SUMMARY OF QUARTERLY REVIEW

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SECRETARIAT FOR
PRIVATIZATION AND CORPORATIZATION BOARD

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Secretariat for Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW

QUARTER 2, 2021

INTRODUCTION

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

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 second quarter of 2021 with the second quarter of 2020.

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. The gearing level is understood through debt to equity and debt to assets ratio.

In that context, this report consists of quarterly review of 29 different SOEs operating in the Maldivian market, which contributes significantly to the GDP of Maldives.

SUMMARY OF FINANCIALS

COMPANY NAME	Non-Current Assets	Current Assets	Total Assets	Loans and Borrowings	Total Liabilities
AASANDHA COMPANY LIMITED	9,726,517	29,703,065	39,429,582	-	27,998,525
BUSINESS CENTRE CORPORATION LTD	4,587,474	3,983,581	8,571,055	3,117,148	4,312,632
FAHI DHIRIULHUN CORPORATION LTD	2,804,979	11,739,442	14,544,421	1,963,046	2,131,321
KAHDHOO AIRPORT COMPANY LTD	55,627,920	44,661,323	100,289,243	-	2,580,558
MALDIVES HAJJ CORPORATION LTD	93,113,202	92,651,897	185,765,099	-	207,786,702
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	157,389,940	1,707,281	159,097,221	-	230,284,424
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	9,021,285	1,644,587,040	1,653,608,325	80,045,654	1,616,208,977
MALDIVES SPORTS CORPORATION LTD	948,057	1,415,448	2,363,505	-	136,924
ROAD DEVELOPMENT CORPORATION LIMITED	7,316,139	90,484,286	97,800,425	1,114,253	163,479,000
SME DEVELOPMENT FINANCE CORPORATION LTD	3,703,607	742,117,560	745,821,167	-	115,575,253
PUBLIC SERVICE MEDIA	594,452,332	20,127,185	614,579,517	89,252,000	200,193,242
WASTE MANAGEMENT CORPORATION	179,004,924	144,180,238	323,185,162	11,345,720	118,201,371
TRADE NET MALDIVES CORPORATION LTD	12,103,025	1,262,291	13,365,316	-	9,924,268
REGIONAL AIRPORTS COMPANY LIMITED	195,000	23,860,688	24,055,688	-	2,800,800
TOTAL	**1,129,994,401**	**2,852,481,325**	**3,982,475,726**	**186,837,821**	**2,701,613,997**
ADDU INTERNATIONAL AIRPORT PVT LTD	547,840,921	45,275,234	593,116,155	477,257,356	763,908,058
BANK OF MALDIVES LTD*	NA	NA	34,206,195,000	-	26,530,343,000
DHIVEHI RAAJJEYGE GULHUN PLC	2,266,676,000	2,071,783,000	4,338,459,000	118,856,000	1,832,523,000
FENAKA CORPORATION LTD	2,640,575,600	682,920,398	3,323,495,998	128,322,584	1,084,007,535
HOUSING DEVELOPMENT CORPORATION	23,927,538,969	13,079,197,193	37,006,736,162	10,793,295,717	13,860,282,155
HOUSING DEVELOPMENT FINANCING CORPORATION PLC*	NA	NA	2,185,395,705	1,089,731,958	1,502,209,248
ISLAND AVIATION SERVICES LIMITED	2,011,656,359	1,088,195,228	3,099,851,587	572,981,048	2,044,296,533
MALDIVES AIRPORTS COMPANY LTD	20,855,536,000	2,371,765,000	23,227,301,000	8,017,286,000	17,106,322,000
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1,062,252,335	1,693,944,997	2,756,197,332	521,972,071	1,457,028,739
MALDIVES TOURISM DEVELOPMENT CORPORATION	1,075,935,959	128,656,477	1,204,592,436	-	591,112,655
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1,635,091,291	1,108,652,461	2,743,743,752	143,294,635	987,210,139
MALDIVES PORTS LIMITED	972,778,794	882,631,537	1,855,410,331	220,264,290	817,291,186
STATE ELECTRIC COMPANY LTD	4,016,459,879	1,072,287,642	5,088,747,521	3,498,673,300	4,101,479,790
STATE TRADING ORGANIZATION PLC	2,486,000,632	4,286,522,334	6,772,522,966	2,110,627,675	4,103,934,461
MALDIVES POST LIMITED	66,223,196	98,258,128	164,481,324	-	95,125,755
TOTAL	**63,564,565,935**	**28,610,089,629**	**128,566,246,269**	**27,692,562,634**	**76,877,074,253**
GRAND TOTAL	**64,694,560,336**	**31,462,570,954**	**132,548,721,995**	**27,879,400,456**	**79,578,688,251**

**Q2 2021 Report not received from Maldives Fund Management Corporation Limited*

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

The table illustrates the balance sheet figures of SOEs as at the end of 30 June 2021. HDC is the highest asset-based company with total assets of over MVR 37 billion. A huge amount is reported under investment properties and inventories. Following, BML's total asset of MVR 34 billion and MACL's total assets of MVR 23 billion. MACL has significant capital works-in-progress including new runway, fuel farm and cargo terminal.

Companies such as STO, STELCO, Dhiraagu, Fenaka, IAS, MTCC, MWSC, HDFC, MMPRC and MTDC have total assets over MVR 1 billion.

HDC and MACL have the most loans and borrowings among the SOEs as a result of huge capital projects of these two companies. In terms of liabilities, BML has the highest liabilities because of significant dues to customers (customer deposits) which is due to nature of banking business. In addition, MACL has total liabilities of MVR 17 billion and HDC has total liabilities of 13.8 billion at the end of the second quarter 2021.

REVENUE GROWTH				
	COMPANY NAME	Q2 2020 (MVR)	Q2 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	11,311,702	12,602,134	11%
2	BUSINESS CENTRE CORPORATION LTD	-	4,356,064	100%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	679,683	2,003,745	195%
5	MALDIVES HAJJ CORPORATION LTD	-	-	-
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	115,094	156%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	446,563	39,543,358	8755%
8	MALDIVES SPORTS CORPORATION LTD	-	-	-
9	ROAD DEVELOPMENT CORPORATION LIMITED	7,811,386	24,954,546	219%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	3,373,787	12,459,025	269%
11	PUBLIC SERVICE MEDIA	23,279,472	24,209,878	4%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	4,599,471	100%
13	WASTE MANAGEMENT CORPORATION	41,564,331	61,097,671	47%
14	TRADE NET MALDIVES CORPORATION LTD	-	577,337	100%
	TOTAL	**88,511,924**	**186,518,323**	111%
15	ADDU INTERNATIONAL AIRPORT PVT LTD	2,519,697	12,253,149	386%
16	BANK OF MALDIVES LTD	551,105,000	785,051,000	42%
17	DHIVEHI RAAJJEYGE GULHUN PLC	546,772,000	617,429,000	13%
18	FENAKA CORPORATION LTD	424,165,479	482,430,855	14%
19	HOUSING DEVELOPMENT CORPORATION	56,494,329	132,435,300	134%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	48,644,839	48,443,570	0%
21	ISLAND AVIATION SERVICES LIMITED	109,367,171	190,156,163	74%
22	MALDIVES AIRPORTS COMPANY LTD	110,647,000	806,424,000	629%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	248,070,432	423,324,735	71%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	13,733,360	13,793,437	0%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	204,402,239	248,084,935	21%
26	MALDIVES PORTS LIMITED	119,474,413	169,786,864	42%
27	STATE ELECTRIC COMPANY LTD	438,017,750	519,473,922	19%
28	STATE TRADING ORGANIZATION PLC	1,299,195,133	2,216,545,814	71%
29	MALDIVES POST LIMITED	1,566,062	3,723,233	138%
	TOTAL	**4,174,174,905**	**6,669,355,976**	**60%**
	GRAND TOTAL	**4,262,686,828**	**6,855,874,299**	**61%**

**Q2 2021 Report not received from Maldives Fund Management Corporation Limited*

Total revenue generated by the SOEs in the second quarter of 2021 is MVR 6.9 billion. The overall revenue of SOE's has improved in Q2 2021 by MVR 2.6 billion, which is a growth of 61% compared to Q2 2020. The growth in the revenue in Q2 2021 from the SOE's are mainly due to the relaxation of the restrictions due to Covid-19 by the Health Protection Agency in Q2 2020. STO has the highest revenue among the SOEs and has a revenue growth in Q2 2021 by MVR 917 million (71%) compared to Q2 2020 mainly due to increase in global fuel price in the quarter. However, it is highlighted that STO receives fuel subsidy from the government to maintain the subsidized fuel prices. It has to be noted that the revenue was improved from all the SOE's except a slight revenue decline from HDFC.

BCC has not generated any revenue in Q2 2020 as its first income generating activity, Authentic Maldives Duty free shop at Velana International Airport, was launched on 9th January 2020. Likewise, TMC has not generated any revenue as the service operations in contact center was started in the last quarter of the year 2020. In addition, RACL was incorporated on 11th January 2021, hence no income for Q2 2020. However, these companies has generated income in the second quarter of 2021 where BCC and RACL has reported revenue above MVR 4 million in the quarter. It is important to highlight that FDC, MHCL and MSCL has not generate any revenue in both the quarters of Q2 2021 and Q2 2020. It is noted that MHCL was not able to generate revenue due to the Covid-19 pandemic, business operations of the company has been on halt and Ramadan Umrah planned for the quarter was cancelled. Likewise, FDC is currently in the process of implementing the social housing projects mandated by the government and company will be able to generate revenue once the housing units are completed in 2 to 3 years' time.

	GROSS PROFIT			
	COMPANY NAME	**Q2 2020 (MVR)**	**Q2 2021 (MVR)**	**%**
1	AASANDHA COMPANY LIMITED	11,311,702	12,602,134	11%
2	BUSINESS CENTRE CORPORATION LTD	-	1,384,507	100%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	7,562	596,809	7792%
5	MALDIVES HAJJ CORPORATION LTD	(3,125)	-	100%
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	115,094	156%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(9,674,444)	19,975,218	306%
8	MALDIVES SPORTS CORPORATION LTD	(1,967,099)	-	100%
9	ROAD DEVELOPMENT CORPORATION LIMITED	5,090,964	8,903,580	75%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	3,373,787	12,459,025	269%
11	PUBLIC SERVICE MEDIA	7,737,969	5,499,778	-29%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	4,392,624	100%
13	WASTE MANAGEMENT CORPORATION	3,345,467	9,776,209	192%
14	TRADE NET MALDIVES CORPORATION LTD	-	577,337	100%
	TOTAL	**19,267,783**	**76,282,315**	**296%**
15	ADDU INTERNATIONAL AIRPORT PVT LTD	(15,320,955)	(14,464,580)	6%
16	BANK OF MALDIVES LTD	551,105,000	785,051,000	42%
17	DHIVEHI RAAJJEYGE GULHUN PLC	157,801,000	234,902,000	49%
18	FENAKA CORPORATION LTD	173,645,988	216,756,755	25%
19	HOUSING DEVELOPMENT CORPORATION	56,494,329	124,795,764	121%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	35,547,426	35,942,946	1%
21	ISLAND AVIATION SERVICES LIMITED	(21,080,563)	3,846,030	118%
22	MALDIVES AIRPORTS COMPANY LTD	76,140,000	520,168,000	583%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	24,654,042	89,677,482	264%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	9,059,867	6,589,166	-27%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	134,702,320	147,690,871	10%
26	MALDIVES PORTS LIMITED	95,136,403	169,786,864	78%
27	STATE ELECTRIC COMPANY LTD	132,978,451	93,434,888	-30%

28	STATE TRADING ORGANIZATION PLC	345,393,732	383,161,684	11%
29	MALDIVES POST LIMITED	1,540,524	3,181,024	106%
	TOTAL	**1,757,797,564**	**2,800,519,894**	**59%**
	GRAND TOTAL	**1,777,065,347**	**2,876,802,209**	**62%**

**Q2 2021 Report not received from Maldives Fund Management Corporation Limited*

With significant growth in the revenue, overall gross profit of SOEs has improved in the second quarter of 2021 by MVR 1.1 billion, which is a growth of 62% compared to the same quarter of previous year. Companies such as BML, MACL, STO, Dhiraagu, Fenaka, PORTS, MWSC and HDC have recorded gross profit over MVR 100 million individually, at the end of the second quarter 2021 compared to Q2 2020.

Although, STELCO reported an increase in revenue, company's gross profit has declined by MVR 39.5 million in Q2 2021 compared to Q2 2020 mainly due to increase in direct costs in Q2 2021. Company's direct costs was increased in Q2 2021 by 40% compared to Q2 2020, as a result of increase in cost of fuel and lube oil with the increase of production in Q2 2021. Likewise, MTDC's direct costs increased in Q2 2021 by MVR 2.5 million compared to Q2 2020. Hence, company's gross profit declined by MVR 2.5 million in Q2 2021 compared to Q2 2020. In addition, PSM's gross profit was also declined in Q2 2021 by MVR 2.2 million compared to Q2 2020 due to increase in direct costs in Q2 2021 by MVR 3.2 million compared to Q2 2020. PSM's direct costs was mainly increased due to increase in production, production payroll - overtime was increased by MVR 1.3 million in Q2 2021.

On the other hand, AIA reported a gross loss of MVR 14.5 million in Q2 2021 due to high operating expenses compared to the revenue generated in the quarter. However, gross loss of AIA was declined by 6% compared to Q2 2020. It is highlighted that, MHCL has not recorded any gross profit or loss in the second quarter of 2021 as there was no business operations related to the core business of Hajju and Umra during the quarter. Hence, company did not generate any revenue and does not incurred any cost of sales in Q2 2021. Similarly, SPORTS has not carried any project in Q2 2021, hence no gross profit or loss for the quarter reported.

NET PROFIT

	COMPANY NAME	Q2 2020 (MVR)	Q2 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	(372,746.00)	480,869	229%
2	BUSINESS CENTRE CORPORATION LTD	(2,365,107)	(3,994,796)	-69%
3	FAHI DHIRIULHUN CORPORATION LTD	(1,782,561)	(1,989,039)	-12%
4	KAHDHOO AIRPORT COMPANY LTD	(7,325,001)	(6,797,895)	7%
5	MALDIVES HAJJ CORPORATION LTD	(291,903)	26,799	109%
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(5,738,600)	(5,738,817)	0%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(14,232,674)	15,616,119	210%

8	MALDIVES SPORTS CORPORATION LTD	(3,324,294)	(1,392,749)	58%
9	ROAD DEVELOPMENT CORPORATION LIMITED	(4,671,487)	(15,589,487)	-234%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	(76,750)	(9,236,668)	-11935%
11	PUBLIC SERVICE MEDIA	(3,109,226)	(10,243,350)	-229%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	(9,223,385)	-100%
13	WASTE MANAGEMENT CORPORATION	(18,624,872)	(17,029,613)	9%
14	TRADE NET MALDIVES CORPORATION LTD	(1,288,017)	(2,200,546)	-71%
	TOTAL	**(63,203,238)**	**(67,312,558)**	**-7%**
15	ADDU INTERNATIONAL AIRPORT PVT LTD	(15,320,955)	(21,073,268)	-38%
16	BANK OF MALDIVES LTD	106,282,000	298,948,000	181%
17	DHIVEHI RAAJJEYGE GULHUN PLC	129,576,000	195,806,000	51%
18	FENAKA CORPORATION LTD	18,007,219	30,621,649	70%
19	HOUSING DEVELOPMENT CORPORATION	(3,632,071)	17,793,329	590%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	23,339,881	21,940,483	-6%
21	ISLAND AVIATION SERVICES LIMITED	(110,165,694)	(99,595,675)	10%
22	MALDIVES AIRPORTS COMPANY LTD	(166,108,000)	116,546,000	170%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	15,053,431	63,042,477	319%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	5,170,218	5,148,769	0%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	74,051,843	68,235,504	-8%
26	MALDIVES PORTS LIMITED	(10,004,469)	18,510,640	285%
27	STATE ELECTRIC COMPANY LTD	47,684,990	20,263,258	-58%
28	STATE TRADING ORGANIZATION PLC	104,924,224	110,083,393	5%
29	MALDIVES POST LIMITED	(6,843,719)	(7,617,425)	-11%
	TOTAL	**212,014,898**	**838,653,135**	**296%**
	GRAND TOTAL	**148,811,660**	**771,340,577**	**418%**

**Q2 2021 Report not received from Maldives Fund Management Corporation Limited*

Although, most of the SOEs have reported net loss in Q2 2021, it is noted that the overall net profit of the SOEs was improved in Q2 2021 by MVR 622.5 million which is a growth of 418% compared to the same quarter of previous year. However, it is noted that overall net loss increased from the companies where capital is injected by 7%. Highest net profit is recorded from BML, Dhiraagu, MACL and STO. Even though, MACL, PORTS, HDC, Aasandha and MHCL reported a net loss in Q2 2020, these companies were able to generate net profit in the second quarter of 2021.

All the revenue segments of MACL have performed well in Q2 2021, hence company's performance improved in the quarter compared to Q2 2021. Net profit of Ports Limited was improved as the company reported a revenue growth in Q2 2021 compared to Q2 2020. Likewise, Aasandha and HDC's performance was also improved mainly from the growth of revenue in Q2 2021 compared to Q2 2020. In addition, with the increase in income on financial assets held as investments, MHCL has generated a net profit in Q2 2021.

However, STELCO, RDC, RACL SDFC, PSM, MWSC, AIA, BCC, HDFC, TradeNet, POST, FDC, MTDC and MITDC has reported a decline in net profit in the second quarter of 2021. Among the self-sustained companies, major decline in net profit was reported by STELCO, where the net profit declined by MVR 27 million which is 58% lower compared to the net profit generated in Q2 2020 mainly due to increase in direct costs as a result of increment in fuel & lubricant price. Company's operating expenses was also increased in Q2 2021 by 9% compared Q2 2020, as cost cut down measures are implemented in Q2 2020. Similarly, companies such as MWSC, HDFC and MTDC's net profit was also declined in the second quarter of 2021 compared to the same quarter of previous year.

In addition, some of the company's net loss was increased in Q2 2021 compared to Q2 2020. Where, RDC, SDFC, PSM and AIA's net loss was increased from each company over MVR 5 million in Q2 2021. Likewise, BCC, TradeNet, POST and FDC's net loss was also increased in the second quarter of 2021.

SHORT TERM LIQUIDITY RATIOS

COMPANY NAME	Q2 2020 (MVR) Current Ratio (Times)	Q2 2020 (MVR) Quick Ratio (times)	Q2 2021 (MVR) Current Ratio (times)	Q2 2021 (MVR) Quick Ratio (times)
AASANDHA COMPANY LIMITED	1.08	1.08	2.27 ↑	2.24 ↑
BUSINESS CENTRE CORPORATION LTD	11.15	11.15	3.33 ↓	3.25 ↓
FAHI DHIRIULHUN CORPORATION LTD	31.75	31.75	69.76 ↑	69.76 ↑
KAHDHOO AIRPORT COMPANY LTD	21.50	20.80	17.31 ↓	16.83 ↓
MALDIVES HAJJ CORPORATION LTD	1.13	1.11	3.06 ↑	3.03 ↑
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.01	0.01	0.02 ↑	0.02 ↑
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	1.08	1.08	1.07 ↓	1.07 ↓
MALDIVES SPORTS CORPORATION LTD	3.12	3.01	10.34 ↑	10.05 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	0.73	0.62	0.56 ↓	0.46 ↓
PUBLIC SERVICE MEDIA	0.17	0.17	0.18 ↑	0.18 ↑
REGIONAL AIRPORTS COMPANY LIMITED	N/A	N/A	8.50	8.50
WASTE MANAGEMENT CORPORATION	1.54	1.54	1.35 ↓	1.35 ↓
TRADE NET MALDIVES CORPORATION LTD	4.09	4.09	97.49 ↑	97.49 ↑
ADDU INTERNATIONAL AIRPORT PVT LTD	0.12	0.10	0.09 ↓	0.05 ↓
DHIVEHI RAAJJEYGE GULHUN PLC	1.31	1.25	1.51 ↑	1.48 ↑
FENAKA CORPORATION LTD	0.68	0.33	0.69 ↑	0.29 ↓
HOUSING DEVELOPMENT CORPORATION	4.17	0.79	3.56 ↓	0.73 ↓
ISLAND AVIATION SERVICES LIMITED	0.91	0.84	0.84 ↓	0.78 ↓
MALDIVES AIRPORTS COMPANY LTD	1.63	1.43	0.27 ↓	0.23 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1.47	1.09	1.60 ↑	1.19 ↑
MALDIVES TOURISM DEVELOPMENT CORPORATION	2.40	2.40	1.70 ↓	1.70 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1.60	1.16	1.48 ↓	1.11 ↓
MALDIVES PORTS LIMITED	2.75	1.07	2.14 ↓	0.88 ↓
STATE ELECTRIC COMPANY LTD	2.96	2.42	3.10 ↑	2.54 ↑
STATE TRADING ORGANIZATION PLC	1.13	0.89	1.18 ↑	0.96 ↑
MALDIVES POST LIMITED	1.21	1.20	1.09 ↓	1.09 ↓

**Q2 2021 Report not received from Maldives Fund Management Corporation Limited*

The current ratio measures a company's ability to pay short-term obligations or those due within one year. Current ratio of a company indicates that the company has enough current assets to settle the short-term obligation.

The ideal standard of current ratio is 2:1, indicating that, for every MVR 1 worth of short-term liability, there should be MVR 2 worth of current assets. However, the ratio might differ from industry to industry and the perfect ratio depends on company's nature. Likewise, in theory however, a high ratio (over 3) does not necessarily indicate that a company is in a better financial position. As such, depending on how the company's assets are allocated, a high current ratio may suggest that the company is not using its current assets efficiently, or is not securing financing well, or perhaps is not managing its working capital effectively.

As per the above table TradeNet, FDC, KACL, MSCL and RACL has the highest current ratio, however current ratio of these companies represents the cash balance which is capital injected by the government. This cash is used to finance the operational expenses of the company.

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

The quick ratio reflects company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories.

FINANCIAL LEVERAGE RATIOS

COMPANY NAME	Q2 2020		Q2 2021	
	Debt to Equity (times)	Debt to Assets (times)	Debt to Equity (times)	Debt to Assets (times)
ADDU INTERNATIONAL AIRPORT PVT LTD	(4.67)	0.72	(2.79) ↓	0.80 ↑
FAHI DHIRIULHUN CORPORATION LTD	-	-	0.16	0.13
FENAKA CORPORATION LTD	0.06	0.05	0.06	0.04 ↓
HOUSING DEVELOPMENT CORPORATION	0.64	0.35	0.47 ↓	0.29 ↓
ISLAND AVIATION SERVICES LIMITED	0.49	0.18	0.54 ↑	0.18
MALDIVES AIRPORTS COMPANY LTD	1.03	0.45	1.31 ↑	0.35 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	0.51	0.24	0.40 ↓	0.19 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	0.12	0.08	0.08 ↓	0.05 ↓
MALDIVES PORTS LIMITED	0.22	0.12	0.21 ↓	0.12
PUBLIC SERVICE MEDIA	0.18	0.13	0.22 ↑	0.15 ↑
STATE ELECTRIC COMPANY LTD	3.90	0.75	3.80 ↓	0.74 ↓
STATE TRADING ORGANIZATION PLC	0.76	0.29	0.79 ↑	0.31 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	(0.21)	0.06	(0.02) ↓	0.01 ↓

The above list of companies are the companies who have debts as means of financing for investments. As seen from the above table, AIA and STELCO has the highest leverage in Q2 2021 and Q2 2020. The negative result of AIA reflects the accumulated losses over the quarter. AIA has reported MVR 477 million as borrowings at the end of the second quarter of 2021 which has been increasing in each quarter. Although, the gearing level declined in Q2 2021 compared to Q2 2020, it is noted that the company depends on the shareholder assistance in repaying the loans. Hence, the rise in borrowing is not healthy for a company like AIA where they do not have the potential to repay the debts.

STELCO’s leverage ratio also shows declining results in Q2 2021 compared to Q2 2020. Although this increases the financial risk associated with the company, developmental projects will increase additional revenue.

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

CONCLUSION

The overall performance of the SOE’s was improved in the second quarter of 2021 compared to Q2 2020. This is mainly due to the ease of the Covid-19 pandemic restrictions by the Health Protection Agency compared to Q2 2020. It is noted that the revenue generated from the SOE’s was increased in the second quarter of 2021 by MVR 2.6 billion which is a growth of revenue by 61% compared to Q2 2020.

SOEs such as IAS, AIA, Wamco, RDC and PSM has significant net loss over MVR 10 million from each company in Q2 2021. On the other hand, overall net profit is increased in Q2 2021 by MVR 626.6 million which is a growth of 418% compared to Q2 2020. On the other hand, BML, Dhiraagu, MACL and STO has generated significant net profit in Q2 2021 over MVR 110 million. However, it is noted that some of the SOEs are highly depending on the shareholder funds.

Quarterly review; Quarter 2-2021

AASANDHA COMPANY LTD

AASANDHA COMPANY LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/ACL/Q2

Q2 2021 with Q2 2020 and Q1 2021

INCOME AND EXPENSES

Income

Q2 2020	Q2 2021	Q1 2021
11.3	12.6	14.4
Million in MVR	Million in MVR	Million in MVR

The company has changed its business concept where the company charges a processing fee from service providers. In this regard, an agreement was signed between Aasandha, NSPA and MOF. Company's revenue consists of commission scheme-others 55%, pharmacy commission 41% and deferred income of 5% in the second quarter 2021.Compared to Q1 2021, the total income of Q2 2021 has decreased since more invoices were processed in Q1 2021 and due to tougher working conditions caused by Covid-19 pandemic.

Operating Expenses

Q2 2020	Q2 2021	Q1 2021
11.5	12.0	10.7
Million in MVR	Million in MVR	Million in MVR

The operating expenses of the company consists of administrative costs and other operating expenses. Administrative costs has increased mainly as a result of increment in salary and benefits. Salaries were reversed back to the actual level which were previously reduced in 2020 due to the pandemic. Further Ramadan allowance and salary increment to some staffs has also resulted an increase in payroll expenses during the quarter. Rents were reduced by relocating the storage facilities to Thilafushi.

The details of other operating expenses and administrative expenses are summarized in the following tables.

EXPENSESS FOR ADMINISTRATION	Q2 2020	Q2 2021	Q1 2021
Salary and Benefits	8,192,469	8,155,853	6,965,501
Utility Costs	292,209	266,394	289,338
Communication Expenses	416,436	430,111	429,703
Rents	761,250	715,500	741,830
License & Registration Fees	-	-	2,000
Directors Expenses	132,780	136,280	209,145
Printing and Stationery	678	110,462	43,765
Depreciation and Amortisation	1,577,228	1,270,980	1,317,513
Total	**11,373,050**	**11,085,580**	**9,998,795**

OTHER OPERATING EXPENSES	Q2 2020	Q2 2021	Q1 2021
Travelling Expenses	-	-	1,500
Professional Services	30,000	8,000	21,400
Audit Fee	-	92,520	-
Scholarship and Training	-	-	-
Repairs and Maintenance	97,400	165,196	266,140
General Expenses	12,431	14,048	18,655
Software & online service expenses	1,897	627,964	300,244
Office Cleaning	5,544	5,544	5,376
Sundry Expenses	26,983	27,450	66,841
Medical Consumables	-	-	-
Total	**174,255**	**940,722**	**680,156**

Among operating expenses the highest increment reported relating to Software & online service expenses, as a result of purchase office 365 (MVR 471k) and antivirus software and adobe sign. With the implementation of adobe sign (an electronic signature platform), company has effectively reduced the printing and stationary costs significantly.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.08	2.27	2.04
Million in MVR	Million in MVR	Million in MVR

Current ratio shows company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Current ratio has been above 1 for the comparable quarters, which indicates company have enough current assets to cover its current liabilities in short term. However, it is important to highlight that the largest component of current assets is trade receivables which covers 44% of total current assets. 99% of the receivables relate to funds receivable from NSPA. Hence, if the company face difficulties to collect these receivables Aasandha might face liqudity issues. The current ratio is approximately equal to quick ratio as the company holds insignificant value of inventory.

Current ratio has increased compared to previous quarter as a result of a greater reduction in the company's liabilities compared to the reduction in current assets. The transfer of Hulhumale Hospital related funds to Maldives Monetary Authority led to a major decrease in current liabilities.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.08	1.20	1.19
Million in MVR	Million in MVR	Million in MVR

The cash ratio calculates a company's ability to repay its short-term debt with cash and cash equivalents. The cash ratio of Aasandha Company shows that company has enough cash to cover its current liabilities. The cash balance has decreased compared to the previous quarter, however the ratio has increased as the current liabilities decreased by one percentage more than the decline in cash and cash equivalents.

