important to manage HDFC’s borrowing space carefully in order to maintain adequate levels of cash to service debt.

Quarterly review; Quarter 4-2021

ISLAND AVIATION SERVICES LIMITED (IAS)

ISLAND AVIATION SERVICES LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/IASL/Q4

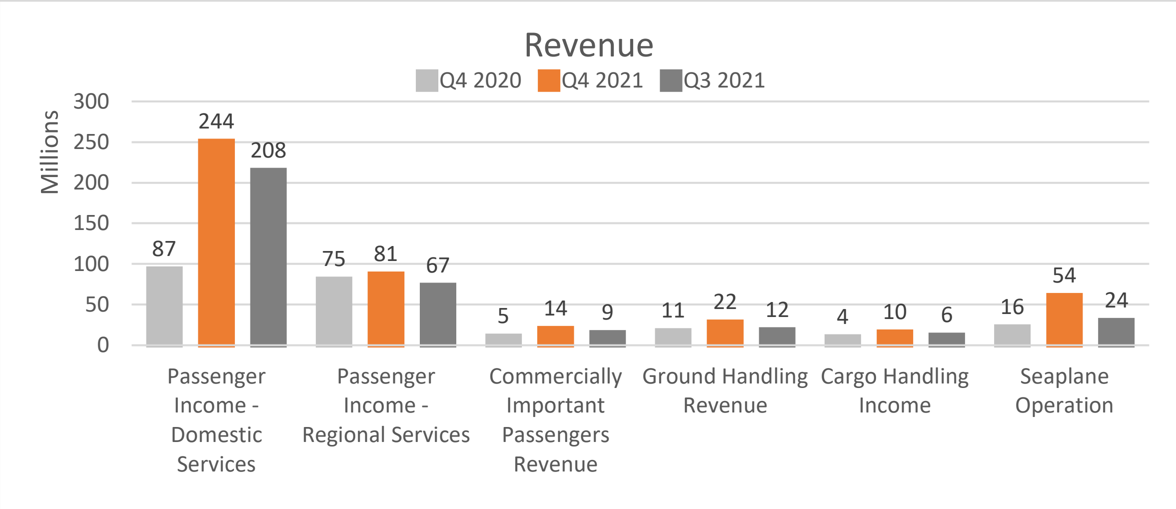
Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
197	425	326
Million in MVR	Million in MVR	Million in MVR

IAS has reported total revenue of MVR 425 million, which is a growth of 30% and 116% compared to Q3 2021 and Q4 2020. With the ease of covid-19 restriction the flight movements have increased which has led to the improvement in company's performance for Q4 2021. The below chart shows the movements in revenue segment over the three quarters in review.



As seen from the above table, all revenue segments have reported a healthy growth in Q4 2021. Revenue from domestic flight operation is the main revenue generating segment of the company, reporting a growth of 17% and 180% in Q4 2021 compared to Q3 2021 and Q4 2020 respectively due to increase in domestic pax. In addition, performance of sea plane has notably improved by 129% against previous quarter with increased seaplane flight movements.

Gross Profit/ (loss)

Q4 2020	Q4 2021	Q3 2021
41.2	113	107
Million in MVR	Million in MVR	Million in MVR

Although revenue recorded a growth of 30% against previous quarter, gross profit growth was only 6% due to higher direct costs. The major direct cost is the fuel cost and it has increased by over MVR 44.8 million against previous qurtar due to increased flight movements as well as increased fuel prices. In addition, costs related to hire/charter of aircrafts have also increased by 100% compared to previous quarter.

Compared to the same period of last year, gross profit has reported a growth of 174% regardless of increased direct costs and gross profit margin has improved to 27% from 21% n Q4 2020.

Net Profit/ (loss)

Q4 2020	Q4 2021	Q3 2021
-54.1	-24.7	-9.60
Million in MVR	Million in MVR	Million in MVR

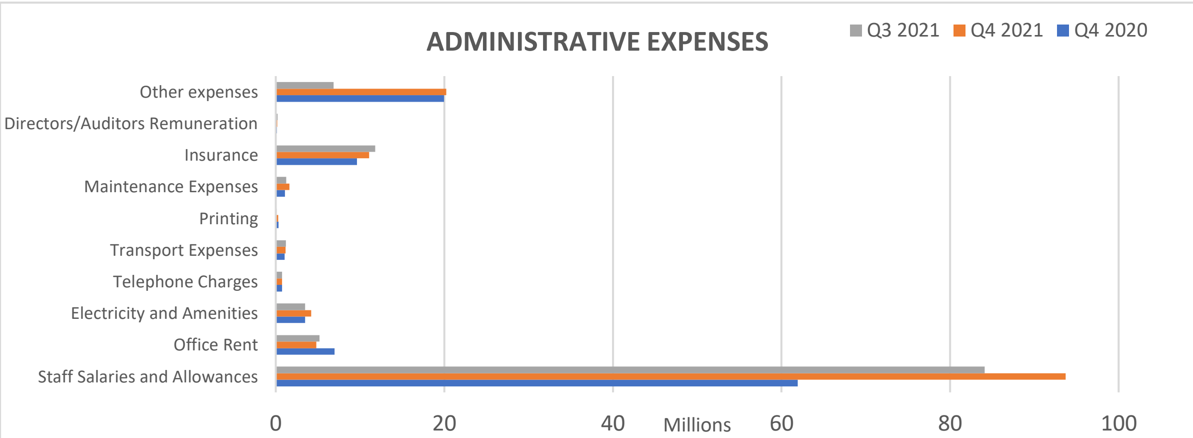
The net loss reported for Q4 2021 is significantly higher than previous quarter regardless of increased revenue. This is mainly because of increase in administrative and selling and marketing expenses.

Below table shows company's operational expenses in the quarters of Q4 2020, Q4 2021 and Q3 2021.

Overheads	Q4 2020	Q4 2021	Q3 2021
Selling and marketing Costs	498,802	1,495,533	195,248
Administrative Costs	105,355,630	138,106,068	114,919,687
Total	**105,854,432**	**139,601,601**	**115,114,935**

As seen from the above table, Company's administrative expenses increased in Q4 2021 compared to the same quarter of last year by 31% and 20% against previous quarter mainly due to increase in insurance and staff salaries and allowances owing to the increase in rates of pilot. Selling and marketing costs reported a growth of 666% and 200% compared to Q3 2021 and Q4 2020 respectively.

The below chart illustrates company's administrative costs over the three quarters in review.



The major expense of the company is staff cost and it has recorded a growth 11% against previous quarter. In addition, other expenses have recorded a growth of 194% and printing expense by 173% compared to previous quarter. In comparison to the same period of last year, the growth in salaries is 51% and maintenance expenses also grew at 49%.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.80 TIMES	0.83 TIMES	0.86 TIMES

Current ratio of the company has marginally declined compared Q3 2021. The current ratio of 0.83 times indicates that the company is not capable to meet its short-term obligations with the current assets.

Company's current assets has recorded a growth of 2% compared to previous quarter mostly from trade and other receivables. It is noted that over 95% of current assets is trade and other receivables as at Q4 2021. Trade and other receivables increased by 7% against previous quarter and has reached MVR 1.05 billion at the end of Q4 2021.

Similarly, company's current liabilities have also recorded a growth of 6% compared to previous quarter solely due to increase in trade and other payables. Trade and other payables have increased more than trade receivables of the company, thus current ratio has declined compared to previous quarter. It is important to highlight that IAS is facing a significant challenge in managing short term liabilities and company has MVR 1.2 billion of current liabilities at the end of third quarter 2021.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.74 TIMES	0.77 TIMES	0.81 TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. IAS's quick ratio has reduced to 0.77 times in Q4 2021 and a quick ratio of below 1 indicates inability to meet its short-term liabilities with its most liquid assets. The reduction in the ratio reflects increment in current liabilities and inventories.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.00 TIMES	-0.01 TIMES	0.03 TIMES

The company has a negative cash ratio for Q4 2021 due to negative cash and cash equivalent. In addition to the net loss for the quarter, a significant fund has been allocated for maintenance. The operating cash flow for the quarter Q4 2021 was positive, however as a result of huge capital investments, net cash flow at the end of the quarter is negative. Further, IAS has paid significant amounts of loan repayment and interest. Even with the capital injected by the government, the cash and cash equivalent of the company remained negative at the end of the quarter.

This ratio shows the inability to pay the short-term obligations with cash or cash equivalents. The overdraft facility has also increased from MVR 78.3 million to MVR 82.8 million from Q3 to Q4 2021.

LEVARAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.55	0.48	0.53
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. The ratio has declined as the total debts has reduced while total equity has increased. During Q4 2021, MVR 49.8 million was contributed by the government as capital. Further, company has repaid loans and borrowings amounting to MVR 28.7 million.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.19	0.18	0.19
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. IAS has a satisfactory level of debts to assets ratio due to huge asset base of MVR 3.2 billion of the company. It is noted that companies in airline industries will have high asset base which keeps the company's debt to asset ratio low. Hence, lower the debt to asset ratio, the less financial risky the company. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and improve core business activities to generate cash.

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
35%	32%	35%

This ratio helps the investors to gauge the risk of a company based on its financial structure. This ratio measures total amount of outstanding debt as a percentage of the company's total capitalization. Debt capitalization has been kept at a low level, this indicates that IAS is using less leverage and has a stronger equity position. Debt capitalization ratio of the company have marginally declined compared to previous quarter as the level of borrowings have reduced due to significant repayments.

Interest Cover

Q4 2020	Q4 2021	Q3 2021
-181	-12	-3
TIMES	TIMES	TIMES

The interest cover ratio measures how many times the company can cover its current interest payment with its available earnings. Negative interest cover ratio illustrates that the company is not generating enough profit from its operations to meet its interest obligations.

CONCLUSION & RECOMMENDATION

IAS has reported total revenue of MVR 425 million, which is a growth of 30% compared to previous quarter due to the increasing flight movements. The direct costs of the company grew much higher than revenue, hence gross profit margin has declined against Q3 2021. Further, total overhead expenses of the company have reported a growth of 21%, and thus the quarter was ended with a net loss of MVR 24.7 million, 158% higher than Q3 2021. Cost management is an important element for profit maximization. Therefore, IAS should try to achieve efficiency, economy and effectiveness to improve business performance.

Liquidity ratios of the company has to be further improved as current liabilities exceed their current assets. IASL is not capable to meet its short-term obligations with current assets. Further, Company's cash and cash equivalent is negative at the end of Q4 2021, including an overdraft facility of MVR 82.8 million. In addition, trade and other receivables represents more than 95% of current assets. Further as a result of accumulated payables, liquidity position seems to be weak. The significant receivables of the company is a major concern for the company. Hence, IAS need to improve efficiency of credit control department and implement proper control mechanisms. Flexible terms can be agreed on the existing receivables which could help to collect receivables more swiftly.

Long term loans and borrowings have declined in Q4 2021 due to significant repayments while total equity of the company increased. Nevertheless, with the increasing liabilities and weak liquidity position of the company, the company should change its operating costs management and focus on cost reduction and improvement of top line.

Quarterly review; Quarter 4-2021

KAHDHOO AIRPORT COMPANY LTD (KACL)

KAHDHOO AIRPORT COMPANY LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/KACL/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
1.91	3.19	2.39
Million in MVR	Million in MVR	Million in MVR

KACL has reported a revenue of MVR 3.19 million for Q4 2021, which is an increment of 33% and 67% compared to Q3 2021 and Q4 2020 respectively. The increment is mainly attributable to the increase in flight movements amid ease of covid-19 restrictions.

Revenue	Q4 2020	Q4 2021	Q3 2021
Aeronautical	1,465,014	2,650,672	1,839,247
Commercial Revenue			
Cargo revenue	14,578	39,729	41,982
CIP revenue	-	-	4,168
Electrcity Charges	164,424	185,878	183,104
Rental Income	141,313	221,913	206,913
Room revenue	29,500	33,990	64,150
Shop Revenue	66,307	22,490	32,450
Other Revenue	30,166	33,230	22,295
Total Commercial Revenue	**446,288**	**537,230**	**555,062**
Total Revenue	**1,911,302**	**3,187,902**	**2,394,309**

The major revenue generating segment of KACL is Aeronautical revenue which covers 83% of the total revenue of Q4 2021. Compared to previous quarter, total revenue has improved specifically from aeronautical. However, revenue from cargo declined due to decrease in air cargo. Further shop revenue also declined in shop opening hours.

Compare to same quarter of last year, most of the revenue segments are performing well with ease of Covid-19 related restrictions. The increase in rental income is due to higher rates as per new lease agreement.

Operating Profit/ (Loss)

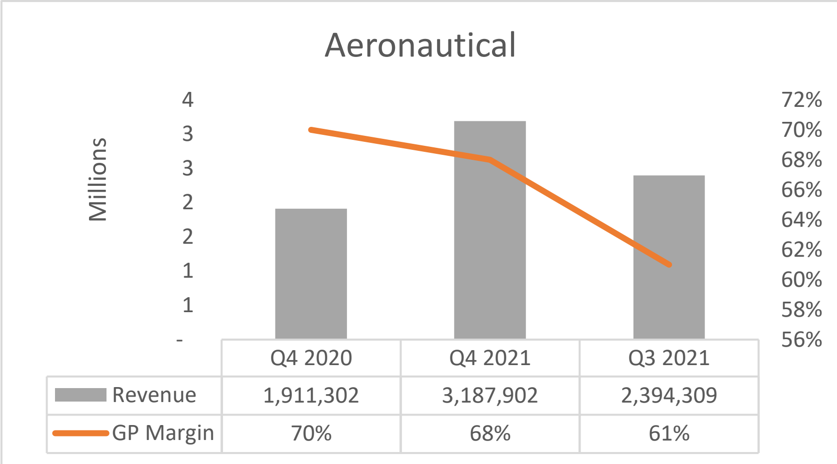
Q4 2020	Q4 2021	Q3 2021
-4.17	-3.00	-3.87
Million in MVR	Million in MVR	Million in MVR

KACL has reported an operating loss of MVR 3 million for Q4 2021, which is lower than other two quarters in review as a result of improvement in revenue and marginal reduction in overhead expenses compare to Q3 2021. Compared to previous quarter, staff salaries, repair and maintenance and printing and stationery expenses has reduced.

Compare to the same period of last year, payroll expenses reduced by 4% and repair and maintenance reduced by 59%. On the other hand, fuel expenses have increased by 90% with the fluctuation in fuel prices and higher energy demand in the quarter. Nevertheless, the operating loss has reduced compared to Q4 2020.

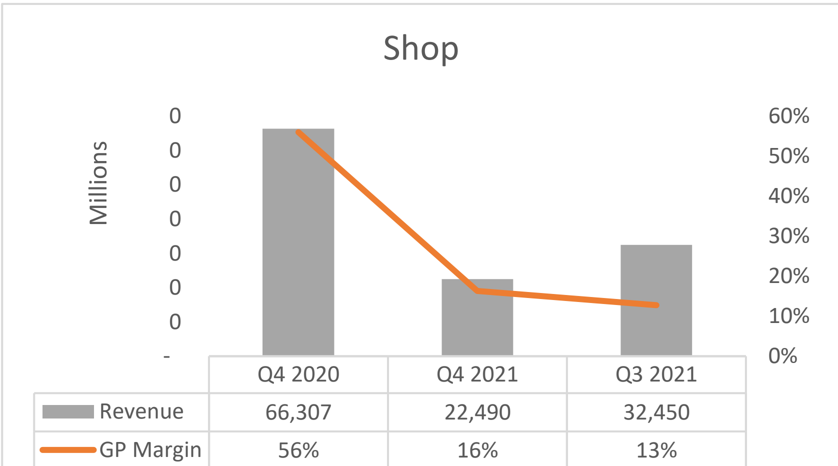
Segmental Profit

Aeronautical Revenue



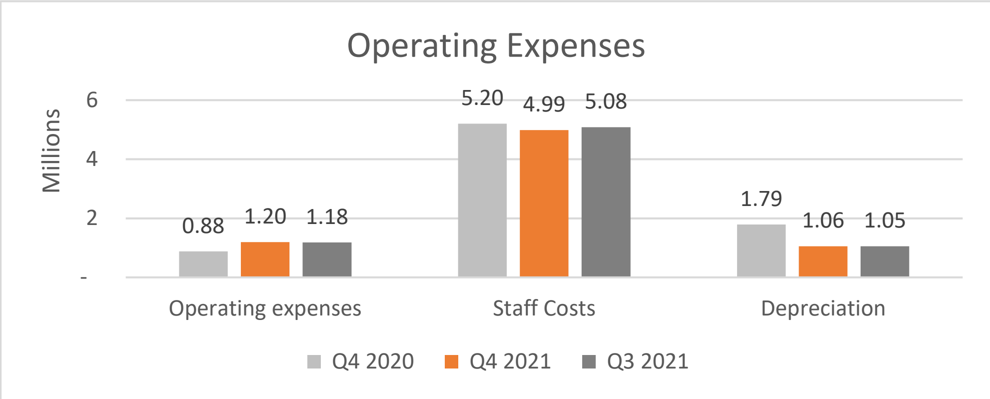
With the increase in the flight movements in Q4 2021, aeronautical revenue has improved compared to both the quarters by 81% and 44% respectively. Therefore, gross profit margin has also improved to 68% compare with previous quarter.

Shop Revenue



With the fluctuations of shop opening hours, shop revenue has declined in Q4 2021 compared to Q4 2020 and Q3 2021. Hence, gross profit margin of shop has also declined from 56% in Q3 2020 to 16% in Q4 2021. However, compared to previous quarter gross profit margin has improved since direct costs have reduced much higher than revenue.

Operating Expenses



Total operating expenses are lower in Q4 2021 compared to other two quarters. As seen from the above chart, staff costs have reduced in Q4 2021 while operating expenses increased compared to other two quarters. Operating expense have increased mainly due to increase in fuel costs resulting from increased flight movements in the quarter.

Net Profit

Q4 2020	Q4 2021	Q3 2021
-5.60	-4.05	-4.92
Million in MVR	Million in MVR	Million in MVR

Company reported a net loss of MVR 4.05 million for Q4 2021, which is a reduction of 32% and 18% compared to Q3 2020 and Q4 2020 respectively. Improvement in revenue together with cost management has contributed to the reduction of net loss for the quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
21.8	6.7	6.9
TIMES	TIMES	TIMES

KACL has a current ratio of 6.7 times for Q4 2021. However, high current ratio in the case of KACL does not indicate the company's ability to meet its short term laibilities with current assets. In addition KACL is managing their cash flow with the assistance from shareholder. Trade and other receivables is the most significant component of current assets as it covers 68% of total current assets. However, trade receivables has reduced in Q4 2021 by MVR 9 million compared to previous quarter. Current liabilities of the company consists of trade and other payables and deferred tax. At the end of Q4 2021, company has trade and other payables of MVR 2.9 million.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
21.3	6.6	6.8
TIMES	TIMES	TIMES

Quick ratio shows company's ability to meet its short-term obligations excluding inventories. KACL's quick ratio has marginally declined since inventory has increased while current liabilities have decreased.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.8	2.0	1.0
TIMES	TIMES	TIMES

KACL has a cash ratio of 2.0 times in Q4 2021, indicating that the company is capable to meet its short-term debts with cash or cash equivalents. The operating cash flow of the company was positive Since KACL is able to recover MVR 9 million of trade and receivables.

