SUMMARY OF QUARTERLY REVIEW

Q1 | 19

Q1

SECRETARIAT FOR
PRIVATIZATION AND CORPORATIZATION BOARD

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Secretariat for Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW
Quarter 1, 2019

INTRODUCTION

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

This quarterly review is a summary of the quarterly analysis prepared after analyzing the performance of the companies through the quarterly reports. For this purpose, individual analysis is prepared for each SOE separately. The analysis is done based on the comparison of quarter one of 2019 with the quarter one of 2018.

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

In that context, this report consists of quarterly review of 25 different SOEs operating in the Maldivian market, which contributes significantly to the GDP of Maldives.

REVENUE

#	COMPANY NAME	Q1 2018	Q1 2019	Growth
1	ADDU INTERNATIONAL AIRPORT	14,087,460	20,436,362	45.07
2	BUSINESS CENTER CORPORATION LTD	0	0	0
3	BANK OF MALDIVES LTD	615,734,000	642,944,000	4.42
4	DHIVEHI RAAJJEYGE GULHUN PLC	704,883,000	708,675,000	0.54
5	FENAKA CORPORATION	269,072,908	316,718,845	17.71
6	HAZANA MALDIVES LTD	121,818	36,899	-69.71
7	HOUSING DEVELOMENT CORPORATION	268,250,190	63,605,120	-76.29
8	HOUSING DEVELOPEMNT FINANCE CORPORATION	39,115,073	40,097,921	2.51
9	ISLAND AVIATION SERVICES LTD	533,607,369	541,517,014	1.48
10	KAHDHOO AIRPORTS COMPANY LTD	3,278,286	3,279,303	0.03
11	MALDIVES AIRPORTS COMPANY LTD	1,337,037,035	1,597,360,000	19.47
12	MALDIVES CENTER FOR ISLAMIC FINANCE	118,556	2,160	-98.18
13	MALDIVES HAJJ CORPORATION LTD	3,742,579	1,724,740	-53.92
14	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	5,910	0	-100.00
15	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	16,881,323	57,861,233	242.75
16	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	295,414,903	210,994,512	-28.58
17	MALDIVES TOURISM DEVELOPMENT CORPORATION	17,071,590	17,301,548	1.35
18	MALE WATER AND SEWERAGE COMPANY	204,870,482	253,327,700	23.65
19	MALDIVES PORTS LIMITED	205,259,868	182,407,434	12.53
20	MALDIVES SPORTS CORPORATION	261,479	-	-11
21	STATE ELCTRIC COMPANY LTD	407,709,584	456,431,853	11.95
22	STATE TRADING ORGANIZATION	2,224,652,636	2,343,841,383	5.36
23	WASTE MANAGEMENT CORPORATION	38,010,885	58,073,149	52.78
TOTAL		**7,176,334,500**	**7,539,488,610**	**5**

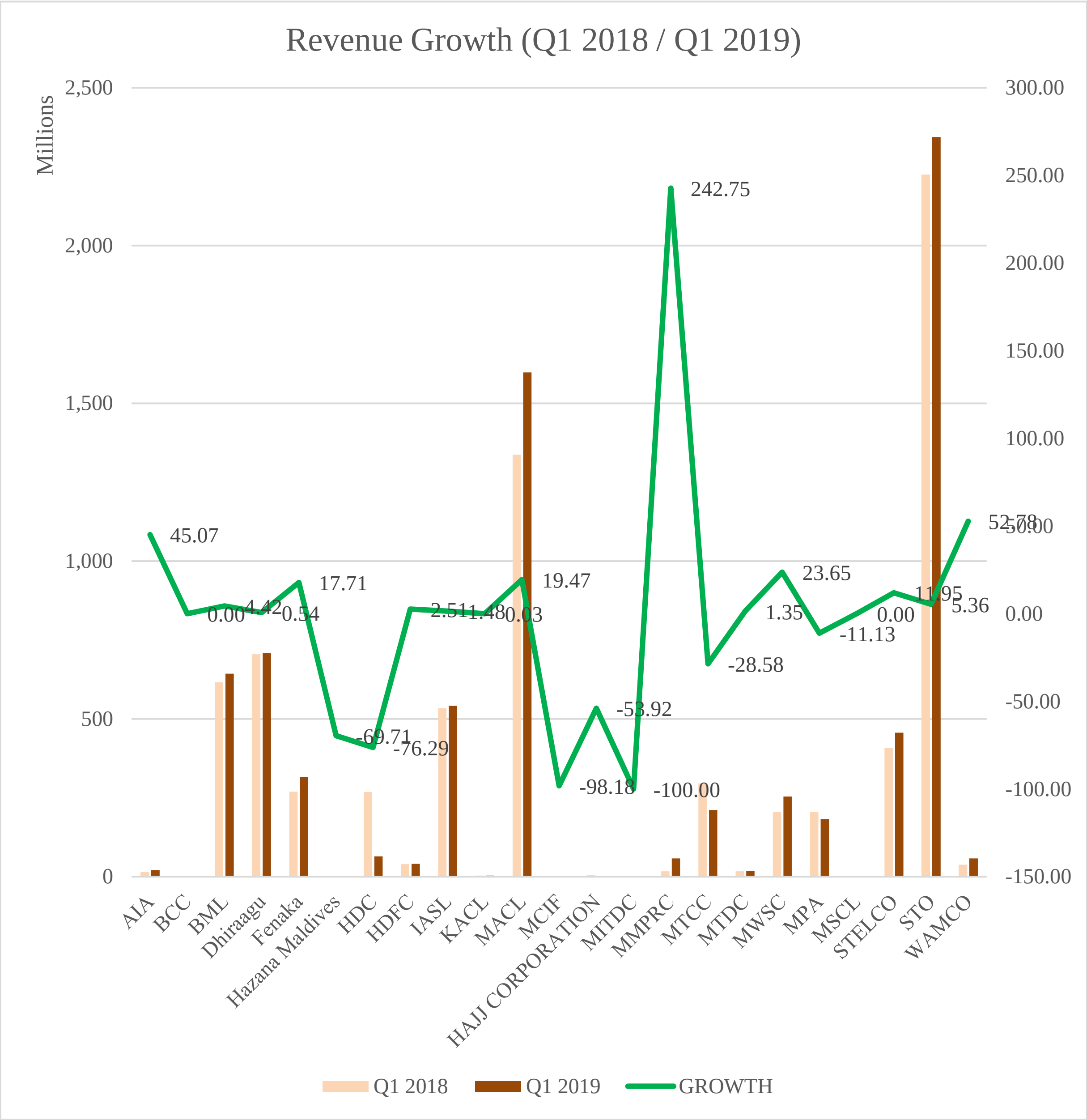
SOEs generated a revenue of over MVR 7.55 billion at the end of the last quarter of 2018, which is a 5% increment compared to the period of the previous year.

STO generated the highest income increasing the revenue by MVR 119 million compared to the same quarter of 2018, improving the segmental performance over the quarters. MACL is second highest in the list generating revenue of over MVR 1.5 billion in the first quarter 2018, majority of the revenue is generated from the sale of fuel for jets.

BML, Dhiraagu, IASL, STELCO, MWSC, HDC, MTCC and FENAKA are among the companies generating a revenue of over MVR 200 million in the quarter. MTCC's revenue dropped significantly by 28% compared to the first quarter of 2018 resulting from reduced revenue from all the departments. Of all the SOEs generating revenue over MVR 200 million, MTCC and HDC has shown significant reduction in the revenue by 29% and 76% respectively. MPL also has seen a reduction in the revenue by 11%.

A significant improvement can be seen in the growth of revenue from WAMCO waste collections and from MMPRC through marketing tourism. AIA also has shown an improvement in revenue by 45% following increased revenue from jet fuel. Revenue of HDFC, MTDC and KACL has grown slightly compared to Q1 2018.

Other companies like MCIF, Hazana Maldives, MITDC, Sports Corporation, Hajj Corporation has recorded significant decline in revenue. BCC, Sports and MITDC generated no revenue in the quarter. In addition to this, Hazana Maldives and MCIF also generates relatively lower revenue to fund the operations. Necessary measures need to be taken to ensure the survival of such companies through their own operations without having to depend on shareholder assistance. It is important to note that Hazana Maldives is currently in the liquidation process.



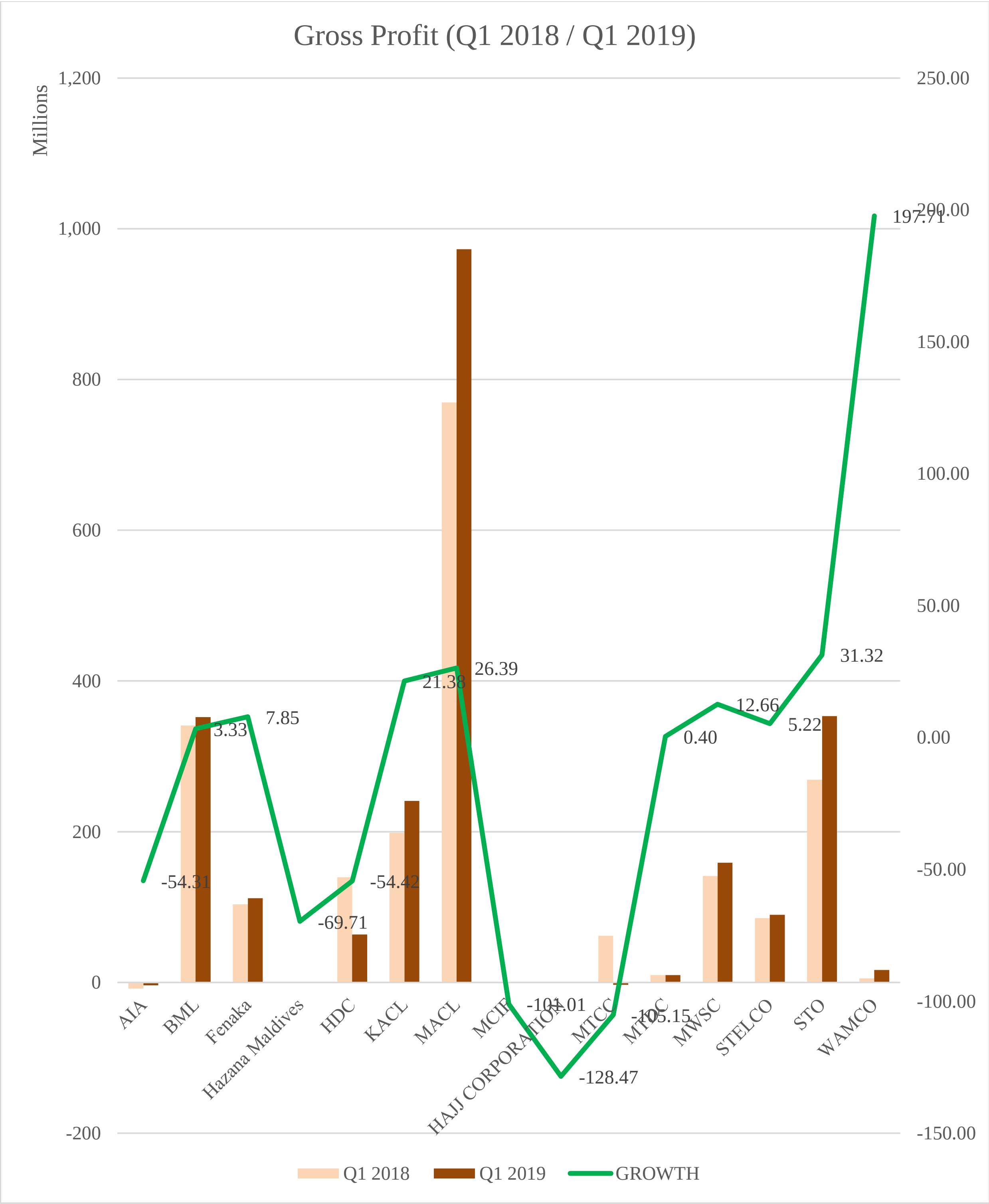
GROSS PROFIT

GROSS PROFIT GROWTH				
	COMPANY NAME	**Q1 2018**	**Q1 2019**	**GROWTH**
1	ADDU INTERNATIONAL AIRPORT (AIA)	(8,034,669)	(3,670,794)	54.31
3	BANK OF MALDIVES LTD (BML)	340,703,000	352,038,000	3.33
5	FENAKA CORPORATION	103,576,671	111,706,323	7.85
6	HAZANA LTD	121,818	36,899	-69.71
7	HOUSING DEVELOPEMNT FINANCE (HDC)	139,549,601	63,605,120	-54.42
9	ISLAND AVIATION SERVICES LTD(IASL)	198,476,304	240,901,323	21.38
11	MALDIVES AIRPORTS COMPANY LTD (MACL)	769,574,998	972,656,000	26.39
12	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	(9,906)	100	101.01
13	MALDIVES HAJJ CORPORATION LTD	452,378	(128,770)	-128.47
15	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	2,248,759	37,700,782	1576.52
16	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	61,962,193	(3,193,513)	-105.15
17	MALDIVES TOURISM DEVELOPMENT CORPORATION	9,736,620	9,775,231	0.40
18	MALE WATER AND SEWERAGE COMPANY (MWSC)	141,169,997	159,036,424	12.66
21	STATE ELCTRIC COMPANY LTD (STELCO)	85,179,781	89,627,155	5.22
22	STATE TRADING ORGANIZATION (STO)	269,083,451	353,360,932	31.32
23	WASTE MANAGEMENT CORPORATION (WAMCO)	5,537,456	16,485,609	197.71
TOTAL		2,119,328,452	2,399,936,821	13.24

AIA has a gross loss resulting from high direct expenses which includes salaries and wages paid to employees, depreciation etc. However, compared to Q1 2018 the loss has been reduced by 54% which is a good sign in terms of the profitability of the business.

Direct costs of Hajj Corporation has reduced by 44% compared to Q1 2018. However, the company faces a gross loss as a result of deterioration in revenue. As Hajj is seasonal the revenue is recognized during the period of Hajj and related direct costs are also accounted during this period. As per MTCC, their revenue reduced by 29% while direct costs reduced only by 8%, resulting a gross loss for the quarter Q1 2019. Lower revenue led to deterioration of gross profit of HDC also to fall greatly by 70%.

Fenaka, IASL, MACL, MWSC, STELCO, STO and WAMCO managed their direct costs well along with revenue generation led to improvement in gross profit.


Gross Profit (Q1 2018 / Q1 2019)
Millions
1,200
1,000
800
600
400
200
0
-200
250.00
200.00
150.00
100.00
50.00
0.00
-50.00
-100.00
-150.00
AIA
BML
Fenaka
Hazana Maldives
HDC
KACL
MACL
MCIP
HAJJ CORPORATION
MTCC
MTDC
MWSC
STELCO
STO
WAMCO
-54.31
3.33
7.85
-69.71
-54.42
21.38
26.39
-101.01
-128.47
-105.15
0.40
12.66
5.22
31.32
197.71
Q1 2018
Q1 2019
GROWTH

NET PROFIT

NET PROFIT GROWTH				
	COMPANY NAME	Q1 2018	Q1 2019	GROWTH
1	ADDU INTERNATIONAL AIRPORT (AIA)	(15,273,430)	(10,187,919)	33.30
2	BUSINESS CENTER CORPORATION (BCC)	(182,096)	(77,097)	57.66
3	BANK OF MALDIVES LTD (BML)	259,960,000	276,633,000	6.41
4	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	254,177,000	238,941,000	-5.99
5	FENAKA CORPORATION	(18,652,433)	1,734,254	109.30
6	HAZANA LTD	(642,582)	(612,031)	4.75
7	HOUSING DEVELOPEMNT FINANCE (HDC)	60,570,931	19,193,033	-68.31
8	HOUSING DEVELOPEMNT FINANCE CORPORATION (HDFC)	27,075,064	27,021,929	-0.20
9	ISLAND AVIATION SERVICES LTD(IASL)	52,350,010	104,979,392	100.53
10	KAHDHOO AIRPORTS COMPANY LTD (KACL)	(9,566,980)	(9,679,157)	1.17
11	MALDIVES AIRPORTS COMPANY LTD (MACL)	397,156,074	572,566,000	44.17
12	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	(1,910,635)	(1,312,014)	31.33
13	MALDIVES HAJJ CORPORATION LTD	(267,558)	(323,024)	-20.73
14	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(5,954,781)	(1,126,462)	81.08
15	MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION	(1,436,066)	34,269,826	2486.37
16	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	9,217,403	(45,199,029)	-590.37
17	MALDIVES TOURISM DEVELOPMENT CORPORATION	5,204,975	5,402,536	3.80
18	MALE WATER AND SEWERAGE COMPANY (MWSC)	70,763,584	90,505,429	27.90
19	MALDIVES PORTS LIMITED	53,803,797	63,410,819	17.86
20	MALDIVES SPORTS CORPORATION	(1,395,900)	(970,548)	30.47
21	STATE ELCTRIC COMPANY LTD (STELCO)	33,124,165	27,433,736	-17.18
22	STATE TRADING ORGANIZATION (STO)	46,617,213	103,982,771	123.06
23	WASTE MANAGEMENT CORPORATION (WAMCO)	(30,665,943)	(1,061,073)	96.54
TOTAL		1,193,678,834	1,485,918,349	24.48

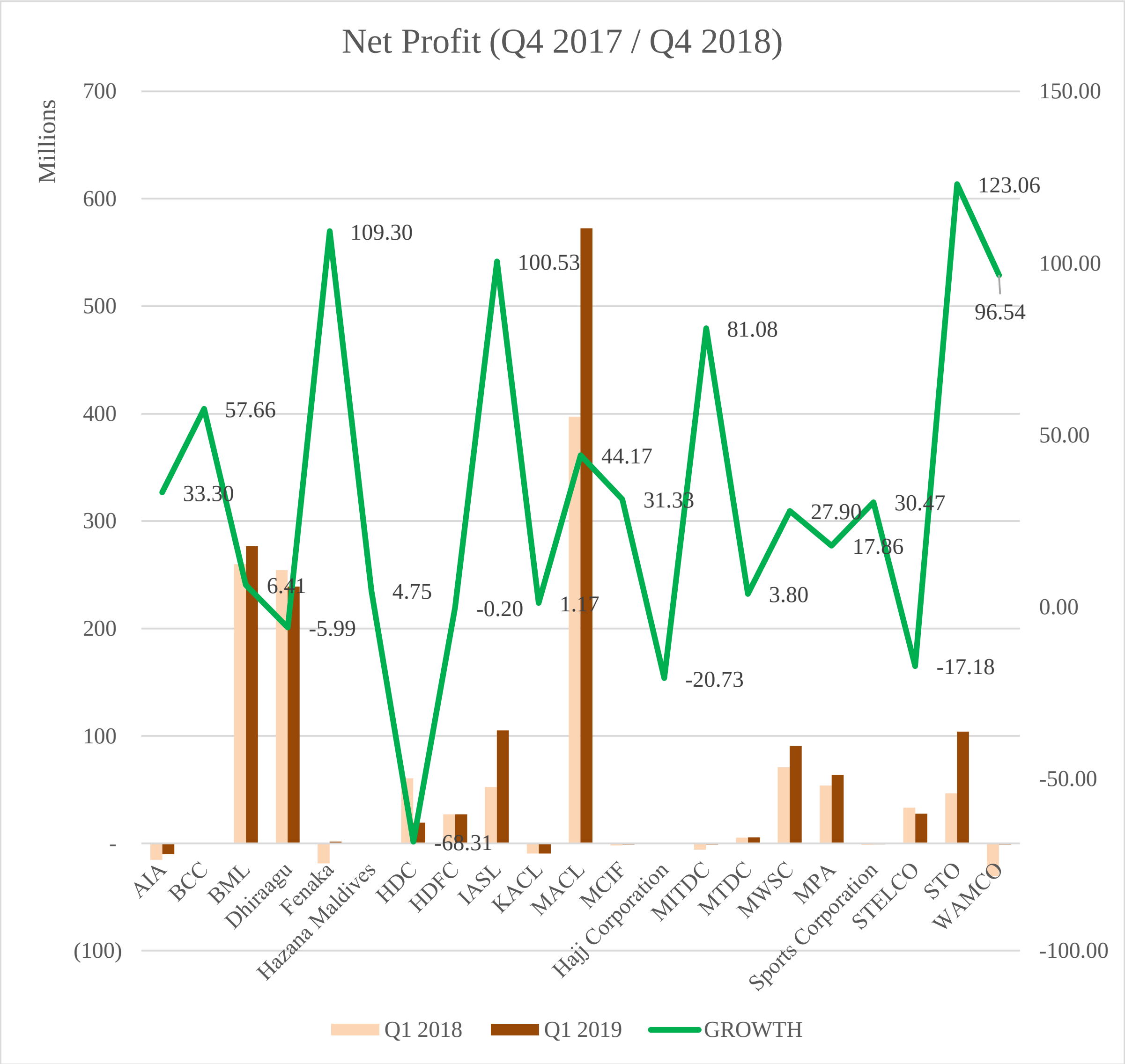
SOEs net profit of MVR 1.5 billion in Q1 2019, which is an increment of 24% compared to the same quarter of the previous year.

Remarkable improvement can be seen in the net profit of MACL which is driven by revenue improvement and reduced finance costs. Furthermore, BML, Fenaka, IASL, MMPRC, MWSC, and STO has shown remarkable improvements in net profit driven mainly by increased profits. MMPRC's loss in Q1 2018 was turned into a profit of MVR 34 million after increased revenue and reduced administrative expenses. Furthermore, WAMCO's loss was lessened by MVR 29.6 million which is 96.54% improvement to their profitability. Though revenue reduced, MPL managed their expenses well that the net profit resulted in an upsurge of 17.86%.

There is a significant reduction in the net profits of Dhiraagu, HDC, Ports and STELCO compared to Q1 2018. Though revenue increased, Dhiraagu faced a 6% fall in profits resulting from increased finance costs. Net profit of HDC reduced as a result of revenue loss though they had a reduction in certain costs. Profit of STELCO also has taken a downturn after being unable to manage the rising costs.

MTCC has seen deteriorated profitability resulting from fall in revenue. As such MTCC has a net loss in Q1 2019. As the company primarily depends on government projects for its profitability, lack of government projects during the transition period and election period has reduced company's revenue. However the company is not able reduce the work force as the company is expected to fully utilize the resources once the new government starts awarding the projects.

The loss making companies like AIA, BCC, Hazana, KACL, MITDC, MTDC and Sports Corporation has reduced their losses by a marginal amount by cost reduction. However, these companies need to find ways to increase revenue and maximize profits.

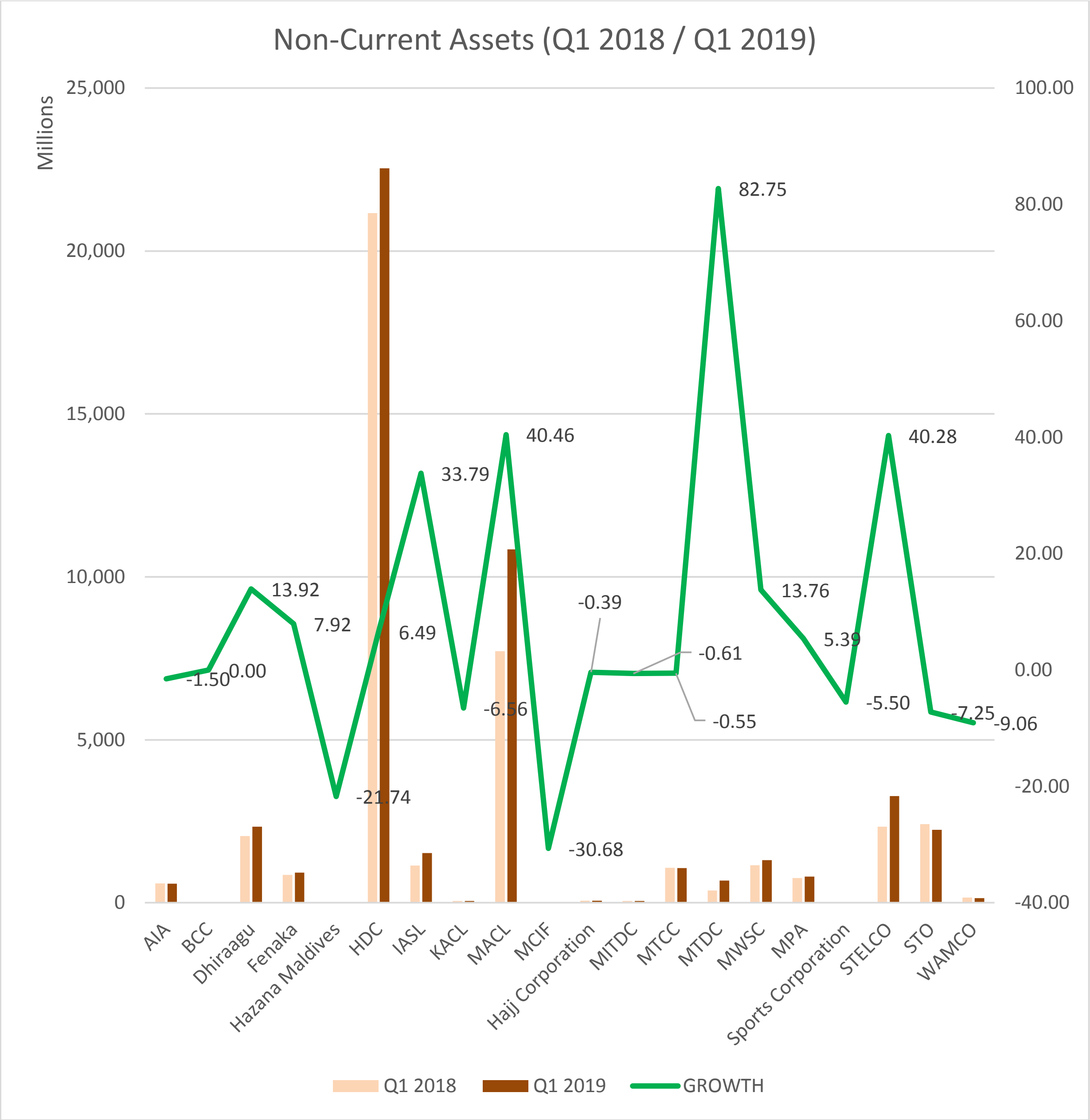


NON-CURRENT ASSETS

NON-CURRENT ASSETS				
	COMPANY NAME	**Q1 2018**	**Q1 2019**	**GROWTH**
1	ADDU INTERNATIONAL AIRPORT (AIA)	592,294,421	583,421,748	-1.50
2	BUSINESS CENTER CORPORATION LTD	0	0	0.00
3	DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	2,050,513,000	2,335,938,000	13.92
4	FENAKA CORPORATION	854,334,365	921,964,441	7.92
5	HAZANA MALDIVES LTD	537,088	420,338	-21.74
6	HOUSING DEVELOMENT CORPORATION	21,166,259,132	22,538,895,119	6.49
7	ISLAND AVIATION SERVICES LTD(IASL)	1,140,646,778	1,526,036,162	33.79
8	KAHDHOO AIRPORTS COMPANY LTD (KACL)	55,403,336	51,770,111	-6.56
9	MALDIVES AIRPORTS COMPANY LTD (MACL)	7,719,726,174	10,842,872,000	40.46
10	MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	660,984	458,173	-30.68
11	MALDIVES HAJJ CORPORATION LTD	62,133,343	61,888,615	-0.39
12	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	53,982,024	53,653,269	-0.61
13	MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD (MTCC)	1,073,071,703	1,067,156,751	-0.55
14	MALDIVES TOURISM DEVELOPMENT CORPORATION (MTDC)	373,279,095	682,170,361	82.75
15	MALE WATER AND SEWERAGE COMPANY (MWSC)	1,150,431,826	1,308,707,102	13.76
16	MALDIVES PORTS LIMITED	759,243,261	800,142,505	5.39
17	MALDIVES SPORTS CORPORATION (SPORTS CORPORATION)	1,428,291	1,349,778	-5.50
18	STATE ELCTRIC COMPANY LTD (STELCO)	2,331,424,220	3,270,485,778	40.28
19	STATE TRADING ORGANIZATION (STO)	2,408,112,602	2,233,637,546	-7.25
20	WASTE MANAGEMENT CORPORATION (WAMCO)	153,993,656	140,036,564	-9.06
TOTAL		**41,947,475,299**	**48,421,004,361**	**15**

By the end of the first quarter, the above mentioned SOEs have non-current assets worth MVR 48 billion which is an increase of non-current assets by 15% compared to the same quarter of the previous year.

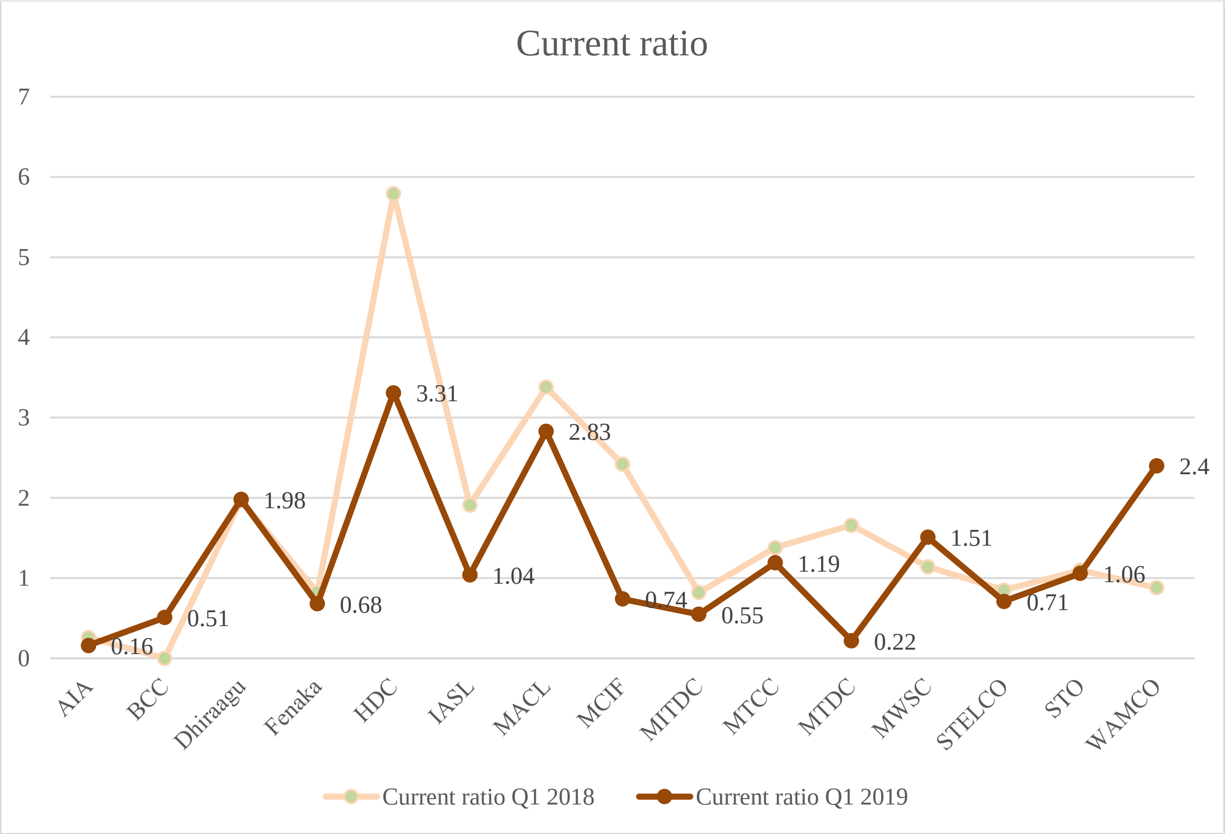
MACL, Dhiraagu, IASL, STELCO, MWSC and STO has high value of non-current assets compared to other SOEs mainly due to increased Property, Plant and Equipment and capital work in progress due to capital development projects undertaken by SOEs. However, AIA, Hazana Maldives, KACL, MCIF, Sports, STO and WAMCO recorded significant reduction in non-current assets during the period compared to Q1 2018.


Non-Current Assets (Q1 2018 / Q1 2019)
Millions
25,000
20,000
15,000
10,000
5,000
0
100.00
80.00
60.00
40.00
20.00
0.00
-20.00
-40.00
-1.50
0.00
13.92
7.92
-21.74
6.49
33.79
-6.56
40.46
-30.68
-0.39
-0.61
-0.55
82.75
13.76
5.39
-5.50
40.28
-7.25
-9.06
AIA
BCC
Dhiraagu
Fenaka
Hazana Maldives
HDC
IASL
KACL
MACL
MCIF
Hajj Corporation
MITDC
MTCC
MTDC
MWSC
MPA
Sports Corporation
STELCO
STO
WAMCO
Q1 2018
Q1 2019
GROWTH

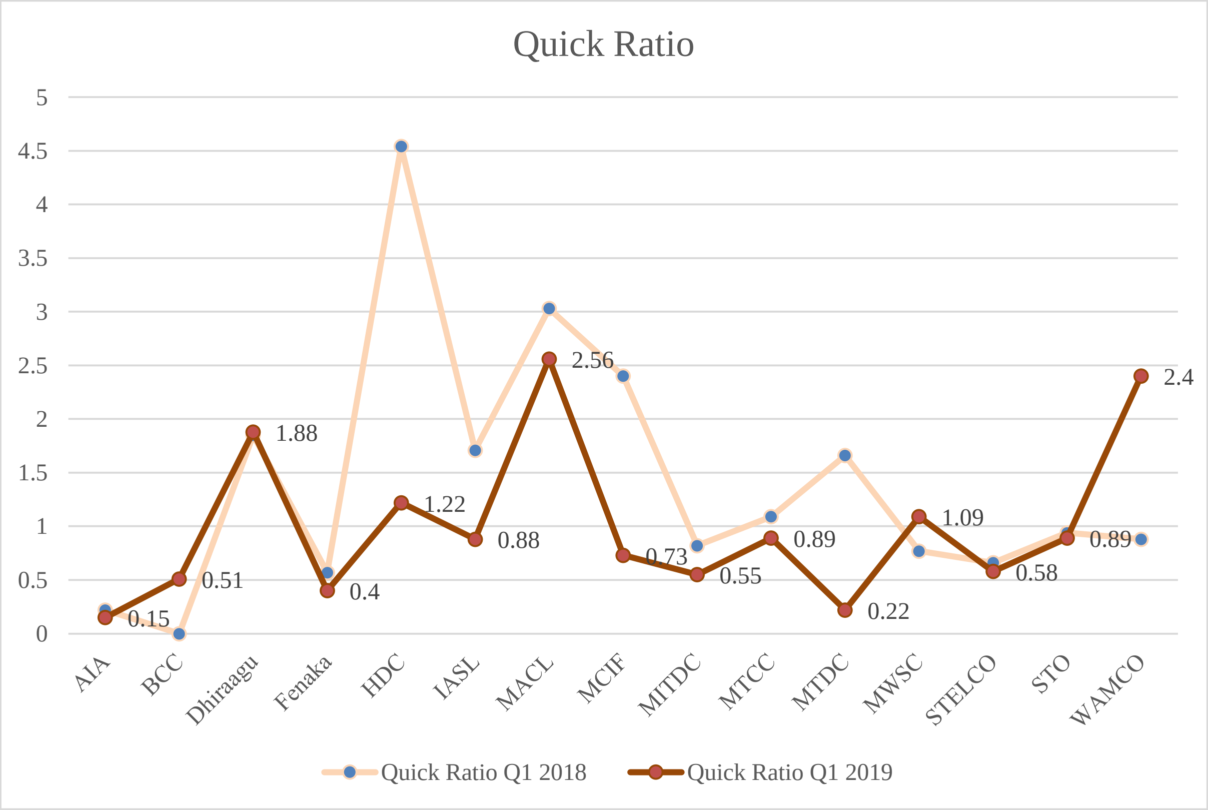
CURRENT RATIO & QUICK RATIO	Current ratio		Quick Ratio	
COMPANY NAME	Q1 2018	Q1 2019	Q1 2018	Q1 2019
ADDU INTERNATIONAL AIRPORT (AIA)	0.26	0.16	0.22	0.15
BUSINESS CENTER CORPORATION LTD	-	0.51	-	0.51
DHIVEHI RAAJJEYGE GULHUN PLC (DHIRAAGU)	1.97	1.98	1.85	1.88
FENAKA CORPORATION	0.82	0.68	0.57	0.4
HAZANA MALDIVES LTD	31.97	1,704.37	31.97	1,704.37
HOUSING DEVELOMENT CORPORATION	5.79	3.31	4.54	1.22
ISLAND AVIATION SERVICES LTD(IASL)	1.91	1.04	1.71	0.88
KAHDHOO AIRPORTS COMPANY LTD (KACL)	127.17	36.39	127.17	36.39
MALDIVES AIRPORTS COMPANY LTD (MACL)	3.38	2.83	3.03	2.56
MALDIVES CENTER FOR ISLAMIC FINANCE (MCIF)	2.42	0.74	2.4	0.73
MALDIVES HAJJ CORPORATION LTD	2.96	54.09	2.94	53.46
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.82	0.55	0.82	0.55
MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD (MTCC)	1.38	1.19	1.09	0.89
MALDIVES TOURISM DEVELOPMENT CORPORATION (MTDC)	1.66	0.22	1.66	0.22
MALE WATER AND SEWERAGE COMPANY (MWSC)	1.14	1.51	0.77	1.09
MALDIVES PORTS LIMITED	17.16	4.87	14.90	3.05
MALDIVES SPORTS CORPORATION (SPORTS CORPORATION)	11.27	3	11.27	3
STATE ELCTRIC COMPANY LTD (STELCO)	0.85	0.71	0.66	0.58
STATE TRADING ORGANIZATION (STO)	1.1	1.06	0.94	0.89
WASTE MANAGEMENT CORPORATION (WAMCO)	0.88	2.4	0.88	2.4

Hazana Maldives, KACL, Hajj Corporation and Sports Corporation has relatively higher liquidity ratios resulting from the capital injection by the government as cash recognized in short term assets. However these companies are operationally loss making and depends on the government capital injections.

AIA and MTDC has relatively lower liquidity ratios due to high short term liabilities. These companies are in a poor liquidity position and tend to depend on shareholders. Fenaka has a low quick ratio due to high inventories tied up in working capital. The overall liquidity position of the companies have weakened compared to Q1 2018.



Current ratio
7
6
5
4
3
2
1
0
0.16
0.51
1.98
0.68
3.31
1.04
2.83
0.74
0.55
1.19
0.22
1.51
0.71
1.06
2.4
AIA
BCC
Dhiraagu
Fenaka
HDC
IASL
MACL
MCIF
MITDC
MTCC
MTDC
MWSC
STELCO
STO
WAMCO
Current ratio Q1 2018
Current ratio Q1 2019



Quick Ratio
5
4.5
4
3.5
3
2.5
2
1.5
1
0.5
0
0.15
0.51
1.88
0.4
1.22
0.88
2.56
0.73
0.55
0.89
0.22
1.09
0.58
0.89
2.4
AIA
BCC
Dhiraagu
Fenaka
HDC
IASL
MACL
MCIF
MITDC
MTCC
MTDC
MWSC
STELCO
STO
WAMCO
Quick Ratio Q1 2018
Quick Ratio Q1 2019

LEVERAGE RATIOS

COMPANY NAME	Q1 2018	Q1 2019	Q1 2018	Q1 2019
	Debt to Equity		Debt to Assets	
ADDU INTERNATIONAL AIRPORT (AIA)	500.57	2,750.35	55.98	60.74
FENAKA CORPORATION	93.58	76.84	14.71	10.77
HOUSING DEVELOMENT CORPORATION	17.02	39.39	12.81	23.56
ISLAND AVIATION SERVICES LTD(IASL)	52.6	42.65	26.55	21.82
MALDIVES AIRPORTS COMPANY LTD (MACL)	82.48	95.32	42.06	44.18
MALDIVES TRANSPORT AND CONSTRUCTION COMPANY LTD	71.68	69.76	33.25	32.82
MALE WATER AND SEWERAGE COMPANY (MWSC)	9.67	6.5	6.55	4.57
MALDIVES PORTS LIMITED	10	15.28	9.27	12.09
STATE ELCTRIC COMPANY LTD (STELCO)	206.61	330.52	47.57	64.52
STATE TRADING ORGANIZATION (STO)	68.68	93.46	24.82	32.62

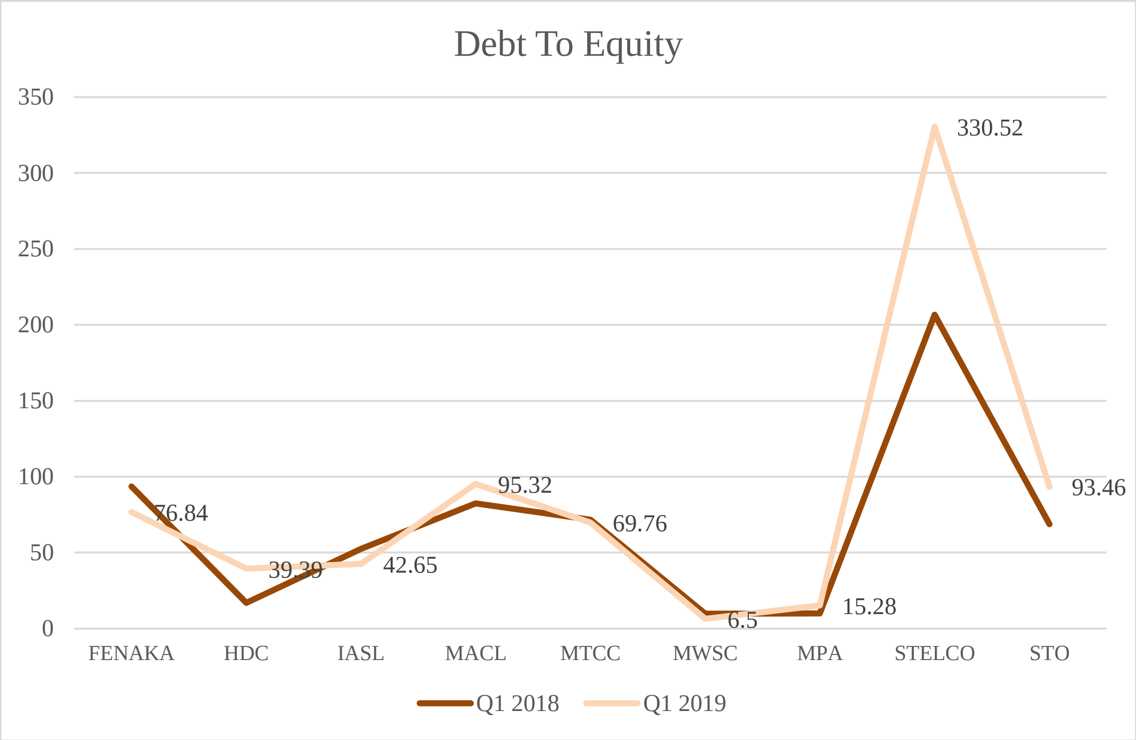
As far as leverage is concerned, the significant increase in debt to equity ratio in AIA is due to reduced total equity of the company due to deterioration of retained earnings and increasing trend in borrowings. The rise in borrowings is not healthy for a company like AIA where they do not have the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

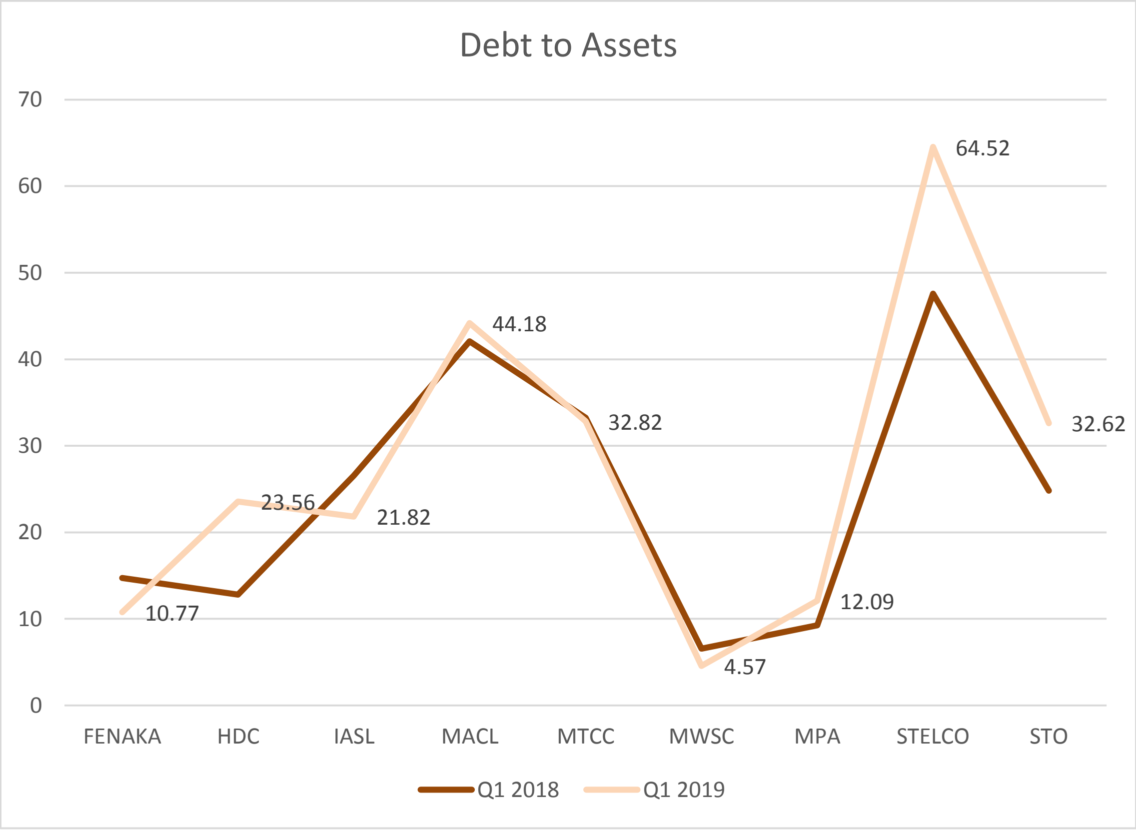
When analyzing to Debt to Equity, Fenaka is more debt based than most of the SOEs. However, overall leverage of the company reduced as the company is paying off its long term debts. This reduces the risk for the investors and increases the financial stability of the company.

HDC’s leverage has increased compared to two quarters as their debts increased by MVR 4.2 billion while Equity of the company increased by only by MVR 55 million. This increases the financial risk associated with the debts. The company has the capacity to pay off the debts with their share capital as they have high retained earnings. However due to lack of liquidity the company depends on government assistance in servicing debt.

Debt to equity ratio of IASL reduced as a result of reduced borrowings along with increased equity of the company. Gearing level of MACL also has increased due to higher borrowings. This increase in gearing has shown positively with the increase in total non-current assets. The airport development project is in progress in which is likely to add more debt and more assets to the company’s books. However this addition of assets and liabilities is likely to enable the company to increase its operations and number of passengers leading to higher revenue for the company.

Debt to equity ratio of MWSC reduced from 9.67 to 6.50 in Q1 2019. The leverage ratios are relatively low in MWSC as they have a huge equity base. Their financial risks are relatively low and they have ample room for expansion through acquiring debts and equity financing as they have a large reserve. However, the leverage ratios of MPL has increased after loans taken to finance the on-going projects.





IMPORTANT PROJECTS

Being the largest banking service provider, BML launched Islamic Savings and Investment Deposit Accounts. The bank has based the products in the concept of Wakala where the customers' savings are invested in Shari'ah compliant financing to create the best possible returns. Changes were brought to Lui Express loan and the old Lui Loan was amended and introduced as the Lui Micro Loan. The existing BML Lifestyle Loan was also further enhanced. They also opened the first dedicated Business Centre in Addu City which will support SMEs on a range of business banking requirements. The bank also removed the set-up fee and monthly maintenance fee for the BML Payment Gateway to facilitate the expansion of e-commerce in the country. BML Launched "BML Riveli" through which the Bank will launch a Diploma in Banking and Finance in association with Villa College. They also opened a new branch with Self Service Banking Centre in Gaafu Dhaalu atoll Gadhdhoo and launched the Aharenge Bank Community Fund, a program to empower individuals to contribute to their communities through sustainable projects. BML launched Masveriyaa Card and Digital Wallet which will allow fishermen to conveniently make transactions through a unique card linked to a digital wallet.

Being the largest tele-communication service provider, Dhiraagu extended Fibre service to more islands covering 75% of the total population of the Maldives. They also announced Maldives' official launch of Samsung S Series and opened for pre-order. They introduced Special Mamen promo for students and the chance to win exciting lucky draw offers and support to various environmental causes.

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

HDC has 18 different on-going projects which cost over MVR 12 billion. The biggest investments include development of housing units, Electricity and ICT ducting for Hulhumale' phase 2, Hiya-vehi housing project, Airport link road project, constriction of bridges in Hulhumale', etc. Most of the projects are expected to be completed by the end of 2018 and during the year 2019.

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

During the 1st Quarter 2019, MTCC carried out a total of 22 construction projects out of which 12 projects were successfully completed. Three new projects were started during the quarter whereas 6 projects were awarded. MTCC also carried out a total of 06 dredging, reclamation and other projects, including; Land Reclamation of Maavaru Lagoon, Land Reclamation and Shore Protection of K. Thilafushi Project, Gdh. Faresmaathoda Land Reclamation and Shore Protection, Land Reclamation and Shore Protection of Ha. Hoarafushi, K.Hura Land Reclamation & Shore Protection, and Sawmill Relocation Project. From this Land Reclamation of Maavaru Lagoon was completed during the quarter.

The on-going resort development projects of MTDC includes Kihavah Huravalhi, Magudhuvaa-Ayada Maldives and Naagoshi project. MWSC also invested in number of different projects worth MVR 932 million in the quarter of which MVR 782.8 million has been completed. STELCO also undertook 5 different projects including Greater Male' Grid connection Phase1 (0.18% complete), Establishment of sewerage system in Adh.Fenfushi (10.8% complete), Fifth Power Development Project (95.3%), Substation 37 construction (95% complete) and hulhumale' warehouse (60% complete).

CONCLUSION

Though AIA has improved revenue compared to Q4 2018 and Q1 2018 due to increased number of flights landed to the Airport, the increased revenue does not reflect in the profits of the company and the company faces gross loss and net losses over the quarters due to higher cost of sales and higher operating expenses. The current assets reduced compared to Q4 2018 and Q1 2018, current liabilities increased since there is a huge increase in shareholders loan. This resulted in lowering the current and quick ratios indicating the liquidity problems associated with it. Cash and cash equivalents shows a reducing trend as the company is unable to generate enough cash through operating activities. In terms of gearing, the company has a high gearing ratio, thus there is a huge financial risk associated with the operation of AIA and they are most likely to depend on government funding for future operations. The company is expected to be profitable over the long-term with the development of tourist beds in this area and surrounding areas. Airport traffic will depend on the occupancy rates of these beds in the future.

BCC do not generate enough revenue through their operations and consistently depends on shareholder assistance for the daily expenses. Their asset base is nil except the cash assistance by the government as capital injection. The company is also weak in terms of liquidity and hence cannot be regarded as a sustainable company.

In comparison to the same quarter of the previous year, financial results of BML is positive with the gross income recording a rise of 4%. In addition to this, it is observed that that there is 38% fall in the net fee and commission income during this quarter. Net interest income on the other hand has shown a growth of 3%, which represents 55% of banks total income. Business volumes were healthy across all key lines. Capital and liquidity ratios are maintained above the regulatory requirements and has a positive cash flow position.

With over half a million customers Dhiraagu remains to be the leading digital and telecommunications service provider in the Maldives aiming to provide future-proof digital and telecommunications connectivity that enable customers to get ahead in the digital future. With that aim, Dhiraagu puts forward their strategies to bring the latest innovations and technology expanding their scope of services provided. In Q1 2019 Dhiraagu reported a revenue growth of MVR 3.9 million compared to previous quarter. Net profit and EPS improved as a result of improvement in revenue and cost reduction on certain areas. Compared to the same quarter of the previous year, margins has dropped as the costs increased relatively greater than revenue. However, compared to Q4 2018, profitability has shown an improvement resulting from lower costs. Cash balance enhanced as a result of lower investments in investing and financing activities compared to Q4 2018. However, the total cash spent on operating activities increased during the quarter. The company has the ability to settle the obligations through operating cash flow 42.8 times.

The current performance of the Fenaka has improved commencing from Q1 2019 in comparison with the previous quarter of 2018 and Q4 2018 in terms of profitability. Fenaka has managed its costs well reflecting it in the profits positively. In contrast, the company has difficulties in collecting their receivables and making payment before due dates. Therefore they have to improve their performance in the area of converting revenue into cash. This improvement could support them in improving their cash flow position and assist in making payments to suppliers promptly. The gearing level reduced due to reduced borrowings reducing the financial risk to the company.

GMIZL reported a satisfactory growth in revenue since rental income from Thilafushi and Gulhifalhu industrial leased plots increased. Moreover, the company is able to generate higher profits due to reduction in administrative costs particularly staff costs and cleaning and maintenance costs. The current ratio is high as the company has high current assets in comparison with the current liabilities. Current assets further increased compared to the previous quarter as a result of increased receivables and cash and cash equivalents. The company is in a good liquidity position where they can settle the short term obligations with the current assets. However they have a high level of receivables compared to revenue which increased by 3.4% compared to the previous quarter. Therefore, necessary measures need to be taken to convert cash being tied up in receivables into actual cash to enhance the operations. Conversely, they have low financial risk due to absence of borrowings.

Hazana Maldives has not earned an operational revenue from its core business activities since inception of the business. The company is now in the liquidation process.

Profitability of HDC has been deteriorated resulting from loss of revenue even though administrative and maintenance expenses has been reduced in Q1 2019 when compared to Q4 2018 and Q1 2018. Further as result of higher borrowings, finance costs of the company increased. Liquidity ratios are at a favorable position where current assets exceeds the liabilities. However, receivables and inventories are the significant components of current assets, therefore the company does not have real funds to settle its liabilities. Receivables of the company has reduced when compared to last quarter, payables on the other hand has increased significantly. In terms of gearing, the ratios increased as a result of higher borrowings compared to the previous quarter. This indicates the higher financial risks. However based on books, the overall gearing level of the company is low showing the lack of financial stability.

Profitability of IASL has increased compared to Q1 2018 resulting from lower expenses. Revenue improved by only 1% compared to the previous quarter. The profitability margins has improved due to better management of direct and indirect expenses. Compared to Q4 2018, profitability has also improved due to lower expenses. Though liquidity ratios improved, they are below the ideal level and is unfavorable to the company. The liquidity problems in IAS can be clearly seen as they have their bank balance overdrawn in the quarter. They also have a greater amount of receivables which has to be taken into account and proper actions need to be taken to reduce receivables. In addition to decreased revenue, liquidity problems will create difficulties in the daily operations effecting profitability. Borrowings has been reduced compared to the previous year and previous quarter. This shows a promising progress in financial risk associated with the company.

Revenue of KACL reduced compared to Q4 of 2017 as well as Q3 of 2018. Operational expenses and staff costs remained comparatively higher than the revenue generated resulting in operational and net losses in the quarters. For a sustainable development costs need to be minimized while finding ways to increase revenue. KACL is in a high liquidity position where they have enough current assets to settle their obligations. Moreover, the cash is also sufficient to settle the obligations. However as per liquidity ratios, there are idle resources tied up in the business which can be utilized for further expansion and generate additional return. The company has no borrowings as at the end of the third quarter 2018.

MACL's revenue and direct cost of all segments has increased. Gross profit of MACL has improved as a result of higher revenue growth compare to cost. Further as result of managing operational expenses better it has led to an increase in operating profit and net profit. MACL is in a good liquidity position where they are able to settle the short term liabilities with the current assets. Further it is important to note that MACL was able to reduce their receivables compared to previous quarter and it has positively impacted cash flow of the company. Compared to the last quarter, borrowings have increased and it caused additional financial risk. However, it is important to note that, compared to Q4 2018 borrowings increased lower than the growth in equity. The company is also expected to increase passenger traffic with the current investments made and this is likely to impact the operating revenue positively.

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

Revenue of MHCL fell compared to the previous quarter and to the same quarter of the previous year. As the company's revenue depends on Hajj and Umra trips, the revenue of Q1 2019 fell consequently when compared to the other quarters, as the Hajj and Umrah period does not fall in the quarter. However, the direct costs and overheads particularly administrative expenses are higher in the quarter leading to net losses. The liquidity position of the company seems favorable as they can settle the obligations from the current assets. However, current assets are high due to advances paid by pilgrims for Hajj. Thus, the company fails to fund the operations through its own revenue.

The only source of revenue earned by MITDC in the previous quarter is bid income and which is very low when compared to the operations of the corporation. However, in Q4 2018, the company did not generate any revenue nor in Q1 2019. Once the ongoing projects are completed, revenue is expected to flow.

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

Profitability of MTCC has declined drastically and the company started to make losses due to significant decline in revenue. MTCC has lost revenue from most of the business segments and departmental performance has also deteriorated. The main reason for revenue losses were loss of contracting projects which is a major part of MTCC's growth portfolio. The loss of revenue from transport due to commencement of Sinamale' bridge also contributes to the overall revenue loss of the company. MTCC is at a satisfactory liquidity position to set off the current liabilities. Their receivables has reduced to a great extent and payables also has been recorded to be reduced which is a favorable indication. However, the company's bank account has been overdrawn and strategies should be formulated to balance the cash and cash equivalents in favor of the company.

Though revenue of MTDC improved by 1% compared to the same quarter of the previous year, the company faced loss of revenue by 10.6% compared to the last quarter. The company has lowered their administrative expenses compared to Q1 2018 leading to increasing profits during the period.

The overall performance of MWSC improved compared to Q1 2018, in terms of profitability and liquidity. However, when compared to the previous quarter, MWSC's performance has declined. The company had a significant revenue decline which adversely affected their profitability. Moreover higher finance costs lead to further deteriorating profits. The company has huge equity and are in a position to obtain equity financing for further operations.

There were no major operational activities undertaken by the Sports Corporation in the quarter to improve revenue. Further there are no on-going projects for the business development. However, operational costs are higher generating loss over the quarters. Moreover, capital has to be injected by the government more than the budgeted due to high costs. Failure in managing costs and capital leads to lack of generating enough revenue to fund even day to day operations. Thus they need to forecast the budget and strictly follow the budget while minimizing cost.

The level of revenue was maintained at a satisfactory level by STELCO as electricity usage has increased in the last quarter of 2018 compared to Q1 2018. Liquidity position also has a negative outlook where current assets are insufficient to settle the short term obligations. Further total payables has increased significantly due to accrued interest expenses incurred on borrowing. The rise in inventory has affected quick ratio of the company. Borrowings of the company are quite high thus financial risk associated with the company are relatively high. STELCO is a highly geared company, since they have financed almost all expansion and upgrading projects through borrowing. Based on current financial status, they are not in a position to repay all there loans, thus they may face difficulty in financing additional projects without any help from government or shareholders.

STO has increased their profitability in this quarter compared to Q1 2018. Though the costs increased along with rise in revenue STO managed to improve operating profits and overall margin. However, profit in relation to the sales could be improved in order to increase margin levels.

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

WAMCO has been achieving remarkable results in the year 2018 and has managed to make net profit of MVR 1.2 million for the quarter 4 of 2018. In the first quarter of 2019, the company made a loss of MVR 1.6 million due to revenue loss. However, they have managed their overheads well in the quarter as such the loss was less than the loss incurred in Q1 2018. The main components of the administrative expenses are staff costs such as salaries and wages paid to the employees and other staff expenses. WAMCO has a significant number of employees working in the collection process and the company may benefit from a review of the company's staff requirement. Liquidity ratios show a satisfactory figure where current assets are sufficient to settle the short term liabilities. However, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection. The company has not taken any long-term loan hence there is no finance cost. However, they have made huge investments in acquiring vehicles for waste disposal which might take long time to recover the investment costs.

RECOMMENDATION

- It is vital for the businesses to improve revenue in order to achieve ultimate corporate objectives. For a sustainable growth, it is important to implement strategies to increase revenue quarterly and annually. Higher revenue will act as an advantage for companies to qualify for loans at favorable interest rates. Diversification is also a strategy companies can use to grow their revenue streams.
- In addition with revenue improvement it is important to reduce cost and operational expenses. Cost reduction could create a competitive advantage for companies over the competitors.
- Businesses should make the best use of the available resources. When the resources are utilized efficiently, businesses can attain efficiency.
- Businesses should conduct a feasibility analysis, in order to invest in financially feasible projects. A proper detailed review of costs associated with the project and estimating the cash flow will help them to manage projects more efficiently. In appraising projects, companies could use net present value and payback period.
- In order to carry day to day operations smoothly, all SOE's has to improve their working capital and liquid position. Businesses should understand their Working capital management & liquidity through routine scrutiny of current assets and short term obligations. The businesses should manage their cash, inventories and accounts receivable/payable effectively to order to maintain ideal liquidity position.
- A proper plan and forecasted cash flows should be prepared on an annual and quarterly basis. This could assist SOEs to improve their cash position. Further a proper receivable collection techniques could help them manage cash position efficiently.
- Receivables have to be collected within the preferred period without further delay. Proper credit control mechanisms and verifying the credit worthiness is important to minimize provision. Furthermore, if the payments are not received within the desired time, relevant authorities must be informed and actions should be taken without further delay.
- Proper utilization of all available resources is essential to improve company performance. Utilizing resources such as machinery and labor in the most economical way could reduce costs and improve labor efficiency.
- At present there are several SOEs heavily dependent on shareholders' funds. Thus they have to formulate a self-sustaining business model in order to minimize dependence on shareholders' funds.
- Implementing a good inventory management technique is important for companies in order to minimize obsolete inventory and maintain an adequate level of inventory. Companies hold high level of inventory meaning that it ties up a lot of cash. Companies have to avoid dead stock and save on storage costs. They can do accurate forecasting and set par levels for each item on inventory. Companies can use first in first out method or either methods which is appropriate for the kind of business. Physical checking and accurate forecasting is also equally important.
- Internal control should be in place with the SOEs for a better performance. Sound internal controls could be implemented by reviewing control regularly and identify if deficiencies

are identified. Proper internal audit function is essential to identifying the problems and ensure proper governance. If a separate risk department is not there, internal audit should perform this duty as well to mitigate risk. This function could assist company to make informed decisions. Risk management and internal audit functions are essential to minimize avoidable losses.

- Planning is the most vital part for any business. In order to keep business on track, a proper plan and implementation of action plan is important.
- Reliance on shareholders' funds should be minimized to a satisfactory level and should find ways to run independently.
- It is essential for companies operating in Islamic finance industry to outline ways to improve operations through their Islamic Wing, which will act an added advantage in a market where Islamic operations are likely to conquer the market in the future.
- Over staffing is a major issue in certain SOEs. Hence, staff levels and staffing costs need to be minimized to an adequate level. Companies need to review their pay structure and formulate a performance based pay in order to improve performance of the companies. Further keeping right number of employees will help organization to improve labor efficiency and reduce waste. Further employee appraisal and proper monitoring is necessary to improve employee performance. At the same time employee productivity can be improved though proper training and guidance, therefore it is important to focus on staff development to make best use of them.
- Some of the companies are recommended to liquidate during the quarter, due to lack of operations.