It has to be noted that Aasandha is the operator of the National Health Insurance scheme and is required to process all scheme related bills and complete other works assigned by the National Social Protection Agency (NSPA). After processing, the information is shared with NSPA who in turn requests MOFT to settle the payments directly to the vendors. This work is performed utilizing a commission of 2% for processing pharmacy invoices and charges for processing other scheme services for a commission of 5%. These revenue are earned as per the tripartite agreement signed between MOFT, NSPA and Aasandha Company effective from Jan 2021. . There are virtually no other sources of income. Therefore, maintaining company's liquidity position is not entirely within their control.

CONCLUSION & RECOMMENDATION

The reported revenue for the quarter is lower than the previous quarter. However, the revenue model depends on a commission received on claims processed. The operational expenses of the company have also increased by MVR 1.3 million compared to previous quarter. Operational expenses is mainly increased due to increase in salaries and benefits by 17%. To maximize returns, it is important for the company to keep the expenses at an optimum level. Hence, with the decline on revenue and increase in operating expenses, company's net profit declined by MVR 3.1 million in Q2 2021 which is a drop of 87% compared to the previous quarter.

Company maintains its current assets above its current liabilities. As noted above, maintaining company's liquidity position is not entirely within Company's control as NSPA virtually controls all receivables of the company.

Quarterly review; Quarter 2-2021

ADDU INTERNATIONAL AIRPORT PVT LTD

ADDU INTERNATIONAL AIRPORT PVT LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/AIA/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
2.52	12.25	26.38
Million in MVR	Million in MVR	Million in MVR

AIA's revenue is generated from two main sources; revenue from passengers and concessionaires for commercial activities undertaken on airport sites and revenue from airport charges paid by airlines/operators for the use of airside facilities and services. AIA's main revenue generating segment is from aeronautical facilities and services. AIA's revenue was improved in the second quarter of 2021 compared to the same quarter of last year by MVR 9.7 million which is 386%. Revenue was improved mainly due to increase in jet fuel revenue and revenue from parking fees. However, with the reduction in revenue from jet fuel revenue and revenue from parking fees, company's revenue was significantly declined in Q2 2021 compared to previous quarter by MVR 14.1 million. Below table shows how AIA generated revenue within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Revenue	Q2 2020	Q2 2021	Q1 2021
Jet Fuel Revenue	1,540,639	8,608,584	16,061,430
Ground Handling Charge	607,327	322,453	2,435,359
Landing Fees	222,773	658,213	1,165,997
Parking Fees	9,252	2,534,701	6,415,263
Ancillary Equipment charge	93,060	72,937	217,885
Passenger Service charge	247	-	-
Cargo Terminal Warehouse	45,011	54,462	55,704
Other	1,388	1,800	29,729
Total	**2,519,697**	**12,253,150**	**26,381,367**

As seen from the table, main revenue generating segment is from jet fuel revenue which covers 70% of company's total revenue. Jet fuel sales increased by 459% in Q2 2021 compared to the same quarter of last year, as over 600,000 liters fuel was sold in the quarter. This is due to increase in number of private jet movements. However, with the reduction of flight movements compared to the previous quarter, jet fuel revenue decreased in Q2 2021 by 46%. Whereas, parking fees covers 21% of total revenue and parking fees increased in Q2 2021 compared to the same quarter of last year by MVR 2.5 million. However, parking fees was declined in Q2 2021 compared to the previous quarter by MVR 3.9 million. It is noted that, ground handling charges and parking charges depends on the number of flight movements. Revenue from ground handling charges was reduced in Q2 2021 compared to Q2 2020 by 47%. Although, the ground handling charges and parking charges depends on the number of flight movements, the ground handling charges reduced in Q2 2021 compared to Q2 2020 as IAS have offered concessional ground handling rates since July 2021 which is USD 100 discount from each flight. Even though the private jet movements increased, the GH rates have reduced as the management have offered concessions to the charges at Gan airport for Jet handling agents, which have allowed increase in number of flights, thus increase in Jet fuel revenue and parking revenue to the company for the quarter

Aircraft Movements	Q2 2020	Q2 2021	Q1 2021	Q2 2021 vs Q2 2020	Q2 2021 vs Q1 2021
Domestic Operators					
Island Aviation Services Limited	98	192	312	96%	-38%
Villa Air Pvt Ltd	2	0	1	-100%	-100%
Manta Air	7	0	0	-100%	-
Scheduled International Flights	0	0	0	-	-
Passenger Charters	0	0	0	-	-
Intl Adhoc Aircrfat	3	60	168	1900%	-64%

Although the flight movements increased in Q2 2021 compared to the same quarter of last year, it is noted that compared to previous quarter flight movements was reduced in Q2 2021. There was no flight movements in the quarter from Villa Air, Manta Air, Passenger Charters and no scheduled international flights. International Adhoc Aircraft was increased in Q2 2021 compared to the same quarter of last year. Moreover, International Adhoc Aircraft was drastically decreased by 64% in Q2 2021 compared to the previous quarter.

Other Income	Q2 2020	Q2 2021	Q1 2021
Rent Income	1,861,460	1,556,924	1,623,377
Lounge Income	9,809	23,747	124,285
Miscelleneous income	-	5,656	3,238
Electricity charge	16,018	25,591	25,004
Total	**1,887,287**	**1,611,918**	**1,775,904**

It is noted that AIA's other operating revenue was decreased in Q2 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 15% and 9% respectively. Although rent income was decreased by 16% in Q2 2021 compared to Q2 2020, it is noted that revenue from other segments was increased in the quarter. Rent income was decreased as some of the tenants release the leased property in the quarter. Likewise, rent income was decreased by 4% and lounge income decreased by 81% in Q2 2021 compared to the previous quarter.

Net Profit/loss

Q2 2020	Q2 2021	Q1 2021
-15.3	-21.1	-6.8
Million in MVR	Million in MVR	Million in MVR

AIA has reported a net loss of MVR 21.1 million in the end of second quarter 2021. It is important to note that net loss of the company was increased in the quarter compared to the other two quarters. Although the revenue increased in Q2 2021 compared to Q2 2020 it is noted that other income was decreased by 15% in Q2 2021 and company has recorded a finance cost of MVR 6.6 million in Q2 2021. Hence, company's net loss increased in Q2 2021 by 38% compared to Q2 2020. Compared to the previous quarter, net loss of the company was increased by MVR 14.3 million which is 211% in Q2 2021 due to the significant decline of revenue in the quarter. It has to note that company has higher operating expenses compared to the revenue generated in the quarters. Below table illustrates company's operating expenses incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Operating Expenses

Operating Expenses	Q2 2020	Q2 2021	Q1 2021
Jet Fuel expenses (3.2)	1,034,880	6,661,400	9,056,316
Employee benefit expenses (3.1)	8,459,083	9,797,540	8,415,119
Depreciation of PPE	6,322,308	6,736,874	6,694,701
Amortisation of Intangible assets	155,360	-	1,240
Electricity Charges	655,743	817,828	880,374
Hire Charges	237,016	560,030	241,078
Supplies and requisites	257,617	351,568	282,894
Subscription and expenses	468,799	552,006	374,326
Consultancy expenses	483,900	547,500	488,100
Freight and Duty charges	565,992	373,072	108,090
Repairs and maintenance expenses	78,785	443,205	317,215
Fuel expenses	57,207	53,306	196,282
Telephone expenses	92,948	50,875	57,601
Uniform expenses	3,500	25,391	133,881
Insurance expenses	586,518	556,336	588,234
bank charges	10,518	94,846	69,450
Travelling expenses	10,898	76,790	58,016
Directors remuneration	80,000	142,400	128,400
Printing & Stationary	13,619	45,342	40,300
Fines and penalties	3,648	125,935	65,377
Others	149,602	317,402	99,012
Total	**19,727,941**	**28,329,646**	**28,296,006**

Although the company has managed to maintain the operating expenses at the same level in Q2 2021 and Q1 2021, it is noted that operating expenses was increased by 44% in Q2 2021 compared to previous quarter. This is mainly due to increase in jet fuel expenses by MVR 5.6 million in Q2 2021.

It has to be noted that the main segments of operating expenses are jet fuel expense (24%), employee benefit (35%) and depreciation of PPE (24%).

Employee benefit of the company increased in Q2 2021 by 16% compared to other two quarters. However, revenue of the company was decreased significantly in the quarter. Depreciation of PPE was increased in Q2 2021 compared to the both the quarters of Q2 2020 and Q1 2021 by 7% and 1% respectively.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.12	0.09	0.08
TIMES	TIMES	TIMES

AIA's current asset is significantly low compared to the current liabilities. Hence, company's current ratio resulting 0.09 times in Q2 2021 indicates that the company is not capable to meet its short term obligations with the current assets of the company. Current assets of the company was increased by 20% in Q2 2021 compared to previous quarter. However, it is noted that company has significant current liability of MVR 520.9 million in Q2 2021, which is 21% higher than previous quarter. Current liability mainly consists of loans and borrowing (45%) and trade and other payables (55%). Trade and other payables mainly include related party payables (liabilities transferred from

STO to MOF by MVR 226 million). It is important to note that if current loan and borrowings are excluded, current ratio remains at 0.16 times in Q2 2021.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.10	0.05	0.05
TIMES	TIMES	TIMES

Quick ratio shows a company's capability to meet its short-term obligations with its most liquid current assets excluding its inventories. AIA's quick ratio by 0.05 times in Q2 2021 indicates that the company does not have the capacity to meet its short-term obligations with its most liquid assets. AIA's inventory increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 92% and 35% respectively.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.01	0.02	0.01
TIMES	TIMES	TIMES

AIA's cash ratio of 0.02 times in Q2 2021 indicates that the company has less cash compared to current liabilities and shows that the company is not capable to meet the short term obligations with company's cash or cash equivalents. Cash and cash equivalents of the company was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 69% and 49% respectively and has a cash balance of MVR 10 million at the end of Q2 2021. This is because, during the second quarter of 2021, the company has received cash of USD 298,000 from private shareholder party and the balance of GSE payment half payment paid to supplier. The retained balance will be paid later after receiving the shipping documents.

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
-4.67	-2.79	-3.11
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. AIA's debt to equity ratio of -2.79 times in Q2 2021 indicates that the company has negative total equity. This is due to the accumulated loss incurred at the end of the second quarter 2021. Company's accumulated loss in Q2 2021 was MVR 468.8 million. It is also noted that company merely depend on shareholders assistance and has huge borrowings hence they are unable to repay their debts.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.72	0.80	0.79
TIMES	TIMES	TIMES

Debt to asset ratio of a company shows company's capability to pay off its debts by its total assets. Company's debt to asset ratio in Q2 2021 was 0.80 times which was increased in the quarter compared to the other two quarters of Q2 2020 and Q1 2021 by 11% and 2% respectively. However, it is noted that the company is unable to service debts through the operations and AIA is getting financial assistance from shareholders to repay existing loans.

CONCLUSION & RECOMMENDATION

AIA has reported a revenue of MVR 12.3 million in Q2 2021, which is 54% low compare to the previous quarter. . This is due to decrease in flight movements in the quarter. Company has high operating expenses compared to the revenue generated in the quarter, hence company has a net loss of MVR 21.7 million in the end of Q2 2021. It is noted that the net loss of the company was increased in Q2 2021 by MVR 14.3 million compared to the previous quarter.

Company's liquidity position is unfavorable as AIA has more current liabilities compared to the current assets in the quarter. Hence, company is unable to meet its short-term obligations with company's current assets. It is noted that the trade and other receivables is equivalent to 149% of company's revenue for the quarter and trade and other receivables covers 40% of total current assets in Q2 2021. AIA should focus on collecting receivables by implementing measures for credit collections. Likewise, company needs to manage and settle its payables in order to maintain liquidity ratios in favorable position.

In addition, AIA's leverage ratio also shows unfavorable results as the company has more borrowings with huge accumulated loss in the end of second quarter 2021. Therefore, in order to generate profit and decrease shareholders assistance, company should plan and implement new strategies to generate revenue.

Quarterly review; Quarter 2-2021

BUSINESS CENTER CORPORATION LTD

BUSINESS CENTER CORPORATION LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/BCC/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
-	4.3	4.4
Million in MVR	Million in MVR	Million in MVR

BCC has generated revenue of MVR 4.3 million in the first quarter of 2021 which is a 3% decrease compared to Q1 2021. Although no revenue was generated in Q2 2020, company launched its first ever revenue generating activity known as Authentic Maldives Duty free shop at Velana International Airport on 9th January 2020. This operation was started with 39 suppliers and it has now expanded to more than 100 suppliers. The third outlet of Authentic Maldives was opened in March 2021, selling products of more than 50 local suppliers.

Company has earned other income of MVR 0.27 million mainly from rental income and exchange gain.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
-	1.38	0.84
Million in MVR	Million in MVR	Million in MVR

BCC's direct costs at the end of Q2 2021 were MVR 2.9 million, which is a reduction of 18% compared to Q1 2021. Hence, company's gross profit increased by 63% in Q2 2021. As a result, gross profit margin has increased from 19% to 32% from Q1 to Q2, 2021.

Net Profit/Loss

Q2 2020	Q2 2021	Q1 2021
-2.36	-3.99	-2.84
Million in MVR	Million in MVR	Million in MVR

BCC is experiencing a net loss of MVR 3.99 million at the end of the second quarter 2021 as the company is having high administrative costs compared to the revenue they generate. It is important to note that company's administrative cost is increasing in each quarter. Company's administrative costs increased in Q2 2021 compared to both the quarters of Q1 2021 and Q2 2020 by 31% and 131% respectively. Salaries and wages, and rent expense comprise of 57% and 18% of total administrative expenses in Q2 2020. Salaries and wages has increased by 97% and 31% compared to Q2 2020 and Q1 2021 respectively. As per BCC, staff numbers have increased significantly compared to both periods, mainly due to start of new operations including Maldives Business Network (channel), Seed, and new stores of Authentic Maldives. In addition to that, rent expenses have increased due to increase in operational scale.

LIQUIDITY

Current ratio

Q2 2020	Q2 2021	Q1 2021
11.15 TIMES	3.33 TIMES	2.77 TIMES

BCC has a current ratio of 3.33 times in Q2 2021 indicating that the company is able to meet its short-term obligations with its current assets.

Cash and cash equivalent comprising of 60% of total current assets has experienced 16% increase when compared to Q2 2020, however is reduced by 30% compared to previous year. Likewise trade and other payables comprise 90% of total current liabilities and has experienced an increase by 260% compared to Q2 2020, however decrease by 37% compared to previous quarter. When compared to Q2 2020 current ratio is reduced as a result of significant increase in current liabilities. Contrary to that, compared to previous quarter current ratio has increased as a result of current liabilities decreasing more than the current assets.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
11.15 TIMES	3.25 TIMES	2.72 TIMES

Quick ratio of BCC resulting 3.25 times indicates that the company is able to pay off its current liabilities with their current assets excluding inventories. Company's quick ratio was decreased in Q2 2021 compared to Q2 2020 however it was increased compared to previous quarter. Currently company's inventory is maintained at MVR 97 thousand.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
6.95 TIMES	2.0 TIMES	1.91 TIMES

The main component of current assets is cash and cash equivalent. Cash and cash equivalent of the company at the end of the first quarter 2021 was MVR 2.3 million. Cash and cash equivalent was increased by 16% compared to Q2 2020, however cash and equivalent decreased by 30% compared to Q1 2021. BCC has more cash compared to its current liabilities at the end of Q2 2021. Hence, company's cash ratio was 2.0 times in Q2 2021. It must be noted that, although the company is able to pay off its short-term debts immediately by its cash, the company is highly dependent on shareholders assistance for daily expenses, As such shareholder (GoM), has injected MVR 2.7 million during Q2 2021 as capital contribution to the company.

CONCLUSION & RECOMMENDATION

BCC has generated a revenue of MVR 4.37 million at the end of second quarter 2021. However, Company is experiencing a huge loss of MVR 3.99 million in the second quarter of 2021 due to high overhead expenses. Overhead expenses of the company were increased in Q1 2021 due to high administrative costs of MVR 5.51 million at the end of the second quarter 2021, which mainly includes salary and wages and rent expense As the company's net loss is increasing each quarter, company should manage its overhead more efficiently and operationlise the newly planned and feasible acitivites in order to reduce the over all net loss, presumably to a breakeven point. Although, the company's liquidity position shows favorable results, it is noted that the company is highly dependent on shareholders fund.

Quarterly review; Quarter 2-2021

BANK OF MALDIVES LTD

BANK OF MALDIVES LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/BML/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

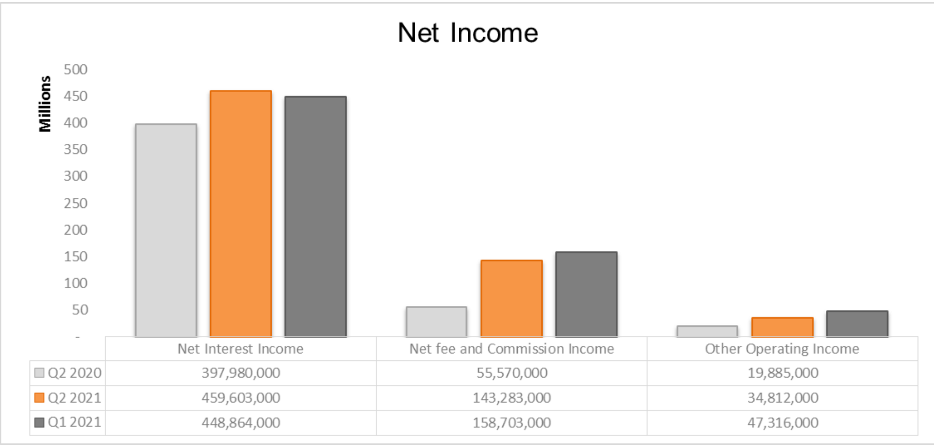
Revenue

Q2 2020	Q2 2021	Q1 2021
551	785	819
Million in MVR	Million in MVR	Million in MVR

BML has a revenue growth of 42% in the second quarter of 2021 compared to the same period of last year and has reported a revenue of MVR 785 million. However, compared to the previous quarter, company's revenue declined by 4% in the second quarter of 2021.

Below chart illustrates how BML's net income within the quarters of Q2 2021, Q2 2020 and Q1 2021.

Income breakdown



BML's main income generating segment is from net interest income which covers 72% of total gross income of Q2 2021. It is noted that company's net interest income was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 15% and 2% respectively. Company's net fee and commission income was increased in Q2 2021 by 158% compared to the same quarter of last year. However, compared to the previous quarter net fee and commission income was decreased by 10% in Q2 2021. Likewise, other operating income was also increased in the second quarter of 2021 by 75% compared to the same quarter of last year. When compared to the previous quarter other operating income was decreased by 26% in Q2 2021.

Net Interest Margin

Net interest margin shows the total net profit margin of interest-earning assets from loans or investment securities of the bank. Overall profitability and higher margin indicates a more profitable bank. Interest income and similar income of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 16% and 2% respectively. Likewise, company's interest earning assets was also increased in the second quarter of 2021 by 18% and 3% compared to both the quarters of Q2 2020 and Q1 2021 respectively. Hence, company has an interest margin of 1.5% in the second quarter of 2021.

Net Profit/loss

Q2 2020	Q2 2021	Q1 2021
106	299	357
Million in MVR	Million in MVR	Million in MVR

BML has reported a net profit of MVR 299 million in the end of the second quarter of 2021. Compared to the same quarter of last year, BML has managed well in all the core business lines and has growth of net profit of 181% in the second quarter of 2021. This is driven by the solid business volume across all key sectors and by maintaining the loan book quality in Q2 2021.

Capital Management

The Bank's capital and liquidity ratios remain solid and well above the minimum regulatory requirements. Below table summarizes how BML is managing their capital position in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Total Assets	Q2 2020	Q2 2021	Q1 2021
Cash, Short term Funds & Balances with MMA	7,773,747,000	10,889,445,000	10,310,391,000
Loans and Advances	13,798,014,000	14,768,993,000	14,671,815,000
financial Investments- FVOCI	209,688,000	245,166,000	195,166,000
Financial Investments- Amortized Cost	6,224,631,000	7,031,024,000	6,769,941,000
Property, Plant and Equipment	551,754,000	609,816,000	613,945,000
Right-of-use-Assets	176,321,000	156,166,000	156,166,000
Other Assets	547,344,000	505,585,000	589,887,000
Total Assets	**29,281,499,000**	**34,206,195,000**	**33,307,311,000**

As seen from the above table, company's main assets is loans and advances which covers 43% of total assets in the second quarter of 2021. Loans and advances was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 7% and 1% respectively. With comparison to the same quarter of last year, right of-use-assets and other assets was decreased by 11% and 8% respectively in Q2 2021. However, company's assets was decreased from all the other segments in Q2 2021 compared to Q2 2020. Likewise, when compared to the previous quarter property, plant & Equipment and other assets was decreased by 1% and 14% in Q2 2021. However, right of-use-assets remains constant and all the other segments was increased in Q2 2021 compared to previous quarter. Hence, company's total assets was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 17% and 3% respectively.

The table below summarizes the liabilities of the bank for the quarters of Q2 2020, Q2 2021 and Q1 2021.

Total Liabilities	Q2 2020	Q2 2021	Q1 2021
Deposits	19,916,426,000	24,429,693,000	23,920,691,000
Borrowings	746,356,000	789,086,000	745,832,000
Lease Liabilities	155,143,000	144,058,000	144,058,000
Other Liabilities	1,259,435,000	1,167,506,000	1,119,826,000
Total Liabilities	**22,077,360,000**	**26,530,343,000**	**25,930,407,000**

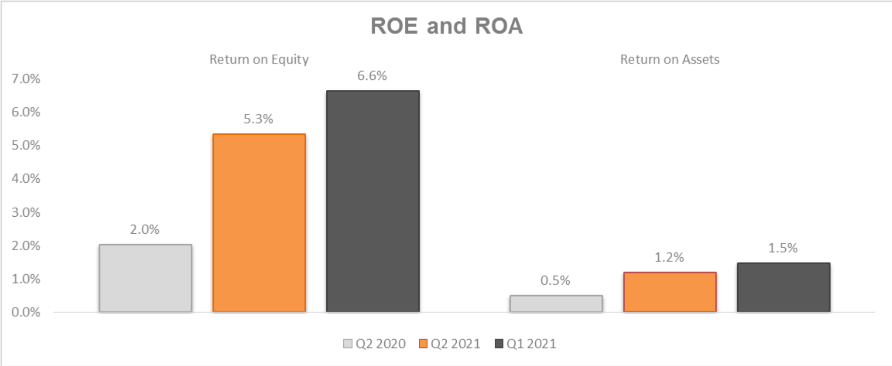
Company's total liabilities were increased in the second quarter of 2021 by 20% and 2% compared to Q2 2020 and Q1 2021 respectively. It is noted that, deposits are the main segment of company's liabilities and it covers 95% of total liabilities in the second quarter of 2021. Deposits and borrowings of the company was increased in the second quarter of 2021 compared to Q2 2020 and Q1 2021. Deposits increased by 23% and 2% compared to Q2 2020 and Q1 2021 respectively. Borrowings increased by 6% similarly compared to both the quarters of Q2 2020 and Q1 2021. Although, company's lease liability remains constant in Q2 2021 and Q1 2021, it is noted that lease liability was decreased by 7% in Q2 2021 compared to the same quarter of last year. In addition, other liabilities was also decreased by 7% in Q2 2021 compared to Q2 2020. However, other liabilities was increased by 4% compared to the previous quarter.

Loans to Deposits

Q2 2020	Q2 2021	Q1 2021
69%	60%	61%

Loans to deposits are a solvency ratio which shows whether the bank is healthy and sustainable in the long run. It shows a bank's ability to cover loan and withdrawals by its customers. Investors monitor the loans to deposit ratio of banks to make sure whether there's adequate liquidity to cover loans in the event of an economic downturn resulting in loan defaults. The ideal loan to deposit ratio is 80% to 90% and 100% loan to deposit ratio means bank loaned one dollar to customer for every dollar received in deposits. However, it has to be noted that in the second quarter of 2021, company's loans to deposit was 60% and it was decreased in the quarter compared to both the quarters of Q2 2020 and Q1 2021 by 9% and 1% respectively.

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



ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period. It is noted that company's ROE was increased by 164% in Q2 2021 compared to the same quarters of last year. However, compared to the previous quarter, ROE was decreased by 20% in Q2 2021. Although, ROA was similar in Q2 2021 and Q1 2021, compared to the same quarter of last year ROA was increased by 1% in Q2 2021.

Important Projects undertaken in the quarter

- BML has introduced new Self -Service Banking ATM Centre in Makunudhoo Island and upgrade the Centre in Kulhudhuffushi.

- BML has also opened new Self-Service Banking Centers in Shaviyani atoll Maaungoodhoo and Komandoo and in Kaafu atoll Himmafushi and Dhiffushi. In addition to cash withdrawal facilities, the centers will provide deposit and transfer services to individuals and businesses on a 24-hour basis.

- BML has also expanded their Agent Banking service during the quarter with an additional 12 Cash Agents introducing cash deposit and payment services in more remote communities. Today, there are over 200 agents providing cash withdrawal services and over 60 agents providing cash deposits as well as payment services for free.

- BML has announced the opening of applications for the Economic Stimulus Loan, introduced as part of the Government's economic stimulus package to help sustain small and medium businesses.

- In June, BML has signed a Memorandum of Understanding (MOU) with Housing Developing Corporation (HDC) to implement and operate a city bike rental project in Hulhumale'. The project will see 300 rental bikes being introduced to Hulhumale' which will be available for the general public to rent and ride across the island at a low cost. Multiple docking stations will be available in strategic locations to provide adequate parking spaces for the bikes, and the rental system will be equipped with digital payment capabilities.

- BML has announced positive changes to BML Islamic Personal Financing eligibility criteria to offer more flexibility for customers. Customers with an existing Lui Express Loan can now apply for a BML Islamic Personal Financing facility. With the change announced in June, customers can enjoy additional financing up to 5 times their salary and receive goods within 7 days from the date of application.

- BML has launched Mobile Banking App in June with a new look and extra features to provide customers a safe, secure and seamless banking experience. The updated App now includes services that have previously only been available on BML's Internet Banking platform. Over the coming weeks, BML will be introducing additional features to the App, including BML's digital wallet and payment functions.

- The popular Aharenge Bank Community Fund was opened in February and during the quarter BML has awarded the 5 projects selected for Phase 2 of 2021. This is the third year running for the project, which has now seen over 50 projects awarded. As a responsible business, BML continues to deliver on their strategy to support vulnerable communities, and in the quarter, BML has donated MVR 100,000 to ARC AID, run by advocating the Rights of Children. In June, to mark World Blood Donors Day, staff and family members in Male', Kulhudhuffushi and Manadhoo donated blood to help to meet the demand of blood for transfusions required by Thalassemia patients and announced our commitment to continue donation camps every quarter.

Conclusion and Recommendation

BML has recovered in all the core business lines compared to the same quarter of last year and has generated higher revenue of MVR 785 million in the second quarter of 2021. Company's profit after tax was improved in Q2 2021 compared to Q2 2020 resulting a net profit of MVR 299 million. Capital and liquidity ratios remain well above regulatory requirements and have a solid financial platform with a deposit base of MVR 24 billion and assets of MVR 34 billion

BML has the leading market share in retail, Corporate and SME segment. The bank is also the Market leader in Self Service banking with largest number of online and ATM users.

Quarterly review; Quarter 2-2021

DHIVEHI RAAJJEYGE GULHUN PLC

DHIVEHI RAAJJEYGE GULHUN PLC

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/DHIRAAGU/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
547	617	660
Million in MVR	Million in MVR	Million in MVR

Dhiraagu has reported a revenue of MVR 617 million in the second quarter of 2021, which is a reduction of 6% compared to the previous quarter. This is mainly due to the impact of tourist arrivals, roaming revenue and other revenue lines with the continued effect of economic downturn resulting from the COVID-19. However, with comparison to the same quarter of last year, company's revenue was significantly improved and has a revenue growth of 13% in Q2 2021. It is noted that the company's main revenue is generated from mobile revenue, which covers 55% of total revenue.