CONCLUSION & RECOMMENDATION

The flight movements have improved in Q4 with the ease of covid restrictions, thus revenue of the company has improved in Q4 2021. However, the operating expenses are still higher than the revenue, thus company has been making operating losses. With the improvement in revenue, KACL was able to improve net for the period by 18% against previous quarter.

Although, the liquidity position shows favorable results from current ratio and quick ratio, it is noted that the majority of current assets are trade and other receivables which covers 68% of total current assets at the end of Q4 2021. In addition, company has significant trade and other payable amouting to MVR 2.9 million as at Q4 2021. Therefore, in order to improve the liquidity position of the company, it is important that the company implement new policy or procedures for receivable collection in order to payout company's trade payables without delaying the payments. In addition, company can find ways to generate revenue and invest their cash balances to minimize the loss incurred.

Quarterly review; Quarter 4-2021

MALDIVES AIRPORTS COMPANY LIMITED (MACL)

MALDIVES AIRPORTS COMPANY LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MACL/Q4

Q4 2021 with Q4 2020 and Q3 2021

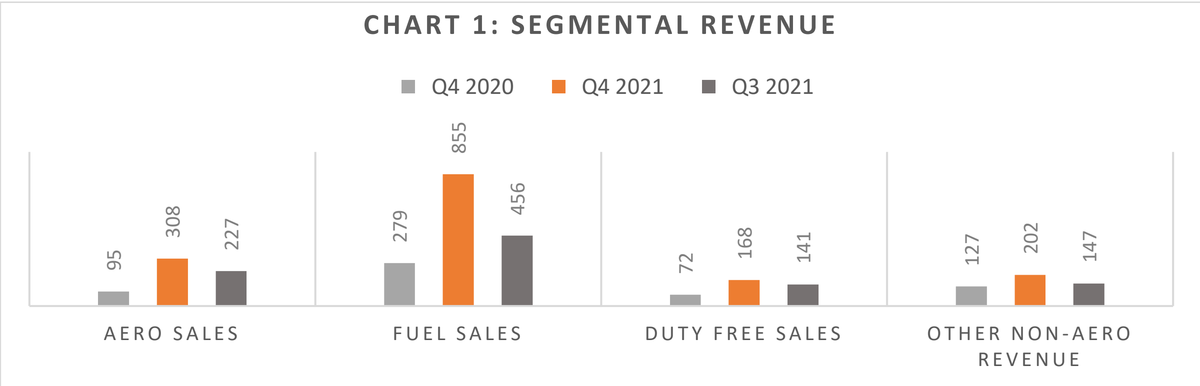
PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
573	1,532	970
Millions in MVR	Millions in MVR	Millions in MVR

MACL reported a revenue of MVR 1,532 million for Q4 2021, a growth of 167% and 58% compared to Q4 2020 and Q3 2021 respectively.

The below chart shows the breakdown of revenue for the three quarters.



All the segments of the company have recorded a revenue growth in Q4 2021, where the most prominent revenue growth was reported by fuel sales of 87% compare to Q3 2021. The performance of the company has been improving in 2021 compared to previous year.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
419	887	628
Millions in MVR	Millions in MVR	Millions in MVR

While revenue increased by 58%, cost of sales has increased by 89% against previous quarter. Hence, gross profit margin declined from 65% to 58%. When further analyzed into segmental performance, aero segment has continued to achieve the highest operating profit margin in Q4 2021. Nevertheless, all segments have recorded a profit for Q4 2021.

Operating Profit

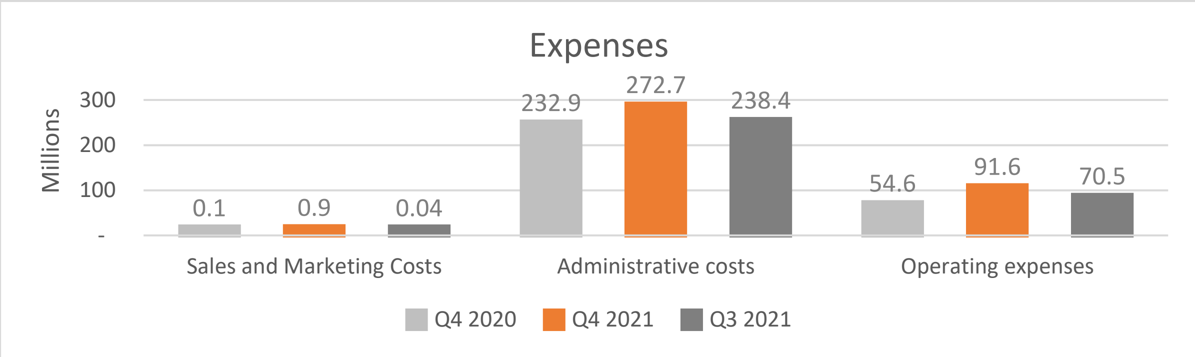
Q4 2020	Q4 2021	Q3 2021
132	522	319
Millions in MVR	Millions in MVR	Millions in MVR

The operating profit has recorded a remarkable growth of 64% compared to previous quarter reflecting the improvement of revenue. With the increased operations the related overheads of the company have also increased by 18% against Q3 2021.

In comparison to the same period of last year, total operating expenses increased by 27% in Q4 2021.

Expenses

Total overheads expenses of the company stand at MVR 365 million for Q4 2021.



Administrative expenses increased by 14% (MVR 34.3 million) against Q3 2021 mainly from employee benefits. This resulted from the recruitment of new staffs with increased operations. New recruitments were hold during 2020 due to the pandemic and as the new recruitments began in 2021 the staff numbers have increased. In addition, reclassification of staff health insurance within employee benefits has resulted in increase in employee benefits.

Among operating expenses, other operating, fuel expenses and repair and maintenance expenses have increased in Q4 2021 compared to previous quarter. Increase marketing for business promotions during the quarter has resulted a higher sales and marketing expenses.

In comparison to Q4 2020, with the ease of restriction over all operations and operational expenses have comparably increased in Q4 2021, since major business activities are stabilized.

Net Profit

Q4 2020	Q4 2021	Q3 2021
104	428	255
Millions in MVR	Millions in MVR	Millions in MVR

MACL has achieved a net profit growth of 68% and 311% compared to previous quarter and the same period of previous year. This reflects improved revenue and growth of business activities. Thus, net profit margin improved to 28% in Q4 2021 compared to 26% in Q3 2021 and 18% in Q4 2020.

LIQUIDITY

Current ratio

Q4 2020	Q4 2021	Q3 2021
1.35	0.35	0.34
TIMES	TIMES	TIMES

The current ratio of the company has marginally improved in Q4 2021 compared to previous year due to reduction in current liabilities mainly from trade and other payables. In the case of MACL, the current ratio is low as a result of reporting deferred grant income of MVR 7.5 billion related to leasehold right under current liabilities. If current ratio is computed excluding the deferred income, this ratio is maintained at 2.8 which is a satisfactory level.

Quick ratio

Q4 2020	Q4 2021	Q3 2021
1.16	0.32	0.30
TIMES	TIMES	TIMES

The quick ratio of the company after excluding the deferred income is 2.6 times. This indicates company has enough liquid assets to settle the current liabilities of the company. MACL is maintaining an inventory amounting to MVR 263 million as at the end of Q4 2021. Quick ratio of the company has increased in Q4 2021 as a result of reduction in current liabilities.

Cash ratio

Q4 2020	Q4 2021	Q3 2021
0.61	0.16	0.17
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has recorded a reduction of MVR 142 million (by 9%) compared to previous quarter, thus the ratio has declined.

The company generated a cash flow of MVR 138 million from the operating activities resulting from income generated from operation and working capital management. The company has invested MVR 113 million in capital investment projects and purchase of assets. In addition, MVR 382 was recorded as proceeds from borrowings. Major cash outflows during the quarter are loan repayments of MVR 549 million and settling payables amounting to MVR 276 million.

FINANCIAL LEVERAGE

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.50	0.35	0.36
TIMES	TIMES	TIMES

Debt to assets ratio has marginally declined as the total amount of debts has declined due to significant repayments during the quarter. The debt to assets ratio of MACL is low as the company has a strong asset base. At the end of Q4 2021, total borrowing of the company is MVR 8.5 billion, which is a reduction of 2% against previous quarter.

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
1.26	1.24	1.35
TIMES	TIMES	TIMES

Debt to equity ratio has also declined as the total debts decreased while equity has increased. Borrowings are obtained to finance the capital projects which are in work-in progress, hence this will increase the scale of operation and revenue in future.

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
0.56	0.55	0.58
TIMES	TIMES	TIMES

The debt-to-capital metric is used to gauge the risk level of a company based on its financial structure. Debt capitalization has declined due to reduction in loans and borrowings in Q4 2021.

Interest Cover

Q4 2020	Q4 2021	Q3 2021
14.0	27.9	16.9
TIMES	TIMES	TIMES

The interest cover ratio measures how many times MACL can cover its current interest payment with its available earnings. The interest coverage ratio indicates that MACL have more than enough earnings to cover its interest payments. A company's ability to meet its interest obligations is an aspect of its solvency and is thus a very important factor in the return for shareholders.

CONCLUSION AND RECOMMENDATION

The company has achieved remarkable results in Q4 2021. Total revenue grew at 58% and net profit grew at 68% compared to previous quarter. Thus, net profit margin has increased from 26% to 28% from Q3 2021 to Q4 2021.

The short-term liquidity position of the company has slightly improved due to reduction of trade and other payables. However, the ratios show lower results as current liabilities include deferred grant income. Excluding the deferred grant income, the results show favorable results.

The borrowings of the company have also declined in Q4 2021 due to significant repayments during the quarter. Thus, leverage ratios have also improved compared to previous quarter. Leverage ratios of MACL are at a satisfactory level with high asset base and equity. With the huge development in the infra-structure and other areas, business scale is expected to increase significantly enabling a better performance both operationally and financially.

Since MACL has significant ongoing developmental projects, it is crucial that company ensure works are completed as per the schedule. Delay of projects may impact cash flow of the company, and company may lose possible revenue streams.

Quarterly review; Quarter 4-2021

MALDIVES FUND MANAGEMENT CORPORATION LTD (MFMC)

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MFMC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
Nil	Nil	Nil

The company was established to assist in the development of fund structures that will enable both domestic and foreign investors to source funding at a cheaper rate. During Q4 2021, MFMC has commenced the grant aid project 'EU support for a Resilient Recovery of SME tourism industry in the Maldives' and have disbursed a sum of over MVR 1.2 million to 32 establishments as grant aid. In addition, various other projects are also in implementation stage.

Net Profit

Q4 2020	Q4 2021	Q3 2021
-1.58	-3.16	-2.36
Million in MVR	Million in MVR	Million in MVR

The company has ended the quarter with a net loss of MVR 3.16 million, an increment of 34% compared to previous quarter. This is mainly due to increase in company's overheads by 33% against Q3 2021. In comparison to Q4 2020, the net loss is 101% higher in Q4 2020 due to high overheads. The major expenses of the company are;

General & Administrative Costs	Q4 2020	Q4 2021	Q3 2020
Repairs and Maintenance	1,409	9,258	2,500
Stationery and Office Supplies	23,374	39,935	6,658
Pantry Expenses	5,304	1,321	-
Bank Charges	195	290	210
Training and Development	2,592	6,000	-
Travel Expenses	-	361,132	240,965
Professional Fees	4,333	315,649	139,500
Legal Fees	-	40,000	30,200
Utilities	30,250	72,286	68,110
IT Expenses	99,246	60,128	18,261
Transporation and Handling	7,912	-	2,020
Directors Remuneration	260,413	355,048	338,548
Payroll Expenses	811,770	1,038,303	811,770
Dep of PPE	31,199	64,825	64,825
Dep. of Right of Use Assets	285,014	496,319	321,853
Meetings and Entertainment		10,864	-
Conference and networking		46,608	113,564
Sales and marketing		20,213	49,338

The payroll expenses are the major expense of the company and it has reported an increment of MVR 226,533 compared to Q3 2021 due to increase in number of staffs as the scale of operation is expanding. In addition, travel expenses have increased due to travelling for farmers training during Q4 2021. Sales and marketing increased due to marketing events and celebration of national farmer's day.

In comparison to Q4 2020, expenses such as payroll, depreciation, travel expenses, professional fees and sales and marketing have significantly increased.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2020
19.0 TIMES	1.3 TIMES	1.7 TIMES

The current ratio measures MFMC's ability to pay short-term obligations or those due within one year. The current ratio of the company has declined compared to previous quarter. The liabilities were increased from capital payable to the Agro National. Further, trade and other receivables of the company has also increased mainly from called up capital.

Cash Ratio

Q4 2020	Q4 2021	Q3 2020
12.1 TIMES	0.8 TIMES	1.1 TIMES

Cash ratio calculates company's ability to repay its short-term debt with cash or near-cash resources. The cash and cash equivalents of the company has increased compared to previous quarter, however the increment in liabilities was much higher than cash, thus cash ratio has declined. During the quarter company has received capital injection from the government as share capital and share premium of MVR 50 million and MVR 49.9 million was invested to AgroNet.

CONCLUSION AND RECOMMENDATION

During Q4 2021, MFMC has commenced the grant aid project 'EU support for a Resilient Recovery of SME tourism industry in the Maldives' and have disbursed a sum of over MVR 1.2 million to 32 establishments as grant aid. In addition, various other projects are also in implementation stage.

Nevertheless, MFMC has not started generating revenue yet. Hence, the operational expenses are funded through government capital contributions. For Q4 2021, the company has recorded a net loss of MVR 3.2 million. Further, the short-term liquidity position has not improved as the company has not generated revenue from its core business activities.

The recurrent expenses of the company are relatively high compared to the activity level. Hence the company should try to eliminate unnecessary costs and expenses. In order to operate smoothly MFMC needs to find revenue generating options and formulate practical business models to convince investors to invest in funds formulated by the company.

Quarterly review; Quarter 4-2021

MALDIVES HAJJ CORPORATION LTD (MHCL)

MALDIVES HAJJ CORPORATION LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MHCL/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
Nil	4.3	Nil
	Million in MVR	

With the commencement of Umra trips as travel restrictions to Saudi Arabia were lifted, company has organized December Umra and 129 pilgrims participated. Hence, company has generated revenue in Q4 2021 for the first time after covid-19.

Gross Profit/Loss

Q4 2020	Q4 2021	Q3 2021
-0.01	0.53	Nil
Million in MVR	Million in MVR	

Company has reported a gross profit of MVR 0.5 million for Q4 2021. The major direct cost of the company is airline tickets and hotel accommodation. As per the company, MHCL has obtained IATA TIDs accreditation and managed to receive approval from Ministry of Hajj and Umrah Visa service, thereby improving efficiency and lower operational cost in Umrah operation.

Income from Investment

Q4 2020	Q4 2021	Q3 2021
1.5	1.9	1.8
Million in MVR	Million in MVR	Million in MVR

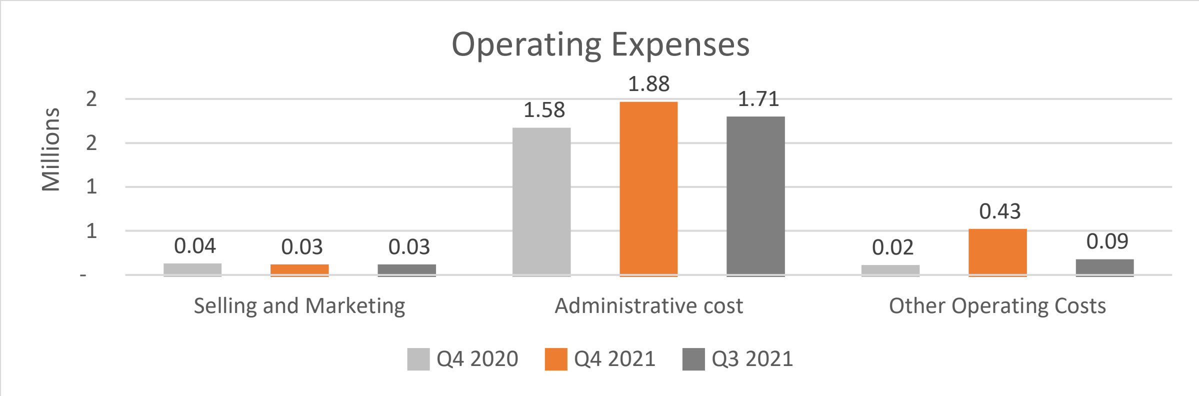
Income on financial assets stands at MVR 1.9 million, a growth of 8% and 29% compared to Q3 2021 and Q4 2020 respectively. However, total investments have reported a marginal reduction compared to previous quarter. It is noted that Investments to these financial assets are made from the advance received from customers for Hajj services.

Net Profit/loss

Q4 2020	Q4 2021	Q3 2021
-0.35	0.06	-0.19
Millions in MVR	Millions in MVR	Millions in MVR

The company has ended the quarter with a net profit after consecutive loss-making quarters.

Below chart illustrates how the company's operating expenses for the quarters of Q4 2021, Q3 2021 and Q4 2020.



While selling and marketing expense are almost same as previous quarter, administrative expenses have increased by 10% against previous quarter. Administrative expenses increased from payroll (mainly from allowances) and audit fees. Other operating expenses have also increased due to travel expenses and consultation fee. Travelling expense related to the trip made for the hajj & Umrah preparations and to have discussion with concerned parties on the changes brought to the Umrah process related to Visa and Accommodations and consultancy for the establishment of a Waqf Fund.

Compared to the same period of last year, total operating expenses are 43% higher in Q4 2021, mainly as result of payroll expense and other operating expenses (Travel expense and consultation fee).

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
2.5	3.8	3.5
TIMES	TIMES	TIMES

Current ratio of the company has increased to 3.8 times in Q4 2021 indicating that the company has more current assets compared to its current liabilities. Hence it shows that the company is capable to meet its short-term obligations with the current assets in the quarter. Current assets comprise, inventories, trade and other receivables and prepayments, general investment accounts and cash and cash equivalents. The improvement in the ratio is due to increase in current assets while current liabilities declined. The current asset is increased improved as result of improvement in cash and cash equivalent.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.62	0.54	0.18
TIMES	TIMES	TIMES

The cash ratio shows whether the company can pay off its short-term obligations with cash or cash equivalents. The cash balance reflects the capital injection by the government, investment income received, and the advance received from customers, those which shall not solely be utilized in day to day operations but rather should be invested to earn returns from it. Company's cash ratio has improved in Q4 2021 compared to the previous quarter, since cash and cash equivalent improved and current liabilities remains at relatively at same level.

CONCLUSION & RECOMENDATION

With the commencement of Umra trips as travel restrictions to Saudi Arabia were lifted, company has organized December Umra, thus company was able to generate revenue. Further, company has reported a gross profit as well as a net profit for Q4 2021. Further, MHCL has obtained IATA TIDs accreditation and managed to receive approval from Ministry of Hajj and Umrah Visa service, thereby improving efficiency and lower operational cost in Umrah operation.