Quarterly review; Quarter 1, 2019

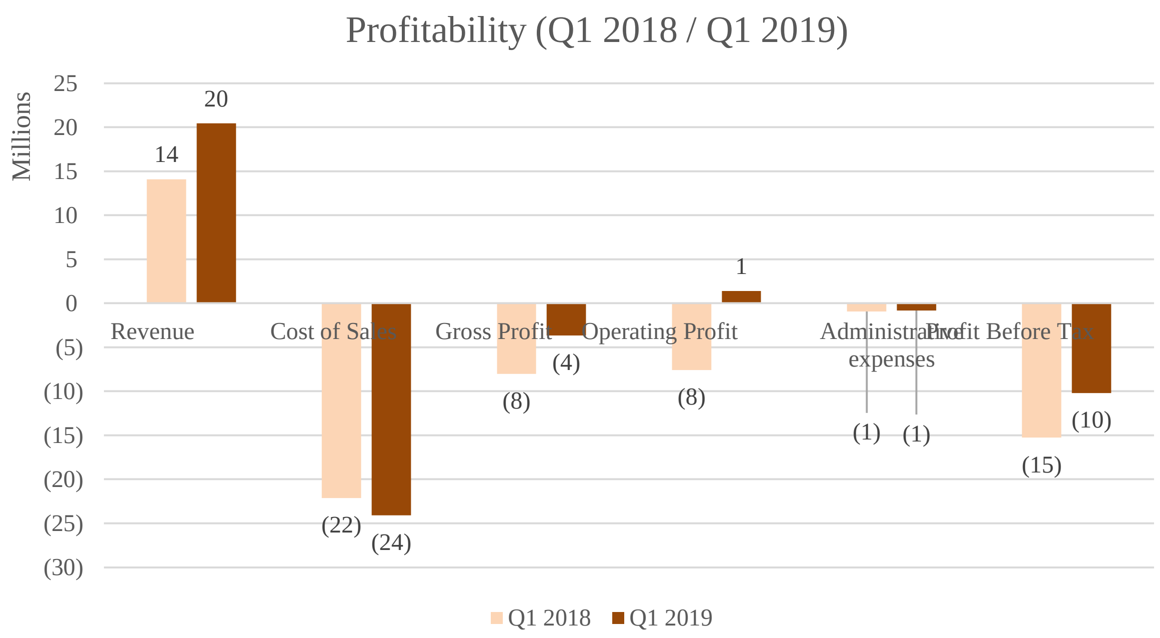
ADDU INTERNATIONAL AIRPORT PVT LTD

ADDU INTERNATIONAL AIRPORT PVT LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/AIA/Q1

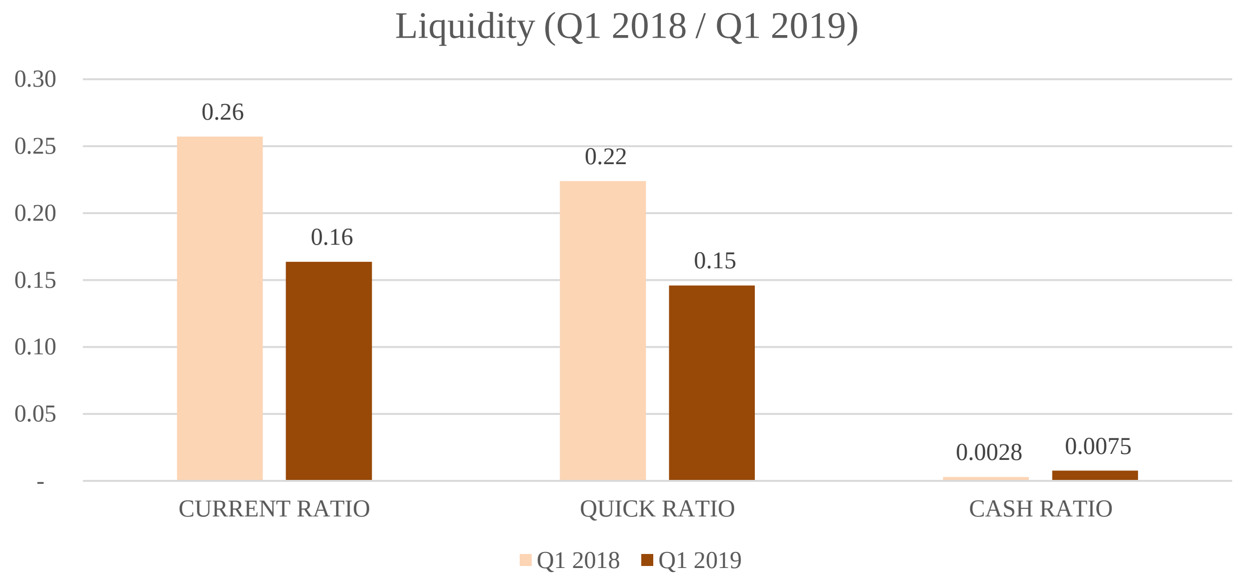
<u>Q1 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	14,087,460	20,436,362	6,348,902	45
Cost of Sales	(22,122,129)	(24,107,156)	(1,985,027)	(9)
Gross Profit	(8,034,669)	(3,670,794)	4,363,875	54
Operating Profit	(7,579,624)	1,388,176	8,967,800	118
Administrative expenses	(935,165)	(840,270)	94,895	10
Profit Before Tax	(15,273,430)	(10,187,919)	5,085,511	33
Profit After Tax	(15,273,430)	(10,187,919)	5,085,511	33



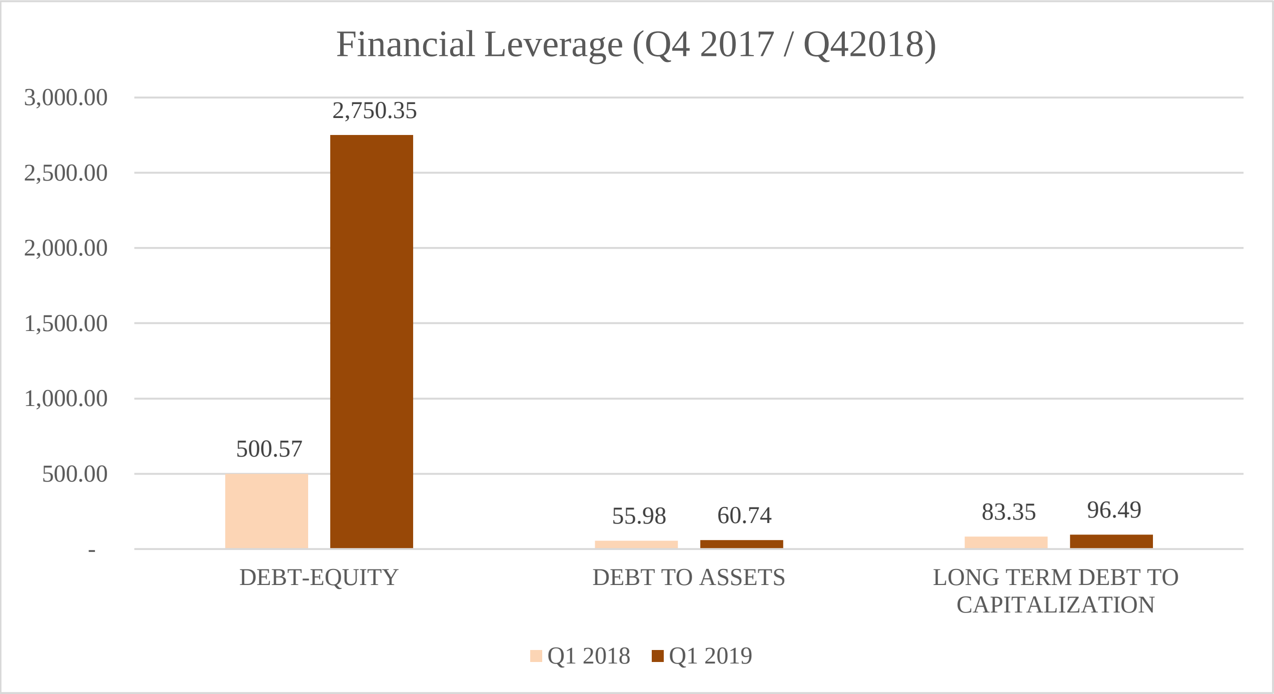
- Revenue increased by 45% compared to the same quarter of the previous year. Revenue consists mainly of Jet Fuel Revenue from the airlines operated into the airport.
- Direct costs also increased by 9% compared to the same period. AIA has high direct expenses which includes salaries and wages paid to the employees, depreciation, subscription expenses, etc. Hence, the company recorded gross loss in the quarters. However, compared to Q1 2018, loss after direct expenses reduced significantly by MVR 4.4 million which is a good sign in terms of the profitability of the business.
- Overheads including administrative expenses and finance costs reduced compared to Q1 2018. Hence the loss reduced by 33% compared to the previous period.

LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	592,294,421	583,421,748
CURRENT RATIO	0.26	0.16
QUICK RATIO	0.22	0.15
CURRENT ASSETS	54,607,331	46,676,902
CURRENT LIABILITIES	212,453,843	285,457,370
WORKING CAPITAL	(157,846,512)	(238,780,468)
CASH RATIO	0.00282	0.0075
INVENTORY	7,056,994	5,021,057



- Short term assets reduced by MVR 7.9 million compared to the Q1 2019 mainly due to reduction of receivables compared to Q1 2018. Current liabilities increased by 34% due increased payables and short term borrowings. AIA has recognized MVR 51.6 million of their borrowings as short term in Q1 2019. Hence, current and quick ratios reduced further in the quarter. The ratios suggest that the company has short term liquidity issues where assets cannot offset the liabilities in the short run.
- Cash and cash equivalents increased by MVR 1.5 million compared to Q1 2018. AIA is not in a position to settle the short-term liabilities with the operating cash flow as they do not have enough cash generated from the business activities.

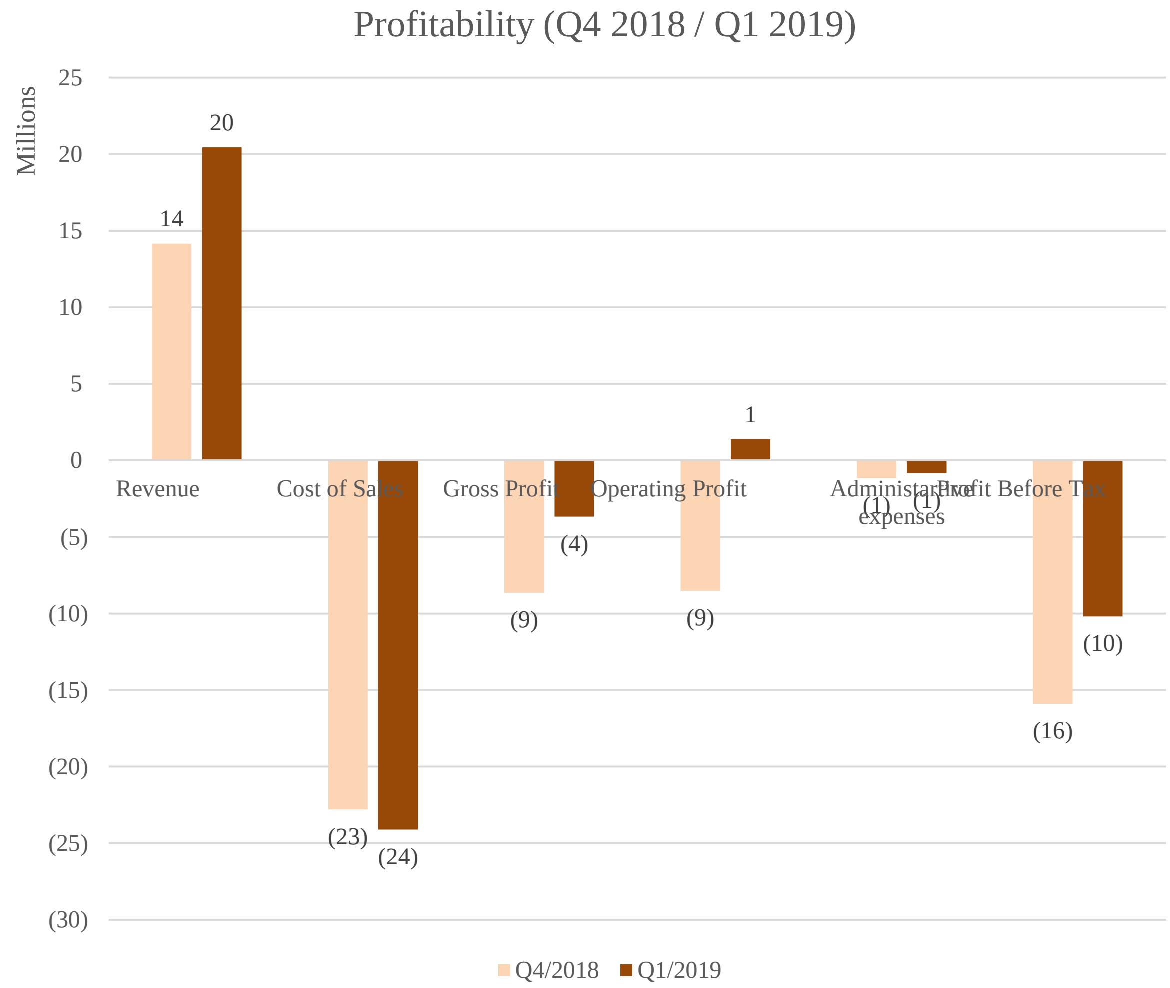
LEVERAGE	**Q1 2018**	**Q1 2019**
DEBT-EQUITY	500.57	2,750.35
DEBT TO ASSETS	55.98	60.74
LONG TERM DEBT TO CAPITALIZATION	83.35	96.49



- The company has taken huge borrowings which they do not have the capacity to pay back. At the same time, the equity of the company has reduced since the loss of the company reduced the share capital. Hence, the share capital of AIA do not have enough strength to take extra borrowings since AIA depends on capital injections from the shareholders to service current debt.

Q4 of 2018 and Q1 of 2019

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	14,160,708	20,436,362	6,275,654	44.32%
Cost of Sales	(22,805,512)	(24,107,156)	(1,301,644)	-5.71%
Gross Profit	(8,645,804)	(3,670,794)	4,975,010	57.54%
Operating Profit	(8,513,996)	1,388,176	9,902,172	116.30%
Administrative expenses	(1,161,562)	(840,270)	321,292	27.66%
Profit Before Tax	(15,896,473)	(10,187,919)	5,708,554	35.91%
Profit After Tax	(15,896,473)	(10,187,919)	5,708,554	35.91%

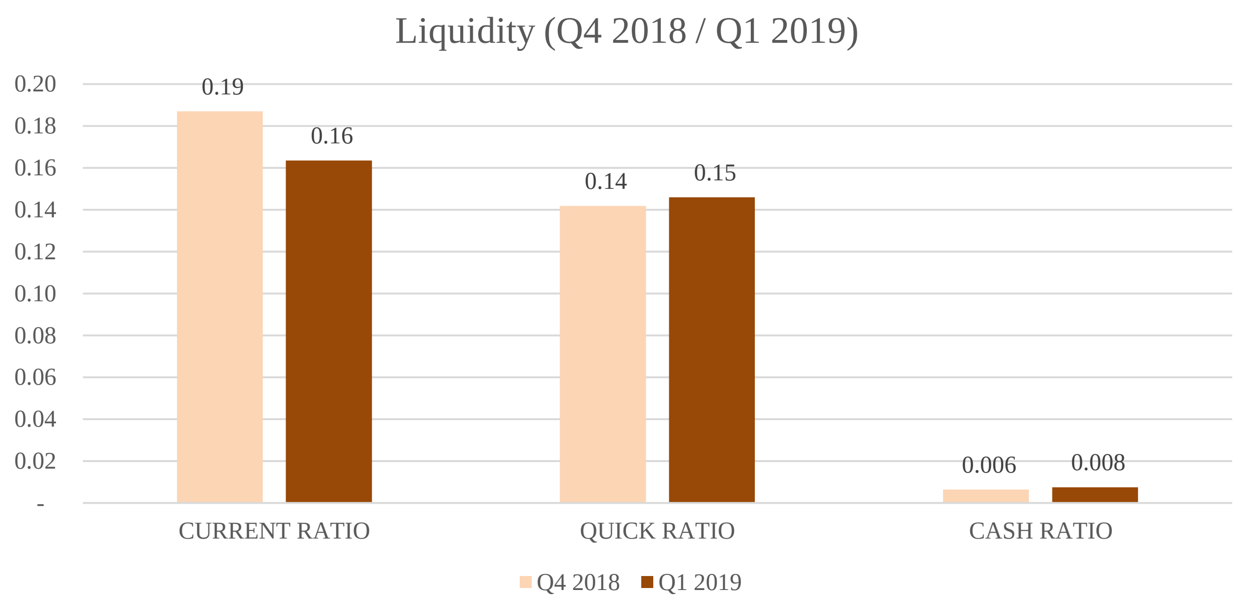


- Revenue increased by 44% compared to the previous period. Revenue has increased from all the streams. Revenue breakdowns are as shown below:

Revenue	**Q4 2018**	**Q1 2019**	**Difference**	**% change**
Jet fuel revenue	10,463,160	11,315,609	852,449	7.53
Ground Handling charge	1,208,540	4,046,150	2,837,610	70.13
landing fees	689,554	1,317,857	628,303	47.68
Parking fees	884,994	1,751,282	866,288	49.47
GPU charge	364,375	513,794	149,419	29.08
Cargo Terminal warehouse	146,062	162,758	16,696	10.26
DCS income	235,785	1,281,060	1,045,275	81.59
Other	-	47,852	47,852	100.00
Total	13,992,470	20,436,362	6,443,892	31.53

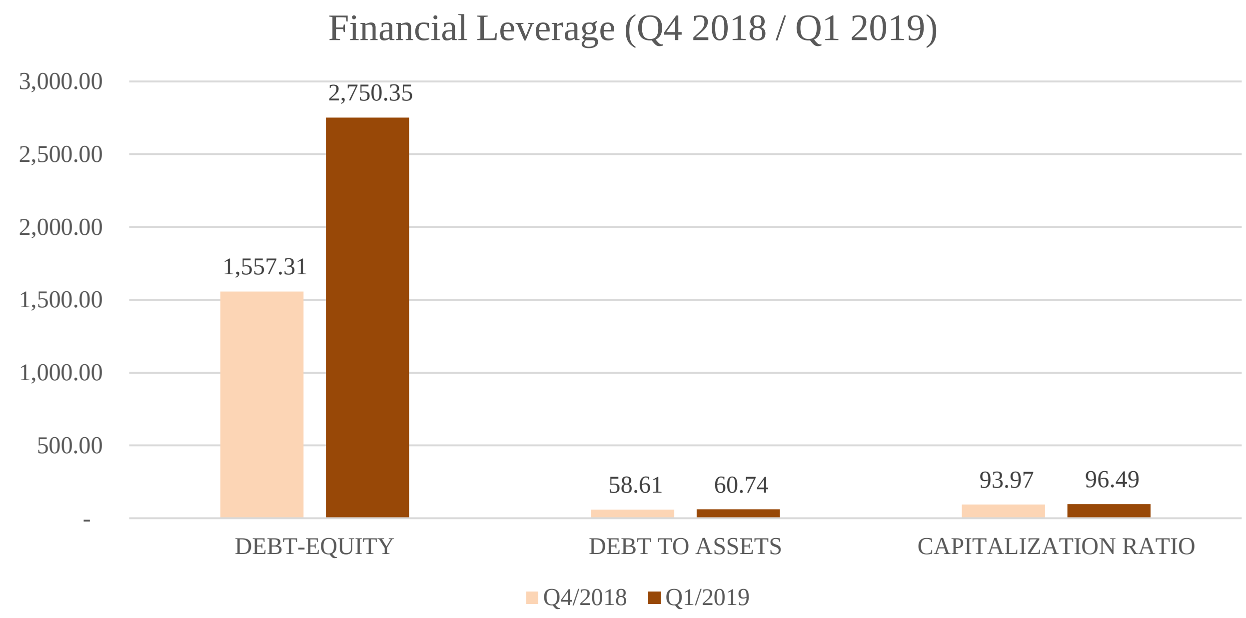
- Direct expenses includes cost of sales and operating expenses has increased leading to a loss in the quarter compared to Q4 2018. Direct costs increased by 5.71% compared to the last quarter. The loss after the direct expenses reduced in Q1 2019 compared to the previous quarter due to improvement in revenue.
- Rise in administrative costs and finance costs contributed to the loss made during the quarter. However, the loss is reduced by 36% due to revenue improvement.

LIQUIDITY	**Q4/2018**	**Q1/2019**
NON CURRENT ASSETS	582,914,846	583,421,748
CURRENT RATIO	0.19	0.16
QUICK RATIO	0.14	0.15
CURRENT ASSETS	51,822,579	46,676,902
CURRENT LIABILITIES	277,256,887	285,457,370
WORKING CAPITAL	(225,434,308)	(238,780,468)
CASH RATIO	0.006	0.008
INVENTORY	12,515,211	5,021,057



- Current assets reduced by 10% compared to the last quarter mainly due to reduction in the inventories. Receivables also increased by 5% compared to Q4 2018.
- Current liabilities increased by MVR 8.2 million compared to Q4 2018. Trade payables reduced by 3%, however, short term portion of the borrowings increased by MVR 15.6 million. Thus, AIA has a weak liquidity position where they cannot settle the liabilities with the short term assets.
- Cash and cash equivalents increased by 19% mainly due to high cash balance at the beginning of the period in Q1 2019. This cash balance is insufficient to settle the growing liabilities. Hence, the company depends on shareholders assistance to fund daily operations.

LEVERAGE	**Q4/2018**	**Q1/2019**
DEBT-EQUITY	1,557.31	2,750.35
DEBT TO ASSETS	58.61	60.74
CAPITALIZATION RATIO	93.97	96.49



- The gearing ratio of the company is very high indicating the inability to handle such borrowing with the equity position of the company. Equity is declining due to increase in retained losses. AIA is not in a position to service further debt. Thus the company needs to enhance mechanisms to ensure the inflow of more resources into the company.

Conclusion

Though AIA has improved revenue compared to Q4 2018 and Q1 2018 due to increased number of flights landed to the Airport, the increased revenue does not reflect in the profits of the company and the company faces gross loss and net losses over the quarters due to higher cost of sales and higher operating expenses.

The current assets fell compared to Q4 2018 and Q1 2018, current liabilities increased since there is a huge increase in shareholders loan. This resulted in lowering the current and quick ratios indicating the liquidity problems associated with it. Cash and cash equivalents shows a reducing trend as the company is unable to generate enough cash through operating activities.

In terms of gearing, the company has a high gearing ratio, thus there is a huge financial risk associated with the operation of AIA and they are most likely to depend on government funding for future operations.

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

Recommendation

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

Quarterly review; Quarter 1, 2019

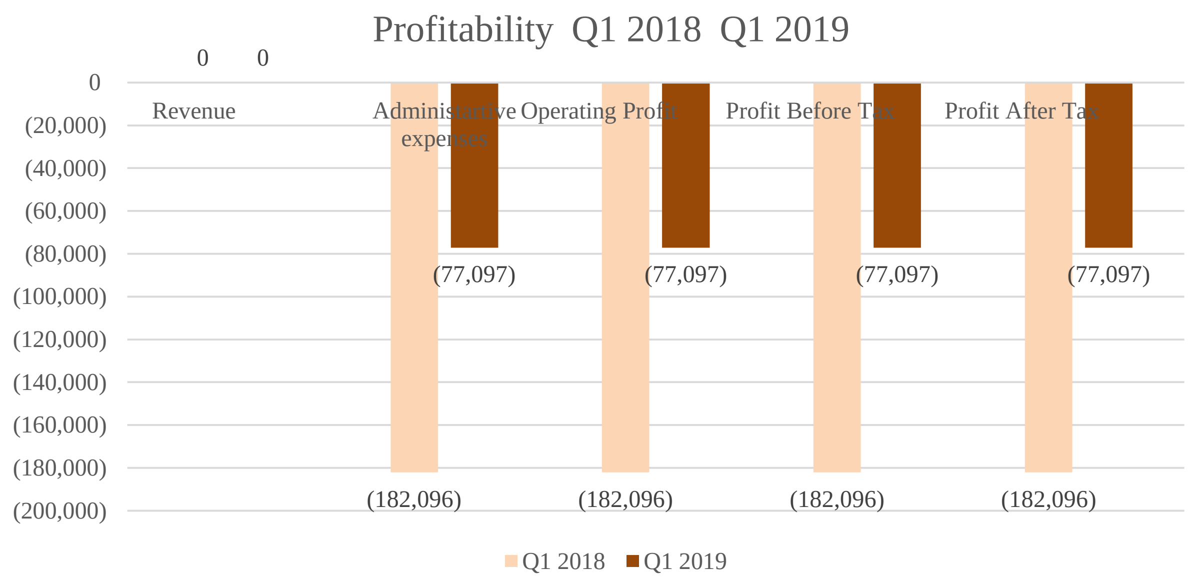
BUSINESS CENTER CORPORTAION LTD

BUSINESS CENTER CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MTDC/Q1

Q1 of 2018 AND Q1 of 2019

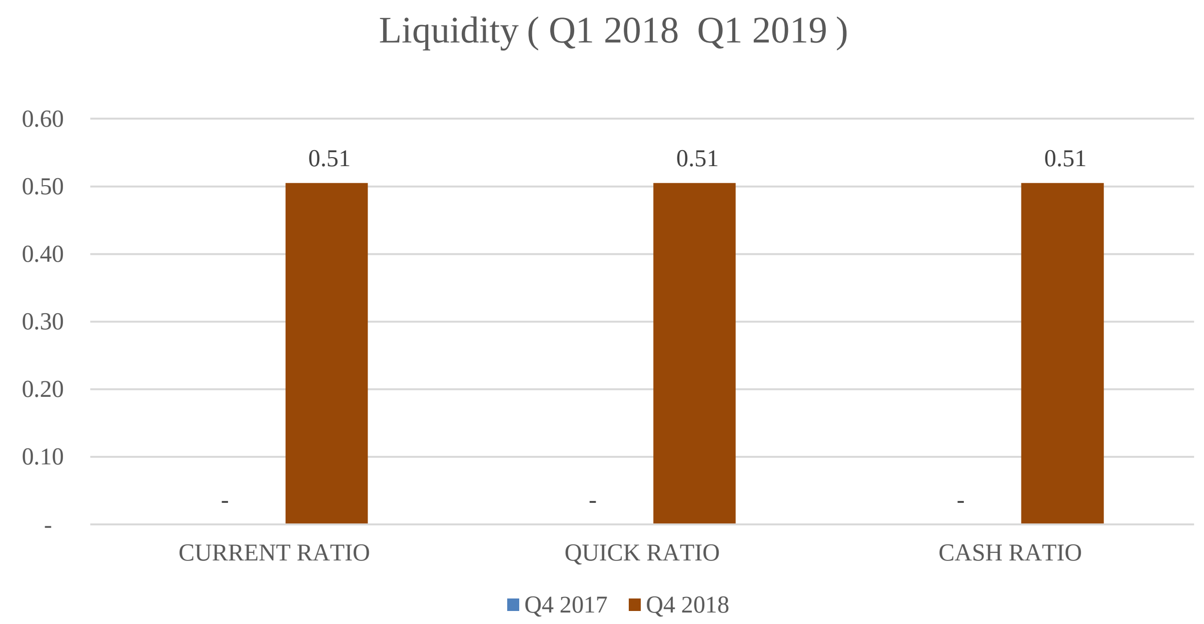
PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	0	0	0	0
Administrative expenses	(182,096)	(77,097)	104,999	(58)
Operating Profit	(182,096)	(77,097)	104,999	(58)
Profit Before Tax	(182,096)	(77,097)	104,999	(58)
Profit After Tax	(182,096)	(77,097)	104,999	(58)



- There were no operations by BCC in Q1 2018 as well as in Q1 2019 generating revenue to the company.
- The company incurs administrative expenses which becomes the net loss for the quarters. The company incurred annual fee and land lease as administrative expenses in Q1 2019. The expenses were 58% higher in Q1 2018. The administrative expense breakdowns are shown in the following table.

Administrative expenses	Q1 2018	Q1 2019	Change	%
Company Annual Fee	2,000	2,000	0	0
Board Director Allowance	105,000	0	(105,000)	-100
Land lease	75,096	75,097	1	0.001
Total	**182,096**	**77,097**	**(104,999)**	**-57.66**

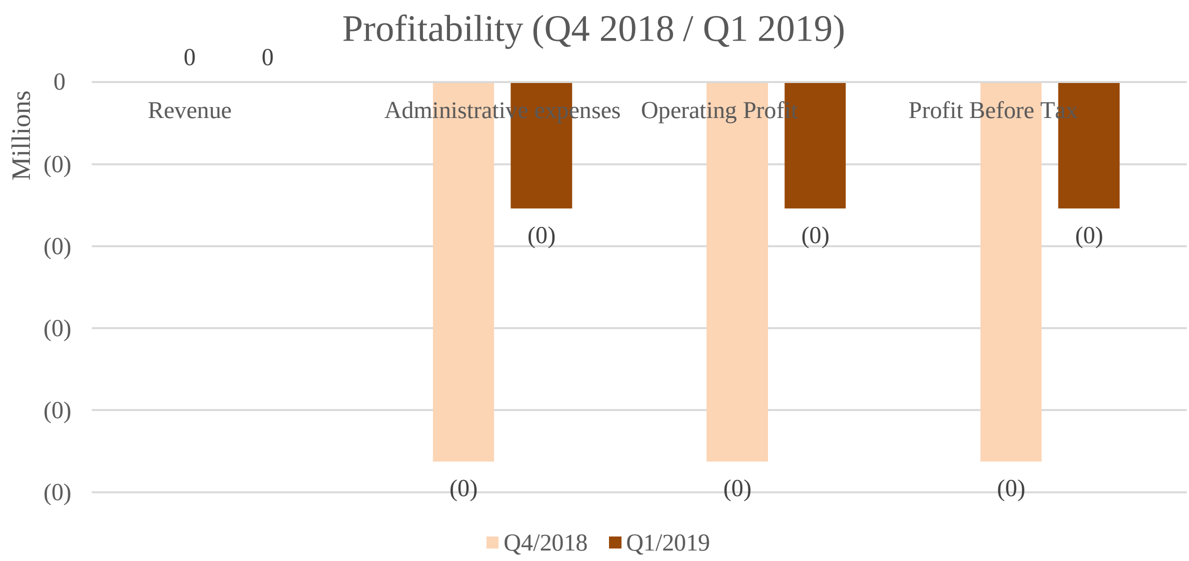
LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	0	0
CURRENT RATIO	-	0.51
QUICK RATIO	-	0.51
CURRENT ASSETS	0	201,400
CURRENT LIABILITIES	462,096	398,785
WORKING CAPITAL	-462,096	-197,385
CASH RATIO	-	0.51



- The company does not have any long term asset at the end of Q1 2019. In other words, their net worth is nil.
- Alongside non-current assets, the company does not have any current assets other than the cash balance i.e. the capital injected by the government.
- Current liabilities reduced by 14% since the company paid some of its trade payables. The company has a negative working capital resulting from lower assets compared to the current obligations.
- As such the company has serious liquidity issues and the long term sustainability is questionable.

Q1 of 2019 AND Q4 of 2018

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	0	0	0	0.00%
Administrative expenses	(231,297)	(77,097)	154,200	-66.67%
Operating Profit	(231,297)	(77,097)	154,200	-66.67%
Profit Before Tax	(231,297)	(77,097)	154,200	-66.67%
Profit After Tax	(231,297)	(77,097)	154,200	-66.67%

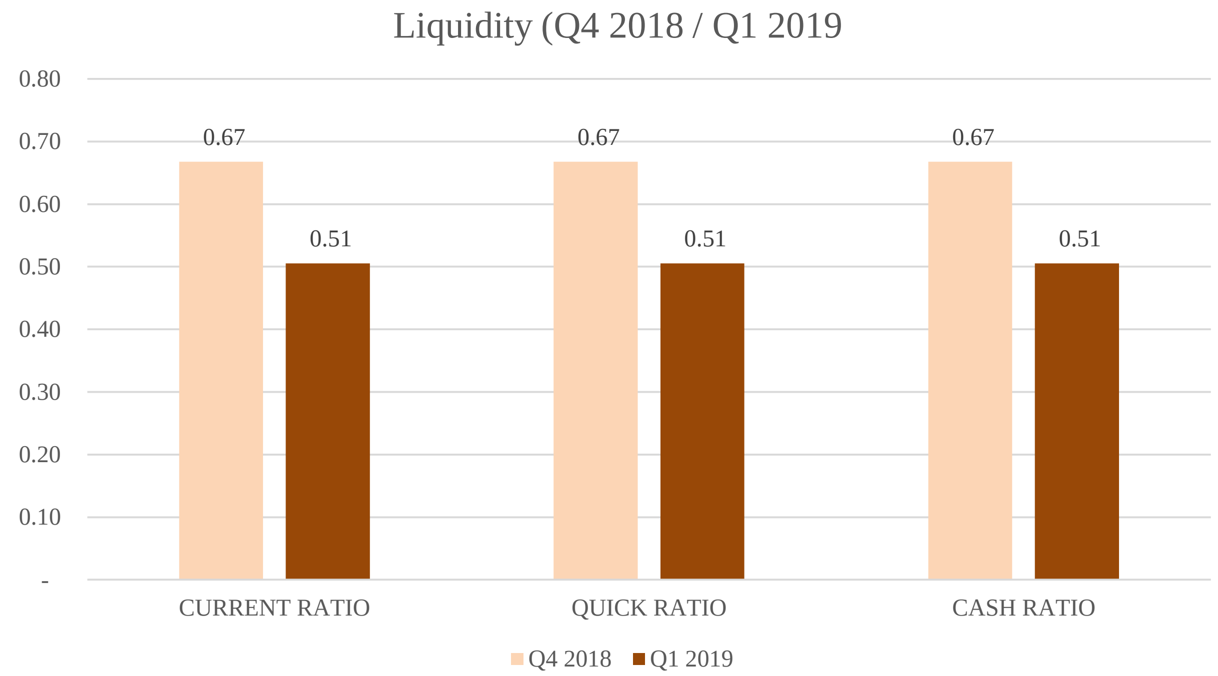


- The company has no revenue from the operations. They incur high administrative expenses and as a result company incurs operational and net losses. The administrative expenses breakdowns in Q1 2019 in comparison with the previous quarter is shown in the following graph;

Administrative expenses	Q4 2018	Q1 2019	Difference	%
Company Annual Fee	-	2,000.00	2,000.00	0
Fines	-	-	-	0
Board Director Allowance	77,000.00	-	(77,000.00)	-100
MD Salary	55,800.00	-	(55,800.00)	-100
Pension	8,400.00	-	(8,400.00)	-100
Land lease	75,097.00	75,097.00	-	0
Total	**231,297.00**	**77,097.00**	**(154,200.00)**	**-66.668**

- The administrative expenses reduced as a result of Board Directors and MD did not take salary commencing from the first quarter 2019.

LIQUIDITY	Q4/2018	Q1/2019
CURRENT RATIO	0.67	0.51
QUICK RATIO	0.67	0.51
CURRENT ASSETS	241,500	201,400
CURRENT LIABILITIES	361,788	398,785
WORKING CAPITAL	(120,288)	(197,385)
CASH RATIO	0.67	0.51



- Current ratio and quick ratio reduced as current assets reduced while payables increased. The company do not have enough resources to settle the current obligations and heavily depend on shareholder assistance.

Conclusion

The company do not generate enough revenue through their operations and consistently depends on shareholder assistance for the daily expenses. Their asset base is nil except the cash assistance by the government as capital injection. The company is also weak in terms of liquidity and hence cannot be regarded as a sustainable company.

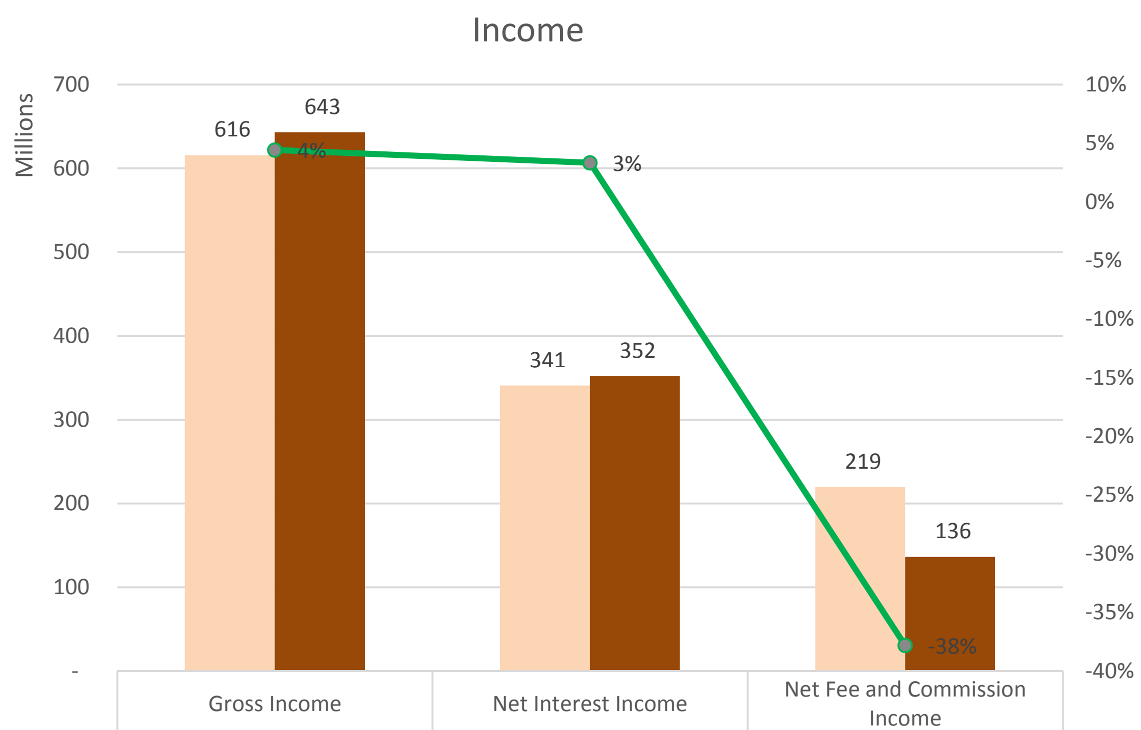
Recommendation

- BCC has to formulate a business plan and strategic plan which could assist them to achieve corporate objective. Corresponding to any other business operation BCC has to make profit motive as their main objective. Therefore revenue generation and cost controlling should be the essential in their strategic plans.
- Increase revenue while reducing cost, is vital for sustainable development of BCC. Thus, appropriate measures should be taken to improve revenue and development of business. Further cost reduction and elimination of waste will support them to utilize resources efficiently.
- Reliance on shareholders fund should be minimized to a satisfactory level and try to finance independently.
- Recommend to liquidate if business activities does not start within the quarter

Quarterly review; Quarter 1, 2019

BANK OF MALDIVES PLC

<u>Q1 of 2018 AND Q1 of 2019</u>

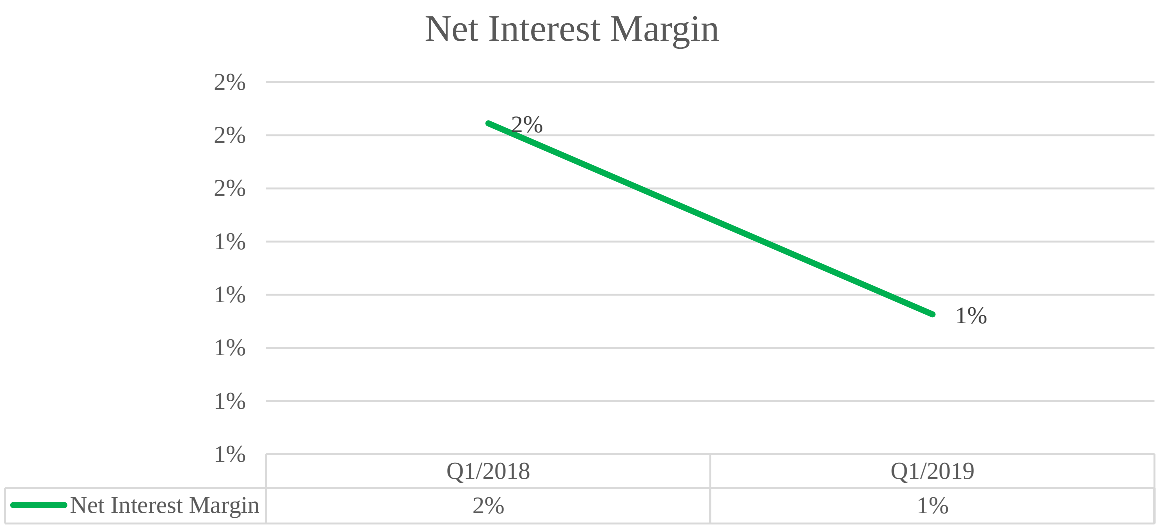


	Gross Income	Net Interest Income	Net Fee and Commission Income
Q1/2018	615,734,000	340,703,000	219,266,000
Q1/2019	642,944,000	352,038,000	136,321,000
Change %	4%	3%	-38%

In comparison to the same quarter of the previous year the gross income has recorded a rise of 4%. In addition to this, it is observed that that there is 38% fall in the net fee and commission income during this quarter. Net interest income on the other hand has shown a growth of 3%, which represents 55% of banks total income.

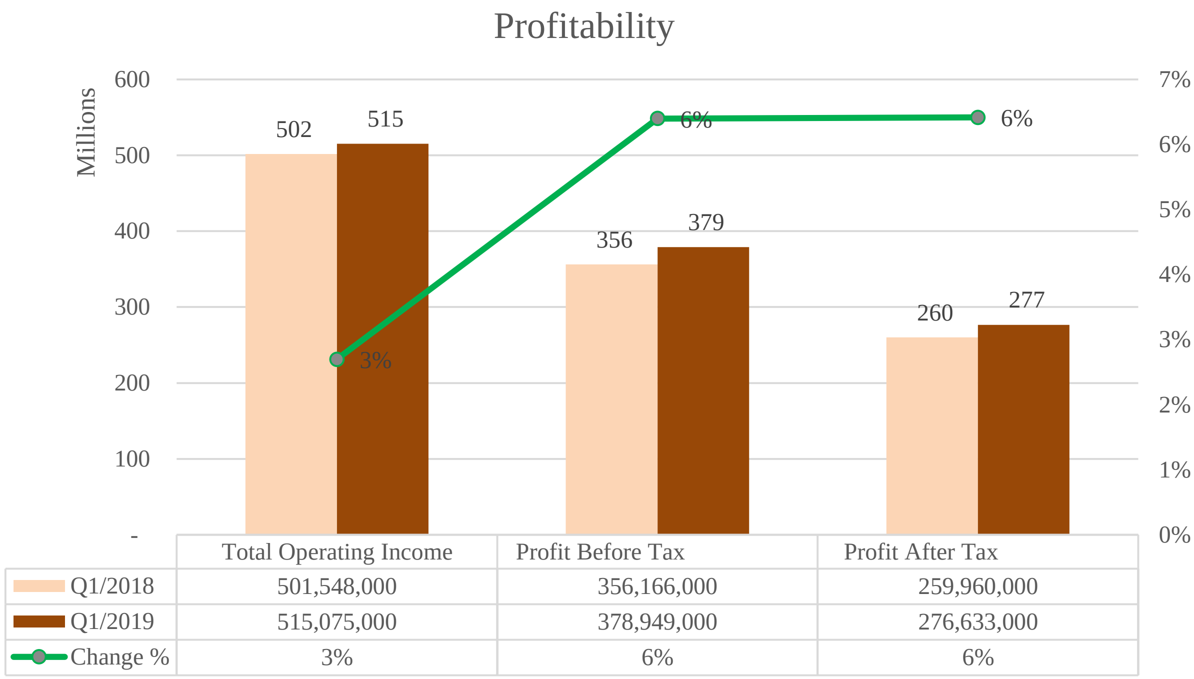
Net Interest Margin

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



The net interest margin has reduced by 1% when compared to same quarter of the previous year. Interest rates charged by the bank and the source of the bank's assets will significantly impact this ratio. The company's total earning assets has increased from MVR 22.3 billion to MVR 24.2 billion.

PROFITABILITY



Overall profitability of the bank has increased by 6% when compared to 2018 Q1 from MVR 260 million to MVR 277 million. Total operating income of the company also recorded a rise of 3%. It is also observed that the operating expenses of the company have also increased by 3% when compared to the 2018 Q1.

As a result of increased profitability the earning per share of the company has increased by 7% when compared to 2018 Q1. Earnings per share for 2018 Q1 were MVR 193 and it has raised to MVR 206 in 2019 Q1.

Capital Management

The bank is maintaining a strong capital position well above regulatory requirement of MVR 25 million which summarized below;

Total Assets	Q1/2018	Q1/2019	% change
Cash, Short Term Funds & Balances with MMA	5,617,587,000	6,876,822,000	22%
Loans and Advances	12,245,896,000	12,404,535,000	1%
Financial Investments - Available for Sale	123,483,000	144,526,000	17%
Financial Investments - Held to Maturity	4,362,658,000	4,808,902,000	10%
Property, Plant and Equipment	414,867,000	425,180,000	2%
Other Assets	261,933,000	274,113,000	5%
Investment in subsidiaries	10,000	-	
Total Assets	**23,026,434,000**	**24,934,078,000**	**8%**

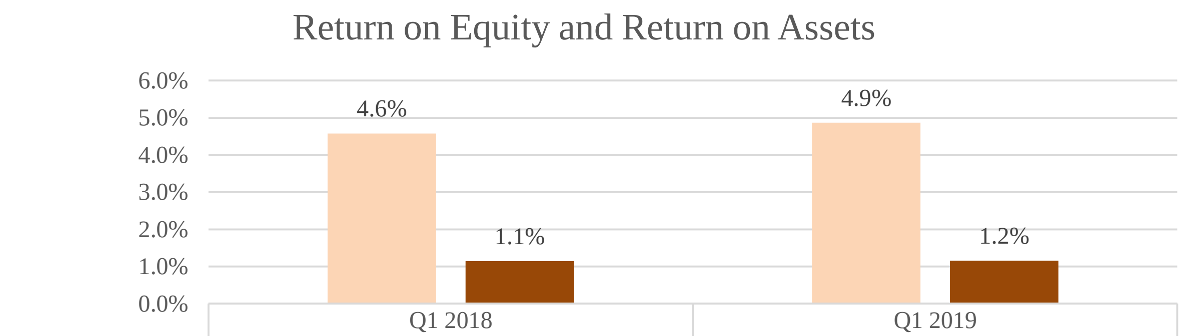
The assets of the bank have increased by 8% with most lines showing satisfactory growth. Loans and advances are the main component of the assets and it has increased by 1%.

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	**Q1/2018**	**Q1/2019**	**% change**
Deposits	15,418,891,000	16,903,491,000	10%
Borrowings	840,812,000	797,453,000	-5%
Other Liabilities	958,654,000	1,109,325,000	16%
Total	**17,218,357,000**	**18,810,269,000**	9%

The liabilities of the bank have seen a growth 9 percent. Deposits are the largest liability for the bank and include money-market accounts, savings, and checking accounts. Both interest bearing and non-interest bearing accounts are included. Although deposits fall under liabilities, they are critical to the bank's ability to lend. If a bank doesn't have enough deposits, slower loan growth might result, or the bank might have to take on debt to meet loan demand which would be far more costly to service than the interest paid on deposits. The deposits represent 90% of its liabilities.

<u>Return on Equity & Return on Assets</u>



	Q1 2018	Q1 2019
Return on Equity	4.6%	4.9%
Return On Assets	1.1%	1.2%

Return on Equity of the company increased showing the increased ability of the bank to generate profit from the shareholders’ investment in the company. In Q1 2019 BML generated 4.9% of the profit through shareholder’s equity.

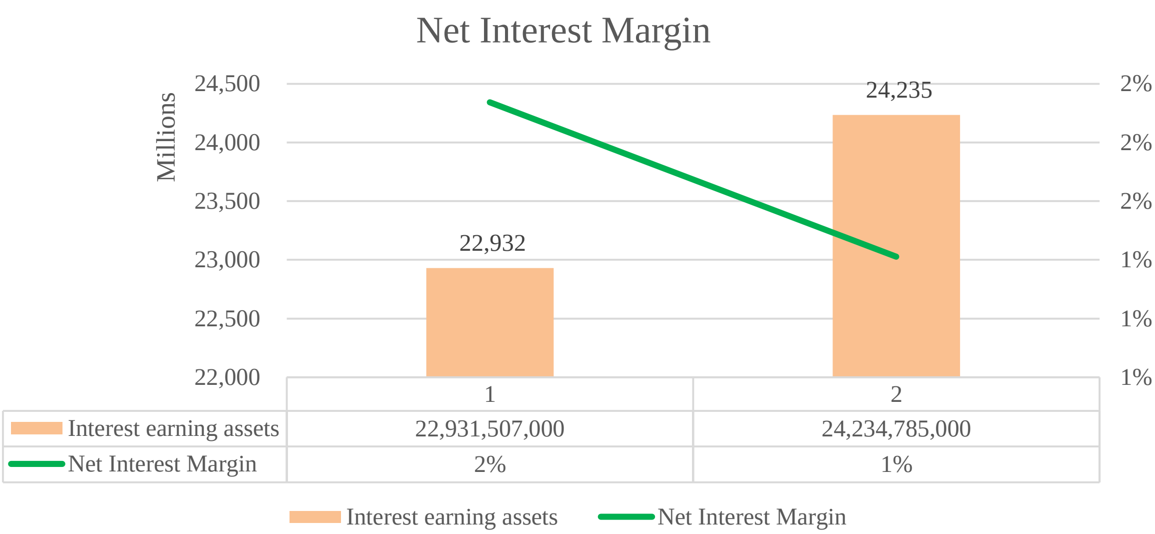
BML also managed its assets more efficiently to generate returns in the quarter as suggested by the increased ratio.

Q4 of 2018 AND Q1 of 2019

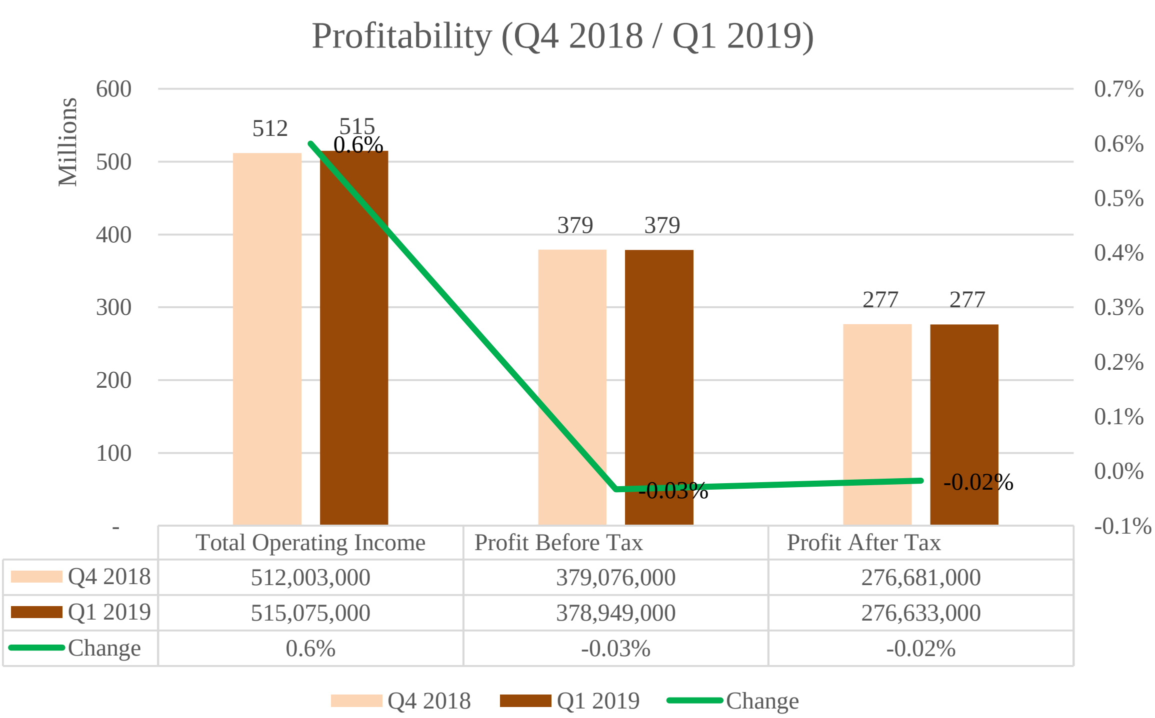
A growth of 2% could be seen in gross income compared to the previous quarter. While the Net Fee and commission income also increased by 10%, net interest income fell by 3%.

Net Interest Margin

Net interest margin has reduced from 2% to 1% after fall in interest earning assets by MVR 1.3 billion compared to the previous quarter.



PROFITABILITY



Overall Profitability of the bank has declined slightly by 0.6% when compared to the previous quarter. Total operating income of the company increased only by MVR 3 million. The profits has shown a downturn due to high provision for doubtful debts.

Capital Management

The assets of the bank are summarized as below;

Total Assets	Q4/2018	Q1/2019	%
Cash, Short Term Funds & Balances with MMA	5,075,787,000	6,876,822,000	35%
Loans and Advances	12,934,941,000	12,404,535,000	-4.1%
Financial Investments - Available for Sale	123,483,000	144,526,000	17.0%
Financial Investments - Held to Maturity	4,797,296,000	4,808,902,000	0%
Property, Plant and Equipment	409,976,000	425,180,000	4%
Other Assets	333,111,000	274,113,000	-18%
Total Assets	**23,674,594,000**	**24,934,078,000**	**5%**

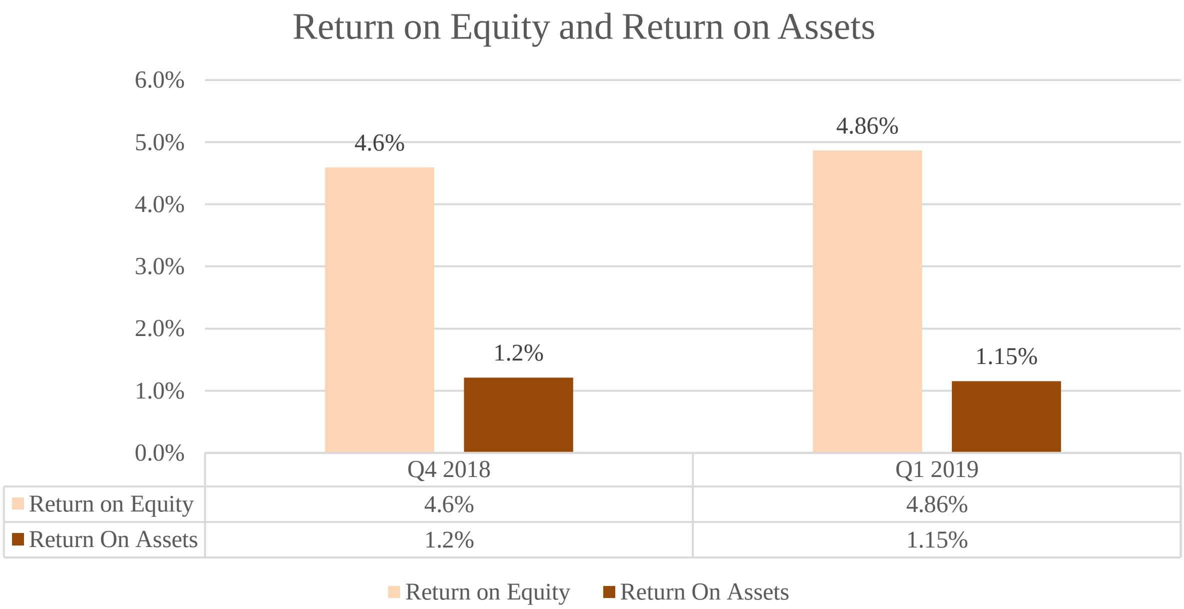
The total assets of the bank has increased by only 5% when compared to previous quarter. Loans and advances are the main component of the assets, however it has recorded a 4.1% reduction in this quarter.

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

Total Liabilities	Q4/2018	Q1/2019	% change
Deposits	15,280,223,000	16,903,491,000	11%
Borrowings	921,761,000	797,453,000	-13%
Other Liabilities	997,808,000	1,109,325,000	11%
Total	**17,199,792,000**	**18,810,269,000**	**9%**

Increase of 9% in total liabilities is mostly due to increase in deposits and other liabilities. Borrowings on the other hand has reduced by 13% when compared to 2018 Q4.

Return on Equity & Return on Assets



Return on Equity of the company increased showing the increased ability of the bank to generate profit from the shareholders' investment in the company. In Q1 2019 BML generated 4.9% of the profit through shareholder's equity.

BML also managed its assets more efficiently to generate returns in the quarter as suggested by the increased ratio.

Important Projects undertaken in the quarter

The main business developments in this quarter includes:

- Launched BML Islamic Savings and Investment Deposit Accounts. The bank has based the products in the concept of Wakala where the customers' savings are invested in Shari'ah compliant financing to create the best possible returns.
- Changes were brought to Lui Express loan and the old Lui Loan was amended and introduced as the Lui Micro Loan. The existing BML Lifestyle Loan was also further enhanced.
- Opened the first dedicated Business Centre in Addu City which will support SMEs on a range of business banking requirements. The bank also removed the set-up fee and monthly maintenance fee for the BML Payment Gateway to facilitate the expansion of e-commerce in the country.
- Launched "BML Riveli" through which the Bank will launch a Diploma in Banking and Finance in association with Villa College.
- Received the coveted "Excellence in Training and Development Award: An Overall Award for Best Results Based Training" from the World HRD Congress at the 6th Global Training and Development Leadership Awards, for establishing a culture of learning and implementing policies to develop and retain talent.
- Opened a new branch with Self Service Banking Centre in Gaafu Dhaalu atoll Gadhdhoo.
- Launched the Aharenge Bank Community Fund, a program to empower individuals to contribute to their communities through sustainable projects.
- Launched Masveriyaa Card and Digital Wallet which will allow fishermen to conveniently make transactions through a unique card linked to a digital wallet.

Corporate Governance

BML board has conducted 3 meetings during the first quarter of 2019. Audit and Risk Management committee held 10 meetings and Appointment, Nomination & Remuneration committee held 37 meetings in quarter 1. The main activities of the board and sub committees includes reviewing and approving bank's audited financial statements for the year ended 31st December 2018 and for quarter 4 2018, reviewing risk management report and Non-Performing Assets and Loan Portfolio Report of Q4 2018. The proposed final dividend for 2018, ANR and ARM Committee Report 2018 and the Procurement Committee Report for the second half of 2018 was also reviewed by the board during this quarter. Reviewing and approval of the Internal Audit Plan 2019, Bank's HR Policy and Corporate Health Insurance Scheme 2019 was also carried out.

Bank is committed in achieving high standards of corporate conduct and in this regard, bank complies to provisions of its Corporate Governance Code its internal policies and procedures which govern its day to day operations.

CONCLUSION

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

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

Quarterly review; Quarter 1, 2019

DHIVEHI RAAJJEYGE GULHUN PLC

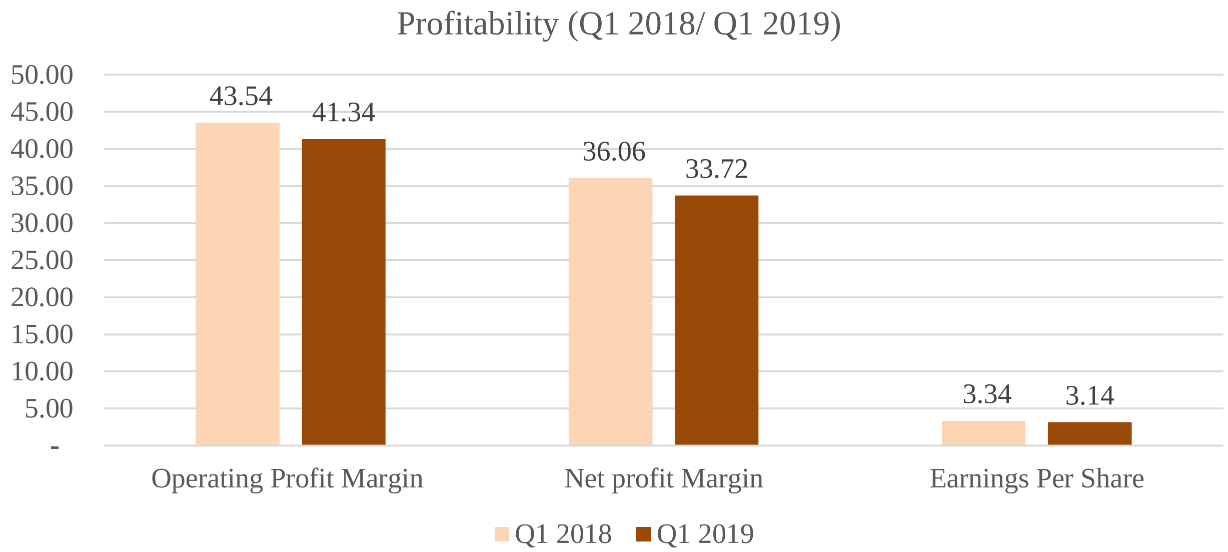
DHIVEHI RAAJJEYGE GULHUN PLC
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/DHIRAAGU/Q1

Q1 of 2018 and Q1 of 2019

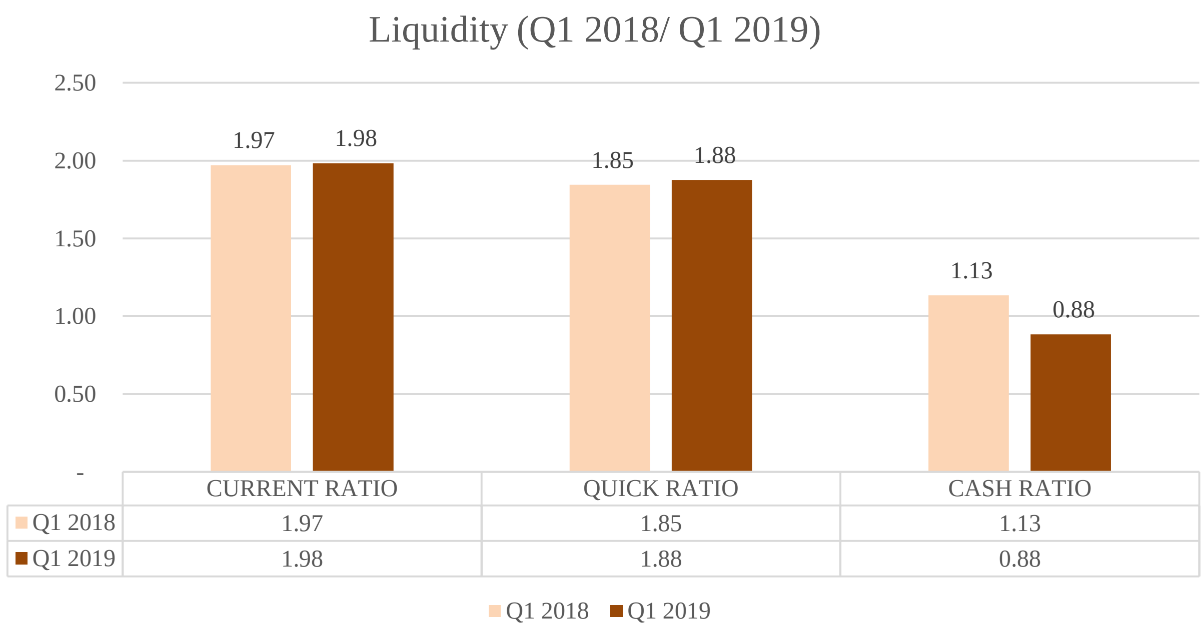
PROFITABILITY	Q1 2018	Q1 2019	Change	%
REVENUE	704,883,000	708,675,000	3,792,000	1
OPERATING PROFIT	306,877,000	292,987,000	(13,890,000)	(5)
PROFIT BEFORE TAX	299,297,000	280,675,000	(18,622,000)	(6)
PROFIT AFTER TAX	254,177,000	238,941,000	(15,236,000)	(6)

	Q1 2018	Q1 2019
OPERATING PROFIT MARGIN	43.54	41.34
NET PROFIT MARGIN	36.06	33.72
EARNINGS PER SHARE	3.34	3.14



- Revenue of the leading telecommunication service provider increased by MVR 3.8 million which is an increment of 1% compared to the same quarter of the previous year.
- Though operating costs reduced by MVR 1.6 million, depreciation and amortization costs increased by MVR 16 million more than Q1 of 2018 due to increase in non-current assets. This resulted in a 5% drop in operating profit when the stated quarters are concerned.
- Net financing expenses also increased by 62.4% (MVR 4.7 million), resulting profit to deteriorate by 6%. Following the increasing costs, a reduction of profit margins and earnings per share could be seen compared to Q1 2018.

LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	2,050,513,000	2,335,938,000
CURRENT RATIO	1.97	1.98
QUICK RATIO	1.85	1.88
CURRENT ASSETS	1,395,142,000	1,206,079,000
CURRENT LIABILITIES	707,846,000	607,993,000
WORKING CAPITAL	687,296,000	598,086,000
CASH RATIO	1.13	0.88
INVENTORY	88,858,000	65,070,000

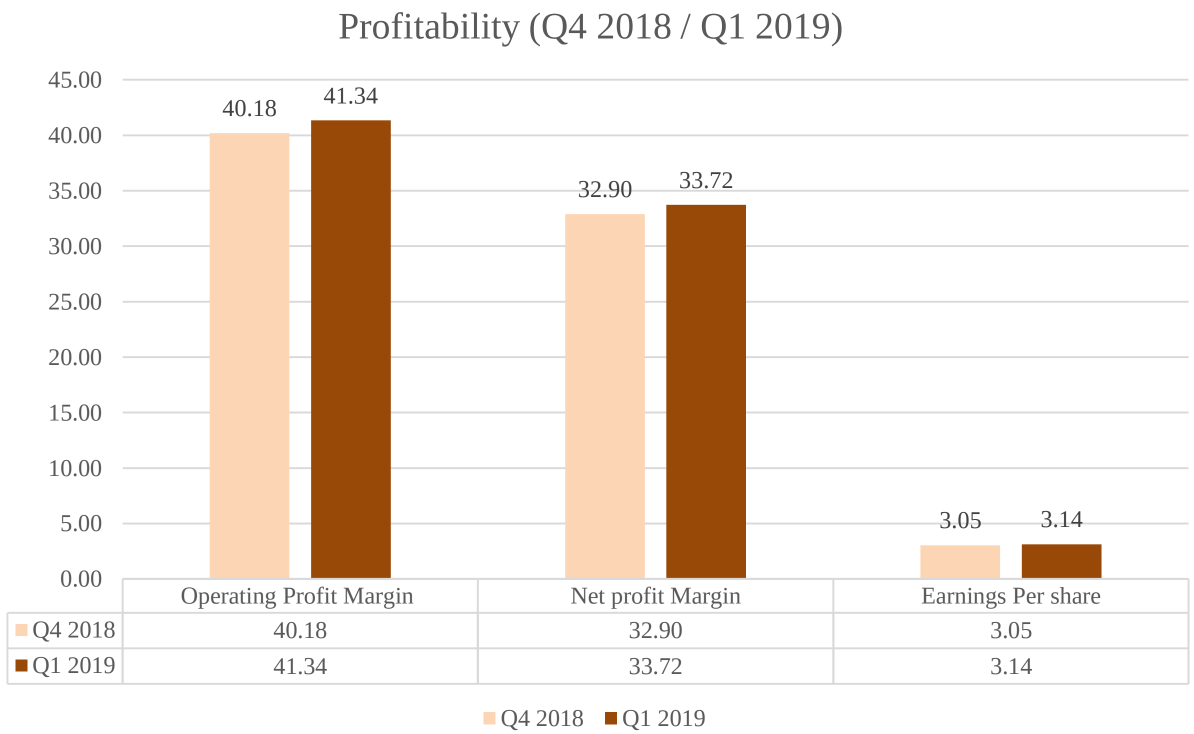


- Since telecommunication is an industry which needs a huge asset base, Dhiraagu has net assets worth MVR 2.3 billion at the end of the first quarter of 2019, which is an increment of long term assets by 13% compared to Q1 2018.
- Current assets reduced by 13% compared to the same quarter of the previous year mainly due to reduction in cash and bank balances. Cash and cash equivalents fell by MVR 266.6 million following a reduction in cash inflow from their operations by MVR 46 million and MVR 10.8 million increase on outflow of cash from financing activities.
- Short term liabilities reduced by 14% compared to Q1 2018 after reduction in total payables by MVR 121.2. Hence, there is a slight favorable movement in liquidity ratio. Based on the ratio, it can be concluded that Dhiraagu has a satisfactory liquidity position having the ability to settle the short term obligations.
- Though cash balances reduced, cash ratio is also at a satisfactory position. However, the operational cash flow of the company has reduced, indicating the possible liquidity problems which might arise in the future which might result from low operational cash flow. However the company is not expected to face any immediate cash flow problem.

Q4 of 2018 AND Q1 of 2019

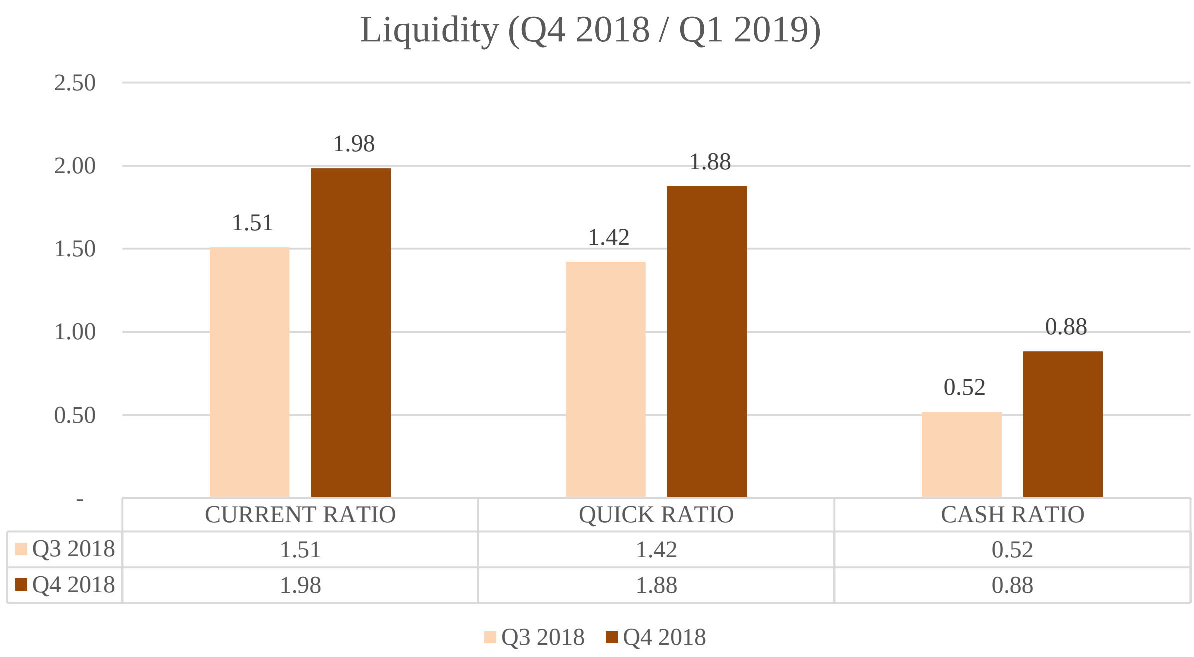
PROFITABILITY	Q4 2018	Q1 2019	Change	%
Revenue	704,746,000	708,675,000	3,929,000	0.56%
Operating Profit	283,196,000	292,987,000	9,791,000	3.46%
Profit Before Tax	272,870,000	280,675,000	7,805,000	2.86%
Profit After Tax	231,853,000	238,941,000	7,088,000	3.06%

	Q4 2018	Q1 2019
Operating Profit Margin	40.18	41.34
Net profit Margin	32.90	33.72
Earnings Per share	3.05	3.14



- Revenue increased only by 0.56% which is an increment in revenue by MVR 3.9 million compared to the previous quarter.
- Operating profit increased by 3.5% compared to the last quarter resulting from reduction in operating costs by MVR 16 million in just a quarter.
- Net financing expenses increased by 19%, hence, Profit for the quarter increased only by MVR 7.1 million (3%).

LIQUIDITY	**Q4 2018**	**Q1 2019**
NON CURRENT ASSETS	2,171,625,000	2,335,938,000
CURRENT RATIO	1.51	1.98
QUICK RATIO	1.42	1.88
CURRENT ASSETS	975,852,000	1,206,079,000
CURRENT LIABILITIES	647,061,000	607,993,000
WORKING CAPITAL	328,791,000	598,086,000
CASH RATIO	0.52	0.88
INVENTORY	55,516,000	65,070,000



- Non-current assets increased by 7.6% compared to the previous quarter mainly due to MVR 219.6 million recorded as right of Use asset.
- Short term assets also increased by MVR 230 million (23.6%) compared to the previous quarter. Cash and bank balances increased by MVR 201 million, while inventories and receivables also increased by MVR 9.6 million and MVR 19.6 million respectively. Cash and cash equivalents comprises of 44% of the total short term assets of the company.
- Short term liabilities reduced by MVR 39 million resulting from reduction in payables which is a favorable indication to the liquidity position of the company. Dhiraagu held a strong liquidity position in relation to the last quarter by enhancing the cash position of the company. Cash balance enhanced as a result of lesser investments in investing and financing activities compared to the previous quarter. However, the total cash spent on operating activities increased during the quarter. The company has the ability to settle the obligations through operating cash flow 42.8 times.

Important projects and events carried out during the quarter

- Fibre service was extended to more islands covering 75% of the total population of the Maldives
- Announced Maldives' official launch of Samsung S Series and opened for pre-order
- Introduced Special Mamen promo for students and the chance to win exciting lucky draw offers.
- Support to various environmental causes.

Conclusion

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

In Q1 2019 Dhiraagu reported a revenue growth of MVR 3.9 million compared to previous quarter. Net profit and EPS improved as a result of improvement in revenue and cost reduction on certain areas. Compared to the same quarter of the previous year, margins has dropped as the costs increased relatively greater than revenue. However, compared to Q4 2018, profitability has shown an improvement resulting from lower costs.

Cash balance enhanced as a result of lower investments in investing and financing activities compared to Q4 2018. However, the total cash spent on operating activities increased during the quarter. The company has the ability to settle the obligations through operating cash flow 42.8 times.

Recommendation

- Along with revenue improvement, efficient costs management is also important to improve profitability of the company. For a mature company like Dhiraagu, growth comes from innovative services and improved efficiency.
- Improving Services provided to the public: This will help the company to mitigate the risk arising from competition

Quarterly review; Quarter 1, 2019

FENAKA CORPORATION LTD

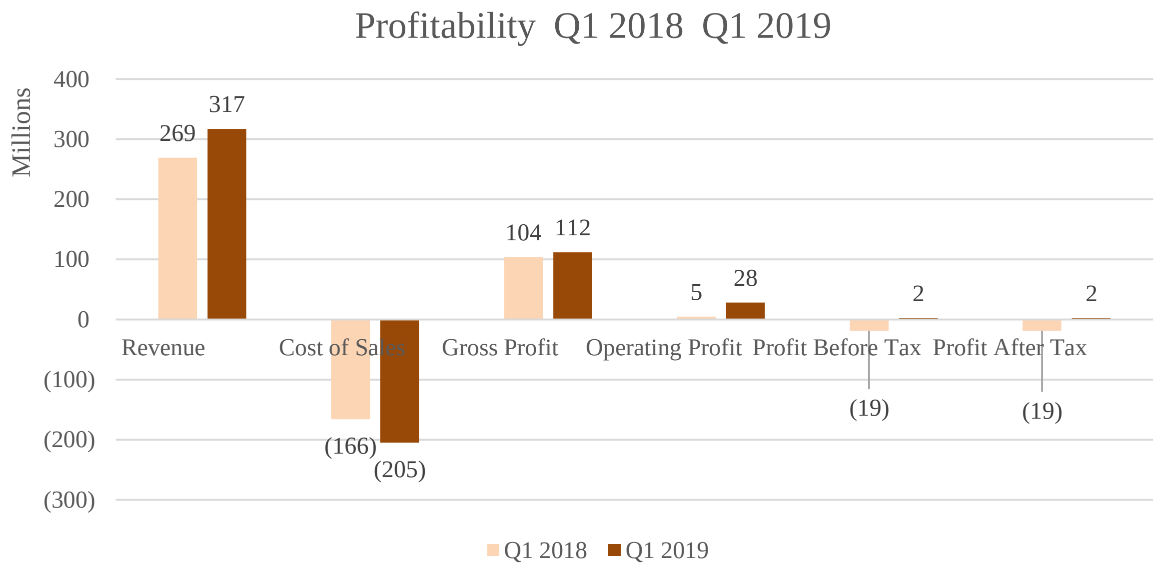
FENAKA CORPORATION LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/FENAKA/Q1

Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	269,072,908	316,718,845	47,645,937	18
Cost of Sales	(166,149,643)	(205,012,521)	(38,862,879)	23
Gross Profit	103,576,671	111,706,323	8,129,652	8
Operating Profit	4,692,873	28,104,861	23,411,988	499
Profit Before Tax	(18,652,433)	1,734,254	20,386,687	109
Profit After Tax	(18,652,433)	1,734,254	20,386,687	109

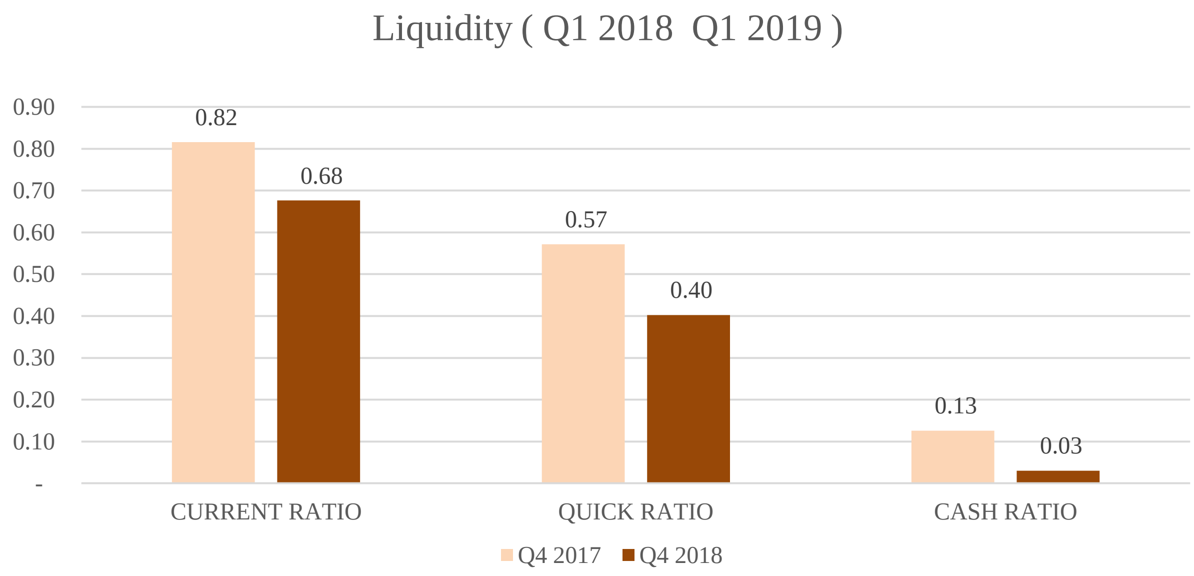
	Q1 2018	Q1 2019
Gross Profit Margin	38.49	35.27
Operating Profit Margin	1.74	8.87
Net profit Margin	(6.93)	0.55



- Revenue has improved compared to the same quarter of the previous year. Fenaka generates revenue mainly from electricity which is provided across the country.
- Along with revenue, direct costs increased. Though gross profit increased compared to Q1 2018, gross profit margin reduced showing that the direct costs increased relatively higher than the revenue increment.
- Operating profit increased by MVR 23 million after reduced administrative expenses by MVR 15.7 million which is a reduction of 16%, followed by increased revenue.

- Profit for the year also improved as finance costs and depreciation expenses reduced compared to Q1 2018. As such Fenaka generated a net profit of MVR 1.7 million while they incurred a loss of MVR 18.6 million in the first quarter of 2018.

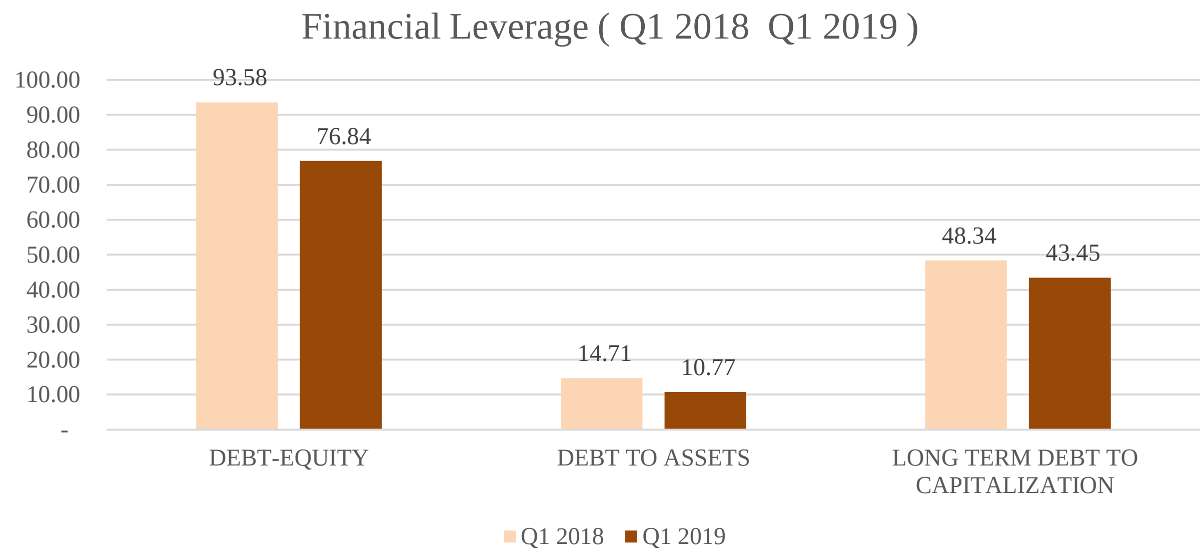
LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	854,334,365	921,964,441
CURRENT RATIO	0.82	0.68
QUICK RATIO	0.57	0.40
CURRENT ASSETS	529,189,840	522,030,773
CURRENT LIABILITIES	648,575,579	772,171,483
WORKING CAPITAL	(119,385,739)	(250,140,710)
CASH RATIO	0.13	0.03
INVENTORY	158,469,663	211,194,679



- Non-current assets increased by MVR 67 million compared to Q1 2018 due to additional equipment purchased.
- Current assets reduced by MVR 7.1 million. Cash and cash equivalents fell by 71% while inventories increased by 33%. Trade and other receivables also fell by MVR 1.7 million compared to Q1 2018. Fenaka has a significant outstanding payable to STO for the purchase of fuel.
- Current liabilities increased significantly by MVR 123 million which is an increase of 19% compared to the same quarter of the previous year due to increase in trade payables.
- This led to a reduction in current ratio while inventory increased resulting lower liquidity ratios.

- Cash and cash equivalents reduced by MVR 58 million mainly due to huge outflow of cash as loan repayment in Q1 2019. Fenaka repaid MVR 9,999,999.99 of their loan in the quarter.

LEVERAGE	**Q1 2018**	**Q1 2019**
DEBT-EQUITY	93.58	76.84
DEBT TO ASSETS	14.71	10.77
LONG TERM DEBT TO CAPITALIZATION	48.34	43.45

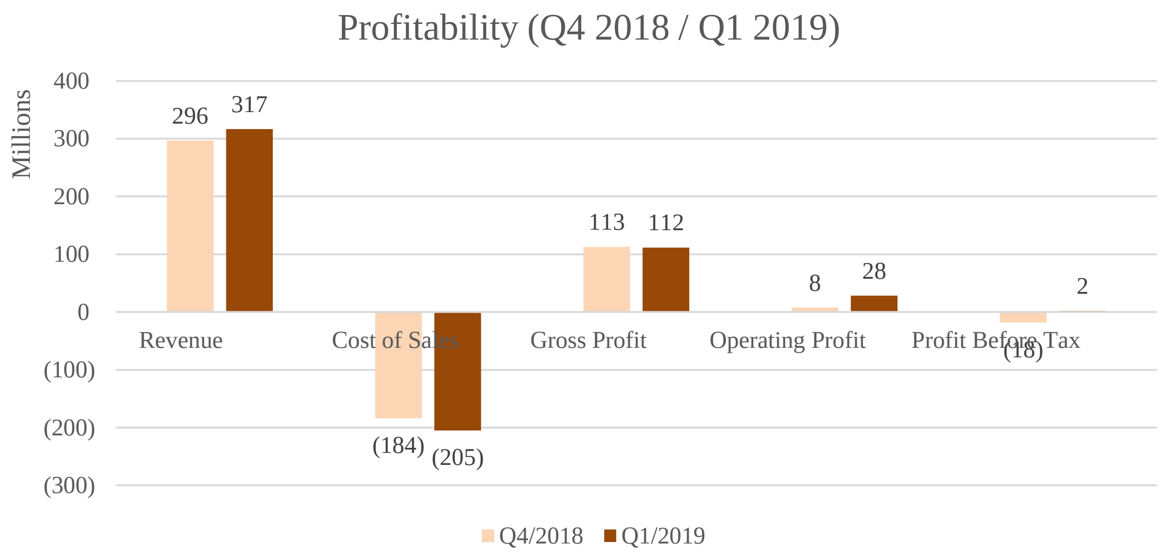


- Overall leverage of the company reduced as the company is paying off its long term debts. This reduces the risk for the investors and increases the financial stability of the company.

Q1 of 2019 AND Q4 of 2018

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	296,471,277	316,718,845	20,247,567	6.83%
Cost of Sales	(183,763,789)	(205,012,521)	(21,248,732)	-11.56%
Gross Profit	112,707,488	111,706,323	(1,001,165)	-0.89%
Operating Profit	7,719,524	28,104,861	20,385,337	264.08%
Profit Before Tax	(18,057,003)	1,734,254	19,791,257	109.60%
Profit After Tax	(18,057,003)	1,734,254	19,791,257	109.60%

	Q4/2018	Q1/2019
Gross Profit Margin	38.02	35.27
Operating Profit Margin	2.60	8.87
Net profit Margin	-6.09	0.55

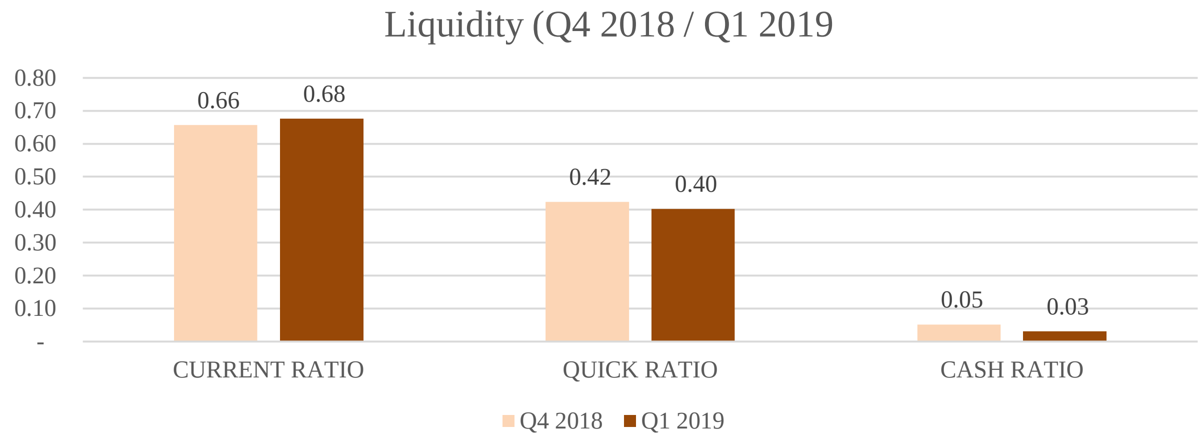


- Revenue increased by MVR 20 million compared to the previous quarter. The main source of revenue is from domestic band. Revenue breakdown of Fenaka for the quarter of Q1 2019 compared to Q4 2018 is summarized below.

Revenue	Q1 2019	Q4 2018	Difference
Business	38,696,806.66	40,048,142.02	1,351,335.36
Business Special	31,685,749.05	31,050,167.75	(635,581.30)
Domestic	87,085,110.86	94,427,941.86	7,342,831
government	53,484,725.40	59,580,681.15	6,095,955.75
water	3,663,613.60	3,893,350.76	229,737.16
others	8,167,595.14	1,393,799.35	(6,773,795.79)
GST	55,327.95	-	(55,327.95)
Tariff Rate Difference	73,632,348.39	86,324,761.62	12,692,413.23

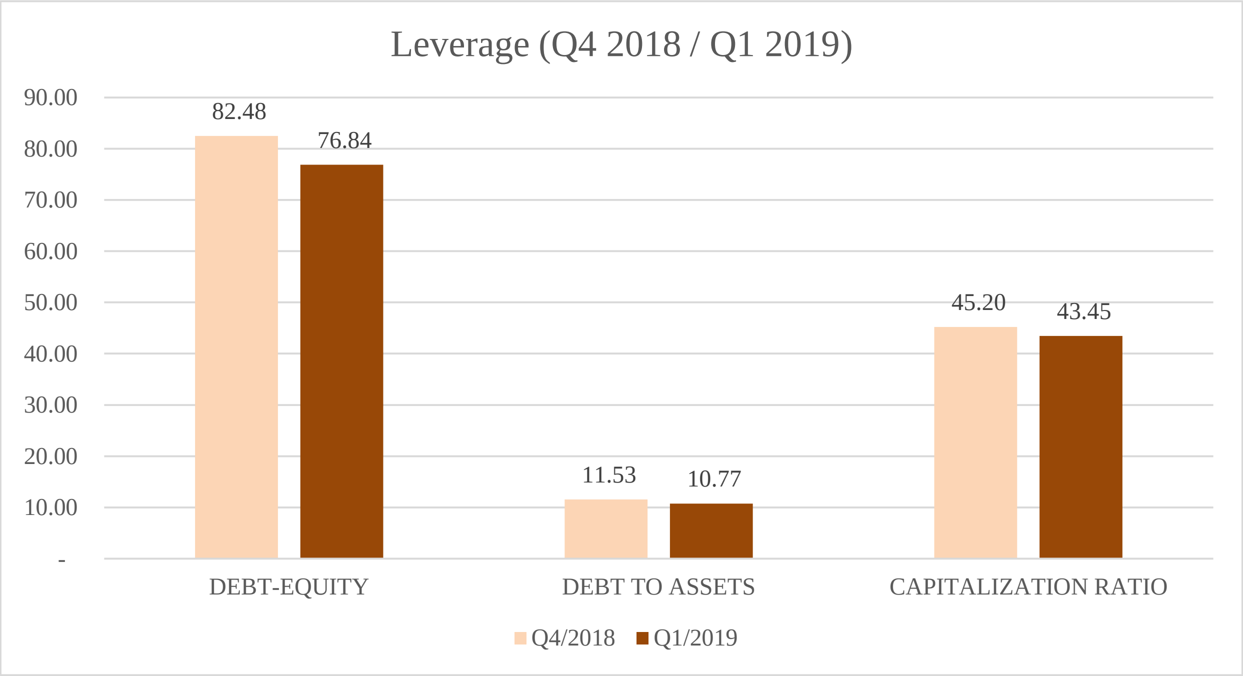
- Along with revenue improvement, direct costs also increased comparatively higher resulting in a reduction of gross profit by a million compared to the last quarter. Thus, gross profit margin also reduced.
- Total administrative costs as well as other operating expenses reduced, as a result operational profit of the company increased compared to the previous quarter. Administrative costs particularly salary and allowances, food and accommodation, travelling expense, rent charges and electricity charges reduced significantly with the new changes in the organization compared to the previous quarter. A significant reduction can be seen in repairs and maintenance of office equipment reducing total operating expenses. Operating profit margin also improved from 2.6% to 8.87% in Q1 2019.
- Due to the lower costs and higher revenue generated in Q1 2019 compared to the previous quarter, the net loss of the last quarter was transformed into a profit of MVR 1.7 million. However, the margin is low since the company just started making profits.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	939,155,208	921,964,441
CURRENT RATIO	0.66	0.68
QUICK RATIO	0.42	0.40
CURRENT ASSETS	495,803,910	522,030,773
CURRENT LIABILITIES	754,869,642	772,171,483
WORKING CAPITAL	(259,065,731)	(250,140,710)
CASH RATIO	0.05	0.03
INVENTORY	176,415,578	211,194,679



- Non-current assets comprise property plant and equipment which was depreciated in the quarter.
- Current assets increased by MVR 26 million due to rise in trade receivables and inventory. Cash and cash equivalents fell by MVR 15 million compared to the previous quarter.
- Current liabilities include trade payables and short term borrowings. Trade payables increased by MVR 17 million compared to the last quarter.
- Current assets increased greater than the current liabilities and thus current ratio moved slightly upward.
- There was a significant increase in inventory leading to a lower quick ratio.
- Cash ratio also worsened as cash levels fell compared to the previous quarter.
- For a sustainable development working capital need to be managed well.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	82.48	76.84
DEBT TO ASSETS	11.53	10.77
CAPITALIZATION RATIO	45.20	43.45



- The leverage ratios of the company dropped as the borrowings of the company reduced since the company is paying back the debts. This reduced the financial risk and would boost the investor confidence.

Important Projects undertaken in the quarter

#	Project Name	Start date	End date	Value	Completed value	Project completion %
1	Ha. Vashafaru (power house relocation)	2-May-18	31-Jan-19	705,440.50	530,509.91	99.00%
2	Sh. Bilehfahi (Power house relocation)	10-Dec-17	30-Apr-19	2,173,386.37	607,273.74	70.00%
3	Gdh. Thinadhoo (Fuel Tank)	6-Sep-18	30-Jan-19	4,223,062.26	2,654,049.15	93.00%
4	Gdh. Thinadhoo (Installation of Portal Structure & finishing)	20-Aug-18	31-Jul-19	4,749,114.94	1,350,268.67	40.00%
5	B. Fehendhoo Fuel Tank	27-Jun-18	31-Jan-19	692,153.50	692,153.50	100.00%
6	R. Maakurathu Fuel Tank	25-Jun-18	31-Jan-19	726,460.40	726,460.40	96.00%
7	Ha. Vashafaru (Fuel Tank)	25-Apr-18	14-Nov-18	467,245.00	464,065.00	100.00%
8	N. Fohdhoo (Control Room extension)	24-Jan-19	25-Mar-19	86,000.00	43,000.00	50.00%
9	N. Maagoodhoo (Control room extension)	4-Apr-19	19-Apr-19	281,404.56	14,070.23	5.00%
10	Ha. Maarandhoo (PHR remaining works)	15-Mar-18	14-Sep-18	4,267,411.25	4,267,411.25	100.00%
11	R. Maakurathu (Ph unfinshed works)	31-Jul-18	24-Aug-18	224,705.00	214,705.00	98.00%

Conclusion

The current performance of the company has improved commencing from Q1 2019 in comparison with the previous quarter of 2018 and Q4 2018 in terms of profitability. Fenaka has managed its costs well reflecting it in the profits positively.

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

The gearing level reduced due to reduced borrowings reducing the financial risk to the company.

Recommendation

- Further improving revenue of the company by thinking innovatively and finding new revenue streams like expanding services like water supply and renewable energy may help company perform better.
- At the same time costs need to be minimized as it is the most important factor affecting the profitability of the company. The direct costs as well as operating expenses need to be minimized to improve the profitability. The operating expenses like repair and maintenance can be minimized by taking precautionary measures to minimize wear and tear of assets as well as spares. It is important to note that Fenaka has reduced costs in the quarter having a positive impact in the profitability.
- The company should formulate strategies to reduce receivables and enhance cash levels of the company. The cash could be increased by maintaining the inventories by systemizing the rolling of inventories. This would further reduce the level of inventories being obsolete.

Quarterly review; Quarter 1, 2019

GREATER MALE' INDUSTRIAL ZONE LIMTED

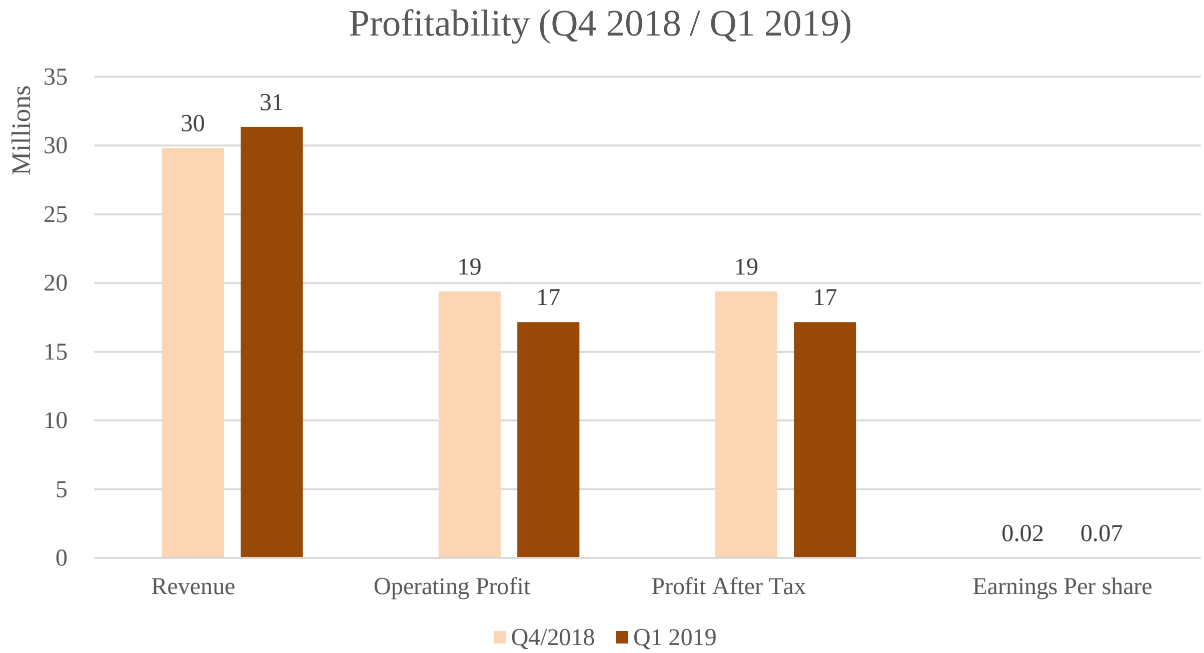
GREATER MALE' INDUSTRIAL ZONE LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2019/GMIZL/Q1

Q4 of 2018 AND Q1 of 2019

PROFITABILITY	Q4/2018	Q1 2019	Change	%
Revenue	29,823,444	31,351,577	1,528,133	5.12%
Operating Profit	19,383,537	17,165,062	-2,218,475	-11.45%
Profit After Tax	19,383,537	17,165,062	-2,218,475	-11.45%
Earnings Per share	0.10	0.09		

	Q4/2018	Q1 2019
Operating Profit Margin	65	55
Net profit Margin	65	55
Earnings Per share	0.10	0.09

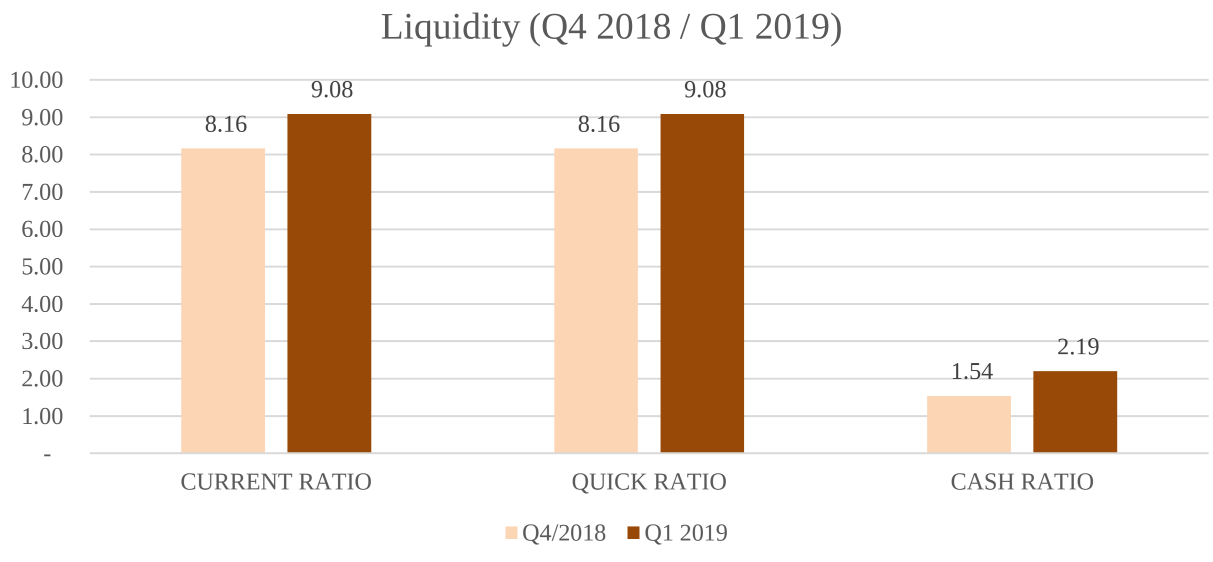


- Revenue increased by MVR 1.5 million which is an improvement in revenue by 5.12% compared to the previous quarter. The highest revenue is generated from rental income from Thilafushi industrial leased plots which increased by 8% compared to last quarter. The revenue breakdowns of GMIZL in Q1 2019 in comparison with Q4 2018 are as follows;

Revenue	Q4 2018	Q1 2019	Difference	%
Rent income from Thilafushi industrial leased plots	21,975,182	23,877,966	1,902,784	7.97
Rent income from Gulhifalhu industrial leased plots	7,356,817	7,392,808	35,991	0.49
Rent income from Gulhifalhu Apartment lease	491,445	80,803	(410,642)	(508.20)
Total	**29,823,444**	**31,351,577**	**1,528,133**	**5.12**

- Though administrative expenses reduced compared to the previous quarter, other income reduced by 84% due to fine charges being reduced. Other incomes include fine charges and jetty fees. Administrative expenses such as salaries, legal and professional fees and cleaning and maintenance expenses reduced significantly compared to the last quarter.
- Therefore, operating profit and net profit reduced by 11%.

LIQUIDITY	Q4/2018	Q1 2019
NON CURRENT ASSETS	4,268,017,894	4,267,402,109
CURRENT RATIO	8.16	9.08
QUICK RATIO	8.16	9.08
CURRENT ASSETS	153,018,493	170,868,986
CURRENT LIABILITIES	18,747,139	18,816,784
WORKING CAPITAL	134,271,354	152,052,202
CASH RATIO	1.54	2.19



- Non-current assets reduced slightly due to depreciation. There were slight additions to long term assets such as fixtures and motor vehicles.
- Short term assets increased by 11.7% compared to the previous quarter. Trade receivables increased by MVR 4 million while current business profit tax increased by MVR 1.2

million. The company also experienced MVR 12.5 million rise in cash and cash equivalents during the period.

- Current liabilities increased only slightly as a result of increase in accrued expenses. Hence, the liquidity ratios of the company increased during the period.

Conclusion

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

The current ratio is high as the company has high current assets in comparison with the current liabilities. Current assets further increased compared to the previous quarter as a result of increased receivables and cash and cash equivalents. The company is in a good liquidity position where they can settle the short term obligations with the current assets. However they have a high level of receivables compared to revenue which increased by 3.4% compared to the previous quarter. Therefore, necessary measures need to be taken to convert cash being tied up in receivables into actual cash to enhance the operations. Conversely, they have low financial risk due to absence of borrowings.

Recommendation

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

Quarterly review; Quarter 1, 2019

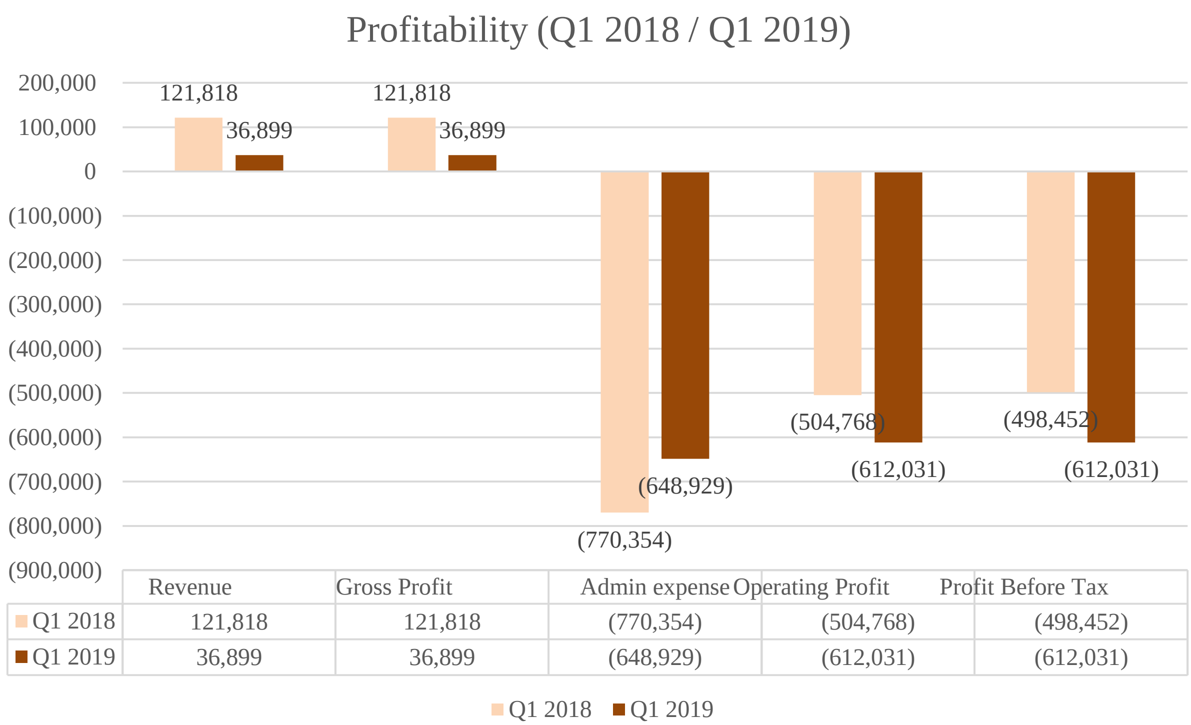
HAZANA MALDIVES PLC

HAZANA MALDIVES LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/HAZANA/Q1

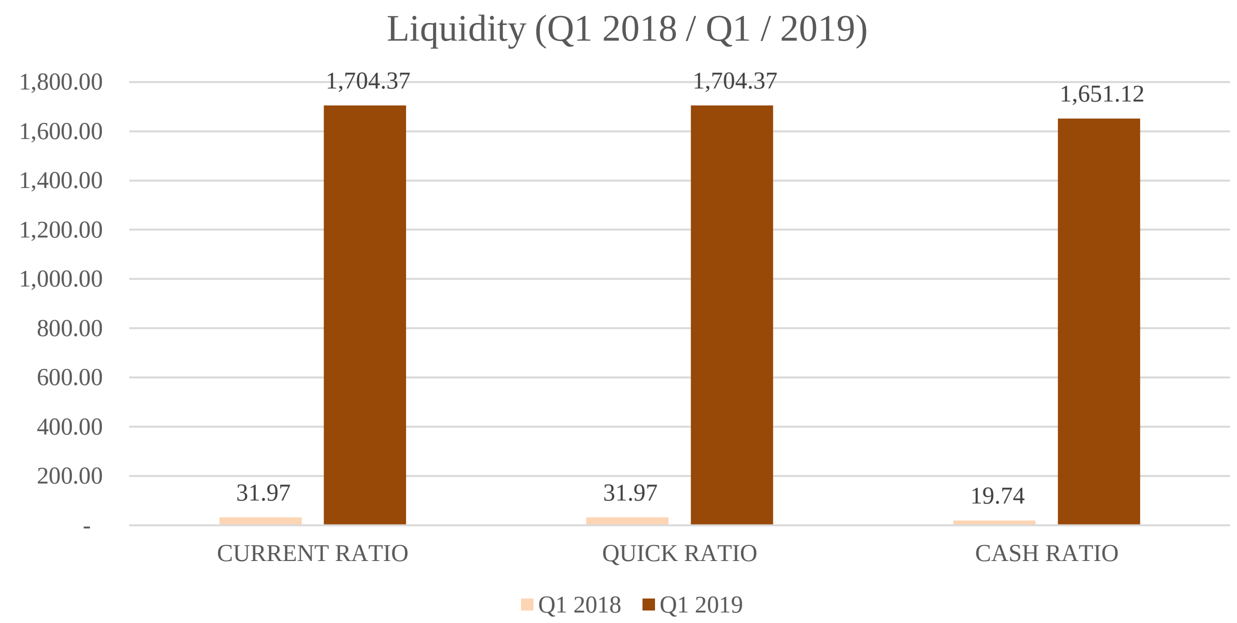
<u>Q1 of 2018 and Q1 of 2019</u>

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	121,818	36,899	(84,919)	(70)
Gross Profit	121,818	36,899	(84,919)	(70)
Administrative costs	(770,354)	(648,929)	121,425	(16)
Operating Profit	(504,768)	(612,031)	(107,263)	(21)
Profit Before Tax	(498,452)	(612,031)	(113,579)	(23)
Profit After Tax	(642,582)	(612,031)	30,551	(5)



- Revenue reduced by 70% compared to the same quarter of the previous year.
- Administrative costs also reduced by 16% compared to the same period. However, high overheads led to losses in the quarters. The company does not generate enough revenue to cover their running expenses.

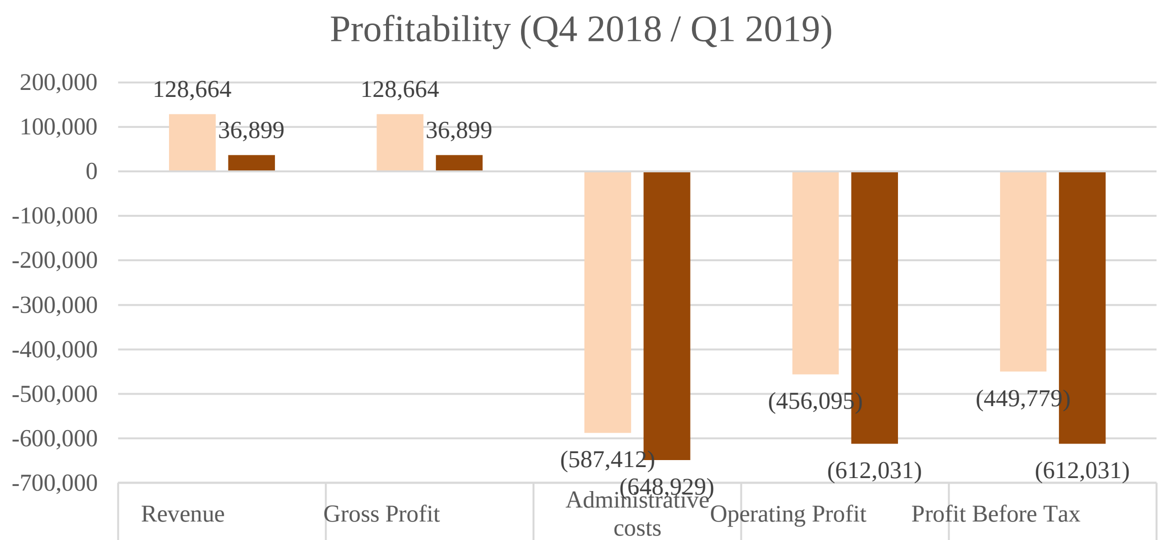
LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	537,088	420,338
CURRENT RATIO	31.97	1,704.37
QUICK RATIO	31.97	1,704.37
CURRENT ASSETS	4,981,018	4,576,231
CURRENT LIABILITIES	155,781	2,685
WORKING CAPITAL	4,825,237	4,573,546
CASH RATIO	19.74	1,651.12



- Short term assets reduced by 8% compared to Q1 2018 due to decrease in cash and cash equivalents. Cash balance represents the capital injected by the government to help with their daily operations.

Q4 of 2018 and Q1 of 2019

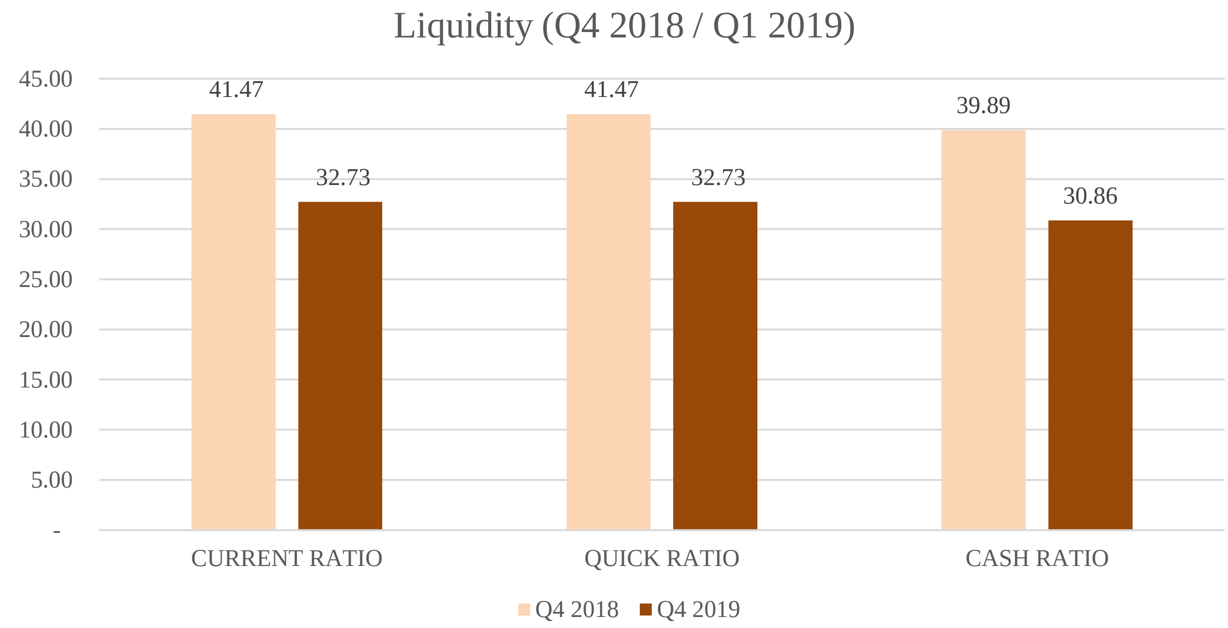
PROFITABILITY	Q4 2018	Q1 2019	Change	%
Revenue	128,664	36,899	(91,765)	(71.32)
Gross Profit	128,664	36,899	(91,765)	(71.32)
Administrative costs	(587,412)	(648,929)	(61,517)	10.47
Operating Profit	(456,095)	(612,031)	(155,936)	(34.19)
Profit Before Tax	(449,779)	(612,031)	(162,252)	(36.07)
Profit After Tax	(449,779)	(612,031)	(162,252)	(36.07)



	Revenue	Gross Profit	Administrative costs	Operating Profit	Profit Before Tax
Q4 2018	128,664	128,664	(587,412)	(456,095)	(449,779)
Q1 2019	36,899	36,899	(648,929)	(612,031)	(612,031)

- Revenue of Hazana Maldives reduced by 71% compared to the last quarter. The company earns revenue as rental income, in Q1 2019 the company earned MVR 36,899 only as revenue.
- Though the company has earned low revenue, administrative costs keep growing. As such the administrative expenses increased by 10%.
- Due to high administrative costs the company has operational and net losses in the quarters. It is important to note that the loss increases due to increasing administrative expenses.

LIQUIDITY	Q4 2018	Q1 2019
NON CURRENT ASSETS	443,688	420,338
CURRENT RATIO	32.73	1,704.37
QUICK RATIO	32.73	1,704.37
CURRENT ASSETS	3,261,890	4,576,231
CURRENT LIABILITIES	99,664	2,685
WORKING CAPITAL	3,162,226	4,573,546
CASH RATIO	30.86	1651.12



- Current assets increased by 40% which is merely due to the cash injected by the government for the daily operations of the company. The company has receivables of MVR 142,975 uncollected at the end of the first quarter 2019. The high liquidity represents the support given by the government for their daily operations.

Conclusion

Hazana Maldives has not earned an operational revenue from its core business activities since inception of the business. The administrative expenses and operating expenses are comparatively higher than the revenue generated thus company is making losses.

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

The government has decided to liquidate the company and the company is in the process of liquidation.

Recommendation

- As the government has decided to liquidate the company, the company is in the process of liquidation.

Quarterly review; Quarter 1, 2019

HOUSING DEVELOPMENT CORPORATION LTD

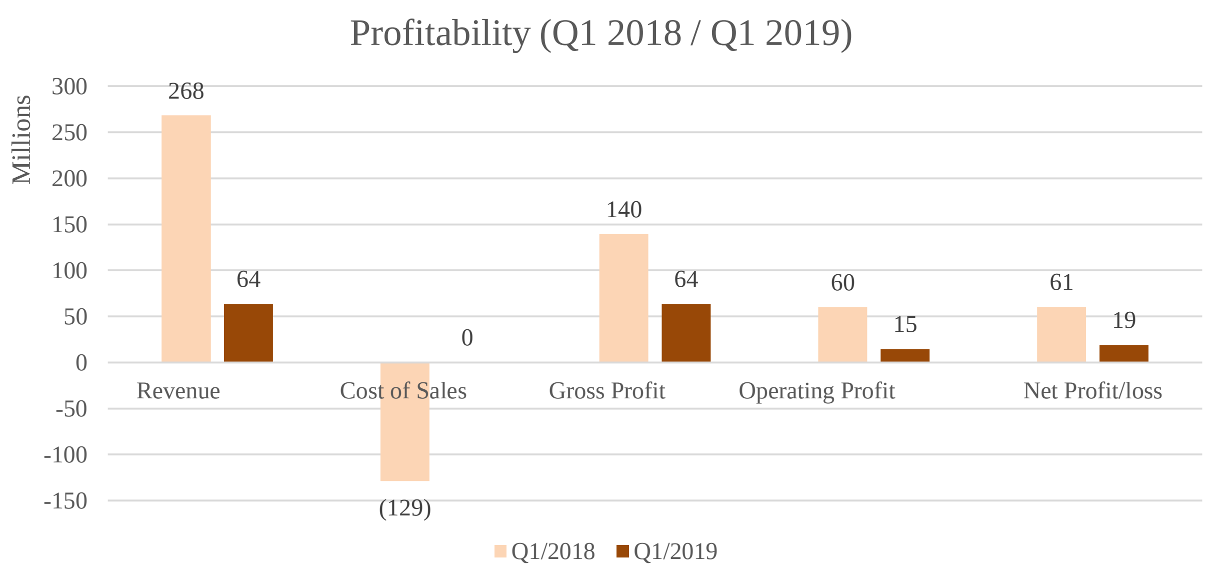
HOUSING DEVELOPMENT CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/HDC/Q1

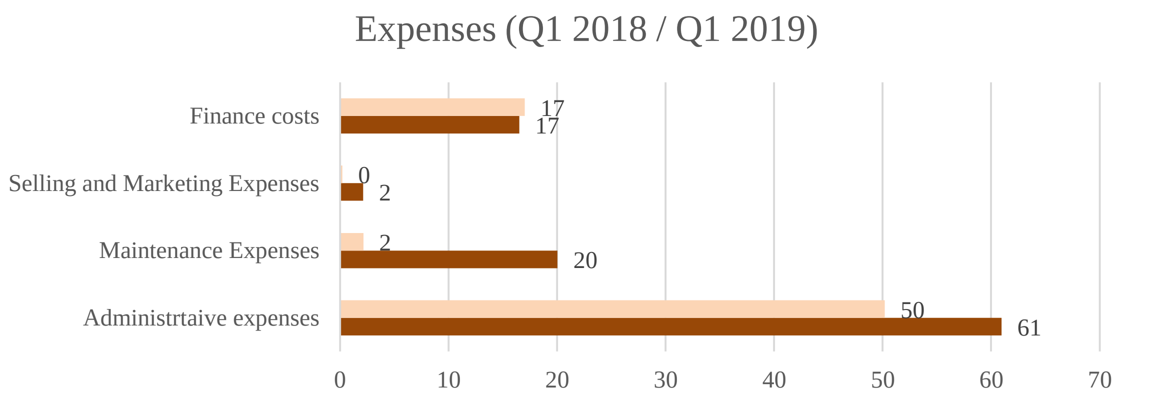
Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1/2018	Q1/2019	Change	%
Revenue	268,250,190	63,605,120	(204,645,070)	-76%
Cost of Sales	(128,700,588)	0	128,700,588	-100%
Gross Profit	139,549,601	63,605,120	(75,944,481)	-54%
Operating Profit	60,079,072	14,705,174	(45,373,898)	-76%
Net Profit/loss	60,570,931	19,193,033	(41,377,898)	-68%
Gross Profit Margin	52%	100%	0.5	92%
Operating Profit Margin	22%	23%	0.0	3%
Net profit Margin	23%	30%	0.1	34%
Earnings Per share	1.37	0.43	(0.9)	-69%

EXPENSES	Q1/2018	Q1/2019	Change	%
Administrative expenses	60,947,286	50,187,230	(10,760,056)	-18%
Maintenance Expenses	20,040,467	2,154,559	(17,885,908)	-89%
Selling and Marketing Expenses	2,131,737	224,443	(1,907,294)	-89%
Finance costs	16,532,630	17,018,394	485,764	3%



- Revenue reduced by 76% (MVR 204.6 million) compared to the same quarter of the previous year. The cost of sales were nil in the quarter. Low revenue in Q1 2019 resulted in lower gross profit for the quarter. Gross profit reduced by MVR 76 million compared to the same quarter of the previous year.

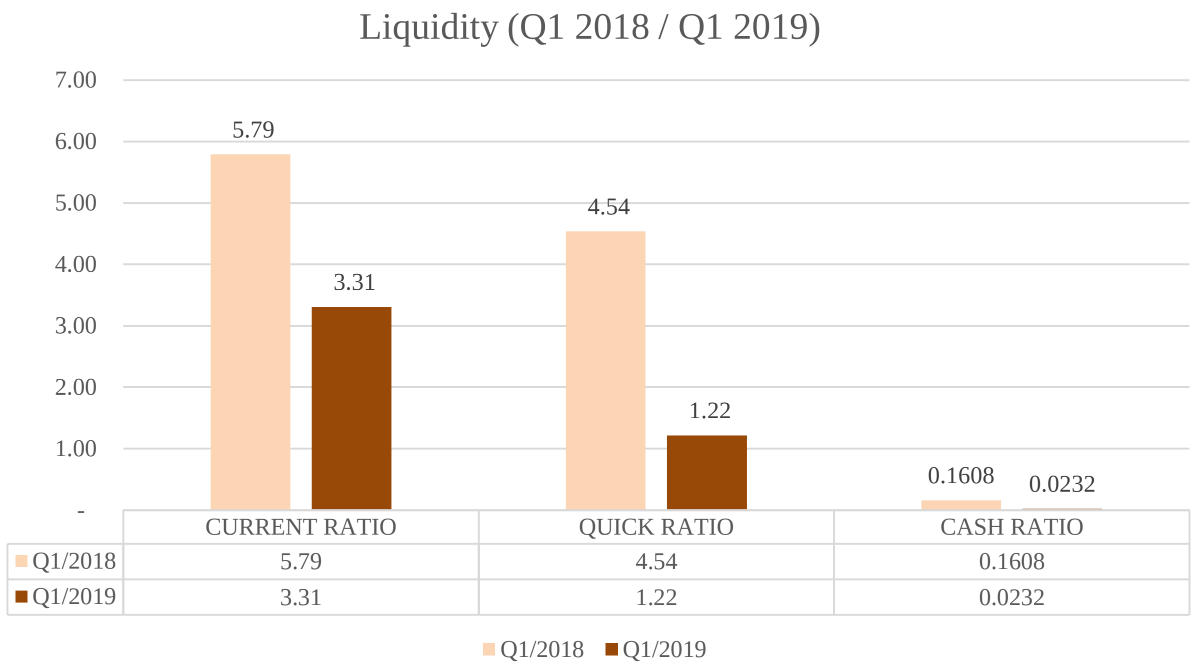


	Administrtaive expenses	Maintenance Expenses	Selling and Marketing Expenses	Finance costs
Q1/2019	50,187,230	2,154,559	224,443	17,018,394
Q1/2018	60,947,286	20,040,467	2,131,737	16,532,630

Q1/2019 Q1/2018

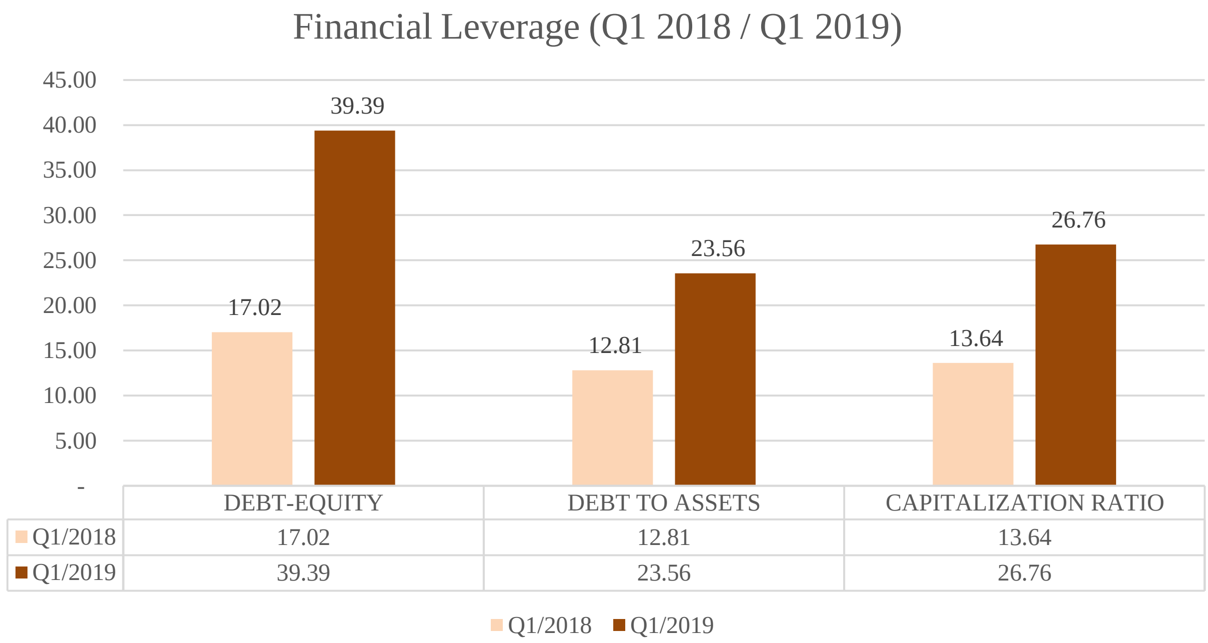
- Administrative expenses reduced by 18% compared to Q1 2018. Overheads such as maintenance expenses, selling and marketing expenses and finance costs also increased in the quarter. Though expenses reduced, great revenue reduction resulted in reduction of profits compared to Q1 2018.

LIQUIDITY	Q1/2018	Q1/2019
NON-CURRENT ASSETS	21,166,259,132	22,538,895,119
CURRENT ASSETS	3,926,458,947	9,122,194,150
CURRENT LIABILITIES	677,832,388	2,759,453,645
WORKING CAPITAL	3,248,626,559	6,362,740,505
INVENTORY	851,444,395	5,764,092,558
CURRENT RATIO	5.79	3.31
QUICK RATIO	4.54	1.22
CASH RATIO	0.16	0.02



- Non-current assets increased by MVR 1.4 billion mainly due to increase in investment in properties.
- Current assets also increased significantly by MVR 5.2 billion mainly due to increased inventory. Trade and other receivables have also risen by MVR 370 million compared to Q1 2018. However, cash and cash equivalents at the end of Q1 2019 was recorded at MVR 64 million which is a reduction of 41% compared to the same quarter of the previous year.
- Short term liabilities increased as a result of increase in payables by MVR 1.8 billion. Hence, Current and quick ratios reduced. High growth in payables is not healthy when liquidity level is concerned. Hence, the company should try to settle the payables in a desired time.

LEVERAGE	Q1/2018	Q1/2019
DEBT-EQUITY	17.02	39.39
DEBT TO ASSETS	12.81	23.56
CAPITALIZATION RATIO	13.64	26.76

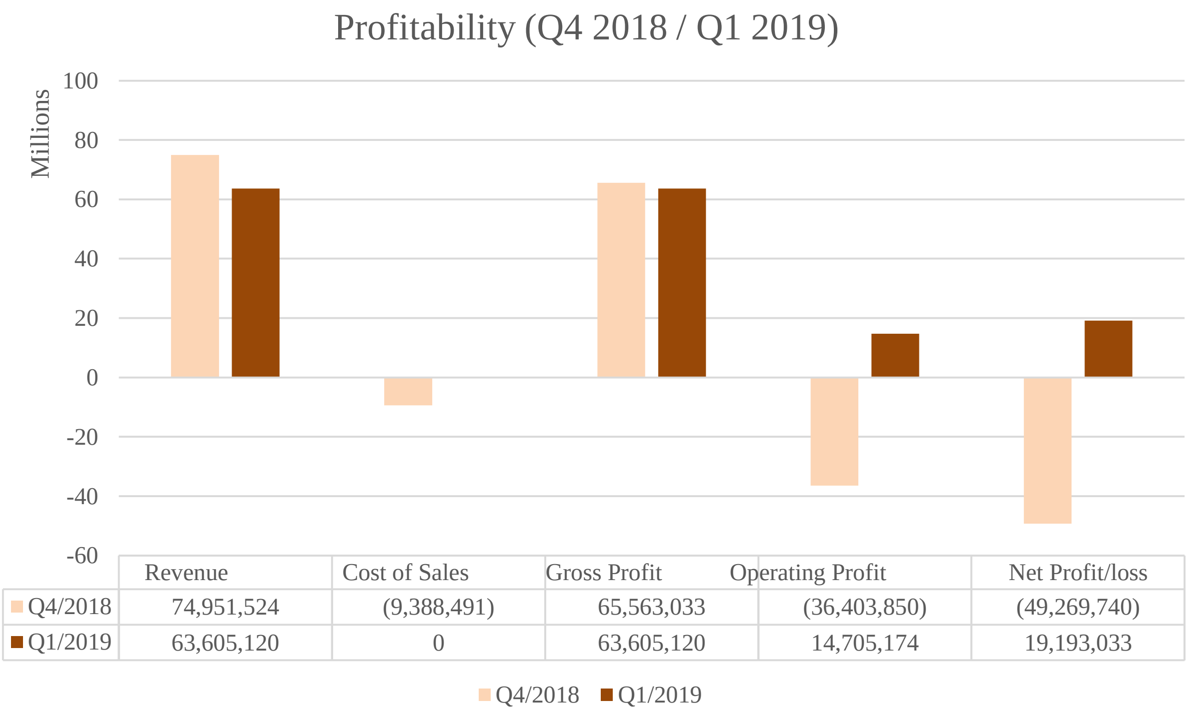


- The company's leverage has increased compared to two quarters as their debts increased by MVR 4.2 billion while Equity of the company increased by only by MVR 55 million. This increases the financial risk associated with the debts. The company has the capacity of pay off the debts with their share capital as they have high retained earnings. However due to lack of liquidity the company depends on government assistance in servicing debt.