Operating Profit

Q2 2020	Q2 2021	Q1 2021
158	235	263
Million in MVR	Million in MVR	Million in MVR

Operating profit of the company was increased in the second quarter of 2021 by 49% resulting an operating profit of MVR 235 in the quarter compared to the same period of last year. However, compared to the previous quarter, operating profit was decreased by 11% in the quarter. This is mainly due to the impact on the total revenue of the company. It is noted that due to continued cost optimization measures undertaken by the company, operating costs of the company was decreased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 3% and 5% respectively.

Below table illustrates company's operating expenses incurred within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Operating Expenses	Q2 2020	Q2 2021	Q1 2021
Operating Costs	292,072,000	283,077,000	299,156,000
Depreciation and amortization	97,053,000	99,369,000	98,064,000
Total	**389,125,000**	**382,446,000**	**397,220,000**

As seen from the table, company's overhead expenses includes operating costs and depreciation & amortization. Operating costs covers 74% of total operating expenses and depreciation & amortization covers 26% of total operating expenses in the second quarter of 2021.

Net Profit

Q2 2020	Q2 2021	Q1 2021
130	196	220
Million in MVR	Million in MVR	Million in MVR

Dhiraagu has reported a net profit of MVR 196 million in the second quarter of 2021 which is a growth of 51% in the net profit compared to the same quarter of 2020. However, net profit declined by 11% in Q2 2021 compared to the previous quarter mainly due to reduction in the revenue in Q2 2021. Net financing expenses was decreased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 20% and 6% respectively. In addition, company's business profit tax was increased in Q2 2021 by 52% compared to the same quarter of last year. However, when compared to the previous quarter, business profit tax was decreased by 10% in the quarter.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.31	1.51	1.68
TIMES	TIMES	TIMES

Dhiraagu has more current assets compared to its current liabilities which indicate that the company is able to pay its short-term obligation with current assets. Current ratio of the company was increased in Q2 2021 by 16% compared to the same quarter of last year. However, current ratio decreased in Q2 2021 by 10% compared to the previous quarter as a result of increasing liabilities. It is noted that, company's current assets and current liabilities was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021. Current assets increased by 29% and 9% compared to Q2 2020 and Q1 2021 respectively. Similarly, current liabilities were increased by 11% and 21% compared to Q2 2020 and Q1 2021. It is important to note that trade and other receivables covers 33% of total current assets in Q2 2021 which is higher than the revenue generated in the quarter.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
1.25	1.48	1.63
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of the company resulting 1.48 times indicate that the company is capable to meet its short-term obligations excluding inventories. Although, quick ratio decreased by 9% in Q2 2021 compared to previous quarter, it is noted that quick ratio was increased by 19% in the quarter when compared to the previous quarter.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.63 TIMES	0.98 TIMES	0.99 TIMES

Cash ratio shows whether the company is capable to pay off its short-term liabilities with cash and cash equivalents only. Dhiraagu has a cash ratio of 0.98 times in the second quarter of 2021 indicating that the company is able to pay of 98% of current liabilities with cash and cash equivalents. Company's cash ratio was increased in Q2 2021 by 56% compared to the same quarter of last year. However, cash ratio decreased in the quarter by 1% compared to the previous quarter. It is noted that cash and cash equivalents are the main component of current assets and it covers 65% of total current assets in Q2 2021. Cash and cash equivalents were increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 73% and 20% respectively. In addition, company's trade and other payables were decreased in Q2 2021 by 6% compared to the same quarter of last year. However, trade and other payables increased in Q2 2021 by 3% compared to the previous quarter.

CONCLUSION AND RECOMMENDATION

Dhiraagu has reported a revenue of MVR 617 million and has generated a net profit of MVR 196 million in the end of the second quarter of 2021.

Dhiraagu has high current assets compared to its current liabilities and has favorable liquidity position in the second quarter of 2021. Hence, company is capable to meet and pay off its short-term obligations.

Quarterly review; Quarter 2-2021

FAHI DHIRIULHUN CORPORATION LTD

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Operating Profit/ (Loss)

Q2 2020	Q2 2021	Q1 2021
-1.78	-1.94	-1.80
Million in MVR	Million in MVR	Million in MVR

The company is currently in the process of implementing the social housing projects mandated by the government of Maldives. The company will be able to generate revenue once the housing units are completed in 2 to 3 years' time. As a result, the company faced an operating loss of MVR 1.94 million in the end of second quarter 2021. It is noted that the operating loss of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 9% and 8% respectively. This is due to high operational costs of the company. Table below summarizes the overhead costs incurred by the company within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Administrative Expenses	Q2 2020	Q2 2021	Q1 2021
Salary & Wages	1,355,284	1,276,208	1,121,426
Staff Welfare Expenses	-	2,200	-
Consultancy	174,609	217,385	149,891
Repair & Maintenance	-	-	45,758
Depreciation & Amortization	43,285	301,126	299,748
Utilities	25,784	112,622	166,251
Office Rent	300,000	-	-
General Advertisement	-	-	3,000
Trade Subscrption and Fees	-	-	2,000
Printing & Office supplies	720	27,626	5,863
Small Tools and Equipments	2,220	2,234	4,190
Bank Charges	660	1,165	330
Office refreshments	-	-	3,913
Trnasportation and logistics	-	-	25
Total	**1,902,561**	**1,940,566**	**1,802,395**

As seen from the table, FDC's overhead cost comprise of company's administrative costs in relation to business operations. Administrative costs are mostly incurred from staff salary and wages which covers 66% of total administrative costs. Salary and wages was decreased in the second quarter of 2021 by 6% compared to the same quarter of last year due to the implementation of remuneration policy with Covid-19 pandemic. However, salary and wages was increased in Q2 2021 compared to the previous quarter by 14% as the company restored pre-Covid-19 salary and hired additional staff in the quarter. It is important to highlight that the administrative costs of the company was increased in the second quarter of 2021 compared to other two quarters of Q2 2020 and Q1 2021 by 2% and 8% respectively.

Net Profit/Loss

Q2 2020	Q2 2021	Q1 2021
-1.78	-1.99	-1.86
Million in MVR	Million in MVR	Million in MVR

FDC's net loss was increased in the second quarter of 2021 compared to both the quarters of

Q2 2020 and Q1 2021 and has reported a net loss of MVR 1.99 million in the end of second quarter 2021. Compared to the same quarter of last year net loss was increased by 12% in Q2 2021 due to the finance costs incurred in Q2 2021. With comparison to the previous quarter, net loss of the company was increased by 7% due to increase in overhead costs in Q2 2021. It is noted that the finance costs was decreased in Q2 2021 by 15% compared to the previous quarter.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
31.8 TIMES	69.8 TIMES	38.6 TIMES

Current ratio shows whether a company is able to meet and pay off its short-term liabilities with its current assets. However, having a high current ratio indicated that the company is not using its current assets efficiently. FDC's current ratio was increased significantly in Q2 2021 compared to other two quarters of Q2 2020 and Q1 2021 by 120% and 81%. This is due to increase in current assets compared to the current liability of the company in Q2 2021. Current assets of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 112% and 69% respectively. It is noted almost 100% of the total current assets are from cash and cash equivalents which represents the capital injection by the government.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
30.4 TIMES	69.7 TIMES	38.6 TIMES

Cash and cash equivalents in all three quarters represent the capital contribution given by the government. However, currently FDC is using capital injections for operating expenses, rather than investments. Cash and cash equivalents of the company were increase in the second quarter of 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 121% and 69% respectively.

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
NIL	0.16 TIMES	0.28 TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. FDC's debt to equity ratio was decreased in Q2 2021 by 44% compared to the previous quarter resulting 0.16 times in Q2 2021. This indicates that the company has fewer borrowings compared to its total equity and reserves. Company does not have any loans and borrowings in the second quarter of 2021. Company's loans and borrowings was decreased in Q2 2021 by 9% compared to the previous quarter.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
NIL	0.13 TIMES	0.22 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. FDC's debt to asset ratio was decreased in Q2 2021 by 37% compared to the previous quarter resulting debt to asset ratio of 0.13 times in Q2 2021. This indicates that the company has fewer borrowings compared to its total assets.

OPERATIONAL HIGHLIGHTS

- FDC has signed an EPC Contracts with Ashoka Buildcon Limited on 27 May 2021 for design and construction of 2000 social housing units in Hulhumale' Phase II. The project will be financed by India Exim Bank.
- During the Q1, FDC also reviewed other proposals received from the USP Secretariat. By the end of Q1, FDC had held multiple meetings with the relevant parties to determine the contract prices, deliverables and other key terms of draft EPC contracts and term sheets that were submitted for evaluation.
- FDC also published an RFP on 28 April 2021 for Development of Mixed Residential Buildings in Male'.

CONCLUSION & RECOMENDATION

FDC has experienced a net loss of MVR 1.99 million at the end of the second quarter 2021 due to the high overhead costs of the company. Company's overhead costs are incurred to the administrative costs for the business operations. Administrative costs in Q2 2021 was MVR 1.94 million.

Although, the company's liquidity position shows favorable results, it is noted that the current assets are the cash and cash equivalents which represents the capital injected by the government. At present, revenue generation is expected to commence towards mid-2023 upon completion of some of the planned social housing projects. Therefore the company should plan new strategies to generate revenue in order to decrease the net loss of the company. In addition, company should focus on the areas where they can reduce administrative costs and should try to eliminate costs where possible.

In addition, company has less borrowing compared to the total equity and assets of the company. It is noted that the borrowings mainly comprise of lease liabilities as a result of accounting for leases in accordance with IFRS 16.

Quarterly review; Quarter 2-2021

FENAKA CORPORATION LTD

FENAKA CORPORATION LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/FENAKA/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
424	482	442
Million in MVR	Million in MVR	Million in MVR

Fenaka has ended the second quarter of 2021 with a total revenue of MVR 482 million, which is MVR 39.9 million higher than previous quarter and MVR 58.2 million higher than the same period of last year. The increase in mainly attributable to the increase in customer usage of electricity. It is important to note that Government has been providing subsidy to the company to discount the charges from consumers. As such government subsidy as a percentage of total revenue stands at 34% (Q2 2020). 37% (Q2 2021) and 33% (Q1 2021) in the given periods. The breakdown of the revenue for the three are as follows;

Revenue	Q2 2020	Q2 2021	Q1 2021
Business	36,413,827	38,494,825	40,433,914
Business Special	24,043,204	23,345,139	22,968,278
Domestic	88,087,314	138,210,981	129,207,751
Government	59,164,482	75,181,835	68,710,150
Tertiary	-	3,912,372	3,739,565
Water	6,965,726	6,709,273	8,014,310
Others	2,093,016	14,712,560	31,042,266
Tariff Rate Difference	144,599,048	156,592,564	138,380,562
Government Subsidy (Covid 19)	62,798,863	25,271,306	-
Total	**424,165,479**	**482,430,855**	**442,496,795**

As seen in the table, revenue from electricity have increased whereas revenue from water and other area sees a decline, compared to previous quarter. As such, total revenue sees a growth by 9% while a growth by 14% is experienced when total revenue is compared with Q2 2020. It is important to highlight that total revenue includes income received from Government as both tariff and covid subsidy amounting to MVR 181 million (38% of total revenue), which has also increased compared Q1 2021.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
173	216	196
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company has recorded a growth of 9% and 25% compared to Q1 2021 and Q2 2020 respectively. This is because revenue has increased higher than the level of increase in cost of sales, indicating efficiency in managing direct costs in Q2 2021. As a result, gross profit margin has improved from 44% to 45% compared to last quarter.

Cost of Sales

Cost of Sales	Q2 2020	Q2 2021	Q1 2021
Diesel	198,020,003	220,971,749	194,924,600
Lube Oil	6,191,524	7,713,273	5,699,488
Spares	16,742,822	12,898,486	18,315,581
Cables	12,718,653	9,677,856	7,339,977
Other Fuel and Chemical	168,459	450	4,876
Sewerage	144,657	496,619	675,755
Water	1,196,834	2,209,445	2,439,243
Customer Service	89,678	-	-
General	832,897	1,449,390	1,988,914
Repair and maintenance			
Land, Building & Infrastructure	119,247	31,218	-
Power Plants, Sewer system & Waste	1,774,321	3,057,425	3,225,512
Other	1,531,964	497,141	1,254,103
cost of contracted projects	10,988,431	6,671,048	9,929,259
Total	**250,519,491**	**265,674,100**	**245,797,307**

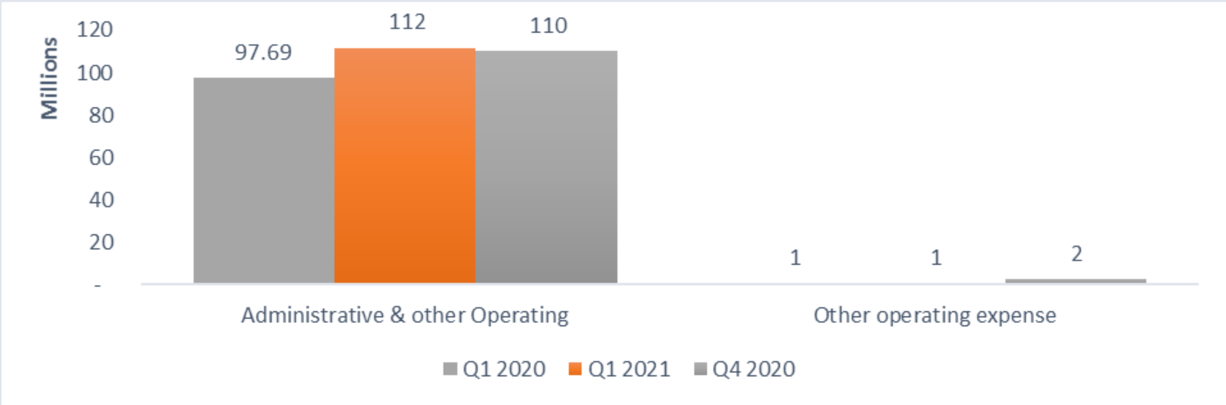
As seen from the table, except for diesel, lube oil and cables all the other areas sees a decrease compared to previous quarter. However, the level of increase in diesel itself contribute MVR 26 million in Q2 2021 resulting to overall increase in cost of sales by MVR 19 million compared to Q1 2021. Total revenue per diesel expense for Q2 2021 stands at 2.18 (Q2 2020: 2.14 and Q1 2021: 2.27). This indicate that compared to last year, company has gained some efficiency in purchase and consumption of diesel, where as compared to previous quarter the ratio has deteriorated which shows a slight inefficiency. It is important that company maintains a stable direct cost in terms of purchase and consumption in order to efficiently manage its direct costs. When compared to the same period of last year, total cost of sales recorded an increase of MVR 15.1 million.

Operating Profit

Q2 2020	Q2 2021	Q1 2021
67.8	90.0	84.9
Million in MVR	Million in MVR	Million in MVR

Fenaka has recorded an operating profit growth of 5.7% and 33% compared to Q1 2021 and Q2 2020 respectively. Thus, the operating profit margin has remained at 19% from Q1 2020. Compared to Q2 2020 operating margin has increased from 16% to 19%.

Below are the details of the overheads incurred by the company.



Total overheads of the company stand at MVR 126.6 million, which Is MVR 14.9 million higher than previous quarter and MVR 20.8 million higher than Q2 2021. The major administrative cost of the company is staff salary and allowances as it covers 85% of administrative costs. Staff salaries has increased by 22% and 13% compared to Q1 2021 and Q2 2020 respectively mainly due to increase in number of staffs being recruited. As per the information provided by company, number of staffs has been increased from 3194 to 3682 from Q2 2020 to Q2 2021. Likewise compared to previous quarter, number of staffs has increased from 3506 to 3682. As a result, administrative expenses has been increased significantly over the quarters.

Net Profit

Q2 2020	Q2 2021	Q1 2021
18.0	30.6	25.9
Million in MVR	Million in MVR	Million in MVR

Net profit has increased by 18% and 70% compared to Q1 2021 and Q2 2020 respectively. However, net profit margin remained constant at 6% compared to previous quarter and shows increase from 4.2% to 6% when compared to Q2 2020. Finance cost decreased by 10% and 9%, while depreciation increased by 1% and 20% compared to both quarters of Q1 2021 and Q2 2020 respectively.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.68	0.69	0.68
TIMES	TIMES	TIMES

Company's current ratio indicates that the company is unable to meet its short-term obligations with the current assets. It is noted that company's trade and other receivables covers 43%

of its total current assets (Q1 2021: 36%). Current ratio remained at same level over the comparable periods.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.33	0.29	0.25
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. However, company's quick ratio of 0.29 which is below 1 indicates inability to meet its short-term liabilities with its most liquid assets. The major current asset of the company is inventory. The inventory at the end of Q2 2021 is MVR 392 million, this is a reduction of MVR 41 million compared to previous quarter.

Below table illustrates company's trade and other receivables and trade and other payables within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Trade and other Receivables	**Q2 2020**	**Q2 2021**	**Q1 2021**
Trade Receivables	173,175,711	258,058,761	197,360,929
Other receivables	40,112,070	35,757,542	50,433,571
	213,287,781	**293,816,303**	**247,794,500**

Trade and other payables	**Q2 2020**	**Q2 2021**	**Q1 2021**
Trade payables	650,222,257	929,441,647	946,581,267

Trade and other receivables has increased by 16% and 38% compared to Q1 2020 and Q2 2020 respectively, whereas trade payables has decreased slightly by 2% compared to previous quarter and increased by 43% compared to Q2 2020. It is important to note that the significant trade payable balance is increasing at an alarming rate which needs to promptly deal with by the company.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.03	0.00	0.01
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Fenaka Corporations has a very low level of cash compared to their current liabilities indicating difficulty its payment capacity of due bills. Company's cash and cash equivalents has further deteriorated in Q2 2021 compared to both the quarters in review. The company has invested MVR 76.9 million in PPE and MVR 17 million was utilized to payout the payables of the company during the Q2 2021.

LEVERAGE

Debt to Equity

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

It is noted that Fenaka Corporation has an outstanding account payable of MVR 929 million at the end of Q2 2021. If debt to equity is considered with company's accounts payable which has been outstanding for long period of time, debt to equity ratio results 0.47 times for Q2 2021. This ratio tends to be lower as the total net equity and reserve of the company is valued at MVR 2.39 billion.

Debt to Assets

Debt to Assets ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio, the lower the financial risk. Company's debt to asset ratio resulting 0.04 times in Q2 2021 indicates that company is capable to settle their debts as they have fewer debts compared to their assets. The company has neither taken any additional borrowing nor done any repayment in Q2 2021. Although debt to assets considers only long-term borrowings, it is important to highlight that Fenaka has a longstanding trade payable due for suppliers by nearly a billion.

CONCLUSION

Fenaka Corporation has achieved a net profit of MVR 30 million for the second quarter of 2021, which is 18% higher than previous quarter and 70% higher than Q1 2020. The net profit growth was achieved through increasing revenue and earning a higher gross profit compared to other quarters.

Company's liquidity position is unfavorable as they have less assets compared to their liabilities. Company's total current assets consists of 43% of receivables and 57% of inventories. It is also important to highlight that company has significant trade and other payables of MVR 929 million at the end of the Q2 2021 and has settled MVR 17 million of payables during Q2 2021. It is vital that company manages its working capital more efficiently and effectively.

Company's leverage ratios show satisfactory results as their borrowings remain similar within the previous quarters and their equity increased. It is noted that company has more assets compared to their borrowings. As a result, company's financial risk is low considering the long-term borrowings.

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

Quarterly review; Quarter 2-2021

HOUSING DEVELOPMENT CORPORATION

HOUSING DEVELOPMENT CORPORATION

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/HDC/Q2

Q2 2021 with Q2 2020 and Q1 2020

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
56.5	132	102
Million in MVR	Million in MVR	Million in MVR

During the second quarter of 2021, HDC has made a total income of MVR 132 million, which is an increment of 29% compared to previous quarter. HDC's income comprise of sale of properties and rental income. Rental income has recorded an increment of MVR 1.89 million compared to Q1 2021 due to inclusion of GMIZL rental income.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
56.5	124.7	102.9
Million in MVR	Million in MVR	Million in MVR

After deduction of cost of sale of property/land, HDC has made a gross profit of 124.7 million for Q2 2021.

Operating Profit/Loss

Q2 2020	Q2 2021	Q1 2021
13.9	39.1	33.9
Million in MVR	Million in MVR	Million in MVR

The company has made an operating profit of MVR 39.1 million for Q2 2021, which is 15% higher than previous quarter. Nevertheless, other income has reduced by 56% against previous quarter mainly from miscellaneous income. However, the maintenance income was almost same as previous quarter.

Total operating expenses also records a growth of 9% against previous quarter. Regardless of reduction of other income and increase in operating costs, HDC has achieved a growth in operating profit.

Expenses

Total operating expenses of the company stands at MVR 92.8 million in Q2 2021. (Q1 2021: 85.1 million)

	Administartive costs	Maintenance Expenses	Selling and Marketing Expenses
Q2 2020	43,660,736	1,353,998	231,203
Q2 2021	81,322,838	10,454,564	1,079,420
Q1 2021	70,337,345	12,915,444	1,906,612

Administrative expenses have increased from MVR 70 million to MVR 81 million compared to Q1 2021. The increase mainly attributable to the significant increment in other general & administrative costs. This expense increased due to fine charge of MVR 2.7 million for late payments, HR Apprenticeship Programme of MVR 1.1 million and foreign exchange loss of MVR 5.9 million. In addition, personnel expenses increased by MVR 1 million and professional and consultancy expenses by 0.7 million. Conversely, maintenance expenses and selling and marketing have reduced compared to previous quarter. The major savings among maintenance expenses was seen from building maintenance and vehicle and equipment running expenses.

In comparison to the same quarter of 2020, total expenses of the company have increased from MVR 45 million to MVR 92 million mainly from other general & administrative expenses (MVR 17.3 million) and personnel costs (MVR 15.5 million). The significant increase of personnel costs is due to increase in staffs mostly inclusion of GMIZL staffs.

Net Profit/Loss

Q2 2020	Q2 2021	Q1 2021
-3.6	17.7	16.3
Million in MVR	Million in MVR	Million in MVR

The company has made a net profit of MVR 17.7 million for the second quarter of 2021, which is a growth of 9% compared to previous quarter. This is due to increase in revenue owing to the sale of properties during the quarter. However, the net profit margin has declined from 16% in Q1 2021 to 13% in Q2 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
4.17	3.56	3.41
TIMES	TIMES	TIMES

Current ratio of HDC indicates a healthier liquidity position and it has further improved in Q2 2021, as current assets have significantly improved. However, it is important to consider the nature of the current assets. The major component of current asset is inventory which comprise 79% of total current assets. Majority of company's inventory consists of land stock and property. Since the greater part of inventory is still in work-in-progress it will take time converting inventory into cash.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.79	0.73	0.68
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Since, HDC's inventory is the most significant component of its current assets, quick ratio is significantly lower than the current ratio and is below 1 for the three quarters in review.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.03	0.06	0.03
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Cash balance of the company is very low compared to its current liabilities. Hence, HDC's cash ratio needs careful management in the future. Nevertheless, the cash balance has significantly improved by MVR 129 million compared to previous quarter owing to the additional borrowings during the quarter. In addition, company have spent MVR 48 million as investment property and repaid loans amounting to MVR 89 million.

Low cash and cash equivalents in the recent years is attributed to the huge investment by the Corporation for the ongoing housing and infrastructure development projects in Hulhumale' Phase I and Phase II. Since allocation of 7000 housing units have started now, the cash flow is expected to improve from next year onwards.

LEVARAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
64%	47%	45%

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Total loans and borrowings of the company stands at MVR 10.8 billion, which is increment of MVR 351 million against previous quarter. Hence, the ratio has increased.

A high debt/equity ratio means that a company has been aggressive in financing its growth with debt. However, when using the debt/equity ratio, it is very important to consider the industry within which the company exists. In the case of HDC, the main business of the company is to establish infrastructure and to provide residential, commercial and industrial developments for sale or lease, which naturally require significant financing. Thus, it is normal for such a company to have relatively high debts. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and increase core business activities to further generate cash. Nevertheless, compared to the same period of last year, the gearing level has declined in 2021.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
35%	29%	29%

Debt to Assets ratio defines the total amount of debts relative to its assets. Debt to Assets ratio of HDC is relatively low, due to significant assets of the company. The ratio has remained same as Q1 2021 because both borrowings and assets have increased. It is important to highlight that the main purpose of the loans taken by HDC is for asset creation either as an investment property or inventory.

Debt Capitalization

Q2 2020	Q2 2021	Q1 2021
39%	32%	31%

Debt capitalization ratio measures total amount of outstanding debt as a percentage of the HDC's total capitalization. Debt capitalization ratio of HDC has marginally increased compared to previous quarter due to increase in borrowings. However, high debt capitalization will not be risky for HDC as long as they maintain the same level of sales in order to meet their debt servicing obligations. The acceptable level of total debt for a company depends on the industry in which it operates. Companies in capital-intensive sectors are typically highly leveraged.

Interest Cover

Q2 2020	Q2 2021	Q1 2021
0.30	0.80	0.73
TIMES	TIMES	TIMES

The interest cover ratio measures how many times HDC can cover its current interest payment with its available earnings. The interest cover ratio of HDC is low since interest expense is relatively higher compared to operating profit of the company. However, the company earns significant interest income to pay its interest expenses. Finance cost of the company has increased by 6% in Q2 2021 compared to previous. However, the ratio has improved since operating profit shows growth of 15% compared to Q1 2021.

CONCLUSION AND RECOMMENDATION

During the second quarter of 2021, HDC has earned proceeds from sale of properties in addition to the rental income, hence total income is MVR 29.5 million higher than previous quarter. Likewise, net profit of the company has also recorded a growth of 9%.

Short-term liquidity position of the company is satisfactory based on current ratio. However, since receivables and inventories are the significant components of current assets; the company does not have real funds to settle its liabilities, thus the company might face liquidity issues. Nevertheless, HDC's significant receivables and housing units are deemed to be enough to cater for the loan obligations and on-going projects financed by the company's cash flow.

In terms of financial leverage, the ratios have increased in Q2 2021 because of additional borrowings during the quarter. Nevertheless, the debt level of the company is significant, hence financial risk of the company is high. However, it is also important to note that HDC earns interest income to settle the finance cost

The most concerning issue for HDC is the significant level of borrowings of the company. The finance cost is equivalent to 37% of revenue. Hence, HDC must improve its capacity of loan repayment. In addition, HDC must improve efficiency and fast track project completion to meet debt repayments.

To improve the short-term liquidity position, HDC has to make policies on managing receivable and payables of the company in order to manage the cash flow position.

Quarterly review; Quarter 2-2021

HOUSING DEVELOPMENT FINANCING CORPORATION PLC

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/HDFC/Q2

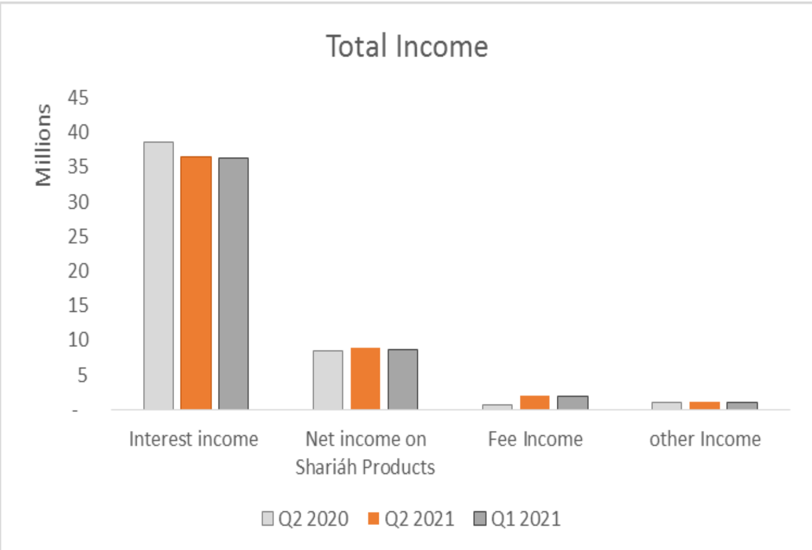
Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
48.6	48.4	47.9
Million in MVR	Million in MVR	Million in MVR

The gross income of the company comprises of interest income, income from Sharia'ah products, fee income and other income. HDFC's gross income was increased by 1.2% compared to the previous quarter and has reported a gross income of MVR 48.4 million in the second quarter of 2021. However, gross income of the company was lower in Q2 2021 compared to the same quarter of last year by 0.4%. The slight increase in gross income is due to reversal entry that was made to insurance commission (other income) in relation to accounts payable. Below chart illustrates how the company has generated income during the quarters of Q2 2020, Q2 2021 and Q1 2021.