Cash and cash equivalent of the company consists of collection from pilgrims as advance Hajj or Umrah payment (to be utilized within a long-term). Therefore, it is not ideal to utilize these funds to settle short liabilities of the company. Hence, excluding Hajj and Umrah fund, liquidity position of the company will be low.

In addition, the company must find ways to generate revenue from other sources and expand main business operation, which will help MHCL to reduce level of dependency on government assistance. Increasing the investment base through marketing to enroll more people in the saving scheme will also help the company to earn more finance or investment income.

Further, a company with a huge fund portfolio could look in to areas where they could invest and generate a higher return, enabling to become a profitable company. It is also recommended to minimize risk exposure and manage risk effectively to sustain business operation and gain customer confidence.

Quarterly review; Quarter 4-2021

MALDIVES ISLAMIC BANK PLC (MIB)

MALDIVES ISLAMIC BANK PLC.
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MIB/Q4

Q4 2021 with Q4 2020 and Q3 2021

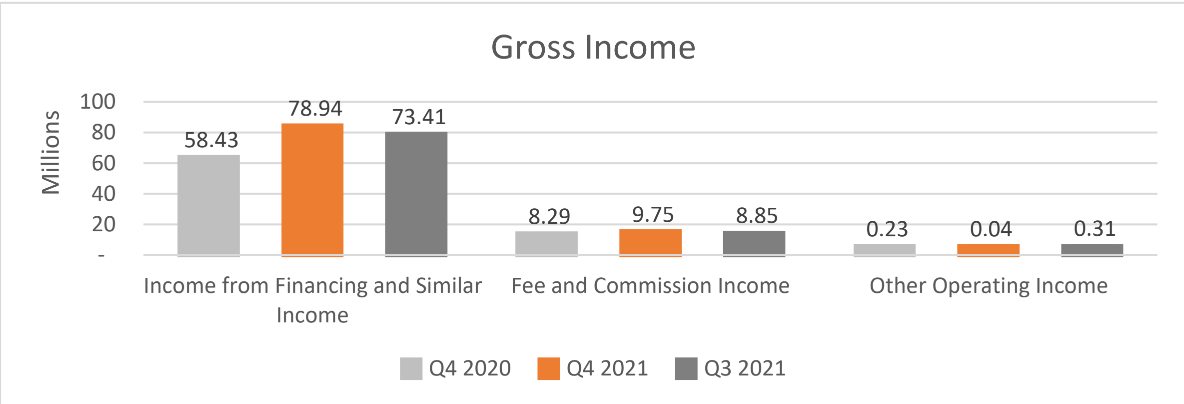
PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
66.9	88.7	82.6
Million in MVR	Million in MVR	Million in MVR

MIB has reported a gross income of MVR 88.7 million for Q4 2021, which is an 8% and 33% increment compared to Q3 2021 and Q4 2020.

Below chart illustrates MIB's gross income for the quarters of Q4 2020, Q4 2021 and Q3 2021.



MIB's main income generating segment, income from financing & similar income has increased from MVR 73.41 million to MVR 78.94 million, which is an 8% increment compared to previous quarter. Income from financing income and similar income improved as a result of growth in earning assets by over MVR 300 million. Fee and commission income also recorded a significant growth of 10% against previous quarter. On the other hand, other operating income declined by 86%.

In comparison to the same period of last year, income from financing has significantly improved by 35% and fee and commission income by 18%. However, other operating income has declined by 81% compared to Q4 2020.

Net Investment Margin

Q4 2020	Q4 2021	Q3 2021
1.0%	1.3%	1.2%

Net investment margin shows how effective is the bank's profitability on earning assets. MIB's profit margin has improved in Q4 2021 with the increase in net finance income.

Net Profit

Q4 2020	Q4 2021	Q3 2021
15.0	9.70	24.0
Million in MVR	Million in MVR	Million in MVR

Although total income of the bank has increased in Q4 2021, the net profit has significantly reduced by 60%. The net profit for the quarter decrease due to recognition of significant impairment loss on fianncial assets and total other overhead expenses increased by 19%.

EXPENSES	Q3 2020	Q3 2021	Q2 2021
Personnel Expenses	16,639,000	18,589,000	18,367,000
General and Administrative Expenses	8,979,000	9,432,000	8,565,000
Depreciation and Amortization	5,643,000	6,671,000	6,763,000
Net Impairment Losses on Financial Assets	(10,511,000)	19,248,000	1,144,000
Total Expenses	**20,750,000**	**53,940,000**	**34,839,000**

Compared to previous quarter, personnel expenses has increased by 5%, general and administration expenses by 54% and impairement loss by 1583%.

CAPITAL MANAGEMENT

MIB's has a total asset base of MVR 5.5 billion as at the end of Q4 2021, a growth of 6% against previous quarter. Likewise, total liabilities have also increased to MVR 4.8 billion in Q4 2021. It is noted that, having high liabilities are natural for banking industries as customers deposits are recognized under liabilities. Increasing customer account or deposits is favorable if the bank could generate decent income from this fund. Below table summarize MIB's total assets and total liabilities for the quarters of Q4 2020, Q4 2021 and Q3 2021.

Total Assets	Q4 2020	Q4 2021	Q3 2021
Cash, Short term Funds & Balances with MMA	1,224,421,000	1,541,191,000	1,289,400,000
Minimum Reserve Requirement with MMA	230,318,000	396,105,000	362,085,000
Investments in Equity Securities	64,200,000	64,200,000	64,200,000
Investments in Other Financial Instruments	482,721,000	885,563,000	906,435,000
Net Receivables from Financing Activities	2,212,908,000	2,350,838,000	2,315,242,000
Property, Plant and Equipment	60,328,000	63,518,000	63,664,000
Right-of-use-Assets	87,589,000	107,445,000	82,319,000
Other Assets	54,280,000	98,635,000	100,539,000
Total Assets	**4,416,765,000**	**5,507,495,000**	**5,183,884,000**
Total Liabilities			
Customers' Accounts	3,431,020,000	4,443,496,000	4,122,485,000
Lease Liabilities	88,379,000	98,604,000	85,083,000
Other Liabilities	282,302,000	295,882,000	316,507,000
Total Liabilities	**3,801,701,000**	**4,837,982,000**	**4,524,075,000**

Net receivables from financing activities is the main segment of total assets as it covers 43% of total assets at the end of Q4 2021. Nevertheless, the highest growth compared to previous quarter was recorded by cash, short term funds & balances with MMA. Further, net receivables from financing activities have also recorded an increment of MVR 35.6 million in Q4 2021 compared to Q3 2021.

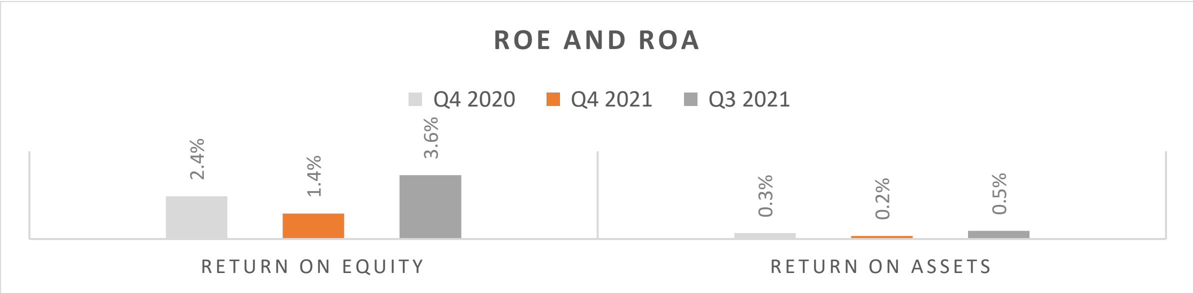
In terms of liabilities, customer deposits have increased by MVR 321 million against previous quarter. While lease liabilities increased by MVR 13.5 million, other liabilities have reduced by MVR 20 million.

Investments to Deposits

Q4 2020	Q4 2021	Q3 2021
79%	73%	78%

Investment to deposit ratio shows that which amount of deposit is used to as investment. A higher ratio indicates that a bank takes more financial stress by making excessive investment. Investors monitor the ratio of banks to make sure whether there's adequate liquidity to cover investments in the event of an economic downturn resulting in loan default. Since customer deposits grew much higher than investments, the ratio has declined against previous quarter.

Return on Equity (ROE) and Return on Assets (ROA)



Return on equity and return on asset ratio measures the performance and profitability of the company. Both ratios, return on equity and return on assets have declined in Q4 2021 due to the decline in bank's profitability. Nevertheless, the positive results illustrate that MIB is generating profits with the money shareholders have invested.

CONCLUSION AND RECOMMENDATION

Gross income of MIB has increased in Q4 2021 compared to previous quarter. However, due to high provision for impairment and operating expenses for the quarter, the net profit has significantly declined in Q4 2021.

The bank has a solid financial platform with customer deposits of MVR 4.4 billion and total assets of MVR 5.5 billion at the end of Q4 2021. In addition, ROE and ROA of the company shows favorable results which will lead investors to be optimistic about the bank's future development prospects.

Quarterly review; Quarter 4-2021

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MITDC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
0.05	0.06	0.06
Million in MVR	Million in MVR	Million in MVR

MITDC generates income as per the terms of L. Baresdhoo caretaking agreement. Company has reported a revenue of MVR 0.06 million in the fourth quarter same as the previous quarter. Revenue has increased by 39% compared to Q4 2020 as a new agreement started generating additional income compared to Q4 2020. There were no other revenue generating activities during the quarters in review.

Net Loss

Q4 2020	Q4 2021	Q3 2021
-5.76	-6.17	-5.80
Million in MVR	Million in MVR	Million in MVR

In the fourth quarter of 2021, MITDC has reported a loss of MVR 6.17 million. Net loss of MITDC was increased in the fourth quarter compared to other two quarters by 7% and 6% respectively. Such an increase in net loss in Q4 2021 is due to high overhead expenses incurred compared to the previous quarter. Total administrative expenses have increased compared to the previous quarter by 13% mainly due to increase in office supplies by 388% as well as repair and maintenance by 2616%. MITDC incurred additional expenses due the relocation of office premises such as office supplies, repair and maintenance and utilities which resulted in a total of MVR 200 thousand. The payroll expenses increased by 8% as a result of recruiting new staff and paying overtime in the fourth quarter. Moreover, director’s remuneration was increased as a result of board sitting allowance. MITDC reported MVR 3.9 million as financing cost as per the IFRS 16 lease.

Since MITDC was not able to generate sufficient revenue, administrative expenses are managed through the capital contributions provided by the government.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.02	0.04	0.03
TIMES	TIMES	TIMES

MITDC's current ratio is below 1 for the three quarters in review, indicating unsatisfactory short-term liquidity position. It is noted that the current assets are less compared to its current liabilities and 15% of current assets is trade and other receivables in Q4 2021. Below table illustrates company's trade and other receivables for the quarters of Q4 2020, Q4 2021 and Q3 2021.

Trade and othe receivables	Q4 2020	Q4 2021	Q3 2021
Accounts Receivable	82,387	84,687	56,687
Other Receivable	74,032	53,000	60,000
GST refundable	575,022	620,551	604,589
Advance payments to suppliers	15,034,500	15,034,500	15,034,500
Provision for Impairment for Advance Payments	(15,034,500)	(15,034,500)	(15,034,500)
Total	**731,441**	**758,238**	**721,276**

As seen from the table, trade and other receivables were increased in the Q4 2021 compared to the other two quarters of Q4 2020 and Q3 2021 by 4% and 5% respectively. In addition, it is noted that the company has made an allowance for the advance payment to suppliers. As the company has not recorded any inventory, the quick ratio and current ratio is same.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.01	0.04	0.02
TIMES	TIMES	TIMES

MITDC's cash ratio is low for the three quarters and is in a high-risk position. In the fourth quarter, cash and cash equivalents of the company increased compared to previous quarter by 103% and compared to Q4 2020 by 221%. It is important to highlight that the cash balance of MVR 4.3 million of the company mainly consists of the capital contribution by the government.

MITDC's current liabilities increased by 11% compared to Q4 2020 and by 13% compared to the previous quarter. Such an increase in current liabilities is mainly due to increase in current lease liabilities by 55% and 58.3% respectively. Also, MITDC has short term borrowings of MVR 15.42 million, which is a loan taken on 26 April 2018 from the Ministry of Finance for integrated tourism development projects on the island of Kaashidhoo in Male' Atoll. The loan is to be repaid in one year from the date of agreement however, the Kaashidhoo project is on hold as the land plot is currently not a property of MITDC.

Moreover, it is noted that 51% of current liabilities consist of trade and other payables of the company in the fourth quarter. Below table illustrates company's trade and other payables for the quarters of Q4 2020, Q4 2021 and Q3 2021.

Trade and other Payables	Q4 2020	Q4 2021	Q3 2021
Trade Payables	14,019,245	14,182,246	13,993,747
Accrued Expenses	530,206	42,323	16,346
Advance rent- Baresdhoo Rent Model	4,972,836	4,587,336	4,587,336
Advance rent- Baresdhoo LAC Model	26,985,000	26,830,800	26,985,000
Refund Payable	13,020,810	9,266,040	12,041,640
Accrued Interest	2,879,804	3,791,586	3,561,767
Other Payables	-	496,344	22,000
CSR Funds	1,921,887	1,921,887	1,921,887
Total	**64,329,788**	**61,118,562**	**63,129,723**

Trade and other payables of MITDC decreased compared to Q4 2020 and previous quarter by 5% and 3.2% respectively mainly due to reduction in Baresdhoo refund payable by 23% compared to Q3 2021. The major components of trade and other payables are advance rent collected for Baresdhoo project which comprise 67% of total trade and other payables in the fourth quarter.

CONCLUSION & RECOMMENDATION

In the fourth quarter of 2021, MITDC has reported a revenue of MVR 0.06 million. Compare to previous quarter total overhead expenses of the company increased by 21%. MITDC has incurred a net loss of MVR 6.17 million for the fourth quarter of 2021. Hence, MITDC should efficiently manage operational costs and try to reduce the overhead expenses wherever possible to surpass the net loss for the year. Moreover, in order to achieve revenue and profit growth, it is crucial for the company to plan and implement effective business strategies to succeed.

The short-term liquidity position of the company is very poor due to the current liabilities being relatively higher than its current assets. Also, it is important to mention that, MITDC mainly rely on the government's capital contribution to manage all their operational expenses. Therefore, MITDC needs to plan and formulate strategies which will help to cover the operational expenses with own revenue and most importantly to improve profitability of the company.

Quarterly review; Quarter 4-2021

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION (MMPRC)

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MMPRC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
88.6	49.1	38.5
Million in MVR	Million in MVR	Million in MVR

The MMPRC is a state-owned corporation which is the national tourism promotion office of the Maldives, responsible to promote Maldives as the most preferred tourist destination.

Looking at revenue of the cooperation, the MMPRC has reported total revenue of MVR 49.1 million for Q4 2021 including grant income from the government. The revenue reported includes grant income of MVR 48.5 million (MVR 33.5 million in Q3 2021), received to the company, which also represents 99% of the company's total revenue and income in Q4 2021. Excluding the grant income, other revenue sources such as income from membership and fair participation accounts for MVR 0.6 million.

Gross Profit/ (loss)

Q4 2020	Q4 2021	Q3 2021
81.3	7.39	12.0
Million in MVR	Million in MVR	Million in MVR

Although total revenue and income is higher in Q4 2021 compared to previous quarter, the gross profit has declined due to higher direct costs. In comparison to the same period of last year, the gross profit of Q4 2021 is significantly lower. During 2021, company has conducted 126 promotional marketing campaigns, 38 fairs, 11 roadshows, 33 virtual events, 35 FAM trips and 17 other events.

Net Profit/ (loss)

Q4 2020	Q4 2021	Q3 2021
75.4	0.63	5.00
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly dropped compared to other two quarters. This is mainly due to the high direct costs incurred in Q4 2021. However, the total operating expenses has declined compared to previous quarter mostly from selling and marketing expenses. Although total expenses declined marginally, Company's administrative expenses have increased in Q4 2021 compared to both quarters in review. The increments were recorded by salary and wages due to increase in number of staffs, subscription fee for additional marketing related activities, rent due to additional office space hire and exchange loss which resulted a net profit margin of 1% in Q4 down from 13% in previous quarter.

LIQUIDITY

Current ratio

Q4 2020	Q4 2021	Q3 2021
1.06	1.06	1.06
TIMES	TIMES	TIMES

Current ratio measures the ability of MMPRC to pay short-term obligations or those due within one year. The ratio suggests that the company has more assets than its liabilities. Nevertheless, the greater portion of MMPRC's current assets are trade and other receivables which represent 93% of total current assets as at Q4 2021. Trade and other receivables have reduced by MVR 7 million in Q4 2021 compared to the previous quarter. The majority of receivables and payables constitute acquisition cost related to resorts which are currently court cases. Excluding such receivables and payables, company's current ratio stands at 8.0 times for Q4 2021.

Cash ratio

Q4 2020	Q4 2021	Q3 2021
0.06	0.07	0.07
TIMES	TIMES	TIMES

Cash ratio calculates the ability to repay its short-term debts with cash or near-cash resources. MMPRC have less cash and cash equivalent compared to current liabilities. Company's cash and cash equivalent has declined compared to previous quarter as they have settled payables amounting to MVR 12.7 million, invested MVR 1 million in PPE and repaid loans amounting to MVR 2.1 million, which has led the reduction of cash balance. Further, it has to be noted that cash flow generated from operations is negative for Q4 2021. Excluding corruption related payables, the cash ratio of the company stands at 2.9 times.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
6.21	3.48	3.68

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. More specifically, it shows the ability of shareholder's equity to cover all outstanding debts in the event of a business downturn. The debt to equity is very high since equity and reserve of the company is very low. At the end of Q4 2021, MMPRC has loans and borrowings amounting to MVR 76.8 million after a repayment of MVR 2.1 million during Q4 2021. This loan is for the USD purchase transactions carried out during the year 2015.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.05	0.05	0.05

Debt to asset ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio indicates the less risky the company. As per this ratio, MMPRC is in a satisfactory level in terms of debt. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and improve core business activities to generate cash.

Interest Cover Ratio

Q4 2020	Q4 2021	Q3 2021
45.8 TIMES	1.69 TIMES	6.48 TIMES

Interest cover ratio measures how many times the company can cover its current interest payment with its available earnings. Interest cover has significantly declined in Q4 2021 due to reduction of operating profit.

CONCLUSION & RECOMMENDATION

The main goal and objective of the MMPRC is promoting Maldives a the most preferred tourist destination. MMPRC has reported total revenue of MVR 49.1 million for Q4 2021 including grant income from the government. However, the level of increase in direct costs is much higher than revenue due to the increase in marketing and promotional activities to recover the industry from the downturn tourist arrival due to COVID19. Hence the net profit of the company was significantly lower than the previous quarter.

During 2021, company has conducted 126 promotional marketing campaigns, 38 fairs, 11 roadshows, 33 virtual events, 35 FAM trips and 17 other events.