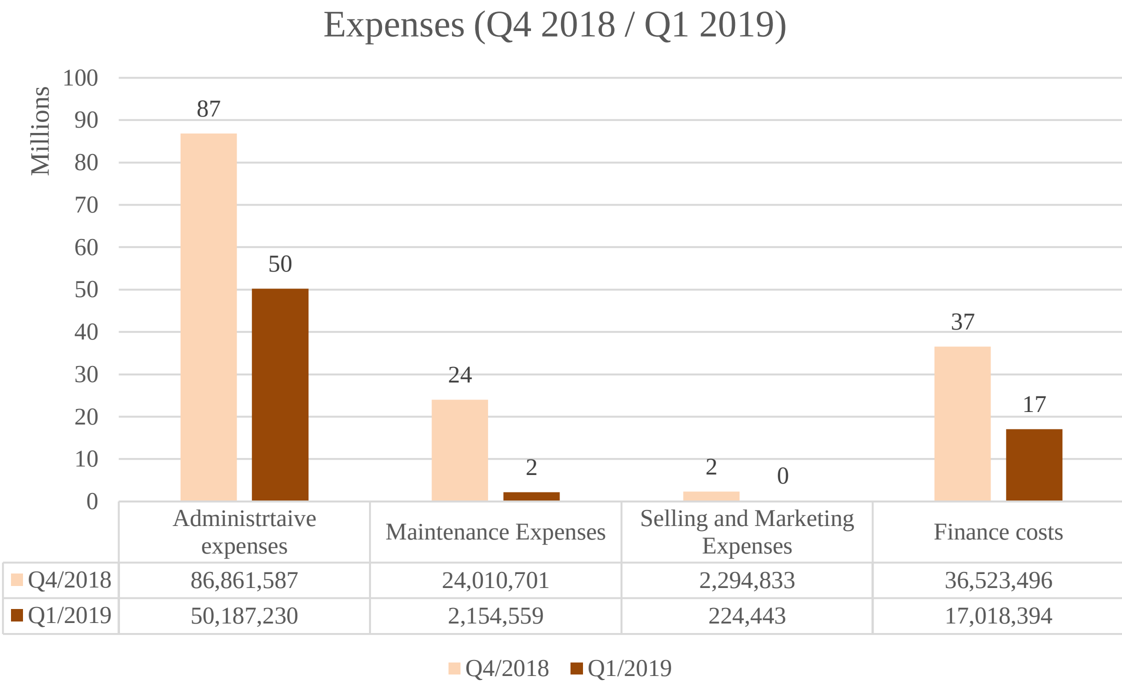
<u>Q4 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	74,951,524	63,605,120	(11,346,404)	-15%
Cost of Sales	(9,388,491)	0	9,388,491	-100%
Gross Profit	65,563,033	63,605,120	(1,957,913)	-3%
Operating Profit	(36,403,850)	14,705,174	51,109,024	-140%
Net Profit/loss	(49,269,740)	19,193,033	68,462,773	-139%
Gross Profit Margin	87%	100%	0.1	14%
Operating Profit Margin	-49%	23%	0.7	-148%
Net profit Margin	-66%	30%	1.0	-146%
Earnings Per share	-1.11	0.43	1.5	-139%

Expenses	Q4/2018	Q1/2019	Change	%
Administrative expenses	86,861,587	50,187,230	(36,674,357)	-42%
Maintenance Expenses	24,010,701	2,154,559	(21,856,142)	-91%
Selling and Marketing Expenses	2,294,833	224,443	(2,070,390)	-90%
Finance costs	36,523,496	17,018,394	(19,505,102)	-53%

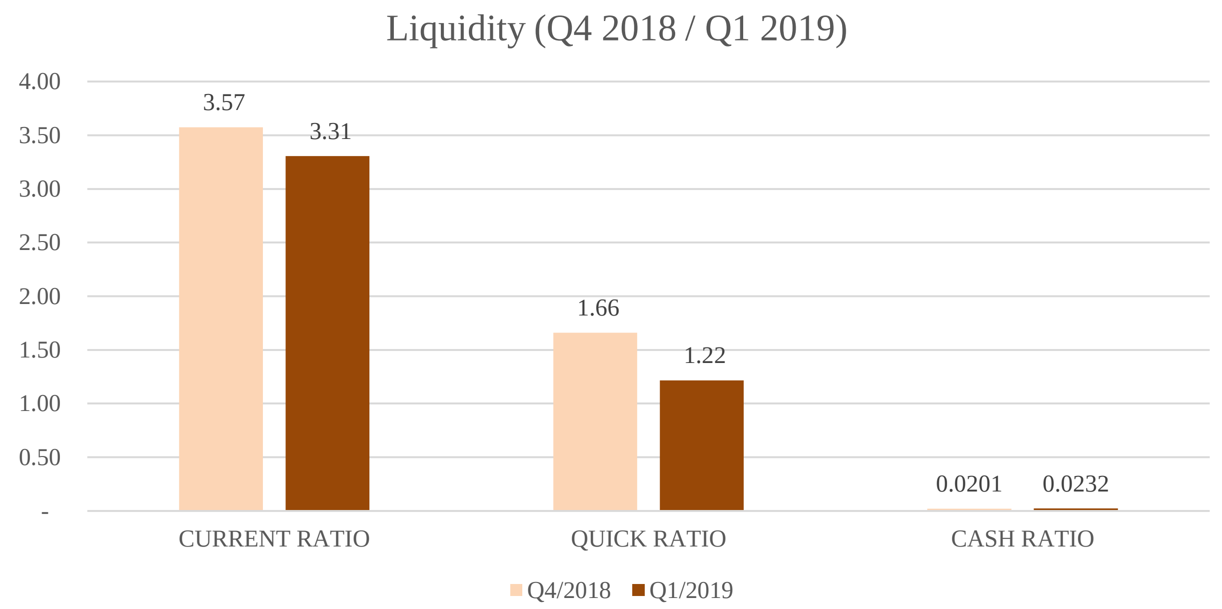


- Revenue reduced by 15% compared to the previous quarter. The cost of sales were recorded nil in Q1 2019. However, higher revenue in Q4 2018 resulted in higher gross profit in the previous quarter.



- Administrative costs reduced significantly by 42% resulting in operational profit in the quarter. Overheads such as administrative costs, maintenance costs, selling and marketing expenses reduced in the quarter. Moreover, finance costs also reduced as such HDC has a net profit worth MVR 19.2 million recorded in Q1 2019 which is a positive change.

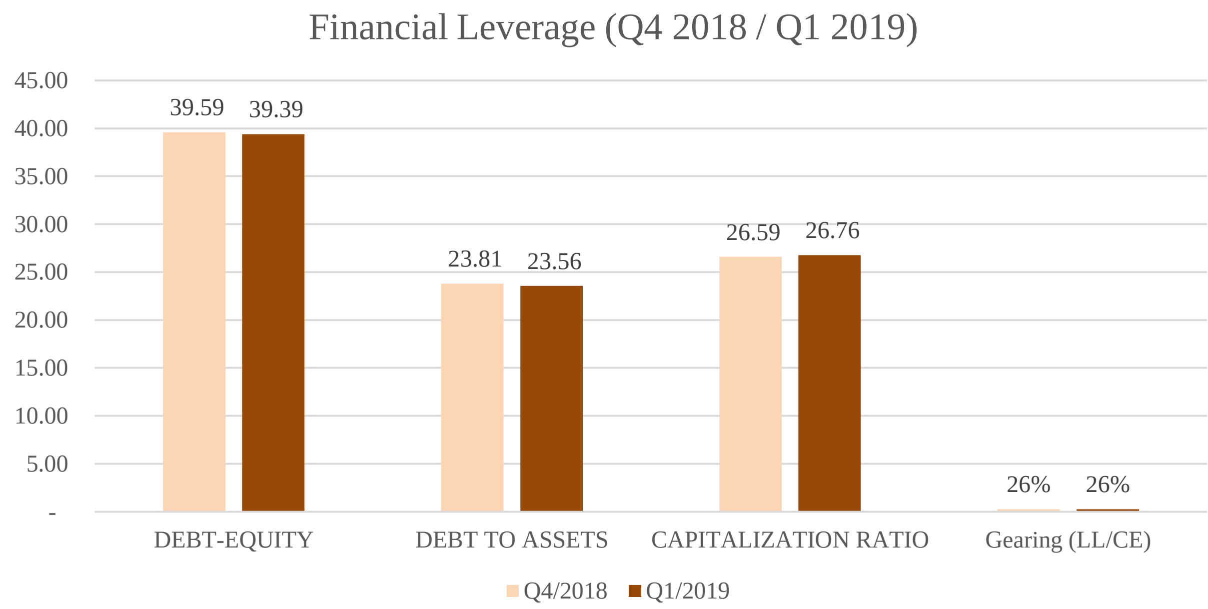
LIQUIDITY	Q4/2018	Q1/2019
NON-CURRENT ASSETS	21,168,929,934	22,538,895,119
CURRENT ASSETS	10,245,786,665	9,122,194,150
CURRENT LIABILITIES	2,866,436,668	2,759,453,645
WORKING CAPITAL	7,379,349,997	6,362,740,505
INVENTORY	5,488,101,296	5,764,092,558
CURRENT RATIO	3.57	3.31
QUICK RATIO	1.66	1.22
CASH RATIO	0.0201	0.0232



- Non-current assets increased by MVR 1.4 billion. HDC has a high value of non-current assets due to investment in properties such as land plots in Hulhumale'. However the company is not able to sell these units due to policy bottlenecks related to allocation of the properties to end customers.
- Total current assets reduced by 11% compared to the previous quarter, mainly due to reduction of receivables by MVR 1.4 billion. Cash and cash equivalents increased by MVR 6.3 million during the quarter. During the quarter HDC received MVR 50 million as capital injection. Moreover, they generated MVR 22 million from the investing activities during the quarter as interest received. They used MVR 513 million cash in operating activities during the quarter. HDC has also borrowed additional MVR 48.5 million during the quarter.
- Total current liabilities reduced by MVR 107 million compared to the previous quarter. Short term borrowings reduced by MVR 15.19 million while trade payables reduced by MVR 9.9 million.

- The net effect of the current assets and current liabilities resulted in improving the liquidity ratios of the company. In terms of liquidity, HDC has a healthy growth where they have received part of the receivables and repaid the liabilities.
- Though cash ratio has also increased, the cash balance is low compared to the debts. HDC is not in a position to settle the liabilities with cash only. They have huge outflow of cash in operational activities over the quarters.

LEVERAGE	**Q4/2018**	**Q1/2019**
DEBT-EQUITY	42.97	42.25
DEBT TO ASSETS	25.84	25.27
CAPITALIZATION RATIO	26.59	26.76
Gearing (LL/CE)	28%	28%



- The company's leverage is almost same when comparing two quarters. Long term borrowings increased by MVR 76 million while short term borrowings reduced by MVR 97 million. Equity of the company increased by MVR 45.7 million.

Important Projects undertaken in the quarter

HDC has 18 different on-going projects which cost over MVR 12 billion. The biggest investments include development of housing units, Electricity and ICT ducting for Hulhumale' phase 2, Hiya-vehi housing project, Airport link road project, constriction of bridges in Hulhumale', etc. Most of the projects are expected to be completed by the end of 2018 and during the year 2019.

Conclusion

Profitability has been deteriorated resulting from loss of revenue even though administrative and maintenance expenses has been reduced in Q1 2019 when compared to Q4 2018 and Q1 2018. Further as result of higher borrowings, finance costs of the company increased.

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

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

Recommendations

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

Quarterly review; Quarter 1, 2019

HOUSING DEVELOPMENT FINANCE CORPORATION PLC

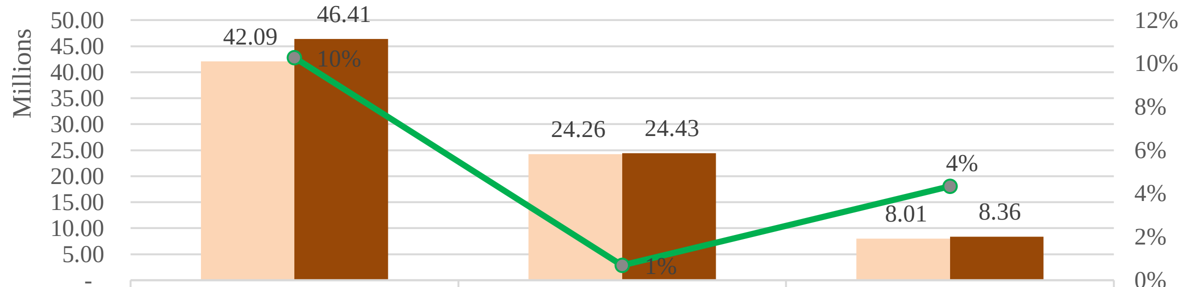
HOUSING DEVELOPMENT FINANCING CORPORATION PLC
2019 Q1 PERFORMANCE ANALYSIS

Report No: PEM/2019/HDFC/Q1

Q1 of 2018 AND Q1 of 2019

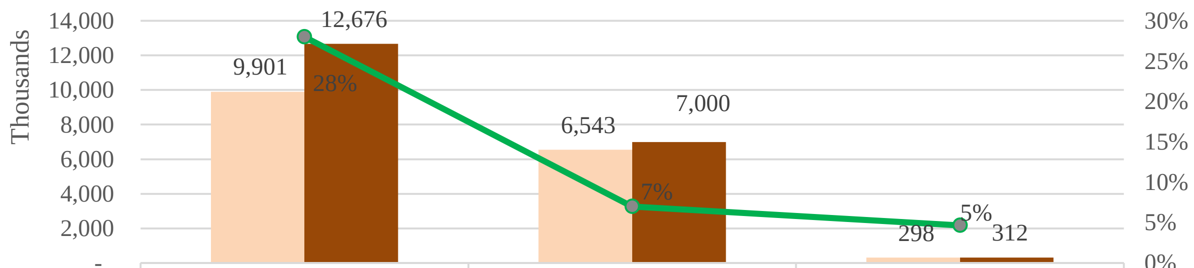
HDFC's income is mainly derived from conventional products and Sharia complaint products. The below chart is the comparison of detail revenue for both the quarters.

Conventional Income (2018 Q1 Vs 2019 Q1)



	Gross Income	Net interest Income	Fees and other income
Q1 2018	42,085,780.00	24,263,912.00	8,010,567.00
Q1 2019	46,406,211.00	24,428,781.00	8,357,419.00
% Change	10%	1%	4%

Shari'a Income (2018 Q1 Vs 2019 Q1)

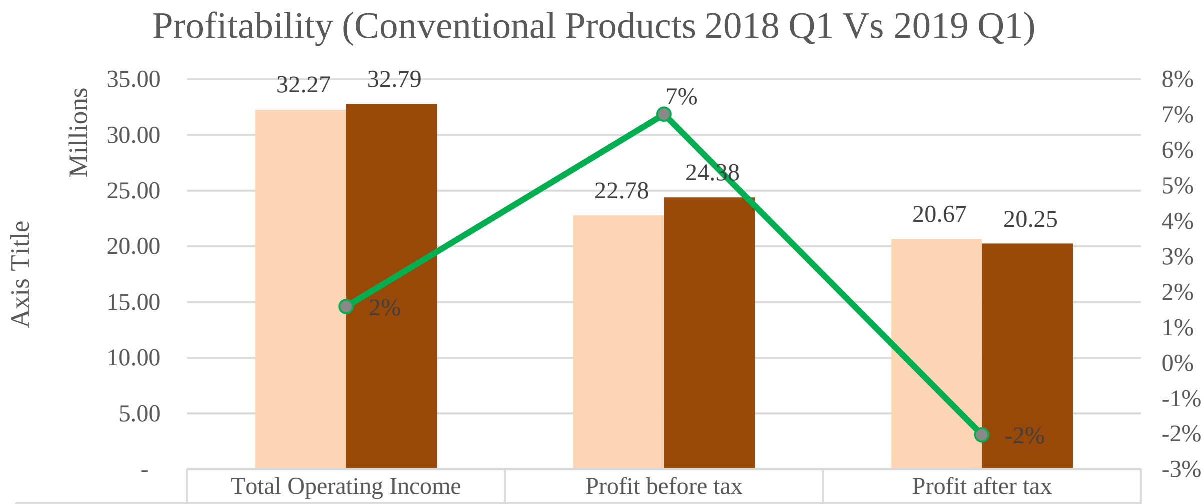


	Gross Income	Net interest Income	Fees and other income
Q1 2018	9,900,964	6,542,662	297,932
Q1 2019	12,675,503	6,999,948	311,773
% Change	28%	7%	5%

The overall income from conventional products has seen a positive growth in 2019 Q1. Interest income is the main component of the income of HDFC, and it has recorded a growth 1% as against 2018 Q1. Likewise, fees and other income has also increased by 4%.

Net Investment income from shari'ah products has increased by 28% far greater than interest income. Fees and commission also shows growth, by 5%, during this quarter when compared to the same quarter last year.

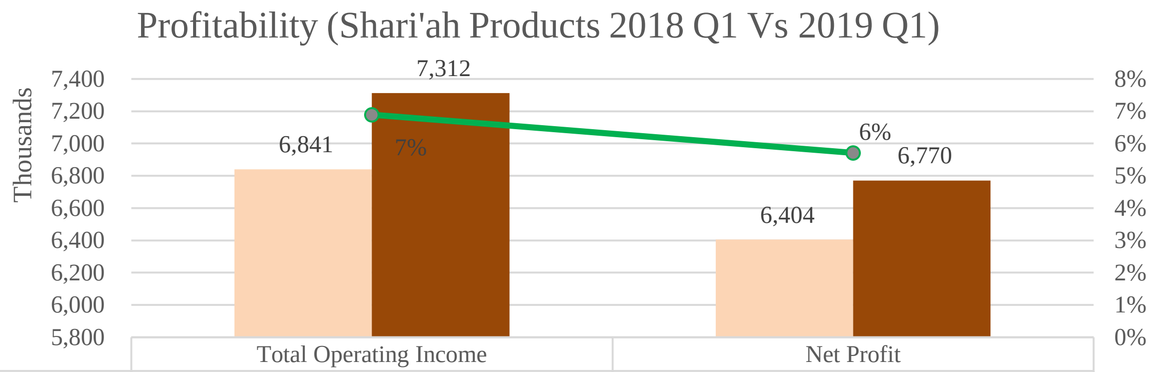
Profitability



	Total Operating Income	Profit before tax	Profit after tax
Q1 2018	32,274,479.00	22,784,263.00	20,670,601.00
Q1 2019	32,786,200.00	24,381,948.00	20,251,765.00
% Change	2%	7%	-2%

Although the income from HDFC operations has seen a positive growth in 2019 Q1 when compared to 2018 Q1, the profit after tax of the quarter has decreased by 2%.

Expenses	**Q1 2018**	**Q1 2019**	**% change**
Reversal of provision for impairment loss on loans and advances	(5,499,999)	3,966,060	-172%
Personnel expenses	(2,270,836)	(2,607,015)	14.8%
Other operating expenses	(1,719,381)	(1,831,178)	7%
Total	**(9,490,216)**	**(472,133)**	-95%

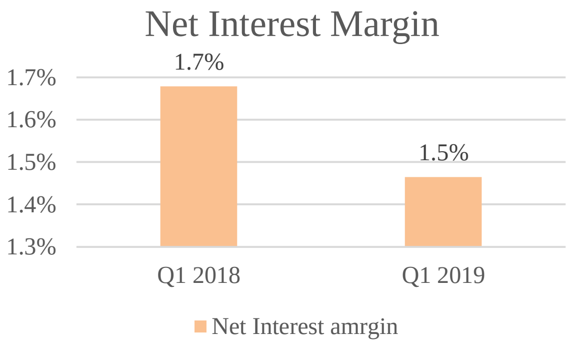


	Total Operating Income	Net Profit
Q1 2018	6,840,594	6,404,463
Q1 2019	7,311,721	6,770,164
% Change	7%	6%

HDFC' Amna wing is performing well and has achieved a net profit growth of 6%. Further, the operating expenses have increased by 24% in this quarter in comparison to 2018 Q1.

Net Interest Margin

Net interest margin is a ratio that measures how successful a bank is at investing its funds in comparison to its expenses on the same investments. A positive net interest margin indicates that an entity has invested its funds efficiently. In this regard, HDFC has a positive interest margin indicating that interest earning assets are generating income. HDFC's total earning assets has increased from MVR 1.4 billion to MVR 1.7 billion.



Earnings per Share

HFDC's earning per share in 2018 Q1 is MVR 12.97 and it has reduced to MVR 12.71 in 2019 Q1.

Capital Management

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

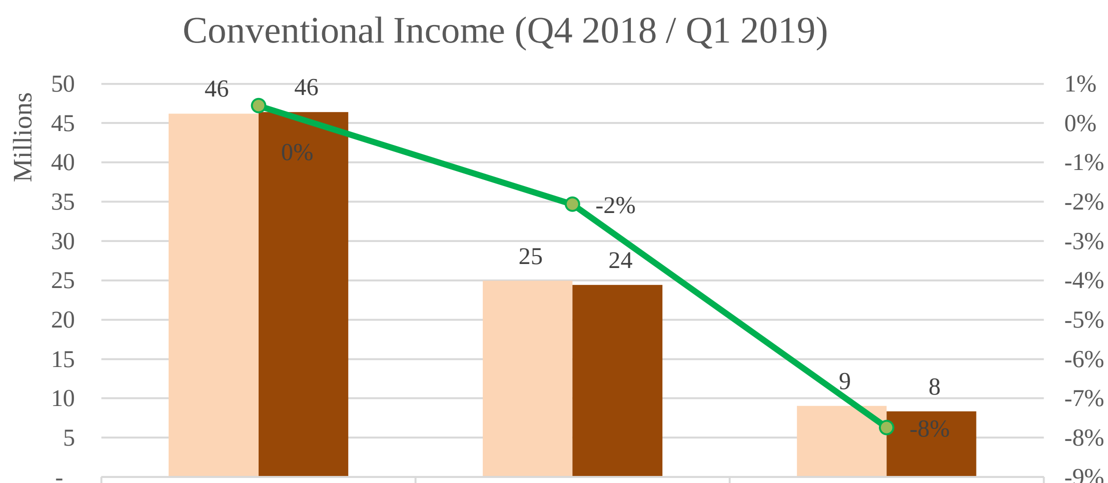
Assets and liabilities of HDFC for the two quarters in review are below;

Assets and Liabilities	Q1 2018	Q1 2019	Change
Liabilities			
Deposits	70,011,261	90,045,773	**20,034,512**
Borrowings	827,475,663	981,186,386	**153,710,723**
Other liabilities	157,685,793	266,124,519	**108,438,726**
Total liabilities	**1,055,172,717**	**1,337,356,678**	**282,183,961**
Assets			**-**
cash and balances with banks	71,661,959	115,484,654	**43,822,695**
Financial assets held to maturity	59,984,248	77,969,223	**17,984,975**
Loans and advances	1,445,863,180	1,668,037,286	**222,174,106**
Other assets	7,235,943	6,941,837	**(294,106)**
Total assets	**1,584,745,330**	**1,868,433,000**	**283,687,670**
NET (Assets-Liabilities)	**529,572,613**	**531,076,322**	**1,503,709**

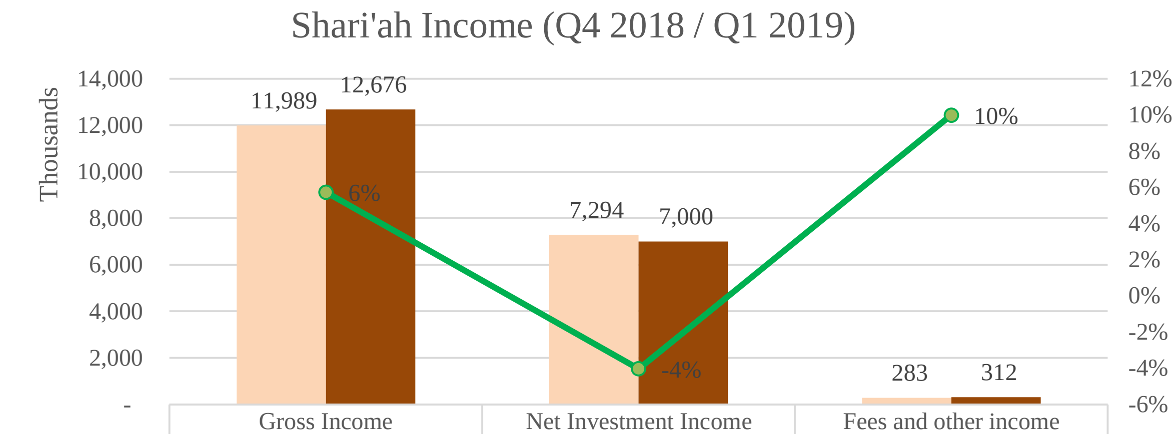
Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, deposits with banks, financial asset held to maturity and housing loan repayment from customers.

Q4 of 2018 AND Q1 of 2019

Income



	Gross Income	Net interest Income	Fees and other income
Q4 2018	46,203,303	24,944,550	9,058,727
Q1 2019	46,406,211	24,428,781	8,357,419
% change	0%	-2%	-8%

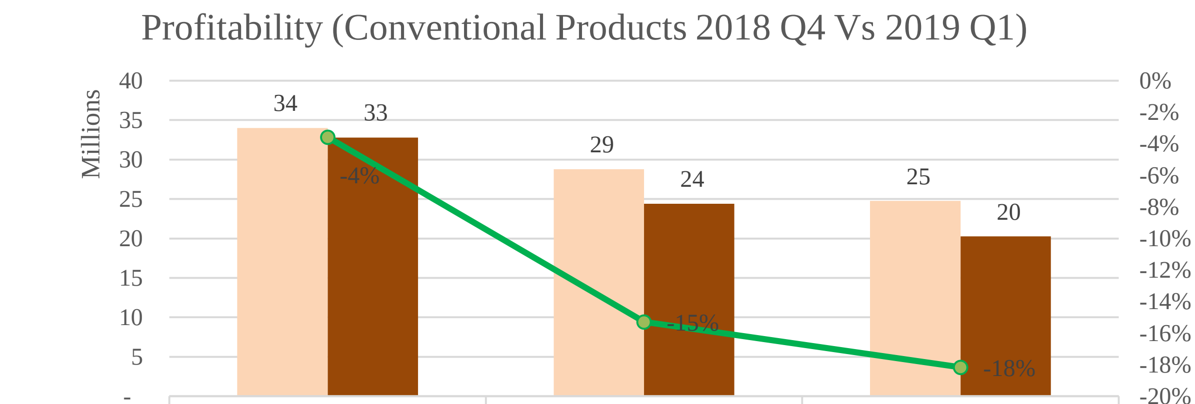


	Gross Income	Net Investment Income	Fees and other income
Q4 2018	11,988,568	7,294,486	283,461
Q1 2019	12,675,503	6,999,948	311,773
% change	6%	-4%	10%

The gross income from conventional products has been maintained at similar levels at MVR 46 million during both the quarters. However net income interest and fees & other income have decreased by 2% and 8% respectively.

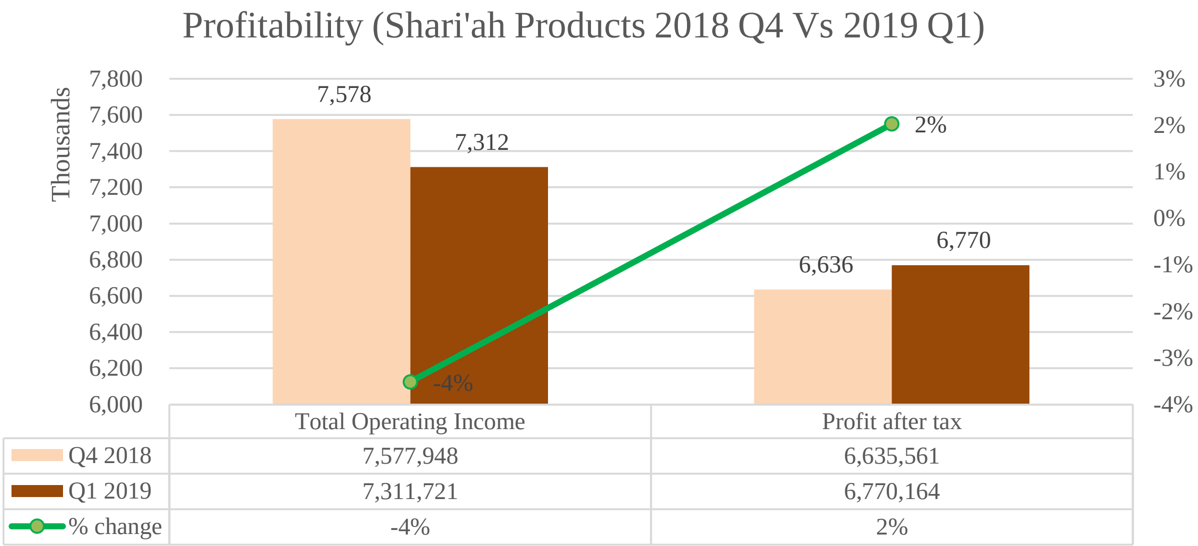
Similarly, income from Shari'ah products has also seen a positive growth of 6%. However net investment income has recorded a fall of 4%, fees and commission on the other hand has increased by 10%.

Profitability



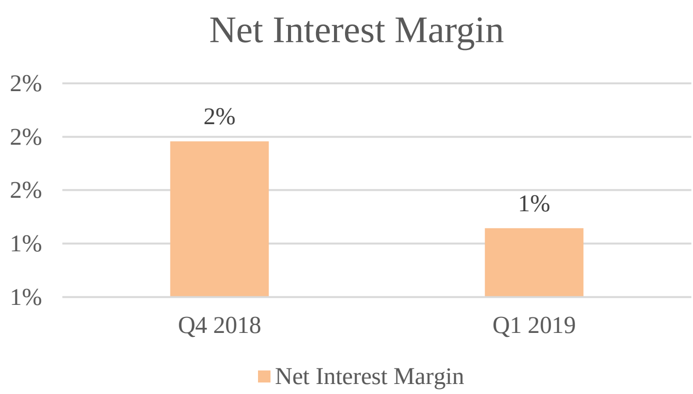
	Total Operating Income	Profit before tax	Profit after tax
Q4 2018	34,003,278	28,782,963	24,747,681
Q1 2019	32,786,200	24,381,948	20,251,765
% change	-4%	-15%	-18%

The conventional wing of the company shows a reduction in the net profit by 18% when compared to the previous quarter.



Total Operating Income from Sharia wing has decreased by 4%, however the growth of net profit is 2%. This was due to decrease in operating expenses. It has decreased from MVR 942,387 to MVR 541,557 in 2019 Q1.

Net Interest Margin



Net Interest Margin for this quarter shows a decrease from 2% to 1% when compared the previous quarter. This is due to the decline in the net interest income during this quarter which has fallen by 4%. The earning assets remained at similar levels at MVR 1.6 billion during both the quarters. 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. However, HDFC has a positive interest margin indicating that interest earning assets are generating income.

Earnings per Share

Earnings per share has decreased from MVR 15.52 to MVR 12.71 when compared to previous quarter.

Capital Management

The assets and liabilities of HDFC for 2018 Q4 and 2019 Q4 are as follows;

	Q4/2018	Q1/2019	change
Liabilities			
Deposits	82,554,043	90,045,773	**7,491,730**
Borrowings	856,562,909	981,186,386	**124,623,477**
Other liabilities	244,444,770	266,124,519	**21,679,749**
Total liabilities	**1,183,561,722**	**1,337,356,678**	**153,794,956**
Assets			**-**
cash and balances with banks	76,672,028	115,484,654	**38,812,626**
Financial assets held to maturity	44,976,096	77,969,223	**32,993,127**
Loans and advances	1,613,610,336	1,668,037,286	**54,426,950**
Other assets	7,356,305	6,941,837	**(414,468)**
Total assets	**1,742,614,765**	**1,868,433,000**	**125,818,235**
NET (Assets-Liabilities)	**559,053,043**	**531,076,322**	**(27,976,721)**

Net assets of the company have fallen by MVR 27 million in comparison to 2018 Q4. This is because the liabilities have increased more than that of company's assets. Loans and advances are the main component of its assets, and it has increased by MVR 54 million, which is an increase of 3% when compared to previous quarter.

Important Projects undertaken in the quarter

HDFC acts as the financing for the following housing projects:

- The Gardens project (of Jaah Investment Pvt.Ltd) carried out in Hulhumale which is 35% completed, and expected to be completed December 2019.
- FW Constructions Hulhumale which is 25% completed, expected to be completed by November 2019.
- Oceanfront Residence Hulhumale' (of Rainbow Construction Pvt. Ltd) is 60% completed and is expected to be completed by 15th November 2019.
- Damas Hulhumale' project which is 95 % completed, expected to be completed by 30th April 2019.
- Hulhumale Residence, overall 25% is completed and expected to be completed by the end of May 2020.
- AIRA Apartments, 90% of formwork completed in first floor and 29% of the overall project is completed.
- Apollo Towers, 95% of the structural works are completed. The total project cost is MVR 361 million and is expected to be completed by July 2019.
- Batch Apartments Marina View, overall 90% of the project is completed.

Conclusion

Though the profits from conventional products declined by 2%, compared to Q1 2018, they have increased products through Amna (the Islamic wing). The Islamic wing of HDFC Amna keep contributing a significant portion towards the total revenue of the company and the profitability is also improving.

Although the company's total assets exceed its liabilities, the debt to assets ratio is having an upward growth, increasing the financial risk of the company. HDFC is currently financing several housing projects and most of them are expected to be completed in 2019. The company's personal costs also increased during the quarter which will adversely affect the profitability.

Quarterly review; Quarter 1, 2019

ISLAND AVIATION SERVICES LTD

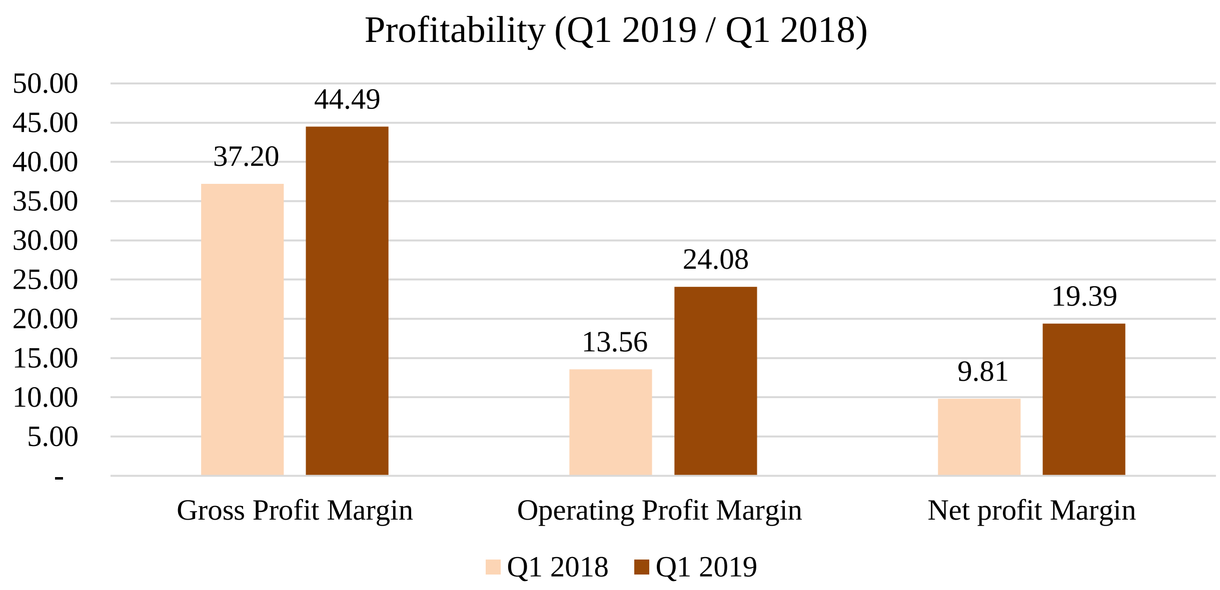
ISLAND AVIATION SERVICES LIMITED
Q3 2018 PERFORMANCE ANALYSIS

Report No: PEM/2019/IASL/Q1

Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	533,607,369	541,517,014	7,909,645	1
Cost of Sales	(335,131,065)	(300,615,691)	34,515,374	(10)
Gross Profit	198,476,304	240,901,323	42,425,019	21
Operating Profit	72,333,021	130,419,829	58,086,808	80
Profit Before Tax	64,036,191	125,463,367	61,427,176	96
Profit After Tax	52,350,010	104,979,392	52,629,382	101

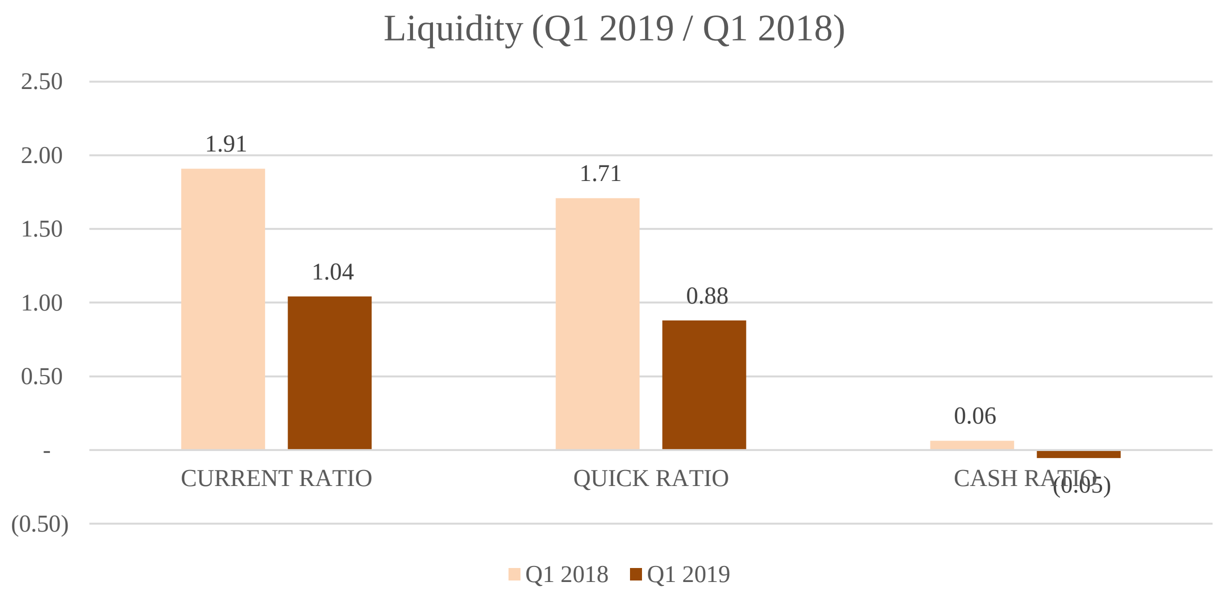
Margin	Q1 2018	Q1 2019
Gross Profit Margin	37.20	44.49
Operating Profit Margin	13.56	24.08
Net profit Margin	9.81	19.39



- Revenue increased by 1% compared to the same quarter of the previous year. This is an increment by MVR 7.9 million.
- While revenue improved slightly IAS managed its direct costs which resulted in a reduction of MVR 34 million which is a 10% reduction compared to Q1 2018. Hence gross profit increased by 21%. Gross profit margin also improved to 44%.
- Selling and marketing expenses reduced by 41% while salaries and wages reduced by MVR 16 million which is a decrease of 20% compared to Q1 2018. This led to increased operating profit by 80%.

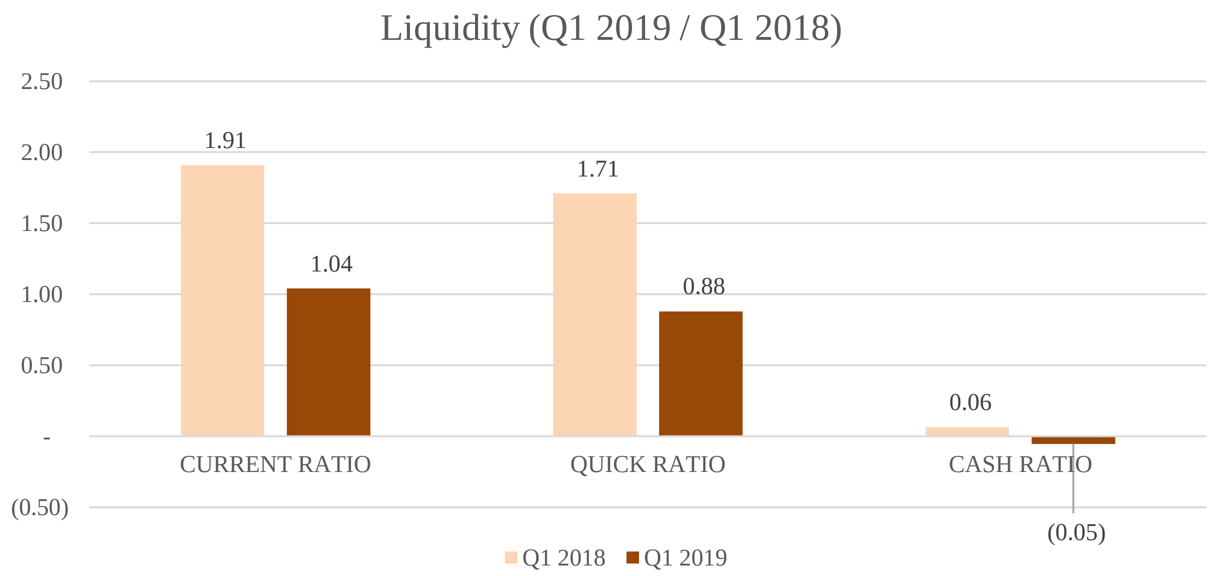
- Profit doubled compared to the same quarter of the previous year. There is an increment in the profit by MVR 52.6 million. Thus, Net profit margin also improved to 19.39% from 9.81% in last year.

LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	1,140,646,778	1,526,036,162
CURRENT RATIO	1.91	1.04
QUICK RATIO	1.71	0.88
CURRENT ASSETS	889,413,065	597,466,535
CURRENT LIABILITIES	466,051,118	573,900,979
WORKING CAPITAL	423,361,947	23,565,556
CASH RATIO	0.06	(0.05)
INVENTORY	92,557,376	92,616,154



- Non-current assets consist of property plant and equipment worth MVR 1.5 billion which is an increase of 33% compared to the same quarter of the previous year.
- Current assets reduced by MVR 291.9 million which is a reduction of 32.8% compared to the same quarter of the previous year. Receivables increased by 71% while cash balance was turned into overdraft by MVR 31 million.
- Current liabilities increased by 23% compared to Q1 2018 due to increase in trade payables. This led current and quick ratios to fall. Strategies need to be formulated to enhance the cash position and reduce payables.

LEVERAGE	**Q1 2018**	**Q1 2019**
DEBT-EQUITY	52.60	42.65
DEBT TO ASSETS	26.55	21.82
LONG TERM DEBT TO CAPITALIZATION	34.47	29.90

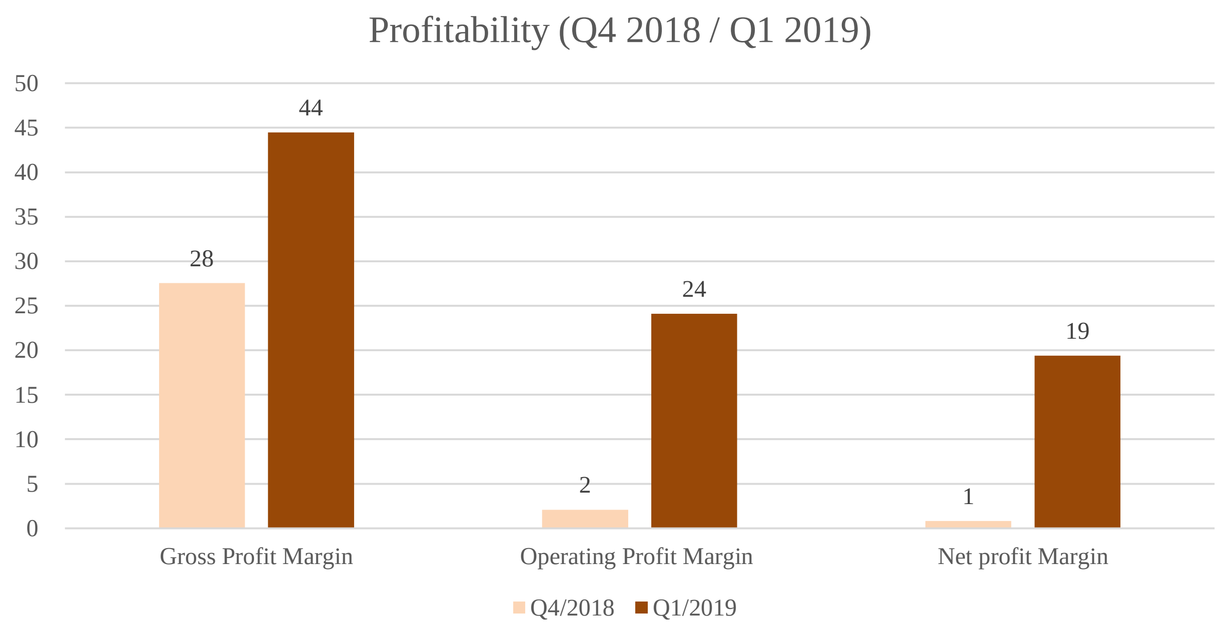


- Debt to equity ratio reduced as a result of reduced borrowings along with increased equity of the company. The reduction in the leverage shows the reduced risk for the investors to invest in the company since they have the financial strength to payback the borrowings.

Q4 of 2018 AND Q1 of 2019

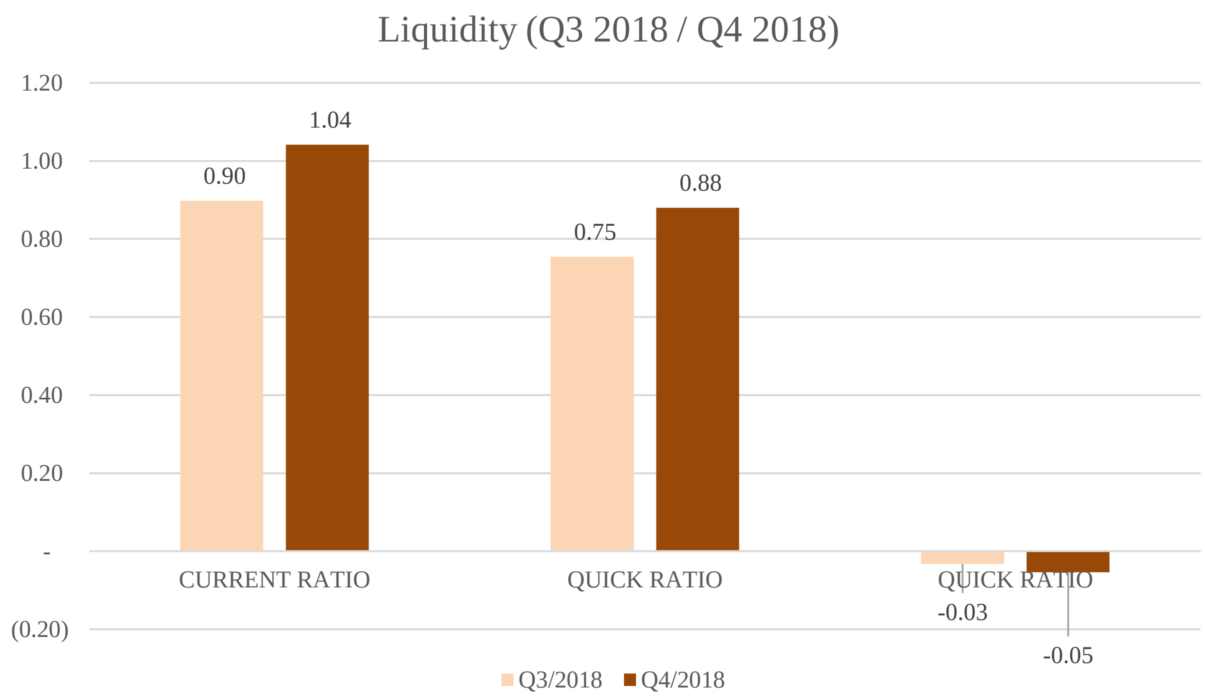
PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	551,193,366	541,517,014	(9,676,352)	(1.76)
Cost of Sales	(399,358,607)	(300,615,691)	98,742,916	(24.73)
Gross Profit	151,834,759	240,901,323	89,066,564	58.66
Operating Profit	11,447,484	130,419,829	118,972,345	1039.29
Profit Before Tax	7,828,960	125,463,367	117,634,407	1502.55
Profit After Tax	4,468,069	104,979,392	100,511,323	2249.55

Margins	Q4/2018	Q1/2019
Gross Profit Margin	28	44
Operating Profit Margin	2	24
Net profit Margin	1	19



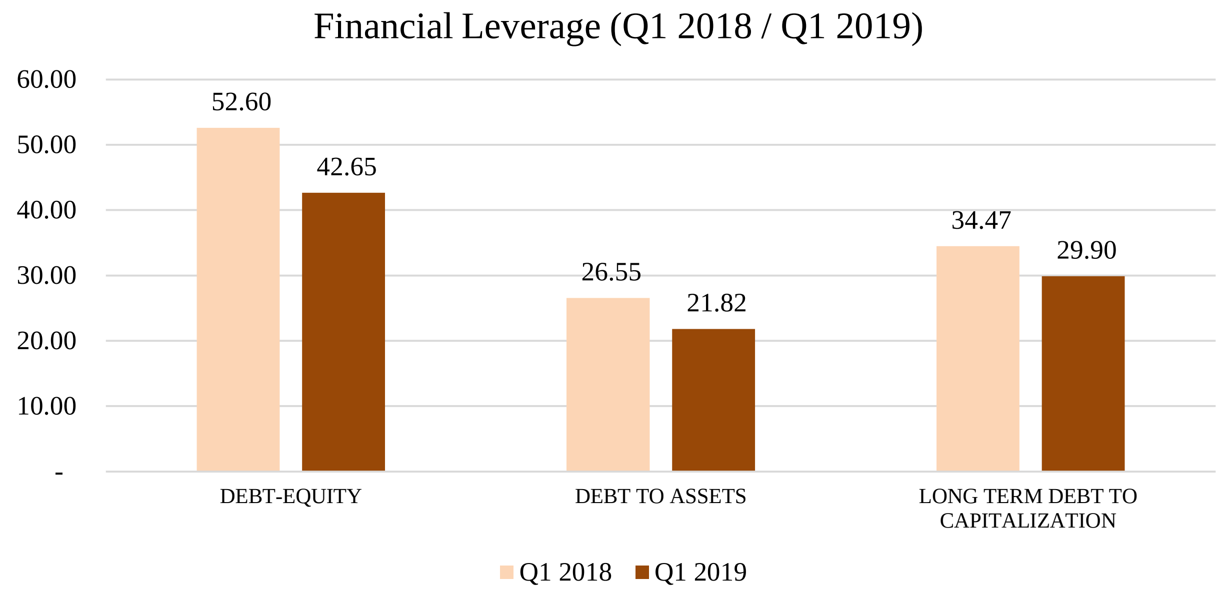
- Revenue reduced by MVR 9.7 million compared to the previous quarter, while direct costs reduced by MVR 98 million which is a reduction of 25% compared to the last quarter. Hence, gross profit improved by 58.66%. Gross profit margin also increased greatly from 28% to 44% in just a quarter mainly due to managing direct costs well.
- The indirect costs including selling and marketing costs and administrative expenses reduced as such company had huge growth in operating and net profits.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	1,506,820,017	1,526,036,162
CURRENT RATIO	0.90	1.04
QUICK RATIO	0.75	0.88
CURRENT ASSETS	517,418,438	597,466,535
CURRENT LIABILITIES	576,079,831	573,900,979
WORKING CAPITAL	(58,661,393)	23,565,556
CASH RATIO	(0.03)	(0.05)
INVENTORY	83,046,574	92,616,154



- Total non-current assets increased slightly compared to Q4 2018.
- Current assets increased by MVR 80 million compared to the last quarter. Receivables and inventories increased by 18% and 11% respectively which led to increased current assets. However, bank balance was overdrawn by MVR 18 million in the previous quarter which further increased to MVR 31 million showing the cash flow difficulties the company is currently facing.
- Short term liabilities reduced slightly by 0.4% compared to last quarter as payables reduced slightly. Though liquidity ratios are at a satisfactory level, receivable collection and cash flow needs to be enhanced to further improve liquidity position.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	46.74	42.65
DEBT TO ASSETS	23.33	21.82
CAPITALIZATION RATIO	31.85	29.90



- Debt to Equity ratio reduced as borrowings reduced while equity increased. The reduction in the leverage shows the reduced risk for the investors to invest in the company since they have the financial strength to payback the borrowings.

Conclusion

Profitability has increased compared to Q1 2018 resulting from lower expenses. Revenue improved by only 1% compared to the previous quarter. The profitability margins has improved due to better management of direct and indirect expenses. Compared to Q4 2018, profitability has also improved due to lower expenses.

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

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

Recommendation

- Reduce receivables:
  Proper methods need to be implemented to collect the receivables as they are increasing quarter by quarter. Flexible terms can be agreed on to the existing receivables which could help to collect receivables more swiftly. Also, relevant authorities must be informed and actions need to be taken accordingly for long outstanding payments.
  They also can revise the credit terms and agreements with the customers in such a way that is commercially beneficial to the company.
  Because company has a significant receivable from the government, a mechanism to settle the bills within a certain period of time has to be established with the ministry of finance.
- At the same time payables need to be minimized in order to improve the relation with the customers. The supplier relation should be improved in order to receive better payment terms and long credit periods which will improve the liquidity of the company.
- Inventory Management:
  Inventory has grown significantly over the recent quarters, tying up the assets of the business. Proper inventory management techniques need to be implemented to reduce the inventory related costs and to enhance liquidity.
  Proper contingency planning and accurate forecasting is essential for inventory management.

Quarterly review; Quarter 1, 2019

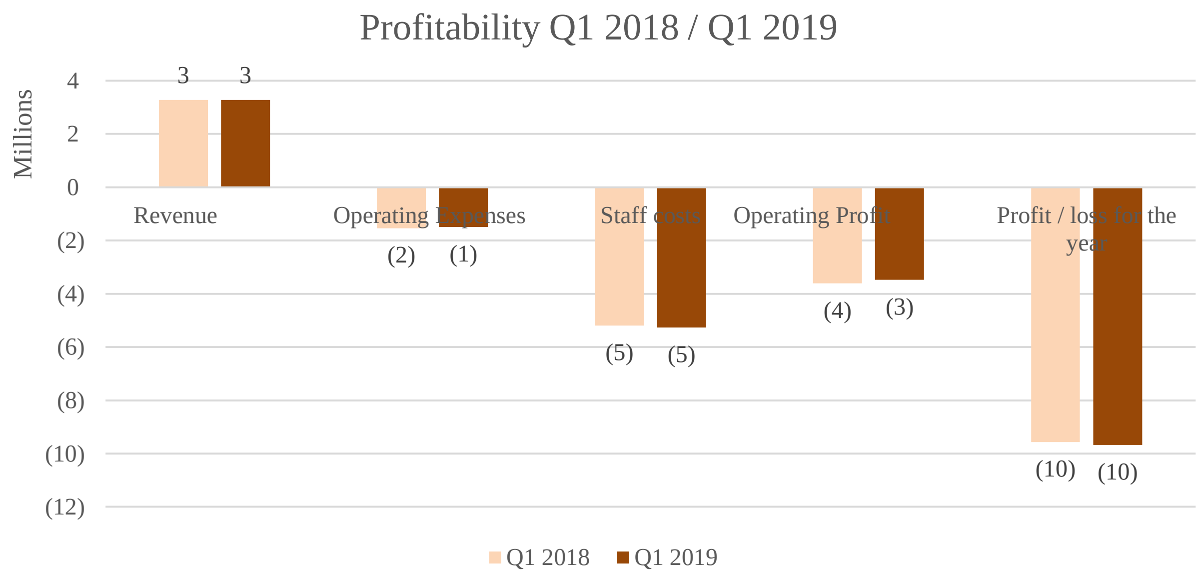
KADHDHOO AIRPORTS COMPANY LIMITED

KAHDHOO AIRPORT COMPANY LTD
Q1 2019 PERFORMANCE ANALYSIS

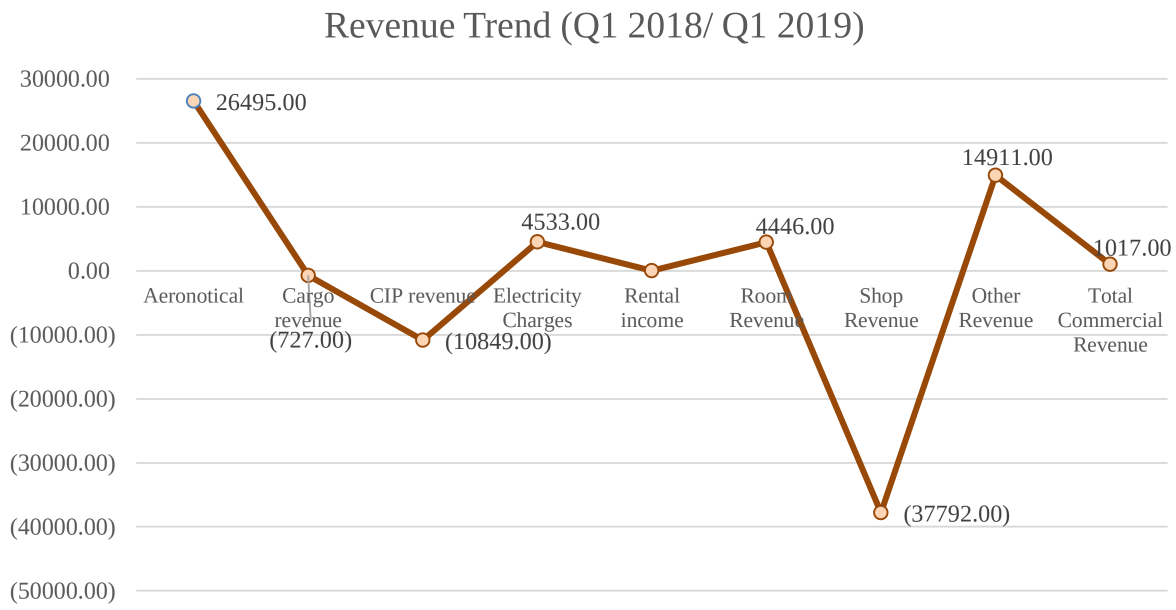
Report No: PEM/2019/KACL/Q1

Q1 of 2018 AND Q1 of 2019

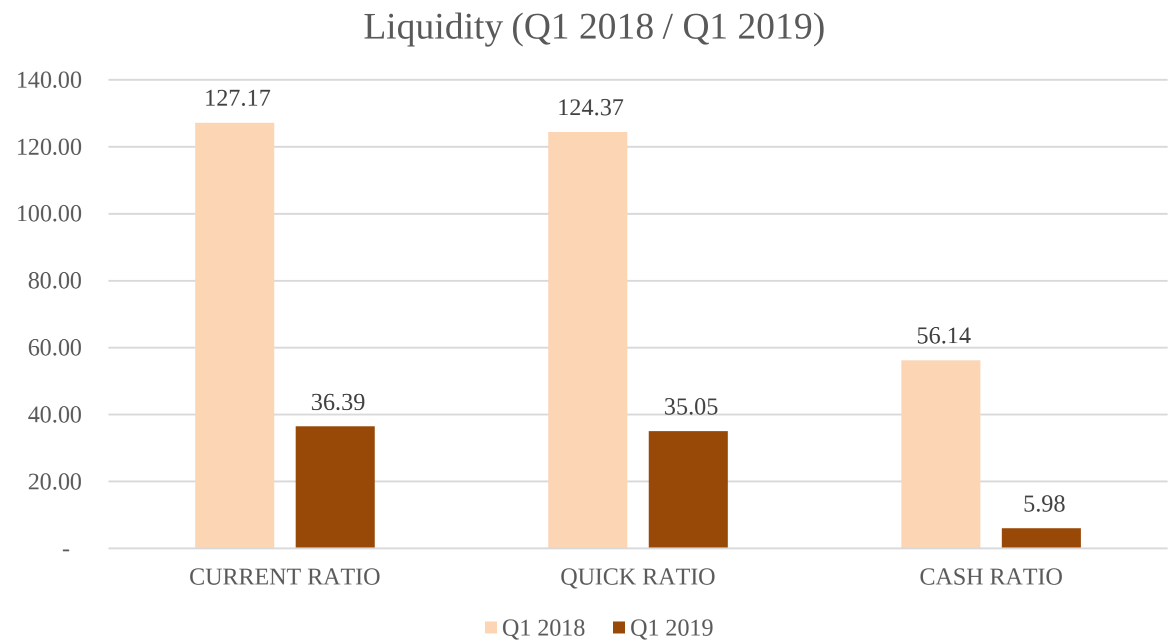
PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	3,278,286	3,279,303	1,017	0
Operating Expenses	(1,535,375)	(1,489,145)	46,230	3
Staff costs	(5,188,933)	(5,263,564)	(74,631)	(1)
Operating Profit	(3,602,390)	(3,473,406)	128,984	4
Profit / loss for the year	(9,566,980)	(9,679,157)	(112,177)	(1)



- A very insignificant growth can be seen in revenue compared to the same quarter of the previous year. The main source of revenue for KACL is Aeronautical revenue particularly from the flight operations in the airport.
- Operating expenses decreased, while staff costs increased by 1%. High overheads led to operational and net losses during the period.
- The change in revenue compared to Q1 2018 is shown in the following graph:



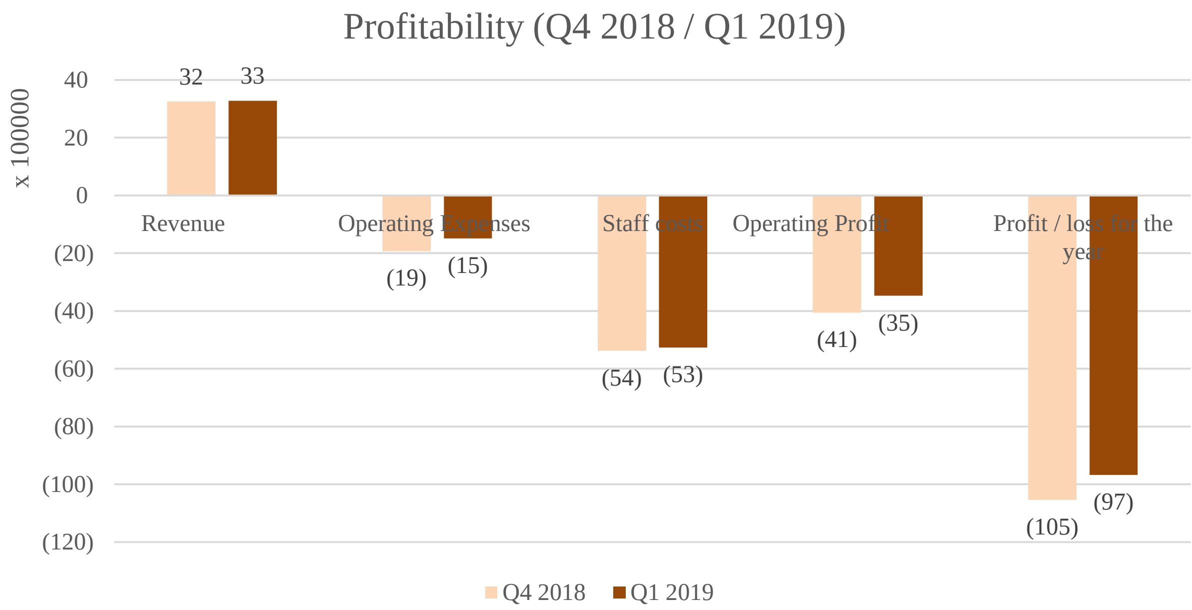
LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	55,403,336	51,770,111
CURRENT RATIO	127.17	36.39
QUICK RATIO	127.17	36.39
CURRENT ASSETS	39,766,266	39,757,122
CURRENT LIABILITIES	312,709	1,092,415
WORKING CAPITAL	39,453,557	38,664,707
CASH RATIO	56.14	5.98



- Total non-current assets reduced by 6% due to wear and tear.
- Total current assets have not changed significantly compared to Q1 2018. However, current liabilities increased as payables increased compared to Q1 2018. As such, current and quick ratios dropped from 127% to 36%. This ratio shows a high figure representing the value of current assets tied up in the business.