As seen from the chart, company's main income is generated from interest income and it coves 75% of total income in the second quarter of 2021. Interest income was declined in Q2 2021 by 5.5% compared to the same quarter of last year. However, company has reported a growth in interest income in the second quarter by 0.4% compared to the previous quarter. It is noted thet the loan balance of the company was decraese in the second quarter of 2021 compared to the same quarter of last year by MVR 32.9 million and compared to the previous quarter by MVR 35.3 million. In addition, shari'ah income, fee income and other income was improved in Q2 2021 compared to the other two quarters of Q2 2020 and Q1 2021.

Net Interest and Investment Margin

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

Net Interest Margin			Net Investment Margin		
Q2 2020	Q2 2021	Q1 2021	Q2 2020	Q2 2021	Q1 2021
1.3%	1.1%	1.2%	1.7%	1.7%	1.6%

A positive net interest/investment margin suggests that the company operates profitably. Since the interest earned on assets is a primary source of revenue for a financial institution, this metric is a good indicator of a company's overall profitability, and higher margins generally indicate a more profitable use of funds.

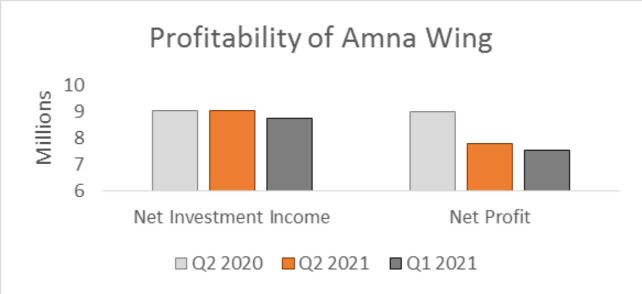
Total interest earning asset was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 6.8% and 4.3% respectively. However, net interest income was decreased in Q2 2021 compared to Q2 2020 and Q1 2021 by 6% and 0.8% respectively. Hence, net interest margin of the company was declined in the second quarter of 2021 compared to the other two quarters. On the other hand, net investment income was decreased in Q2 2021 by 0.3% compared to the same quarter of last year and increased by 3.2% in Q2 2021 compared to the previous quarter. However, mortgage facilities was increased in Q2 2021 by 2.5% compared to the same quarter of last year and decreased by 3.4% compared to the previous quarter. Hence, net investment margin was improved in Q2 2021 compared to the previous quarter and remains similar in Q2 2021 and Q2 2020.

Net Profit

Q2 2020	Q2 2021	Q1 2021
23.3	21.9	22.8
Million in MVR	Million in MVR	Million in MVR

Net profit of the company was declined in the second quarter of 2021 compared to the other two quarters and has reported a net profit of MVR 21.9 million in Q2 2021. It is noted that the operating expenses was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 11.6% and 0.3% respectively.

Amna Wing Profit



HDFC's total mortgage facilities of Islamic Window was decreased from MVR 551.7 million and MVR 532.8 million from Q1 2021 to Q2 2021. However, it is noted that company's net investment income and the net profit was improved in Q2 2021 compared to the previous quarter.

CAPITAL MANAGEMENT

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

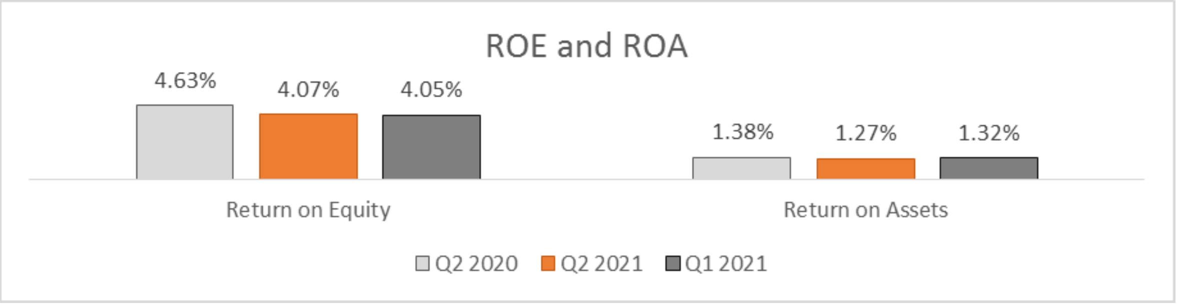
Assets that are available to cover their obligations and liabilities of HDFC for the three quarters in review are below;

Details	Q2 2020	Q2 2021	Q1 2021
Total Liabilities			
Deposits	86,256,655	78,163,688	79,017,594
Borrowings	1,076,976,690	1,089,731,958	1,039,080,593
Other Liabilities	275,166,191	334,313,602	297,780,962
Total Liabilities	**1,438,399,536**	**1,502,209,248**	**1,415,879,149**
Total Assets			
Cash, Short term Funds	55,212,530	160,315,686	40,272,802
Financial assets held to maturity	169,985,133	236,072,246	231,678,468
Loans and advances to customers	1,800,067,411	1,767,132,863	1,802,479,289
Property, Plant and Equipment	1,159,078	1,048,065	1,037,888
Right of use assets	9,838,535	8,187,809	8,462,930
Intangible assets	367,640	144,685	194,247
Deferred tax asset	5,820,179	5,117,559	5,117,559
Other Assets	6,098,101	7,376,792	7,803,815
Total Assets	**2,048,548,607**	**2,185,395,705**	**2,097,046,998**
NET (Assets-Liabilities)	**610,149,071**	**683,186,457**	**681,167,849**

HDFC's total assets was increased in the second quarter of 2021 compared to the other two quarters and have total assets of MVR 2.19 billion in the end of Q2 2021. Which is an improvement of MVR 88 million compared to the previous quarter. However, housing loan/facility portfolio was declined and has a balance of MVR 1.77 billion in the end of the second quarter of 2021. Which is a decline of MVR 35.3 million compared to the previous quarter.

Company's total liabilities was increased in Q2 2021 by MVR 86 million compared to the previous quarter.

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

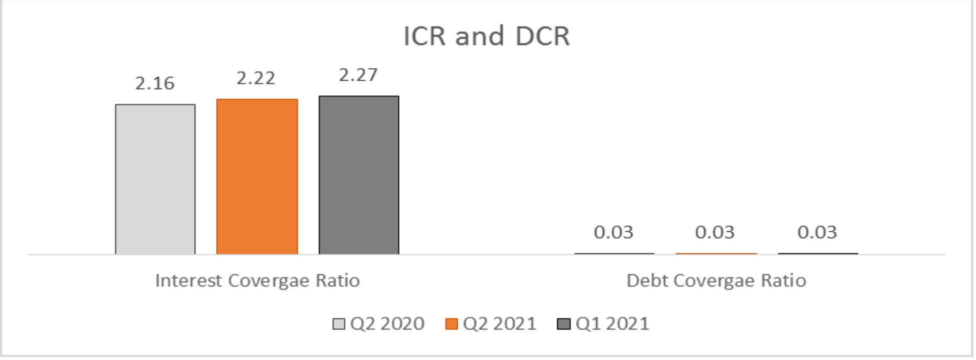


ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period.

Although, ROE declined compared Q2 2020, compared to the previous quarter the ratio was improved slightly in Q2 2021. This is due to significant increase in shareholder's equity in Q2 2021 compared to Q1 2021. On the other hand, ROA was declined in Q2 2021 compared to other two quarters of Q2 2020 and Q1 2021. This is due to significant increase in total assets in Q2 2021 compared to Q1 2021.

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

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



HDFC's interest coverage ratio was declined in the second quarter of 2021 compared to the previous quarter. This is because compared to the increment of operating profit, interest expense was significantly increased in Q2 2021.

The company has obtained MVR 125 million borrowed funds during the quarter and has repaid MVR 74.5 million. The higher the ratio of EBIT to interest payments, the more financially stable the company. However, it should be noted that this ratio only takes into account interest payments and not payments made on principal debt balances that may be required by lenders. Hence, the debt-service coverage ratio is slightly more comprehensive.

Debt coverage ratio was 0.03 in the second quarter of 2021 which is similar in the other two quarters of Q2 2020 and Q1 2021. Debt coverage ratio of the company is very low as the ratio is calculation taken into account operating profit for the quarter and the borrowings figure is the total figure. Low debt service coverage ratio indicates that company does not have capacity to cover or pay current debt obligations without drawing on outside sources – without, for example, borrowing more.

CONCLUSION

HDFC has reported a gross income of MVR 48 million in the second quarter of 2021 which is an improvement of 1.2% compared to the previous quarter. Company's operating expenses was increased in Q2 2021 by 0.3% compared to the previous quarter. Hence, net profit of the company declined by 4% in the quarter.

Total assets of the company has reached to MVR 2.19 billion and housing loan/facility portfolio balance was MVR 1.77 billion in Q2 2021. However, deposits of the company was declined by 1.08%. Hence, the net assets of the company was improved by MVR 2 million at the end of second quarter of 2021.

RECOMMENDATION

As the company's debt service coverage ratios are quite low, it is important to manage HDFC's borrowing space carefully in order to maintain adequate levels of cash to service debt.

Quarterly review; Quarter 2-2021

ISLAND AVIATION SERVICES LIMITED

ISLAND AVIATION SERVICES LIMITED

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/IASL/Q2

Q2 2021 with Q2 2020 and Q1 2021

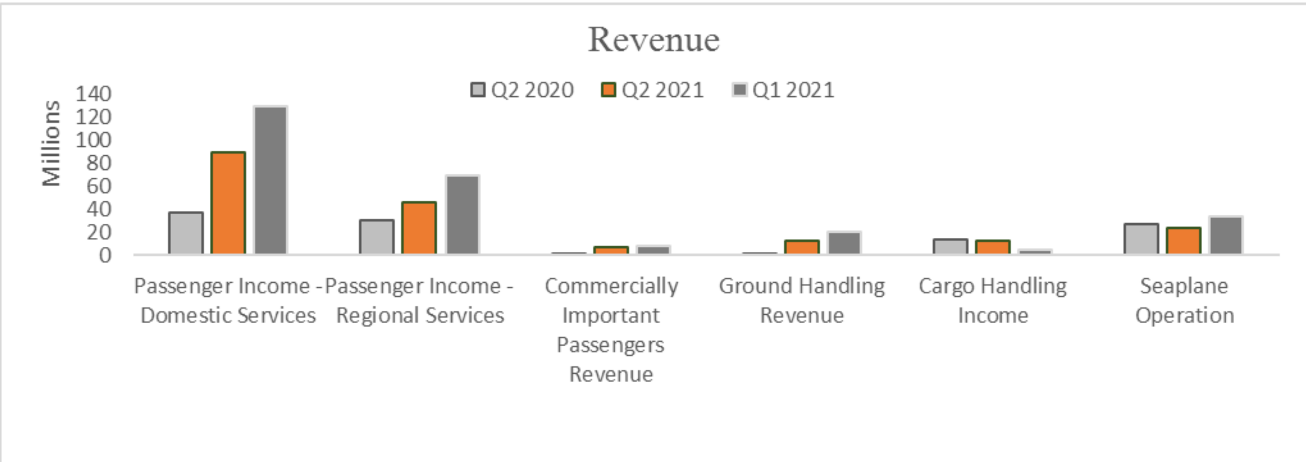
PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
109	190	265
Million in MVR	Million in MVR	Million in MVR

IAS has a revenue growth of 74% compared to Q2 2020 and has reported a revenue of MVR 190 million in the second quarter of 2021. Although there is a growth compared to the last year, the revenue is still lower than the pre Covid-19 levels due to less flight movements in Q2 2020 with the restrictions of Covid-19 pandemic. However, it is noted that compared to the previous quarter, company's revenue decreased in Q2 2021 by 28%.

The below chart shows the movements in revenue segment over the three quarters in review.



As seen from the above table, passenger income from domestic services is the main revenue generating segment in the second quarter of 2021. Revenue from passenger income in domestic services increased in Q2 2021 compared to the same quarter of last year by MVR 51.7 million as there was less flight movements in Q2 2020 due to Covid-19 lockdown. However, compared to the previous quarter revenue from passenger income in domestic service was decreased in Q2 2021 by MVR 40.3 million. This is due to decrease in PAX by 25.4% with the travel restrictions. It is noted that, passenger income from regional service, revenue from commercially important passengers and revenue from ground handling increased in Q2 2021 compared to Q2 2020. However, compared to previous quarter revenue from those segments decreased in Q2 2021. On the other hand, cargo handling income decreased in Q2 2021 compared to the same quarter of last year. However, compared to the previous quarter cargo handling income increased in Q2 2021. It is also noted that, revenue from seaplane operations decreased by 12% and 30% in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 respectively.

Gross Profit/ (loss)

Q2 2020	Q2 2021	Q1 2021
-21.1	3.8	67.2
Million in MVR	Million in MVR	Million in MVR

Although the company has a gross loss of MVR 21 million in Q2 2020, it is noted that the company has managed to earn a gross profit of MVR 3.8 million in the second quarter of 2021. This is mainly due to increase in revenue in Q2 2021. However, compared to the previous quarter, with the decrease in revenue in Q2 2021, company's gross profit has declined by 94%. It is noted that direct costs of the company has increased in the second quarter of 2021 by 43% compared to the previous quarter of last year. Among the direct costs, the highest increment was seen from flight related direct costs and aircraft fuel costs. Although, no cost incurred from flight related direct costs in Q2 2020, it is noted that company has MVR 23 million from flight related direct costs in Q2 2021. In addition, aircraft fuel costs was increased by MVR 22.8 million in Q2 2021. It is also noted that, with comparison to Q2 2020, direct costs from all the segments was increased except from engineering and other expenses in Q2 2021. On the other hand, direct costs of the company was decreased in the second quarter compared to the previous quarter by6%. Direct cost of the company was decreased mainly from flight related direct costs and aircraft fuel costs. Flight related direct costs was decreased by MVR 4 million and aircraft fuel costs was decreased by MVR 5 million due to Covid-19 travel restrictions flight movement decreased by 24.2% in Q2 2021.

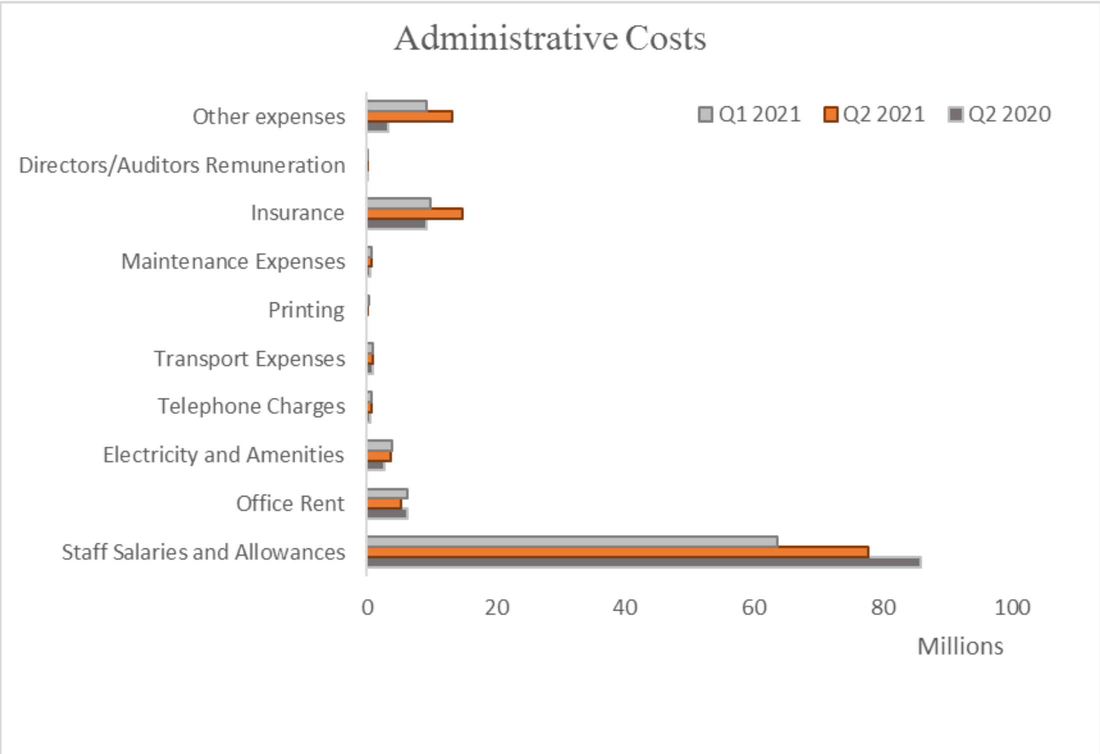
Net Profit/ (loss)

Q2 2020	Q2 2021	Q1 2021
-110.2	-99.6	-25.3
Million in MVR	Million in MVR	Million in MVR

IAS has reported a net loss of MVR 99.6 million in the second quarter of 2021. Company's net loss was decreased by 10% in Q2 2021 compared to the same quarter of last year. This is mainly due to increase in revenue in Q2 2021. However, compared to previous quarter company's net loss was increased in Q2 2021 by 293%. This is mainly due to decrease in revenue by 28% and increase in operational costs by 23% in Q2 2021. Below table shows company's operational costs in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Overheads	**Q2 2020**	**Q2 2021**	**Q1 2021**
Selling and marketing Costs	325,093	116,220	586,903
Administrative Costs	109,487,095	117,634,562	95,476,438
Total	**109,812,188**	**117,750,782**	**96,063,341**

As seen from the table, company's main operational costs are from administrative costs. Administrative costs of the company was increased in the second quarter of 2021 by 7% and 23% compared to the other two quarters of Q2 2020 and Q1 2021 respectively. On the other hand, selling and marketing cost was decreased in Q2 2021 by 64% and 80% compared to both the quarters of Q2 2020 and Q1 2021 due to decrease in sales incentive with the decrease in ticket sales in the quarter. Below chart illustrates how company's administrative costs incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.



As seen from the above chart, company's main operating expenses is staff costs as it covers 66% of total administrative costs. Staff salaries and allowances was decreased in the second quarter compared to the same quarter of last year by 9% due to Covid-19 pandemic, salary structure was changed in June 2020. However, staff salaries and allowances was increased in Q2 2021 compared to the previous quarter by 22% as Ramadan allowance was given in the second quarter of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.91	0.84	0.85
TIMES	TIMES	TIMES

The current ratio of the company illustrates that company's current liabilities exceed its current assets which indicates that the company is not capable to meet its short-term obligations with the current assets. Current ratio of the company was decreased in the second quarter compared to the same quarter of last year and previous quarter. It is noted that company's current assets are mainly from trade and other receivables which covers 91% of total current assets in the second quarter of 2021. Trade and other receivables was decreased in Q2 2021 compared to Q2 2020 by 7% as credit collection was improved in the year 2020. With comparison to the previous quarter, trade and other receivables was increased in Q2 2021 by 6% mainly due to decrease in receivables by 7%. It is important to highlight that IAS is facing a significant challenge in managing short term payables and this has been increasing each quarter. Trade and other payables of the company was increased in the second quarter of 2021 compared to other two quarters of Q2 2020 and Q1 2021 by 14% and 6% respectively.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.84	0.78	0.78
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. IAS's quick ratio results 0.78 times in Q2 2021 and a quick ratio of below 1 indicates inability to meet its short-term liabilities with its most liquid assets. Quick ratio of the company was decreased in the second quarter of 2021 compared to the same quarter of last year.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
-0.1	0.2	0.2
TIMES	TIMES	TIMES

The cash ratio of the company has improved as the cash have increased compared to the same quarter of last year and has a cash balance of MVR 21 million in Q2 2021. IAS cash ratio in the second quarter of 2021 results 0.2 times as the company's cash balance is much lower than the current liabilities of the company. Hence, company has less cash to cover the short-term obligations. It is noted that the reported cash and cash equivalents are the balance after consideration of bank overdraft of MVR 69.6 million at the end of the second quarter of 2021.

LEVARAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.49	0.54	0.53
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Company's total equity was reduced in Q2 2021 compared to Q2 2020 and Q1 2021 by 5% and 2%. On the other hand loans and borrowings of the company was increased in Q2

2021 compared to Q2 2020 by 6%. Hence, debt to equity ratio increased in Q2 2021 compared to other two quarters resulting debt to equity ratio of 0.54 times in Q2 2021.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.18	0.18	0.19
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. Company's debt to asset ratio in Q2 2021 is 0.18 times which is relatively low due to huge asset base of MVR 3 billion of the company. It is noted that companies like airline industries are asset based which keeps the company's debt to asset ratio low. Hence, lower the debt to asset ratio, the less risky the company. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and improve core business activities to generate cash.

Debt Capitalization

Q2 2020	Q2 2021	Q1 2021
33%	35%	35%

This ratio helps the investors to gauge the risk of a company based on its financial structure. This ratio measures total amount of outstanding debt as a percentage of the company's total capitalization. Debt capitalization has been kept at a low level, this indicates that IAS is using less leverage and has a stronger equity position. Debt capitalization ratio of the company remained same in the second quarter of 2021 as the level of borrowing have not changed compared to the previous quarter. However, with comparison to Q2 2020, debt capitalization ratio increased in Q2 2021 from 33% to 35%.

Interest Cover

Q2 2020	Q2 2021	Q1 2021
-775	-67	-19
TIMES	TIMES	TIMES

The interest cover ratio measures how many times the company can cover its current interest payment with its available earnings. Interest cover ratio of the company is quite high as company's operating loss is increasing in each quarter. The ratio illustrates that company is not generating enough profit from its operations to meet its interest obligations. It is important to note that the interest cover is calculated based on operating profit and not based on EBITDA.

CONCLUSION & RECOMMENDATION

IAS has reported a decline in revenue of MVR 75 million in the second quarter of 2021 compared to the previous quarter. Hence, company has reported a net loss of MVR 99.6 million in the end of the second quarter of 2021. It is noted that the net loss was increased in Q2 2021 compared to previous quarter by MVR 74 million (249%). In addition, company has overhead costs of MVR 117.8 million which was an increased in overhead by MVR 21.7 million compared to previous quarter. Therefore the company should focus on improving revenue by implementing new ways to generate revenue such as expanding the sea plane operation. Cost management is an important element for profit maximization. Therefore, IAS should try to achieve efficiency, economy and effectiveness to improve business performance. The company is likely to face challenges due to Covid-19.

Liquidity ratios of the company has to be further improved as current liabilities exceed their current assets. Hence, liquidity ratio shows that the company is not capable to meet its short-term obligations with current assets. Company's cash balance is decreased in Q2 2021 by 15% compared to previous quarter and the company still have an overdraft facility of MVR 69.6 million at the end of second quarter of 2021. In addition, company's total current assets are mainly from trade and other receivables which covers 91% of total current assets. As a result of accumulated payables, liquidity position seems to be weak. The significant receivables of the company are a major concern for the company. Hence, efficiency of credit control department and Proper control mechanisms should be implemented shortly. Flexible terms can be agreed on the existing receivables which could help to collect receivables more swiftly.

Long term loans and borrowings have remained same as previous quarter and total equity of the company was decreased in Q2 2021 by 2% compared to the previous quarter. With the increasing liabilities and weak liquidity position of the company, the company should change its operating costs management and focus on cost reduction and improvement of top line.

Quarterly review; Quarter 2-2021

KAHDHOO AIRPORT COMPANY LTD

KAHDHOO AIRPORT COMPANY LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/KACL/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
0.68	2.00	2.43
Million in MVR	Million in MVR	Million in MVR

KACL has generated a revenue of MVR 2 million in the second quarter of 2021. Revenue of the company increased in the second quarter of 2021compared to the same quarter of last year by 195% mainly due to increase in aeronautical revenue with the increase of flight movements. However, compared to the previous quarter revenue was declined by 17% in the second quarter of 2021 mainly due to decrease in the revenue from aeronautical segment with the decrease of flight movements. Below table shows how KACL has generated revenue from all the segments in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Revenue	Q2 2020	Q2 2021	Q1 2021
Aeronautical	261,785	1,542,352	1,911,047
Commercial Revenue			
Cargo revenue	4,271.00	47,566	25,162
CIP revenue	-	891	450
Electrcity Charges	159,503	167,471	163,538
Rental Income	135,171	206,913	173,913
Room revenue	1,415	1,650	23,650
Shop Revenue	73,075	31,670	54,862
Other Revenue	44,463	5,232	75,206
Total Commercial Revenue	**679,683**	**2,003,745**	**2,427,828**

As seen from the table, main revenue generating segment of KACL is from Aeronautical revenue in the second quarter of 2021. Compared to the same quarter of last year, Cargo revenue and other revenue has declined in Q2 2021. However, revenue was increased in all the other segments. When compared to the previous quarter, Room revenue, Shop revenue and other revenue was decreased in Q2 2021. However, revenue increased in all the other segments.

Operating Profit/ (Loss)

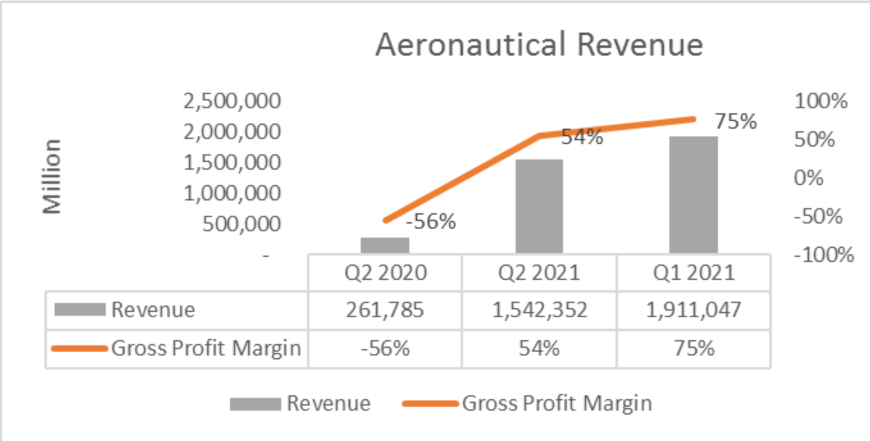
Q2 2020	Q2 2021	Q1 2021
-5.53	-5.00	-3.62
Million in MVR	Million in MVR	Million in MVR

KACL has made an operational loss of MVR 5 million in the second quarter of 2021. Operating loss of the company was decreased in the second quarter of 2021 by 10% compared to the same quarter of last year. However, compared to the previous quarter operating loss was increased in the second quarter of 2021 by 38%. It is noted that, company's operating expenses was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 13% and 16%.

Compared to Q2 2020, operating expenses was mainly increased in Q2 2021 from fuel cost, uniform cost and repair & maintenance costs.

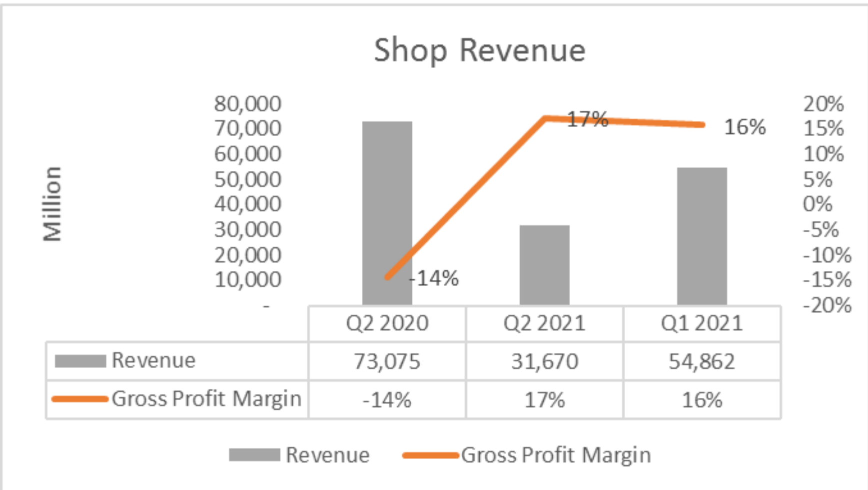
Segmental Profit

Aeronautical Revenue



KACL's main revenue generating segment is from aeronautical. Although, revenue from Aeronautical decreased by 19% in the second quarter of 2021 compared to the first quarter, it is noted that Aeronautical revenue increased by 489% in Q2 2021 compared to the same quarter of 2020.