The short-term liquidity position of MMPRC is unsatisfactory as company has more current liabilities than current assets. The major current liability of the company is amounts payable to related party which consists of ongoing legal cased.

Long term loans and borrowings have declined in Q4 2021 due to loan repayments while total equity of the company is very low. Thus, debt to equity ratio is relatively high for MMPRC due to a single long-term loan related to a US dollar purchase transaction with Maldives Ports Limited carried forward from previous years. Nevertheless, with the significant liabilities and weak liquidity position of the company, the company should focus on cost reduction.

Quarterly review; Quarter 4-2021

MALDIVES SPORTS CORPORATION LTD (MSCL)

MALDIVES SPORTS CORPORATION LTD (MSCL)
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MSCL/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
1.27	2	0
Million in MVR	Thousand in MVR	Million in MVR

Maldives Sports Corporation Ltd (MSCL) has reported a revenue of MVR 2 thousand in the fourth quarter from Gaafaru school activity uniform sales. MSCL was unable to generate any revenue in the previous quarter of Q3 2021 but generated a revenue of MVR 1.27 million in the same quarter of last year.

Net loss

Q4 2020	Q4 2021	Q3 2021
-0.91	-1.21	-1.23
Million in MVR	Million in MVR	Million in MVR

MSCL has incurred a net loss of MVR 1.21 million in the fourth quarter of 2021 which has declined by 2% compared to Q3 2021. However, compared to last year's fourth quarter loss has increased by 1227%. Operating expenses mainly consist of personnel expenses which covers 89% of the total operating expenses.

Personnel expenses have reduced compared to Q4 2020 and Q3 2021 by 11% and 7% respectively. Main reason for the decline in personnel expenses is due to decreasing in number of staffs in the fourth quarter resulting in reducing payroll related expenses. Also, board remuneration declined because of decrease in board sittings but financial performance allowance increased due to increase in allowance by Privatization and Corporatization Board.

Administrative expenses have increased compared to the previous quarter by 106% and by 137% compared to Q4 2020 as a result of incurring additional expenses on legal and professional fees and cleaning expenses.

However, it is important to highlight that even though MSCL reported a net loss for the fourth quarter, there has been a marginal reduction compare to previous quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
7.9 TIMES	11.9 TIMES	9.5 TIMES

In the fourth quarter MSCL has a current ratio of 11.9 times which indicates that the company has sufficient current assets to meet short-term liabilities. Current ratio in the fourth quarter of 2021 has improved by 26% compared to the previous quarter and by 50% compare to the same quarter of last year. Current assets of the company have increased compare to Q3 2021 by 1% and current assets mainly consist of 99.67% of cash and cash equivalents. Cash and cash equivalent is the capital contribution provided by the government. In Q4 2021, MVR 1.25 million was contributed and total contribution at the end of Q4 2021 stands at MVR 31.5 million. Moreover, current liabilities have decreased by 20% compared to the previous quarter and mainly consist of trade and other payables of MVR 0.12 million.

MSCL has not reported any inventory in the quarter hence the quick ratio is the same for the quarter in review.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
7.6 TIMES	11.9 TIMES	9.4 TIMES

Cash and cash equivalents in the quarters in review mainly represents the capital contribution provided by the government. In the fourth quarter cash and cash equivalent is at MVR 1.41 million and current liabilities are at MVR 0.12 million. Therefore, cash ratio at 11.9 times indicates that MSCL is able to meet short term obligations using the cash or near cash on hand.

CONCLUSION & RECOMMENDATION

MSCL has generated a revenue of MVR 2 thousand in the fourth quarter and due to incurring high operational expenses MSCL experienced a net loss of MVR 1.21 million at the end of the quarter. Moreover, the company's liquidity position is favourable compared to other quarters in review. However, it is important to highlight that MSCL relies mostly on capital contribution by the government to manage day to day operation of the company.

Therefore, in order to achieve desired profit and reach break-even MSCL should focus on revenue generation and managing their overhead expenses and effectively manage its current assets and liabilities.

Quarterly review; Quarter 4-2021

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD (MTCC)

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTCC/Q4

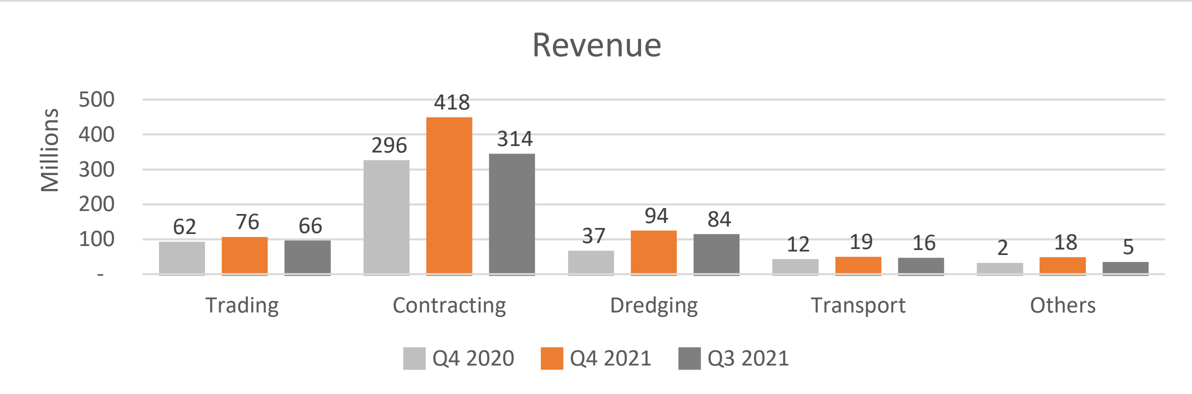
Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
409	626	485
Million in MVR	Million in MVR	Million in MVR

MTCC has reported total revenue of MVR 626 million from all the core business segments in the fourth quarter of 2021, which is a significant revenue growth of 53% and 29% compared to Q4 2020 and Q3 2021 respectively. Below chart illustrates how MTCC generates revenue from the business segments in the comparable quarters.



As seen from the above chart, revenue from all the business segments were improved in Q4 2021 compared to other two quarters. The main revenue generating segment, contracting revenue was improved by 41% compared to Q4 2020 due to increase in the number of projects and 33% compared to Q3 2021 with the increase in number of works completed for the projects and improved progress rates in Q4 2021. Likewise, revenue from Dredging segment recorded 11% growth and Transport segment recorded 18% compared to previous quarter. Trading sector performance has also improved by 16% as sales has recovered due to the yearend kashavaru promo. In addition, with the increase in ship agency activity in the quarter other revenue was increased by 294% compared to previous quarter.

It is noted that Transport sector has expanded its business operations with the transfer of bus operation of MPL, and bus services was expanded to Hulhumale' Phase 2 which leads to improve revenue for the quarter. It is noted that the loss incurred by the transport segment are subsidized by the government.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
118	102	74
Million in MVR	Million in MVR	Million in MVR

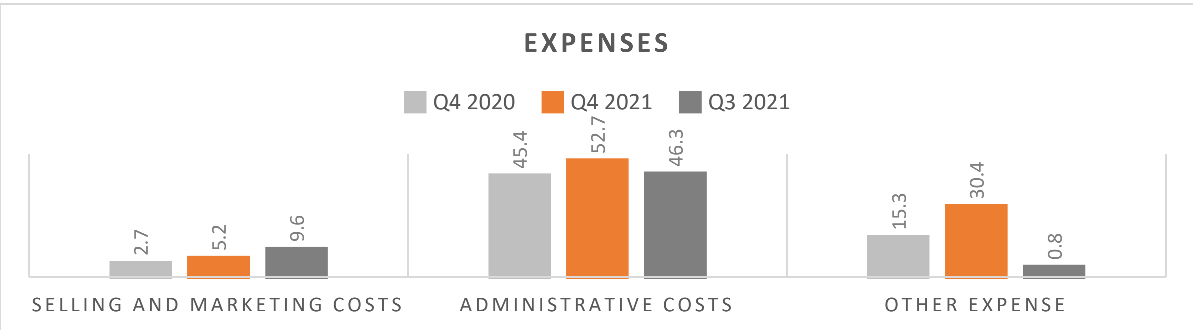
With the expansion of business operations, overall costs were increased in Q4 2021 by MVR 113 million compared to previous quarter. However, due to significant growth of total revenue, company's gross profit was improved to MVR 102 million which is higher than the previous quarter by 38%. Hence, gross profit margin was increased from 15% in Q3 2021 to 16% in Q4 2021

In the fourth quarter 2021, MTCC have hired 193 staffs for the increased number of projects, with the expansion of bus operations and new ferry services. Hence, compared to previous quarter, direct basic salaries were increased by 31%. Cost of sales was also increased by 27% due to increase in the number of works completed for the projects. In addition, repair and maintenance increased by 479% and Inter-company repair and maintenance increased by 189% since with increased machinery and vehicle and vessels, the need for repair and servicing has increased which was mostly done internally. Further, fuel costs were also increased by 35% due to the expansion in transport and contracting sector, increased number of dredging and reclamation works and increased fuel consumption for ship agency in Q4 2021 compared to Q3 2021.

Operating Profit

Q4 2020	Q4 2021	Q3 2021
99	67	71
Million in MVR	Million in MVR	Million in MVR

Operating profit of the company was declined in Q4 2021 by 6% due to the increased operating expenses of the company. Company's operating expenses were increased from MVR 56.8 million to MVR 88.3 million from Q3 2021 to Q4 2021. Below chart illustrates how company's operating expenses incurred for the three quarters in review.



Administrative expenses of the company were increased in Q4 2021 by 16% and 14% compared to the corresponding quarter of 2020 and previous quarter respectively. Among administrative expenses, general insurance increased by 58% against previous quarter due to increase in machineries capitalized and increase in the number of staffs during Q4 2021. Training expenses increased by 191% compared to Q3 2021 as staff development and training activities are increased since travel restrictions are relaxed. In addition, other consultation fee has also significantly increased since company has established ERM system in Q4 2021 by a joint venture of foreign and a local consultant. Further, MTCC has contributed to the community by various CSR related works in Q4 2021, thus complimentary expenses recorded a growth of 101% against Q3 2021. Staff travelling expenses also increased as travelling to project sites has increased with the increased number of projects.

Selling and marketing expenses has declined in Q4 2021 against previous quarter mainly due to reduction in provisions. Conversely, other expenses have significantly grown compared to other two quarters. In Q4 2021 MTCC has recognized a significant amount relating to impairment of trade and other receivables considering the Covid-19 impact on the business of the customers.

Net Profit

Q4 2020	Q4 2021	Q3 2021
67.8	44.4	55.6
Million in MVR	Million in MVR	Million in MVR

MTCC has reported a net profit of MVR 44.4 million for the last quarter of 2021, which is 20% lower than previous quarter. Regardless of revenue growth, the net profit has declined due to increased overheads (mainly from impairment of trade and other receivable) and increased finance costs. Thus, net profit margin has dropped to 7% in Q4 2021, from 11% in Q3 2021 and 17% in Q4 2020. Transport subsidy has increased from MVR 44 million to MVR 46 million with the expansion of transport segment.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.6	1.5	1.5
TIMES	TIMES	TIMES

MTCC has a current ratio of 1.5 for Q4 2021 indicating that the company is capable in meeting the short-term obligations with the current assets of the company. Company’s current assets exceeds the current liabilities.

Although the ratio has not changed both current assets and current liabilities have increased compared to other two quarters. Trade and other payables increased by 9% and bank overdraft increased by 31% against previous quarter. Similarly trade and other receivables increased by 3.4% and cash and cash equivalents increased by 323% against previous quarter. The major current assets of the company are trade and other receivables, which covers 74% of total current assets of Q4 2021. It is important to highlight that trade and other receivables are increasing in each quarter and has reported MVR 1.44 billion of trade and other receivables at the end of Q4 2021. Receivables from related parties are a major component of the total receivables which consists of outstanding for deferred project invoices and contract assets.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
1.2 TIMES	1.1 TIMES	1.2 TIMES

The quick ratio of the company is 1.1 times for Q4 2021, indicating company's most liquid current assets are more than current liabilities. This is a better sign for the creditors as it assures the capacity of repayment. This also indicates that the company can pay off its current debts without selling its long-term assets.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.1 TIMES	0.05 TIMES	0.01 TIMES

The cash ratio of the company indicates that MTCC does not have enough cash to settle its total current liabilities promptly using its cash and cash equivalent only. The ratio has improved due to increase in cash balance over MVR 53 million against previous quarter. Operating cash flow of the company has improved from negative MVR 48.5 million in Q3 2021 to MVR 153 million in Q4 2021. Nevertheless, the company has utilized MVR 22.6 from its bank overdraft facility at the end of 2021. Nevertheless, the net operating cash flow of the company have improved to MVR 153 million compared to negative MVR 48.5 million in Q3 2021.

It is important that company maintains its inventories and receivables at an optimum level to reduce finance costs related to working capital management.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.47	0.39	0.44

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. More specifically, it shows the ability of shareholder's equity to cover all outstanding debts in the event of a business downturn. MTCC has maintained total borrowings below shareholder's equity in all the comparable quarters. The ratio has decreased as a result of decline in total borrowings at the end of Q4 2021.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.22	0.17	0.19

Debt to asset ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio indicates the less risky the company. MTCC owns more assets than debts indicating that company is in a satisfactory level in terms of debt.

Interest Cover Ratio

Q4 2020	Q4 2021	Q3 2021
5.40 TIMES	4.67 TIMES	13.6 TIMES

Interest cover ratio measures how many times MTCC can cover its current interest payment with its available earnings. Interest cover has significantly declined in Q4 2021 as interest expenses has significantly increased. Further, operating profit has also declined in Q4 2021.

CONCLUSION & RECOMMENDATION

MTCC has achieved a revenue growth of 29% compared to previous quarter contributed by all the core segments of the company. The most notable growth was reported by contracting segment with 33% as a result of increased in level of progress and works completed for the projects. The overall gross profit also increased by 38% compared to Q3 2021.

With the expansion of operations, direct expenses and related overheads have also increased. Specifically, a provision of MVR 28 million for the impairment of trade and other receivables had a high impact for the profitability. Thus, the net profit of Q4 2021 declined by 20% compared to Q3 2021.

Liquidity position remained almost constant over comparable period of three quarters. Although current assets cover current liabilities, cash position of the company is low compared to sum of the short-term liabilities which company is responsible for. Nevertheless, the cash balance of the company has significantly improved in Q4 2021. Almost 74% of company’s current assets are from trade and other receivables therefore, company should focus on the receivables collections and should improve its credit collection policies in order to improve company’s cash flow. MTCC needs to work closely with MNPI and all other relevant authorities to recover receivables. MTCC’s leverage ratio are acceptable indicating company is less risky and is capable to cover their interest payments through their earnings.

Quarterly review; Quarter 4-2021

MALDIVES TOURISM DEVELOPMENT CORPORATION (MTDC)

MALDIVES TOURISM DEVELOPMENT CORPORATION
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTDC/Q4

Q4 2021 with Q4 2020 AND Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
15.5	22.5	13.2
Million in MVR	Million in MVR	Million in MVR

The company is engaged in subleasing islands allotted to the company by the Government of the Maldives for resort development, hence the only source of revenue is subleasing income. Company's portfolio of islands has remained same for the period in review, however the total revenue has increased by 70% and 46% compared to Q3 2021 and Q4 2020.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
4.9	10.5	6.0
Million in MVR	Million in MVR	Million in MVR

MTDC has reported a gross profit of MVR 10.5 million in Q4 2021, which is a growth of 74% and 116% compared to Q3 2021 and Q4 2020 respectively. Along with the increased revenue, direct costs have also recorded a growth.

Net profit

Q4 2020	Q4 2021	Q3 2021
1.8	249	10.6
Million in MVR	Million in MVR	Million in MVR

MTDC has reported a significant net profit of MVR 249 million for the last quarter of 2021. The notable growth in net profit compared to other two quarters is mainly attributable to significant gain on lease modification in addition to revenue growth. On the other hand, company's administrative expenses recorded a reduction of 10% compared to previous quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
2.0	1.1	2.0
TIMES	TIMES	TIMES

The current ratio measures MTDC's ability to pay short-term obligations or those due within one year. Company's current ratio has declined in Q4 2021 compared to previous quarter as company's current assets reduced while current liabilities has increased. Current assets have decreased from net investment sublease, other receivables and investment in fixed deposits from other receivables and investment in fixed deposits. On the other hand, trade and other payables and BPT payable increased compare to previous quarter. Nevertheless, the current ratio of the company indicates that company has capacity to settle the short-term liabilities if they fall due within one year. Current ratio of the company is equal to the quick ratio since company does not have any inventory.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.15	0.45	0.01
TIMES	TIMES	TIMES

Cash ratio calculates company's ability to repay its short-term debt with cash or near-cash resources. Cash and cash equivalent of the company has significantly improved from MVR 1.3 million in Q3 2021 to MVR 74.5 million in Q4 2021 mainly due to sublease rent received. The cash ratio indicates that the company does not have enough cash and cash equivalent to cover current liabilities through only cash and cash equivalent. The operating cash flow of the company has turned positive in Q4 2021 while Q3 2021 was ended with a negative operating cash flow. In Q4 2021 MTDC has invested MVR 25 million in fixed deposit and the total fixed investment deposit at the end of Q4 2021 is MVR 98.9 million. The cash ratio including the fixed deposit stands at almost 1.0 in Q4 2021.

CONCLUSION AND RECOMMENDATION

MTDC is only engaged in sub leasing of the islands, hence the company is earning a fixed income from subleasing. The company has reported a revenue growth of 70% and net profit growth of 2247% against previous quarter. In addition to revenue, gain on lease modification attributes to the significant profit growth in Q4 2021.

Short term liquidity position of MTDC is favorable with more current assets relative to their current liabilities. The cash ratio of the company looks reasonable and with the inclusion of fixed deposit the ratio stands at 1.0.

Since the company’s current business model involves sub leasing the islands to third parties, the company’s ability to grow revenue is capped at the number of islands available for sub leasing. Increasing revenue through other sources within the mandate of the company should be looked into in order to improve performance and increase share value.

MTDC has huge amounts of payables which has further increased in Q4 2021, hence it needs to be reduced to improve the liquidity position of the company. However, to do that the company should reduce receivables and collect as per the agreement and take necessary actions without any delay.

Quarterly review; Quarter 4-2021

MALE' WATER AND SEWERAGE COMPANY PVT LTD (MWSC)

MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MWSC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
327	534	263
Million in MVR	Million in MVR	Million in MVR

MWSC has ended Q4 2021 with total revenue of MVR 534 million, a growth of 103% and 63% compared to Q3 2021 and Q4 2020 respectively.

Revenue	Q4 2020	Q4 2021	Q3 2021
Utilities	215,803,768	236,596,406	190,134,995
Manufacturing	26,962,537	29,329,211	29,983,713
Ice Manufacturing	402,943	473,914	543,357
Projects	75,770,241	260,259,239	37,836,992
Trading	8,005,548	7,306,202	4,677,376
Waste Management	182,088	182,276	178,000
Total	**327,127,125**	**534,147,248**	**263,354,433**

MWSC's performance at segment level shows significant growth in revenue from projects in Q4 2021. Utilities segment reported the second highest revenue growth. Increase in general trading & commercial activities in Greater Male' Region has led the improvement in trading segment.