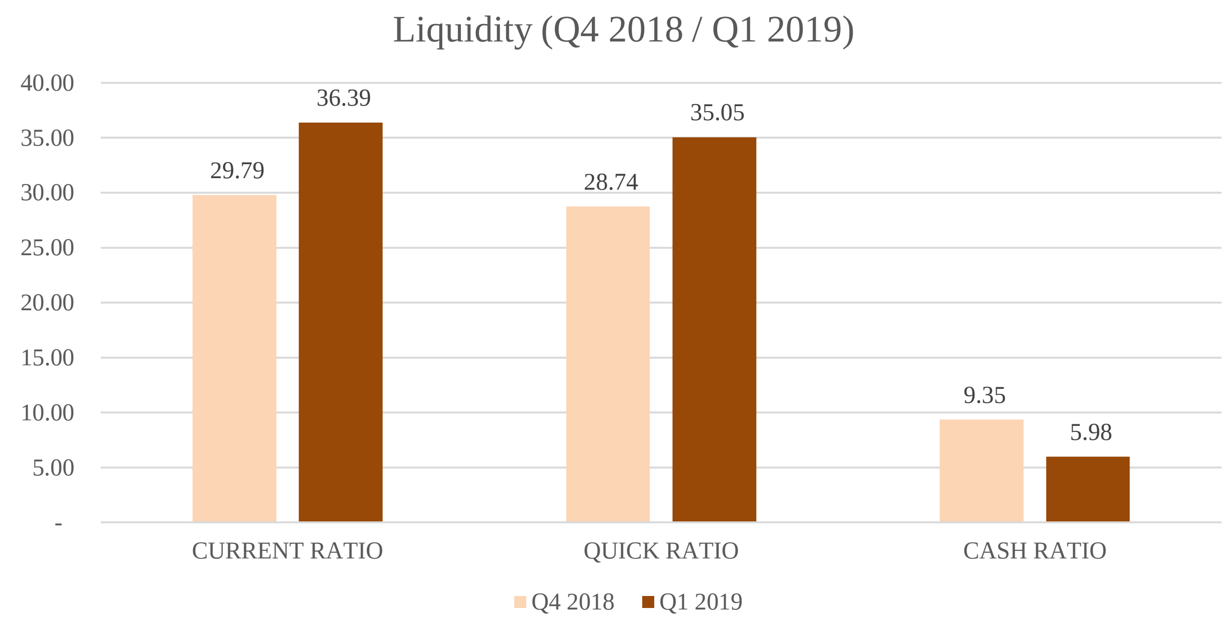
Q4 of 2018 and Q1 of 2019

PROFITABILITY	Q4 2018	Q1 2019	Change	%
Revenue	3,247,805	3,279,303	31,498	0.97%
Operating Expenses	(1,930,612)	(1,489,145)	441,467	22.87%
Staff costs	(5,376,640)	(5,263,564)	113,076	2.10%
Operating Profit	(4,059,446)	(3,473,406)	586,040	14.44%
Profit / loss for the year	(10,544,576)	(9,679,157)	865,419	8.21%



- There was a slight improvement in revenue compared to the previous quarter. Operating expenses and staff costs reduced by 22.87% and 2.1% respectively.
- The company has operational and net losses in the quarters due to high overheads compared to the revenue earned. The losses reduced in Q1 2019 compared to the previous quarter due to reduction of overheads.

LIQUIDITY	**Q4 2018**	**Q1 2019**
NON CURRENT ASSETS	50,847,666	51,770,111
CURRENT RATIO	29.79	36.39
QUICK RATIO	28.74	35.05
CURRENT ASSETS	44,267,394	39,757,122
CURRENT LIABILITIES	1,486,214	1,092,415
WORKING CAPITAL	42,781,180	38,664,707
CASH RATIO	9.35	5.98
INVENTORY	1,551,357	1,469,254



- Short term assets reduced by MVR 4.5 million which is a reduction of 10% compared to the previous quarter. Cash balances dropped by MVR 7.4 million while trade receivables increased by MVR 3 million compared to the previous quarter.
- Trade payables fell by 26% compared to Q4 2018. Hence, Quick and current ratio increased indicating the idle resources tied up in cash. Cash ratio fell as the cash balances fell compared to the last quarter due to more cash being invested in the project development. However, as per ratios, KACL is in a position to settle the liabilities with the short term assets available.

Conclusion

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

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

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

Recommendation

- Formation and implementation of Strategic plan to improve revenue and profitability.
  It is important to improve profit through improving revenue and reducing expenditure.
  Proper utilization of resources and cost reduction:
  Utilizing resources such as machinery and labor in the most economical way will reduce costs and improve labor efficiency which is needed for growth.
- Strategies to improve revenue
  Revenue can be increased by partnering with airlines and tourist establishments to increase flights to the airport. They can also diversify their business into different business areas expanding their business like providing restaurants and airport lounge services.
- Utilization of resources:
  Higher current and quick ratios indicate the high level of assets being tied in the business which can be used to expand operations to generate additional return.
- Proper receivable collection mechanisms.
  Receivables have to be collected within the preferred period without further delay. Proper credit control mechanisms and verifying the credit worthiness is important. Furthermore, if the payments are not received within the desired time, relevant authorities must be informed and actions need to be taken accordingly.

Quarterly review; Quarter 1, 2019

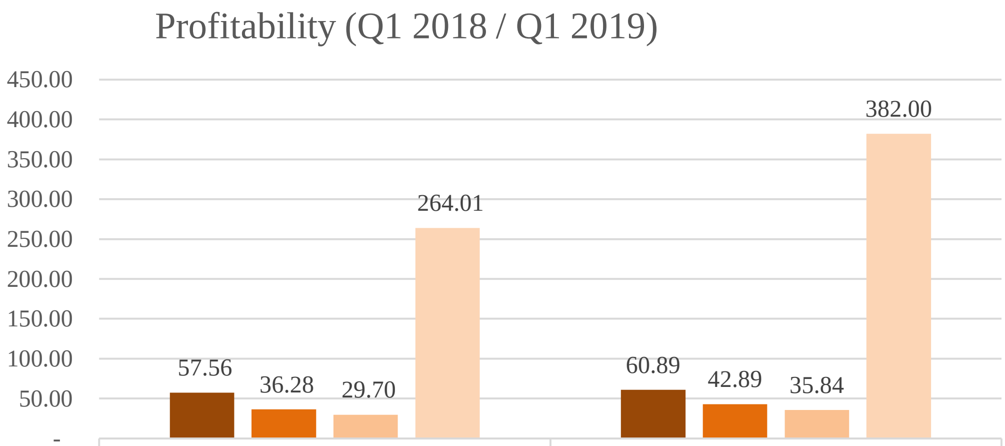
MALDIVES AIRPORTS COMPANY LIMITED

MALDIVES AIRPORTS COMPANY LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MACL/Q1

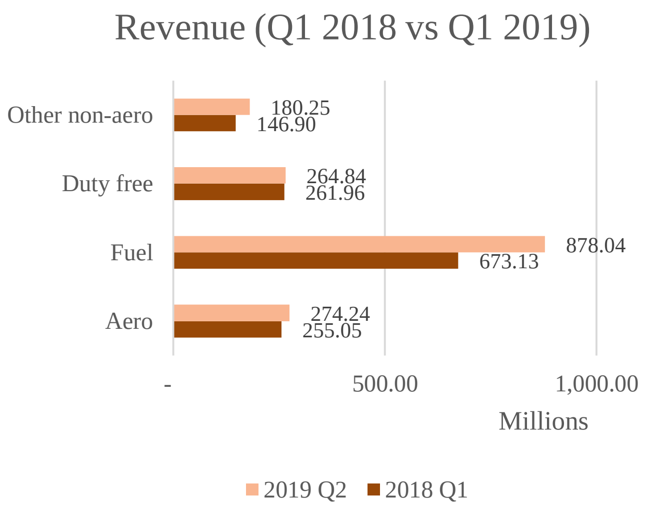
Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	1,337,037,035	1,597,360,000	260,322,965	19
Cost of Sales	(567,462,037)	(624,704,000)	(57,241,963)	10
Gross Profit	769,574,998	972,656,000	203,081,002	26
Operating Profit	485,051,000	685,182,000	200,131,000	41
Profit Before Tax	467,242,440	673,607,000	206,364,560	44
Profit After Tax	397,156,074	572,566,000	175,409,926	44



	Q1 2018	Q1 2019
Gross Profit Margin	57.56	60.89
Operating Profit Margin	36.28	42.89
Net profit Margin	29.70	35.84
Earnings Per Share	264.01	382.00

- Revenue improved by MVR 260 million since number of flight and air traffic movements increased. The company earns greatest revenue from the fuel used by the planes operated into the airport.
- As a result of higher level of operations, the direct cost of the company increased. However, there is a favorable movement in profitability since gross profit margin has improved from 57.56% to 60.89%.

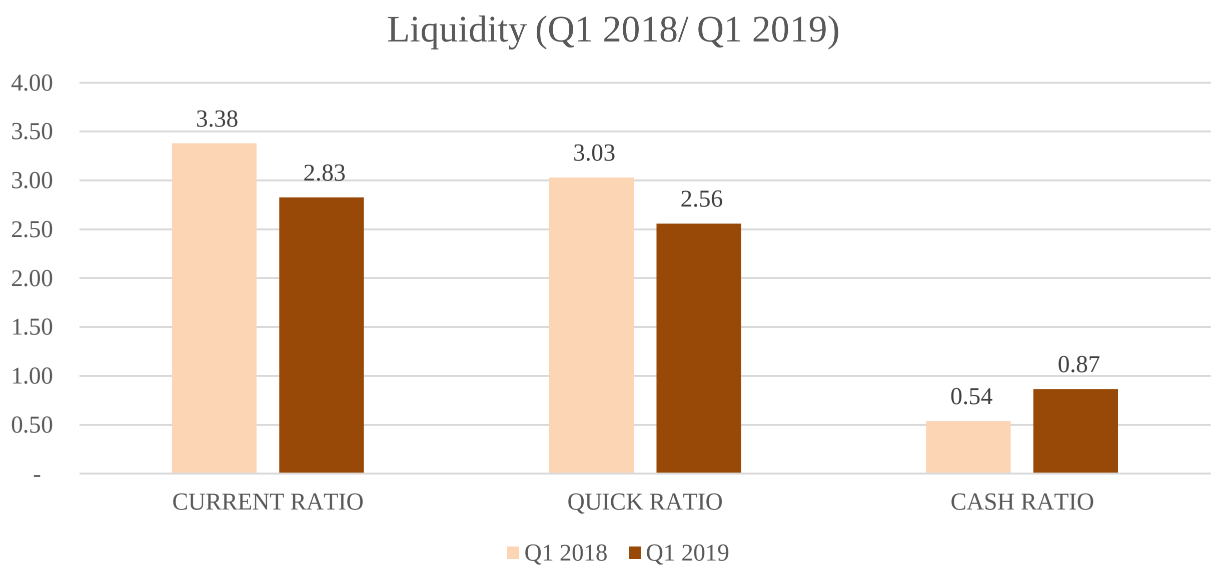


- Administrative expenses increased by 4% mainly due to increased employee benefits in the quarter compared to Q1 2018. As such employee benefits increased by MVR 9 million. On the other hand, operating expenses reduced by 3% (MVR 1.9 million) improving the operating profit. The company sees a growth of 41% in operating profits during the quarter compared to the same quarter of the previous year. The change in administrative expenses and operating expenses for Q1 2019 compared to Q1 2018 are summarized in the table below;

Administrative costs	**Q1 2018**	**Q1 2019**	**Change**	**%**
Employee benefits	155,170,000	164,182,000	9,012,000	5.81
Depreciation	52,863,000	52,844,000	(19,000)	-0.04
repair and maintenance	10,469,000	11,280,000	811,000	7.75
insurance	6,070,000	5,297,000	(773,000)	-12.73
Total	224,572,000	233,603,000	9,031,000	4.02
Operating expenses	**Q1 2018**	**Q1 2019**	**Change**	**%**
Fuel consumption	19,405,000	20,122,000	717,000	3.69
Periodicals and subscriptions	6,359,000	7,448,000	1,089,000	17.13
bank charges	4,609,000	4,910,000	301,000	6.53
other operating expenses	24,440,000	20,409,000	(4,031,000)	-19.75
Total	54,813,000	52,889,000	(1,924,000)	-3.51

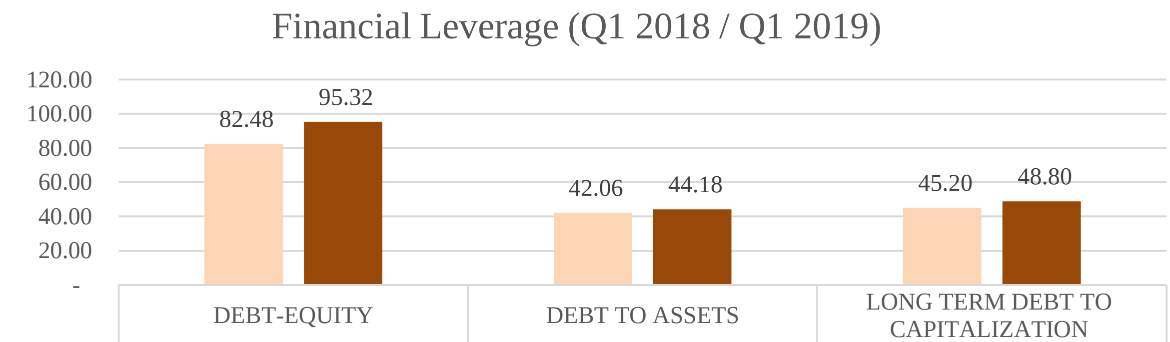
- Finance costs has been reduced resulting net profit to further increase by 44%.

LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	7,719,726,174	10,842,872,000
CURRENT RATIO	3.38	2.83
QUICK RATIO	3.03	2.56
CURRENT ASSETS	3,082,376,359	3,536,518,000
CURRENT LIABILITIES	912,269,724	1,250,840,000
WORKING CAPITAL	2,170,106,635	2,285,678,000
CASH RATIO	0.54	0.87
INVENTORY	317,013,721	334,926,000

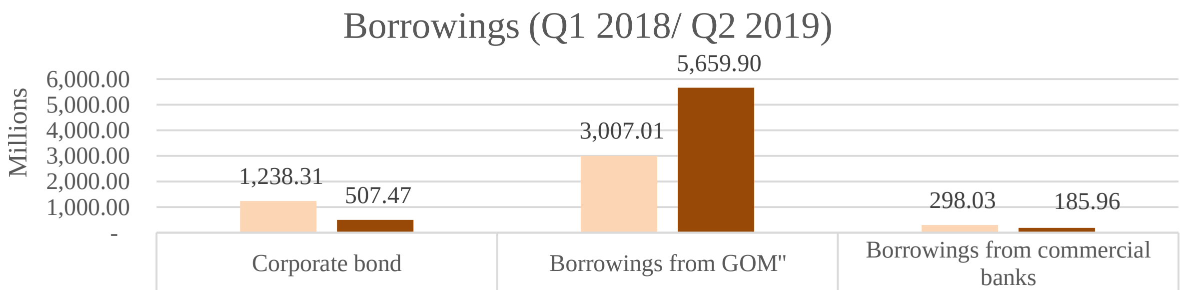


- Non-current assets increased by 40% compared to the same quarter of the previous year due to higher investment in property, plant and equipment.
- A 15% increase is observed in the current assets when compared to the same quarter last year. Inventories rose by 5% (MVR 17.7 million) while cash and cash equivalents increased by 120% (MVR 591 million). However, Trade and Other receivables has decreased by 4% during this quarter due to reduction in the value of deposits and advances. It is also important to note that the receivables from various sources rose significantly by 381% compared to Q1 2018. Necessary measures must be taken to collect the debts.
- Trade payables increased compared to Q1 2018, which has resulted in a 37% rise in total current liabilities. Therefore, the current and quick ratios deteriorated compared to Q1 2018. However, liquidity ratios are at a satisfactory level where MACL would be able to settle the obligations with the short term assets.
- There is a rise is Cash Ratio which is the result of greater increase in cash levels compared to increase in current liability.

LEVERAGE	Q1 2018	Q1 2019
DEBT-EQUITY	82.48	95.32
DEBT TO ASSETS	42.06	44.18
LONG TERM DEBT TO CAPITALIZATION	45.20	48.80
LONG-TERM DEBT TO NET WORKING CAPITAL	2.09	2.78



	DEBT-EQUITY	DEBT TO ASSETS	LONG TERM DEBT TO CAPITALIZATION
Q1 2018	82.48	42.06	45.20
Q1 2019	95.32	44.18	48.80



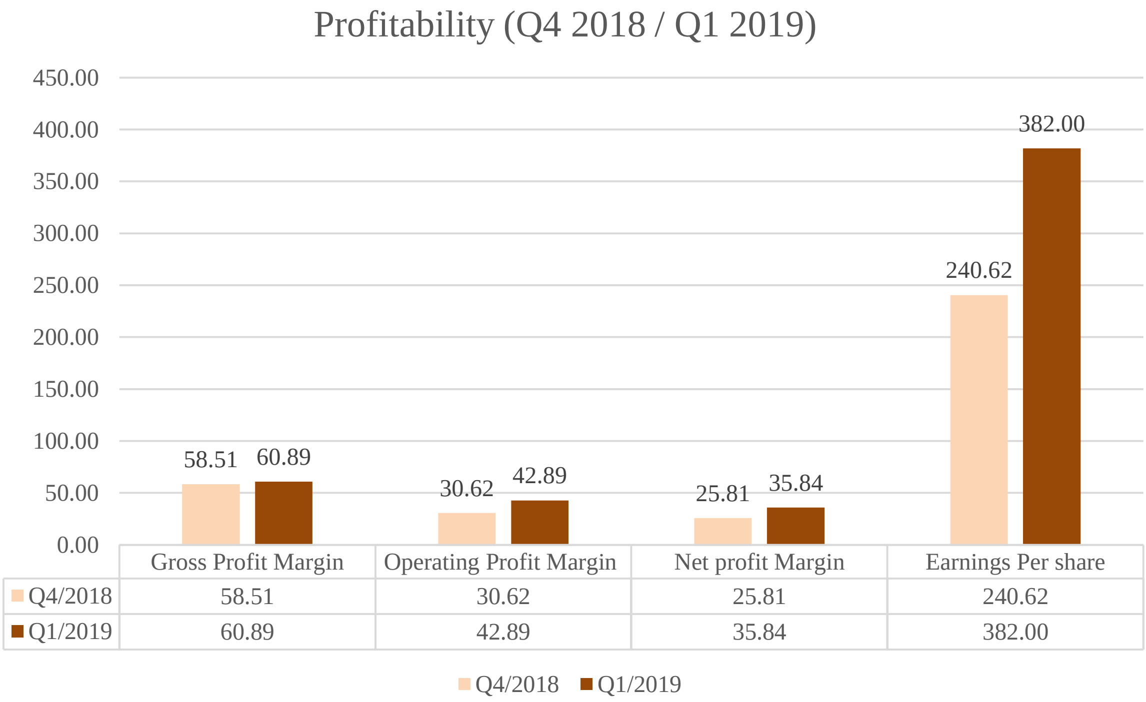
	Corporate bond	Borrowings from GOM"	Borrowings from commercial banks
Q1 2018	1,238,308,000.00	3,007,009,000.00	298,026,000.00
Q1 2019	507,465,000.00	5,659,902,000.00	185,964,000.00

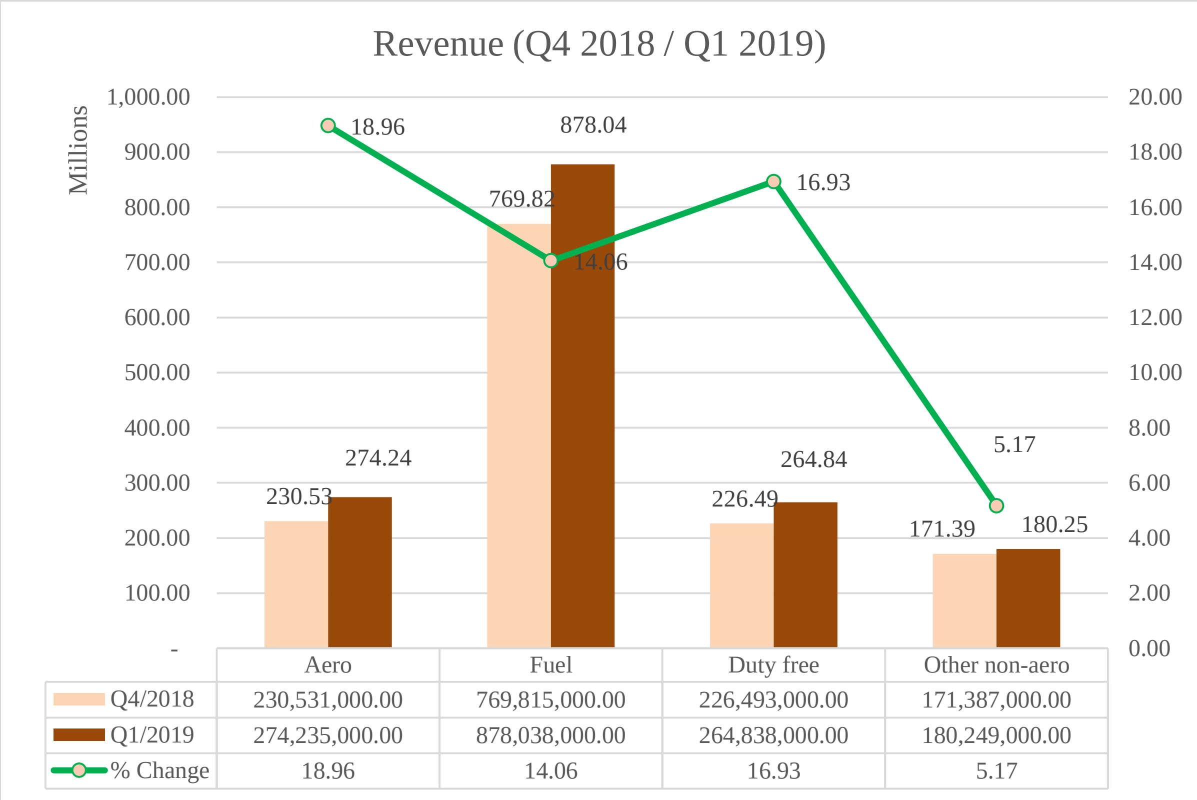
Gearing level of MACL has increased due to higher borrowings. As a result of this, financial risk of the company has increased. This increase in gearing has shown a positive increase in total non-current assets. The airport development project is in progress which is likely to add more debt and more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

Q4 of 2018 AND Q1 of 2019

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	1,398,226,000	1,597,360,000	199,134,000	14.24%
Cost of Sales	(580,084,000)	(624,704,000)	(44,620,000)	7.69%
Gross Profit	818,142,000	972,656,000	154,514,000	18.89%
Operating Profit	428,132,000	685,182,000	257,050,000	60.04%
Profit Before Tax	409,686,000	673,607,000	263,921,000	64.42%
Profit After Tax	360,927,000	572,566,000	211,639,000	58.64%

Margins	Q4/2018	Q1/2019
Gross Profit Margin	58.51	60.89
Operating Profit Margin	30.62	42.89
Net profit Margin	25.81	35.84
Earnings Per share	240.62	382.00



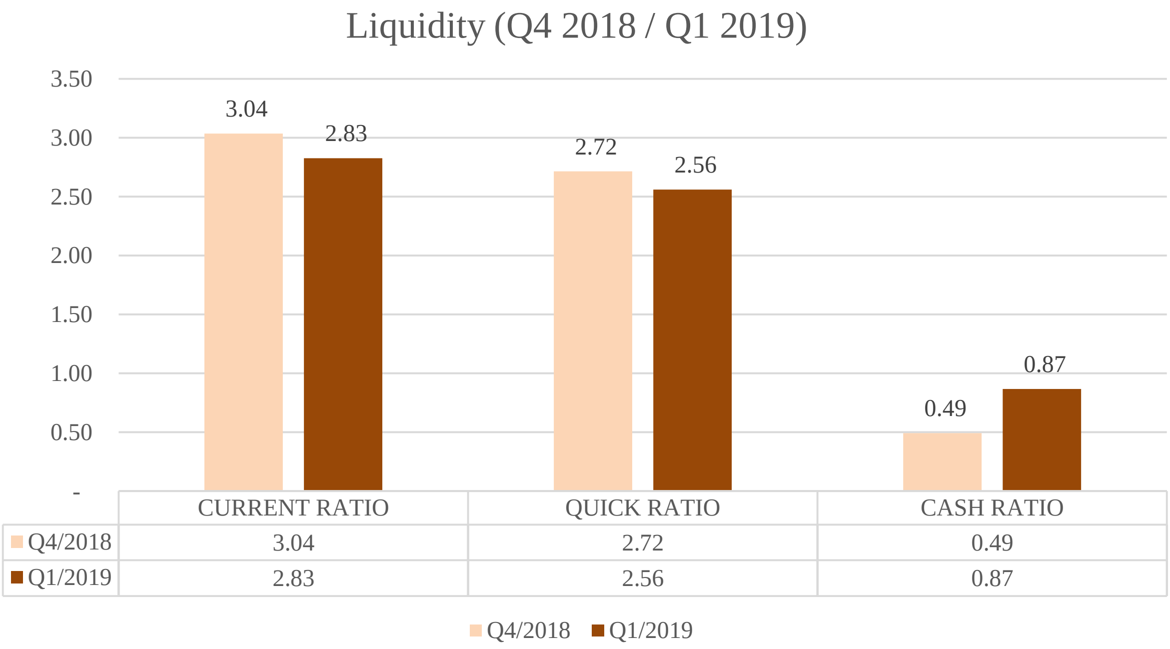


Sales and marketing costs	**Q4 2018**	**Q1 2019**	**Change**	**%**
Advertising and promotions	1,313,000	1,272,000	(41,000)	-3.12
Administrative costs	**Q4 2018**	**Q1 2019**	**Change**	**%**
Employee benefits	186,168,000	164,182,000	(21,986,000)	-11.81
Depreciation	62,859,000	52,844,000	(10,015,000)	-15.93
repair and maintenance	31,039,000	11,280,000	(19,759,000)	-63.66
insurance	6,396,000	5,297,000	(1,099,000)	-17.18
Total	286,462,000	233,603,000	(52,859,000)	-18.45
Operating expenses	**Q4 2018**	**Q1 2019**	**Change**	**%**
Fuel consumption	22,930,000	20,122,000	(2,808,000)	-12.25
Periodicals and subscriptions	5,699,000	7,448,000	1,749,000	30.69
bank charges	4,199,000	4,910,000	711,000	16.93
other operating expenses	30,982,000	20,409,000	(10,573,000)	-34.13
PFDD	35,715,000	-	(35,715,000)	-100.00
Total	99,525,000	52,889,000	(46,636,000)	-46.86
Finance costs	**Q4 2018**	**Q1 2019**	**Change**	**%**
Interest expense	18,447,000	11,575,000	(6,872,000)	-37.25

- Fuel supplied for jets is the main source of revenue for MACL. Fuel sales increased by 14% while revenue from aero, duty free and other non-aero also has a satisfactory growth. It is important to note that segmental margin is highest in other segments other than fuel and duty free sales.

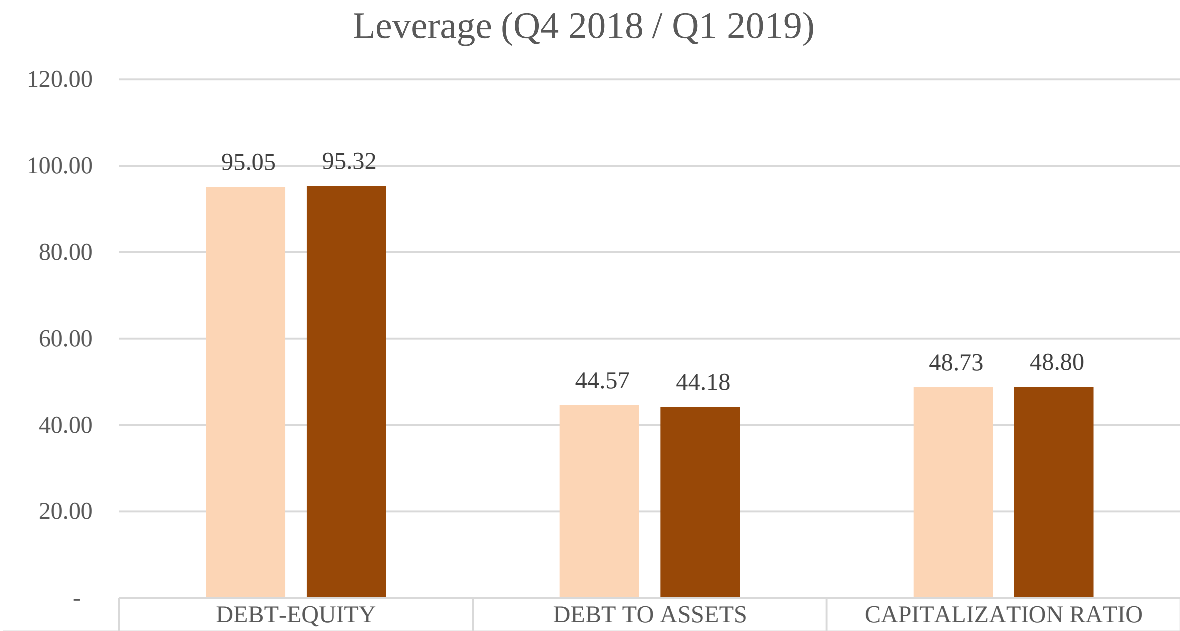
- As a result of improvement in revenue, the related direct cost also increased. However, this increase has not affected gross profit of the company, since revenue growth is higher than cost. In addition, there is a marginal improvement in gross profit margin.
- Operating expenses and administrative expenses reduced resulting in a rise of operating profit. Furthermore, finance costs also reduced causing profits to rise.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	10,011,010,000	10,842,872,000
CURRENT RATIO	3.04	2.83
QUICK RATIO	2.72	2.56
CURRENT ASSETS	3,047,221,000	3,536,518,000
CURRENT LIABILITIES	1,003,946,000	1,250,840,000
WORKING CAPITAL	2,043,275,000	2,285,678,000
CASH RATIO	0.49	0.87
INVENTORY	321,356,000	334,926,000

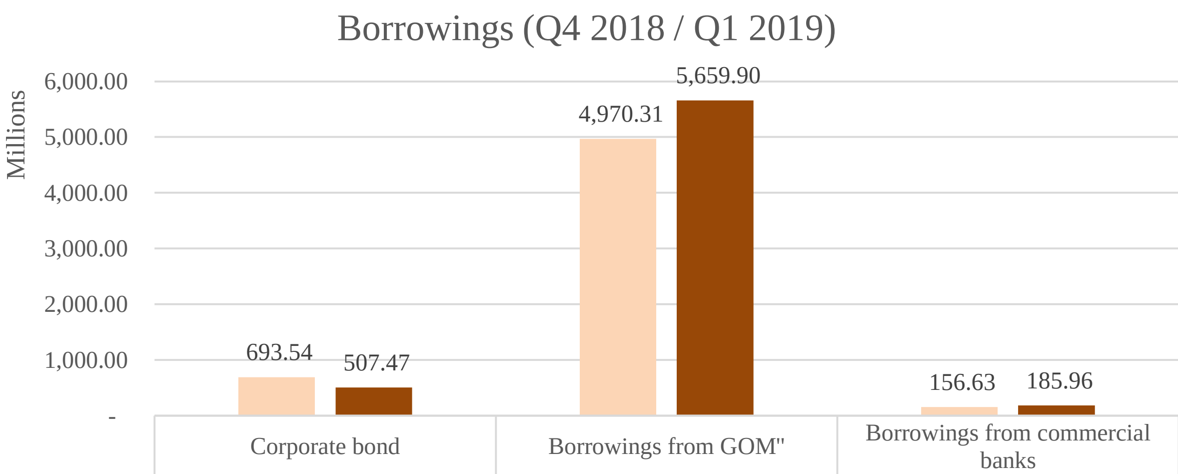


- Higher investment in property plant and equipment during the quarter led to a growth in total non-current assets by MVR 831 million.
- Rise in current liabilities greater than the current assets led to a slight reduction in the liquidity ratios. However, the company is in a position to settle their obligations with the short term assets available.
- Cash ratio also increased as a result of falling current liabilities more than cash position due to cash flow enhancement.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	95.05	95.32
DEBT TO ASSETS	44.57	44.18
CAPITALIZATION RATIO	48.73	48.80



	DEBT-EQUITY	DEBT TO ASSETS	CAPITALIZATION RATIO
Q4/2018	95.05	44.57	48.73
Q1/2019	95.32	44.18	48.80



	Corporate bond	Borrowings from GOM"	Borrowings from commercial banks
Q4/2018	693,540,000.00	4,970,305,000.00	156,630,000.00
Q1/2019	507,465,000.00	5,659,902,000.00	185,964,000.00

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

Important Projects undertaken in the quarter

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

(All amounts in MVR 000's)

#	Project Name	Start date	End date	Value	Completed value	completion %
1	Oracle HCM,EAM,BI and Hyperion	15-Dec	19-Dec	11,334	6,239	55%
2	Radar Installation	17-Mar	19-Apr	60,000	49,200	82%
3	Runway & Apron	16-Sep	19-Sep	5,552,628	4,601,083	83%
4	Fuel Farm	17-Sep	19-Sep	734,567	235,061	32%
5	Cargo Terminal	18-Sep	19-Sep	494,675	19,787	4%
6	Passenger Terminal Building	16-Jul	20-Jan	5,508,982	588,225	10%
7	Development of New Seaplane Facilities	17-Oct	19-Jul	855,856	321,043	38%
8	VIP/CIP Terminal	18-Jan	20-Mar	215,337	21,910	10%
9	MNDF Building	17-Dec	19-May	161,919	136,174.06	84%
10	Residential Apartment Project (HIYAA Project)	18-Feb	20-Feb	408,281	32,662	8%
11	Passenger Jetties - Waterfront Building Area	18-Mar	19-May	17,023	9,362.48	55%
12	Shore Protection at Southwest lagoon area	18-Aug	19-May	41,322	19,666	48%
13	Power upgrading turnkey project	18-May	19-Oct	275,865		0%

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

Conclusion

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

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

Compared to the last quarter, borrowings have increased and it caused additional financial risk. However, it is important to note that, compared to Q4 2018 borrowings increased lower than the growth in equity. The company is also expected to increase passenger traffic with the current investments made and this is likely to impact the operating revenue positively.

Recommendation

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

Quarterly review; Quarter 1, 2019

MALDIVES CENTER FOR ISLAMIC FINANCE LTD

MALDIVES CENTER FOR ISLAMIC FINANCE LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MCIF/Q1

Q1 of 2018 AND Q1 of 2019

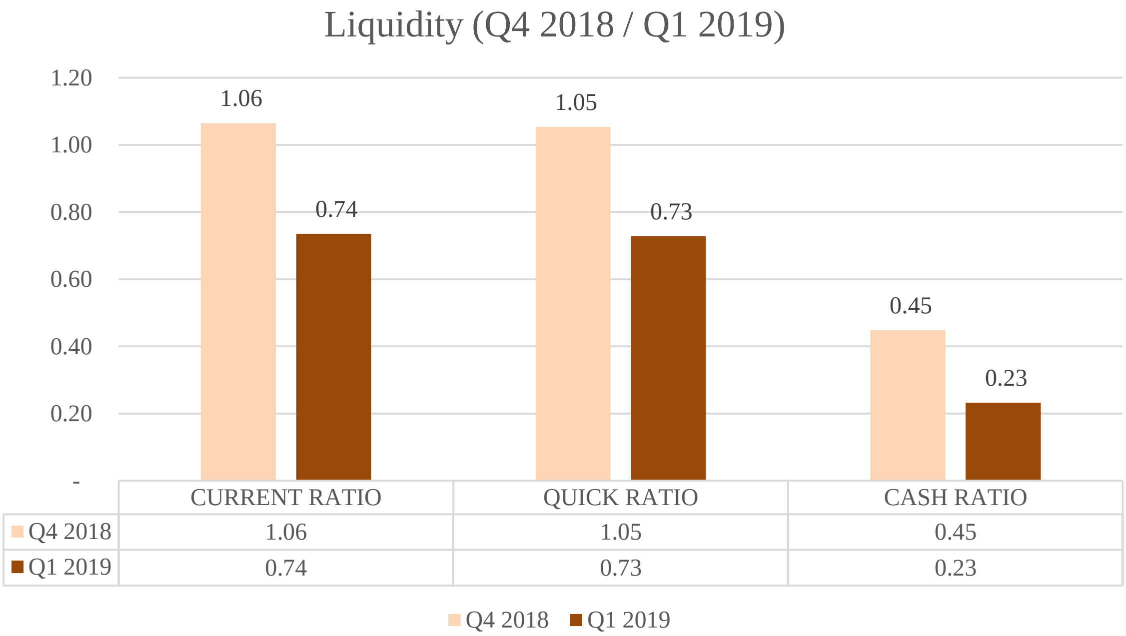
PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	118,556	2,160	(116,396)	(98)
Cost of Sales	128,462	(2,060)	(130,522)	(102)
Gross Profit	(9,906)	100	10,006	(101)
Operating Profit	(1,910,635)	(1,312,014)	598,621	(31)
Profit Before Tax	(1,910,635)	(1,312,014)	598,621	(31)
Profit After Tax	(1,910,635)	(1,312,014)	598,621	(31)

- Revenue reduced by 98% compared to the same quarter of the previous year. MCIF recorded relatively low revenue in the first quarter of 2019. The revenue is from sale of books which is very insignificant.
- Due to less operations the company's direct expenses were just MVR 2060; a reduction of 98% compared to Q1 2018. Hence, Gross profit is just MVR 100 while the company recorded a loss of MVR 9906 in Q1 2018.
- While there were very limited operations, the company recorded a significant administrative expense, though reduced by 23% compared to Q1 2018. The breakdowns of administrative expenses are detailed in the following table.

ADMINISTRATIVE COSTS	Q1 2018	Q1 2019	Change	%
Personnel expenses	934,053.00	764,765.00	(169,288.00)	(18.12)
board meeting expenses	288,860.00	160.00	(288,700.00)	(99.94)
Shariah committee allowance	-	36,000.00	36,000.00	-
Rent or lease expense	356,400.00	399,168.00	42,768.00	12.00
legal and other fees expenses	18,850.00	26,650.00	7,800.00	41.38
maintenance & repairs expense	180.00	120.00	(60.00)	(33.33)
utilities	14,701.00	12,698.00	(2,003.00)	(13.62)
communication expense	13,040.00	13,976.00	936.00	7.18
It expenses	4,456.00	6,416.00	1,960.00	43.99
Printing and stationaries	870.00	165.00	(705.00)	(81.03)
Total	**1,631,410.00**	**1,260,118.00**	**(371,292.00)**	**(22.76)**

- Administrative expenses such as personnel expenses, legal fees, Shariah committee allowances are significant compared to the level of operations.
- The company recorded other operating expense of MVR 51,996 in the quarter including the depreciation charges. Hence, the company incurred losses in the quarters.

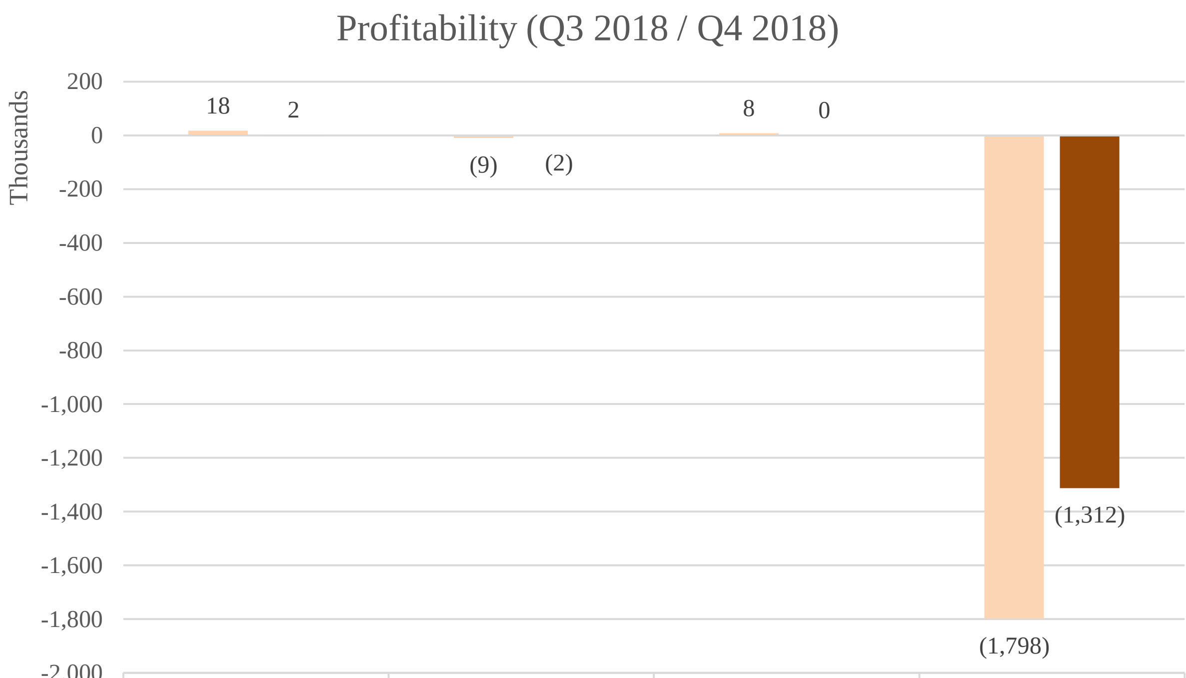
LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	660,984	458,173
CURRENT RATIO	2.42	0.74
QUICK RATIO	2.40	0.73
CURRENT ASSETS	1,796,995	615,579
CURRENT LIABILITIES	743,926	837,000
WORKING CAPITAL	1,053,069	-221,421
CASH RATIO	0.95	0.23
INVENTORY	8,240	6,180



- Compared to the previous quarter the non-current assets reduced after depreciation has been charged.
- Current assets reduced by 66% compared to Q1 2018 resulting from reduction in receivables and cash and cash equivalents. Though the government injected cash worth MVR 1 million to the company as capital in the first quarter, the total capital was offset by the operational outflow of cash resulting decrease in cash equivalents at the end of the quarter. The company has serious liquidity problems and consistently depends on shareholder assistance. As such the company is likely continue depending on government unless the business model is changed as to generate high revenue.

Q4 of 2018 AND Q1 of 2019

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	17,600	2,160	(15,440)	-87.73%
Cost of Sales	(9,488)	(2,060)	(11,548)	-78.29%
Gross Profit	8,112	100	(8,012)	-98.77%
Operating Profit	(1,798,094)	(1,312,014)	(513,920)	-27.3%
Profit Before Tax	(1,798,094)	(1,312,014)	(513,920)	-27.3%
Profit After Tax	(1,798,094)	(1,312,014)	(513,920)	-27.3%



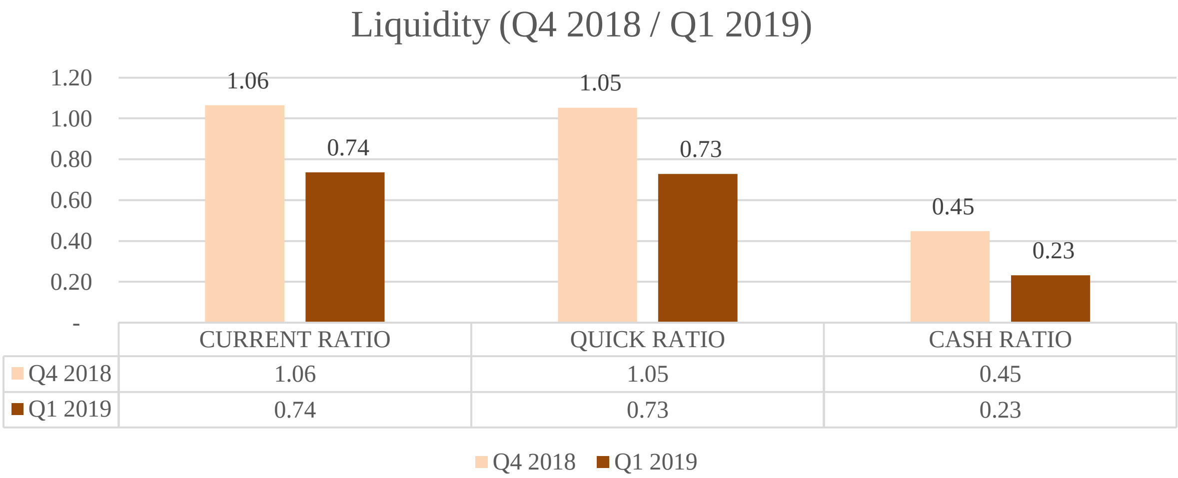
	Revenue	Cost of Sales	Gross Profit	Operating Profit
Q4/2018	17,600	(9,488)	8,112	(1,798,094)
Q1/2019	2,160	(2,060)	100	(1,312,014)

- Revenue reduced by 87% compared to the previous quarter. The company has very limited grounds through which revenue could be generated. Thus, they need to focus on implementing strategies to generate revenue for a sustainable development.
- Since the company does not have much operations, direct expenses also fell by 78.29%.
- MCIF only generated a gross profit of MVR 100 in Q1 2019, which is very less compared to the previous quarter.
- The company incurs high revenue in relation to the revenue received. Thus, the company incurs operational and net losses in the quarter. The administrative expenses of the company is detailed in the table below;

Administrative costs	Q4 2018	Q1 2019	Change	%
Personnel expenses	755,695.00	764,765.00	9,070.00	1.20
board meeting expenses	17,887.00	160.00	(17,727.00)	(99.11)
Shariah committee allowance	36,000.00	36,000.00	-	-
rent or lease expense	769,824.00	399,168.00	(370,656.00)	(48.15)
legal and other fees expenses	30,664.00	26,650.00	(4,014.00)	(13.09)
maintenance & repairs expense	41,901.00	120.00	(41,781.00)	(99.71)
utilities	12,594.00	12,698.00	104.00	0.83
communication expense	25,476.00	13,976.00	(11,500.00)	(45.14)
It expenses	11,722.00	6,416.00	(5,306.00)	(45.27)
Printing and stationaries	2,951.00	165.00	(2,786.00)	(94.41)
Total	**1,704,714.00**	**1,260,118.00**	**(444,596.00)**	**(26.08)**

- The company has significant administrative expenses such as personnel expenses, legal fees and Shariah committee allowance.

LIQUIDITY	**Q4/2018**	**Q1/2019**
NON CURRENT ASSETS	503,708	458,173
CURRENT RATIO	1.06	0.74
QUICK RATIO	1.05	0.73
CURRENT ASSETS	742,974	615,579
CURRENT LIABILITIES	697,917	837,000
WORKING CAPITAL	45,057	(221,421)
CASH RATIO	0.45	0.23
INVENTORY	8,240	6,180



- Non-current assets reduced after being depreciated. There were no acquisition or disposal of non-current asset during the quarter.
- Current assets reduced as a result of low receivables and lower cash balances. The company depends on shareholder assistance for daily operations. Hence, they do not have enough resources to offset the liabilities. The sustainability of the company is questionable when they tend to depend on shareholder funds.

Conclusion

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

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

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

Recommendation

- Improve revenue.

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

- Reduce costs:

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

Quarterly review; Quarter 1, 2019

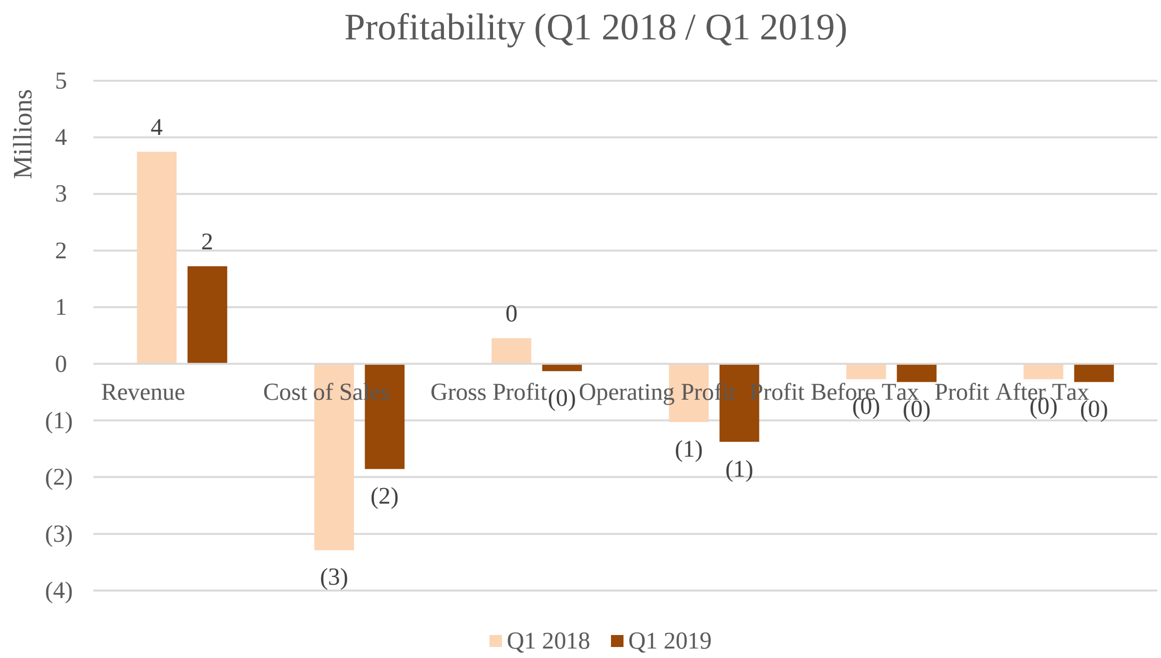
MALDIVES HAJJ CORPORATION LIMITED

MALDIVES HAJJ CORPORATION LTD
Q4 2018 PERFORMANCE ANALYSIS

Report No: PEM/2019/MHCL/Q1

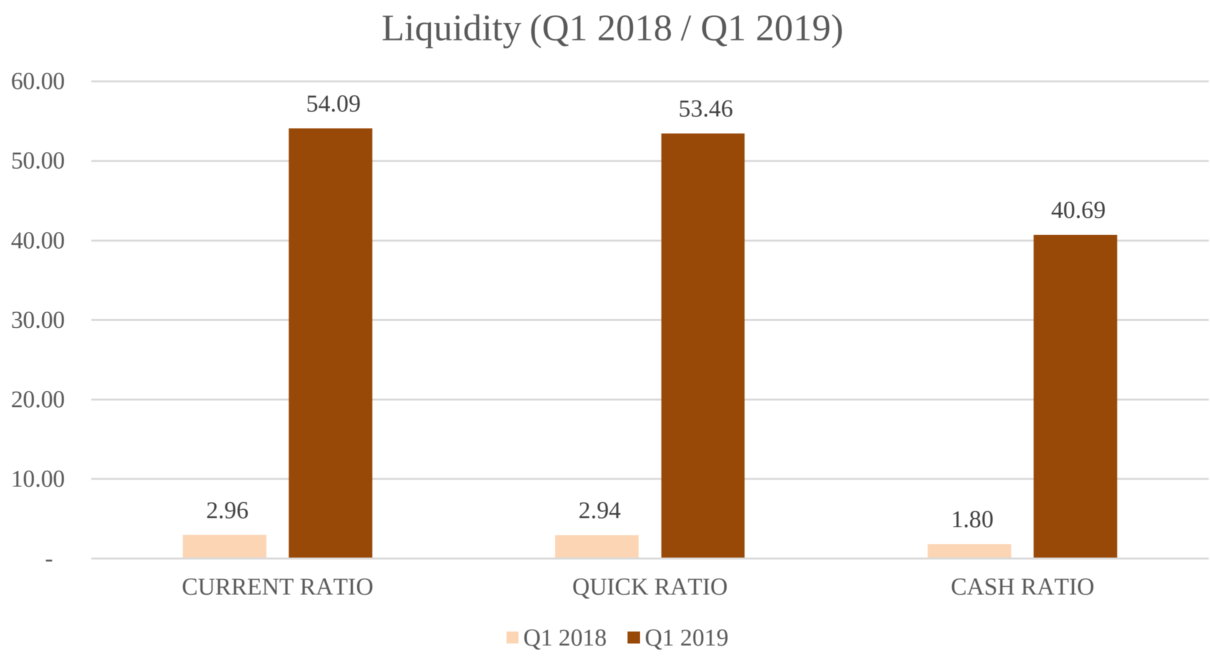
<u>Q1 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	3,742,579	1,724,740	(2,017,839)	(54)
Cost of Sales	(3,290,201)	(1,853,510)	1,436,691	44
Gross Profit	452,378	(128,770)	(581,148)	(128)
Operating Profit	(1,027,235)	(1,379,021)	(351,787)	(34)
Profit Before Tax	(267,558)	(323,024)	(55,466)	(21)
Profit After Tax	(267,558)	(323,024)	(55,466)	(21)



- Revenue reduced by 54% compared to the same quarter of the previous year. The main source of income for the company is the amount paid for Hajj and Umrah.
- Along with the revenue reduction, the direct costs of the company reduced by 44%. However, in Q1 2019 the company is still not in a position to make a profit.
- Selling and marketing expenses reduced by 75% compared to Q1 2018. However, administrative costs increased by 16%. Thus, operational loss further increased by 34%.
- Hajj Corporation had operational and net losses which further deteriorated compared to the same quarter of the previous year.

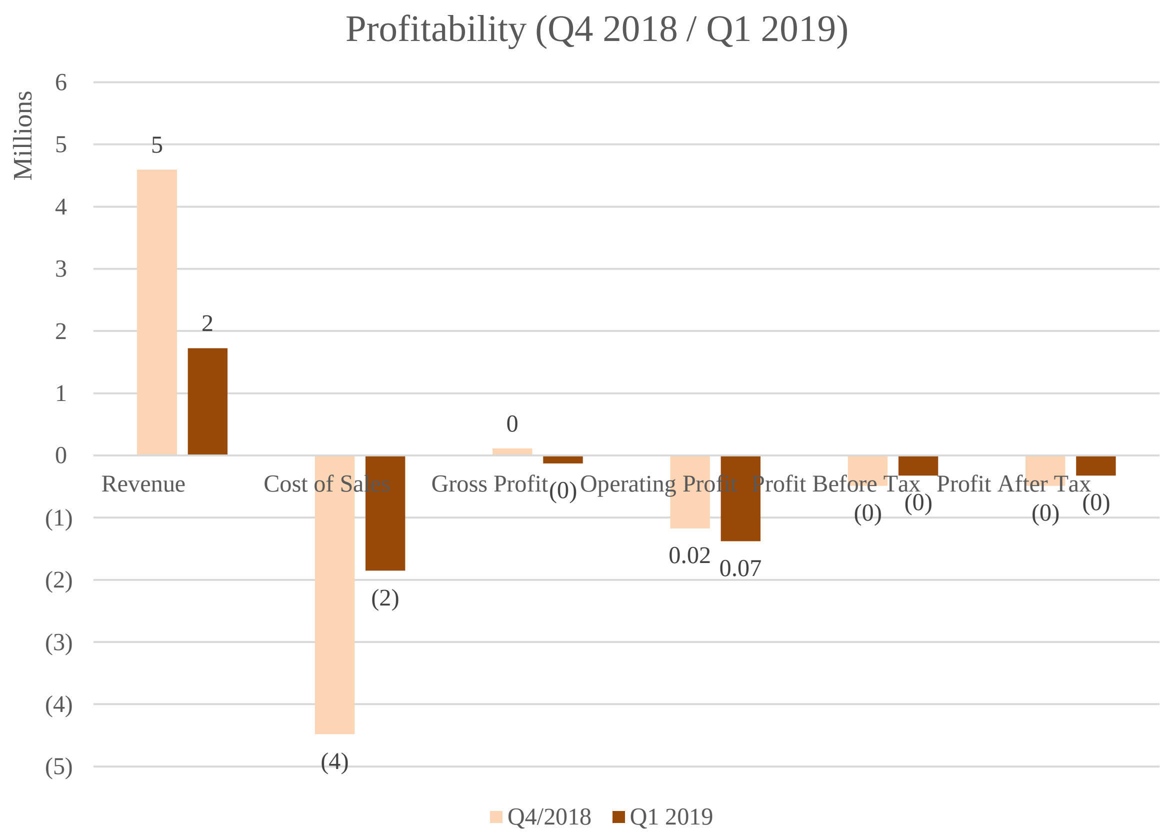
LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	62,133,343	61,888,615
CURRENT RATIO	2.96	54.09
QUICK RATIO	2.94	53.46
CURRENT ASSETS	92,557,023	86,852,003
CURRENT LIABILITIES	31,246,636	1,605,656
WORKING CAPITAL	61,310,386	85,246,347
CASH RATIO	1.80	40.69
INVENTORY	697,865	1,015,368



- There were no major changes to the non-current assets compared to Q1 2018.
- Considering the current assets total short term assets reduced by 6% compared to Q1 2018 mainly due to reduction of trade and other receivables by MVR 15 million.
- Cash and cash equivalents increased by MVR 9 million, due to advance deposits from customer to perform Hajj.
- Current liabilities also show a higher balance in Q1 2018 due to inclusion of advance deposits from customers as current liabilities in the quarter.
- The liquidity ratios show that the company has idle assets in the business tied up in the form of cash as advance received from customers which is not properly used for investments.

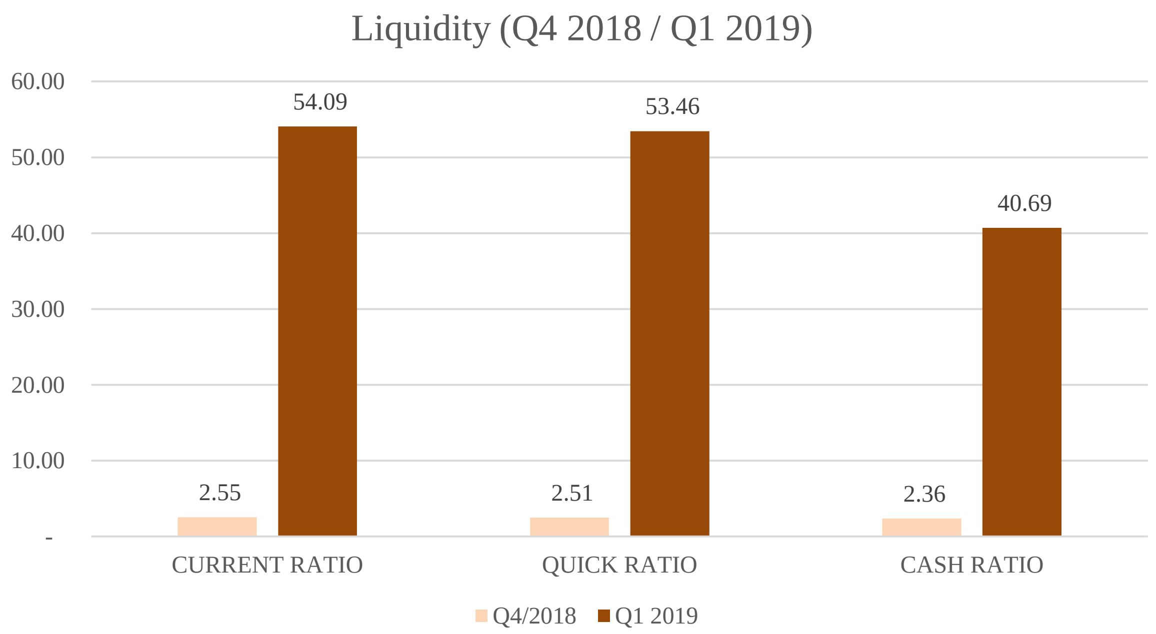
<u>Q4 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q4/2018	Q1 2019	Change	%
Revenue	4,594,999	1,724,740	-2,870,259	-62.46%
Cost of Sales	(4,481,934)	(1,853,510)	2,628,424	-58.64%
Gross Profit	113,066	(128,770)	-241,835	-213.89%
Operating Profit	(1,174,308)	(1,379,021)	-204,713	-17.43%
Profit Before Tax	(489,910)	(323,024)	166,886	34.06%
Profit After Tax	(489,910)	(323,024)	166,886	34.06%



- Revenue reduced by 62% compared to the previous quarter.
- Direct costs also fell by 58%. However, low revenue led to a gross loss in the quarter.
- Higher administrative expenses led operational losses to further deteriorate by 17%.
- Net losses reduced by 34% since the company earned finance income of MVR 1.05 million in Q1 2019 in the form of advance deposits for Hajj.

LIQUIDITY	Q4/2018	Q1 2019
NON CURRENT ASSETS	61,888,420	61,888,615
CURRENT RATIO	2.55	54.09
QUICK RATIO	2.51	53.46
CURRENT ASSETS	73,214,108	86,852,003
CURRENT LIABILITIES	28,742,795	1,605,656
WORKING CAPITAL	44,471,313	85,246,347
CASH RATIO	2.36	40.69
INVENTORY	1,077,108	1,015,368



- Current assets increased by 18.6% while current liabilities reduced by 94%. Trade and other receivables increased by MVR 16 million while trade payables reduced by just 3%. However, total current liabilities reduced by MVR 27 million as advances received from customers for Hajj is included in the short term liabilities in the previous quarter. Thus there is a significant difference in the current ratio between the quarters.

Conclusion

Revenue of the company fell compared to the previous quarter and to the same quarter of the previous year. As the company’s revenue depends on Hajj and Umra trips, the revenue of Q1 2019 fell consequently when compared to the other quarters, as the Hajj and Umrah period does not fall in the quarter. However, the direct costs and overheads particularly administrative expenses are higher in the quarter leading to net losses.

The liquidity position of the company seems favorable as they can settle the obligations from the current assets. However, current assets are high due to advances paid by pilgrims for Hajj. Thus, the company fails to fund the operations through its own revenue.

Recommendation

- Reduce costs: In order to maintain the sustainability of the company, MHCL must reduce its costs and expenses. Currently the price charged from pilgrim are lower than the direct costs of the service. Therefore, the company must manage its costs and try to find area where it can save costs. As the company is regulated in pricing Hajj, the company should claim the price difference between market price and the subsidized price from the government.
- Reduce receivables: MHCL should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position. At the end of Q4 2018 receivable balance stands at MVR 20 million.
- Though Hajj Corporation aims to enable citizens to perform Hajj at affordable prices, the rates charged should enable the company to cover the direct and indirect costs of the company. Thus, negotiations could be made with the government to revise the rates since the current rates are not ideal to cover the costs of the company.
- Operational expenses can be reduced by cutting down the avoidable expenses such as refreshments and events and ceremonies. Also MHCL should be cautious about the employment expense as it has recorded an upsurge.
- In order to sustain in the market Hajj Corporation has to reduce costs and increase efficiency. They should also utilize the funds collected from public efficiently for the growth of the company. If they do not have the capability to do so, they can hire the expertise who can increase the efficiency. This might be costly in the short run, however, if the funds could be well utilized the company has the chance to reduce pilgrimage prices in the future.
- Consequently, improving public image is also equally important to Hajj Corporation any business which depends on customer’s savings has to build trust. By raising the awareness among the customers as to where and how the funds are being utilized and the expected return, Hajj Corporation can maintain its public image.