Shop Revenue



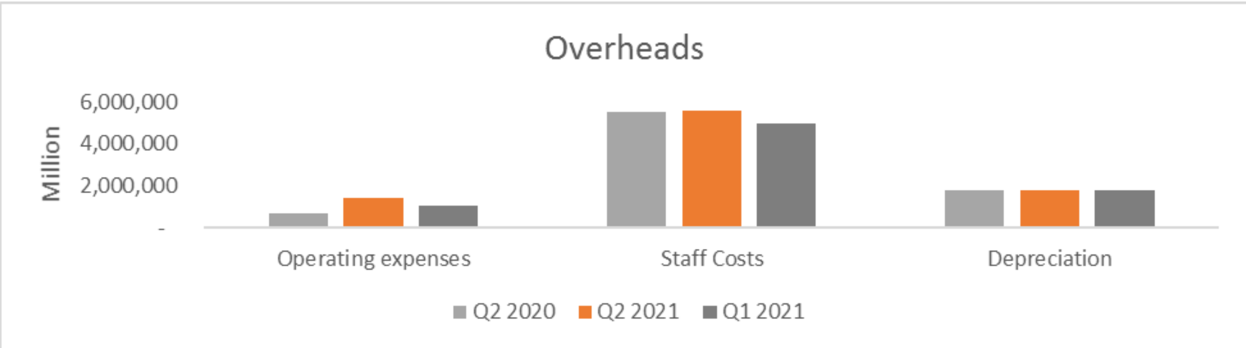
With reference to the above chart company's shop revenue was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 57% and 42% respectively. This is due to limited time for shop opening

Net Profit/loss

Q2 2020	Q2 2021	Q1 2021
-7.33	-6.79	-5.41
Million in MVR	Million in MVR	Million in MVR

Company incurred a net loss of MVR 6.79 million in the second quarter of 2021. In comparison to the same quarter of last year, net loss of the company was decreased in the second quarter of 2021 by 7%. However, compared to the previous quarter net loss increased in Q2 2021 by 26%. Due to the decrease in the revenue and increase in the net loss, company's net margin was increased by 116% in the quarter.

Operating Expenses



As seen from the above chart, the major expense of the company is staff costs and it has increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 1% and 12% respectively. It is noted that operating expenses and depreciation has also increased in Q2 2021 compared to other two quarters. Hence, total overhead costs increased in the quarter.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
21.5	17.3	18.7
TIMES	TIMES	TIMES

KACL has a current ratio of 17.3 times in the second quarter of 2021. However, high current ratio in the case of KACL does not indicate the company's ability to meet its short term laibilities with current assets. Trade and other receivables is the most significant component of current assets as it covers 89% of total current assets. It is noted that trade and other receivables are increasing in each quarter and has an aging profile which is longer than 365 days. In addition, trade and other receivables are 2571% higher than the revenue generated in the quarter. The increasing trade and other receivables are mainly due to delay in payments from Island Aviation Services Ltd. Current ratio of the company was decreased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 19% and 8% respectively.

Below table illustrates KACL's cash balances, trade and other receivables and trade and other payables within the quarters of Q2 2020, Q2 2021 and Q1 2021.

	Q2 2020	Q2 2021	Q1 2021
Cash and cash equivalents	729,419	3,778,112	2,741,334
Trade and other receivables	34,690,763	39,657,190	39,433,041
Trade and other Payables	1,706,312	2,580,558	2,315,852

As seen from the table, it has to be noted that all the three elements was increased in the second quarter of 2021 compared to the other two quarters. With comparisson to the same quarter of last year trade and other receivables records the highest increment of MVR 4.96 million in Q2 2021.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
20.8	16.8	18.2
TIMES	TIMES	TIMES

Quick ratio shows a company's ability to meet its short-term obligations excluding inventories. KACL's quick ratio has decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 19% and 8% respectively.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.4	1.5	1.2
TIMES	TIMES	TIMES

KACL has a cash ratio of 1.5 times in the second quarter of 2021 which indicates that the company is capable to meet its short-term debts with cash or cash equivalents. Cash ratio of the company has increased in the quarter compared to Q2 2020 and Q1 2021 by 242% and 24% respectively.

CONCLUSION & RECOMMENDATION

KACL has generated a revenue of MVR 2.0 million in the second quarter of 2021. However, company has high operating expenses of MVR 7.0 million which is high costs compared to the revenue generated in the quarter. Hence, company has incurred a net loss of MVR 6.8 million at the end of second quarter of 2021. It is noted that net loss of the company was increased in Q2 2021 by MVR 1.4 million which is 26% compared to the previous quarter. Therefore, it is important that company focus and plan new ways to generate more revenue in order to cover the operating expenses and reduce the loss of the company. In addition, company should evaluate the operational costs in order to minimize and eliminate costs where possible.

Although, the liquidity position shows favorable results from current ratio and quick ratio, it is noted that the majority of current assets are trade and other receivables which covers 89% of total current assets in the second quarter of 2021. It is also noted that company has MVR 39.7 million as their trade receivables which is 2571% higher than the revenue generated at the end of Q2 2021. In addition, company's trade and other payable is also increasing and has MVR 2.6 million at the end of the Q2 2021.

Therefore, in order to improve the liquidity position of the company, it is important that the company implement new rules for receivable collection in order to payout company's trade payables without delaying the payments. In addition, company can find ways to generate revenue and invest their cash balances to minimize the loss incurred. It is important that KACL negotiate with Island Aviation Services Limited on collecting the receivables payments on time as the majority of receivables are from IASL.

Quarterly review; Quarter 2-2021

MALDIVES AIRPORTS COMPANY LIMITED

MALDIVES AIRPORTS COMPANY LIMITED

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MACL/Q2

Q2 2021 with Q2 2020 and Q1 2020

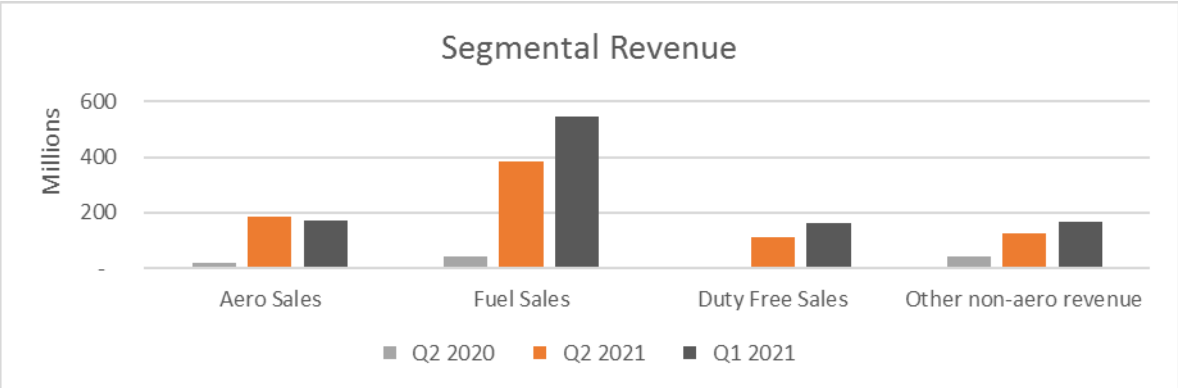
PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
110.6	806.4	1,047
Millions in MVR	Millions in MVR	Millions in MVR

MACL reported a revenue of MVR 806 million, however this is 23% lower than previous quarter.

Compared to the same period of last year the revenue recorded in Q2 2021 is 629% (MVR 695 million) higher. The below chart shows the breakdown of revenue for the three quarters.



While aero sales increased compared to previous quarter, other segments have declined in Q2 2021. The major revenue segment of the company is fuel sales, which has recorded a reduction of MVR 161 million compared to previous quarter. In addition, duty free sales and other non-aero revenue also declined by MVR 52 million and 40 million respectively.

On the other hand, in comparison to the same period of last year, all the revenue segments have performed well in Q2 2021, especially the fuel segment.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
76.1	520	667
Millions in MVR	Millions in MVR	Millions in MVR

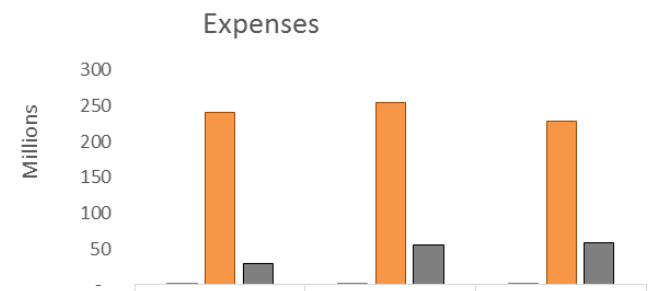
Since revenue is lower in Q2 2021 compared to previous quarter, gross profit is also lower by MVR 147 million. However, companies' direct costs have reduced 25% while revenue reduced by 23%. Hence, gross profit margin has improved from 64% to 65%. When further analyzed in to segmental performance, aero segment has achieved the highest profit margin in Q2 2021. On the other hand, fuel and other segment have made a net loss for the quarter. This is because the fuel costs have been increasing in 2021.

Operating Profit

Q2 2020	Q2 2021	Q1 2021
-193	209	381
Millions in MVR	Millions in MVR	Millions in MVR

The operating profit made in Q2 2021 is 45% lower than previous quarter. While revenue reduced the operating expenses has increased, lowering the profits of the quarter. Although the company reported an operating loss in Q2 2020, company was able to generate an operating profit of MVR 209 million in Q2 2021. Hence, company's operating profit margin also improves from -175% to 26% in the quarter.

Expenses



	Q2 2020	Q2 2021	Q1 2021
Sales and Marketing costs	8,000	13,000	98,000
Administartive costs	240,751,000	255,036,000	227,862,000
Operating expenses	28,995,000	56,022,000	58,799,000

Sales and Marketing costs Administartive costs Operating expenses

Total overheads of the company consist of administrative, sales and marketing and operating expenses. The total overhead expenses increased by 8% compared to previous quarter, mainly from employee benefits.

Administrative costs are the largest overhead which has increased from Q1 2021 (MVR 227 million) to Q2 2021 (MVR 255 million), as a result of increase in employee benefits.

Among operating expenses, both fuel and Periodicals and subscriptions has increased while repair and maintenance, bank charges and other operating expenses has declined compared to previous quarter.

Sales and marketing cost have significantly declined by 87% against Q1 2021.

Net Profit

Q2 2020	Q2 2021	Q1 2021
-166	116	314
Millions in MVR	Millions in MVR	Millions in MVR

MACL made a net profit of MVR 116 million for the second quarter of 2021, which is 63% lower than previous quarter.

Finance costs (Interest expense) of the company has significantly increased from MVR 11 million to MVR 72 million from Q1 to Q2 2021 because of increasing borrowings by over MVR 154 million.

LIQUIDITY

Current ratio

Q2 2020	Q2 2021	Q1 2021
1.63	0.27	0.24
TIMES	TIMES	TIMES

The current ratio of the company has marginally improved in Q2 2021 due to reduction current liabilities along with increase in current assets compared to previous quarter. Current liabilities have reduced by MVR 233 million mostly from trade and other payables and deferred income compared to previous quarter while total current assets have increased by MVR 176 million. Nevertheless, company's current ratio is below 1 indicating company's current liabilities higher than current assets. The significantly higher current liabilities is mainly because of deferred grant income. If current ratio is computed excluding the deferred income, this ratio is maintained at 2.05 which a satisfactory level.

Quick ratio

Q2 2020	Q2 2021	Q1 2021
1.43	0.23	0.22
TIMES	TIMES	TIMES

The quick ratio reflects company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. The ratio illustrates that company does not have enough liquid assets to cover its current liabilities. Quick ratio of the company was declined in the second quarter of 2021 by 84% compared to Q2 2020 mainly due to increase in the current liabilities by 441% in the quarter.

Cash ratio

Q2 2020	Q2 2021	Q1 2021
0.65	0.13	0.12
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has recorded an increment of MVR 54 million (by 5%) compared to previous quarter, thus the ratio has marginally improved. The improvement in the ratio is also attributable to the reduction of current liabilities by 3%.

During the quarter, MACL has invested MVR 21 million in capital work-in progress investments and have taken additional borrowings of over MVR 182 million. Although operating profits reduced, company was able to settle a significant amount with suppliers resulting a negative cash balance from operating activities.

FINANCIAL LEVERAGE

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.45	0.35	0.34
TIMES	TIMES	TIMES

Debt to assets ratio has increased slightly as the company has taken additional borrowings. Nevertheless, borrowings were taken to invest in capital assets. The debt to assets ratio of MACL is low as the company has strong asset base.

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
1.03	1.31	1.31
TIMES	TIMES	TIMES

Debt to equity ratio has remained same as previous quarter since both borrowings and equity has increased by 2%. Since borrowings are taken to finance the capital projects which are work-in progress, it is likely to increase the scale of operation and revenue in future.

CONCLUSION

The performance of the company for Q2 2021 was lower than previous quarter in terms of revenue and profit. Total revenue reduced by MVR 241 million and net profit dropped by MVR 197 million.

The short-term liquidity position of the company has slightly improved as a result of reduction in companies' liabilities, while increase in current assets. Current ratio of the company is below 1 indicating company's current liabilities are more than current assets.

Regardless of new borrowings the leverage ratios were maintained at a satisfactory level with high asset base and equity. Huge developmental projects are carried out by the company and majority of these projects are financed through borrowings. With the huge development in the infra-structure and other areas, Business scale is expected increase significantly enabling a better performance both operationally and financially.

RECOMMENDATION

The on-going projects must be managed well since these are huge development projects. With proper project management company can ensure the projects are completed based on the agreed dates and eliminate any mismanagements. Delay of projects may impact cash flow of the company, and company may lose possible revenue streams.

MACL has been taking significant borrowing for the past quarters, hence the company should be careful about the financial risk that may arise, taking in to consideration the negative impact of the current pandemic.

Quarterly review; Quarter 2-2021

MALDIVES HAJJ CORPORATION LTD

MALDIVES HAJJ CORPORATION LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MHCL/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
-	-	675 MVR

MHCL generates revenue mainly from Hajj and Umra services for the pilgrimages. However, company was not able to generate any revenue in the second quarter of 2021 as business operations of the company has been on halt and Ramadan Umrah planned for the quarter was cancelled due to the Covid-19 pandemic. It is important to create adequate level of revenue generating units to ensure company operates for the foreseeable future without shareholders assistance.

Gross Profit/Loss

Q2 2020	Q2 2021	Q1 2021
-3125 MVR	-	163 MVR

Company has not recorded any operating expenses as there was no business operations in the quarter. Hence, company's gross profit was nil in the second quarter of 2021 as there was no operational revenue generated in the quarter.

Income from Investment

Q2 2020	Q2 2021	Q1 2021
1.5 Million in MVR	1.9 Million in MVR	1.6 Million in MVR

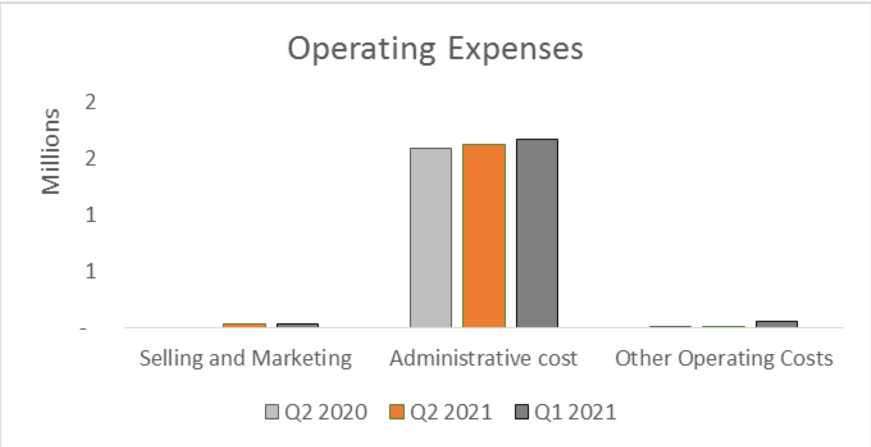
Income on financial assets sees an overall growth in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 24% and 15% respectively. Investments to these financial assets are made from the advance received from customers for Hajj services. Below tables illustrates company's income from investments in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Income from Investment	Q2 2020	Q2 2021	Q1 2021
HDFC Wakalah (60m)	1,120,369	1,116,597	1,120,728
HDFC Sukuk 1 (1m)	20,760	20,620	20,620
DHFC Sukuk 3 (20m)	295,167	403,820	403,820
BML GIA	43,129	-	-
MIB GIA	35,139	340,416	97,284
Total	**1,514,563**	**1,881,453**	**1,642,452**

Net loss

Q2 2020	Q2 2021	Q1 2021
-291.9	26.8	-308.1
Thousands in MVR	Thousands in MVR	Thousands in MVR

Company's operating expenses was increased in Q2 2021 compared to the same quarter of last year by 4% mainly due to increase in administrative expenses by 2% in the quarter. However, operating expenses was decreased in Q2 2021 compared to the previous quarter by 5% mainly due to decrease in administrative costs by 3%. Hence, with the increase in income on financial assets held as investments, company has generated a net profit of MVR 26.8 thousand in Q2 2021. Below chart illustrates how the company's operating expenses incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.



Since the company did not generate any revenue, the operating expenses are funded through the capital injections by the government and the finance income received from investments made by the company. As seen from the chart, company's main operating expenses are from administrative costs in all the quarters. Administrative costs covers 98% of total operating expenses. In addition, administrative costs are mainly from payroll expenses which comprises 70% of total administrative expenses. Although, the payroll expenses has no significant variance compared to Q2 2020, payroll expenses was decreased in Q2 2021 compared to the previous quarter by MVR 64 thousand. Other operating expenses was increased in Q2 2021 compared to Q2 2020 by 162%. However, other operating expenses decreased in Q2 2021 compared to the previous quarter by 85%. Although, the selling and marketing expenses was nil in Q2 2020, company has recorded MVR 28.6 thousand of selling and marketing in both the quarters of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.1	3.1	2.9
TIMES	TIMES	TIMES

Current ratio of the company in the second quarter of 2021 resulting 3.1 times indicates that the company has more current assets compared to its current liabilities. Hence it shows that the company is capable to meet its short-term obligations with the current assets in the quarter. It is noted that the current assets comprises, inventories, trade and other receivables and prepayments, general investment accounts and cash and cash equivalents. Current assets was increased in Q2 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 169% and 7% respectively. However, it must be noted that the increment of current asset is mainly from advance collected from customer and cash realized from investment account. Hence, current ratio of the company was improved in Q2 2021 compared to Q2 2020 and Q1 2021 by 171% and 7% respectively.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.34 TIMES	0.78 TIMES	1.42 TIMES

The cash ratio shows whether the company is able to pay off its short-term obligations with cash or cash equivalents. However, the cash balance reflects the capital injection by the government and the advance payments received from customers, those which shall not solely be utilized in day to day operations but rather should be invested to earn returns from it.

Company's cash ratio was increased in Q2 2021 compared to the same quarter of last year as the cash balance increased in Q2 2021 by 125% compared to Q2 2020. However, cash ratio was decreased in the second quarter of 2021 compared to the previous quarter. This is due to decrease in the cash balance by 45% in Q2 2021 compared to the previous quarter and has a cash balance of MVR 23.7 million at the end of the quarter. It is noted that the cash balance is decreased due to increase in short term investment by 126% in Q2 2021 compared to previous quarter. Hence, if total cash equivalent is considered for cash ratio, cash ratio has improved in Q2 2021 from 2.08 to 2.28 times.

CONCLUSION

MHCL has not generated any revenue in the second quarter of 2021 as Umrah planned for the quarter was cancelled due to the Covid-19 pandemic. However, company was able to generate net profit of MVR 26.8 thousand at the end of the second quarter of 2021. Company's operating expenses at the end of the second quarter of 2021 was MVR 1.7 million.

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

RECOMMENDATION

As the company is unable to generate any operational revenue due to cancellation of Umra, the company should try to reduce and maintain its overheads to an optimum level.

In addition, the company must find ways to generate revenue other than the main business operation, which will reduce dependency on government assistance. Increasing the investment base through marketing to enroll more people in the saving scheme will also help the company to earn more finance income. Further, a company with a huge fund portfolio could look in to areas where they could invest and generate a higher return, enabling to become a profitable company.

Quarterly review; Quarter 2-2021

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MITDC/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
0.04	0.12	NIL
Million in MVR	Million in MVR	

MITDC has reported a revenue of MVR 0.12 million in the second quarter of 2021 which is a revenue growth of 156% compared to the same quarter of last year. In the previous quarter company did not generate any revenue as L.Baresdhoo Caretaking Agreement was ended on December 2020. However, company has started generating income from April 2021 onwards as per agreement terms.

Net Loss

Q2 2020	Q2 2021	Q1 2021
-5.74	-5.74	-5.86
Million in MVR	Million in MVR	Million in MVR

Company has experience a huge loss at the end of the second quarter of 2021 and has a net loss of MVR 5.74 million. This is due to the high overhead costs incurred compared to the revenue generated in the quarter. The recurrent expenses of second quarter of 2021 is mainly driven by MVR 3.9 million recognized as financing cost as per the IFRS 16 lease. Although, the net loss was similar in Q2 2020 and Q2 2021, it is noted that the net loss of the company was decreased in the second quarter of 2021 by 2% compared to the previous quarter. Administrative costs has recorded a growth in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 5% and 3% respectively. Compared to the previous quarter, administrative costs was decreased in Q2 2021 due to increment in payroll expenses and recognition of Ramadan allowances in the quarter. It is noted that administrative expenses are financed by the capital contribution by Ministry of Finance as share capital to the company at this stage as no significant revenue is generated from operations. Capital injection from the government is MVR 1.2 million in the second quarter of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.01	0.02	0.02
TIMES	TIMES	TIMES

Current ratio of the company is below 1 for three quarters in review, indicating unsatisfactory short-term liquidity position. It is noted that the current assets are less compared to its current liabilities and 42% of current assets are from trade and other receivables. Trade and other receivables was increased in the second quarter of 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 12% and 3% respectively.

Below table illustrates company's trade and other receivables for the quarters of Q2 2020, Q2 2021 and Q1 2021.

Trade and othe receivables	Q2 2020	Q2 2021	Q1 2021
Accounts Receivable	18,787	56,687	34,687
Other Receivable	60,000	60,000	60,000
GST refundable	565,004	603,159	603,020
Advance payments to suppliers	15,034,500	15,034,500	15,034,500
Allowance for impairment	(15,034,500)	(15,034,500)	(15,034,500)
Total	**643,791**	**719,846**	**697,707**

As seen from the table, it is noted that the company has made an allowance for the advance payment to suppliers.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.00	0.01	0.01
TIMES	TIMES	TIMES

MITDC's cash ratio is significantly low and are in a high-risk position. It is noted that the cash and cash equivalents was decreased in the second quarter of 2021 compared to the previous quarter by 37% and has a cash balance of MVR 0.99 million in Q2 2021. Cash balance of the company are mainly reflected by the capital injection from the government.

The current liabilities of the company was increased by 16% in Q2 2021 compared to the same quarter of last year due to increase in current lease liabilities. However, compared to the previous quarter, current liabilities was decreased by 2% in Q2 2021 mainly due to decrease in trade and other payables in the quarter. It is noted that company has short term borrowings of MVR 15.42 million, which is the loan taken from Ministry of Finance for integrated tourism development projects on the island of Kaashidhoo in Male' Atoll. In addition, it is noted that 60% of current liabilities reflects the trade and other payables of the company. Below table illustrates company's trade and other payables for the quarters of Q2 2020, Q2 2021 and Q1 2021.

Trade and other Payables	Q2 2020	Q2 2021	Q1 2021
Trade Payables	14,096,132	14,016,557	14,246,154
Accrued Expenses	116,728	209,674	549,188
Advance rent- Baresdhoo Rent Model	4,972,836	4,587,336	4,972,836
Advance rent- Baresdhoo LAC Model	26,985,000	26,985,000	26,985,000
Refund Payable	13,347,200	12,041,640	12,812,640
Accrued Interest	2,420,166	3,331,948	3,104,627
Other Payables	229,479	(1,238)	213,062
CSR Funds	1,921,887	1,921,887	1,921,887
Total	**64,089,428**	**63,092,804**	**64,805,394**

The major components of trade and other payables are advance rent for Baresdhoo LAC model which covers 43% of trade and other payables in Q2 2021. Trade and other payables of the company was decreased compared to other two quarters of Q2 2020 and Q1 2021 by 2% and 3% respectively.

CONCLUSION & RECOMMENDATION

MITDC has reported a revenue of MVR 0.12 million in the second quarter of 2021 through agreement terms of L Baresdhoo Caretaking. However, it is noted that due to high operational costs compared to the revenue generated, company has made a net loss of MVR 5.7 million in the end of the second quarter of 2021. Therefore, it is important that the company to implement business plan in order to achieve the budgeted revenue for the year. In addition, to reduce the net loss, MITDC should manage operating expenses and reduce the overhead costs where possible.

The short-term liquidity position of the company is very poor as the current liabilities are relatively higher than its current assets. MITDC depends on the shareholder assistance to meet all their operational expenses.

The company should formulate strategies to improve revenue and manage costs and expenses. Consequently, payables management is also important which includes maintaining a good relationship with the suppliers to increase the credit limits and obtain goods or services at better terms.

Quarterly review; Quarter 2-2021

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

Report No: PEM/2021/MMPRC/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
0.4	39.5	40.4
Million in MVR	Million in MVR	Million in MVR

MMPRC's revenue has declined in the second quarter of 2021 by 2% compared to the previous quarter and has reported a revenue of MVR 39.5 million in Q2 2021. Revenue was mainly reduced from fair participation fee 60% and roadshow participation fee 81% as these fees depends on the marketing activities carried out in the Q2 2021. With comparison to Q2 2020, company's revenue has increased significantly in Q2 2021. However, it is noted that company received government approved budget (government grant of MVR 38,550,000 million) for the quarter which was not received in Q2 2020. The government grant is a large component of company's income and it represents 97% of the company's revenue and income in the second quarter of 2021. In addition, due to covid-19 pandemic some of the activities were cancelled and rescheduled in Q2 2020.

Gross Profit/ (loss)

Q2 2020	Q2 2021	Q1 2021
-9.7	20.0	13.9
Million in MVR	Million in MVR	Million in MVR

Although, the company had a gross loss in Q2 2020, company has recorded a gross profit of MVR 20 million in Q2 2021 mainly due to the government grant received in the quarter. Compared to the previous quarter, gross profit has increased in Q2 2021 by 44%. This is mainly due to decrease in the cost of sales by 26% in the quarter.

Net Profit/ (loss)

Q2 2020	Q2 2021	Q1 2021
-14.2	15.6	8.2
Million in MVR	Million in MVR	Million in MVR

MMPRC has a net profit of MVR 15.6 million at the end of the second quarter which is a growth of net profit by 90% compared to the previous quarter. This is mainly due to the decrease in the direct costs of the company. It is noted that the operating expenses has also decreased in Q2 2021 by 7% compared to the previous quarter. Although, the company had recorded finance costs in both the quarters of Q2 2020 and Q1 2021, finance costs is nil in Q2 2021.

LIQUIDITY

Current ratio

Q2 2020	Q2 2021	Q1 2021
1.08	1.07	1.06
TIMES	TIMES	TIMES

Current ratio measures the ability of MMPRC to pay short-term obligations or those due within one year. Although, in theory a ratio of above 1 indicate that the company has more current assets than current liabilities, the greater portion of MMPRC's current assets are trade and other receivables which represent 93% of total current assets. Trade and other receivables were decreased in Q2 2021 compared to the previous quarter by MVR 42.7 million mainly due to decrease in account receivables and prepayments & deposits. As accounts receivables and prepayments & deposits depends on the upcoming activities or fairs/events held during the period, in order to recover the accounts receivables, company should plan to reschedule the cancelled activities due to the pandemic of Covid-19.

The majority of receivables and payables constitute acquisition cost related to resorts which are investigating by the asset recovery commission and is related to ongoing court cases. Current assets of the company was decreased by MVR 4 million which is 0.3% compared to the previous quarter. On the other hand, current liabilities has also decreased in Q2 2021 by MVR 10.3 million which is 0.7% compared to the previous quarter.

Cash ratio

Q2 2020	Q2 2021	Q1 2021
0.09	0.08	0.04
TIMES	TIMES	TIMES

Cash ratio calculates the ability to repay its short-term debts with cash or near-cash resources. Company's cash ratio of 0.08 times in Q2 2021 indicates that the company has less cash compared to its current liabilities. It is noted that the cash ratio of the company is very critical as it can only cover 4% of company's current liabilities. Company's cash balance has improved in Q2 2021 by 69% compared to the previous quarter mainly due to the decrease in trade and other receivables. The current liabilities of the company are trade and other payables, most of them are related to the corruption case being investigated. Therefore, it is unlikely that these amounts would be received unless these cases are resolved.