Gross Profit

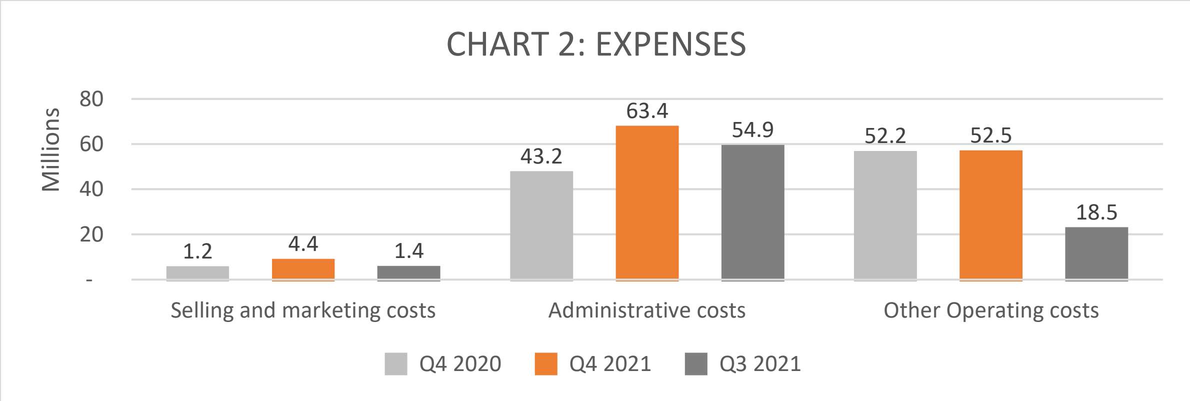
Q4 2020	Q4 2021	Q3 2021
233	263	147
Million in MVR	Million in MVR	Million in MVR

The reported gross profit for Q4 2021 is 79% higher than previous quarter. However, the direct costs grew more than revenue, thus gross profit margin decline from 56% to 49% compared to Q3 2021. In comparison to Q4 2020, gross profits are 13% higher in Q4 2021.

Net Profit

Q4 2020	Q4 2021	Q3 2021
127	127	70
Million in MVR	Million in MVR	Million in MVR

MWSC has reported net profit of MVR 127 million for Q4 2021, which is a growth of 82% compared to previous quarter. Administrative expenses of the company increased as a result of expansion of operations, hence net profit margin declined from 27% to 24% from Q3 2021 to Q4 2021. In comparison to Q4 2020, the net profits are almost same in Q4 2021.



Total expenses show increment of 61% against previous quarter. Administrative expenses increased by MVR 8.4 million against Q3 2021, mainly from staff costs. Staff costs were increased by MVR 6,225,316 which is 18% higher than previous quarter due to increase in staff in Q4 2021. In addition, significant increase is noted from printing and stationary by MVR 2,162,773, repair and maintenance of building and furniture by MVR 1,391,197 and utilities expenses by MVR 1,391,197 in Q4 2021 compared to previous quarter.

On the other hand, among administrative expenses, freight and duty and IT expenses has reduced compared to previous quarter. Other operating expenses have significantly increased due to recognition of provision for bad debts amounting MVR 33 million. In comparison to the same period of last year, total operating expenses are 24% higher in Q4 2021 mainly because high staff costs.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.35 TIMES	1.41 TIMES	1.28 TIMES

MWSC has more current assets compared to its liabilities. The current ratio has further improved in Q4 2021 mainly due to increase in receivables and reduction in dividend and tax payables. The company has capacity to meet its short-term obligations of the company. The majority of current assets comprise of inventory, trade receivables and cash balance. Current liabilities of the company have declined in Q4 2021 compared to previous quarter mainly from income tax payable and GRIR & other clearing accounts. Major line items reported under current liabilities includes dividend payable, trade payable, income tax payable and current portion of debts.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
1.00 TIMES	1.07 TIMES	0.95 TIMES

Quick ratio shows availability of most liquid assets to service current liabilities. Quick ratio of the company has improved in Q4 2021, indicating company has enough liquid assets compared to the current liabilities. The improvement in the ratio reflects the reduction in current liabilities and increased current assets.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.38	0.17	0.20
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has significantly reduced by 16% and current liabilities marginally decreased by 2% compared to previous quarter.

MWSC has generated MVR 11.9 million from their operations. The major cash outflows during Q4 2021 includes payment of BPT, repayment of loan, payment of dividend and purchase of PPE. Therefore, the net impact of cash and cash equivalents was negative MVR 31 million, however with an opening balance of MVR 190 million, company has ended the quarter with a cash balance of MVR 159 million.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.11	0.10	0.12
TIMES	TIMES	TIMES

Company's debt levels remain relatively low with adequate cash generated from operating activities. Therefore, the company still has ample space to raise debt from banks and expand the business if the need arises. Total loans and borrowing of the company stand at MVR 174 million, which is a reduction of 7% against previous quarter. On the other hand, equity of the company has increased by over MVR 149 million compared to previous quarter. Hence, company's debt to equity ratio has declined compared to both Q4 2020 and Q3 2021. MWSC is using a relatively low debts to finance its operations, hence financial risk of the company is very low.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.06	0.06	0.07
TIMES	TIMES	TIMES

The company has repaid over MVR 14 million loans in Q4 2021 and has not taken any additional loans. Company's debt to asset ratio has marginally decreased compare to previous quarter. The company has a huge asset base of over MVR 2.9 billion as at the end of Q4 2021.

CONCLUSION & RECOMENDATION

MWSC has achieved remarkable results in Q4 2021 in terms of revenue and profitability. A revenue growth of 103% was reported against previous quarter mainly contributed by project revenue. Further, the net profit has increased by 82% compared to Q3 2021.

Company's liquidity position is satisfactory as company has high current assets compared to the current liabilities. However, Cash ratio of the company declined in Q4 2021. The company has reduced its current liabilities by settling dividend, taxes and loan repayments.

MWSC's leverage ratios are comparatively lower in relation to the asset base. Moreover, MWSC have capacity to invest in future projects as the company has a huge reserve. It is also important for the company to focus on completing the on-going projects as per schedule.

Quarterly review; Quarter 4-2021

MALDIVES PORTS LIMITED (MPL)

MALDIVES PORTS LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MPL/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
132.5	185.5	162.2
Million in MVR	Million in MVR	Million in MVR

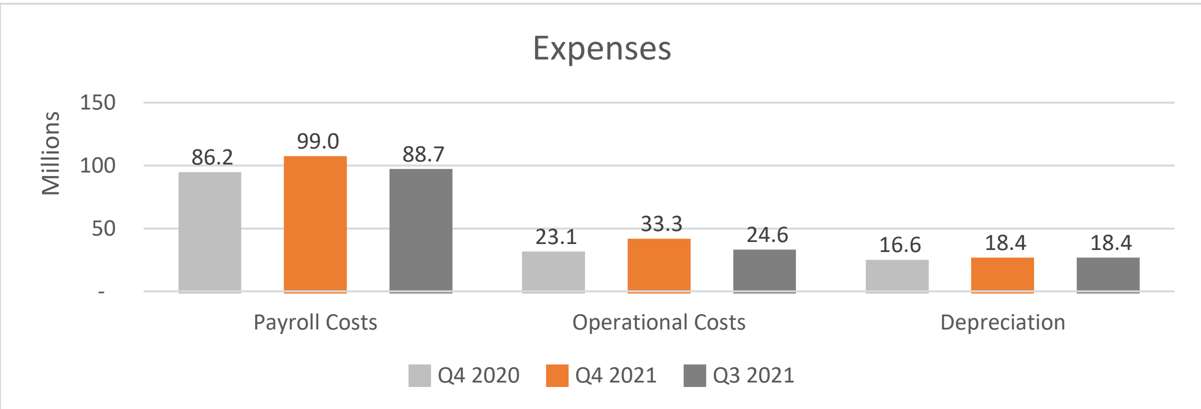
PORTS Limited has reported total revenue of MVR 185.5 million for Q4 2021, a growth of 14% and 40% compared to Q3 2021 and Q4 2020 respectively, mainly due to the recovery of economic activities and influx of tourists arriving in the Maldives with the ease of Covid-19 pandemic. The highest growth was reported by stevedoring income compared to other two quarters due to increase in number of vessels and cargo handled.

Operating Profit

Q4 2020	Q4 2021	Q3 2021
6.56	34.9	30.5
Million in MVR	Million in MVR	Million in MVR

The company has achieved an operating profit of MVR 34.9 million for Q4 2021, a growth of 15% against previous quarter. While revenue grew at 14%, total operating and overheads also grew at 14% against previous quarter. Hence, operating profit margin remained same as Q3 2021.

Expenses



The major expense of the company is payroll expense and it has increased by MVR 10m compared to previous quarter mainly due to sick leave allowance (paid once a year), staff training expense and bonus. The increment in operational expenses are due to increase in vehicle repair and maintenance.

In comparison to the same period of last year, total expenses have recorded an increment of MVR 24.7 million i.e. an increment of MVR 12.8 from payroll (mainly due to changes in policy), an increment of MVR 10.2 million from operational costs (increase in repairs) and increment of MVR 1.7 million from depreciation.

Net Profit

Q4 2020	Q4 2021	Q3 2021
2.66	27.2	9.70
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has recorded a significant growth of 180% against previous quarter and 921% against Q4 2021. The significant growth against Q4 2020 is mainly attributable to the revenue growth. Previous quarter's profitability was severely affected by the significant expense incurred regarding the transfer of transport division assets to MTCC. Thus, profitability is notably higher in Q4 2021 compared to Q3 2021.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
2.10	2.02	1.85
TIMES	TIMES	TIMES

The current ratio measures a company's ability to pay short-term obligations or those due within one year. The higher the current ratio, the more capable a company is at paying its obligations as MPL has a larger proportion of short-term assets relative to the value of its short-term liabilities. Company has more current assets compared to the current liabilities. The increase in current ratio compared to previous quarter is the implication of increase in current assets while current liabilities declined.

The most significant component of current assets is inventory due to inclusion of Social Housing (Hiya) project. In addition, during the year MPL has invested MVR 34.9 million on PPE and invested MVR 49.7 million on investment in securities. Further, company has significant trade and other payables.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.82	0.56	0.54
TIMES	TIMES	TIMES

The quick ratio reflects company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of MPL is considerably low as company's inventory is the major current assets and which has been increasing mainly due to Social Housing Scheme project.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.08 TIMES	0.07 TIMES	0.10 TIMES

The cash ratio has declined Q4 2021 compared to previous quarter as cash balance of the company has reduced by 33% against previous quarter. During the year, the company has invested MVR 49.7 million in Securities and repaid loans amounting to MVR 49 million. Further, MVR 34 million was spent on purchase and construction of PPE.

LEVARAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.22 TIMES	0.11 TIMES	0.13 TIMES

Debt to equity ratio has reduced in Q4 2021 compared previous quarter as total loans and borrowings of the company has reduced due to significant repayments. Further, company has significant equity of MVR 1,840 million at the end of Q4 2021. Company's debt to equity is satisfactory in terms of financial risk.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.12 TIMES	0.07 TIMES	0.07 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets or assets finance by debt. A ratio less than one means MPL owns more assets than debts and can meet its obligations with their assets. The current debt to asset ratio of MPL is quite satisfactory in terms of financial risk.

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
18%	10%	11%

The ratio is an indicator of the company's leverage, which is debt used to purchase assets. Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. A low metric indicates that MPL raises its funds through current revenues or shareholders, therefore with a low debt capitalization ratio, MPL would be able to attract more funds into the company as it shows company is financially stable. The ratio has further declined in Q4 2021 due to reduction of loans and borrowings.

Interest Cover

Q4 2020	Q4 2021	Q3 2021
1.4	6.4	5.4
TIMES	TIMES	TIMES

The interest cover ratio measures how many times MPL can cover its current interest payment with its available earnings. A positive interest cover illustrates that the company earns enough profits to service the finance cost. A company's ability to meet its interest obligations is an aspect of its solvency and it is a very important factor for shareholders. The ratio has increased as the operating profit of the company has improved in Q4 2021 compared to previous quarter.

CONCLUSION & RECOMENDATION

MPL has achieved a favorable result in Q4 2021 in terms of revenue and profitability. Total revenue has recorded a growth of 14% against previous quarter due to increased activities. Along with revenue, expenses of the company have also increased, however company has reported an operating profit growth of 15% against Q3 2021. Further, Q4 of 2021 was ended with a net profit of 27.2 million, a growth of 180% against previous quarter.

In terms of short-term liquidity position, the company's liquidity position is at a satisfactory level being able to meet the short-term obligations. However, it must be noted that the largest components of current assets are inventory contributing 72% of current assets. Hence, liquid assts of the company are less relative to short term liabilities. Both receivables and payables of the company have declined compared to previous quarter.

Although, company has long term loans, the financial risk of the company is satisfactory as equity and asset levels of MPL is quite high.

Quarterly review; Quarter 4-2021

MALDIVES POST LTD

MALDIVES POST LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/POST/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
5.1	5.5	4.6
Million in MVR	Million in MVR	Million in MVR

Maldives Post Limited reported a revenue of MVR 5.5 million in the fourth quarter of 2021. Revenue for Q4 2021 is higher than other two quarters in review. Below table illustrates the breakdown of revenue for the quarters Q4 2020, Q4 2021 and Q3 2021.

Revenue	Q4 2020	Q4 2021	Q3 2021
Sales from postage and stamp sales	409,272	1,216,527	1,074,548
Commission Income	12,428	16,184	11,165
Terminal Dues, EMS & Parcel Post Income	4,367,176	3,107,974	3,123,343
E-commerce	237,638	299,822	255,976
Post Shop	33,771	174,136	98,689
Consignment Income		696,235	
Total	**5,060,285**	**5,510,879**	**4,563,721**

As seen from the table, 56% of total revenue in the fourth quarter is generated mainly from terminal dues, EMS & parcel post income. However, due to decrease in incoming mail in 2021 terminal dues, EMS & parcel post income has been reduced compare to other two quarters in review. On the other hand, revenue from E-commerce and sales from postage and stamp sales has increased in Q4 2021 as a result of increase in outgoing mails and high demand for E-Tukuri international in 2021.

Moreover, it is important to highlight that Post Limited carried out a new business venture trial in Q4 2021 which generated a revenue of MVR 0.70 million from consignment income.

The company is currently expanding its service on domestic front as a longer-term strategy to diversify its revenue segments in a bid to limit reliance on international mail inflow. This includes development of E-Tukuri local platform aiming to be a generous source of income in future.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
4.8	4.9	3.8
Million in MVR	Million in MVR	Million in MVR

Post Limited has reported a gross profit of MVR 4.9 million in the fourth quarter which has improved with increased operations compared to Q4 2020 and Q3 2021. Hence, gross profit margin has improved from 82% in Q3 2021 to 89% in Q4 2021 as a result of improving revenue as well as reduction in costs and expenses.

Operating Profit / (Loss)

Q4 2020	Q4 2021	Q3 2021
-3.6	-4.0	-5.4
Million in MVR	Million in MVR	Million in MVR

At the end of fourth quarter, Post Limited reported an operating loss of MVR 4 million. The operating expenses of the company are relatively high compared to the revenue generated from operations. Total operating expenses of Post Limited is MVR 9.5 million for the fourth quarter of 2021. It is important to note that some of the major expenses declined compared to the previous quarter. The major expenses that declined compared to Q3 2021 are holiday allowance, stationeries, electricity charges, repair and maintenance, insurance, waste, disposal and cleaning, and international travel.

It is important to highlight that even though Post Limited reported an operating loss for the fourth quarter, it has improved compared to the previous quarter of 2021. Operating loss of Q4 2021 has decreased compared to previous quarter by 27% as total operating expenses declined by 2% and revenue improved by 21%. However, compared to Q4 2020, operating loss has increased by 11% mainly due to lower revenue. The operating loss margin has significantly improved to 72% in the fourth quarter of 2021, while it was at 119% in the previous quarter.

Compared to the same period of last year, staff salary and allowances has recorded an increment of 5%. In addition, ROU amortization expenses recognized in Q4 2021, which was not recorded in Q4 2020.

Net Profit/loss

Q4 2020	Q4 2021	Q2 2021
-3.5	-1.4	-4.3
Million in MVR	Million in MVR	Million in MVR

Post Limited has reported a net loss of MVR 1.4 million for the fourth quarter of 2021, which is a reduction of 68% compared to previous quarter and 60% compared to the same quarter of last year. With the increased revenue from operations and reduction in operating expenses has resulted in a reduction in net loss for the current quarter. In addition to this, increase in finance income from MVR 1.2 million in Q3 2021 to MVR 2.7 million in the Q4 2021 is also a major factor contributing to the decline in net loss.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.12	1.14	1.15
TIMES	TIMES	TIMES

The current ratio of the company indicates that the company has capacity to meet its short-term obligations with its current assets. The ratio has decreased compared to previous quarter as company's current assets have decreased from MVR 103 million to MVR 95 million mainly as a result of reduction in cash and cash equivalents by 42% and current liabilities have declined by 7%. Nevertheless, majority of current assets are trade and other receivables which covers 84% of total current assets as at Q4 2021. Trade and other receivable have increased by over MVR 4 million compared to previous quarter.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.17	0.18	0.29
TIMES	TIMES	TIMES

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. Company's cash ratio has declined in Q4 2021 compared to previous quarter of Q3 2021 as a result of decrease in cash and cash equivalents due to negative operating cash flow. However, the ratio illustrates that the company is not capable to meet its short-term debts by cash or cash equivalents.

CONCLUSION & RECOMMENDATION

Maldives Post Limited has generated a revenue of MVR 5.5 million in the fourth quarter and achieved a revenue growth of 9% and 21% compared to Q4 2020 and Q3 2021 respectively. Also, the operating expenses experienced a decline which reduced the operational loss. With the improvement in revenue and finance income, Maldives Post limited was able to reduce net loss compare to other quarters in the review. Further focusing on cost management and improvement in operational efficiency will help to improve profitability.

Moreover, Post Limited has more current assets compared to current liabilities. Although the company's liquidity position shows a satisfactory result, it is important to note that the current assets mainly represents trade and other receivables. Therefore, it is important to monitor and manage accounts receivables efficiently and follow credit terms closely.

Quarterly review; Quarter 4-2021

PUBLIC SERVICE MEDIA (PSM)

Report No: Report No: PEM/2021/PSM/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
24.90	25.87	21.75
Million in MVR	Million in MVR	Million in MVR

PSM has reported total revenue of MVR 25.8 million for Q4 2021, a growth of 19% and 4% compared to Q3 2021 and Q4 2020 respectively. Below table shows the breakdown of the revenue for the three quarters in review.