Quarterly review; Quarter 1, 2019

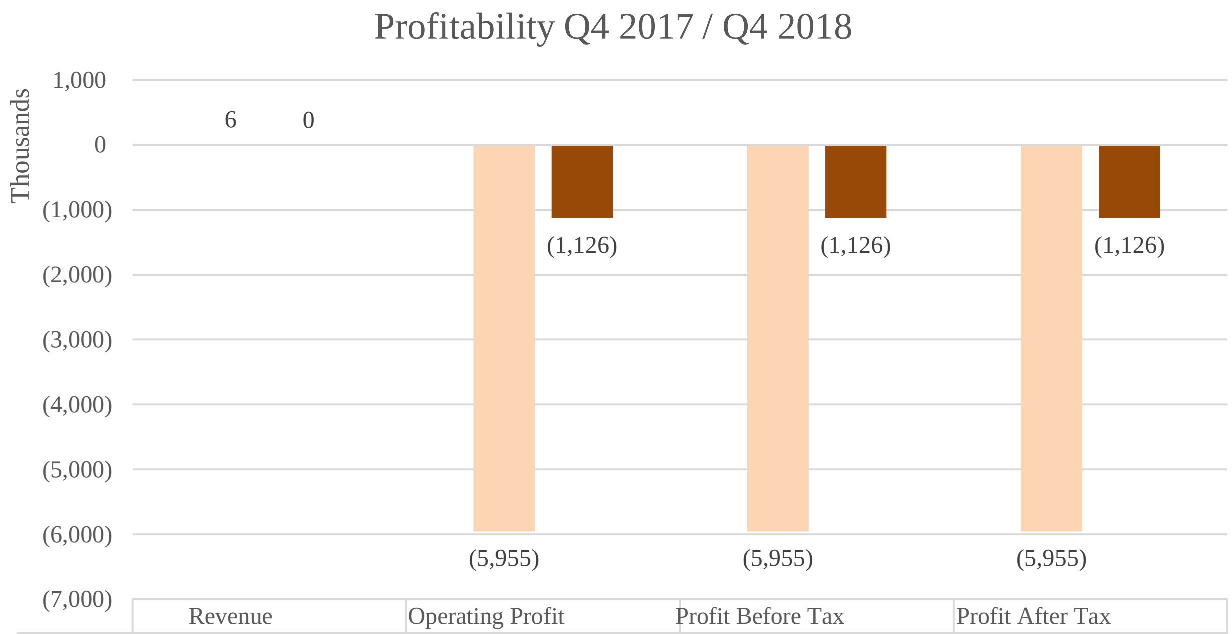
MALDIVES INTERGRATED TOURSIM DEVELOPMENT CORPORATION

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MITDC/Q1

Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	5,910	0	(5,910)	(100)
Gross Profit	5,910	0	(5,910)	(100)
Operating Profit	(5,954,781)	(1,126,462)	4,828,319	(81)
Profit Before Tax	(5,954,781)	(1,126,462)	4,828,319	(81)
Profit After Tax	(5,954,781)	(1,126,462)	4,828,319	(81)

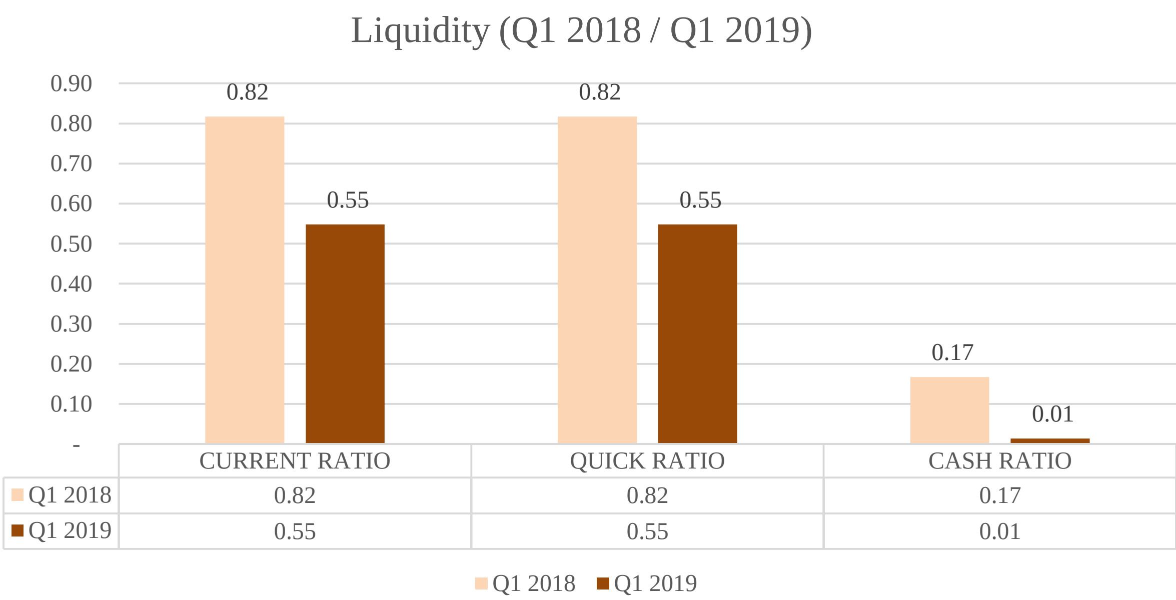


	Revenue	Operating Profit	Profit Before Tax	Profit After Tax
Q1 2018	5,910	(5,954,781)	(5,954,781)	(5,954,781)
Q1 2019	0	(1,126,462)	(1,126,462)	(1,126,462)

Q1 2018 Q1 2019

- In the same quarter of the previous year, the company received revenue as bid income of MVR 5,910. However, in Q1 2019 there company did not generate any revenue.
- Operational loss of MVR 1.1 million arising from high administrative expenses were recorded in the quarter. In Q1 2019 the loss was lesser to Q1 2018 as administrative expenses has reduced.

LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	53,982,024	53,653,269
CURRENT RATIO	0.82	0.55
QUICK RATIO	0.82	0.55
CURRENT ASSETS	53,358,830	29,368,525
CURRENT LIABILITIES	65,265,711	53,590,054
WORKING CAPITAL	(11,906,881)	(24,221,529)
CASH RATIO	0.17	0.01

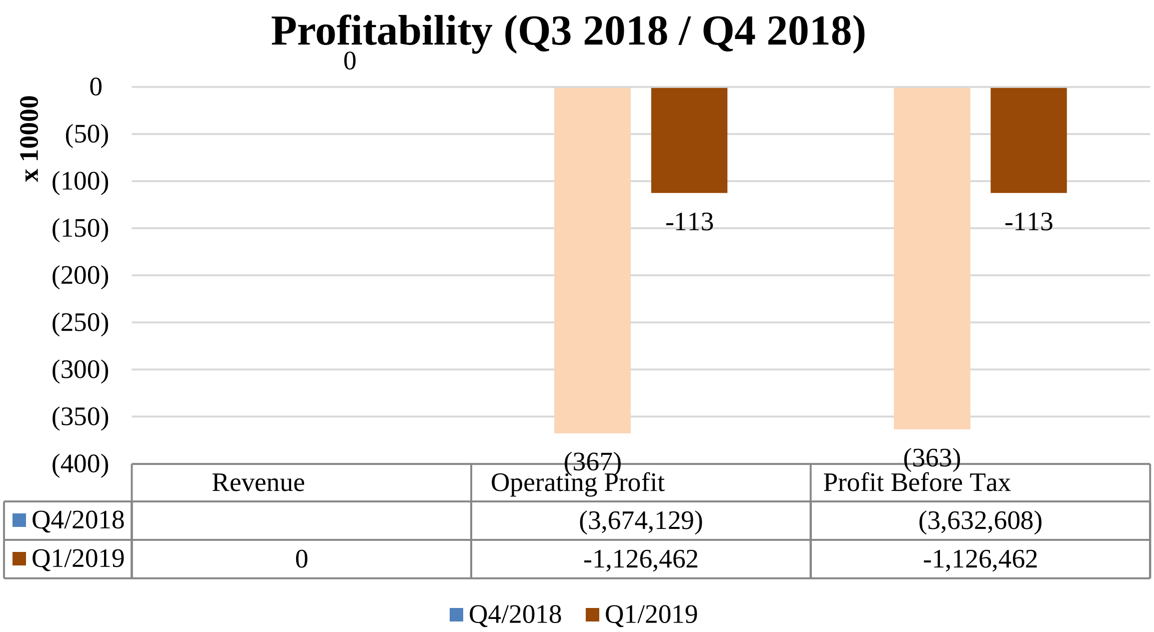


	CURRENT RATIO	QUICK RATIO	CASH RATIO
Q1 2018	0.82	0.82	0.17
Q1 2019	0.55	0.55	0.01

- Short term assets reduced by MVR 24 million compared to Q1 2018 as receivables and cash and cash equivalents fell in the quarter. The company does not have revenue sources and thus sources for cash inflow are very limited. They do not generate enough resources to settle the short term obligations and depends heavily on shareholder funds.

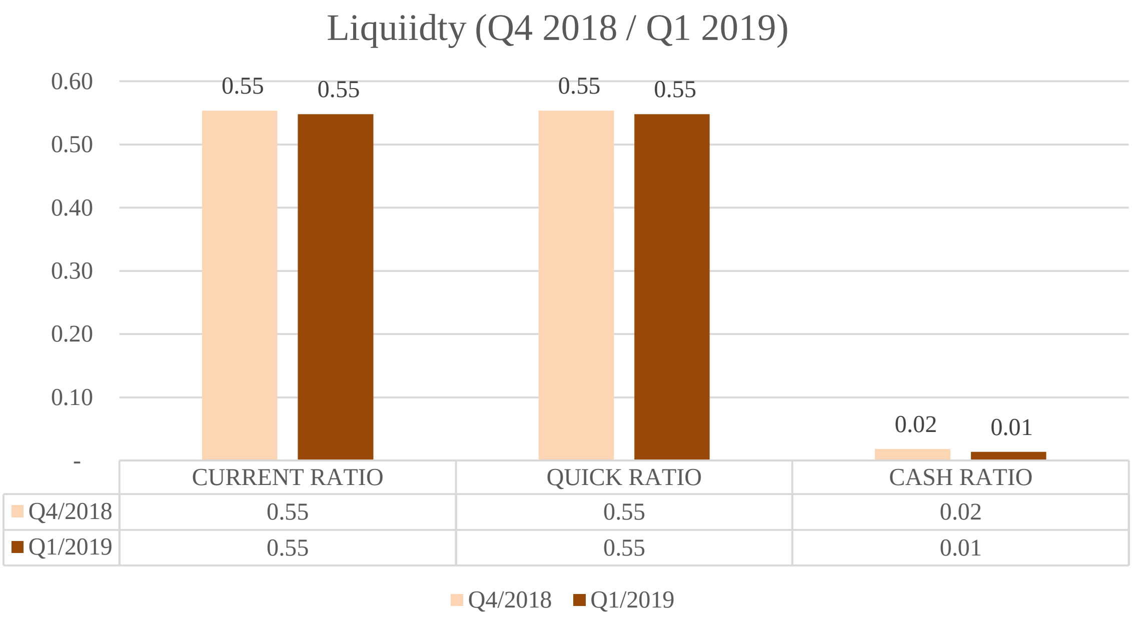
Q4 of 2018 AND Q1 of 2019

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	0	0	0	-
Operating Profit	(3,674,129)	(1,126,462)	2,547,667	-69.34%
Profit Before Tax	(3,632,608)	(1,126,462)	2,506,146	-68.99%
Profit After Tax	(3,632,608)	(1,126,462)	2,506,146	-68.99%



- The company earned no revenue in the quarters as shown by the above graph.
- Administrative expenses of MVR 3.6 million was reduced to MVR 1 million in Q1 2019. Due to reduction in the expenses, operational loss reduced by MVR 2.5 million which is favorable for the company.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	53,461,590	53,653,269
CURRENT RATIO	0.55	0.55
QUICK RATIO	0.55	0.55
CURRENT ASSETS	29,636,247	29,368,525
CURRENT LIABILITIES	53,539,636	53,590,054
WORKING CAPITAL	(23,903,389)	(24,221,529)
CASH RATIO	0.02	0.01



	CURRENT RATIO	QUICK RATIO	CASH RATIO
Q4/2018	0.55	0.55	0.02
Q1/2019	0.55	0.55	0.01

- Both short term assets and short term liabilities remained same through the quarters. The company had a negative working capital unable to settle the liabilities through the operations and depends on government assistance.

Conclusion

The only source of revenue earned in the previous quarter is bid income and which is very low when compared to the operations of the corporation. However, in Q4 2018, the company did not generate any revenue nor in Q1 2019. Once the ongoing projects are completed, revenue is expected to flow.

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

Recommendation

- Revenue generation
  For sustainable development of the company the corporation should start generating revenue. Currently the company only earns from bid income which is not enough to cover its costs. Therefore, MITDC has to find stable revenue generating activities. The company has been carrying out several capital projects, thus the revenue generation is expected to improve in future.
- Self-sustainable operation
  Currently the company is sustaining from the capital injections from the government. The corporation must formulate strategic plans to improve its business operation and be self-sufficient. Further, cost management is also an important to reduce the loss of the corporation and to improve sustainability.
- Short term plans:
  MITDC should focus on some short term objectives to finance their operations and improve revenue.
- Reasonable finance arrangement to complete the on-going projects:
  MITDC should find reasonable financing arrangements to complete the on-going projects smoothly and to complete them before the due dates.
- Receivable collection:
  MITDC should formulate strategies in receivable collection to enhance the liquidity position. Rent receivables, account receivables need to be collected and relevant authorities must be informed and actions should be taken accordingly from the overdue customers.
- Consequently payables management is also important including maintaining a good relation with the suppliers to increase the credit limits.

Quarterly review; Quarter 1, 2019

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

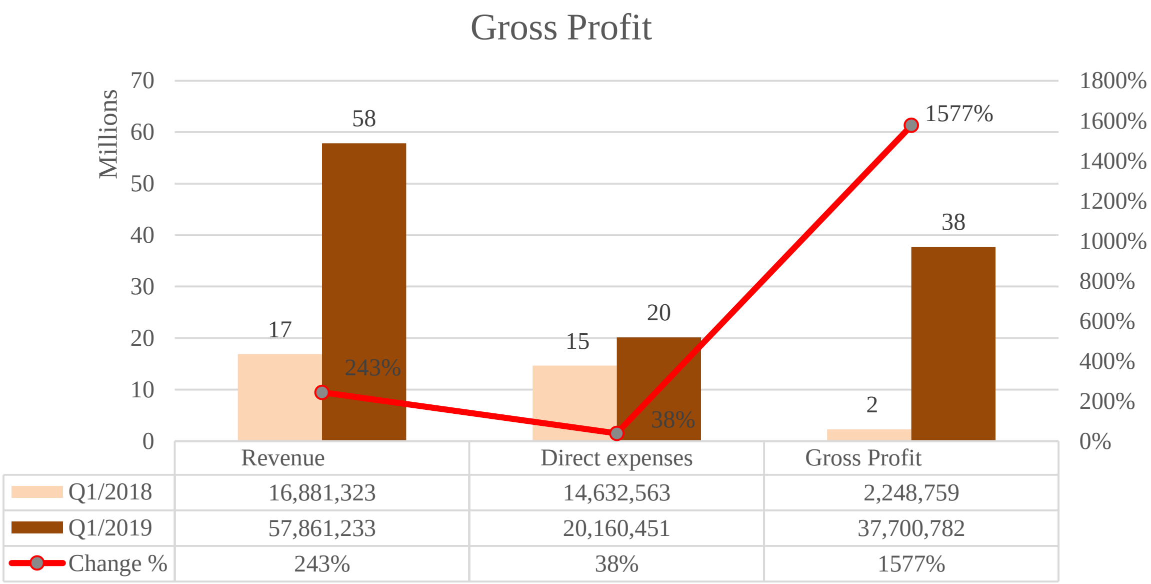
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MMPRC/Q1

Q4 of 2018 AND Q1 of 2019

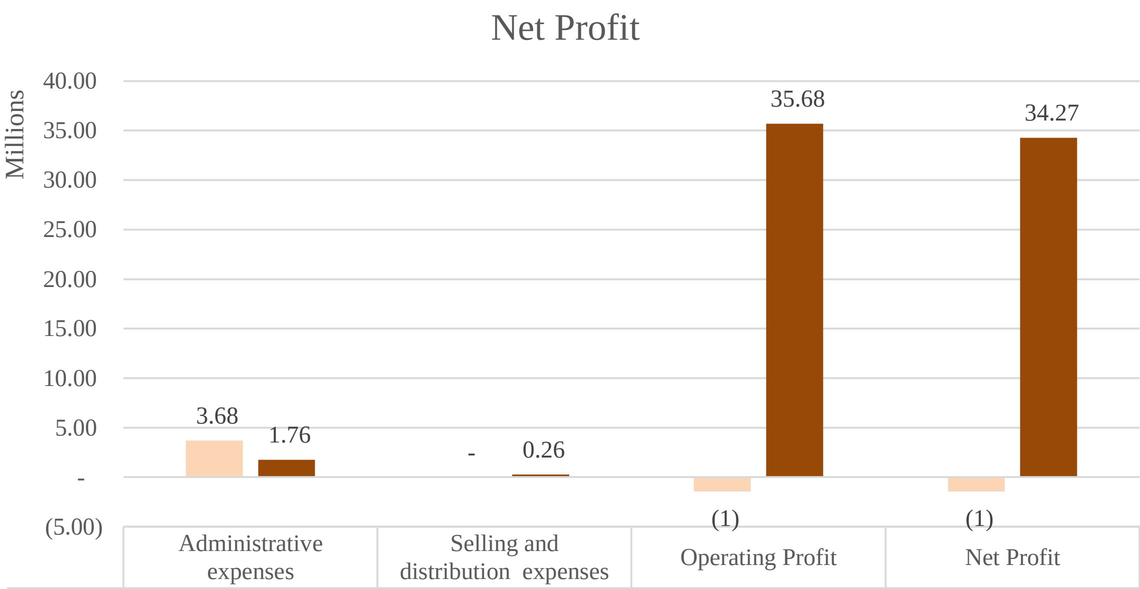
Profitability

PROFITABILITY	Q1/2018	Q1/2019	Change	%
Revenue	16,881,323	57,861,233	40,979,911	243%
Direct expenses	14,632,563	20,160,451	5,527,887.54	38%
Gross Profit	2,248,759	37,700,782.47	35,452,023	1577%



Revenue of 2019 Q1 has recorded a vast increase of 243% when compared to the same quarter of last year. Their main revenue is through advertising and marketing tourism to the outside World. The cost of sales also shows a significant increase in Q1, the percentage of increase is small when compared to the rise in revenue. Consequently, gross profit has increased from MVR 2.2 million to MVR 37.7 million.

Administrative expenses	3,684,826	1,759,812	-1,925,013	-52%
Selling and distribution expenses	-	258,804	258,804	-
Operating Profit	(1,436,066)	35,682,167	37,118,233	-2585%
Net Profit	(1,436,066)	34,269,826	35,705,892	-2486%



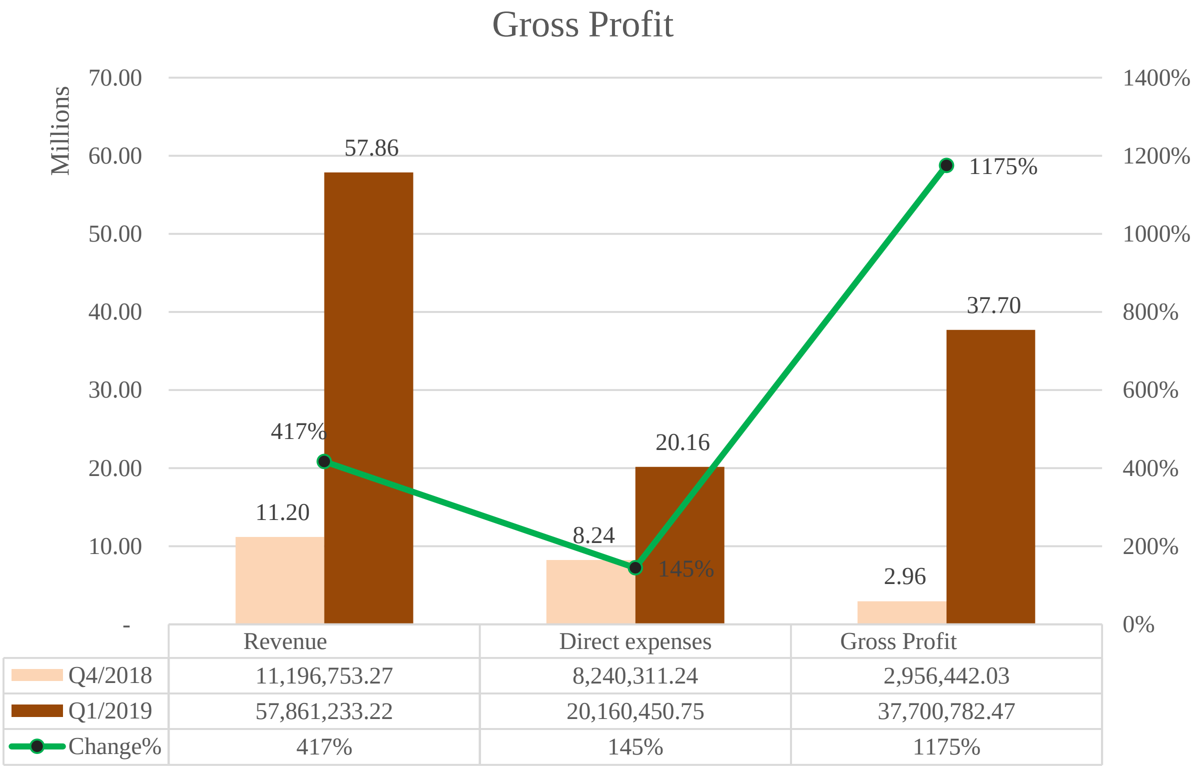
	Administrative expenses	Selling and distribution expenses	Operating Profit	Net Profit
Q1/2018	3,684,825.53	-	(1,436,066)	(1,436,066)
Q1/2019	1,759,812.07	258,803.73	35,682,166.67	34,269,825.67

Total administrative expenses of the company reduced from MVR 3.7 million to MVR 1.8 million from 2018 Q1 to 2019 Q1. The operating loss of MVR 1.4 million in 2018 Q1 has changed into an operating profit of MVR 35.7 million in 2019 Q1 due to increase in revenue.

Q4 of 2018 to Q1 of 2019

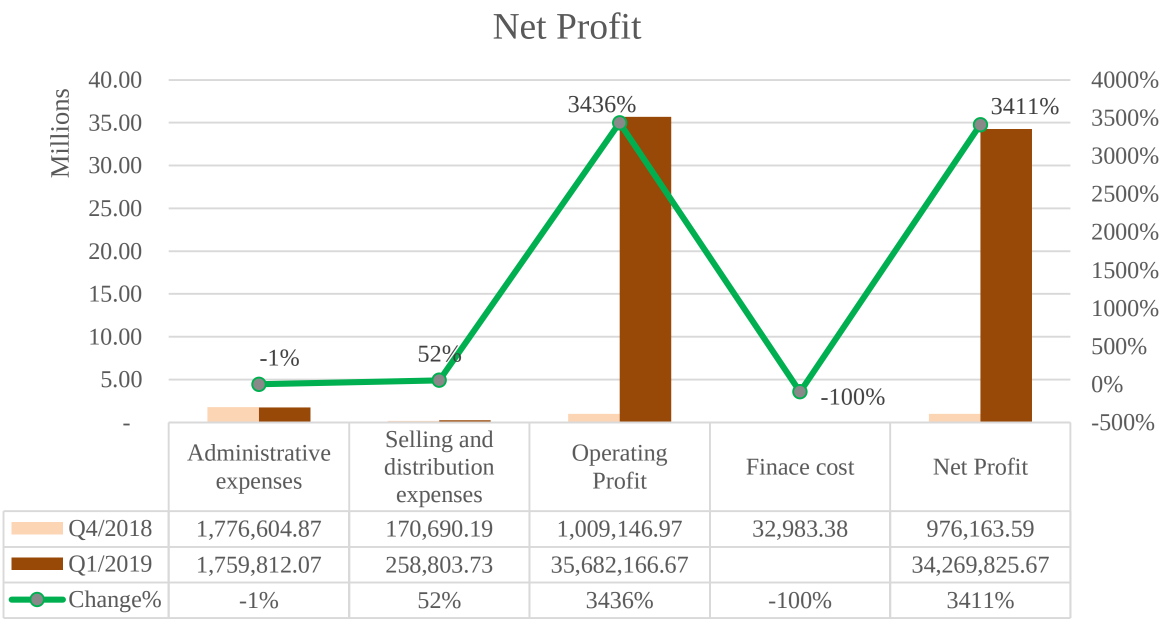
Profitability

PROFITABILITY	Q4/2018	Q1/2019	Change	Change%
Revenue	11,196,753.27	57,861,233.22	46,664,480	417%
Direct expenses	8,240,311.24	20,160,450.75	11,920,140	145%
Gross Profit	2,956,442.03	37,700,782.47	34,744,340	1175%



Revenue of the company has increased by MVR 46.7 million when compared to previous quarter. Likewise, cost of sales and gross profit has also increased by almost similar proportion in comparison to last quarter.

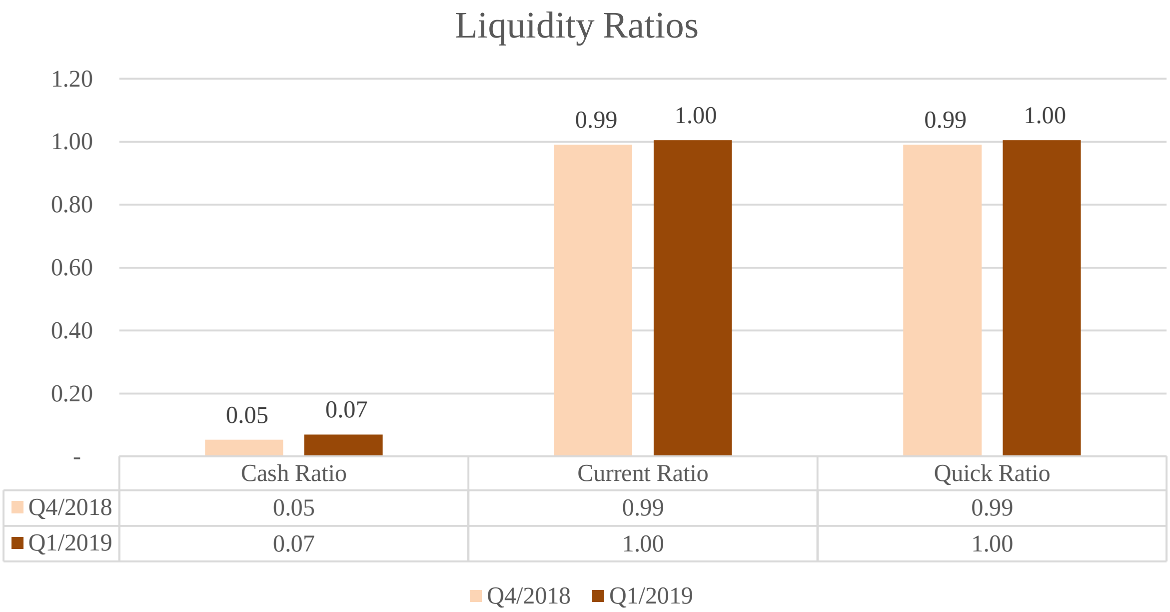
Administrative expenses	1,776,604.87	1,759,812.07	-16,793	-1%
Selling and distribution expenses	170,690.19	258,803.73	88,114	52%
Operating Profit	1,009,146.97	35,682,166.67	34,673,020	3436%
Finance cost	32,983.38	-	-32,983	-100%
Net Profit	976,163.59	34,269,825.67	33,293,662	3411%



Administrative expenses have slightly decreased by 1% and selling and distribution costs on the other hand have increased by 52%. In addition, it is observed that the operating of the company has increased vastly, by 3436% when compared to the previous quarter, which is due to the rise in revenue.

Liquidity

LIQUIDITY	Q4/2018	Q1/2019	Difference	% change
Current Assets	1,521,998,327	1,547,819,959	25,821,632.53	2%
Current Liabilities	1,535,653,181	1,540,157,437	4,504,256.90	0%
Working Capital	(13,654,854)	7,662,522	21,317,375.63	-156%
Cash Ratio	0.05	0.07		
Current Ratio	0.99	1.00		
Quick Ratio	0.99	1.00		



Company's current assets and current liabilities are maintained at almost similar levels for both the quarters, therefore the current and quick ratios remain similar. Current assets increased by 2% while current liabilities increased by only 0.3%. Short term assets increased as a result of increase in cash and cash equivalents. Thus cash ratio increased slightly from 0.05 to 0.07 in the stated period. However, measures need to be taken to reduce payables along with receivable reduction and enhancing cash flow.

Conclusion

Profits of the company improved by 243% when compared to the same quarter of last year. Their main revenue is through advertising and marketing tourism to the outside World. The cost of sales also shows a significant increase in Q1, the percentage of increase is small when compared to the rise in revenue. Consequently, gross profit has increased from MVR 2.2 million to MVR 37.7 million. Reduction in administrative expenses contributed to the increase in net profit.

Recommendations

- Reduce Payables:

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

- Reduce receivables

MMPRC should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position.

- Maintain revenue generation

The company has generated more revenue and contributed to further growth. The company should formulate Strategic plans regularly evaluate to maintain the results.

Quarterly review; Quarter 1, 2019

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

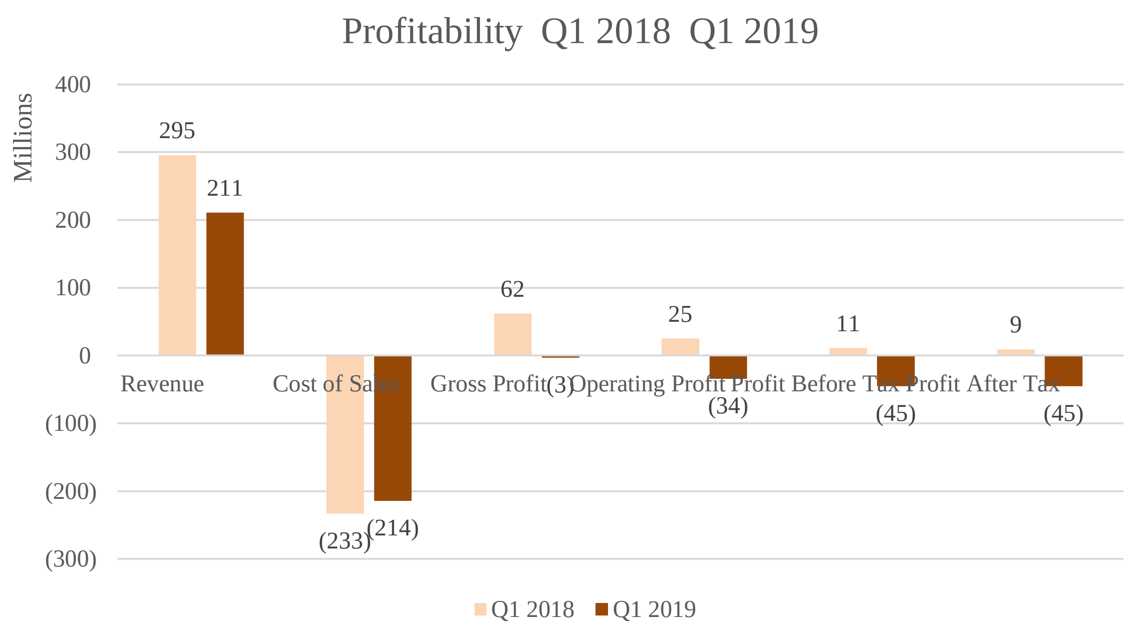
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MTCC/Q1

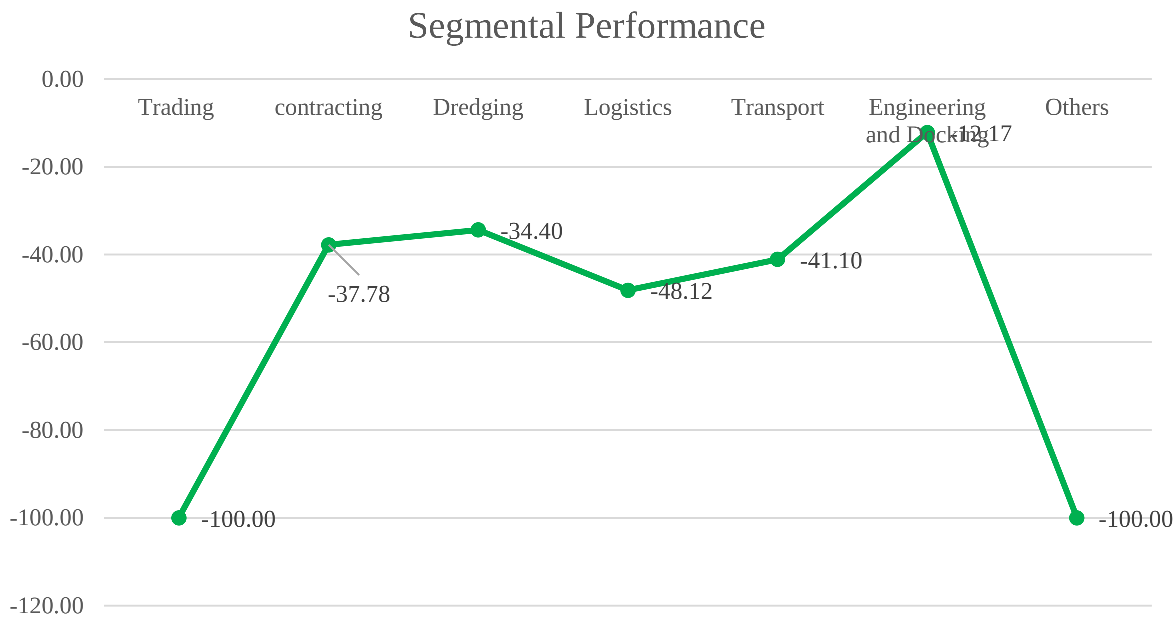
Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	295,414,903	210,994,512	(84,420,391)	(29)
Cost of Sales	(233,452,710)	(214,188,025)	19,264,685	(8)
Gross Profit	61,962,193	(3,193,513)	(65,155,706)	(105)
Operating Profit	25,032,528	(34,443,368)	(59,475,896)	(238)
Profit Before Tax	10,844,004	(45,199,029)	(56,043,033)	(517)
Profit After Tax	9,217,403	(45,199,029)	(54,416,432)	(590)

Margins	Q1 2018	Q1 2019
Gross Profit Margin	20.97	(1.51)
Operating Profit Margin	8.47	(16.32)
Net profit Margin	3.12	(21.42)
Earnings Per Share	1.15	(5.62)

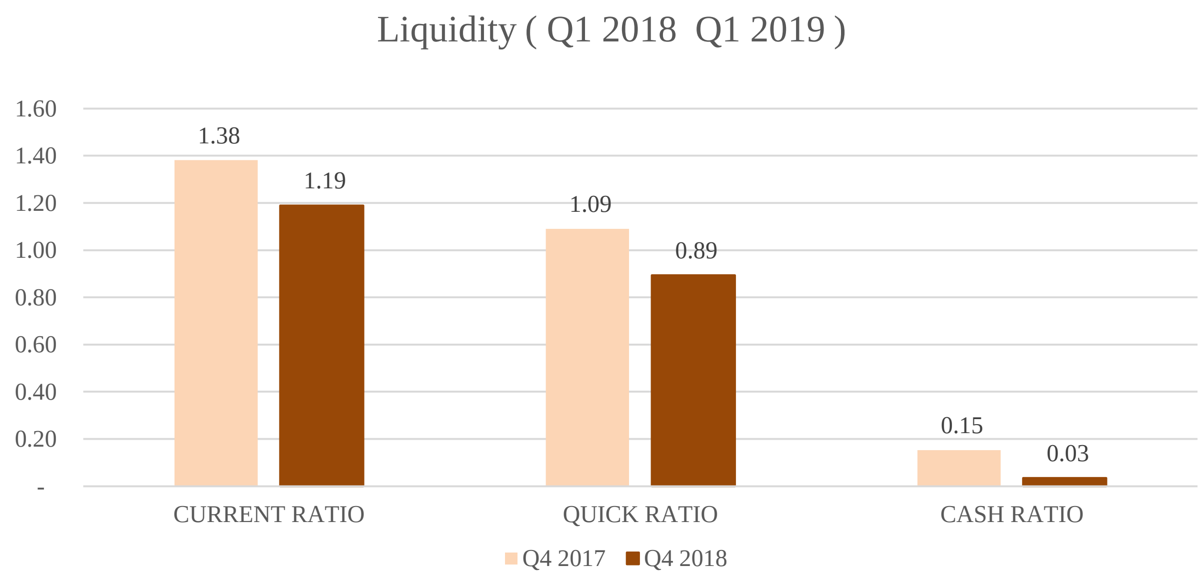


- Revenue declined by 29% compared to the same quarter of the previous year. There was no revenue from trading department in Q1 2019. Moreover, revenue from all the segments dropped compared to Q1 2018. A significant reduction can be seen in the revenue of contracting, dredging and transport department.



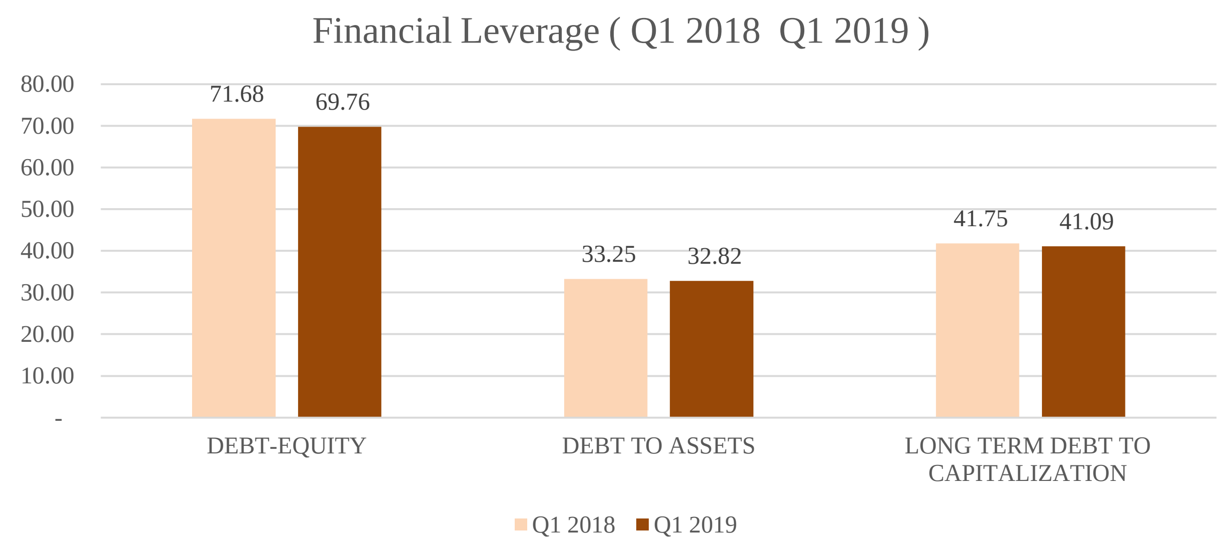
- As a result of loss of revenue profits fell significantly resulting in a loss of MVR 45 million in Q1 2019.As the company primarily depends on government projects for its profitability, lack of government projects during the transition period and election period as reduced company’s revenue. However the company is not able reduce the work force as the company is expected to fully utilize the resources once the new government starts awarding the projects.

LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	1,073,071,703	1,067,156,751
CURRENT RATIO	1.38	1.19
QUICK RATIO	1.09	0.89
CURRENT ASSETS	1,047,444,116	823,333,680
CURRENT LIABILITIES	758,374,057	691,993,706
WORKING CAPITAL	289,070,059	131,339,974
CASH RATIO	0.15	0.03
INVENTORY	220,707,582	204,572,647



- Non-current assets reduced slightly after depreciation.
- Current assets reduced significantly by 21%. Short term assets such as inventories, receivables and cash and cash equivalents also reduced compared to Q1 2018.
- Current liabilities also reduced by MVR 66 million compared to the previous quarter mainly due to reduction in trade payables which reduced by MVR 77 million. However, in Q1 2019 MTCC had their bank account overdrawn by MVR 5.1 million.
- Even though liquidity ratios fell compared to Q1 2018, short term assets are at satisfactory level to settle the short term obligations, and a reducing trend in the ratios indicate future liquidity problems.
- The bank balance is overdrawn by MVR 5.1 million indicating the cash shortage within the company.

LEVERAGE	**Q1 2018**	**Q1 2019**
DEBT-EQUITY	71.68	69.76
DEBT TO ASSETS	33.25	32.82
LONG TERM DEBT TO CAPITALIZATION	41.75	41.09

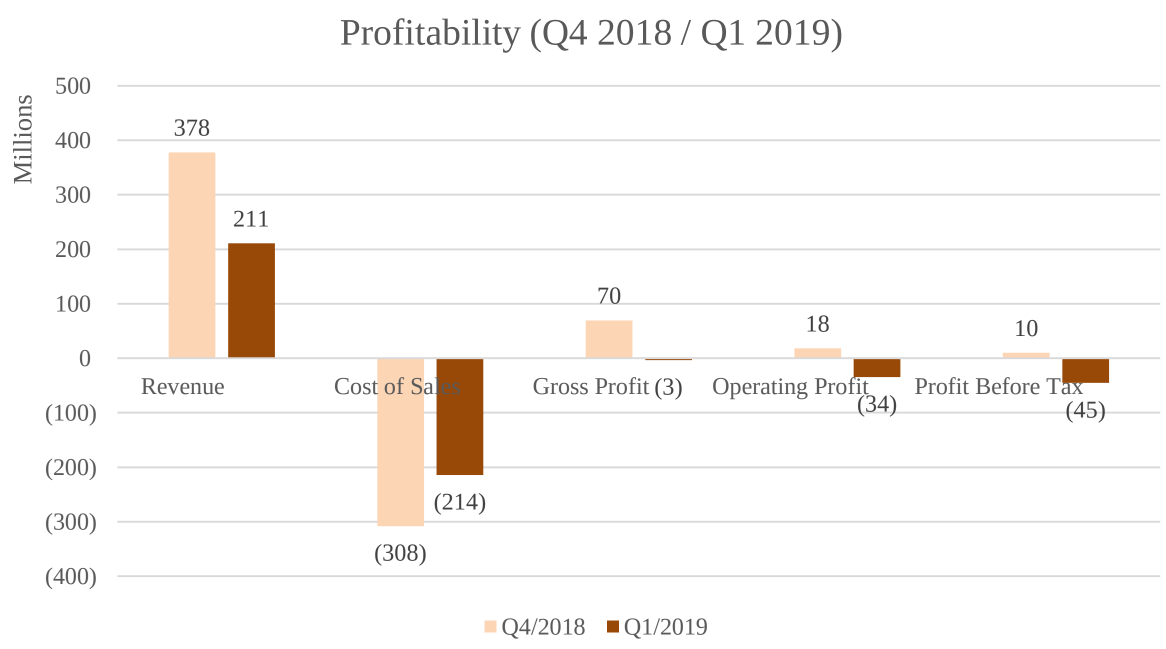


- Total equity of the company fell compared to Q1 2018 mainly due to reduction in retained earnings. Hence the fall in leverage ratios does not boost the investor confidence, instead it reflect the deteriorating financial condition of the company.

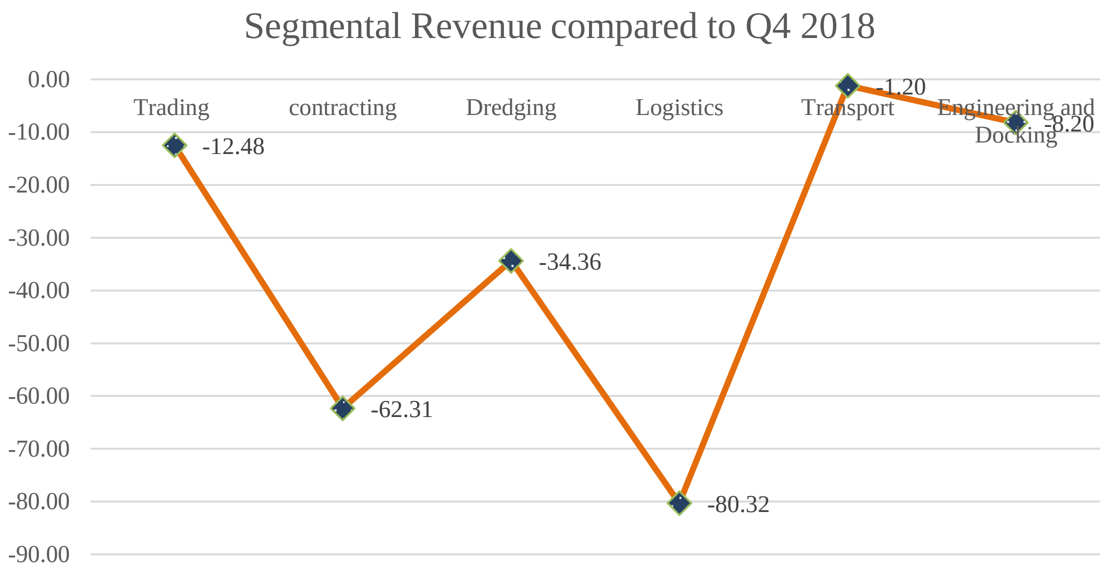
Q1 of 2019 AND Q4 of 2018

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	377,734,904	210,994,512	(166,740,392)	-44.14%
Cost of Sales	(308,148,954)	(214,188,025)	93,960,929	-30.49%
Gross Profit	69,585,950	(3,193,513)	(72,779,463)	-104.59%
Operating Profit	18,073,050	(34,443,368)	(52,516,418)	-290.58%
Profit Before Tax	9,758,148	(45,199,029)	(54,957,177)	-563.19%
Profit After Tax	13,494,231	(45,199,029)	(58,693,260)	-434.95%

Margins	Q4/2018	Q1/2019
Gross Profit Margin	18.42	-1.51
Operating Profit Margin	4.78	-16.32
Net profit Margin	3.57	-21.42
Earnings Per share	0.37	-5.62

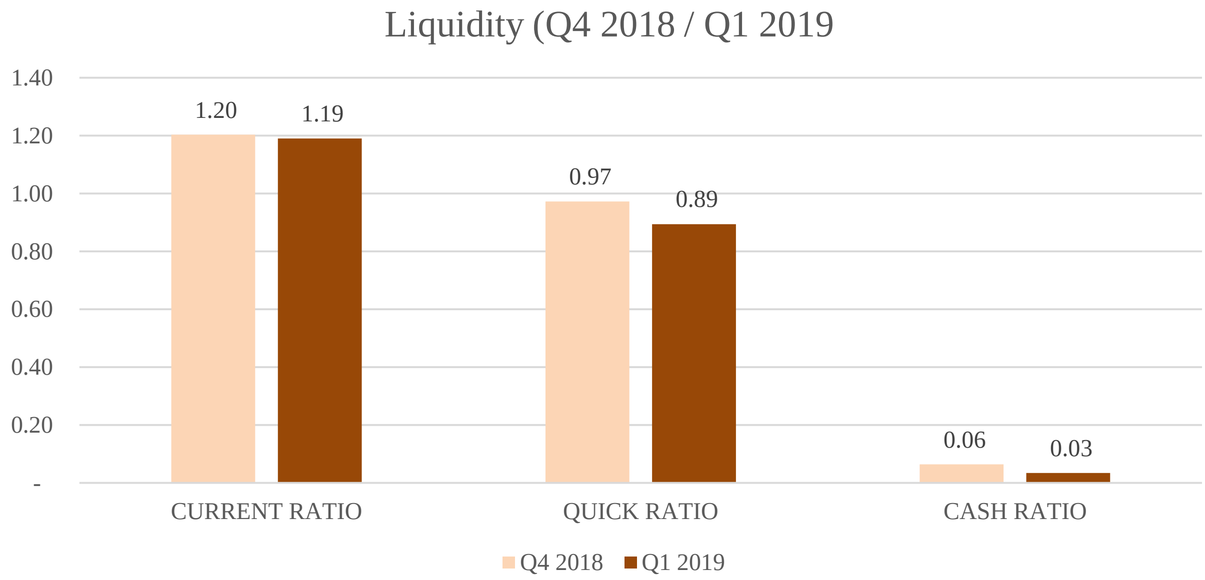


- MTCC has continued to have declining revenue compared to the previous quarter. The overall performance from all the segments deteriorated which led revenue to fall by 44%. The segmental revenue compared to the previous quarter is shown in the following graph. The highest revenue was recorded by the contracting department over the quarters. However, due to loss of contracting projects, the company is facing huge loss of revenue which ultimately affects their profitability. The revenue from other segments also fell during the period.



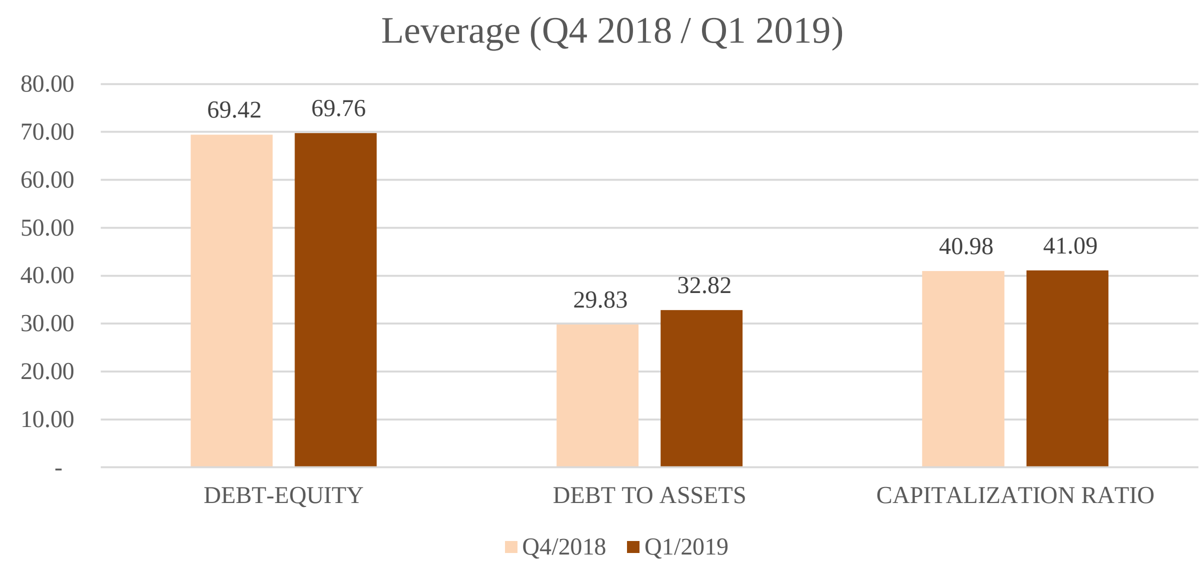
- Due to loss of revenue the gross profit in the previous quarter turned into a loss in Q1 2019. Though administrative and marketing costs dropped compared with the previous quarters, the company is facing loss due to loss of revenue.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	1,088,960,025	1,067,156,751
CURRENT RATIO	1.20	1.19
QUICK RATIO	0.97	0.89
CURRENT ASSETS	1,086,525,881	823,333,680
CURRENT LIABILITIES	903,399,138	691,993,706
WORKING CAPITAL	183,126,743	131,339,974
CASH RATIO	0.06	0.03
INVENTORY	208,106,245	204,572,647



- Non-current assets fell by 2% mainly due to depreciation.
- Current assets fell by MVR 263 million compared to the last quarter. Trade and other receivables fell by 27% while the value of cash and inventories fell by MVR 34 million and MVR 3.5 million respectively.
- Trade payables reduced by MVR 203.6 million which is a reduction of 36% compared to the previous quarter. At the same time, bank overdraft of MVR 12.9 million reduced to MVR 5.1 million in Q1 2019.
- As current assets fell greater than the current liabilities, the liquidity ratios show a downward trend, reducing the ability to settle the short term obligations.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	69.42	69.76
DEBT TO ASSETS	29.83	32.82
CAPITALIZATION RATIO	40.98	41.09

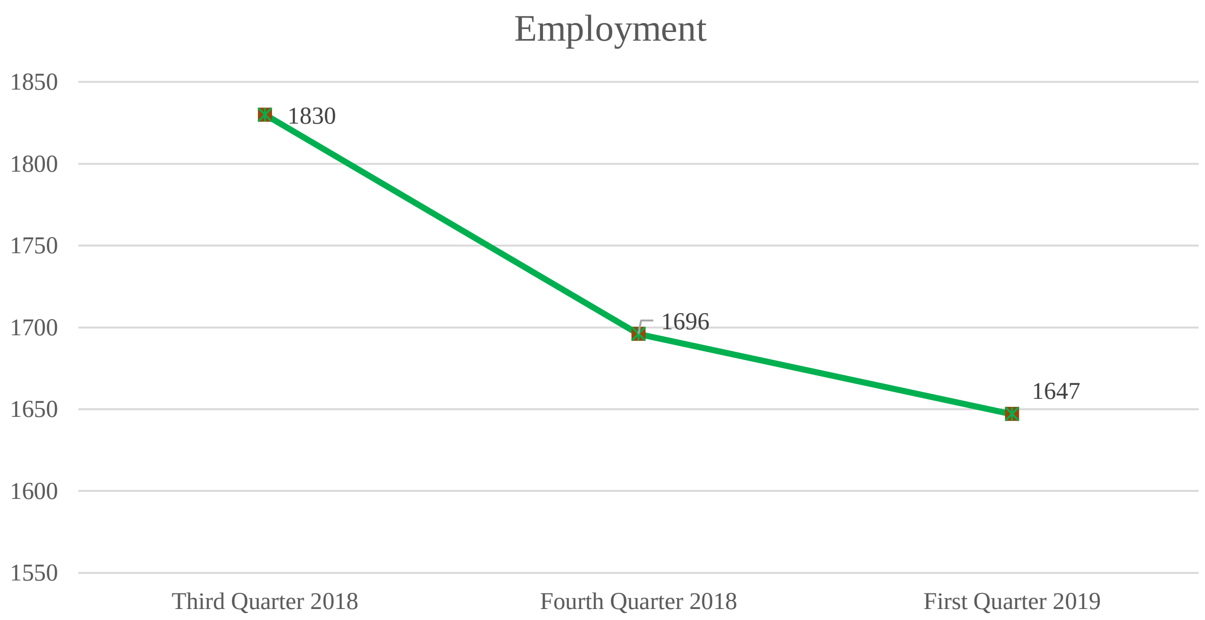


- Total equity of the company fell compared to the previous quarter since the company has lower retained earnings. This is likely to continue reducing as the company faced a loss in the current quarter. It will have adverse effect on the investor confidence to invest in the projects of MTCC.

Important Projects undertaken in the quarter

During the 1st Quarter 2019, MTCC carried out a total of 22 construction projects out of which 12 projects were successfully completed. Three new projects were started during the quarter whereas 6 projects were awarded. MTCC also carried out a total of 06 dredging, reclamation and other projects, including; Land Reclamation of Maavaru Lagoon, Land Reclamation and Shore Protection of K. Thilafushi Project, Gdh. Faresmaathoda Land Reclamation and Shore Protection, Land Reclamation and Shore Protection of Ha. Hoarafushi, K.Hura Land Reclamation & Shore Protection, and Sawmill Relocation Project. From this Land Reclamation of Maavaru Lagoon was completed during the quarter.

Employment



Number of employees dropped by 137 due to drop in number of construction projects and due to discontinuation of normal Hulhumale' ferry services with the opening of China-Maldives Friendship Bridge. The number of employees reduced further by 49 employees in the first quarter of this year.

Conclusion

Profitability of the company has declined drastically and the company started to make losses due to significant decline in revenue. MTCC has lost revenue from most of the business segments and departmental performance has also deteriorated. The main reason for revenue losses were loss of contracting projects which is a major part of MTCC's growth portfolio. The loss of revenue from transport due to commencement of Sinamale' bridge also contributes to the overall revenue loss of the company.

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

Recommendation

- Increase revenue:
  Strategic decisions need to be made to streamline the areas which could generate higher revenue. Quick actions need to be taken regarding the revenue as loss of revenue will halt the business development which might become a threat in the near future. The company management need to negotiate with the government to obtain more projects.
- Maintain margins at a desired level;
  The company is not sustainable on the revenue and cost relationship it has now. The increase in costs is far more than the increase in revenue. Therefore the company needs to manage the costs and price the projects with an adequate margin.
- Reduce finance costs and proper planning:
  Proper mechanisms has to be set to review the interest rates on the borrowed funds and minimize the borrowings. Finance costs should be considered when pricing the projects on an aggregate basis. And projects has to be evaluated individually whether the right combination or right financial model is used.

Quarterly review; Quarter 1, 2019

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC

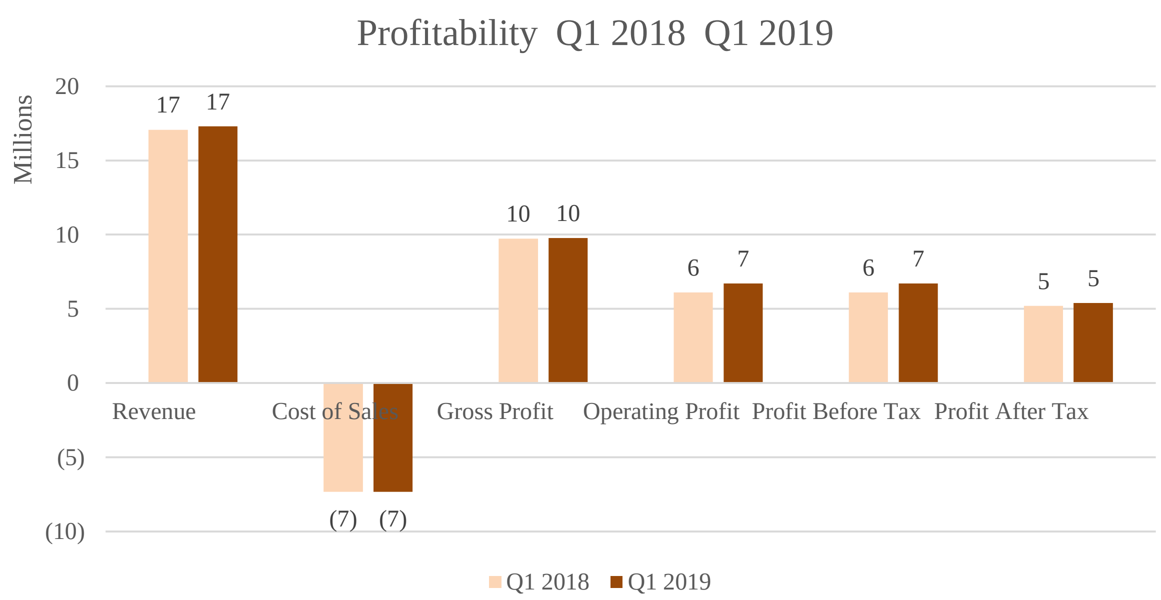
MALDIVES TOURISM DEVELOPMENT CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MTDC/Q1

Q1 of 2018 AND Q1 of 2019

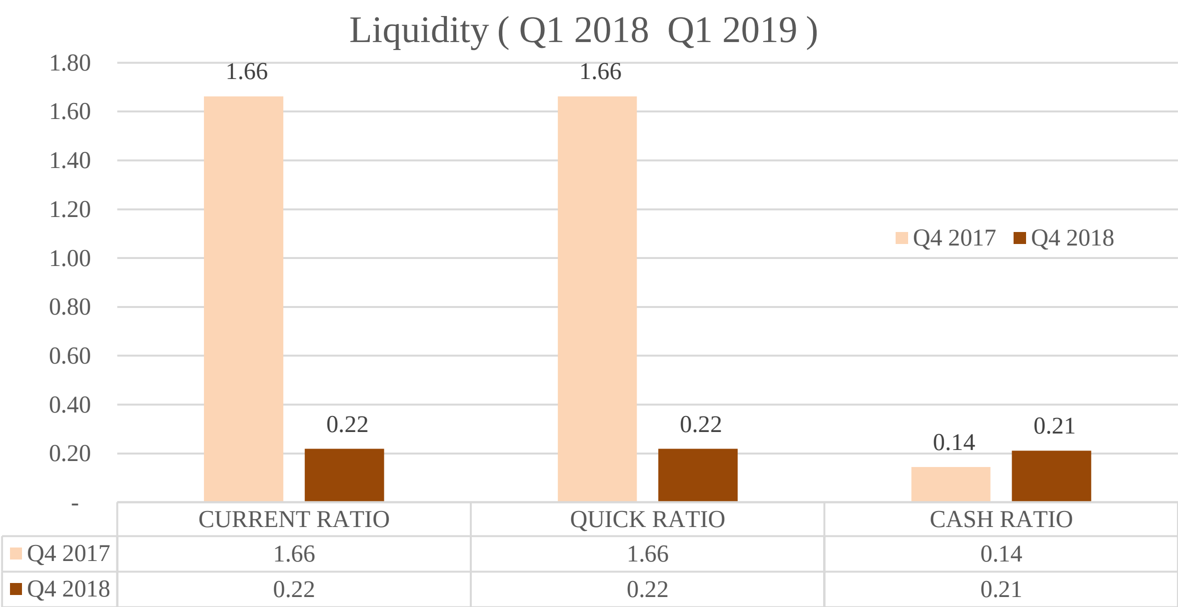
PROFITABILITY	Q1 2018	Q1 2019	Change	%
REVENUE	17,071,590	17,301,548	229,958	1
COST OF SALES	(7,334,970)	7,334,970	14,669,940	0
GROSS PROFIT	9,736,620	9,775,231	38,612	0.4
OPERATING PROFIT	6,101,432	6,713,020	611,588	10
PROFIT BEFORE TAX	6,101,432	6,713,020	611,588	10
PROFIT AFTER TAX	5,204,975	5,402,536	197,561	4

MARGINS	Q1 2018	Q1 2019
GROSS PROFIT MARGIN	57.03	56.50
OPERATING PROFIT MARGIN	35.74	38.80
NET PROFIT MARGIN	30.49	31.23



- Revenue improvement is just 1% due to increased number of resort development projects.
- Direct costs remained same, thus, gross profit also increased by 0.4%. Increase in revenue is not associated with an increase in cost of sales. The business operates in a sublease model where the company subleases the islands to third parties to develop/operate.
- Administrative expenses reduced significantly compared to Q1 2018, thus operating and net profit moved favorably during the period.

LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	373,279,095	682,170,361
CURRENT RATIO	1.66	0.22
QUICK RATIO	1.66	0.22
CURRENT ASSETS	345,239,012	45,327,183
CURRENT LIABILITIES	207,663,869	207,100,808
WORKING CAPITAL	137,575,143	(161,773,626)
CASH RATIO	0.14	0.21

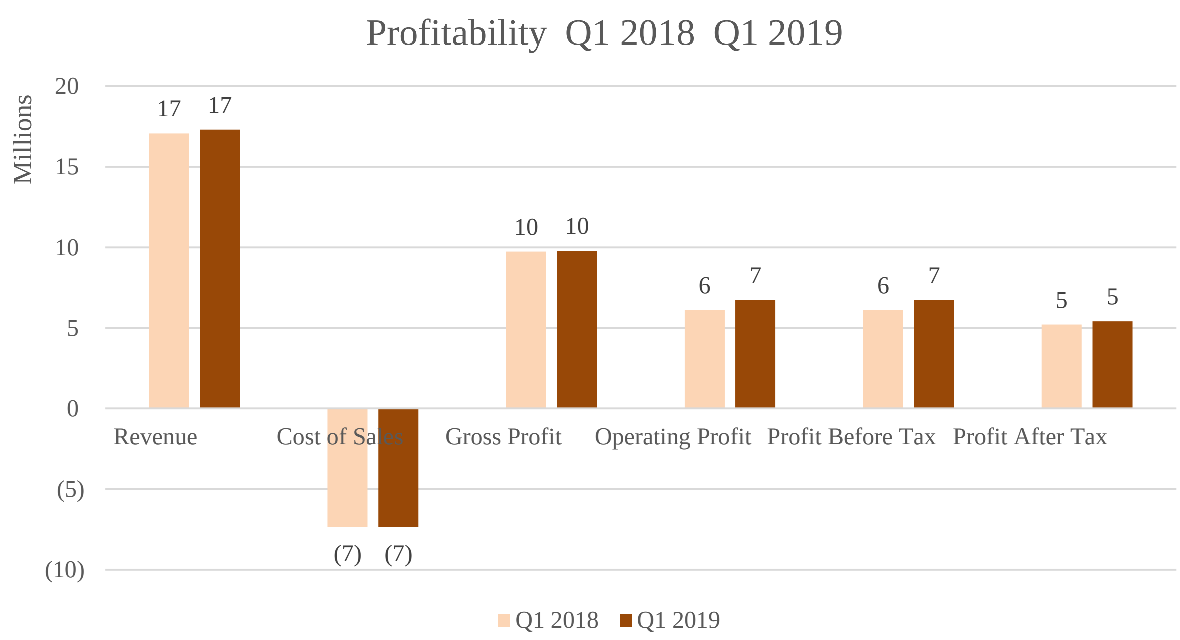


- Non-current assets increased by USD 20 million due to increased value of lease rent equalization on sublease.
- Total current assets fell by MVR 300 million mainly due to USD 20 million recorded as an asset held for sale
- Non-current assets increased by MVR 309 million mainly due to increased value of lease rent equalization on sublease.
- Total current assets fell by MVR 19 million mainly asset held for sale worth USD 20 million in the first quarter of the previous year. Liquidity ratios has dropped significantly indicating the liquidity problems in the company. Moreover, they have a high portion of receivables in their current assets which is probable to be written off as bad debts.