CONCLUSION & RECOMENDATION

Until the second quarter of 2021, a total of 46 promotional activities were conducted as 74 marketing campaigns, 28 fairs and virtual events, 8 roadshows and 17 FAM trips were held.

MMPRC's revenue was declined by 2% in Q2 2021 compared to the previous quarter and has recorded a revenue of MVR 39.5 million in the quarter. However, it is noted that revenue is recorded with the government grant of MVR 38.6 million. Hence, company has reported a net profit of MVR 15.6 million at the end of the second quarter.

MMPRC has high long-standing receivables and it is noted that there are ongoing court cases and the cases are being investigated by the asset recovery commission.

The short-term liquidity position of MMPRC is satisfactory if payables and receivables of past is adjusted based on the corruption case related numbers. There are significant receivables and payables in the company's financial position, most of these figures are related to past corruption cases which is unlikely to be collected unless resolved.

MMPRC is mandated to provide the service of promoting Maldives as the most preferred tourist destination. Hence, considering the nature of the company it is still maintaining a strong cash balance which are provided by government to fulfill mandated objective.

Quarterly review; Quarter 2-2021

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTCC/Q2

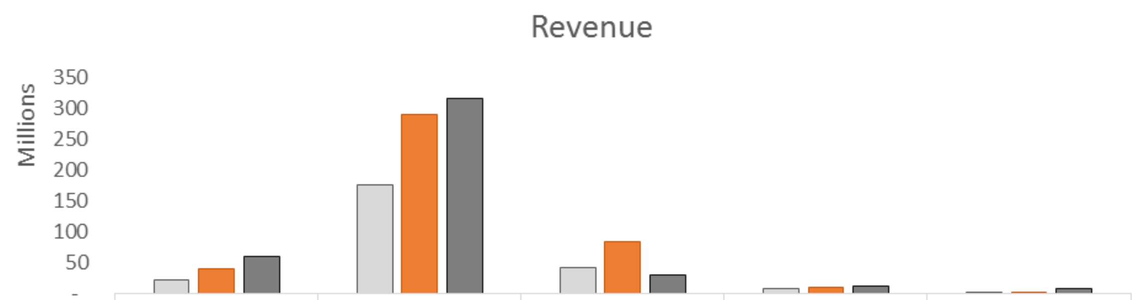
Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
248	423	423
Million in MVR	Million in MVR	Million in MVR

MTCC has reported revenue of MVR 423 million in Q2 2021 which is a growth of 71% compared to the same quarter of last year. However, compared to the previous quarter there was no significant variance in the revenue. Below chart illustrates the different revenue source of the company and how the company has generated revenue within the quarters of Q2 2020, Q2 2021 and Q1 2021.



	Trading	Contracting	Dredging	Transport	Others
Q2 2020	21,120,825	176,182,674	41,092,712	8,082,234	1,591,987
Q2 2021	39,141,377	288,864,656	83,256,337	9,592,981	2,469,384
Q1 2021	58,899,197	314,972,747	28,797,426	12,554,084	7,789,453

Q2 2020 Q2 2021 Q1 2021

As seen from the above chart, company's main revenue generating source is from contracting segment which covers 68% of company's total income. It is noted that in the second quarter of 2021 revenue from all the segments has increased compared to the same quarter of last year. Revenue from contracting was increased by 64% which is equal to MVR 112.7 million in Q2 2021 due to growth in project revenue with the new projects secured during the year 2021. Revenue from dredging was increased by 103% which is MVR 42.2 million in Q2 2021. This is due to increase in revenue from reclamation project as Mahaa Jarraafu and the other two dredgers of the company were in full operation during Q2 2021. Likewise, trading revenue increased by 85%, transport revenue increased by 19% and revenue from other segments increased by 55% due to ease of Covid-19 restrictions in the second quarter of 2021.

When compared to the previous quarter, revenue from dredging was increased by 189% which is MVR 54.5 million in Q2 2021 as company's three dredgers were in full operation during the quarter which has increased the progress of reclamation projects. However, it is noted that revenue from all the other segments has decreased in Q2 2021 compared to previous quarter. Trading revenue decreased by 34% due to delays in receiving shipments from suppliers with the partial lockdown and strict restrictions on movement in Q2 2021.Contracting revenue decreased by 8% as revenue from reclamation projects are recognised under dredging segment in Q2 2021. Likewise, transport revenue decreased by 24% and revenue from others was decreased by 68% due to travel restriction in the quarter.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
24.7	89.7	84.6
Million in MVR	Million in MVR	Million in MVR

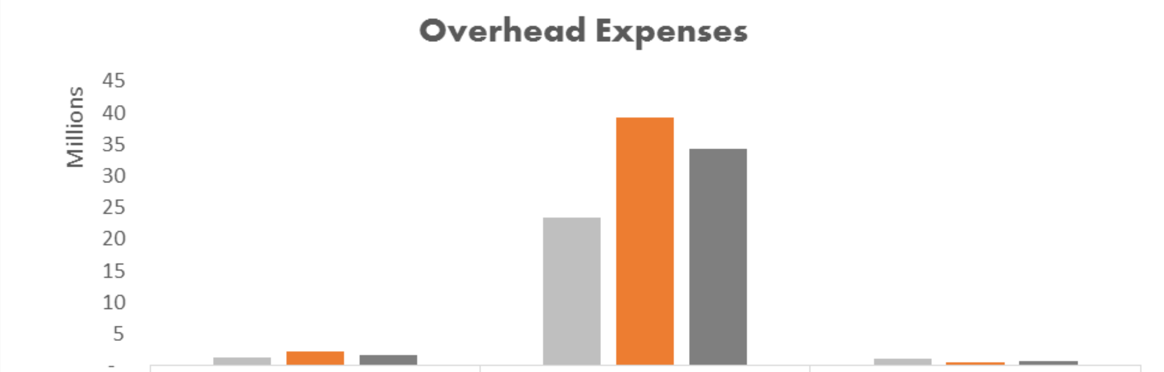
MTCC has reported a gross profit of MVR 89.7 million in the second quarter of 2021. Gross profit of the company has increased in Q2 2021 by MVR 65 million which is 264% compared to the same quarter of last year. When compared to previous quarter, company's gross profit was increased by 6% in Q2 2021. MTCC's gross profit margin in the second quarter of 2021 increase to 21% from 11% and 1% compared to Q2 2020 and Q1 2021 respectively. Although, there was no significant impact on the direct costs of the company in Q2 2021 and Q1 2021, it is noted that direct costs were decrease compared to Q1 2020. Direct cost mainly includes cost of sales, project related expenses and salary and allowances direct to the projects.

Operating Profit

Q2 2020	Q2 2021	Q1 2021
26.9	83.1	82.3
Million in MVR	Million in MVR	Million in MVR

With the growth in revenue in Q2 2021, company has reported a growth in operating profit of MVR 83.1 million in the quarter. Operating profit was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 208% and 1% respectively. It is noted that company's operating expenses was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 63% and 15%. It is also noted that the company has reported operating income of MVR 35.6 million in Q2 2021 which was increased compared to both the quarters of Q2 2020 and Q12021 by 26% and 3% respectively.

Below chart illustrates how company's operating expenses incurred in Q2 2020, Q2 2021 and Q1 2021.



	Selling and marketing Costs	Administrative Costs	Other Expense
Q2 2020	1,237,445	23,446,692	1,117,310
Q2 2021	2,297,205	39,249,831	616,094
Q1 2021	1,664,392	34,309,894	718,396

As seen from the above chart, company's operating expenses are mainly from the administrative expenses of the company. Administrative expenses covers 93% of total operating costs in the second quarter of 2021. It is noted that administrative costs was increased in Q2 2021 compared the same quarter of last year by 67%. This is due to the increase in overall administrative expenses with the increase in scale of operations in 2021. With comparison to the previous quarter, company's administrative costs increased by 14% in Q2 2021 due to increase in bank charges from the payment to foreign suppliers and cost for CSR projects during the quarter. Selling and marketing costs of the company was also increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 86% and 38% respectively. Hence, company's operating profit margin was improved to 20%.

Net Profit

Q2 2020	Q2 2021	Q1 2021
15.1	63.0	61.7
Million in MVR	Million in MVR	Million in MVR

MTCC has performed well in both the quarters of 2021 generating over MVR 60 million as net profit in each quarter. Company has generated a net profit of MVR 63 million at the end of the second quarter of 2021. Net profit was increased in Q2 2021 compared to both the quarters ofQ2 2020 and Q1 2021 by 319% and 2%. Company has a net profit margin of 15% in Q2 2021 which is a growth of145% in net profit margin compared to Q2 2020.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.5 TIMES	1.6 TIMES	1.6 TIMES

MTCC has a current ratio of 1.6 times in the second quarter of 2021 indicating that the company is capable in meeting the short-term obligations with the current assets of the company. Hence, company has more current assets compared to its current liability. Current ratio was improved in Q2 2021 compared to the same quarter of last year by 8% and remains constant in the Q2 2021 and Q1 2021. However, it has to be noted that company's current assets is mainly from trade receivables which covers 70% of total current assets in the second quarter of 2021. It is important to highlight that trade and other receivables are increasing in each quarter and has reported trade and other receivables of MVR 1.18 billion at the end of the second quarter 2021.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
1.1 TIMES	1.2 TIMES	1.3 TIMES

MTCC has a quick ratio of 1.2 times in the second quarter of 2021. Company's quick ratio has increased in Q2 2021 by 9% compared to Q2 2020. However, compared to previous quarter quick ratio decreased by 6% in Q2 2021. This indicates that the company is capable to cover its short term debts excluding inventories. Inventory of the company has increased in Q2 2021 by 35% and 24% compared to Q2 2020 and Q1 2021.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.1 TIMES	0.1 TIMES	0.1 TIMES

Cash ratio shows whether the company is capable to pay its short-term obligations through its cash. Company has a cash ratio of 0.1 times in Q2 2021. Cash ratio of the company was constant in the three quarters of Q2 2020, Q2 2021 and Q1 2021.

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.51	0.40	0.43

Debt to equity ratio illustrates the degree to which MTCC is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. MTCC's debt to equity ratio has decreased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 21% and 6% respectively.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.24	0.19	0.20

Debt to asset ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio indicates the less risky the company. MTCC's debt to asset ratio has decreased in Q2 2021 by 21% and 5% compared to Q2 2020 and Q1 2021 respectively.

Interest Cover Ratio

Q2 2020	Q2 2021	Q1 2021
2.91 TIMES	9.32 TIMES	8.44 TIMES

Interest cover ratio measures how many times MTCC can cover its current interest payment with its available earnings. Company's interest cover ratio shows a favorable result in the second quarter of 2021 resulting 9.32 times. Hence, company is capable to cover its interest payments with the earnings on Q2 2021. It is noted that interest cover ratio was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 220% and 10% respectively. A company's ability to meet its interest obligations is an aspect of its solvency and is thus a very important factor in the return for shareholders.

CONCLUSION & RECOMMENDATION

MTCC has reported a revenue of MVR 423 million at the end of second quarter of 2021. It is noted that company has maintained its net profit over MVR 60 million in the second quarter of 2021 and previous quarter, resulting a net profit of MVR 63 million in Q2 2021. This is mainly due to the growth in the revenue over the quarters.

MTCC's liquidity position shows favorable results in the quarter and has more current assets compared to its current liability. However, in terms of cash ratio, company have less cash and cash equivalents compared to its current liabilities. Hence, company is not capable to meet its short term obligations with only cash or cash equivalents. In addition, 70% of company's current assets are from trade and other receivables in Q2 2021. Therefore, company should focus on the receivables collections and should improve its credit collection policies in order to improve company's cash flow.

MTCC's leverage ratio shows a favorable result indicating company is less risky and is capable to cover their interest payments through their earnings.

Quarterly review; Quarter 2-2021

MALDIVES TOURISM DEVELOPMENT CORPORATION

MALDIVES TOURISM DEVELOPMENT CORPORATION

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTDC/Q2

Q2 2021 with Q2 2020 AND Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
13.7	13.8	14.4
Million in MVR	Million in MVR	Million in MVR

The company is engaged in subleasing islands allotted to the company by the Government of the Maldives for resort development, hence the only source of revenue is subleasing income. Company's portfolio of islands has remained same for the period in review.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
9.1	6.6	7.2
Million in MVR	Million in MVR	Million in MVR

MTDC has a gross profit of MVR 6.6 million in Q2 2021, which is a reduction in gross profit compared to the other two quarters. Gross profit was decreased in Q2 2021 compared to the same quarter of last year due to increased direct costs in Q2 2021. Direct costs was increased by MVR 2.5 million, which is 54% in Q2 2021. With comparison to the previous quarter, company's gross profit was reduced mainly due to the reduction in revenue along with increased in direct cost in Q2 2021. Revenue was decreased by 3.9% and the direct costs was increased by 0.2% in Q2 2021.

Net profit

Q2 2020	Q2 2021	Q1 2021
5.2	5.1	5.8
Million in MVR	Million in MVR	Million in MVR

MTDC's net profit was declined in the second quarter of 2021 compared to the other two quarters and has reported a net profit of MVR 5.1 million in Q2 2021. This is mainly due to the high operational costs incurred in Q2 2021 compared to other two quarters. Company's operational costs was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 62% and 4% respectively. Although, company did not generate any other income in Q2 2020, company has recorded other income over MVR 6.8 million in both the quarters of Q2 2021 and Q1 2021. On the other hand, company has MVR 1.7 million as provision for impairment on lease rental receivables in Q2 2020 which was not recognized in Q2 2021 and Q1 2021. It is noted that other income of the company represents gain on lease liability.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
2.4	1.7	2.2
TIMES	TIMES	TIMES

The current ratio measures MTDC's ability to pay short-term obligations or those due within one year. Company's current ratio resulting 1.7 times in the second quarter of 2021 illustrates that the company has high level of current assets compared to its liability in the quarter. Current ratio of the company has reduced in Q2 2021 compared to the other two quarters mostly due to increase in the current liabilities in Q2 2021. It is noted that compared to Q2 2020 the current liabilities was increased in Q2 2021 by 73% mainly due to increase in trade and other payables by MVR 24.7 million in the quarter. However, compared to the previous quarter, current liabilities was increased in Q2 2021 by 18% mainly due to increase in trade and other payables by MVR 8.4 million in the quarter. On the other hand, current assets of the company was increased in Q2 2021 compared to Q2 2020 by 23% mainly due to increase in current portion of net investment sub lease in the quarter by MVR 21.4 million. However, compared to the previous quarter company's current assets decreased in Q2 2021 by 11% mainly due to decreased in current portion of net investment of sub lease by MVR 18.9 million in the quarter.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.19	0.15	0.13
TIMES	TIMES	TIMES

Cash ratio calculates company's ability to repay its short-term debt with cash or near-cash resources. Cash balance of the company was improved in the second quarter of 2021 compared to other two quarters and has a cash balance of MVR 11.5 million at the end of Q2 2021. However, MTDC's cash ratio resulting 0.15 times in Q2 2021 indicates that the company does not have enough cash to cover current liabilities through only cash and cash equivalent. It is noted that MTDC has invested in fixed deposit amounting to MVR 63 million in Q2 2021. The cash ratio including the fixed deposit stands at almost 1.0 in Q2 2021.

CONCLUSION

MTDC is only engaged in sub leasing of the islands, hence the company is earning a fixed income from subleasing. Therefore, the gross profit and net profit of the company will remain at relatively same level until an additional property is added to their portfolio. It is noted that, compared to Q2 2020 the major impact on the performance of the company is due to the application of IFRS rather than the operational performance. However, the company can increase its revenue through other models of operation.

Short term liquidity position of MTDC is favorable with more current assets relative to their current liabilities. Although, the cash ratio of the company needs to be improved, with the inclusion of fixed deposit the ratio stands at 1.0.

RECOMMENDATION

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

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

Quarterly review; Quarter 2-2021

MALE' WATER AND SEWERAGE COMPANY PVT LTD

MALE’ WATER AND SEWERAGE COMPANY PVT LTD

Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MWSC/Q2

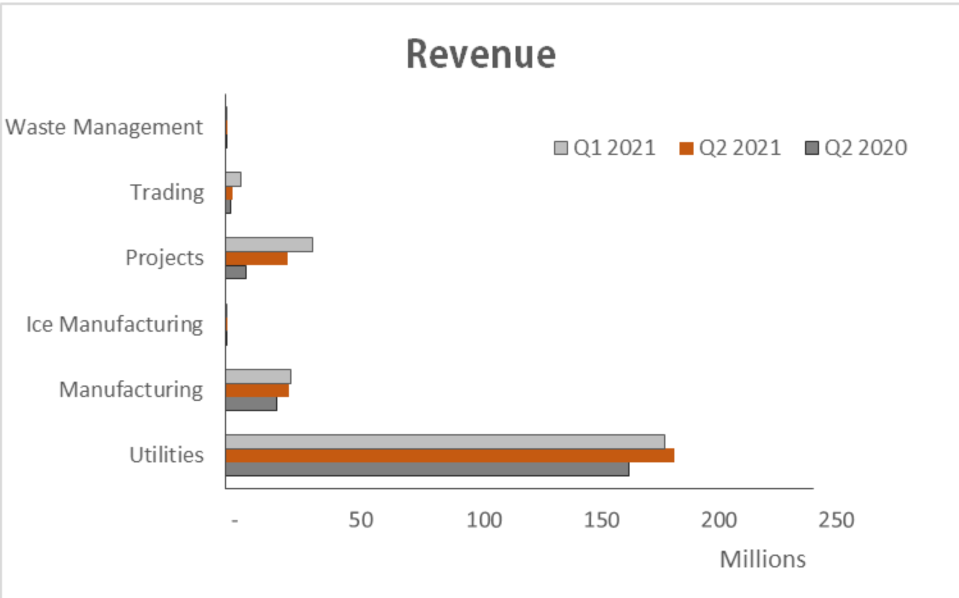
Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
204	248	258
Million in MVR	Million in MVR	Million in MVR

MWSC has reported a revenue of MVR 248 million in the second quarter of 2021, which is a decline in revenue by 4% compared to the previous quarter. However, compared to the same quarter of last year, revenue was increased by 21% in Q2 2021. Below chart illustrates company’s revenue for the three quarters of Q2 2020, Q2 2021 and Q1 2021.



Company’s main revenue generating segment is revenue from utilities which covers 77% of total revenue. While, revenue from manufacturing and projects covers 11% similarly. Revenue from utilities has been increased in the second quarter of 2021 by 12% and 2% compared to both the quarters of Q2 2020 and Q1 2021. Revenue from manufacturing was increased in Q2 2021 by 12% compared to the same quarter of last year. However, compared to the previous quarter, revenue from manufacturing declined by 3% in Q2 2021. Likewise, revenue from projects increased in Q2 2021 by 204% compared to Q2 2020. However, compared to previous quarter, project revenue declined by 28% in Q2 2021.Compared to Q2 2020, revenue from ice manufacturing was declined in Q2 2021. However, revenue from all the other segments was improved in the quarter. With comparison to the previous quarter, it is noted that excluding utilities, revenue from all the other segments declined in

Q2 2021. Project revenue was declined by MVR 10 million (28%) due to the Covid-19 pandemic as islands were in monitoring and had the difficulty in mobilizing materials and staff with the travel restrictions. Likewise, trading revenue was declined by MVR 3 million (50%) due to the second lockdown, tourism sector sales and construction industry sales was reduced in the quarter.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
134.7	147.7	150.2
Million in MVR	Million in MVR	Million in MVR

MWSC has a gross profit of MVR 147.7 million in Q2 2021. Although, the gross profit increased by 10% in Q2 2021 compared to the same quarter of 2020, it is noted that the gross profit was decreased by 2% when compared to the previous quarter. Company's direct cost was increased in Q2 2021 compared to Q2 2020 by 44% mainly due to increase in direct costs for utilities and projects. Utilities costs was increased by 52% as utility costs was low in Q2 2020. This is due to the reduction of water consumption by the business with the restrictive measures of Covid-19 pandemic. Project cost was increased by 435% due to increase in costs with the increase in completion of projects. However, company's direct costs was decreased in Q2 2021 compared to the previous quarter by 7% mainly due to decrease in the project costs by 21% and trading costs by 72%. Gross profit margin of the company was increased compared to previous quarter from 58% to 60% in Q2 2021. Compared to Q2 2020, gross profit margin was decreased in Q2 2021 from 66% to 60%.

Net Profit

Q2 2020	Q2 2021	Q1 2021
74.1	68.2	64.7
Million in MVR	Million in MVR	Million in MVR

MWSC has reported a growth in net profit of MVR 68.2 million in the end of second quarter 2021. It is noted that the profit of the company was declined in Q2 2021 compared to the same quarter of last year by MVR 5.8 million which is 8%. However, compared to the previous quarter, company's profit was increased by 3.5 million which is 5% in Q2 2021. Company's operating expenses was decreased in Q2 2021 by 1% compared to the previous quarter. However, it is noted that the operating expenses was increased in Q2 2021 by MVR 19.7 million compared to Q2 2020. Below tables illustrates how company's operating expenses was incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Operating Expenses	Q2 2020	Q2 2021	Q1 2021
Selling and marketing costs	697,673	734,314	1,003,054
Administrative costs	38,506,624	57,874,837	58,656,070
Other Operating costs	18,553,309	18,807,876	18,685,544
Total Expenses	**57,757,606**	**77,417,027**	**78,344,668**

As seen from the table, 75% of operating expenses is incurred for administrative costs of the company. It is noted that administrative costs have increased by MVR 19.4 million (50%) in Q2 2021 compared to the same quarter of last year. Administrative costs were increased mainly due to increase in IT & IS licensing & maintenance by MVR 4.5 million, staff costs by MVR 3.8 million, rent Expenses by MVR 2.2 million, GST & WHT by MVR 2.3 million, entertainment & other expenses by MVR 1.3 million, utilities expenses by MVR 1.7 million, Freight & duty by MVR 1.3 million and repair & maintenance of building & furniture by MVR 1.1 million. IT& IS licensing & maintenance was increased significantly due to SAP subscription and maintenance fee. Staff costs increased due to the Covid-19 restriction in Q2 2020, staff worked from home and staff was not eligible to get the daily allowances in the quarter. GST & WHT was increased due to increase in input GST of purchases related to utilities segments which are exempted. Entertainment & other expenses was increased due to increase in donations and payments related to anniversary expenses.

In addition, selling and marketing costs of the company was increased in Q2 2021 compared to the same quarter of 2021 by 5%. However, selling and marketing costs was decreased in Q2 2021 compared to the previous quarter by 27%

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.60 TIMES	1.48 TIMES	1.62 TIMES

MWSC's current assets are high compared to its liabilities. Current assets was decreased in Q2 2021 by MVR 9.8 million while current liabilities increased by MVR 62.3 million against previous quarter. Hence, company has current ratio of 1.48 times in Q2 2021 which indicates that the company is capable to meet its short-term obligations of the company. Current ratio was decreased in Q2 2021 compared to the other two quarters. The majority of current assets comprise of inventory, trade receivables and cash balance. On the other hand, most significant current liability of the company was dividend payable in Q2 2021. It is noted that dividend payable covers 77% of total current liabilities which is significantly high in the quarters.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
1.16 TIMES	1.11 TIMES	1.24 TIMES

Quick ratio shows company's availability of most liquid assets to service current liabilities. Quick ratio of the company has maintained above 1 indicating a favorable result in the quarters. However, quick ratio was decreased in the quarter compared to the other two quarters. It is noted that the inventories of the company was increased in Q2 2021 by 3% against the previous quarter.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.33 TIMES	0.31 TIMES	0.43 TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has significantly reduced by 22% compared to previous quarter while current liabilities increased. Hence, cash ratio decreased from 0.43 to 0.31 times in the quarter.

Considering the level of operation, the company is maintaining a strong cash balance. During Q2 2021, the company has invested MVR 68.9 million in Property plant and Equipment and repaid MVR 23.7 million loans and borrowings.

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.12 TIMES	0.08 TIMES	0.09 TIMES

Company's debt levels remain relatively low with adequate cash generated from operating activities. Therefore, the company still has ample space to raise debt from banks and expand the business if the need arises. Total debts of the company was reduced in Q2 2021 compared to previous quarter by MVR 15.8 million. Likewise, equity was also reduced by MVR 43.7 million in Q2 2021 compared to previous quarter. Hence, company's debt to equity ratio remains same as previous quarter. MWSC is using a relatively low debts to finance its operations, hence financial risk of the company is very low.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.08 TIMES	0.05 TIMES	0.06 TIMES

The company has not taken any additional borrowings in the quarter, and has repaid MVR 23.7 million loans in the second quarter of 2021. Company's debt to asset remained same as previous quarter. The company has space to raise further debt to expand business.

CONCLUSION & RECOMENDATION

MWSC's revenue was declined in the second quarter of 2021 against previous quarter and has reported a revenue of MVR 248 million in the quarter. However, with the decrease in direct costs and operational costs, company has a growth of net profit of MVR 3.5 million in the quarter.

Company's liquidity position is favorable as company has high current assets compared to the current liabilities. Cash ratio of the company was decreased in Q2 2021. However, it is noted that the company's cash balance was significant in the end of the quarter.

The company’s leverage ratios are comparatively lower in relation to the asset base. It is noted that the company is undertaking MVR 1.89 billion worth of projects out of which MVR 175 million has been billed for the work completion. Moreover, MWSC have capacity to invest in future projects as the company has a huge reserve.

RECOMMENDATION

It is advisable for the company to complete the on-going projects without further delay in order to eliminate the avoidable costs and generate revenue as early possible.

The largest payable of MWSC is dividend, hence company should settle payables in order to improve the liquidity position.

Quarterly review; Quarter 2-2021

MALDIVES PORTS LIMITED

MALDIVES PORTS LIMITED
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MPL/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
119	169	168
Million in MVR	Million in MVR	Million in MVR

During the second quarter of 2021, Maldives enforced new lock down measures due to covid-19 outbreaks, this has led to a consequent downturn in economy. Consequently, as external trade dropped the company's operations were affected immediately. Nevertheless, company has recorded a revenue growth of 1% compared to previous quarter. Company's revenue consists of operational income and non-operational income, where operational income contributes to 97% of total income.

Operational Income	Q2 2020	Q2 2021	Q1 2021
Handling	17,509,887	24,035,503	24,512,607
Wharfage	10,709,482	15,226,929	15,604,916
Stevedoring	45,049,895	53,632,675	51,681,627
Storage/Demurage	9,121,798	9,061,051	4,776,151
Empty Container Storage	1,719,057	7,149,759	5,138,583
H-Pontoon Service Charges	86,892	120,584	156,050
Shifting	17,959	5,008	8,796
Sorting of Mixmark	51,585	52,448	54,881
Measuring Charges	54,508	94,247	84,271
Lashing / Unlashing	428,674	479,228	464,140
Pilotage	1,291,909	7,322,807	10,070,451
Berthing/Quaywall	1,724,431	1,585,182	1,848,570
Port Dues	196,679	732,706	973,624
Express Clearance Charges	912,584	3,058,752	2,338,885
Vessel & Vehicle HireCharges	1,387,885	5,734,562	6,901,947
Cargo Gear Hire Charges	291	943	-
Documents Amendment Charges	59,434	118,161	91,982
Electricity Charges	6,216,692	5,268,960	3,511,042
Water Sale	2,547	31,725	22,362
Container Movement Charges	432,275	311,598	273,089
Hulhumale Income	9,222,815	11,018,074	10,177,296
Bond Income	5,500,316	8,435,635	8,362,342
T- Jetty Income	3,189,624	6,541,293	6,891,524
STL Income	558,644	446,382	1,129,711
MNH	744,519	1,496,933	1,521,737
MIP	3,355	-	27,220
MRTD	709,317	1,686,747	3,641,445
TLF	75,867	13,812	19,076
HTL	1,363	36,711	15,396
Total	**116,980,284**	**163,698,416**	**160,299,721**

The table shows operational income of the company for the three quarters in review.

Among operational income, storage/demurrage income has recorded a growth of MVR 4 million and empty container storage recorded an increment of MVR 2 million.

However, most of the income segments shows decline against previous quarter due to decline operational activities. Revenue from pilotage and MRTD (Male Regional Transport department) has reduced by MVR 2.7 million and MVR 1.95 million respectively.

Operational activities were mostly limited to the essential supplies, medical supplies & consumable and Personal Protective Equipment.