Revenue	Q4 2020	Q4 2021	Q3 2021
Airtime	135,645	344,578	164,180
Advertisement	1,328,872	1,005,376	993,257
Anouncement:DRA	580,000	625,480	434,700
Announcement:TVM		88,100	45,200
Sponsership:Dhi FM	1,401,361	10,900	6,900
Sponsership: DRA		52,466	33,706
Sponsership:TVM		582,898	701,873
Sponsership:Yes TV		535,302	60,000
News Sponsorship	1,017,483	634,084	634,587
Video Link		20,400	11,850
Other income		1,511,253	
Archive Materials	13,942	360,495	12,628
Rentals	24,520	53,211	28,156
SMS income	14,423	7,456	9,801
Production Income	141,052	334,700	156,612
Training Income	33,450	32,105	118,448
Cable TV Income	87,368	133,047	117,496
Event Income		379,608	
Total Operation Income	**4,778,116**	**6,711,459**	**3,529,394**
Government grant	19,966,667	17,500,000	17,500,000
Government Aid	162,289	1,668,524	722,375
Total Government Support	**20,128,956**	**19,168,524**	**18,222,375**
Total	**24,907,072**	**25,879,983**	**21,751,769**

Revenue from core operation has increased by 90% compared to previous quarter mainly due to increase in other income by MVR 1.51 million which relates host of SAARC football matches and its sponsorship income. Additionally, income from YES TV sponsorship and event income has also increased due to the host of SAARC football matches.

In comparison to the same period of last year, total operating revenue has increased by 40% mainly from additional income generated from SAARC football event.

It is important to highlight that government grant/aid comprises 74% of total income, which has increased by 5% against previous quarter.

Gross Profit/ (Loss)

Q4 2020	Q4 2021	Q3 2021
10.97	9.30	5.30
Million in MVR	Million in MVR	Million in MVR

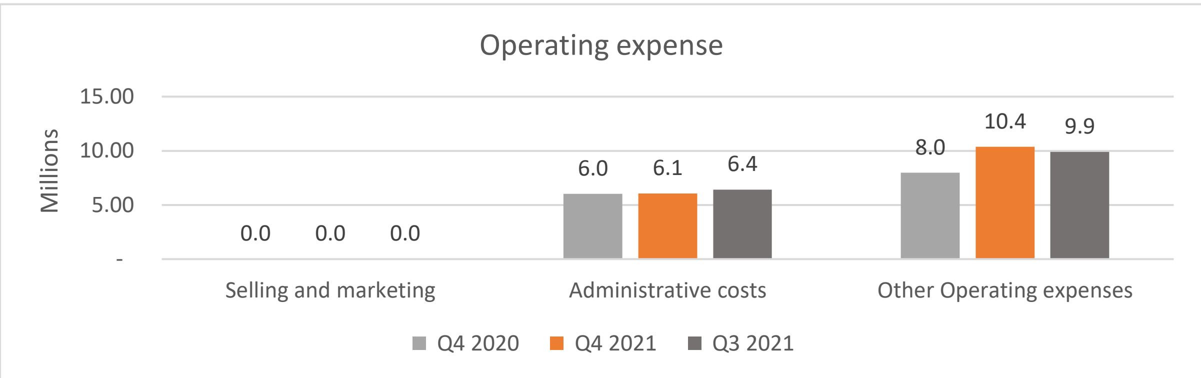
The cost of sales is high compared to the revenue generated from operation. However due to government grant and aid, PSM is able to report a gross profit which has increased by 75% compared to previous quarter. This is mainly due to increase in revenue while cost of sales remained almost same. Compared to Q4 2020, gross profit has deteriorated by 15% as cost of sales has increased by 19% while revenue increased by only 4%. Company reported a gross profit margin of 36% in Q4 2021 (24% in Q3 2021 and 44% in Q4 2020).

Net Profit/ (loss)

Q4 2020	Q4 2021	Q4 2021
-3.03	-8.63	-12.53
Million in MVR	Million in MVR	Million in MVR

PSM has reported a net loss of MVR 8.63 million in Q4 2021, a reduction of 31% compared to previous quarter mainly due to increase in revenue and income, while other operating expenses increased slightly by 1%. This resulted net loss margin to improve from -58% to -33%.

Compared to the same quarter of last year, net loss has increased as a result of decrease in gross profit by 15% while operating expenses increased by 17%. Below chart illustrates company's overhead expenses for the quarters of Q4 2020, Q4 2021 and Q3 2021.



While administrative expenses recorded a marginal reduction, a slight increment is seen from other operating expenses against previous quarter. The main administrative expenses include salaries, service allowance and support allowance which covers 47%, 15% and 5% respectively.

Both electricity and telephone expense cover 74% and 13% of total operating expenses respectively. Electricity expense has increased by 25% compared to last quarter, while a reduction of 8% is reported from telephone expenses.

Compared to Q4 2020, administrative expense has maintained relatively constant while other operating expenses has increased by 30% mainly due to increase in electricity expense and repair expense.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.11	0.20	0.18
TIMES	TIMES	TIMES

Current ratio measures a company's ability to pay short-term obligations or those due within one year. Current ratio of below 1 indicates that company has more current liabilities than its current assets, thus they may face challenges in settling their short-term obligations. The greater portion of current asset of the company is trade and other receivables which has increased by 7% against previous quarter.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.00	0.011	0.0035
TIMES	TIMES	TIMES

Cash ratio shows the company's ability to repay its short-term debt with cash or near-cash resources. Company's cash position requires significant improvement to sustain its liquidity position. Company has ended the quarter with a cash balance of MVR 1.27 million. During the quarter, PSM has invested MVR 1.91 million on non-current assets which mainly includes machinery and equipment in the quarter.

Government has provided over MVR 19.16 million as grant and aid and MVR 12 million as capital contribution in Q4 2021. It must be highlighted that the company is unable to generate enough revenue to meet its daily obligations and hence depends partly on shareholder assistance.

LEVARAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.18	0.21	0.22
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which PSM is financing its operations through debt. Debt to equity ratio of the company is relatively similar compared to previous quarter as loans and borrowing remain at same level and equity increased marginally. However, compared to Q4 2020, it has increased by 12% which led to increase the ratio from 0.18 to 0.21 times.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.13	0.14	0.15
TIMES	TIMES	TIMES

Debt to assets ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio, indicated a low financial risk. Company's debt to assets ratio resulting 0.14 times indicate that the company is able to meet its obligations compared to the assets they own. Debt to asset ratio remains relatively similar over the comparable periods. The total asset of MVR 619.4 million includes 96% of non-current assts and 4% of current assets, indicating that liquidity position is less stable than the leverage position.

CONCLUSION & RECOMMENDATION

Company has reported MVR 25.87 million of revenue in the quarter, out of which 74% includes grant and aid from government to support the operation. Gross profit of MVR 9.30 million shows an improvement by 75% (Q3 2021: MVR 5.30 million) compared to previous quarter. Company is not able to generate enough revenue from core business activities to cover the costs and therefore depends on assistance from government to cover the costs.

Liquidity position of the company is not satisfactory, where company's current liabilities exceeds its current assets. Further, a greater portion of current assets comprise of trade receivables which has an increasing trend. This is also reflected in company's payables as it is also increasing. Hence, company needs to work on its receivable collection along with maintaining a strong relation with the suppliers and creditors.

Quarterly review; Quarter 4-2021

REGIONAL AIRPORTS COMPANY LIMITED (RACL)

REGIONAL AIRPORTS COMPANY LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RACL/Q4

Q4 2021 with Q4 2020 and Q3 2021

Revenue

Q4 2020	Q4 2021	Q3 2021
Nil	7.4	6.6
	Million in MVR	Million in MVR

Regional Airports Company Ltd (RACL) was incorporated and registered on 11th January 2021, with the aim of development and operation of regional airports across the country. During the fourth quarter of 2021, company has generated a revenue of MVR 7.4 million and with the increase of flight movements revenue was improved by 12% compared to the previous quarter. It is noted that the revenue was increased mainly from landing charges of airports operations in the quarter.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
Nil	7.2	6.5
	Million in MVR	Million in MVR

Company's direct costs was increased in Q4 2021 compared to previous quarter by 84%. Direct cost was mainly incurred for workshops due to increase in operational activities which is directly related to sales. Hence, with the increase in the revenue generated in the quarter, company's gross profit was increased by 11%.

Net Loss

Q4 2020	Q4 2021	Q3 2021
Nil	-17.97	-16.72
	Million in MVR	Million in MVR

Company has reported a net loss of MVR 17.97 in Q4 2021 which was increased by 8% compared to previous quarter and company has incurred a net loss margin of 243% in Q4 2021 which was improved from net loss margin of 253% in previous quarter since revenue growth is higher than net loss growth. The main reason for increase in net loss is mainly due to the increase in the operating expenses by MVR 1.9 million in the quarter. Below table illustrates how RACL's operating expense has incurred in the comparable periods.

Operating Expenses	Q4 2021	Q3 2021
Administrative costs	(23,012,834)	(22,236,067)
Other Operating expenses	(2,167,539)	(1,006,445)
Total	**(25,180,373)**	**(23,242,512)**

Company's operating expenses includes administrative expense and other operating expenses. Total administrative expenses were increased by MVR 0.78 million which is 3% high in Q4 2021 compared to previous quarter. This is mainly due to increase in personnel expenses due additional staffs hired in Q4 2021.

Likewise, other operating expenses of the company were also increased by MVR 1.2 million which is 115% high in Q4 2021 compared to previous quarter. Other operating expenses was mainly increased as a result of emergency exercise and other mandatory travel.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
Nil	12.47 TIMES	7.59 TIMES

Current assets of the company were increased to MVR 54.1 million which is 64% higher than the previous quarter while there was no significant variance in current liabilities. Company's current assets includes 12% of trade and other receivables and 88% of cash and cash equivalents. Trade and other receivables were decreased by 27% in Q4 2021 compared to Q3 2021 as RACL was able recover significant amount related to landing charges in Q4 2021 compared to Q3 2021. In addition, reported as cash balance of MVR 47.4 in Q4 2021 which was 99% higher compared to Q3 2021 as government has provided MVR 47.4 million as capital contribution during Q4. Hence, with the increase in current assets, current ratio of the company was increased by 64% in Q4 2021 compared to previous quarter. Since RACL do not have an inventory quick ratio of the company is same as current ratio.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
Nil	10.93 TIMES	5.48 TIMES

RACL's cash ratio resulting 10.93 times in Q4 2021 indicates that the company is capable to cover its short-term obligations by cash and cash equivalents. However, it is noted that the majority of cash and cash equivalents included capital contribution by the government. As such, MVR 43.4 million contributed during quarter and total paid -up share capital at the end of the period is MVR 98.5 million.

CONCLUSION & RECOMENDATION

RACL has generated a revenue of MVR 7.9 million in Q4 2021 from airports operation. However, company's operational expenses are high compared to the revenue generated in the quarter. Total operational expenses in Q4 2021 was MVR 25.2 million which was an 8% increment compared to the previous quarter. Personnel expenses was increased due to additional staffs hired in the quarter. Hence, company has experienced a net loss of MVR 17.97 million in the end of the fourth quarter of 2021. An increment of 7% compared to previous quarter. Further, the net loss has reached MVR 43 million as at the end of Q4 2021.

As the company is operating in its first year, it is important to plan and implement strategies to generate revenue to become self-sufficient and establish sustainable operation of regional airports throughout the country.

Company’s liquidity position shows favorable results in Q4 2021. However, it is noted that majority of cash balance of the company represents capital injected by the government.

Quarterly review; Quarter 4-2021

ROAD DEVELOPMENT CORPORATION LTD (RDC)

ROAD DEVELOPMENT CORPORATION LTD
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RDC/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
18.6	45.3	18.3
Million in MVR	Million in MVR	Million in MVR

RDC has reported a revenue of MVR 45.3 million for Q4 2021, an increment of 148% and 143% compared to Q3 2021 and Q4 2020 respectively. The significant increase in revenue is due to increase in projects and ongoing project progress. Currently, project revenue is the main business segment of the company. In addition, company also earn income through sales of blocks which has declined in Q4 2021 compared to other two quarters due to gradual decrease in production due to availability of material. Further, revenue from labor management facility has also recorded a reduction since MPL Hiyaa is no longer under RDC and which resulted a reduction in bed capacity.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
8.10	26.7	12.2
Million in MVR	Million in MVR	Million in MVR

The company has achieved a significant gross profit of MVR 26.7 million as a result of increased revenue from projects. While total revenue increased by 148% the direct costs has also recorded a growth of 208% compared to previous quarter. As costs increased more than revenue, the gross profit margin declined from 67% in Q3 2021 to 59% in Q4 2021.

In comparison to the same period of last year, direct costs increased by 76% while total revenue grew at 143%. Thus, gross profit margin has increased in Q4 2021 (59%) compared to Q3 2021 (43%).

Operating Profit/loss

Q4 2020	Q4 2021	Q3 2021
-13.3	-15.4	-15.5
Million in MVR	Million in MVR	Million in MVR

Although company generates decent revenue from operation, RDC has been making operating losses due to high overhead expenses. Total overhead expenses of the company have increased to MVR 42 million, from MVR 27.7 million in Q3 2021 and MVR 21.4 million in Q4 2020. Increase in number of projects has led to increase in man power, which resulted in high employee related expenses. In addition, utility expenses have also increased in Q4 2021 due to recognition of water and electricity expense of Hulhumale' accommodation facility. Previously these bills were sent to HDC hence the expense was not recorded by the company.

Net Profit/loss

Q4 2020	Q4 2021	Q3 2021
-13.5	-15.5	-15.5
Million in MVR	Million in MVR	Million in MVR

The net loss for the fourth quarter is almost same as previous quarter. RDC has not generated any profit since its inception due to high costs and overheads compared to the revenue. RDC incurred a huge loss of MVR 15.5 million and has a negative net margin of 34% in the end of Q4 2021. Nevertheless, net margin has significantly declined in Q4 2021 compared to net loss margin of 85% in Q3 2021 and 72% in Q4 2020.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
0.58	2.76	2.20
TIMES	TIMES	TIMES

RDC has a high current ratio of 2.76 times for Q4 2021 indicating more current assets compared to current liabilities. However, a high ratio in a company like RDC does not indicate good liquidity position. It is important to analyze the concentration of current assets. Major current asset of the company are trade and other receivables and inventory, both contributing 95% of current assets. Trade and other receivables of the company have been increasing and stands at MVR 118 million at the end of Q4 2021. The current liabilities of the company consist of trade and other payables and borrowings. Company has huge payables of MVR 84 million as at the end of Q4 2021, although this will have favorable impact on cash flow, it is important to consider the risk related to high payables as well.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.44	1.51	1.12
TIMES	TIMES	TIMES

Quick ratio of the company shows short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. RDC's quick ratio of 1.51 times for Q4 2021 indicates that most liquid assets of company are more than the current liabilities. Due to the nature of the company, RDC has significant amount of inventory amounting to MVR 107.7 million at the end of Q4 2021. The increase in projects has led to increase in materials purchase in Q4 2021 compared to other two quarters.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.03	0.14	0.02
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Company's cash ratio of 0.14 times in Q4 2021 is very low compared to the liabilities. The cash flow from operations were negative MVR 77.6 million for Q4 2021. Further, company has spent over MVR 1 million for PPE and borrowed MVR 90 million during Q4 2021. Thus, the quarter was ended with a cash balance of MVR 12 million.

CONCLUSION & RECOMMENDATION

RDC has achieved a significant revenue growth of 148% and gross profit growth of 118% in Q4 2021 compared to previous quarter. However, due to high overheads expenses led to an operating loss for the quarter. Therefore, RDC should focus on the areas where the costs & expenses can be reduced in order to reduce the loss. In this regard, company needs to perform project feasibility and try to match costs and revenue of the projects.

RDC's liquidity position shows favorable results in terms of current ratio and quick ratio. However, the majority of current assets are trade and other receivables and inventory. The cash ratio of the company is relatively low; hence the company needs to manage receivables to better manage the cash cycle of the company. Further, company should plan and implement new procedure for receivables collection.

Trade and other payables of the company is also high and has also been accumulating. If the company was able to collect the receivables on time, trade and other payables could be paid out without any difficulty. In addition, it is important to plan how the projects can be completed on a scheduled time line.

Quarterly review; Quarter 4-2021

SME DEVELOPMENT FINANCE CORPORATION (SDFC)

SME DEVELOPMENT FINANCE CORPORATION
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/SDFC/Q4

Q4 2021 with Q4 2020 and Q3 2021

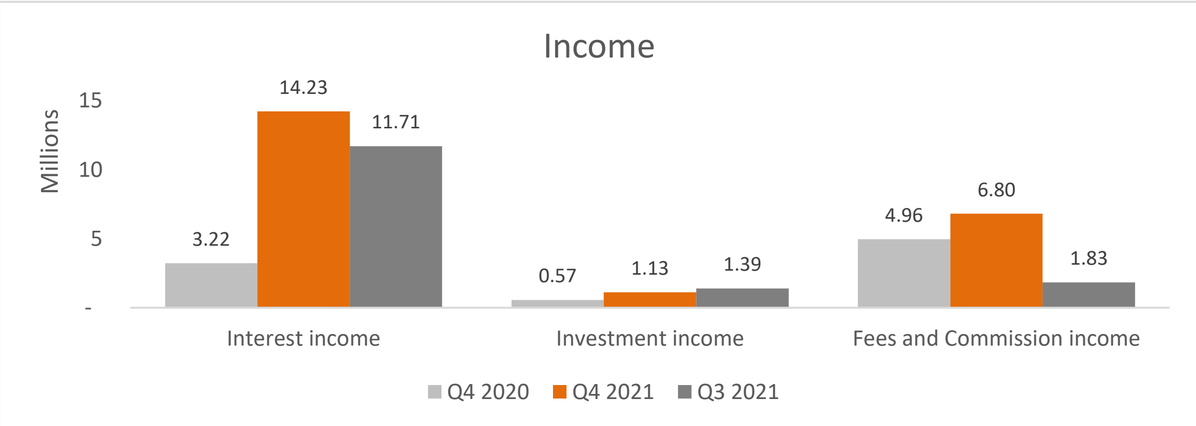
PROFITABILITY

Income

Q4 2020	Q4 2021	Q3 2021
8.75	22.15	14.92
Million in MVR	Million in MVR	Million in MVR

SDFC has reported a revenue of MVR 22.15 million in the fourth quarter of 2021, which is a growth of 48% and 153% compared to both the quarters of Q3 2021 and Q4 2020 respectively. The loan portfolio of the company has reached MVR 630.52 million as at the end of Q4 2021, this is an increment of MVR 78.7 million compared to previous quarter. Likewise, loan portfolio was increased compared to the same quarter of previous year by MVR 310.4 million.

Below chart illustrates how company has generated income in the three quarters of Q4 2020, Q4 2021 and Q3 2021.



As seen from the chart, major revenue of the company in the fourth quarter of 2021 is interest income, which has recorded a growth of 21% compared to previous quarter due to increase in loan portfolio. While investment income comprises 5% of total income, it has decreased by 19% compared to previous quarter. Fees and commission income are the second largest revenue source for the company with over 31% of total income, which has increased by 273% compared to Q3 2021. It is noted that fees include reschedule fees, amendment fees, enhancement fees and revision fees.

With comparison to the same quarter of previous year, company's income from all the segment was improved as interest income increased by 341%, investment income increased by 97% and fees and commission income increased by 37%.