Q1 of 2019 AND Q4 of 2018

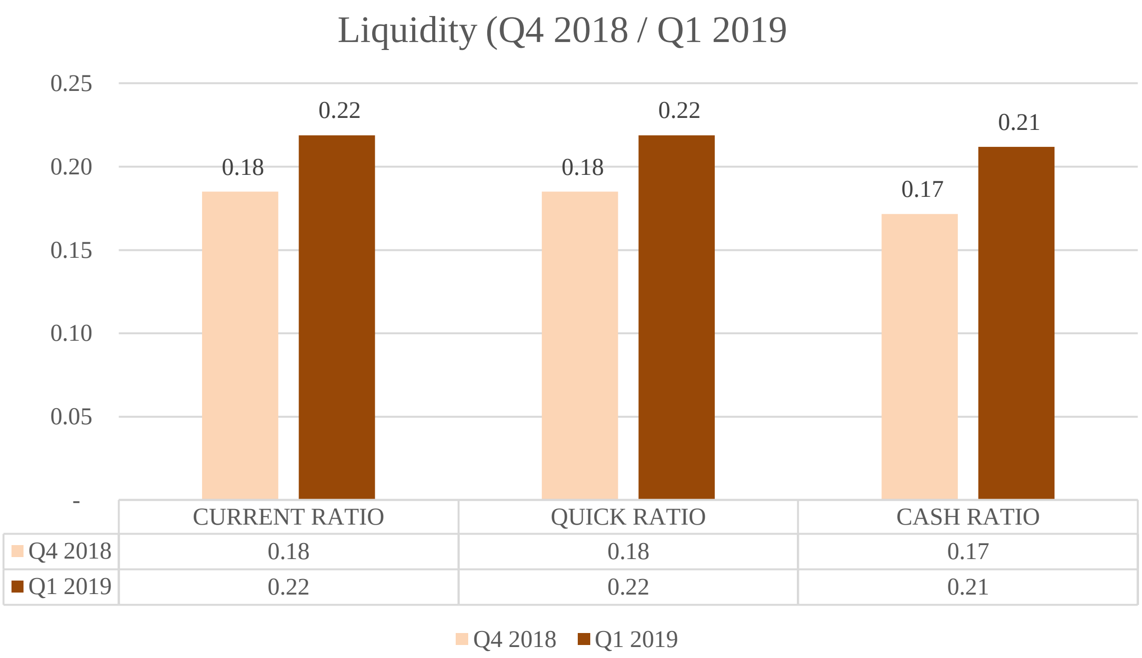
PROFITABILITY	Q4/2018	Q1/2019	Change	%
REVENUE	19,351,653	17,301,548	(2,050,104)	-10.59%
COST OF SALES	7,334,970	7,334,970	0	0.00%
GROSS PROFIT	12,016,683	9,775,231	(2,241,451)	-18.65%
OPERATING PROFIT	9,271,815	6,713,020	(2,558,795)	-27.60%
PROFIT BEFORE TAX	9,271,815	6,713,020	(2,558,795)	-27.60%
PROFIT AFTER TAX	8,292,891	5,402,536	(2,890,356)	-34.85%

MARGINS	Q4/2018	Q1/2019
GROSS PROFIT MARGIN	62.10	56.50
OPERATING PROFIT MARGIN	47.91	38.80
NET PROFIT MARGIN	42.85	31.23
EARNINGS PER SHARE	0.31	0.15



- Though revenue reduced by 10.59%, direct costs remained same through the quarters. Hence, gross profit reduced by 19%.
- Administrative expenses increased causing operating profit to reduce by 27%.
- The company has no borrowings, hence they do not incur any finance costs.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	686,400,899	682,170,361
CURRENT RATIO	0.18	0.22
QUICK RATIO	0.18	0.22
CURRENT ASSETS	39,171,950	45,327,183
CURRENT LIABILITIES	211,778,249	207,100,808
WORKING CAPITAL	(172,606,299)	(161,773,626)
CASH RATIO	0.17	0.21



- Short term assets increased by MVR 6.2 million compared to the last quarter. Cash and cash equivalents increased by MVR 7.5 million compared to the last quarter due to increase in cash inflow from operating activities and reduction in the cash outflow from investing activities.
- Current liabilities reduced by 2% following reduction in payables. However, MTDC has huge level of payables which cannot be offset by the short term assets in the company.

Important Projects undertaken in the quarter

On-going resort development projects of MTDC as of 31st March 2019 are summarized as follows:

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

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

- Naagoashi
  Location: Haa Dhaalu Atoll
  Development Mode: Sublease Model
  Details: 5 star
  Status: Under Development, 40% complete

Conclusion

Though revenue improved by 1% compared to the same quarter of the previous year, the company faced loss of revenue by 10.6% compared to the last quarter. The company has lowered their administrative expenses compared to Q1 2018 leading to increasing profits during the period. However, when compared to Q4 2018 the administrative expenses has been increased. Revenue reduction along with rising costs led to deterioration of profits by 35% compared to Q4 2018.

Recommendation

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

Quarterly review; Quarter 1, 2019

MALE’ WATER AND SEWERAGE COMPANYPVT LTD

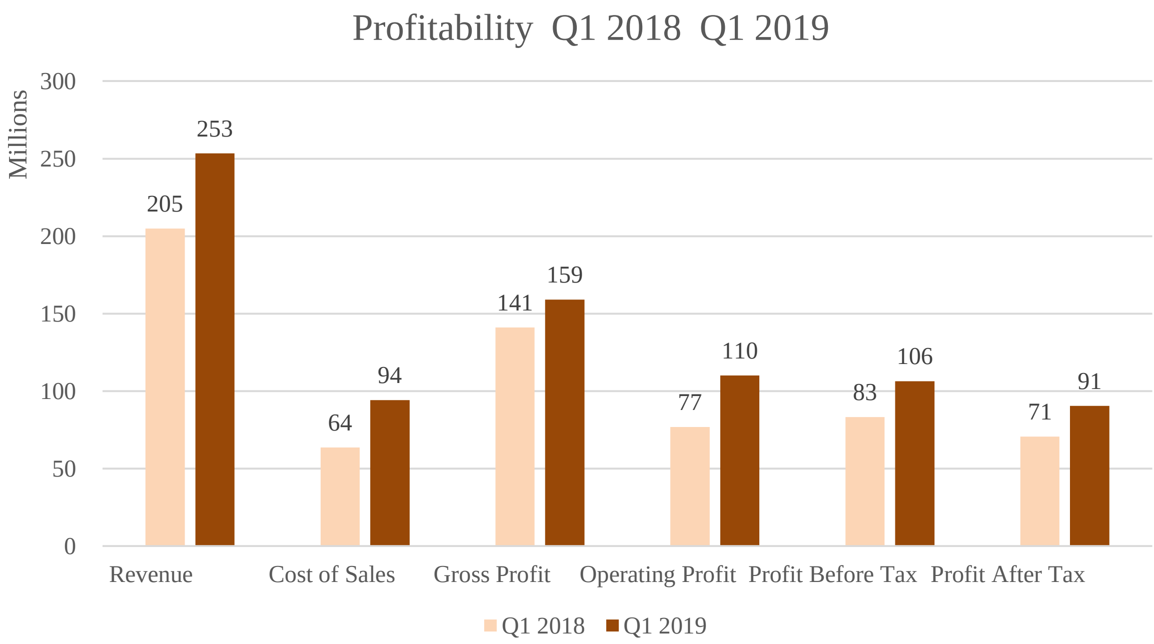
MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MWSC/Q1

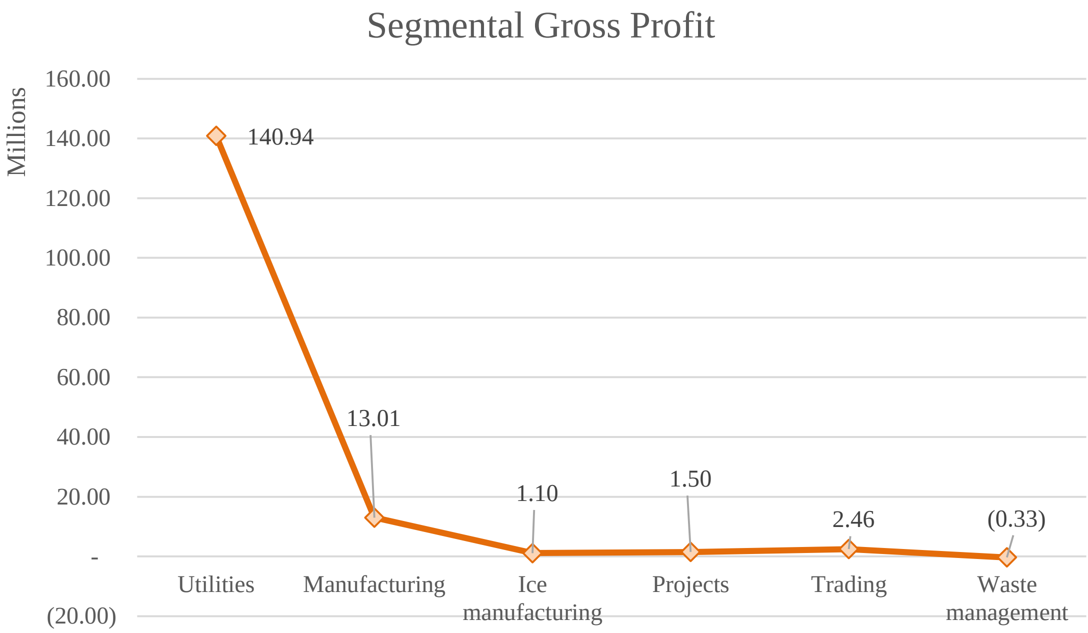
<u>Q1 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q1 2018	Q1 2019	Change	%
REVENUE	204,870,482	253,327,700	48,457,218	24
COST OF SALES	63,700,485	94,291,276	30,590,791	48
GROSS PROFIT	141,169,997	159,036,424	17,866,427	13
OPERATING PROFIT	76,891,762	110,150,675	33,258,913	43
PROFIT BEFORE TAX	83,251,275	106,476,976	23,225,701	28
PROFIT AFTER TAX	70,763,584	90,505,429	19,741,845	28

MARGINS	Q1 2018	Q1 2019
GROSS PROFIT MARGIN	68.91	62.78
OPERATING PROFIT MARGIN	37.53	43.48
NET PROFIT MARGIN	34.54	35.73
EARNINGS PER SHARE	-	339



- Revenue increased by 24% compared to the previous quarter. Utilities, Manufacturing, ice manufacturing, projects, trading and waste management are the main revenue streams of MWSC. While the revenue increased, direct costs also increased by 48%. The gross profit for each of this segment for the quarter 1, 2019 is summarized in the following graph:



- Administrative expenses reduced by MVR 11.2 million compared to the same quarter of the previous year. As a result, operating profit increased by 43%.
- Finance costs of MVR 3.7 million incurred in Q1 2019 comprising loan payment and exchange loss. Therefore, net profit increased by 28%.

LIQUIDITY	**Q1 2018**	**Q1 2019**
NON CURRENT ASSETS	1,150,431,826	1,308,707,102
CURRENT RATIO	1.14	1.51
QUICK RATIO	0.77	1.09
CURRENT ASSETS	600,877,391	868,161,575
CURRENT LIABILITIES	525,392,892	574,388,781
WORKING CAPITAL	75,484,499	293,772,794
CASH RATIO	0.33	0.50
INVENTORY	196,691,194	240,471,758

- There is an increase on non-current assets worth MVR 158 million compared to Q1 2018.
- Current assets also increased by MVR 267 million which is an increase of 44% compared to Q1 2018.
- As trade payables increased, short term liabilities increased by MVR 49 million compared to Q1 2018.
- As such, liquidity ratios changed favorably enabling them to settle the current liabilities with the current assets if needed to.
- Cash ratio also increased due increase due to increase in cash and cash equivalents by MVR 111 million compared to Q1 2018.

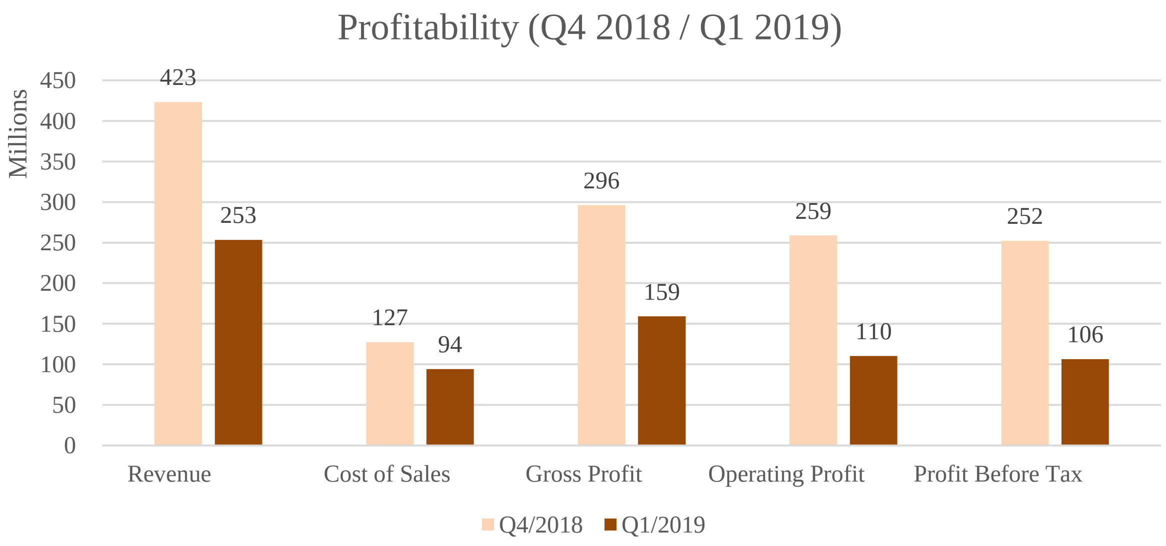
LEVERAGE	Q1 2018	Q1 2019
DEBT TO EQUITY	9.67	6.50
DEBT TO ASSETS	6.55	4.57
LONG TERM DEBT TO CAPITALIZATION	8.82	6.10

- Debt to equity ratio reduced from 9.67 to 6.50 in Q1 2019. The leverage ratios are relatively low in MWSC as they have a huge equity base. Their financial risks are relatively low and they have ample room for expansion through acquiring debts and equity financing as they have a large reserve.

Q1 of 2019 AND Q4 of 2018

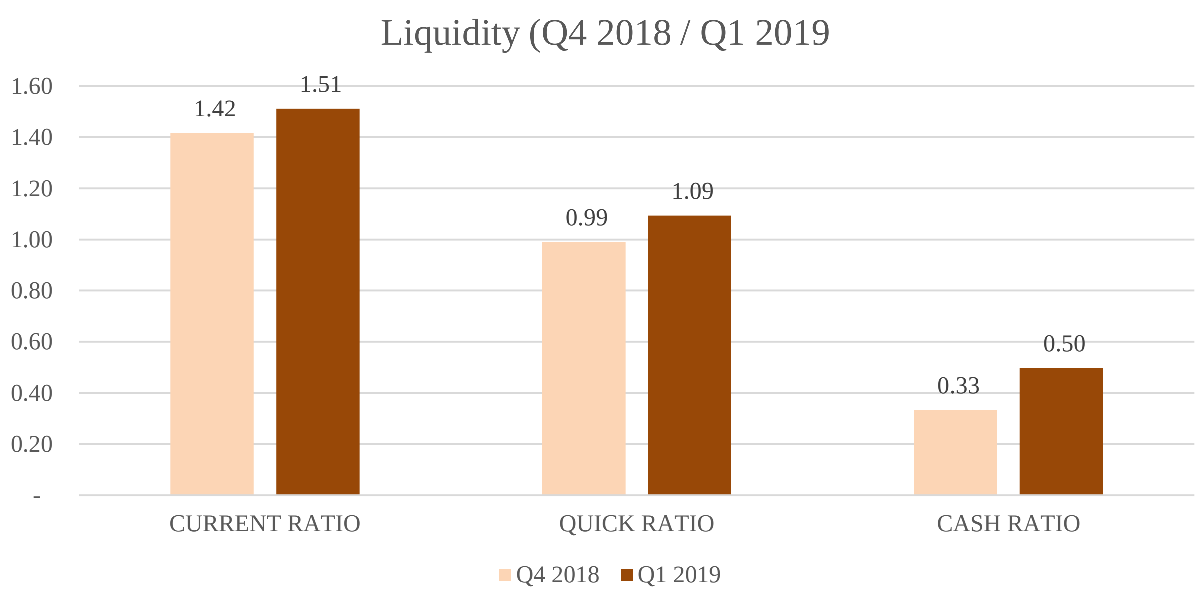
PROFITABILITY	Q4/2018	Q1/2019	Change	%
REVENUE	423,459,576	253,327,700	(170,131,876)	-40.18%
COST OF SALES	127,270,839	94,291,276	(32,979,563)	-25.91%
GROSS PROFIT	296,188,737	159,036,424	(137,152,313)	-46.31%
OPERATING PROFIT	258,722,285	110,150,675	(148,571,610)	-57.43%
PROFIT BEFORE TAX	252,072,291	106,476,976	(145,595,315)	-57.76%
PROFIT AFTER TAX	215,586,991	90,505,429	(125,081,562)	-58.02%

	Q4/2018	Q1/2019
GROSS PROFIT MARGIN	69.94	62.78
OPERATING PROFIT MARGIN	61.10	43.48
NET PROFIT MARGIN	50.91	35.73
EARNINGS PER SHARE	807	339



- When compared to the figures of Q4 2018, revenue generated reduced by 40%. Utilities, Manufacturing, Ice manufacturing, Projects, Trading and Waste Management are the main revenue sources for MWSC.
- Cost of sales also reduced by MVR 33 million. Due to reduced revenue, gross profit also reduced by MVR 137 million.
- The company recorded other income worth MVR 28.9 million in the previous quarter which reduced to MVR 12 million in Q1 2019. This contributed to the reduction in the operating profit by 57%.
- Finance cost also increased significantly causing profit to fall by 58%.

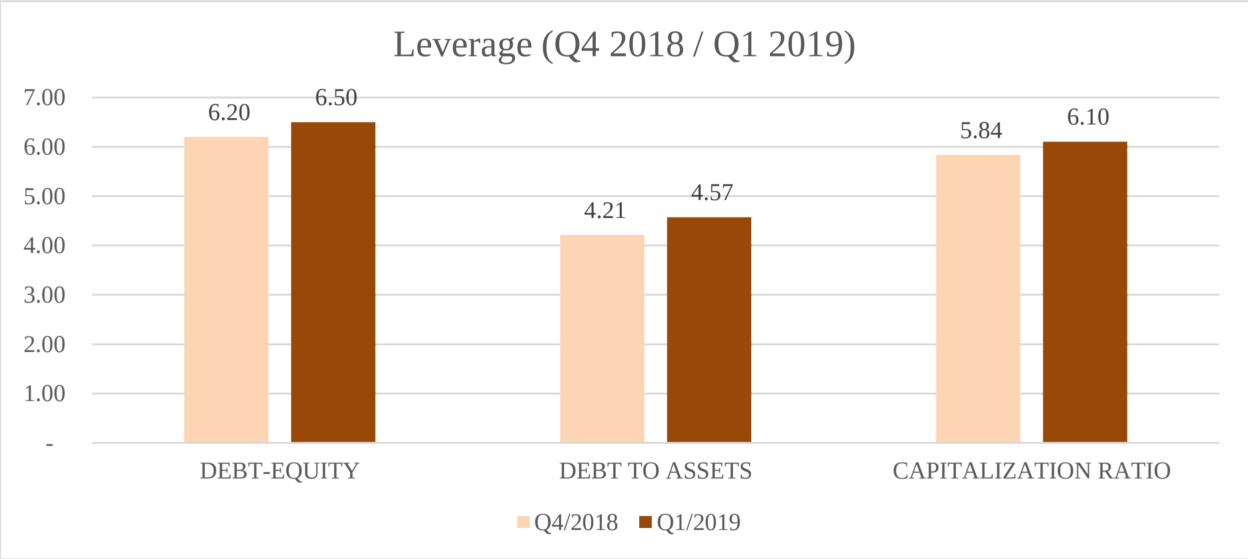
LIQUIDITY	**Q4/2018**	**Q1/2019**
NON CURRENT ASSETS	1,285,361,649	1,308,707,102
CURRENT RATIO	1.42	1.51
QUICK RATIO	0.99	1.09
CURRENT ASSETS	834,083,808	868,161,575
CURRENT LIABILITIES	589,209,673	574,388,781
WORKING CAPITAL	244,874,135	293,772,794
CASH RATIO	0.33	0.50
INVENTORY	250,989,356	240,471,758



- Total short term assets increased by MVR 34 million which is an increase of 4% compared to the same quarter of the previous year. Trade receivables increased by 58% and cash and cash equivalents increased by MVR 88 million compared to the previous quarter.
- Current liabilities fell by MVR 14 million compared to the last quarter. The current liabilities consist of a huge amount of dividend payable which holds 73% of the total current liabilities and remained unchanged between the quarters. Other short term liabilities like trade creditors dropped in the quarter. However, current portion of the long term loans increased by MVR 28.7 million compared to last quarter.

- Liquidity ratios moved favorably where they were able to settle more of the current liabilities with the assets available. Enhancement of cash lead cash ratio to increase from 0.33 to 0.50.

LEVERAGE	**Q4/2018**	**Q1/2019**
DEBT-EQUITY	6.20	6.50
DEBT TO ASSETS	4.21	4.57
CAPITALIZATION RATIO	5.84	6.10



- Debt to Equity increased slightly to 6.5% from 6.2%in Q4 2018 due to increased borrowings. However, the company has huge equity base in the form of reserves which can be used for further financing.

Important Projects undertaken in the quarter

#	PROJECT NAME	START DATE	END DATE	PROJECT VALUE	COMPLETE VALUE (BILLED AMOUNT)	% COMPLETED
1	IHAVANDHOO SEWERAGE PROJECT	2014	2018	59,226,721	59,226,721	100%
2	NOLHIVARAM SEWERAGE PROJECT	2014	2018	70,782,683	70,782,683	100%
3	S. HITHADHOO N&S - D&B OF SEWERAGE SYSTEM	2016	2018	103,973,136	81,662,957	79%
4	B.THULHAADHOO WATER AND SEWERAGE	2016	2018	70,832,314	70,832,314	100%
5	GA.KOLAMAAUSHI WATER AND SEWERAGE	2016	2018	53,381,802	53,381,527	100%
6	N.VELIDHOO WATER AND SEWERAGE	2016	2018	73,598,144	73,598,144	100%
7	R.HULHUDHUFFAARU - WATER & SEWERAGE	2016	2018	52,135,166	52,135,166	100%
8	G.DH.GAHDHOO SEWERAGE PROJECT	2016	2018	40,312,586	40,312,586	100%
9	DHIGGARU SEWERAGE PROJECT	2016	2018	25,073,444	25,073,444	100%
10	MULAH SEWERAGE PROJECT	2016	2018	41,453,943	41,453,943	100%
11	MAAMIGILI SEWERAGE PROJECT	2016	2018	65,866,378	65,866,378	100%
12	R.MEEDHOO - D&B OF INTERGRATED WATER SUPPLY	2016	2018	27,372,359	27,372,359	100%
13	STELCO - CONSTRUCTION & DEVELOPMENT OF BOREHOLES	2017	2018	3,866,376	3,866,376	100%
14	MALE' - STORM WATER UPGRADING PHASE 4	2017	2018	12,215,710	6,718,641	55%
15	PROVISION OF WATER SUPPLY FACILITY - MILANDHOO	2017	2019	44,270,172	18,579,677	42%
16	PROVISION OF WATER SUPPLY FACILITY - UNGOOFAARU	2017	2019	38,707,211	19,523,681	50%
17	HANIMAADHOO - PROVISION OF WATER SUPPLY FACILITIES	2018	2018	44,249,041	30,586,820	69%
18	HOARAFUSHI - PROVISION OF WATER SUPPLY FACILITIES	2018	2018	49,231,304	27,300,927	55%
19	RASDHOO - WATER PROJECT - 2018	2018	2018	26,841,361	14,552,331	54%
20	KURENDHOO - SEWERAGE PROJECT - 2018	2018	2019	29,401,919	-	0%

MWSC invested in number of different projects worth MVR 932 million in the quarter of which MVR 782.8 million has been completed.

Conclusion

The overall performance of the company improved compared to Q1 2018, in terms of profitability and liquidity. However, when compared to the previous quarter, MWSC's performance has been declined. The company had a huge revenue decline which adversely affected their profitability. Moreover higher finance costs lead to further deteriorating profits.

The company has huge equity and are in a position to obtain equity financing for further operations.

Recommendation

- Reduce Expenditure:
  MWSC has reduced their expenditure such as marketing and administration. However, expenses need to be managed further and company has to work harder to win projects budgeted by the government.
- Reduce Receivables:
  Receivables has to be collected to improve the cash position of the company. Mechanisms has to be set in such a way that MWSC can directly appeal to the ministry of finance which can directly intervene in the case of non-payment by government agencies. Moreover, a system of advance payments can be put in place where customers pay an estimated amount of monthly bills.
- It is also important to supervise meters of all households regularly. Mechanical meters become more inaccurate due to wear and tear. This can result in meter malfunctioning and meter can record a wrong reading.

Quarterly review; Quarter 1, 2019

MALDIVES PORTS LIMITED

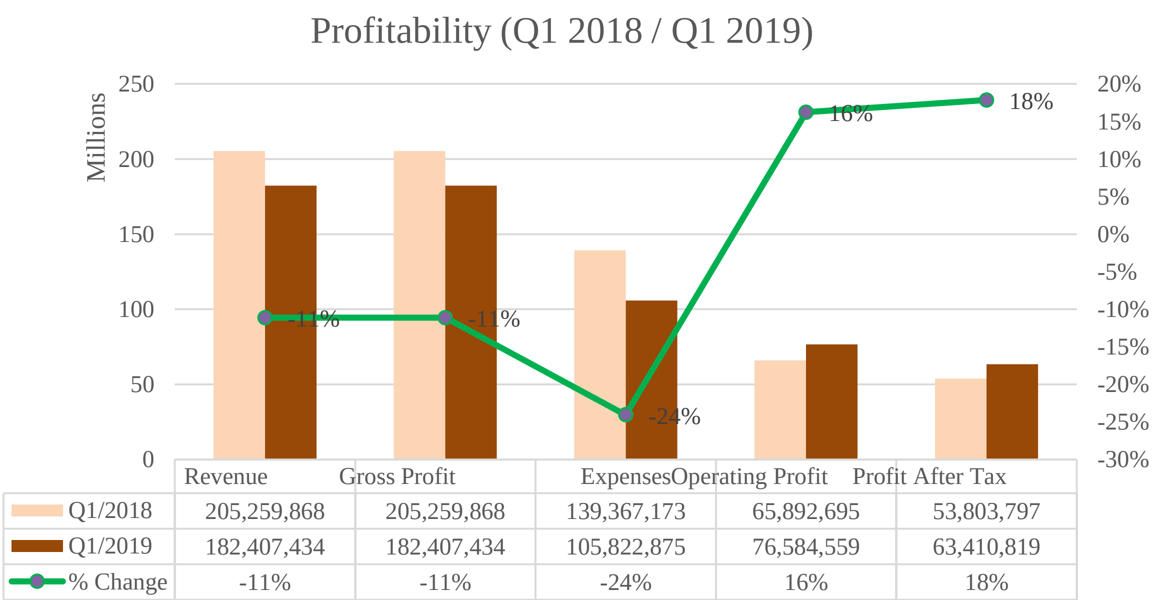
MALDIVES PORTS LIMITED
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MPL/Q1

Q1 of 2018 AND Q1 of 2019

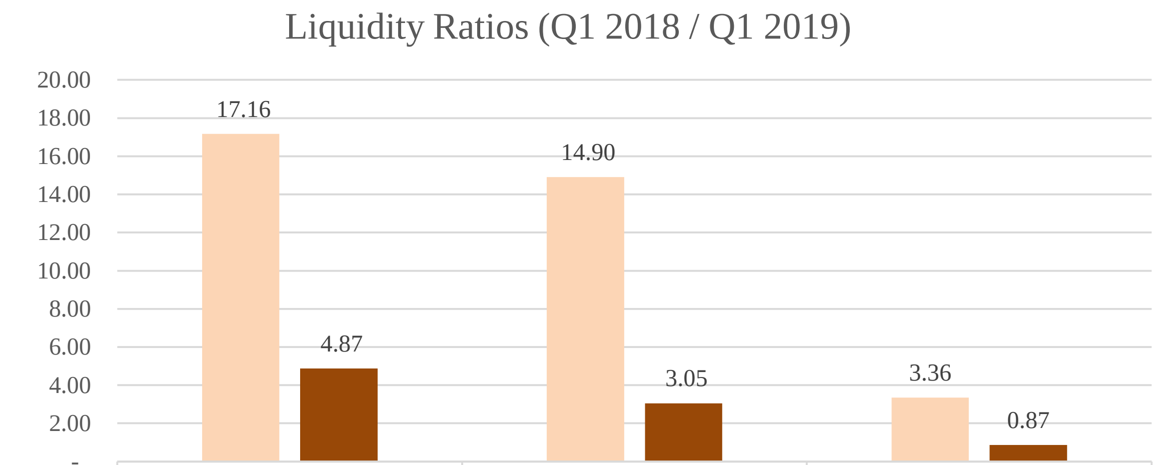
PROFITABILITY	Q1/2018	Q1/2019	Change	%
Revenue	205,259,868	182,407,434	(22,852,434)	-11%
Gross Profit	205,259,868	182,407,434	(22,852,434)	-11%
Expenses	139,367,173	105,822,875	(33,544,298)	-24%
Operating Profit	65,892,695	76,584,559	10,691,864	16%
Profit Before Tax	63,298,586	74,600,963	11,302,377	18%
Profit After Tax	53,803,797	63,410,819	9,607,022	18%

Margins	Q1/2018	Q1/2019
Gross Profit Margin	100	100
Operating Profit Margin	32	42
Net profit Margin	26	35
Earnings Per share	17	16



- Revenue has recorded a fall of 11% when compared to the same quarter of the previous year.
- Furthermore, the company shows a reduction in expenses by 24%, thus, operating profit increased by MVR 10 million which is a 16% increase when compared to Q1 2018.
- The company's finance cost has increased this quarter by MVR 610,513 due to increase in borrowings.
- The company profit shows an 18% growth when compared to the same quarter of the previous year. The profit margins also records increased values during this quarter and are satisfactory. The company is required to maintain the margins in the future.

LIQUIDITY	Q1/2018	Q1/2019
NON CURRENT ASSETS	759,243,261	800,142,505
CURRENT RATIO	17.16	4.87
QUICK RATIO	14.90	3.05
CURRENT ASSETS	385,487,695	661,096,678
CURRENT LIABILITIES	22,459,602	135,645,945
WORKING CAPITAL	363,028,093	525,450,733
CASH RATIO	3.36	0.87
INVENTORY	50,855,556	246,809,427



	CURRENT RATIO	QUICK RATIO	CASH RATIO
Q1/2018	17.16	14.90	3.36
Q1/2019	4.87	3.05	0.87

- The liquidity ratios show a significant fall during this quarter when compared to the same quarter of the previous year as a result of increase in current liabilities. Though liquidity ratios fell the company is still in a position to repay its short term obligations. However necessary steps must be taken to reduce the payables and enhance cash flow from operations.
- Receivables has increased by MVR 35 million and cash equivalents increased by MVR 43 million during this quarter. Trade payables increased by MVR 113 million during this quarter which is 504% increase when compared to Q1 2018.

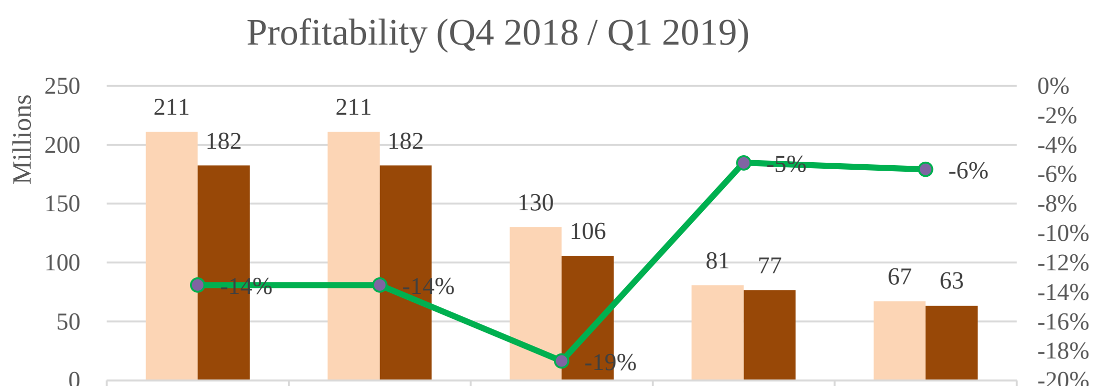
LEVERAGE	Q1/2018	Q1/2019
DEBT-EQUITY	10%	15%
DEBT TO ASSETS	9%	12%
CAPITALIZATION RATIO	9%	13%

- The company's long term loans and borrowings has increased from MVR 106 million to MVR 177 million from 2018 Q1 to 2019 Q1. However, Debt to Assets ratio has increased from 9% to 12%.
- The loans were taken to finance the on-going projects of the company.

Q4 of 2018 AND Q1 of 2019

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	210,943,335	182,407,434	(28,535,901)	-14%
Gross Profit	210,943,335	182,407,434	(28,535,901)	-14%
Expenses	130,140,509	105,822,875	(24,317,634)	-19%
Operating Profit	80,802,826	76,584,559	(4,218,267)	-5%
Profit Before Tax	79,078,296	74,600,963	(4,477,333)	-6%
Profit After Tax	67,216,552	63,410,819	(3,805,733)	-6%

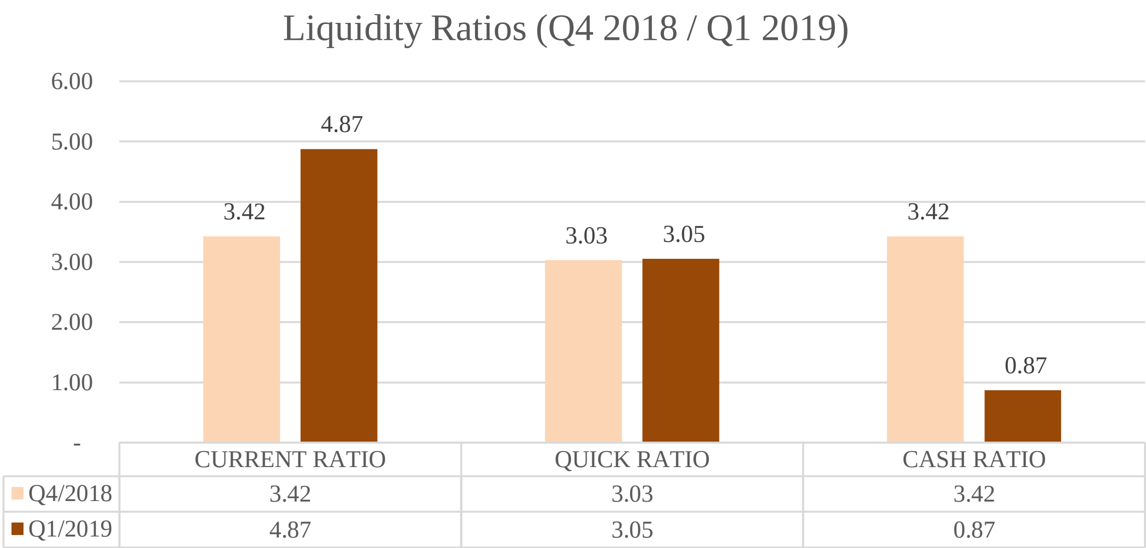
	Q4/2018	Q1/2019
Gross Profit Margin	100.00	100.00
Operating Profit Margin	38.31	41.99
Net profit Margin	31.86	34.76
Earnings Per Share	15.82	14.92



	Revenue	Gross Profit	Expenses	Operating Profit	Profit After Tax
Q4/2018	210,943,335	210,943,335	130,140,509	80,802,826	67,216,552
Q1/2019	182,407,434	182,407,434	105,822,875	76,584,559	63,410,819
% Change	-14%	-14%	-19%	-5%	-6%

- Revenue has recorded a fall of 14% when compared to previous quarter.
- Furthermore, the company has failed to maintain its expenses, thus, operating profit reduced by 5%.
- The company's profit growth has deteriorated compared to the previous quarter. However, margins profit margins are satisfactory and the company is required to maintain the margins in the future.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	935,371,219	800,142,505
CURRENT RATIO	3.42	4.87
QUICK RATIO	3.03	3.05
CURRENT ASSETS	559,617,790	661,096,678
CURRENT LIABILITIES	163,480,804	135,645,945
WORKING CAPITAL	396,136,986	525,450,733
CASH RATIO	3.42	0.87
INVENTORY	64,242,173	246,809,427



- Current and quick ratio shows that the company is capable of settling its short term obligations with the available current assets. Company's current assets consist of inventories, trade receivables and cash and cash equivalents. If inventory and receivables are removed, the cash balance is not enough to cover company's current liabilities. However, the cash levels are also satisfactory for a large company like MPL with the ability to borrower in short time frame.
- Receivables has reduced notably by MVR 69 million and cash equivalents reduced by MVR 442 million. In order to maintain a healthy liquidity position, company must manage its receivable collection and settle the debts due to creditors. Trade payables increased by MVR 28 million in just a quarter.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	16.29	15.38
DEBT TO ASSETS	12.47	12.09
LONG TERM DEBT TO CAPITALIZATION	14.01	13.33

- The company's long term loans and borrowings has reduced from MVR 186 million to MVR 177 million from 2018 Q4 to 2019 Q1. Debt to Assets ratio is maintained at similar levels during both the quarters.
- The loans were taken to finance the on-going projects of the company.

CONCLUSION

The company is better off in terms of profitability compared to the same quarter of the previous year as they have been able to manage their costs. However, compared to the last quarter profits have been reduced. However, margins are maintained at a similar level.

The company is in a satisfactory liquidity position being able to meet the short term obligations.

Finance costs has increased due to the borrowings taken to fund on-going projects.

Recommendation

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

Quarterly review; Quarter 1, 2019

PUBLIC SERVICE MEDIA

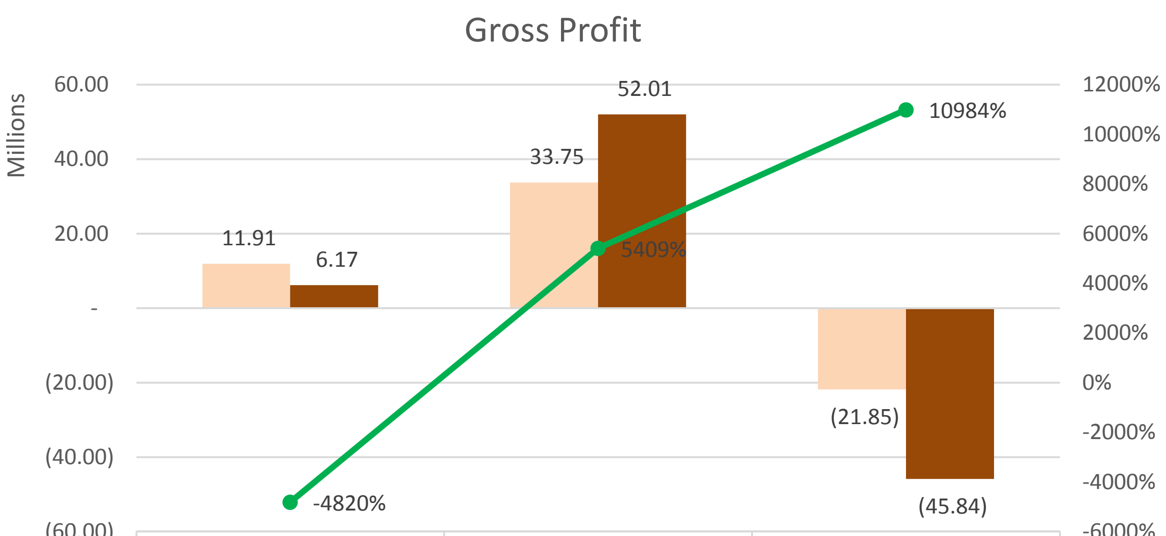
PUBLIC SERVICE MEDIA
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/PSM/Q1

Q4 of 2018 to Q1 of 2019

Profitability

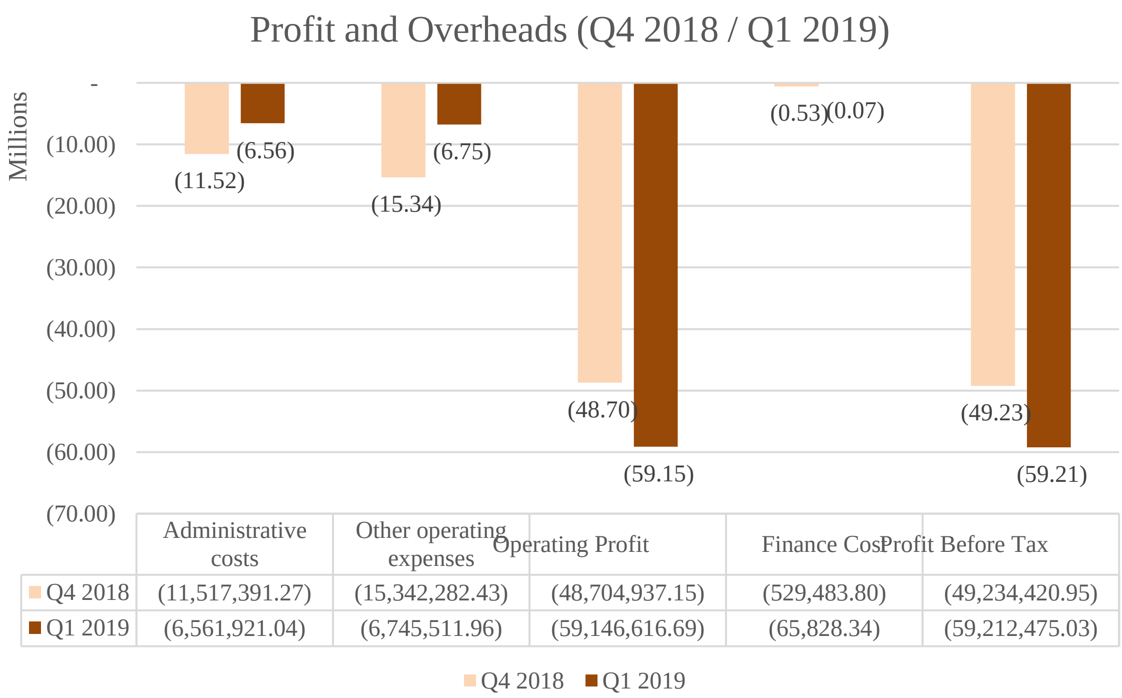
PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	11,907,191.64	6,168,385.55	(5,738,806)	-4820%
Cost of Sales	33,752,455.09	52,007,569.24	18,255,114	5409%
Gross Profit	(21,845,263.45)	(45,839,183.69)	(23,993,920)	10984%
Operating Profit	(48,704,937.15)	(59,146,616.69)	(10,441,680)	2144%
Profit Before Tax	(33,944,622.32)	(59,212,475.03)	(25,267,853)	7444%
Profit After Tax	(49,234,420.95)	(59,212,475.03)	(9,978,054)	2027%



	Revenue	Cost of Sales	Gross Profit
Q4/2018	11,907,191.64	33,752,455.09	(21,845,263.45)
Q1/2019	6,168,385.55	52,007,569.24	(45,839,183.69)
Change%	-4820%	5409%	10984%

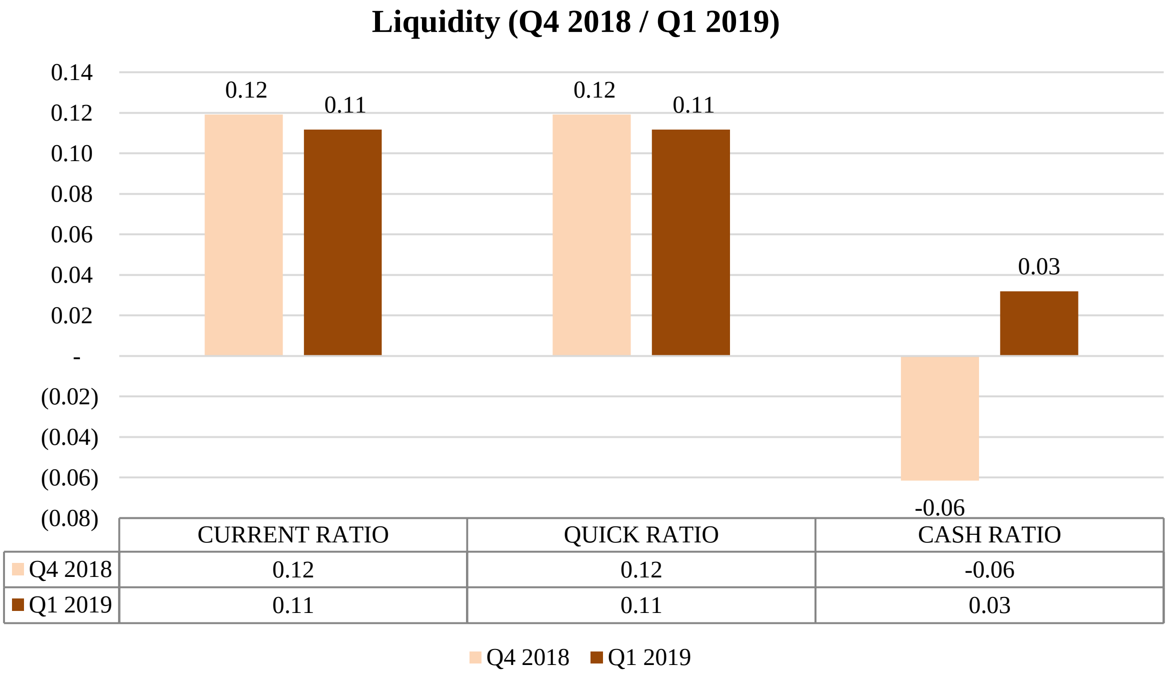
Revenue of the company has declined by MVR 5.74 million when compared to previous quarter. The cost of sales shows an increase by MVR 18.26 million during the 2019 Q1. As a result the company's gross loss has further deteriorated in this quarter.

Overheads and Profit	Q4 2018	Q1 2019
Administrative costs	(11,517,391.27)	(6,561,921.04)
Other operating expenses	(15,342,282.43)	(6,745,511.96)
Operating Profit	(48,704,937.15)	(59,146,616.69)
Finance Cost	(529,483.80)	(65,828.34)
Profit Before Tax	(49,234,420.95)	(59,212,475.03)



As seen from the above graph, though administrative expenses and other operating expenses along with finance costs reduced in Q1 2019 compared to the previous quarter, operating loss and loss for the quarter further deteriorated as a result of loss of revenue and rising direct expenses.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	55,333,550.00	594,233,165.32
CURRENT RATIO	0.12	0.11
QUICK RATIO	0.12	0.11
CURRENT ASSETS	10,124,084.55	19,901,818.39
CURRENT LIABILITIES	84,967,914.91	178,118,052.14
WORKING CAPITAL	(74,843,830.36)	(158,216,233.75)
CASH RATIO	(0.06)	0.03



Current assets increased by MVR 9.8 million (increase of 96.6%) compared to the previous quarter. Short term assets include trade receivables and cash and cash equivalents. Receivables increased by 177% while cash and cash equivalents increased by MVR 5.1 million compared to the previous quarter. Government has injected cash worth over MVR 43 million to the company during the first quarter of 2019. The company was not able to generate enough revenue to meet its daily obligations and hence depends purely on shareholder assistance.

Conclusion

The financial results of quarter 1 of 2019 has deteriorated when compared to Q4 2018. Though revenue recorded a significant fall, the company could not manage its direct costs and recorded MVR 18.3 million rise in cost of sales. As a result the profit of the company has been deteriorated. They have been incurring losses which is further worsened by the direct expenses despite the reduction in certain overheads.

Liquidity position of the company is not satisfactory, where company's current liabilities exceeds its current assets. And further, a greater portion of current assets comprise of trade receivables which have been difficult to collect. Necessary measures need to be taken by the company for receivable collection. The company does not generate enough revenue for them to be sustainably operating without shareholder assistance.

The company incurred finance costs as a result of debts taken worth MVR 89 million which they are struggling to repay.

Recommendations

- Reduce Payables:

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

- Reduce receivables

PSM also should also give consideration on improving the receivable collection in order to maintain a healthy liquidity position.

- Build a self-sustainable business Model:

PSM should develop a self-sustainable business model where they can formulate strategies to improve revenue and minimize costs to enhance profitability. Furthermore, they can formulate strategies to ensure that proper internal controls are in place to mitigate risks which will ultimately help them to improve their performance and reduce dependence on shareholder.

- Reduce number of staff and labor costs quickly.

The number of staff need to be minimized as soon as possible as this increases the costs of the company immensely in a situation where company is in under pressure of debt repayment.

Quarterly review; Quarter 1, 2019

MALDIVES SPORTS CORPORATION LTD

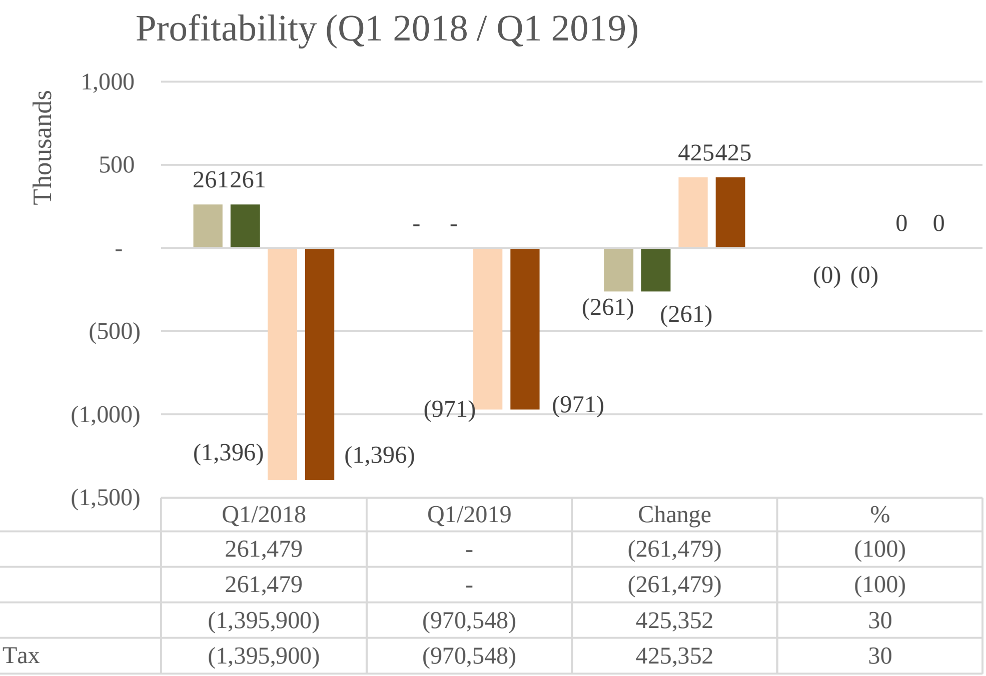
MALDIVES SPORTS CORPORATION LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/MSCL/Q1

Q1 of 2018 AND Q1 of 2019

Profitability

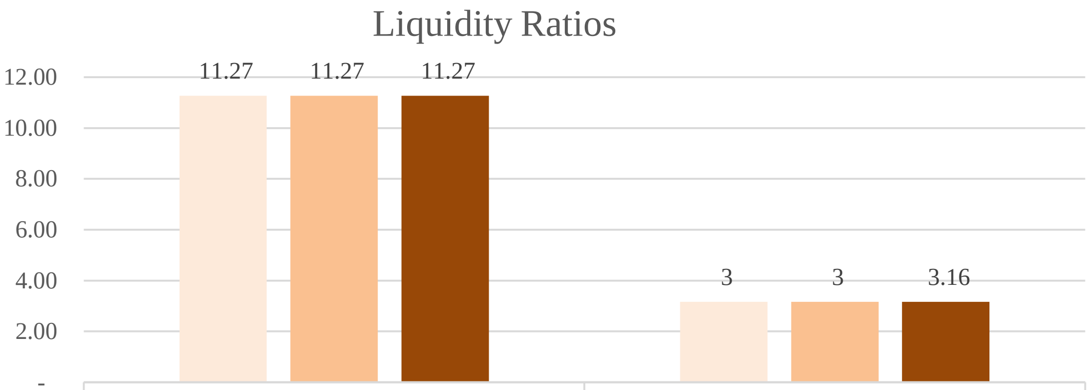
PROFITABILITY	Q1/2018	Q1/2019	Change	%
Revenue	261,479	-	(261,479)	(100)
Cost of Sales	-	-	-	-
Gross Profit	261,479	-	(261,479)	(100)
Net Loss	(1,395,900)	(970,548)	425,352	30



- The company did not generate any revenue in Q1 2019.
- Since there is no direct expense the gross profit of the company remains same as revenue.
- Administrative expenses have reached MVR 970,548, which is a fall of 25%, compared to the same quarter of the previous year. Q1 2018 recorded administrative expense of 1.3 million. As a result, loss of the company has been reduced.

Liquidity and Working Capital

LIQUIDITY	**Q1/2018**	**Q1/2019**
Non-Current Assets	1,428,291	1,349,778
Current Ratio	11.27	3
Quick Ratio	11.27	3
Current Assets	4,120,970	484,946
Current Liabilities	365,726	153,547
Working Capital	3,755,244	331,399
Cash Ratio	11.27	3.16



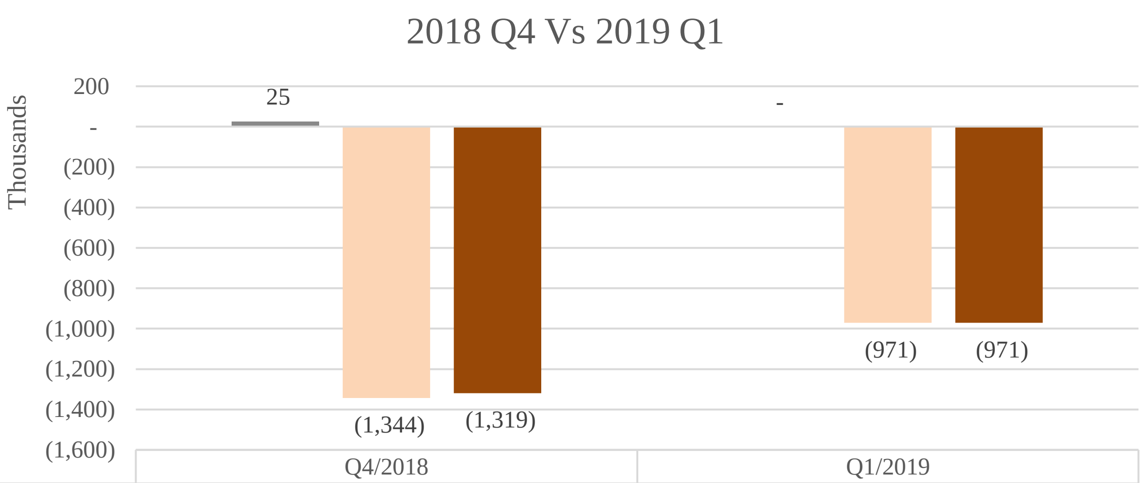
	Q1/2018	Q1/2019
Current Ratio	11.27	3
Quick Ratio	11.27	3
Cash Ratio	11.27	3.16

- Total short term assets of the company reduced compared to Q1 2018 due to reduction in cash and cash equivalents. Cash is the only source of current asset recorded in the company. The company does not generate enough resources to meet the daily obligations of the company. Hence, they highly depend on the shareholder assistance. Without the financial support given by the government, the long term sustainability of the company is questionable. The cash ratio reflects the capital injection.

Q4 of 2018 AND Q1 of 2019

Profitability

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	25,100.00	-	(25,100.00)	-
Cost of Sales	-	-	-	-
Gross Profit	-	-	-	-
Operating Loss	(1,343,961)	(970,548)	373,413	-27.78%
Net Loss	(1,318,861)	(970,548)	348,313	-26.41%

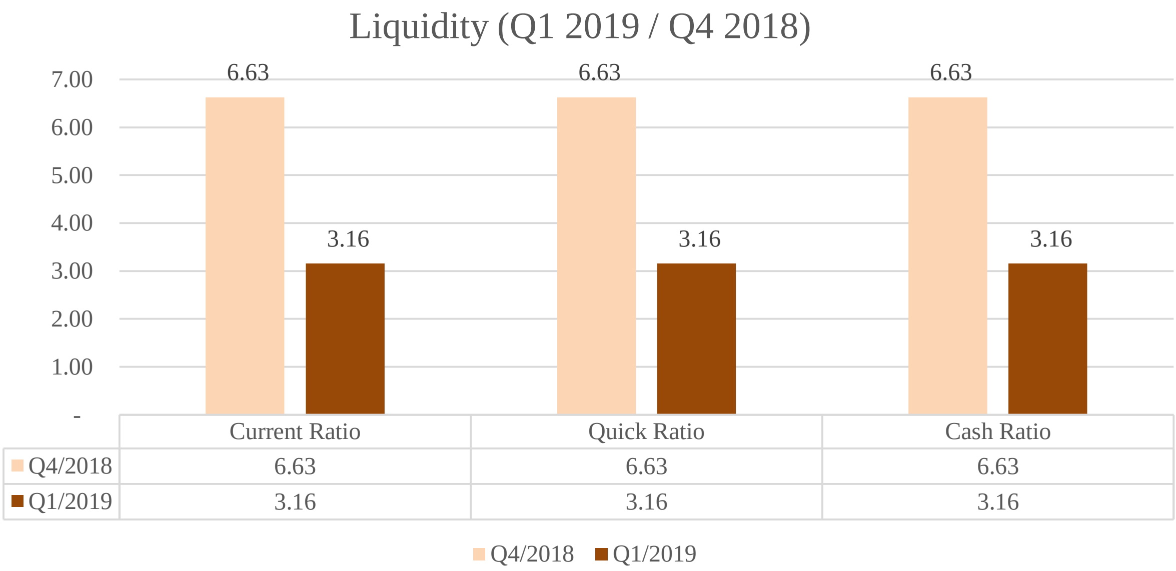


	Q4/2018	Q1/2019
Revenue	25,100	-
Operating loss	(1,343,961)	(970,548)
Net Loss	(1,318,861)	(970,548)

- The company did not generate any revenue in Q1 2019 where as they generated MVR 25,100 in 2018 Q4.
- Administrative expenses have reduced by 27% when compared to previous quarter. As a result the net loss has also declined to MVR 970,548.

Liquidity and Working Capital

LIQUIDITY	Q4/2018	Q1/2019
Non-Current Assets	1,574,013	1,349,778
Current Ratio	6.63	3.16
Quick Ratio	6.63	3.16
Current Assets	1,537,807	484,946
Current Liabilities	232,045	153,547
Working Capital	1,305,762	331,399
Cash and Cash equivalents	1,537,807	484,946
Cash Ratio	6.63	3.16



	Current Ratio	Quick Ratio	Cash Ratio
Q4/2018	6.63	6.63	6.63
Q1/2019	3.16	3.16	3.16

- Both current assets and liabilities has reduced when compared to previous quarter.
- Although theoretically the ratio shows a healthy liquidity position, the company does not have enough liquid assets for the operations of next year.
- Cash balance of the company has reduced by 52% in just one quarter.

Conclusion

There were no major operational activities undertaken by the sports Corporation in the quarter to improve revenue. Further there aren't any on-going project for the business development. However, operational costs are higher generating loss over the quarters.

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

Recommendation

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

Quarterly review; Quarter 1, 2019

STATE ELECTRIC COMPANY LTD

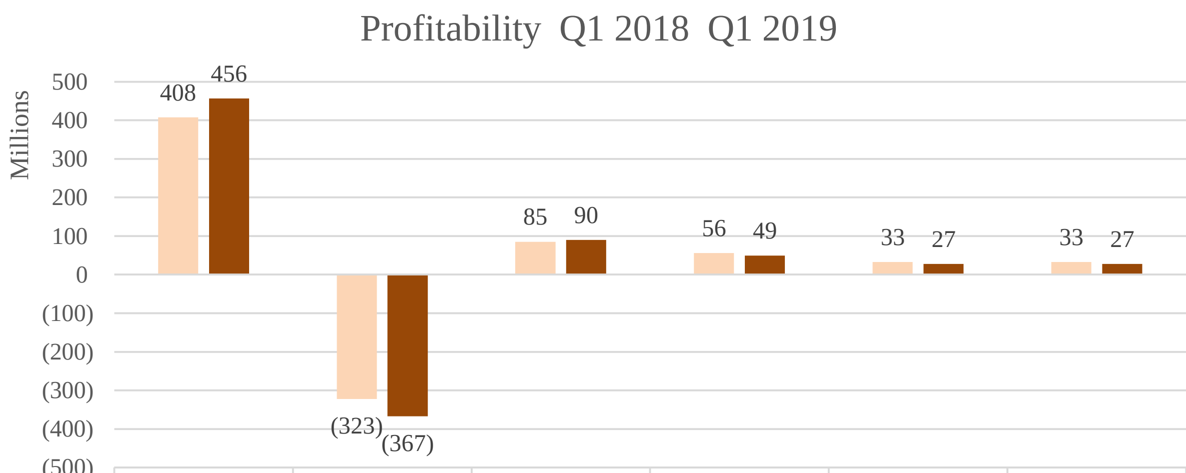
STATE ELCTRIC COMPANY LTD
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/STELCO/Q1

Q1 of 2018 AND Q1 of 2019

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	407,709,584	456,431,853	48,722,269	12
Cost of Sales	(322,529,803)	(366,804,699)	(44,274,896)	14
Gross Profit	85,179,781	89,627,155	4,447,374	5
Operating Profit	56,263,582	49,408,328	(6,855,254)	(12)
Profit Before Tax	33,124,165	27,433,736	(5,690,429)	(17)
Profit After Tax	33,124,165	27,433,736	(5,690,429)	(17)

	Q1 2018	Q1 2019
Gross Profit Margin	20.89	19.64
Operating Profit Margin	13.80	10.82
Net profit Margin	8.12	6.01



	Revenue	Cost of Sales	Gross Profit	Operating Profit	Profit Before Tax	Profit After Tax
Q1 2018	407,709,584	(322,529,803)	85,179,781	56,263,582	33,124,165	33,124,165
Q1 2019	456,431,853	(366,804,699)	89,627,155	49,408,328	27,433,736	27,433,736

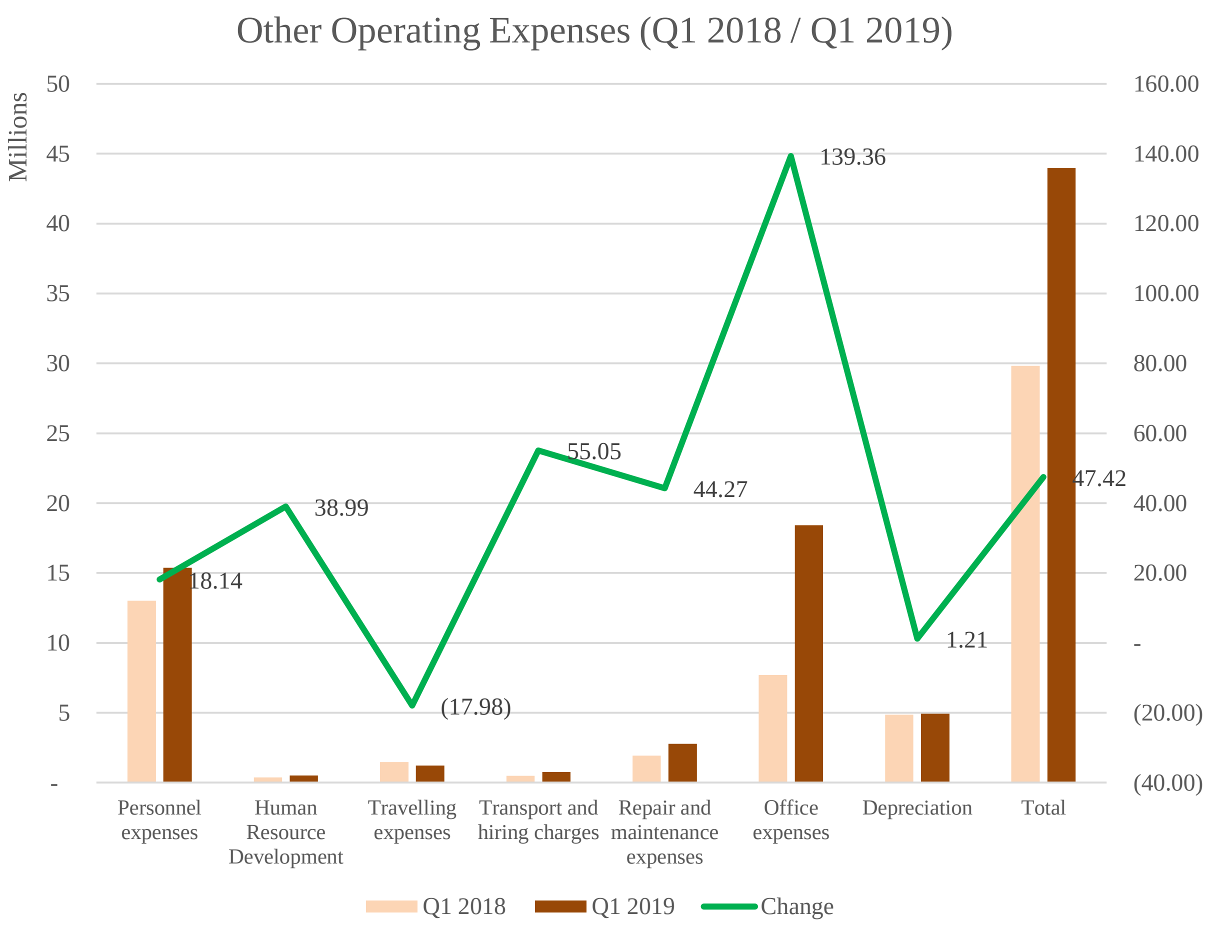
Q1 2018 Q1 2019

- Revenue increased by 12% compared to the same quarter of the previous year arising from increased volume of electricity used generally by the citizens, probably due to climate changes (Hot Season) Apart from electricity, STELCO also earns income from selling water.
- Along with revenue increment, significant change could been seen in direct expenses, which increased by 14% compared to Q1 2018. Total direct expenses of STELCO in the quarter in comparison with Q1 2018 is shown by the following table.