The cargo growth expected during Ramadan was noticeably lower owing to the pandemic. Whereas, conventional Cargo traffic remained more or less the same in Q2 2021 compared to Q1 2021.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
95	169	168
Million in MVR	Million in MVR	Million in MVR

The company does not record any direct costs; hence revenue is equal to the gross profit of the quarter. *(Note: For Q2 2020, direct costs were recorded, hence revenue is not equal to GP in that quarter)*

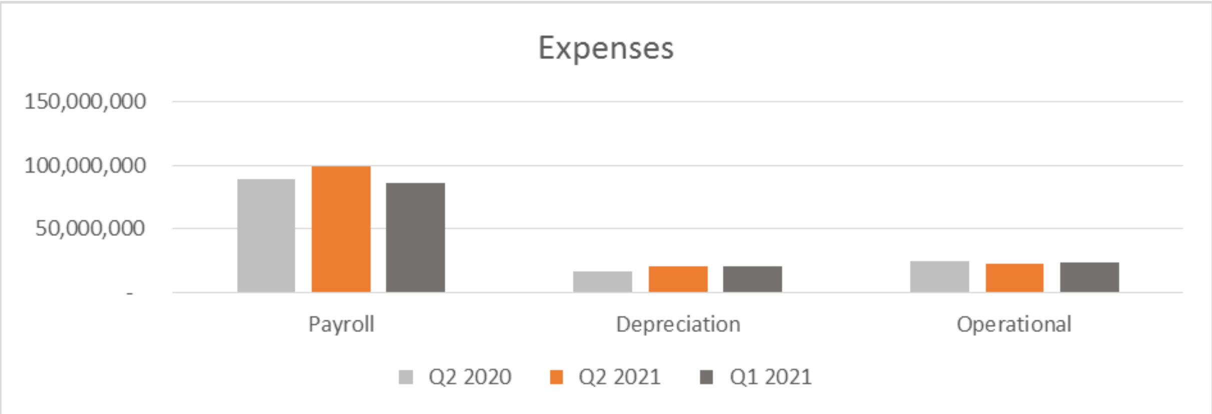
Net Profit

Q2 2020	Q2 2021	Q1 2021
-10.0	18.5	23.9
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly dropped by over MVR 5.4 million against previous quarter. This is mainly because of increase in payroll costs since salary was revived to pre-Covid salary level. In addition, Q2 2021 salary also includes Ramadan allowance and Over time which do not reflect in Q1 2021 and Q2 2020. While revenue grew at 1%, total expenses has recorded a growth of 10% compared to Q1 2021. As a result, net profit margin has dropped from 14% to 11% in Q2 2021.

Expenses

The expenses of the company are categorized into operational costs, depreciation and payroll cost.



Payroll costs of the company is the major expense, which has increased from MVR 85.9 million to MVR 99 million, this is a growth of 15.3%. While depreciation remained at the same level of MVR 21 million, Operational costs recorded a minimal reduction of 1.3%. Therefore, the cost revenue ratio for Q2 2021 stands at 85%. (Q1 2021: 78%)

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
2.10	2.14	2.03
TIMES	TIMES	TIMES

The current ratio measures a company's ability to pay short-term obligations or those due within one year. The results of MPL is favorable with a high current ratio. The higher the current ratio, the more capable a company is at paying its obligations because it has a larger proportion of short-term assets relative to the value of its short-term liabilities.

The ratio has further improved in Q2 2021, owing to the increase in current assets by MVR 52 million. The most significant component of current assets is inventory due to inclusion of Social Housing (Hiya) project. In addition, during the quarter MPL has invested additional MVR 40 million in T bill. The trade and other receivables have also increased by MVR 7 million compared to previous quarter.

Trade receivables of PORTS are quite high as it covers 21% of current assets in Q2 2021. In addition, trade receivables are 99% higher than the company's revenue in Q2 2021. It is noted that trade receivables by sales are considered after deducting MNSL set off figure of MVR 13 million.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.82	0.88	0.84
TIMES	TIMES	TIMES

The quick ratio reflects company’s short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of MPL is below 1 for the past two quarters as company’s inventory has been increasing mainly due to Social Housing Scheme project. This represents that current assets (less inventory) is insufficient to cover its current liabilities.

Inventory has grown significantly over the recent quarters; however, the significant portion of the inventory is the working progress of Social housing project rather than spare parts.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.08	0.17	0.23
TIMES	TIMES	TIMES

The cash ratio has dropped compared to previous quarter because cash balance of the company has reduced by MVR 25 million against previous quarter. During the quarter, the company has invested MVR 40 million in T-bills, repaid loans amounting to MVR 10 million and invested MVR 78 million in social housing scheme and purchase of equipment's.

Nevertheless, a cash ratio of less than 1 shows insufficient cash on hand exists to pay off short-term debt. This may not be bad news if the company has conditions that enable this, such as lengthier-than-normal credit terms with its suppliers, efficiently-managed inventory, and very little credit extended to its customers. Considering the level of Operation Company's level of cash is satisfactory.

LEVARAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.22 TIMES	0.21 TIMES	0.22 TIMES

Debt to equity ratio has marginally reduced compared to previous quarter. Total loans and borrowings of the company stands at MVR 220 million and equity stands at MVR 1,038 million. Since growth of equity is greater than growth of loans, the ratio has marginally declined. Nevertheless, the company's debt to equity is satisfactory in terms of financial risk.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.12 TIMES	0.12 TIMES	0.12 TIMES

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

Debt Capitalization

Q2 2020	Q2 2021	Q1 2021
31%	32%	34%

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

Interest Cover

Q2 2020	Q2 2021	Q1 2021
6.9	3.2	4.3
TIMES	TIMES	TIMES

The interest cover ratio measures how many times MPL can cover its current interest payment with its available earnings. A positive interest cover illustrates that the company have enough profits available to service the debt. A company's ability to meet its interest obligations is an aspect of its solvency and is thus a very important factor in the return for shareholders. The ratio has declined as the operating profit of the company has reduced in Q2 2021 compared to previous quarter.

CONCLUSION

The company has recorded a total income of MVR 169.7 million for the second quarter of 2021, this is one percent higher than previous quarter. However, due to increase in payroll costs the net profit has dropped by 22.8% against Q1 2021 the payroll costs increased due to revival of salary to pre-Covid salary.

In terms of short-term liquidity position, the company's liquidity position is at a satisfactory level being able to meet the short-term obligations. However, it must be noted that the largest components of current assets are inventory and receivables. Further, the receivables of the company are significant compared to the revenue generated, thus company must manage its receivable collection to improve cash flow of the company.

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

RECOMMENDATION

Effective accounts receivable is crucial for the company considering the significant of trade receivables relative to its operation. Hence, to improve the liquidity position of the company, the company needs to establish effective receivable collection policies and procedures.

Quarterly review; Quarter 2-2021

MALDIVES POST LTD

MALDIVES POST LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/POST/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
1.6	3.7	2.5
Million in MVR	Million in MVR	Million in MVR

Post Limited has reported a revenue growth in the second quarter of 2021 resulting a revenue of MVR 3.7 million. Revenue was increased by 138% and 51% compared to both the quarters of Q2 2020 and Q1 2021 respectively. Below table illustrates how the company generates revenue in the quarters of Q2 2020, Q2 2021 and Q1 2021.

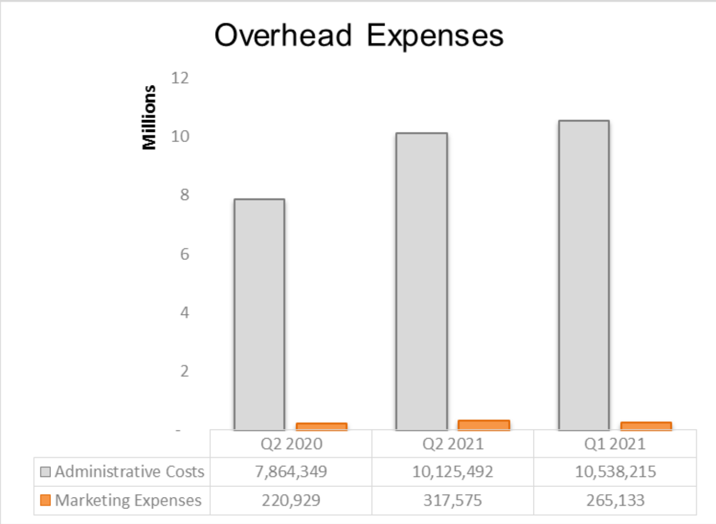
Revenue	Q2 2020	Q2 2021	Q1 2021
Sales from postage and stamp sales	5,154	693,624	1,044,565
Commission Income	770	6,857	15,053
Terminal Dues, EMS & Parcel Post Income	1,475,218	2,654,698	974,479
E-commerce	84,904	321,175	322,277
Post Shop	17	46,879	108,693
Total	**1,566,063**	**3,723,233**	**2,465,067**

As seen from the table, it is noted that main revenue generating segment is from terminal dues, EMS & parcel post income which covers 71% of total revenue in the second quarter of 2021. Due to increase in incoming mails, terminal dues, EMS & parcel post income was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 80% and 172% respectively. However, compared to previous quarter revenue from all the other segments was decreased in Q2 2021 mainly due to the restrictions of Covid-19 pandemic. With comparison to the same quarter of last year, company's revenue was increased from all the segments in Q2 2021.

Operating Profit / (Loss)

Q2 2020	Q2 2021	Q1 2021
-6.2	-6.9	-8.2
Million in MVR	Million in MVR	Million in MVR

Post Limited's operating loss was increased in the second quarter of 2021 by 12% compared to the same quarter of last year due to high overhead expenses incurred in the quarter. However, operating loss was decreased in Q2 2021 by 16% compared to previous quarter mainly due to increase in revenue in the quarter. Below chart illustrates how company's overhead expenses incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.



Post Limited has total operational expenses of MVR 10.4 million in the second quarter of 2021, which exceeds the operational revenue of the first quarter of 2021. As seen from the chart, company's main operating expenses are from administrative expenses which covers 97% in the second quarter of 2021. It is noted that overhead expenses of the company was increased in the second quarter of 2021 by 29% compared to the same quarter of last year. This increase is not in line with the change in income of the company. However, overhead costs decreased in Q2 2021 by 3% compared to the previous quarter.

Net Profit/loss

Q2 2020	Q2 2021	Q1 2021
-6.8	-7.6	-7.3
Million in MVR	Million in MVR	Million in MVR

Post limited has experienced a huge net loss of MVR 7.6 million in the second quarter of 2021. Net loss of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 11% and 4% respectively.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.21	1.09	1.17
TIMES	TIMES	TIMES

Post Limited has current ratio of 1.09 times in the second quarter of 2021 and has higher current assets compared to its current liabilities. Hence, it indicates that the company is capable to meet its short-term obligations with its current assets. It has to be noted that current ratio of the company was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 9% and 6% respectively. It is noted that company's current assets are mainly from trade and other receivables which covers 83% of total current assets in Q2 2021. Trade and other receivable was increased in Q2 2021 compared to previous quarter by 24%. It is noted that trade and other receivables are higher than the revenue generated in the quarters mainly due to high international receivables and the settlements was received in Q1 2021.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.38 TIMES	0.18 TIMES	0.48 TIMES

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. Company's cash ratio was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 52% and 62% respectively. Post limited has a cash ratio of 0.18 times in Q2 2021 which indicates that the company is not capable to meet its short-term debts by cash or cash equivalents. It is noted that company's cash and cash equivalents was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 56% and 64% mainly due to less international payments received and more payables cleared in the second quarter of 2021.

CONCLUSION & RECOMMENDATION

Post Limited has a revenue growth compared to Q2 2020 and Q1 2021 and has reported a revenue of MVR 3.7 million in the second quarter of 2021. Company has high overhead costs of MVR 10.4 million which is higher compared to the revenue generated in the quarter. Hence, company has faced a net loss of MVR 7.6 million in the quarter. It is noted that, net loss of the company has been increasing in each quarter. The company was not able to control costs in line with the changes in revenue during the pandemic. Therefore, it is important to focus to generate higher revenue to cover the operational costs of the company. Company should plan and implement new strategies to generate revenue in order to minimize the loss. Company should focus on the operational costs in order to minimize and eliminate costs where possible.

Post Limited has high current assets compared to its current liability. However, company has high trade and other receivables compared to the revenue generate in the quarter. Therefore, company needs to monitor and manage accounts receivables effectively and follow credit terms closely.

Quarterly review; Quarter 2-2021

MALDIVES SPORTS CORPORATION LTD

MALDIVES SPORTS CORPORATION LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MSCL/Q2

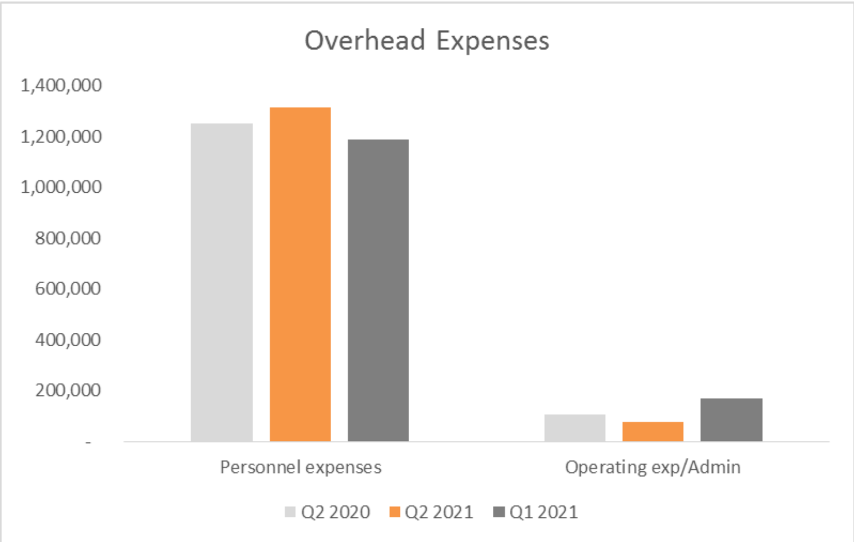
Q2 2021 with Q2 2020 and Q1 2020

PROFITABILITY

Net Loss

Q2 2020	Q2 2021	Q1 2021
-3.32	-1.39	-1.36
Million in MVR	Million in MVR	Million in MVR

MSCL has not generated any revenue as they did not run any revenue generating project in the first quarter of 2021. Hence, the company has experienced a net loss of MVR 1.39 million at the end of second quarter of 2021. This is due to the high overhead costs incured in the quarter. Net loss of the company was increased in Q2 2021 by 3% compared to the previous quarter. However, compared to the same quarter of last year net loss of the company has decreased by 58%. This is due to recognition of 2 million as direct costs in the second quarter of 2020 even though no revenue is reported. Below chart illustrates how MSCL's overhead costs incurred within the quarter of Q2 2020, Q2 2021 and Q1 2021.



As seen from the above chart, Personnel Expenses is the main segment of overhead expenses as it covers 94% of total overhead costs. It is noted that, personnel expenses of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 5% and 11% respectively mainly due to the leave encashment in the quarter. However, administrative costs of the company was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 27% and 54% respectively.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
3.1	10.3	10.2
TIMES	TIMES	TIMES

MSCL's current ratio resulting 10.34 times in the second quarter 2021 indicates that the company has high current assets compared to its liabilities. Current ratio of the company was increased in Q2 2021 compared to the same quarter of last year by 231% due to increase in current assets compared to current liabilities of the company in the quarter. It is noted that 97% of current assets are cash and cash equivalents which is the capital injected by the government. Company's trade and other receivables was decreased in Q2 2021 compared to the same quarter of last year as there was no project undertaken in the second quarter of 2021.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
3.0	10.1	9.9
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. MSCL's quick ratio resulting 10.1 times in Q2 2021 show that the company is capable to meet its short-term obligations with its most liquid assets excluding inventory. MSCL's quick ratio has increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
2.7	10.1	9.9
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. MSCL's cash ratio for the second quarter of 2021 was 10.1 times. Cash ratio of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021.

CONCLUSION & RECOMMENDATION

The company has not carried out any projects during the quarter. The company is negotiating with the government to obtain allocation of land for the company. Sports Corporation since inception has made numerous efforts to obtain the assets (land and facilities) granted to the company by the Sports Act.

In addition, due to high overhead costs incurred in Q2 2021, company has faced a net loss of MVR 1.39 million. Overhead costs are mainly incurred for personnel costs and it is noted that, the company has high current and quick ratio due to capital injections by shareholder.

Company’s net assets at the end of the second quarter was MVR 2.4 million which was decreased by 6% compared to the previous quarter. It is noted that compared to the previous quarter, the share capital of MSCL was increased by MVR 1.2 million (5%) and accumulated loss was increased by MVR 1.4 million (5%) in the secind quarter. At the end of the second quarter, company’s accumulated loss was MVR 26.8 million.

Quarterly review; Quarter 2-2021

PUBLIC SERVICE MEDIA

PUBLIC SERVICE MEDIA
Q2 2021 PERFORMANCE ANALYSIS

Report No: Report No: PEM/2021/PSM/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
23.3	24.2	23.2
Million in MVR	Million in MVR	Million in MVR

PSM has reported a revenue of MVR 24.2 million in the second quarter of 2021, which is a growth of revenue by 4% compared to the other two quarters of Q2 2020 and Q1 2021. Below table shows how the company has generated revenue in the three quarters of Q2 2020, Q2 2021 and Q1 2021.

Revenue	Q2 2020	Q2 2021	Q1 2021
Airtime	157,496	267,424	238,879
Advertisement	826,736	1,186,354	1,011,723
Announcement Total	47,020	501,300	514,800
Program Sponsorship	1,689,003	1,724,886	708,749
News Sponsorship	411,668	686,232	475,680
Video Link	-	188,900	10,100
Archive Materials	2,020	3,684	5,195
Rentals	-	41,711	76,054
SMS income	17,699	84,262	8,331
Production Income	-	64,140	161,976
Training Income	7,042	115,468	87,150
Cable TV Income	-	114,045	131,397
Total Operation Income	**3,158,684**	**4,978,406**	**3,430,034**
Government grant	20,033,333	19,231,473	19,416,667
Government Aid	87,455		392,597
Total Government Support	**20,120,788**	**19,231,473**	**19,809,264**
Total	**23,279,472**	**24,209,879**	**23,239,298**

As seen from the table, company's operational income was increased in the second quarter of 2021 compared to Q2 2020 and Q1 2021 by 58% and 45% respectively. Operational income was increased in Q2 2021 from all the segments compared to the same quarter of last year. However, compared to previous quarter operational income decreased from announcement total, archive materials, rentals, production income and cable income. In addition, the government grant income was lower in Q2 2021 compared to Q2 2020 and Q1 2021 by 4% and 1% respectively.

Gross Profit/ (Loss)

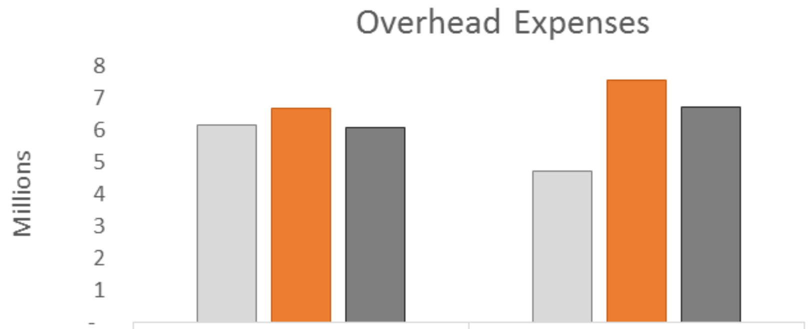
Q2 2020	Q2 2021	Q1 2021
7.7	5.5	9.2
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company was declined in Q2 2021 compared to Q2 2020 and Q1 2021 by 29% and 40% respectively. This is due to increase in direct costs in the second quarter of 2021. Direct cost was increased mainly due to high overtime, which is increase by MVR 1.3 million as production was increased in the quarter. With comparison to previous quarter, direct cost was increased mainly due to high overtime pay and Ramadan allowance paid in the quarter.

Net Profit/ (loss)

Q2 2020	Q2 2021	Q1 2021
-3.1	-10.2	-5.0
Million in MVR	Million in MVR	Million in MVR

Company's net loss was significantly increased in Q2 2021 by MVR 5.2 million compared to previous quarter. The overhead costs were also increased in the second quarter compared to other two quarters of Q2 2020 and Q1 2021 by 31% and 11%. Below chart illustrates company's overhead expenses for the quarters of Q2 2020, Q2 2021 and Q1 2021.



	Administrative Costs	Other Operating Costs
Q2 2020	6,141,371	4,704,919
Q2 2021	6,679,411	7,553,856
Q1 2021	6,066,292	6,702,555

PSM's operating expenses reflects the administrative costs and other operating costs of the company, where administrative costs covers 47% and other operating expenses covers 53% of total operating costs. Administrative costs increased in Q2 2021 compared to previous quarter mainly due to increase in the discount allowed by102%, Technical co-allowance by 100% and Support co-allowance by 100% and overtime pay by 99%. It is noted that technical co-allowance and support co-allowance are new allowances introduced in Q2 2021. Likewise, other operating expenses was increased in Q2 2021 compared to previous quarter mainly due to increase in electricity by MVR 1.2 million.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.17	0.18	0.08
TIMES	TIMES	TIMES

The current ratio shows whether the company is capable to meet the short-term obligations with its current assets. Current assets of the company was increased in Q2 2021 compared to previous quarter by 161% while current liabilities increased by 19% in the quarter. Current assets was increased in Q2 2021 due increase in trade receivables by 128.8% compared to the previous quarter. It is also noted that, the growth in trade receivables is much high compared to the increase in operational revenue in Q2 2021. Hence, company's current ratio improved from 0.17 times to 0.18 times. However, it is noted that the company has low current assets compared to its liabilities which indicates that the company is not capable to pay its short term obligations with its current assets.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.01	0.00	-0.01
TIMES	TIMES	TIMES

Cash ratio shows whether the company is able to cover its short term obligations using only cash and cash equivalents. The results of cash ratio of the company show the shortfall to cover the company's short-term obligations. It is noted that the cash balance of the company has been negative for the past quarters.

LEVARAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.18	0.22	0.21
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which PSM is financing its operations through debt. Debt to equity ratio of the company was 0.22 times in Q2 2021 which remained low over the comparable periods.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.13	0.15	0.15
TIMES	TIMES	TIMES

Debt to assets ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio, the less risky the company. PSM's debt to assets ratio resulting 0.15 times indicate that the company is able to meet its obligations compared to the assets they own. Debt to asset ratio remains constant in Q2 2021 and previous quarter.

CONCLUSION & RECOMMENDATION

PSM has a revenue growth of 4% compared to previous quarter, resulting revenue of MVR 24.2 million in the second quarter of 2021. However, the revenue is recorded with the government grant of

MVR 19.2 million in Q2 2021. Company's direct cost increased by 34% resulting a decrease in gross profit by MVR 3.7 million in Q2 2021. It is noted that the operational costs was also increased in the second quarter of 2021 by MVR 1.5 million. Hence, company has faced a net loss of MVR 10.2 million. Net loss of the company was increased in Q2 2021 by MVR 5.2 million, which is an increase of 103% compared to the previous quarter. Therefore, in order to reduce the net loss, the company needs to assess the operational expenses and reduce the costs where possible.

PSM's liquidity position shows unfavorable results as the company has high current liabilities compared to its current assets. It is noted that the current assets reflects the trade and other receivables of the company and company's cash and cash equivalents shows insufficient funds in the end of Q2 2021. Thus, increasing receivables will undesirably affect cash and cash equivalent of the company. Therefore, company needs to monitor accounts receivable effectively to ensure billing payments on time and receiving prompt payments. Company needs to implement new ways and apply new rules to improve receivables collection.

Quarterly review; Quarter 2-2021

REGIONAL AIRPORTS COMPANY LTD

REGIONAL AIRPORTS COMPANY LIMITED
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RACL/Q2

Q2 2021 with Q2 2020 and Q1 2021

Revenue

Q2 2020	Q2 2021	Q1 2021
Nil	4.6	3.1
	Million in MVR	Million in MVR

Regional Airports Company Ltd (RACL) was Incorporated and Registered at Ministry of Economic Development on 11 January 2021. Since; the company is in the inception stage RACL was unable to run any project in the quarter of 2021 as main focus of the company is on its establishment process. However, at the end of the second quarter 2021 company has generated a revenue of MVR 4.6 million from airports land charges. Revenue of the company was increased in the second quarter compared to the previous quarter by 48% due to increase in the number of flights in Q2 2021.

Net Loss

Q2 2020	Q2 2021	Q1 2021
Nil	-9.2	1.4
	Million in MVR	Million in MVR

Although, RACL generated a net profit in the previous quarter, RACL has experienced a net loss of MVR 9.2 in the second quarter of 2021. This is due to high overhead expenses incurred in Q2 2021. Compared to the previous quarter, company's overhead costs was increased in Q2 2021 by MVR 11.9 million. Below table illustrates how RACL's overhead costs incurred in the quarters of Q2 2021 and Q1 2021.

Overhead Expenses	Q2 2021	Q1 2021
Administrative costs	13,474,990	1,541,025
Other Operating expenses	141,019	130,069
Total Overhead Expenses	**13,616,009**	**1,671,094**

As seen from the table in the second quarter of 2021, main overhead costs are from administrative costs which covers 92% of total overhead costs.

Below table shows how company's administrative costs incurred in Q2 2021.

Administrative Costs	Q2 2021	Q1 2021
Personnel Expenses	9,321,871	503,337
Board Meeting Expenses	268,920	-
Board Allowance	162,780	146,336
Rent or Lease Expense	613,700	212,708
Legal & Other Fees Expenses	507,730	-
Maintenance & Repairs Expense	717,100	-
IT expenses	166,245	-
Printing & Stationaries	61,663	3,644
Other general and administrative expenses	239,730	-
Rent Advance Deposit	38,955	675,000
Utilities	742,244	-
Fuel	634,052	-
Total	**13,474,990**	**1,541,025**

It is noted that the company's administrative costs was increased in Q2 2021 compared to the previous quarter by MVR 13.4 million. This is due to the transfer of staffs of Regional Airports to Regional Airports Company Limited. Although, the staffs were transferred during the first quarter of 2021, their payroll was included in the second quarter of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
Nil	8.5 TIMES	42.2 TIMES

RACL has a current ratio of 8.5 times in Q2 2021. Current ratio was decreased by 80% in the second quarter compared to the previous quarter. The high current ratio also indicates that at this point the company is not utilizing most of its resources (current assets) efficiently, given it is a company in the inception stage and new projects has not been initiated yet. It is noted that the company has high current assets compared to its current liabilities. Company's current assets was increased in the second quarter 2021 compared to the previous quarter by 236%. It is also noted that, 68% of current assets are cash and cash equivalents.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
Nil	5.8 TIMES	23.7 TIMES

RACL's cash ratio resulting 5.8 times in the second quarter of 2021 indicates that the company is capable to cover its short-term obligations by cash and cash equivalents. However, it is noted that the cash and cash equivalents reflects to the capital injected by the government. Capital injected by the government at the end of second quarter was MVR 23.5 million.

CONCLUSION & RECOMENDATION

RACL has generated revenue of MVR 4.6 million from airports land charges and has incurred operational costs of MVR 13.5 million at the end of the second quarter 2021. Hence, company has experienced a net loss of MVR 9.2 million in the end of the second quarter of 2021. Since, this is the inception stage of the company, it is important to plan and implement strategies to generate revenue in order to become self-sufficient and establish sustainable operation

Company’s liquidity position shows favorable results in Q2 2021. However, it is noted that the cash balance is the capital injected by the government.

Quarterly review; Quarter 2-2021

ROAD DEVELOPMENT CORPORATION LTD

ROAD DEVELOPMENT CORPORATION LTD
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RDC/Q2

Q2 2021 with Q2 2020 and Q1 2021

Road Development Corporation (RDC) has been incorporated in late 2019, with the primary objective of promoting the construction of rigid and flexible development of roads, repair and maintenance of bridges, building of highways and causeways, with construction materials and reinforced landscaping. Within a few months after inception, the company has increased their product portfolio taking on infrastructural projects.