Net Interest Margin

Q4 2020	Q4 2021	Q3 2021
1%	2%	2%

Net interest margin (NIM) is a measure of the net return on the bank's earning assets, which includes loans and investment securities. Since the interest earned on assets is a primary source of revenue for a financial institution, this metric is a good indicator of a company's overall profitability, and higher margins generally indicate a more profitable use of funds.

The interest margin shows similar results in both the quarters of Q4 2021 and Q3 2021. However, was improved by 1% compared to Q4 2020 because of increase in both interest income and earning assets.

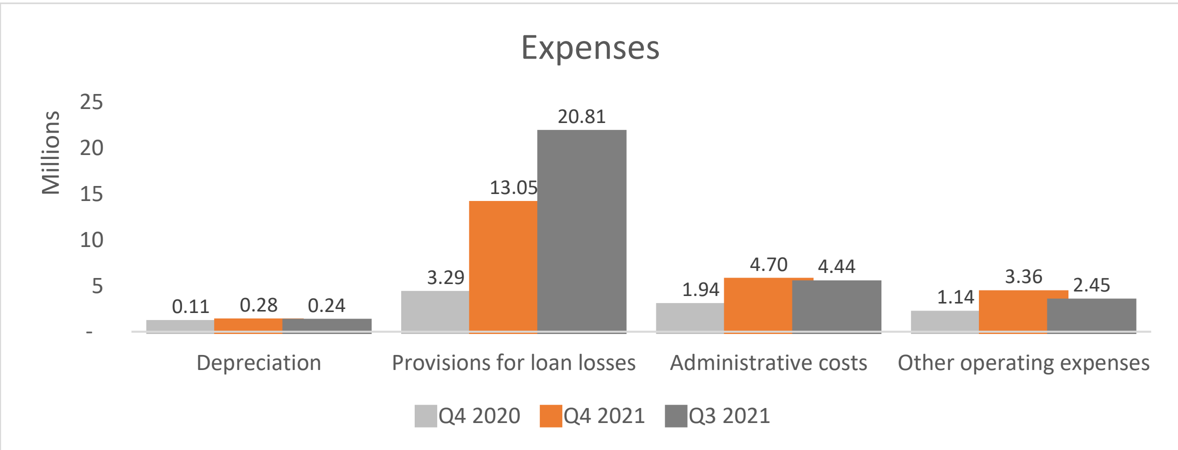
Profitability

Net Profit

Q4 2020	Q4 2021	Q3 2021
2.14	0.75	-13.06
Million in MVR	Million in MVR	Million in MVR

Company has ended the quarter with a net profit of MVR 0.75 million. While company has generated MVR 22.15 million as revenue, MVR 21.39 million has reported as total operating expenses. It is important to note that provision for loan losses comprises 61% of total expenses, which has decreased by 37% compared to previous quarter.

Expenses



Administrative expenses have increased by 6% due to increase number of staffs and board members. Likewise, other operating expenses increased by 37% mainly due to increase in marketing and promotion expenses for the campaigns conducted in collaboration with BCC. Among the other operating expenses, professional fees have increased by MVR 0.36 million as no charges were accounted for previous quarter.

Compared to the same quarter of previous year, provision for loan losses has significantly increased by 297% mainly due to increase in loan portfolio in the quarter. Administrative costs have increased by 142% while other operating expenses also increased in the quarter by 196%.

Capital Management

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

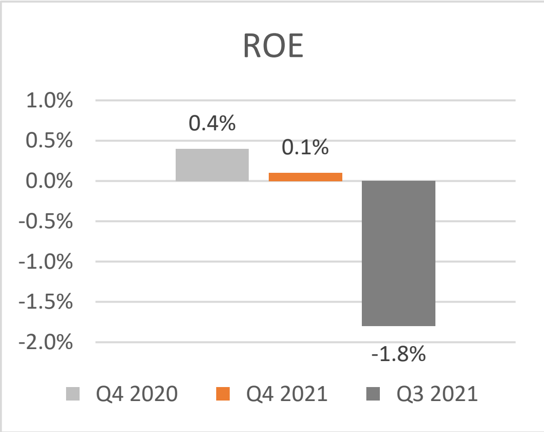
Assets that are available to cover their obligations and liabilities of SDFC for the three quarters in review are below;

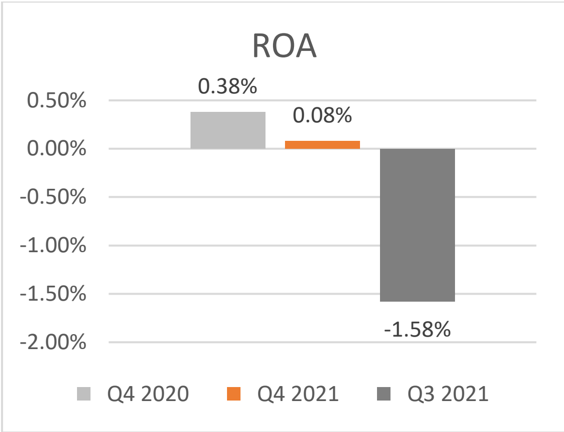
Details	Q4 2020	Q4 2021	Q3 2021
Total Liabilities			
Trade and other payables	91,310,132	122,767,486	109,439,641
Total Liabilities	**91,310,132**	**122,767,486**	**109,439,641**
Total Assets			
Trade and other receivables	63,938,670	11,350,524	10,066,187
Loans and advances	320,081,205	630,525,812	551,731,115
Cash and cash equivalents	77,794,596	94,369,203	143,235,702
Financial asset held to maturity	99,466,013	154,584,950	104,490,655
Other Assets	4,981,021	6,557,420	7,147,267
Property plant and Equipment	2,036,152	4,829,218	4,796,603
Deferred tax assets	-	1,600,383	1,600,383
Total Assets	**568,297,657**	**903,817,510**	**823,067,912**
NET (Assets-Liabilities)	**476,987,525**	**781,050,024**	**713,628,271**

Compared to the previous quarter, total assets of the company have increased by MVR 80.74 million, mainly from loans and advances and financial assets held to maturity. Total liabilities consist of trade and other payables which has increased by 12% compared to previous quarter. This resulted to increase net assets and liabilities by 9% and 64% compared to Q3 2021 and Q4 2020 respectively.

Compared to same quarter of last year, total asset has increased by 59% while total liabilities which include only trade and other payables has increased by 34% resulting a 64% increase in net assets and liabilities.

Return on Equity (ROE) and Return on Assets (ROA)





ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period. Company has improved both ROE and ROA as a net profit was reported for the quarter in contrast to the net loss reported in previous quarter.

CONCLUSION

SDFC has reported a revenue of MVR 22.15 million which is a growth by 48% compared to previous quarter. Company's operating expenses excluding provisions for loan losses was MVR 8.34 million which is a 17% increment compared to previous quarter. At the end of the fourth quarter, Company has reported a net profit of MVR 0.75 million indicating a recovery of net loss.

The loan portfolio has reached MVR 630.52 million, which is an increment of MVR 78.79 million compared to previous quarter. Hence, careful management of the non-performing loan portfolio is very important for a sustainable business model of the corporation.

The company has invested in government treasury bills which enhances the cash flow of the business. It is expected that SDFC will become self-sufficient in near future through their operations, reducing the dependency on shareholders.

As the loan portfolio is increasing, the company should manage the loan commitments based on the collection schedule and forecasts to avoid any liquidity problem. And considering the high provisions, effective management of loan portfolio is fundamental to company's safety and soundness.

Lastly, in order to minimize defaults and non-performing assets the company should be focusing on strengthening the recovery function of the company and establish relevant and effective policies and procedures.

Quarterly review; Quarter 4-2021

STATE ELECTRIC COMPANY LTD (STELCO)

Report No: PEM/2021/STELCO/Q4

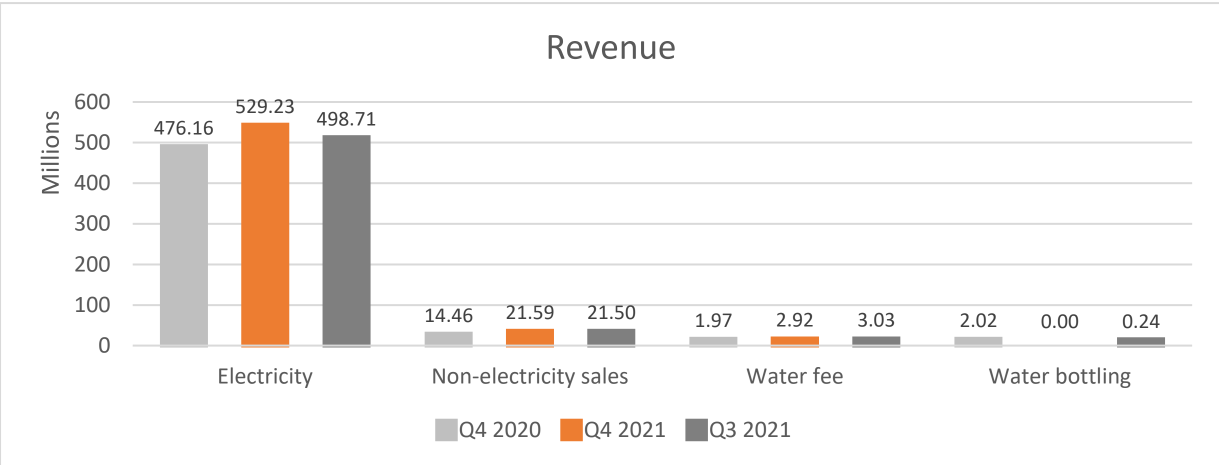
Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
494.6	554.5	523.1
Million in MVR	Million in MVR	Million in MVR

STELCO's revenue comprises of electricity, non-electricity, water fee and water bottling. Company has a revenue growth by 6% and 12% compared to Q3 2021 and Q4 2020 respectively. Below chart illustrates how the company has generated revenue in the three quarters.



Electricity revenue comprises 96% of total revenue which has increased by MVR 30 million (by 6%) compared to last quarter mainly due to increase in electricity usage. Non-electricity income has maintained relatively at same level while water fee income decreased by 4% and water bottling revenue has declined to zero revenue as its operation stopped in the quarter.

Compared to Q4 2020, except for water bottling segment, has increased its revenue from all the areas. As such, electricity revenue increased by 11% with the increase in electricity usage while non-electricity revenue increased by 49% with the increase in revenue from sales center. Water segment revenue increased by 48% with the commencement of water operation is Gaafaru Island.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
169.2	144.8	115.1
Million in MVR	Million in MVR	Million in MVR

Gross profit has increased by 26% compared to last quarter as revenue increased while cost of sales remained constant. As such gross profit margin has increased from 22% to 26% over the comparable period.

Compared to Q4 2020, gross profit has decreased by 14% as cost of sales reported a significant growth compared to the revenue generated in the quarter. Consequently, gross profit margin has decreased from 34% to 26%. Below table illustrates how company's cost of sales incurred within the quarters of Q4 2020, Q4 2021 and Q3 2020.

Cost of Sales	Q4 2020	Q4 2021	Q3 2021
Cost of fuel and lub oil	239,778,790	288,889,468	297,069,569
Cost of power purchase	2,574,049	2,847,224	2,745,318
Cost of sales of goods	355	13,331	-
Cost of sales - sales centre	2,193,372	9,252,878	11,488,294
Customer service expense	3,083,820	2,302,690	2,017,377
Repairs & maintenance - PP & distribution	489,248	23,412,480	14,637,710
Employee benefit expenses	44,318,058	48,329,430	44,659,321
Depreciation	32,322,831	34,089,176	34,529,442
Water supply expenses	54,304	311,967	534,047
Water bottling expenses	527,847	247,477	294,439
Total Cost of Sales	**325,342,674**	**409,696,121**	**407,975,517**

As seen from the table, cost of fuel and lube oil includes 71% of total cost of sales while direct employee benefit expenses and depreciation represent 12% and 8% respectively.

Compared to last quarter, cost of fuel and lube oil has decreased by 3% while direct employee benefit expenses have increased by 8%. Compared to the same quarter of last year, cost of sales has mainly increased as a result of increased in cost of fuel and lube oil by 20% due to increase in electricity usage. Depreciation increased by 5% due to capitalization of grid project in Q4 2021. Likewise, employee benefit expenses have increased by 9% as number of staffs increased along with introduction of a 'Parolee' and 'Minivan masakkaiytherin'. 'Parolee benefit' opened the opportunity for parolees to work at the company for reasonable wages, while 'Minivan masaikaitherin' was introduced for locals work and earn attractive daily wages.

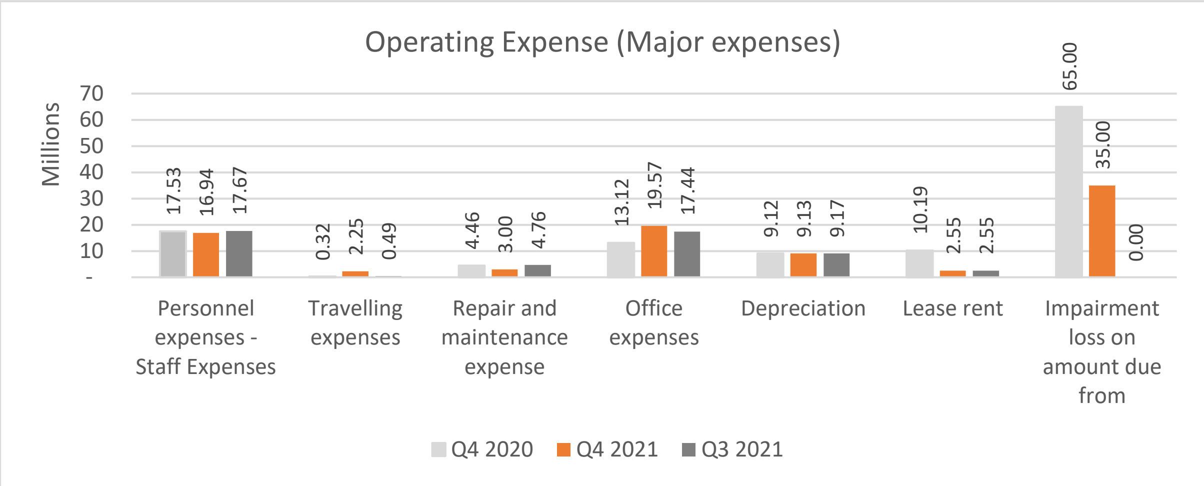
Operating Profit

Q4 2020	Q4 2021	Q3 2021
43.8	66.5	62.7
Million in MVR	Million in MVR	Million in MVR

Company has reported an operating profit of MVR 66.5 million in the fourth quarter of 2021. Operating profit has increased by 6% and 52% compared to Q3 2021 and Q4 2020 respectively.

Compared to last quarter, operating expenses has increased by 49% while other income remained constant. The growth is mainly due to increase in impairment loss by MVR 35 million and office expenses by MVR 2.13 million. Provision for impairment loss is made on the amount due from trade receivable at the year 2021, whereas increase in general expenses had led to increase office expenses. Nevertheless, a higher revenue growth in the quarter has resulted to increase operating profit.

Compared to Q4 2020, operating expenses has decreased by 39% and other income by 85%. Operating expenses decreased as provision for impairment loss has reduced by MVR 30 million as extra effort was put on to collecting receivable as leniency was given to customers during Covid-19 period.



As seen from the above chart, company's main operating expense include impairment of receivables, office expenses and personal expenses which covers 45%, 25% and 22% respectively.

Net Profit

Q4 2020	Q4 2021	Q3 2021
-23.4	23.5	21.8
Million in MVR	Million in MVR	Million in MVR

Net profit of STELCO increased in the fourth quarter of 2021 compared to other two quarters. STELCO has reported an 8% higher net profit compared to previous quarter and 200% higher compared to Q4 2020.

Finance cost of the company were decreased compared to the other two quarters of Q3 2021 and Q4 2020 by 30% and 25% respectively. Net profit margin remained at 4% throughout last two quarters while -5% was reported in Q4 2021. It is evident that the increased net profit is mainly attributable to the increased revenue in the quarter mainly from electricity revenue.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
3.78	4.37	2.96
TIMES	TIMES	TIMES

Current ratio has increased by 48% and 16% compared to Q3 2021 and Q4 2020 respectively, indicating that current asset of the company has increased against its current liabilities. Current ratio of 4.37 times would also mean that company has enough current assets to meet its short term obligation. It is important to note that 71% of total current asset comprise trade and other receivables.

Current assets of the company was increased by MVR 23.5 million (by 2%) compared to previous quarter mainly due to a slight increase in current assets other than inventories and advance tax.

It is noted that, STELCO's current assets was increased by MVR 187. million (by 22%) compared to the same quarter of last year. This is mainly due to increase in trade and other receivables in the quarter. Trade and other receivables was mainly increased from advance payments by 284% as bargaining power reduced and supplier demand of advance payment increased due to global market demand arise from pandamic situation.

On the other hand, company's current liabilities was decreased by 103.6 million which is 31% compared to Q3 2021, mainly due to decrease in accrued expenses by 75% and trade payables by 31%. However, total current liabilities was increased by 6% compared same quarter of last year.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
3.28	3.48	2.34
TIMES	TIMES	TIMES

Quick ratio shows company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of the company has increased by 49% and 6% compared to Q3 2021 and Q4 2020 respectively. It is noted that inventory comprises 20% of total current assets.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.37	0.38	0.25
TIMES	TIMES	TIMES

The cash ratio shows whether the company is capable to cover its short-term obligations using cash or cash equivalents of the company. Cash ratio of 0.38 times indicate that company has less cash to accommodate for the short term obligation.

This being so, the ratio has increased as cash balance of the company has increased by 4% and 10% compared to Q3 2021 and Q4 2020 respectively.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
3.70	4.17	4.18

While debt to equity ratio remained same compared to Q3 2021, this ratio was increased by 13% compared to Q4 2020. STELCO has reported MVR 3 billion of loans and borrowings while equity and reserves of the company was MVR 964 million at the end of Q4 2021. Loans and borrowings have increased by 3% and 4% while equity increased by 3% and 2% compared to Q3 2021 and Q4 2020 respectively. The ratio indicates that company has been financing its substantial part of operation through debts.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.74	0.74	0.73

Debt to assets ratio defines the total amount of debts in relation to the assets held by the company. STELCO's total assets are high compared to the total debts. Hence, company's debt to assets ratio is 0.74 times in the quarter and is relatively at the same level over the comparable periods as both borrowings and total asset has increased at the same level. It is noted that, total assets of the company at the end of Q3 2021 was MVR 5.42 billion. While total assets increased by MVR 8.65 million compared to last quarter, it has increased by MVR 703 million compared to Q4 2020.

CONCLUSION & RECOMENDATION

STELCO has recorded revenue of MVR 554 million with a revenue growth compared to the other two quarters. Company's cost of sales stands at MVR 409 million to achieve a gross profit of MVR 144 million and a gross profit margin of 26%. Company's net profit of MVR 23.53 million shows 8% increase compared to last quarter while net profit margin was maintained at 4% throughout the two quarters.