Cost of sales	Q1 2018	Q1 2019	Change
cost of fuel and lub oil	250,025,936	276,464,153	26,438,217
cost of power purchase	786,984	2,120,344	1,333,360
cost of sale of goods	6,645	-	(6,645)
cost of sales - sales center	3,311,578	5,977,850	2,666,272
Cost of sales - Maa TV	4,253,885	-	(4,253,885)
Customer services expenses	10,885,063	3,537,382	(7,347,681)
Repairs and maintenance - PP & Distribution	32,889,682	18,100,782	(14,788,900)
Employee benefit expense	20,540	38,854,461	38,833,921
Depreciation	20,330,951	20,248,072	(82,879)
Water supply expense	-	551,063	551,063
water bottling expense	-	950,593	950,593
Total	**322,511,264**	**366,804,700**	**44,293,436**

- Direct costs increased relatively higher than the increase in revenue. Hence, gross profit margin reduced slightly to 19.64% from 20.9%.
- Other operating expenses increased by 47% compared to Q1 2018. Significant increment can be seen in the growth of personnel expenses and office expenses which covers 77% of the total operating expenses.

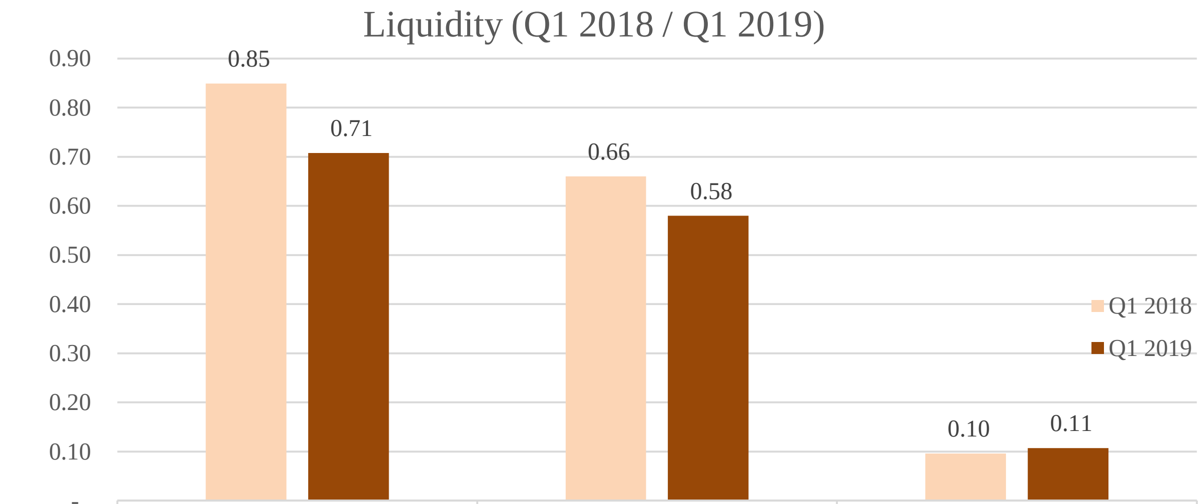
Other Operating Expenses	Q1 2018	Q1 2019	Change	%
Personnel expenses	13,010,741	15,370,331	2,359,590	18.14
Human Resource Development	363,846	505,722	141,876	38.99
Travelling expenses	1,476,204	1,210,714	(265,490)	(17.98)
Transport and hiring charges	485,825	753,291	267,466	55.05
Repair and maintenance expenses	1,932,607	2,788,107	855,500	44.27
Office expenses	7,698,672	18,427,313	10,728,641	139.36
Depreciation	4,862,942	4,921,838	58,896	1.21
Total	**29,830,837**	**43,977,316**	**14,146,479**	**47.42**



Finance Costs	Q1 2018	Q1 2019	Change	%
Interest on Loan - Foreign	22,270,854.00	21,437,595.00	(833,259.00)	(4)
Interest on Loan - Local	-	554,879.00	554,879.00	0
Gain / (Loss) on Foreign Exchange	868,563.00	(17,883.00)	(886,446.00)	(102)
Total	23,139,417.00	21,974,591.00	21,974,591.00	(5)

- Total finance costs reduced by 5% compared to the same quarter of the previous year though total borrowings increased by 48% (due to increased value of Borrowings from Exim Bank) The company is currently repaying the debt taken from MIB.
- Though interest expenses reduced the company faced a fall in net profit by 17% compare to Q1 2018 due to higher operational expenses. Hence, profit margins has shown a downturn.

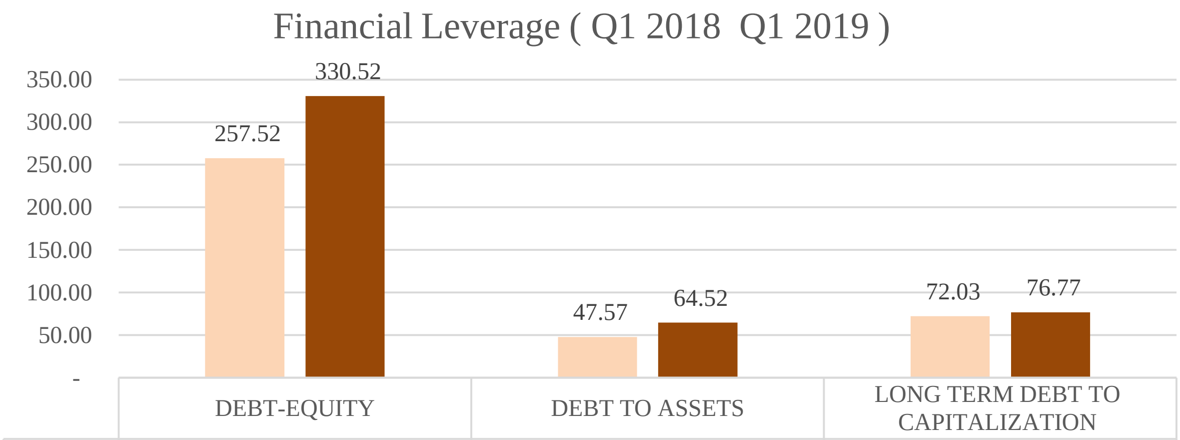
LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	2,331,424,220	3,270,485,778
CURRENT RATIO	0.85	0.71
QUICK RATIO	0.66	0.58
CURRENT ASSETS	625,330,191	591,723,573
CURRENT LIABILITIES	736,321,068	835,860,806
WORKING CAPITAL	(110,990,877)	(244,137,233)
CASH RATIO	0.096	0.107
INVENTORY	139,383,854	107,061,881



	CURRENT RATIO	QUICK RATIO	CASH RATIO
Q1 2018	0.85	0.66	0.10
Q1 2019	0.71	0.58	0.11

- Total long-term assets increased significantly by 40% after Q1 2018, due to capital projects by the company recognized as work in progress.
- Current assets reduced by MVR 33.6 million (5%) compared to Q1 2018 due to reduction of trade receivables and inventories. However, cash and cash equivalents moved favorably by 27% compared to the same period. Receivables recorded a fall due to advance payments which has been recorded in Q1 2018.
- Cash and cash equivalents show an increased figure due to increased borrowings recorded in the quarter which the company has to payback.
- Short term liabilities increased by 13% compared to Q1 2018. Apart from trade payables being increased high amount has been recorded as retention payable.
- Hence, liquidity ratio of the company has weakened compared to Q1 2018. The company has to implement strategies to collect the receivables and enhance cash inflow.

LEVERAGE	Q1 2018	Q1 2019
DEBT-EQUITY	206.61	330.52
DEBT TO ASSETS	47.57	64.52
LONG TERM DEBT TO CAPITALIZATION	67.39	76.77



	DEBT-EQUITY	DEBT TO ASSETS	LONG TERM DEBT TO CAPITALIZATION
Q1 2018	257.52	47.57	72.03
Q1 2019	330.52	64.52	76.77

Q1 2018 Q1 2019

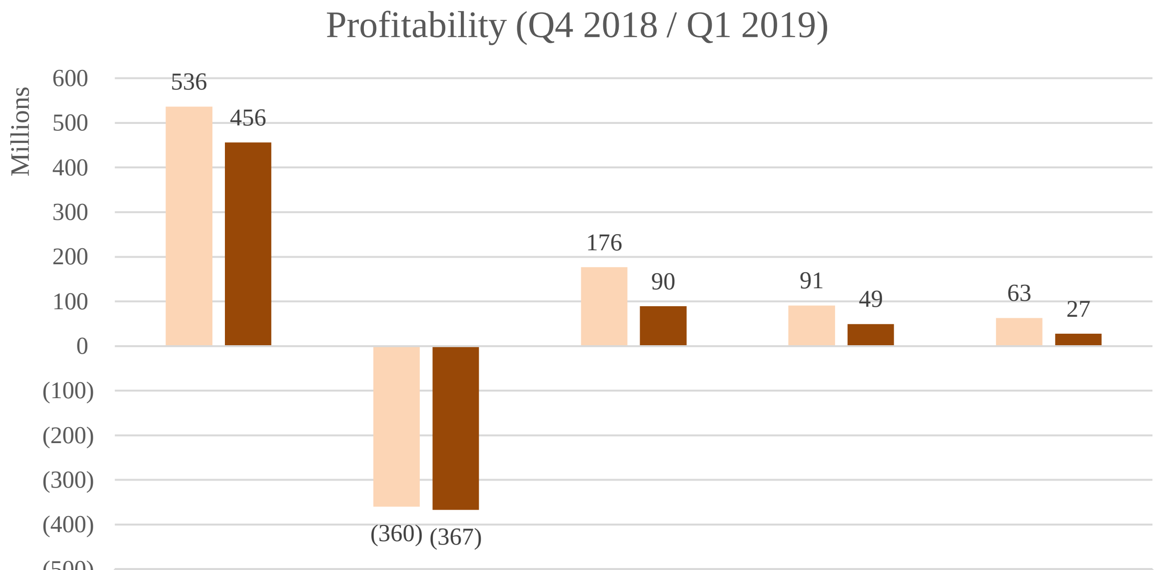
- When considering financial leverage of the company, debt to equity ratio has increased from 207% to 331% in Q1 2019 due to increased borrowings relatively higher than the equity.

Borrowings	**Q1 2018**	**Q1 2019**	**Change**	**%**
ADB Loan (Power Sys Dev Project	10,386,930	10,386,930	-	-
ADB Loan (second Power Sys Project)	33,654,427	33,654,427	-	-
ADB Loan (Third Power Sys Project)	52,758,719	52,758,719	-	-
FEC & DDB Loan (5.4 MV Generator Set)	24,595,026	24,595,026	-	-
NDF Loan (Third Power Sys Project)	54,759,362	54,759,362	-	-
UNI Bank Loan	41,964,501	41,964,501	-	-
UNI Bank Grant	10,379,458	10,379,458	-	-
Fourth Power Development Project	738,561,034	738,561,034	-	-
MIB - MGAF	35,991,516	26,449,166	(9,542,350)	-26.51
Exim Bank 5th Power Development Project	273,129,035	965,924,346	692,795,311	253.65
ADB Loan - Project POISED	147,772,237	150,847,779	3,075,542	2.08
Total	**1,423,952,245**	**2,110,280,748**	**686,328,503**	**48.20**

<u>Q1 of 2019 AND Q4 of 2018</u>

PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	536,400,360	456,431,853	(79,968,507)	-14.91%
Cost of Sales	(360,000,757)	(366,804,699)	(6,803,942)	1.89%
Gross Profit	176,399,603	89,627,155	(86,772,448)	-49.19%
Operating Profit	90,981,232	49,408,328	(41,572,904)	-45.69%
Profit Before Tax	63,112,235	27,433,736	(35,678,499)	-56.53%
Profit After Tax	63,112,235	27,433,736	(35,678,499)	-56.53%

	Q4/2018	Q1/2019
Gross Profit Margin	32.89	19.64
Operating Profit Margin	16.96	10.82
Net profit Margin	11.77	6.01



	Revenue	Cost of Sales	Gross Profit	Operating Profit	Profit Before Tax
Q4/2018	536,400,360	(360,000,757)	176,399,603	90,981,232	63,112,235
Q1/2019	456,431,853	(366,804,699)	89,627,155	49,408,328	27,433,736

- Revenue reduced by 14% compared to the previous quarter as general electricity usage has been reduced compared to the previous quarter. Revenue from other sources such as non-electricity and water sales has recorded an increment compared to the last quarter. Revenue breakdowns are summarized by the following table:

Sales	Q4 2018	Q1 2019	Change	%
Electricity	515,348,853	441,067,342	(74,281,511)	-14.41
Non-electricity	18,849,544	15,669,604	(3,179,940)	-16.87
Water fee	1,867,395	2,637,603	770,208	41.25
water bottling	334,567	688,951	354,384	105.92
Total	**536,400,359**	**460,063,500**	**(76,336,859)**	**-14.23**

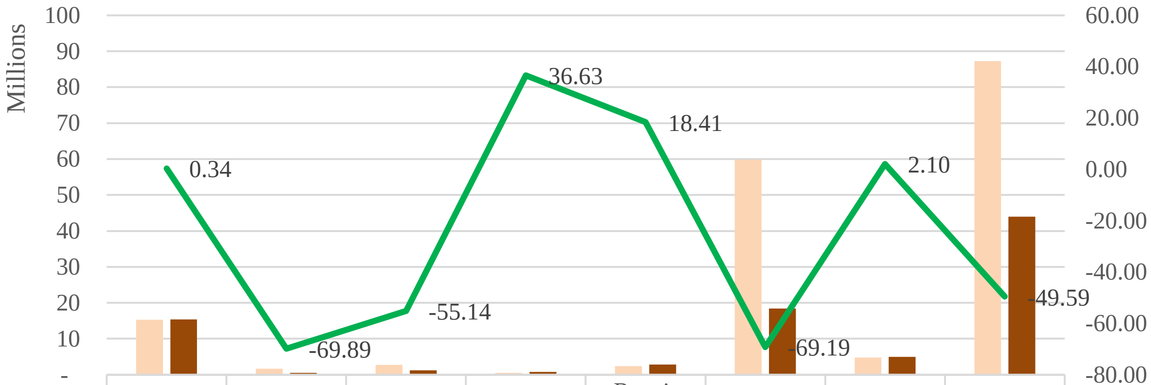
- Though revenue reduced by 14%, direct costs for the quarter increased by 2% compared to the previous quarter mainly from cost of fuel used in engines. Hence gross profit reduced by 49% and gross profit margin reduced to 19.6% from 33% in the previous quarter.

Cost of sales	Q4/2018	Q1/2019	Change	%
cost of fuel and lub oil	254,186,333	276,464,153	22,277,820	8.76
cost of power purchase	2,639,340	2,120,344	(518,996)	-19.66
cost of sale of goods	55,042	-	(55,042)	-100.00
cost of sales - sales center	2,394,731	5,977,850	3,583,119	149.63
Customer services expenses	7,246,289	3,537,382	(3,708,907)	-51.18
Repairs and maintenance - PP & Distribution	30,599,077	18,100,782	(12,498,295)	-40.85
Employee benefit expense	38,723,572	38,854,461	130,889	0.34
Depreciation	21,000,307	20,248,072	(752,235)	-3.58
Water supply expense	263,415	551,063	287,648	109.20
water bottling expense	2,892,651	950,593	(1,942,058)	-67.14
Total	**360,000,757**	**366,804,700**	**6,803,943**	**1.89**

- Other operating expenses reduced by 49% which details as follows:

Other Operating Expenses	Q4/2018	Q1/2019	Change	%
Personnel expenses	15,318,553	15,370,331	51,778	0.34
Human Resource Development	1,679,587	505,722	(1,173,865)	-69.89
Travelling expenses	2,699,142	1,210,714	(1,488,428)	-55.14
Transport and hiring charges	551,338	753,291	201,953	36.63
Repair and maintenance expenses	2,354,627	2,788,107	433,480	18.41
Office expenses	59,816,544	18,427,313	(41,389,231)	-69.19
Depreciation	4,820,661	4,921,838	101,177	2.10
Total	**87,240,452**	**43,977,316**	**(43,263,136)**	**-49.59**

Operational Expenses

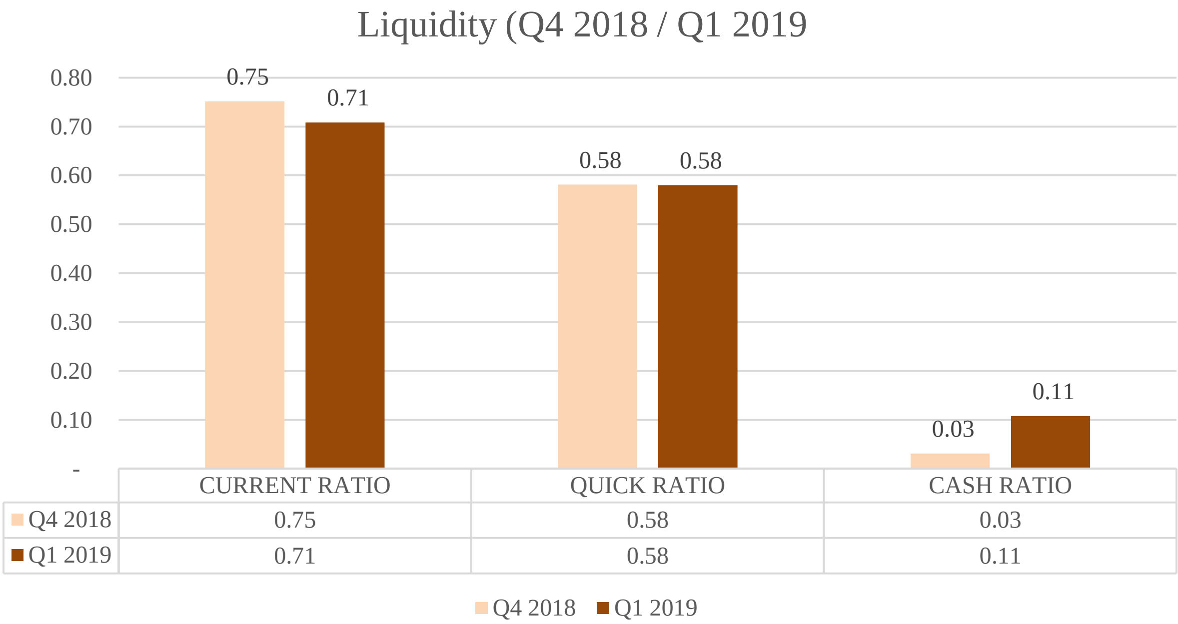


	Personnel expenses	Human Resource Development	Travelling expenses	Transport and hiring charges	Repair and maintenance expenses	Office expenses	Depreciation	Total
Q4/2018	15,318,55	1,679,587	2,699,142	551,338	2,354,627	59,816,54	4,820,661	87,240,45
Q1/2019	15,370,33	505,722	1,210,714	753,291	2,788,107	18,427,31	4,921,838	43,977,31
Change(%)	0.34	-69.89	-55.14	36.63	18.41	-69.19	2.10	-49.59

Q4/2018 Q1/2019 Change(%)

- The steep reduction in the profits narrowed as operating expenses reduced. Thus, operating profit reduced by 45%.
- Finance costs reduced by MVR 6 million as interest paid on foreign loans reduced. Profits reduced by 56% though expenses reduced following reduction in revenue.

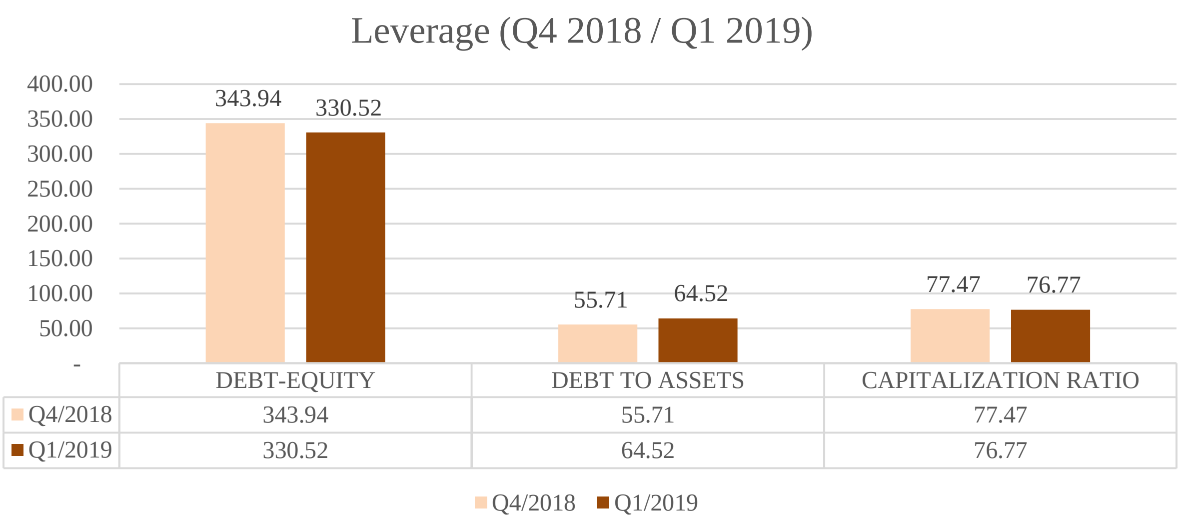
LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	3,201,213,086	3,270,485,778
CURRENT RATIO	0.75	0.71
QUICK RATIO	0.58	0.58
CURRENT ASSETS	590,944,406	591,723,573
CURRENT LIABILITIES	786,664,554	835,860,806
WORKING CAPITAL	(195,720,148)	(244,137,233)
CASH RATIO	0.03	0.11
INVENTORY	133,896,923	107,061,881



	CURRENT RATIO	QUICK RATIO	CASH RATIO
Q4 2018	0.75	0.58	0.03
Q1 2019	0.71	0.58	0.11

- Non-current assets increased by 2% after increased investments recognized as capital work in progress.
- A very slight increment can be seen in the growth of short term assets, Trade receivables and inventories reduced by MVR 37 million and MVR 26.8 million respectively. However cash and cash equivalents increased by MVR 65 million. Cash and cash equivalents increased as a result of proceeds from borrowings in the quarter. Liquidity ratios remained almost equal through the quarters. Cash ratio increased slightly as a result of cash inflow from proceeds of borrowings.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	343.94	330.52
DEBT TO ASSETS	55.71	64.52
CAPITALIZATION RATIO	77.47	76.77



- Debt to Equity reduced slightly from 344% to 330% in Q1 2019 due reduction in the value of total borrowings after interest on borrowings has been expensed by the company. However, debt to assets increased as a result of fall in total assets by MVR 522 million in the quarter compared to the previous quarter. The company is highly geared based on the ratios. However, with regard to the current operations they are not in a position to pay back high level of debts through the operations.

Conclusion

The level of revenue was maintained at a satisfactory level as electricity usage has increased in the last quarter of 2018 compared to Q1 2018. However profitability of the company was negatively affected compared to Q4 2018 as a result of higher cost and expenses along with greater revenue reduction compared to the last quarter of the year.

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

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

Recommendation

- Prompt collection of receivables:
  Receivable collection is one of the major issues in STELCO. They have over MVR 332 million as uncollected revenue from electricity bills at the end of the 1st quarter. Thus necessary steps must be taken to collect the receivables at the earliest. They can make separate policies for public institutes as significant part of receivables is contributed from public institutes and electricity cannot be cut off from a public institute like households. Moreover, necessary measures must be taken for the unpaid customers and relevant authorities must be informed.
- Cash flow enhancement and reduction of Payables:
  Receivable collection measures will assist in improving cash flow position. Cash flow should be forecasted and planned well to make the optimal usage of cash for current operations and to pay back the debts as much as possible. Loans and other accrued expenses can be paid off by enhancing cash position which could assist to improve financial strength of the company.
- Increase Revenue:
  STELCO has already started water bottling and sales which is generating additional revenue. They can further enhance water bottling and sales which could generate a good return in the long run. Likewise, they can use innovative business techniques for other business projects which could yield good return. They also can diversify into engineering service garages which could improve revenue.

- Cost Reduction:
  Cost reduction is the most important aspect for STELCO. Operating expenses like repairs and maintenance, personnel expenses and transport and hiring charges has grown immensely. These costs can be reduced by improving efficiency in every process of the company.

- Inventory Management:
  Proper contingency planning and accurate forecasting is essential for inventory management.
  It is important for STELCO to set par levels of inventory which will set a minimum amount of items which should be on hand. This will alert them when to order more.
  STELCO should have regular inspection on their inventory which will help them in understanding the product conditions before getting obsolete thus avoiding dead stock.
- Set Strategic Targets:
  STELCO needs to make a strategic plan and set objectives and mechanisms to achieve the objectives rather than working on project basis. This will help in adding value to business activities and employees will have an ultimate target to achieve at the end of each year while minimizing costs.

Quarterly review; Quarter 1, 2019

STATE TRADING ORGANIZATION PLC

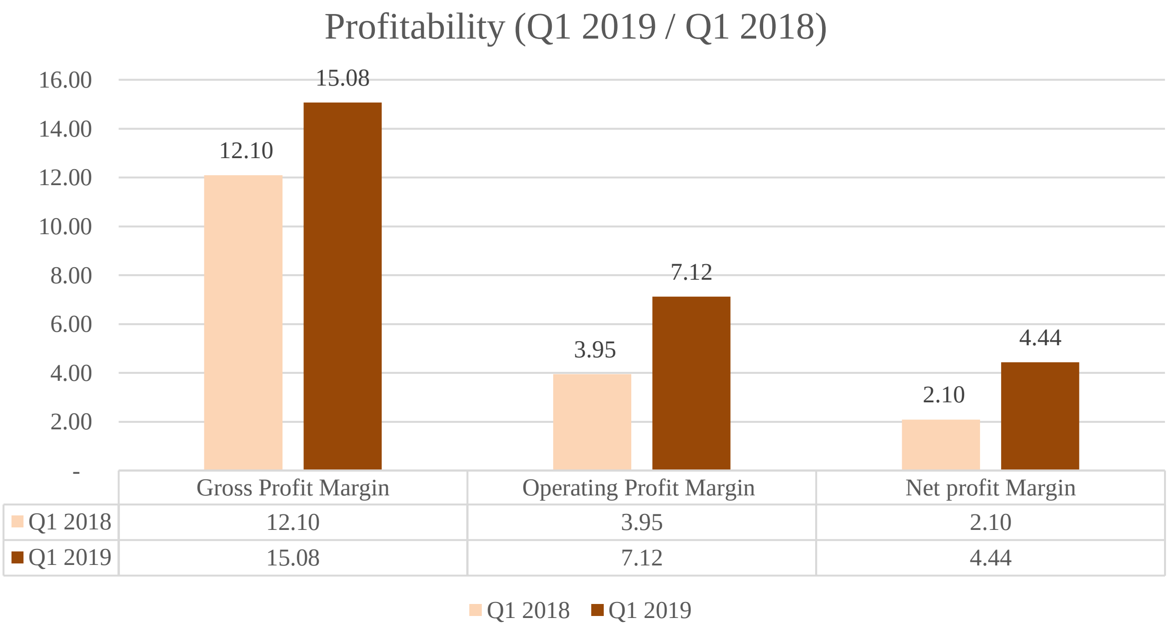
STATE TRADING ORGANIZATION PLC
Q1 2019 PERFORMANCE ANALYSIS

Report No: PEM/2019/STO/Q1

<u>Q1 of 2018 AND Q1 of 2019</u>

PROFITABILITY	Q1 2018	Q1 2019	Change	%
Revenue	2,224,652,636	2,343,841,383	119,188,747	5
Cost of Sales	(1,955,569,185)	(1,990,480,451)	(34,911,266)	2
Gross Profit	269,083,451	353,360,932	84,277,481	31
Operating Profit	87,929,435	166,909,712	78,980,277	90
Profit Before Tax	57,288,817	125,444,556	68,155,739	119
Profit After Tax	46,617,213	103,982,771	57,365,558	123

	Q1 2018	Q1 2019
Gross Profit Margin	12.10	15.08
Operating Profit Margin	3.95	7.12
Net profit Margin	2.10	4.44



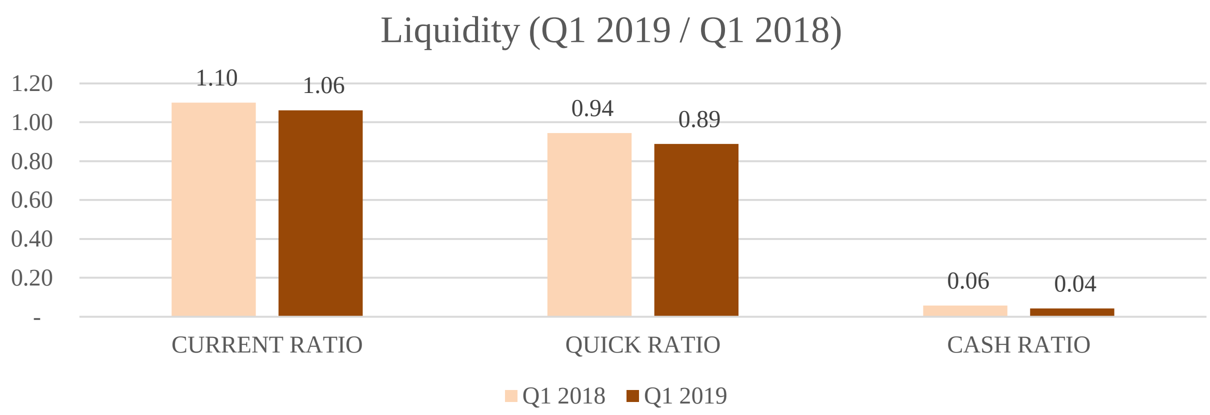
- STO recorded a revenue exceeding MVR 2.3 billion which is an improvement in revenue by MVR 119 million when compared to the same quarter of the previous year.
- Along with increasing sales, administrative costs increased in this quarter by 13%. On the other hand, Selling & Marketing costs and other operating expenses show a decline for this quarter. Operating income has increased by MVR 69

million and finance costs also increased by MVR 35 million. The combined increase and reduction in costs along with rise in revenue resulted net profit to increase by 123% compared to the same quarter of the previous year.

- Thus, profit margins have been increased when both quarters are compared.

	Q1 2018	Q1 2019	Change	%
Other operating income	8,684,007	14,679,072	5,995,065	69.04
Selling and marketing costs	(48,194,401)	(40,672,435)	7,521,966	-15.61
Administrative costs	(140,843,115)	(159,663,488)	(18,820,373)	13.36
Other operating expenses	(800,507)	(794,369)	6,138	-0.77
Finance costs	(30,640,618)	(41,465,155)	(10,824,537)	35.33

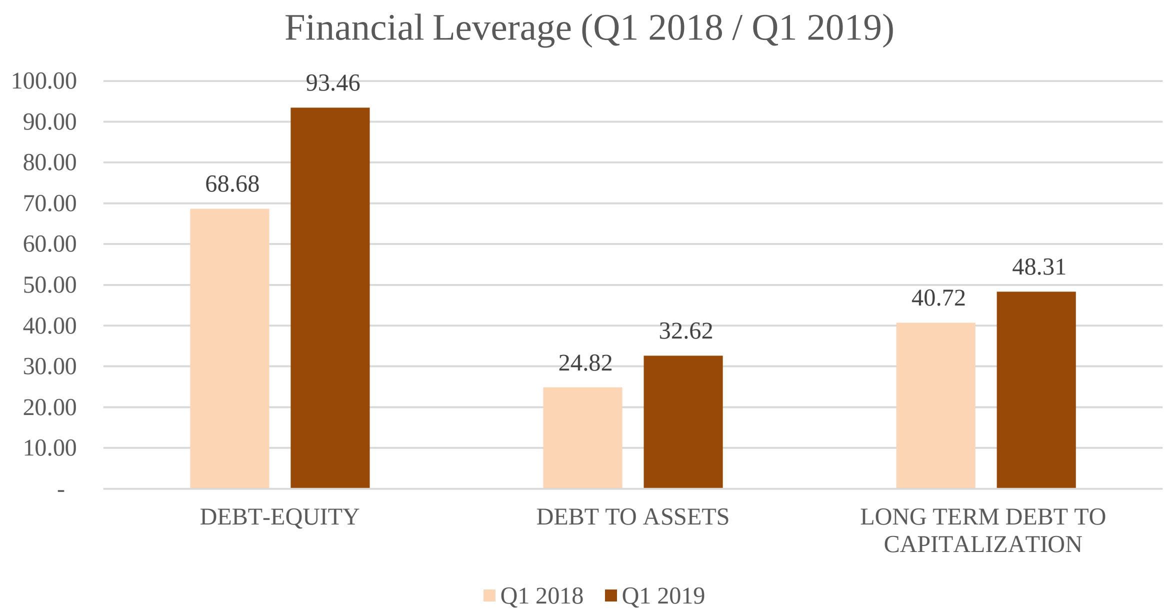
LIQUIDITY	Q1 2018	Q1 2019
NON CURRENT ASSETS	2,408,112,602	2,233,637,546
CURRENT RATIO	1.10	1.06
QUICK RATIO	0.94	0.89
CURRENT ASSETS	4,001,135,783	3,766,159,100
CURRENT LIABILITIES	3,637,767,292	3,547,653,152
WORKING CAPITAL	363,368,491	218,505,948
CASH RATIO	0.06	0.04
INVENTORY	569,418,601	612,513,563



- Non-current assets decreased by 7% contributing from decreased Property, Plant and Equipment and Investments compared to Q1 2018.
- Current assets decreased by MVR 235 million after decreased levels of cash equivalents and receivables. Cash Equivalents has decreased by MVR 53 million while receivables fell by 7% compared to Q1 2018. However inventories records a 7.5% increase during this quarter.

- On the current liabilities side payables reduced by MVR 575 million while borrowings increased by MVR 464 million.
- STO has a satisfactory level of liquidity position where they are in a position to settle the obligations with the short term assets available. Nevertheless, measures must be taken to ensure that receivables are kept at a minimum level since receivables has increased significantly and it holds a greater portion of the total current assets of the company which is quite significant.

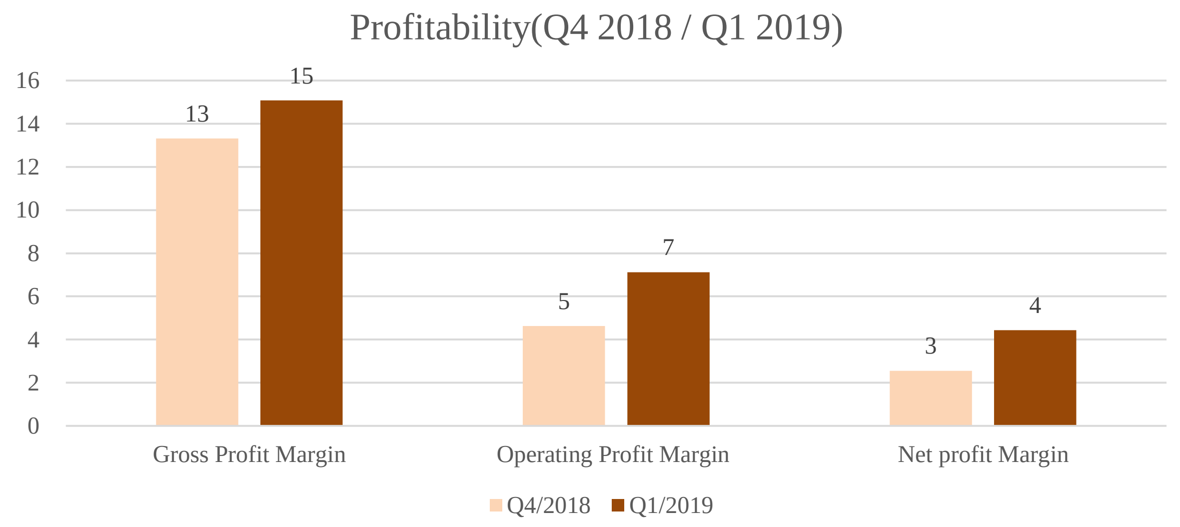
LEVERAGE	**Q1 2018**	**Q1 2019**
DEBT-EQUITY	68.68	93.46
DEBT TO ASSETS	24.82	32.62
LONG TERM DEBT TO CAPITALIZATION	40.72	48.31



Q4 of 2018 AND Q1 of 2019

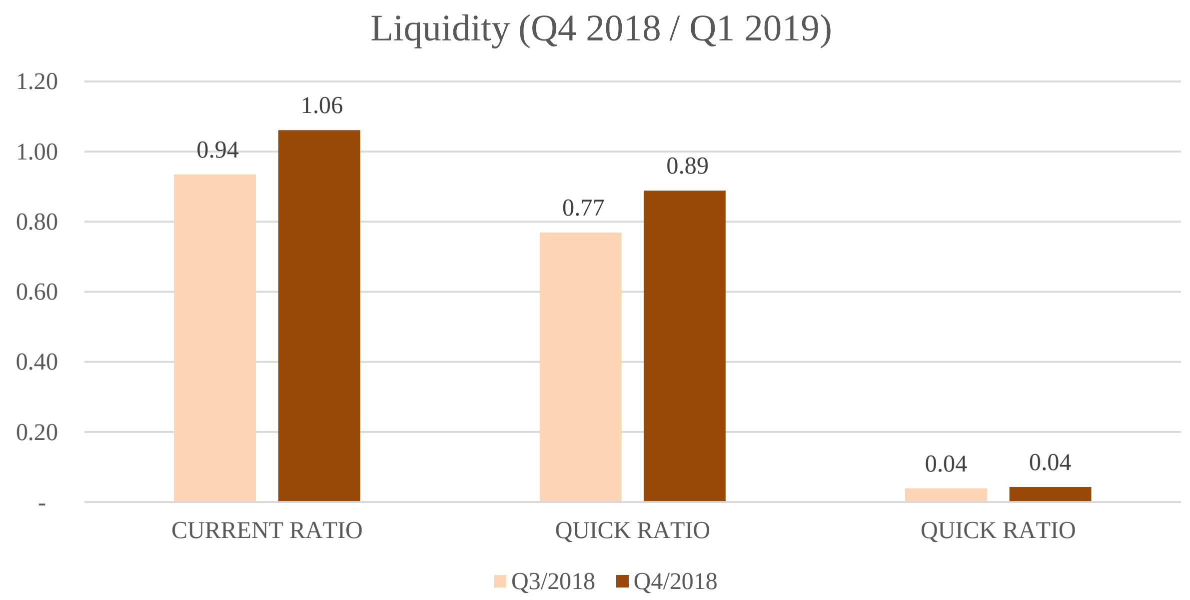
PROFITABILITY	Q4/2018	Q1/2019	Change	%
Revenue	2,566,007,286	2,343,841,383	(222,165,903)	-8.66
Cost of Sales	(2,224,178,842)	(1,990,480,451)	233,698,391	-10.51
Gross Profit	341,828,444	353,360,932	11,532,488	3.37
Operating Profit	118,649,086	166,909,712	48,260,626	40.68
Profit Before Tax	88,028,032	125,444,556	37,416,524	42.51
Profit After Tax	65,571,213	103,982,771	38,411,558	58.58

	Q4/2018	Q1/2019
Gross Profit Margin	13	15
Operating Profit Margin	5	7
Net profit Margin	3	4



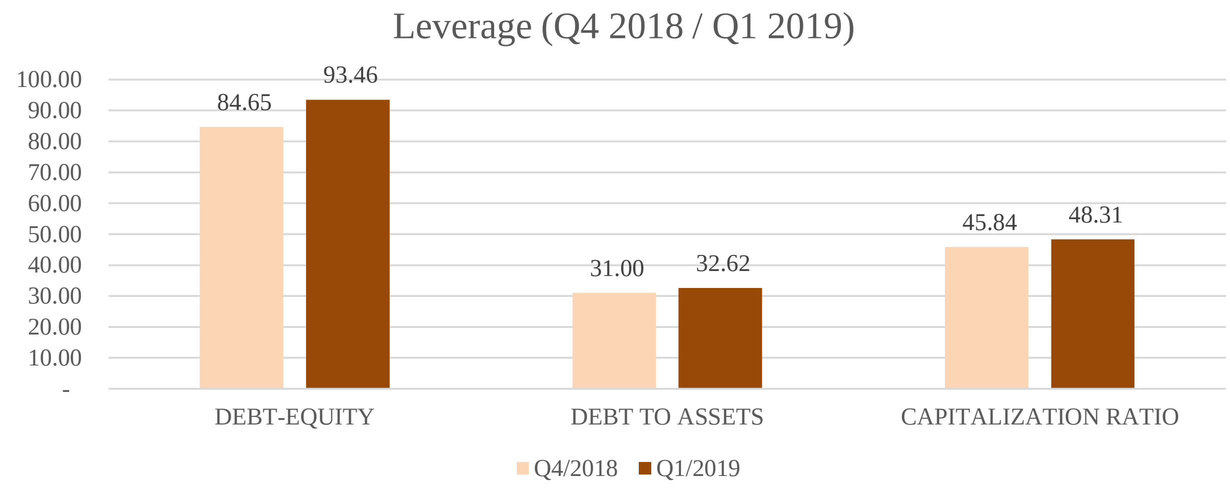
- STO reported revenue exceeding MVR 2.3 billion, however it is 9% decline compared to the Q4.
- While revenue recorded decline, other operating expenses and financial costs increased, during the period. However administrative costs and selling & marketing costs show a decrease when compared to the previous quarter. The operating income also records a decline by MVR 5 million.
- Profit margins improved compared to the previous quarter. However, costs should be minimized relatively to further improve the margins.

LIQUIDITY	Q4/2018	Q1/2019
NON CURRENT ASSETS	2,399,280,700	2,233,637,546
CURRENT RATIO	0.94	1.06
QUICK RATIO	0.77	0.89
CURRENT ASSETS	3,750,825,157	3,766,159,100
CURRENT LIABILITIES	4,009,564,549	3,547,653,152
WORKING CAPITAL	(258,739,392)	218,505,948
CASH RATIO	0.04	0.04
INVENTORY	665,129,644	612,513,563



- Non-current assets decreased by MVR 166 million due to decreased property, plant and equipment and investments compared to the last quarter.
- Current assets increased by MVR 15 million. Trade and other receivables increased by MVR 75 million which is a favorable indication. However, inventories and cash and cash equivalents reduced by MVR 53 million and MVR 7 million respectively.
- Liquidity ratios increased slightly as reduction in current assets are less than the reduction in current liabilities. As such, STO has a satisfactory level of liquidity and there is room for improvement.

LEVERAGE	Q4/2018	Q1/2019
DEBT-EQUITY	84.65	93.46
DEBT TO ASSETS	31.00	32.62
CAPITALIZATION RATIO	45.84	48.31



- The leverage ratios increased compared to previous quarter after increased borrowings compared to the previous quarter.

Employment

STO consists a total of 2,138 employees by the end of the 1st quarter which is 26 staff less when compared to previous quarter. Employment consists of 82% local and the rest being foreign employees.

Conclusion

STO has increased their profitability in this quarter compared to Q1 2018 and Q4 2018. Though the costs increased along with rise in revenue STO managed to improve operating profits and overall margin. However, profit in relation to the sales could be improved in order to increase margin levels.

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

Recommendation

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

Quarterly review; Quarter 1, 2019

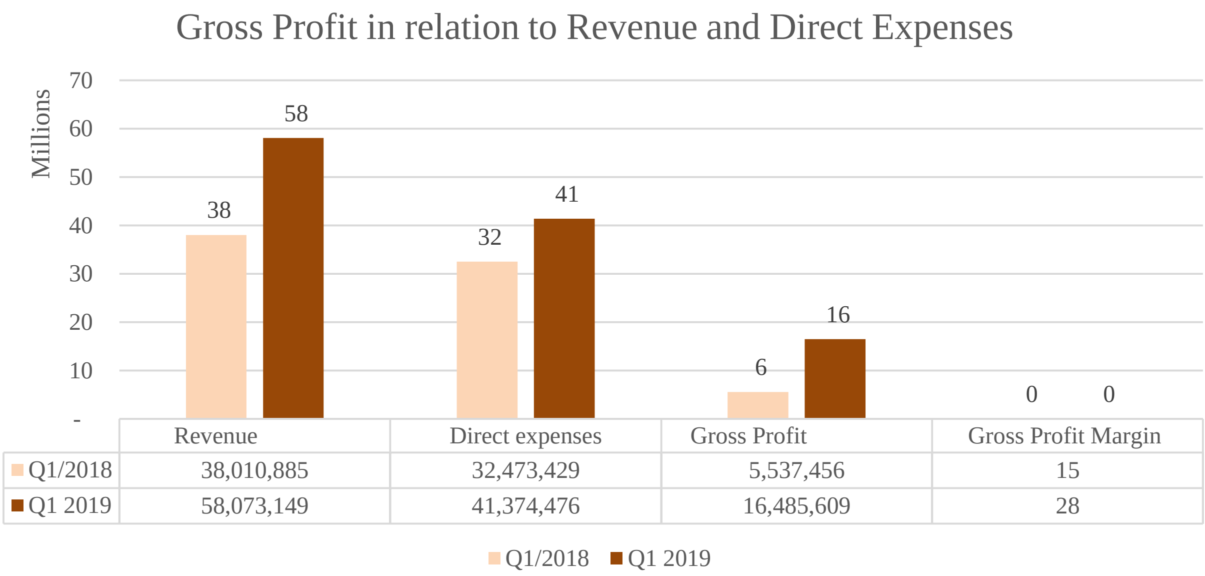
WASTE MANAGEMENT CORPORATION LTD

WASTE MANAGEMENT CORPORATION
Q1 2019 PERFORMANCE ANALYSIS

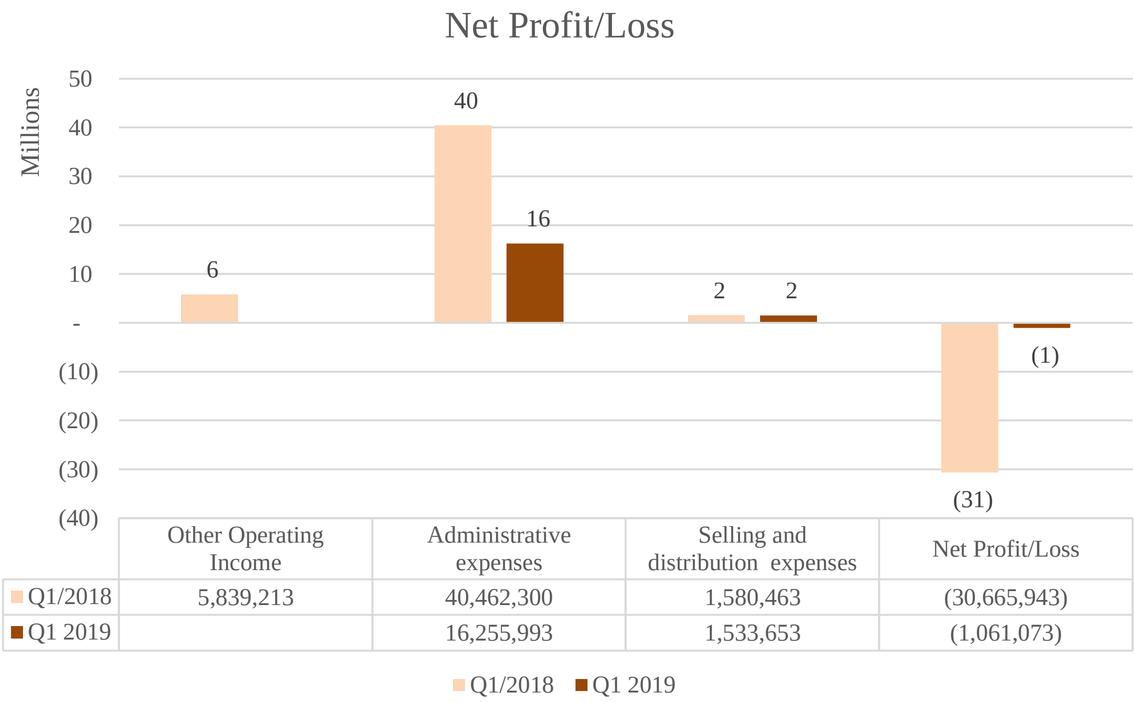
Report No: PEM/2019/WAMCO/Q1

<u>Q1 of 2018 and Q1 of 2019</u>

PROFITABILITY	Q1/2018	Q1 2019	Difference	%
Revenue	38,010,885	58,073,149	20,062,264	53
Direct expenses	32,473,429	41,374,476	8,901,047	27
Gross Profit	5,537,456	16,485,609	10,948,153	198
Gross Profit Margin	15	28	-	-
Other Operating Income	5,839,213		(5,839,213)	(100)
Administrative expenses	40,462,300	16,255,993	(24,206,307)	(60)
Selling and distribution expenses	1,580,463	1,533,653	(46,810)	(3)
Net Profit/Loss	(30,665,943)	(1,061,073)	29,604,870	(97)

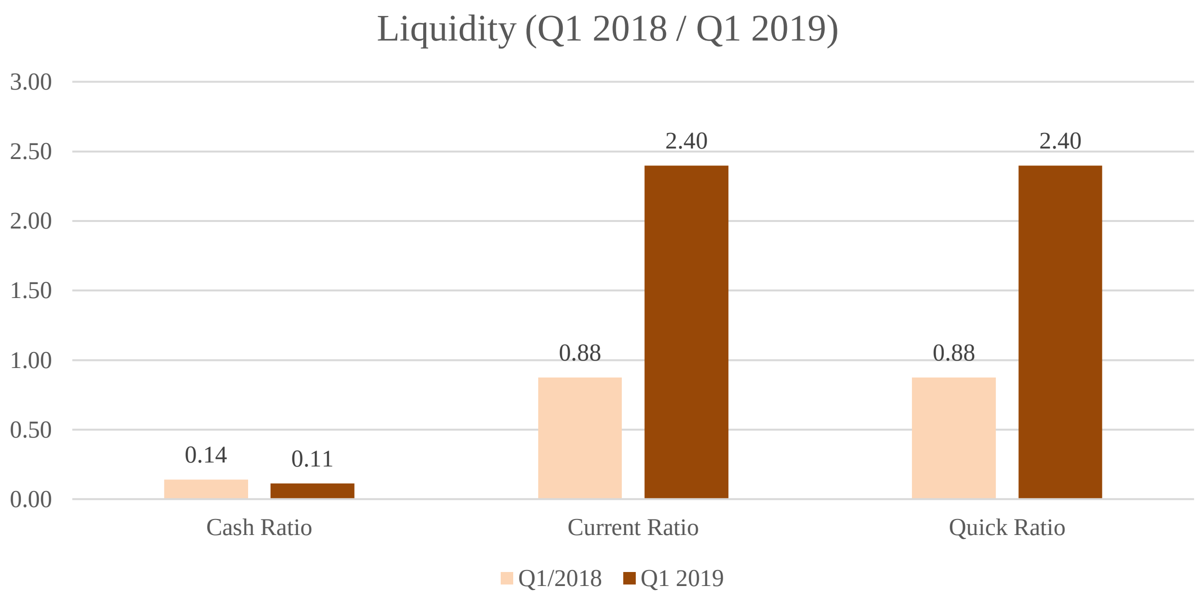


- Due to its increased operations in the business areas, revenue has improved by MVR 20 million in the quarter which is an improvement of 53% compared to the period. The main source of income for WAMCO is the revenue received from managing their core activity i.e. managing waste. Along with increased revenue direct expenses also increased proportionately. The company's direct expenses includes the portion of salaries being classified as direct expense. Due to revenue growth, a remarkable growth can be seen in gross profit compared to the same quarter of the previous year. Accordingly, gross profit margin also improved from 15% to 28%.



- The administrative expenses were reduced in Q1 2019 significantly compared to Q1 2018. The main expenses in Q1 2019 includes depreciation amortization arising from the wear and tear of long term assets other than the staff related expenses. WAMCO has high value of earth moving assets recognized as non-current assets which also has a higher depreciation.
- As administrative expenses reduced significantly, the net loss of MVR 30 million reduced to a loss of MVR 1 million in Q1 2019.

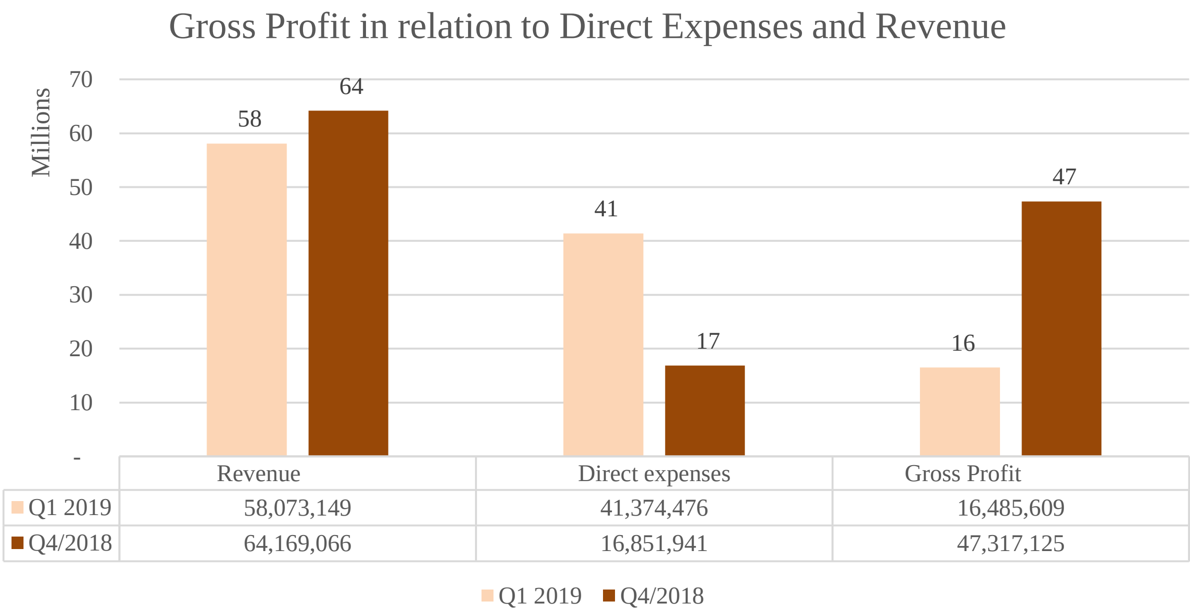
LIQUIDITY	Q1/2018	Q1 2019
Non-Current Assets	153,993,656	140,036,564
Current Assets	81,211,425	113,325,573
Current Liabilities	92,703,621	47,272,026
Working Capital	(11,492,197)	66,053,547
Cash Ratio	0.14	0.11
Current Ratio	0.88	2.40
Quick Ratio	0.88	2.40



- Non-current assets reduced by MVR 14 million compared to Q1 2018.
- Current assets increased by MVR 32 million which is an increase of 39.5% compared to the same quarter of the previous year. Trade and other receivables increased while cash and cash equivalents fell compared to Q1 2018. Cash balance reduced since the company paid off part of its payable and acquired long term assets during the quarter.
- The current and quick ratios improved showing the company's ability to pay off its current liabilities with their working capital. However, strategies need to be implemented to collect the receivables and enhance cash position. Cash ratio reduced following reduction in cash and cash equivalents.

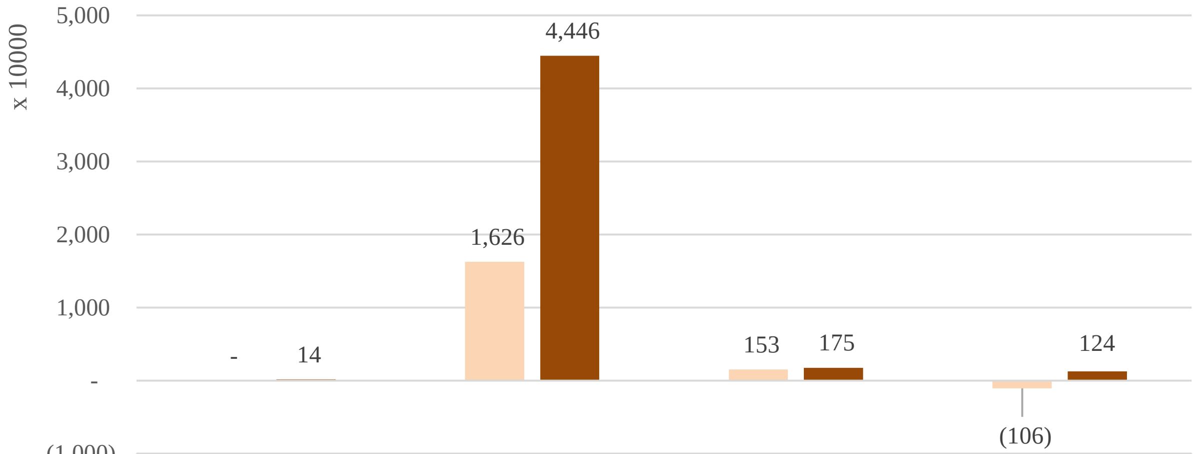
Q4 of 2018 and Q1 of 2019

PROFITABILITY	Q4/2018	Q1 2019	Difference	%
Revenue	64,169,066	58,073,149	(6,095,917)	(9)
Direct expenses	16,851,941	41,374,476	24,522,535	146
Gross Profit	47,317,125	16,485,609	(30,831,516)	(65)
Other Operating Income	140,737	-	(140,737)	(100)
Administrative expenses	44,463,425	16,255,993	(28,207,432)	(63)
Selling and distribution expenses	1,754,810	1,533,653	(221,157)	(13)
Net Profit/Loss	1,239,627	(1,061,073)	(2,300,700)	(186)



- Revenue reduced by 9% compared to the previous quarter, due to fall in waste management income which is the main source of income for the company.
- Direct expenses increased by MVR 24 million following the increased direct wages. Hence the gross profit reduced by 65% compared to Q4 2018. The gross profit margin also fell from 74% to 28%.

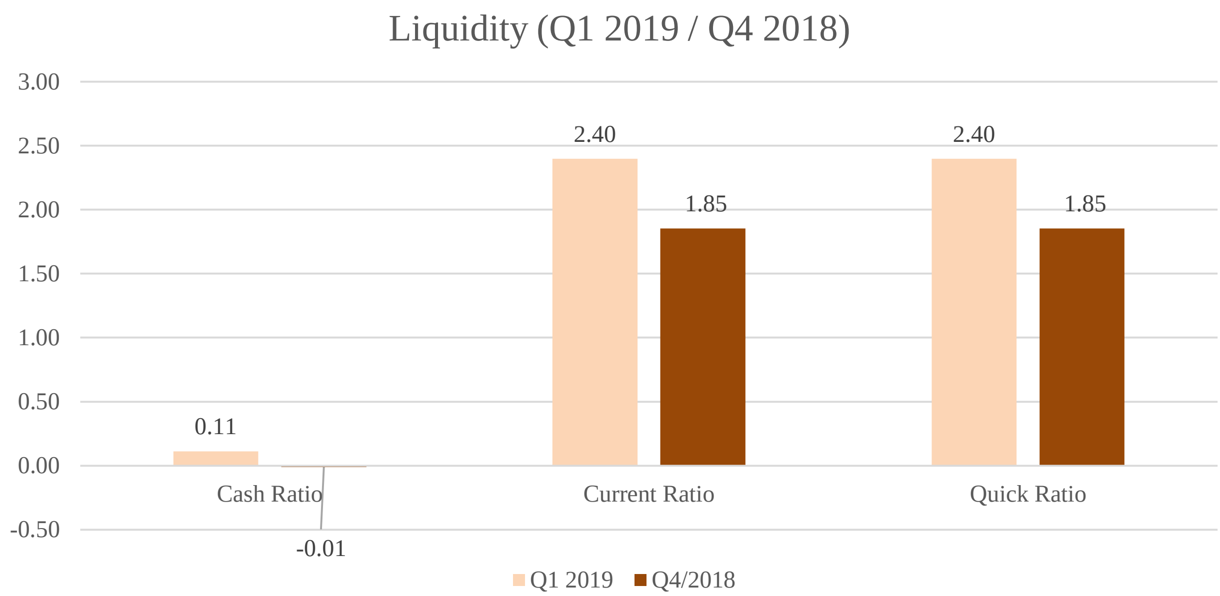
Net Profit / Loss



	Other Operating Income	Administrative expenses	Selling and distribution expenses	Net Profit/Loss
Q1 2019	-	16,255,993	1,533,653	(1,061,073)
Q4 2018	140,737	44,463,425	1,754,810	1,239,627

- As evident from the above graph, the other operating income was nil in Q1 2019. Administrative expenses fell by 63% compared to the last quarter. Though indirect expenses increased the reduction in revenue resulted in net loss for the quarter while WAMCO had recorded a net gain in the previous quarter.

LIQUIDITY	Q1 2019	Q4/2018
Non-Current Assets	140,036,564	143,110,961
Current Assets	113,325,573	105,750,851
Current Liabilities	47,272,026	57,068,025
Working Capital	66,053,547	48,682,826
Cash Ratio	0.11	(0.01)
Current Ratio	2.40	1.85
Quick Ratio	2.40	1.85



- Non-current assets reduced by MVR 3 million compared to the previous quarter mainly due to depreciation.
- Current assets increased by MVR 7 million due to increase in trade receivables. At the same time trade payables also increased by MVR 10 million. Hence, liquidity ratios fell compared to the same period. However, WAMCO has a satisfactory liquidity position where they are able to set off the liabilities against the short term assets. The current assets mainly consists of the receivables which needs to be collected within a reasonable period.

Conclusion

WAMCO has been achieving remarkable results in the year 2018 and has managed to make net profit of MVR 1.2 million for the quarter 4 of 2018. In the first quarter of 2019, the company made a loss of MVR 1.6 million due to revenue loss. However, they have managed their overheads well in the quarter as such the loss was less than the loss incurred in Q1 2018.

The main components of the administrative expenses are staff costs such as salaries and wages paid to the employees and other staff expenses. WAMCO has a significant number of employees working in the collection process and the company may benefit from a review of the company's staff requirement.

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

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

Recommendation

- Receivable collection:
  Receivable collection is a major issue in WAMCO. Proper policies need to be set and implemented to collect receivables at the earliest. WAMCO has already automated their billing and payment process. Thus, necessary policies need to be made and implemented against the unrecovered receivables. Further relevant authorities must be informed and actions need to be taken accordingly. They can also remind the unpaid customers every month through a general message and make public more aware on the pending payments.
  Receivables comprise of a greater portion of debts from government authorities. Proper mechanisms can be arranged with the ministry of finance where they can directly intervene in arranging the payments made by government authorities.
- Reduce Payables:
  It is important to build a strong relation with the suppliers for better terms. Further proper receivable collection will ultimately help in enhancing cash and thus reducing payables.
- Reduction of Operational costs:
  Overall operational cost need to be minimized, mainly the staff costs need to be minimized by reviewing the pay structure and the adequacy of number of staffs. WAMCO recruited relatively high number of employees for the collection and disposal of waste. They can employ contract staffs who would require benefits instead of full time employees. This would also help them in managing staff costs.
- Revenue Improvement:
  WAMCO can improve revenue in waste disposal by:
  - Specializing on a specific niche like disposal of medical waste management, food waste management, commercial/industrial waste management, disposal of electronic devices, green waste, construction waste and hazardous waste management.
    Medical waste has certain strict regulations in regard to disposal. Hence, WAMCO has an opportunity to get into medical waste disposal where they can charge higher prices for such disposals which could ultimately increase revenue.
    Food waste management also can be done separately from restaurants and grocers. These waste should be disposed in a sanitary and efficient manner. Thus, WAMCO can play a leading role in disposing such waste where restaurants and groceries will also have the motivation to dispose such waste in the cleanest way to build their reputation. WAMCO also can charge different prices for these niches.
- WAMCO can grow by recycling waste and offering environmentally friendly services. Government is seeking to reduce their environmental footprint by reducing and recycling waste they produce. Implementing ways to recycle waste can help WAMCO to save costs, benefit the planet and boost their image. This will ultimately increase revenue and aid WAMCO in recovering costs.
- Consequently WAMCO should ensure that they are adequately financed. As a startup waste management business, WAMCO is capital intensive. Thus, careful financial planning and keeping a close eye on cash flow is essential. They have to be prepared with a backup plan to get the cash they might need urgently.