STELCO's liquidity position shows favorable results in terms of current and quick ratio. However, it is noted that majority of the current assets are trade and other receivables of the company which has been increasing in each quarter and may find difficult to collect due to the nature of the transactions. Thus, STELCO may face liquidity risk in the short-term, affecting sustainability. Liquidity position of the business must be closely monitored as there is potential for recovery of the significant receivables. Time taken for inventories and receivables to turning into cash must be looked into and corporate customers with lower credit quality must be assessed and monitored more carefully.

Debt to equity ratio of STELCO is significantly high with over MVR 3 billion accounted as total loans and borrowings while company's equity and reserves stands at MVR 0.96 billion in Q4 2021. This is a clear indication that company is facing financial risk. Since most of the loan arrangements are repaid by government, the loan portfolios impact on the company's cash flow is less significant. It is important to note that a total of MVR 0.77 billion has reported as government grant for the company as at Q4 2021.

Quarterly review; Quarter 4-2021

STATE TRADING ORGANIZATION PLC (STO)

STATE TRADING ORGANIZATION PLC
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/STO/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
1.87	3.30	2.52
Billion in MVR	Billion in MVR	Billion in MVR

STO has reported a revenue of MVR 3.30 billion for the fourth quarter of 2021, a growth of 31% and 76% compared to previous quarter and the same period of last year. The growth is mainly attributable to the fuel revenue driven by increased price and quantity sold during the quarter. The contribution of fuel segment to the total revenue has been increasing. Fuel segment contributed 52% of total revenue in Q4 2020 and it has increased to 75% in Q4 2021.

Gross Profit

Q4 2020	Q4 2021	Q3 2021
373	397	375
Million in MVR	Million in MVR	Million in MVR

While revenue grew at 31% compared to previous quarter, costs of sales increased by 35%. Thus, gross profit margin declined from 15% to 12% compared to previouse quarter. In comparison to Q4 2020, gross profit margin declined from 20% to 12%, as cost of sales increased much higher than revenue. The fuel costs have increased significantly due to increase in global fuel prices.

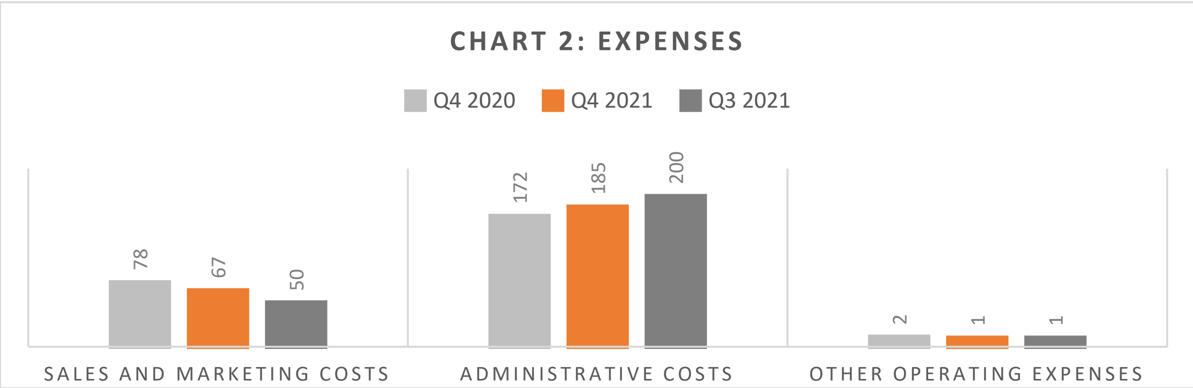
Net Profit

Q4 2020	Q4 2021	Q3 2021
90.6	131	129
Million in MVR	Million in MVR	Million in MVR

STO has achieved net profit growth of 2% and 45% compared to Q3 2021 and Q4 2020 respectively as a result of higher revenue. However, net profit margin declined from 5.11% to 3.98% compared to previous quarter since cost of sales has increased much higher than revenue.

Expenses

The expenses of the company for the three quarters are shown below.



Compared to Q3 2021, administrative expense and other operating expenses has slightly decrease while sales and marketing expenses increased. In comparison to same quarter of last year, only sales and marketing costs increased.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.15	1.18	1.19
TIMES	TIMES	TIMES

STO has reported a current ratio of 1.18 times for Q4 2021 indicating that the company is able to pay off its short-term liabilities with its current assets. Both current assets and liabilities have increased compared to Q4 2020 and Q3 2021 as well. It is also important to note that the most significant component of current assets is trade and other receivables which represents 61% of current assets and equivalent to 115% of company's revenue for the Q4 2021. Majority of receivables is from related parties. STO could improve cash position by collection of its receivables.

Quick Ratio

Q4 2020	Q4 2021	Q3 2021
0.90	0.93	0.99
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. STO's quick ratio is almost 1 indicating company is able to meet its short-term liabilities with its most liquid assets. STO is maintaining an inventory of MVR 1,310 million at the end Q4 2021.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.10 TIMES	0.20 TIMES	0.19 TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. STO's cash ratio has marginally improved compared to previous quarter since cash and cash equivalents has significantly increased by MVR 288 million compared to previous quarter. This is mainly as a result of increased operating cash flow for the quarter. Further, company has taken additional borrowing during the quarter.

STO has a significant trade and other payables of MVR 2.99 billion at the end of Q4 2021, which is an increment of 53% against previous quarter. The increment is mainly the result of increase in fuel prices and outstanding fuel bills. Timely settling is quite important to maintain a good relationship with supplier. If the company is able to collect the receivables on time, trade and other payables could be paid out without any difficulty.

LEVERAGE

Debt to Equity

Q4 2020	Q4 2021	Q3 2021
0.79 TIMES	0.81 TIMES	0.82 TIMES

Debt to equity ratio illustrates the degree to which STO is financing its operations through debts. Debt to equity ratio of STO is quite high, indicating higher financial risk. STO has obtained new short-term borrowings in the quarter, thus total debt has reached to MVR 2.38 billion as at Q4 2021.

Debt to Assets

Q4 2020	Q4 2021	Q3 2021
0.30 TIMES	0.28 TIMES	0.32 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. A ratio less than one means STO owns more assets than liabilities and can meet its obligations by selling its assets if needed. Lower the debt to asset ratio, the less risky the company. Although the borrowings increased the ratio has declined since the total assets have increased much higher than borrowings.

Debt Capitalization

Q4 2020	Q4 2021	Q3 2021
0.44	0.45	0.45
TIMES	TIMES	TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Debt capitalization has remained same as previous quarter because both debts and equity has increased at the same rate.

Interest Cover

Q4 2020	Q4 2021	Q3 2021
4.3	4.7	5.7
TIMES	TIMES	TIMES

The interest cover ratio measures how many times STO can cover its current interest payment with its available earnings. STO's interest coverage ratio indicate that STO generated more than enough earnings to service its interest payments. A company's ability to meet its interest obligations is an aspect of its solvency and is thus a very important factor in the return for shareholders.

CONCLUSION & RECOMENDATION

STO has achieved remarkable results in Q4 2021 in terms of revenue and profitability. Revenue growth 31% and net profit growth of 2% is recorded against previous quarter.

In terms of short-term liquidity position, company's current assets are more than current liabilities. However, the significant component of current asset is trade and other receivables which has an increasing trend over the past quarters. It is important to note that 61% of current assets are from trade and other receivables. Majority of company's trade and other receivables are from government entities and SOE's. As an integral element of a company's cash flow, accounts receivable impacts several other areas such as payables and borrowings. STO's payables have also been increasing and records a growth of 53% compared to previous quarter. Improving receivables collection will also improve cash position of the company.

Quarterly review; Quarter 4-2021

TRADENET MALDIVES CORPORATION LIMITED (TMCL)

TRADENET MALDIVES CORPORATION LIMITED
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/TMCL/Q4

Q4 2021 with Q4 2020 and Q3 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
0.79	5.7	3.8
Million in MVR	Million in MVR	Million in MVR

TradeNet Maldives Corporation Limited reported a revenue of MVR 5.7 million in the fourth quarter. The total revenue of the company was increased by MVR 1.9 million due to recognition of the payments for one stop shop services project. Income from the contact center has remained constant as the previous quarter. In addition, MVR 0.31 million recorded as grant income from ADB.

It is important to note that, in Q4 2021 the OSSS project progressed as per the schedule, as agreement was signed with 4 agencies and field work (process analysis/ mapping & development) commenced. Also, has initiated major other components of the project by hiring additional staff resources for the OSSS project.

Due to the nature of its operation, the company does not report any cost of sale, hence both revenue and gross profit are the same.

Operating Profit/Loss

Q4 2020	Q42021	Q3 2021
-1.3	-0.75	-0.55
Million in MVR	Million in MVR	Million in MVR

TradeNet has experienced an operational loss of MVR 0.75 million at the end of the fourth quarter 2021. The company was registered to assist in the development of National Single Window project. The company is its early stages of its life, and expanding over these past quarters, which has led to a growth in overhead expenses of the company. Operational loss was increased in the fourth quarter compared to Q3 2021 by 37%. However, it is important to note that net loss for the period decreased by 44% compared to the same quarter of last year. TradeNet has experienced an operating loss margin of -13%, which was an improvement compared to previous quarter.

Total operational expenses of the company increased compared to Q4 2020 and Q3 2021 by 201% and 48% respectively. Operational expenses of the company were mainly incurred for personnel expenses which covers 58% of total operational expenses. Personnel expenses for the quarter increased compared to Q4 2020 and Q3 2021 by 76% and by 17% respectively. Major expenses that increased in the fourth quarter are Male' front office rent, other consultancy services, renovation of OSM front office.

On December 2021 OSM front office was opened and incurred additional MVR 103 thousand for office rent and MVR 776 thousand incurred for the new IT consultancy services. Company's net profit and operating profit were the same.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
36.8	1.2	1.4
TIMES	TIMES	TIMES

TradeNet has a current ratio of 1.2 times which is worse compared to the previous quarter. This was driven by the advance funds received for the OSSM Project (Project period, 2 years), as the project is on-going as per schedule expected to be completed the company do not foresee any difficulties to settle its short-term debts. If there is any issued with the project redeliverable, this ratio indicates that the company may face some difficulty to settle its short-term obligations from its current assets. It is noted that current assets of the company are more than its current liabilities. Current assets have increased from MVR 7.5 million to MVR 17.5 million. Further, current liabilities have increased from MVR 5.3 million to MVR 15 million in the fourth quarter.

Current assets mainly consist of OSSM project receivables which represents 81% of total current assets in the fourth quarter and 14% comprise of cash and cash equivalents. Moreover, current liabilities mainly represent 98% of OSSM project payables.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
33.5	0.2	0.5
TIMES	TIMES	TIMES

TradeNet has a cash ratio of 0.2 times in the fourth quarter which has declined compared to Q4 2020 and Q3 2021 by almost 100% and 68% respectively As cash and cash equivalent at the end of the period is quite low compared to the current liabilities, TradeNet may face some liquidity issues.

Capital contribution is utilized for the management of the NSW project for which no income is currently generated. The company is managing its costs related to OSSM projects from the funds received for the Project.

CONCLUSION & RECOMENDATION

TradeNet has generated a revenue of MVR 5.7 million at the end of fourth quarter of 2021. However, due to the growth of the company it has incurred high operational expenses and incurred a net loss of MVR 0.75 million. Compared to the previous quarter of 2021, total operational expenses have increased by 48%. TradeNet is currently engaged in the development stages of both NSW and OSSS, hence, it is only expected to start generating revenue immediately after launching these projects. It is important that TradeNet should try to manage its operational costs more efficiently at this stage in order to cover operational costs and expenses.

TradeNet is relying mostly on capital contribution to manage its operational expenses regarding the NSW Project. But it is managing its OSSS project Cost from the funds received as per the contract. Hence, TradeNet needs to focus on finding additional sources of income to manage its operating cash flow and to manage their business activities efficiently. Moreover, in order to improve the liquidity position of the company, current assets and current liabilities should be closely monitored and managed, as well as the project progress.

Quarterly review; Quarter 4-2021

WASTE MANAGEMENT CORPORATION (WAMCO)

WASTE MANAGEMENT CORPORATION
Q4 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/WAMCO/Q4

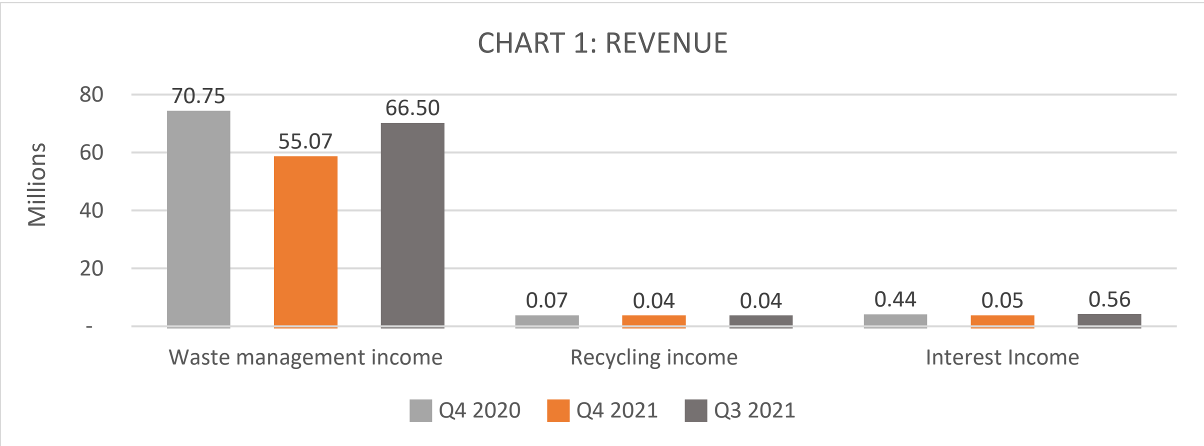
Q4 2021 with Q4 2020 and Q2 2021

PROFITABILITY

Revenue

Q4 2020	Q4 2021	Q3 2021
71.3	55.2	67.1
Million in MVR	Million in MVR	Million in MVR

WAMCO has reported a revenue of MVR 55.2 million for the fourth quarter 2021. Total revenue was decreased by 23% and 18% compared to the corresponding quarter and previous quarter. Following chart illustrates the revenue segments of WAMCO for the quarters of Q4 2020, Q4 2021 and Q3 2021.



With comparison to the previous quarter, all the revenue segments were declined in Q4 2021. The main segment of WAMCO, waste management income was declined by MVR 11.4 million (17%). This is due to the legacy waste project; miscellaneous income was increased for the quarter of Q3 2021. Likewise, interest income declined by 91% which mostly consists of fine collections. In addition, recycling income has marginally reduced by 8% in Q4 2021.

Gross Profit/ (Loss)

Q4 2020	Q4 2021	Q3 2021
28.6	-0.9	15.3
Million in MVR	Million in MVR	Million in MVR

Cost of sales of the company has increased in Q4 2021 by 8% compared to previous quarter while revenue declined by 18%. Hence, WAMCO has experienced a gross loss of MVR 0.9 million in the fourth quarter of 2022. Cost of sales has increased mainly as a result of higher direct salaries which was increased by MVR 2.98 million. Direct salaries were increased due to the changes in the salary structure implemented in the latter half of the year 2021. In addition, other direct expenses were increased by 7% compared to previous quarter. Thus, company has resulted a negative gross margin of 2% at the end of Q4 2021.

Net Profit/ (Loss)

Q4 2020	Q4 2021	Q3 2021
3.2	-31.1	-7.1
Million in MVR	Million in MVR	Million in MVR

Although, WAMCO has generated a gross profit in Q4 2020, it is noted that the company has incurred net loss in both the quarters of Q3 2021 and Q4 2021. It has to be noted that the net loss of the company has been increasing in each quarter and a net loss of MVR 31.1 million at the end of the fourth quarter 2021. Net loss of the company was increased in Q4 2021 by MVR 24 million (340%) compared to previous quarter. Net loss of the company was increased due to the decline of the revenue while increase in the direct costs and operational expenses in the quarter. In addition, company has recorded finance costs of MVR 1.1 million in Q4 2021. Operational expenses of the company have increased by 15% and 31% compared to both the quarters of Q4 2020 and Q3 2021 respectively.

Depreciation and amortization increased by 126% and compared to Q3 2021 by 86%. It is noted that depreciation includes amortization of ROU assets in Q4 2021. Likewise, staff salaries increased by 17% compared to Q4 2020 and 9% compared to Q3 2021 due to increase in staff and with the changes in salary structure implemented in 2021. Staff welfare was increased by 100% compared to Q4 2020 and 36% compared to Q3 2021 due to increase in staff catering expenses in Q4 2021. In addition, repair and maintenance was increased by 82% compared to Q4 2020 and 24% compared to Q3 2021 due to acquire of new vehicles for legacy waste project in 2021.

LIQUIDITY

Current Ratio

Q4 2020	Q4 2021	Q3 2021
1.52	1.11	1.34
TIMES	TIMES	TIMES

Current assets of the company are higher than current liabilities. However, 90% of current assets are trade and other receivables and which is equivalent to 300% of revenue of fourth quarter. Although, trade and other receivables declined in Q4 2021 by 7% compared to Q3 2021, it is noted that trade receivables are 17% high compared to the corresponding quarter. As company has been unable to recover trade receivables on time, this has impacted on trade payables of the company. Trade and other payables have increased by over MVR 21 million, which is 15% high compared to previous quarter.

Cash Ratio

Q4 2020	Q4 2021	Q3 2021
0.11	0.11	0.11
TIMES	TIMES	

Cash and cash equivalent of the company was increased in Q4 2021 compared to the corresponding quarter and against previous quarter. However, positive cash and cash equivalent reflects the capital contributed by the government. Hence, it indicates that the company is merely dependent on shareholders' funds.

Overall liquidity position of the company is unsatisfactory since the company has significant cash tied up in the form of receivables which has been difficult to collect. Therefore, company needs to verify the validity of the receivables.

CONCLUSION & RECOMENDATION

WAMCO has reported a revenue of MVR 55.2 million during the fourth quarter of 2021. Company's revenue declined by 18% against previous quarter mainly due to increase in miscellaneous income from legacy waste project in Q3 2021. It is noted that the cost of sales was increased by 8% while revenue declined. Thus, company has reported a gross loss of MVR 0.9 million in Q4 2021. In addition, operational expenses of the company were also increased in Q4 2021 by 31% against previous quarter and company has recorded finance costs of MVR 1.1 million during the fourth quarter of 2021. Hence, net loss of the company was increased significantly in Q4 2021 by MVR 24 million compared to Q3 2021. Therefore, company should plan on expanding the business operations in order to generate more revenue and at the same time managing costs and expenses will help to improve profitability.

Although, the current ratio shows a favorable result, the majority of current assets are trade and other receivables. In addition, cash balance reflects the capital contribution by the government for daily operations of the company. Thus, liquidity position of the company is unsatisfactory as the company is unable to generate sufficient funds through their operations and company is dependent on the shareholders' funds.

Receivable collection is one of the major issues for WAMCO. A huge sum of potential cash has been tied up in the form of receivables. Proper policies and procedures need to be set and implemented to collect receivable on time. Inclusion of waste management fee in utility bill would enable company to collect the revenue more efficiently.