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
7.81	24.95	17.19
Million in MVR	Million in MVR	Million in MVR

RDC has generated revenue of MVR 24.95 million in the second quarter of 2021. Revenue increased significantly in the second quarter 2021 compared to both the quarters Q2 2020 and Q1 2021. Compared to the same quarter of last year, revenue increased in Q2 2021 by MVR 17.1 million which is 219%. This is due to increase in projects in Q2 2021. Likewise, compared to the previous quarter revenue increased by MVR 7.8 million 45% in Q2 2021 as most of the projects are at progressive stage in the first quarter 2021. Below table illustrated how RDC has generated revenue in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Revenue	Q2 2020	Q2 2021	Q1 2021
Project Revenues	7,498,125	21,877,144	14,596,806
Product Sales	313,261	2,610,327	2,262,705
Labour Management Facility	-	467,075	329,850
Total Revenue	**7,811,386**	**24,954,546**	**17,189,361**

As seen from the table, main revenue generating segment is from project revenues which covers 88% of the total sales of Q2 2021.It is noted that revenue from all the segments was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
5.09	8.90	2.84
Million in MVR	Million in MVR	Million in MVR

Company's direct costs was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 490% and 12% respectively due to increase in staff costs and project related costs in Q2 2021. However, with the significant growth of revenue in Q2 2021, company's gross profit was increased in Q2 2021. Gross profit was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 75% and 214% respectively.

Operating Profit/loss

Q2 2020	Q2 2021	Q1 2021
-4.67	-15.59	-20.99
Million in MVR	Million in MVR	Million in MVR

Company has faced a huge operational loss of MVR 15.59 million in the second quarter of 2021. This is due to high operational costs incurred in Q2 2021. Operational loss of the company was increased in Q2 2021 compared to the same quarter of last year mainly due high overhead costs incurred in the second quarter of 2021. However, operational loss was decreased in Q2 2021 compared to the previous quarter by 26% mainly due to high revenue generated in Q2 2021.

Below table shows how company's operating expenses incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Operating expenses	Q2 2020	Q2 2021	Q1 2021
Selling and Marketing Costs		356,511	390,077
Administartive Expenses	9,762,451	24,136,556	23,433,018
Total Operating Expenses	**9,762,451**	**24,493,067**	**23,823,095**

Operational expenses of the company was mainly incurred to administrative cost which covers 99% of the total operational expenses. Administrative expenses of the company was increase in Q2 2021 compared to the same quarter of last year as staff costs and other administrative costs increased due to increase in projects in the year 2021.

Due to the high operating expenses company was unable to generate any profit for the quarter. Hence, company faces a huge loss of MVR 15.59 million and has a negative net profit margin of 62% in the end of the quarter of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
0.73	0.56	0.54
TIMES	TIMES	TIMES

RDC's current ratio of 0.56 times in Q2 2021 indicates that the company is not capable to pay off its short-term obligations with its current assets. Current ratio of the company decreased in Q2 2021 compared to Q2 2020 by 24%. However, current ratio increased in Q2 2021 compared to the previous quarter by 4%. Company has fewer current assets compared to its current liabilities in Q2 2021. Below table illustrates company's current assets and current liabilities for the quarters Q2 2021, Q1 2021 and Q2 2020.

Current assets	Q2 2020	Q2 2021	Q1 2021
Inventories	4,871,649	15,478,723	19,467,955
Trade and other receivables	24,202,784	63,591,103	38,116,738
Cash and cash equivalents	2,686,480	11,414,460	7,310,291
Total current assets	**31,760,913**	**90,484,286**	**64,894,984**
Current Liabilities	**Q2 2020**	**Q2 2021**	**Q1 2021**
Advance Receipts	37,557,091	148,542,915	84,565,710
Trade and other payables	5,945,117	13,821,832	36,523,676
Total current liabilities	**43,502,208**	**162,364,747**	**121,089,386**

As seen from the above table, company's current assets and current liabilities increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021. It is noted that 70% of current assets are from trade and other receivables in Q2 2021. Trade and other receivables were increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 163% and 67% respectively. In addition cash and cash equivalents were also increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021by 325% and 56%.

It is noted that, advance receipts was increased in Q2 2021 compared to other two quarters of Q2 2020 and Q1 2021 by 296% and 76% respectively. This is due to new projects awarded in the second quarter of 2021. Trade and other payables of the company was also increased in Q2 2021 compared to the same quarter of last year by 132% mainly due to increase in accrued expenses and GST payables. However, compared to the previous quarter trade and other payables was decreased in the second quarter of 2021 by 62% as major materials are purchased on credit was during the second quarter.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.62	0.46	0.38
TIMES	TIMES	TIMES

Quick ratio of a company shows short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. RDC's quick ratio results 0.46 times in Q2 2021 indicate that the company is not capable to meet its short-term liabilities with its most liquid assets. Quick ratio of the company was decreased in Q2 2021 compared to the same quarter of last year by 25%. However, quick ratio of the company was increased in Q2 2021 compared to the previous quarter by 23%.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.06	0.07	0.06
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Company's cash ratio resulting 0.07 times in Q2 2021 indicating that the company was unable to pay-off its short-term liabilities with its cash balance. Cash ratio of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 14% and 16% respectively.

CONCLUSION & RECOMMENDATION

RDC has two revenue segments in their business concept; Block and precast sales as well as implementation road and infrastructure projects.

RDC has generated a higher revenue of MVR 24.95 million and has generated a gross profit of MVR 8.9 million in the second quarter of 2021. However, due to increase in operational costs, company has experienced a loss of MVR 15.59 million in the second quarter of 2021.

Company's overhead cost was MVR 24.5 million at the end of the second quarter of 2021 due to high administrative costs of the company. Therefore, RDC should focus on the areas where the administrative costs can be reduced in order to reduce the loss which is increasing each quarter, especially managing the recruitment of staff more efficiently to reduce the staff related costs.

RDC's liquidity position shows unfavorable results in terms of current ratio, quick ratio and cash ratio. Company has fewer current assets compared to its current liabilities and it shows the inability of the company to pay off its-short term obligations with current assets. It is important to note that RDC has MVR 63.6 million in trade and other receivables in the second quarter of 2021. Therefore, company should plan and implement new rules for receivables collection.

It is also important to note that, company has MVR 162 million in current liabilities at the end of the second quarter of 2021. Company's current liabilities consist of advance receipts and trade and other payables, where 91% of current liabilities represents advance receipts. Advance receipts of the company at the end of the second quarter of 2021 was MVR 148.5 million which was increased compared to the other two quarters as new projects was awarded in Q2 2021.

If the company is able to collect the receivables on time, trade and other payables could be paid out without any difficulty. Therefore, RDC should manage its short term liquidity position in order to stay solvent. RDC's management of liquidity has to be focused on the both timing of project payments as well as cost reductions related to projects.

Quarterly review; Quarter 2-2021

SME DEVELOPMENT FINANCE CORPORATION

SME DEVELOPMENT FINANCE CORPORATION
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/SDFC/Q2

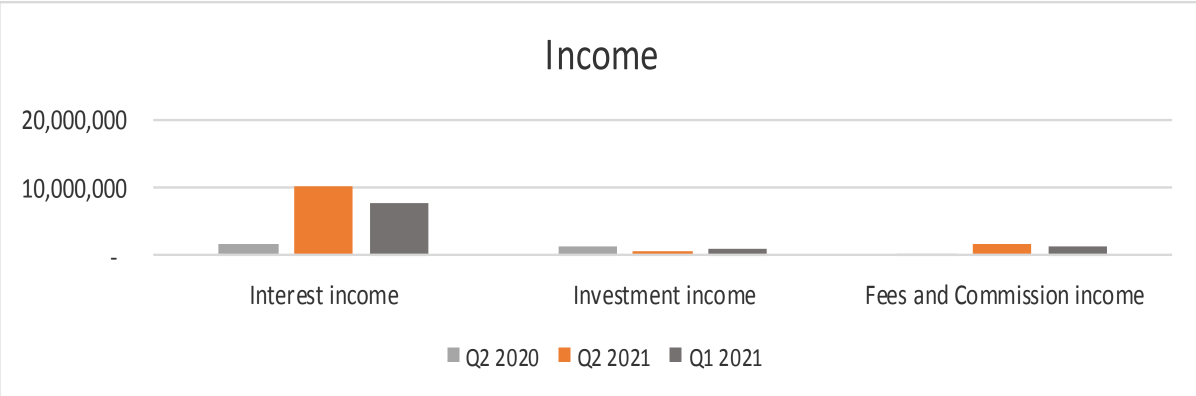
Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Income

Q2 2020	Q2 2021	Q1 2021
3.37	12.5	9.97
Million in MVR	Million in MVR	Million in MVR

The company has achieved a revenue growth of 25% in Q2 2021 compared to previous quarter. The loan portfolio of the company has reached MVR 486 million as at the end of Q2 2021, this is an increment of MVR 75 million compared to previous quarter. The major revenue of the company is interest income, which has recorded a growth of 32% compared to previous quarter. In addition, fee and commission income has also recorded a growth of 26% against Q1 2021.



Net Interest Margin

Q2 2020	Q2 2021	Q1 2021
0.95%	2.08%	1.86%

Net interest margin (NIM) is a measure of the net return on the bank's earning assets, which includes loans and investment securities.

Since the interest earned on assets is a primary source of revenue for a financial institution, this metric is a good indicator of a company's overall profitability, and higher margins generally indicate a more profitable use of funds. The interest margin shows improvement compared to previous quarter because of increase in both interest income and earning assets.

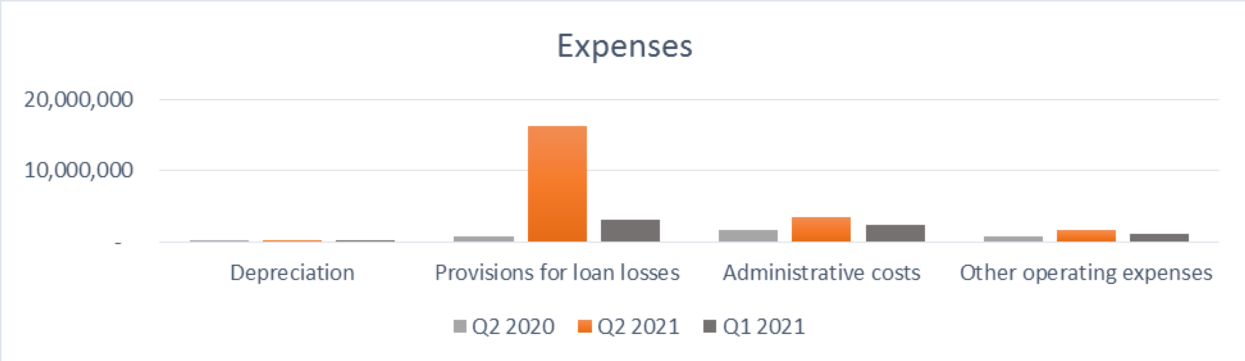
Profitability

Net Profit

Q2 2020	Q2 2021	Q1 2021
-0.07	-9.23	3.10
Million in MVR	Million in MVR	Million in MVR

Regardless of increase in revenue, the company has ended the quarter with a net loss of MVR 9.2 million. This is mainly due to significant provision for loan losses recognized in Q2 2021.

Expenses



SDFC has recorded total overheads of MVR 21.7 million in Q2 2021, which is 216% and 557% higher compared to previous quarter and Q2 2020 respectively. Administrative costs include Staff related expenses which contribute to 16% of total overheads. Staff related expenses has increased from MVR 2.4 (Q1 2021) to MVR 3.5 million in Q2 2021. This is due to revised salary structure which was effective from Feb 2021. In addition, number of staffs also increased in Q2 2021. Among, other operating expenses, the major expenses are finance charges and depreciation of ROU asset, moving and relocation, annual license and registration and communication expenses. During Q2 2021, the company has outsourced their call center service.

The most significant expense is provision for loan losses amounting to MVR 16.3 million, which has recorded a growth of MVR 13 million compared to previous year due to increase in specific provision. Also note that, provision contributes more than 75% of total overhead expenses.

Capital Management

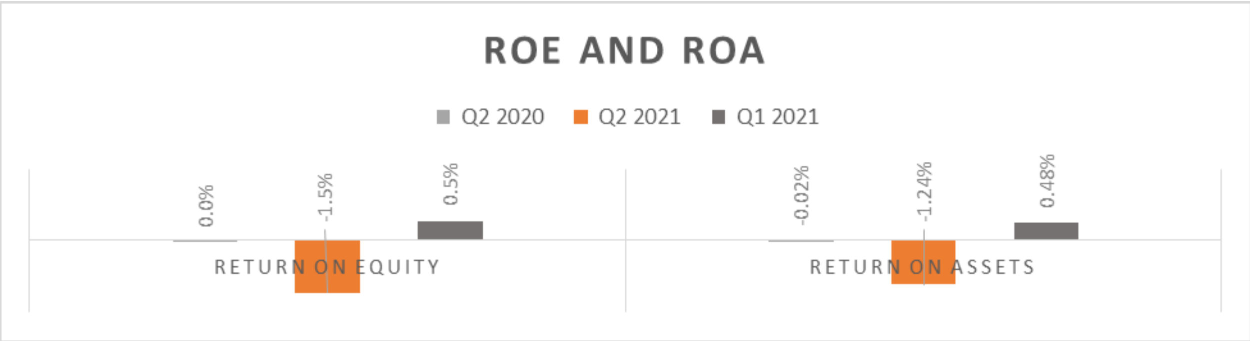
Financial institutions are a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial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

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

Details	Q2 2020	Q2 2021	Q1 2021
Total Liabilities			
Trade and other payables	29,401,785	115,575,253	71,463,989
Total Liabilities	**29,401,785**	**115,575,253**	**71,463,989**
Total Assets			
Trade and other receivables	72,489,970	11,869,595	59,919,339
Loans and advances	186,490,744	486,367,908	411,223,157
Cash and cash equivalents	14,239,304	103,536,669	71,664,629
Financial asset held to maturity	49,858,489	134,409,956	94,403,341
Other Assets	5,747,332	5,933,432	4,597,866
Property plant and Equipment	1,756,980	3,703,607	2,471,476
Total Assets	**330,582,819**	**745,821,167**	**644,279,808**
NET (Assets-Liabilities)	**301,181,034**	**630,245,914**	**572,815,819**

Total Assets of the company has increased by MVR 101.5 million mainly from loans and advances, and total liabilities have increased by MVR 44 million. Thus, net asset of the company has improved. The liability of the company is trade and other payables only.

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



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

Both ROE and ROA shows negative results for Q2 2021, since company has recorded a net loss for the quarter.

CONCLUSION

The company has achieved revenue growth of 25% in Q2 2021 compared to previous quarter. However, the quarter was ended with a net loss of MVR 9.2 million, mainly due to recognition of significant provision for loan losses.

The loan portfolio has reached MVR 486 million, which is an increment of MVR 75 million compared to previous quarter. Hence, careful management of the non-performing loan portfolio is very important for a sustainable business model of the corporation.

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

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

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

Quarterly review; Quarter 2-2021

STATE ELECTRIC COMPANY LTD

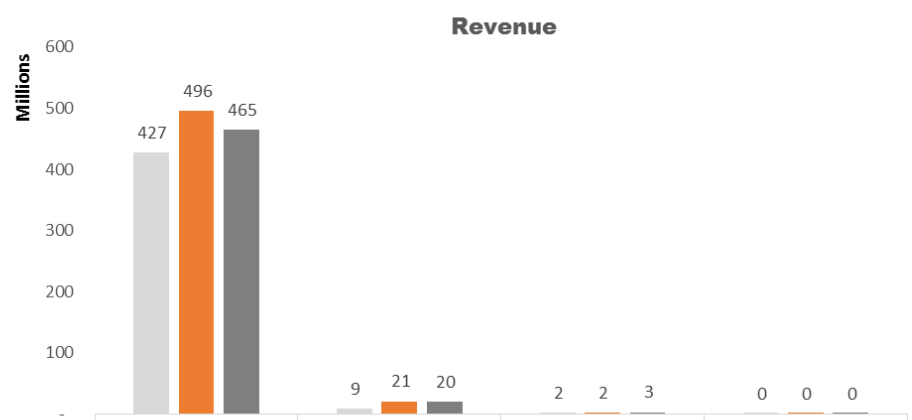
Q2 2021 with Q2 2020 and Q1 2020

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Ql 2021
438	519	488
Million in MVR	Million in MVR	Million in MVR

STELCO has a revenue growth in the second quarter of 2021 and has reported a revenue of MVR 519 million. Revenue was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 19% and 7% respectively. Below chart illustrates how STELCO has generated revenue within the quarters of Q2 2020, Q2 2021 and Q1 2021.



	Electricity	Non-electricity sales	Water fee	Water bottling
Q2 2020	427,247,100	8,688,070	2,019,903	62,677
Q2 2021	495,675,051	20,970,186	2,481,725	346,960
Q1 2021	464,620,840	19,763,369	2,992,390	259,270

As seen from the above chart, STELCO's revenue generating segments are electricity, non-electricity, water fee and water bottling. Company's main revenue is from electricity and it covers 95% of total revenue of the company. Revenue from electricity was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 16% and 7% respectively. This is mainly due to increase in demand for electricity usage from business category. Non-electricity revenue was also increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 141% and 6% due to increase in other sales from sales center after the lockdown period. Although, the revenue from water fee decreased by 17% in Q2 2021 compared to previous quarter, it is noted that revenue from water fee increased by 23% in Q2 2021 when compared to the same quarter of 2020.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
133	93	108
Million in MVR	Million in MVR	Million in MVR

STELCO has generated a gross profit of MVR 93 million in the second quarter of 2021. Company's gross profit was decreased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 30% and 13% respectively. This is mainly due to the increase in direct costs of the company compared to the revenue generated in the quarter. It is noted that the direct costs was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 40% and 12% mainly due to increase in cost of fuel and lube oil. Below table illustrates how company's direct costs incurred within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Cost of Sales	Q2 2020	Q2 2021	Q1 2021
Cost of fuel and lub oil	213,317,999	316,801,039	278,806,299
Cost of power purchase	2,701,971	2,182,355	2,280,492
Cost of sales - sales centre	4,950,710	6,598,478	9,500,854
Customer service expense	783,440	1,557,784	1,730,357
Repairs & maintenance - PP & distribution	7,719,993	17,220,170	15,105,762
Employee benefit expenses	43,497,861	48,779,068	39,858,352
Depreciation	31,692,010	31,926,942	31,667,266
Water supply expenses	137,404	726,695	533,966
Water bottling expenses	237,912	246,503	338,765
Total Cost of Sales	**305,039,300**	**426,039,034**	**379,822,113**

Cost of sales as a percentage of sales has increased in Q2 2021 compared to Q2 2020 and Q1 2021. As seen from the table, company's direct costs was mostly incurred from cost of fuel and lube oil which covers 74% in the second quarter of 2021. Cost of fuel and lube oil was increased with the increase of production in the second quarter of 2021 by MVR 103.5 million (49%) and MVR 38 million (14%) compared to both the quarters of Q2 2020 and Q1 2021.

Operating Profit

Q2 2020	Q2 2021	Q1 2021
96	54	60
Million in MVR	Million in MVR	Million in MVR

STELCO has reported an operating profit of MVR 54 million in the second quarter of 2021 which is a reduction compared to Q2 2020 and Q1 2021. Operating profit decreased in Q2 2021 compared to the same quarter of 2020 by 44% and compared to the previous quarter by 10%. This is mainly due to the high direct costs of the company. It is noted that the operating expenses was increased in Q2 2021 compared to the same quarter of 2020 by 9%. However, operating expenses decreased by 17% in Q2 2021 compared to the previous quarter. Below table shows how company has incurred operating expenses in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Other Operating Expenses	Q2 2020	Q2 2021	Q1 2021
Personnel expenses - Staff Expenses	17,207,201	19,400,792	15,767,458
Human resources development	129,451	95,676	149,774
Travelling expenses	151,216	119,650	424,366
Transport and hiring charges	1,056,710	627,041	499,505
Repair and maintenance expense	1,340,350	4,632,831	3,207,167
Office expenses	10,446,047	9,023,761	22,521,017
Depreciation	8,890,684	9,008,226	8,944,466
Total Cost of Sales	**39,221,659**	**42,907,977**	**51,513,753**

As seen from the table above, company's main operating expenses is from staff costs as it covers 45% of total operating expenses in the second quarter of 2021. It is noted that staff costs was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021. This is due to the cost reduction measures taken in the previous quarters during the Covid-19 pandemic. Likewise, repair and maintenance expenses was also increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 246% and 44% respectively.

Net Profit

Q2 2020	Q2 2021	Q1 2021
48	20	26
Million in MVR	Million in MVR	Million in MVR

STELCO has reported a net profit of MVR 20 million at the end of Q2 2021. Net profit of the company was decreased in the second quarter of 2021compared to both the quarters of Q2 2020 and Q1 2021 by 58% and 22% respectively. In addition, finance costs of the company was decreased in the second quarter of 2021 compared to the same quarter of last year and remains similar in previous quarter and Q2 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
2.96	3.10	3.08
TIMES	TIMES	TIMES

STELCO has a current ratio of 3.10 times in the second quarter of 2021 and have more current assets compared to its liability indicating that the company is capable to meet its short-term obligations. Current ratio of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 5% and 1% respectively. STELCO's current assets was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 30% and 2% respectively. This is mainly due to increase in trade and other receivables in the quarter. It is noted that, company's current assets covers 64% from trade and other receivables and trade and other receivables is equivalent to 132% of the revenue generated in Q2 2021. Trade and other receivables was increased in Q2 2021 compared to Q2 2020 by 14%, mainly due to increased in accounts receivable-electricity as leniency provided for customers to pay electricity bills in installment basis due to the Covid-19 pandemic. Likewise, trade and other receivables increased in Q2 2021 compared to the previous quarter by 9%, mainly due to increase in advance payments as the advance payments for foreign suppliers was increased due to Covid-19 pandemic. On the other hand, company's current liabilities was also increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 23% and 2% respectively due to increase in the trade and other payables in the quarter.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
2.42	2.54	2.33
TIMES	TIMES	TIMES

Quick ratio shows company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. STELCO has a quick ratio of 2.54 times in the second quarter of 2021. Quick ratio of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 5% and 9% respectively. It is noted that, company's inventories was increased in the second quarter of 2021 compared to the same quarter of last year by 30%. However, inventories was decreased in the second quarters of 2021 by 24% compared to the previous quarter.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.24	0.52	0.45
TIMES	TIMES	TIMES

The cash ratio shows whether the company is capable to cover its short-term obligations using cash or cash equivalents of the company. Cash ratio of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 121% and 16% respectively.

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
3.83	3.54	3.62
TIMES	TIMES	TIMES

STELCO has debt to equity ratio of 3.54 times in the second quarter of 2021. Debt to equity ratio was decreased in Q2 2021 by 8% and 2% compared to both the quarters of Q2 2020 and Q1 2021. STELCO have high debts of MVR 3.5 billion at the end of the second quarter of 2021. It is noted that the total debt includes the government grant for the projects of the company. In addition, equity and reserves of the company was MVR 987 million at the end of the second quarter of 2021. Equity and reserves were increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 12% and 2% respectively.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.75	0.74	0.74
TIMES	TIMES	TIMES

STELCO's total assets are high compared to the total debts in the end of second quarter of 2021. Hence, company's debt to assets ratio in Q2 2021 was 0.74 times. It is noted that, total assets of the company at the end of Q2 2021 was MVR 5.1 billion. Total assets was increased in Q2 2021 compared to the same quarter of last year by MVR 472 million. Likewise, compared to the previous quarter total assets was increased by MVR 19.9 million in Q2 2021.

CONCLUSION & RECOMENDATION

STELCO has achieved a revenue growth compared to the other two quarters and has reported a revenue of MVR 519 million in the second quarter of 2021. Although the company has managed to decrease the operating expenses by MVR 8.6 million, it is noted that the net profit of the company was decreased as a result of higher cost of sales. Direct costs of the company was increased mainly due to increase in cost of fuel and lube oil as the production increased in the quarter. At the end of second quarter 2021, company has reported a direct costs of MVR 426 million.

STELCO's liquidity position shows favorable results in terms of current and quick ratio. However, it is noted that majority of the current assets are from trade and other receivables of the company. It is noted that trade and other receivables has been increasing in each quarter which the company finds difficult to collect due to the nature of the transactions, thus STELCO may face liquidity risk in the short-term, affecting sustainability.

Financial leverage ratios of STELCO are significantly high with over MVR 2.89 billion accounted as total borrowing, when equity and reserves stands at MVR 987 million in Q2 2021. This is a clear indication that company is facing financial risk. Since most of the loan arrangements are repaid by government, the loan portfolios impact on the company's cash flow is less significant.

To maintain the sustainability of the company, STELCO must ensure both direct and indirect costs are efficiently managed without compromising its quality of service.

Liquidity position of the business must be closely monitored as there is significant potential to reduce the receivables. Time taken for inventories and receivables to actually turn in to cash must be looked into and corporate customers with lower credit quality must be assessed and monitored more carefully.

As noted above the company's current loan portfolio consists of on-lending arrangement by the government for various infrastructure related projects. Hence, it is important that company negotiate with shareholder (Government) to transfer debts for some portion of equity in order to re-structure its total capitalization. It is also important to carryout expansion projects based on the result of feasibility studies, as non-value adding projects effect company's stability in future.

Quarterly review; Quarter 2-2021

STATE TRADING ORGANIZATION PLC

Report No: PEM/2021/STO/Q2

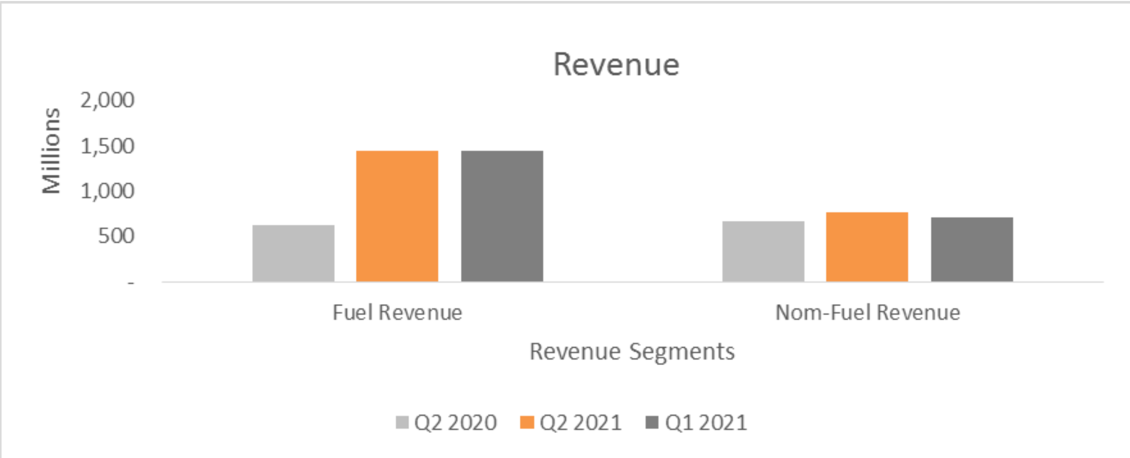
Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
1.30	2.22	2.16
Billion in MVR	Billion in MVR	Billion in MVR

STO's revenue grew to MVR 2.22 billion in the second quarter of 2021 compared to the previous quarter and compared to the same quarter of last year. This is due to increase in global fuel prices in the quarter. Total revenue of the company was increased in Q2 2021 compared to Q2 2020 and Q1 2021 by 71% and 3% respectively. Below chart illustrates how the company has generated revenue from different segments in the quarters of Q2 2020, Q2 2021 and Q1 2021.



As seen from the above table in the second quarter of 2021, company's main revenue generating segment is fuel revenue which covers 65% of the total revenue. It has to be noted that fuel revenue was increased in the second quarter of 2021 compared to the quarters of Q2 2020 and Q1 2021 by 130%.In addition, non- fuel revenue was also increased in the second quarter of 2021 compared to Q2 2020 and Q1 2021 by 15% and 9% respectively. Non- fuel revenue includes construction, medical services and people's choice. From non-fuel revenue segment 53% of revenue was from medical services in the second quarter 2021 as 6 months requirement of regional hospitals were billed in Q2 2021. With comparison to the previous quarter revenue from construction was decreased by 10%. However, revenue from medical services and people's choice was increased by 19% and 3%. When compared to the same quarter of last year, revenue was improved from all the segments in Q2 2021.

Revenue from construction increased by 59%, revenue from medical services increased by 12% and revenue from people's choice was increased by 8%.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
345	383	369
Million in MVR	Million in MVR	Million in MVR

Company's direct cost was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 92% and 3% respectively. However, with the growth of the revenue company has reported a gross profit of MVR 383 million in Q2 2021. It is noted that the gross profit of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 11% and 4% respectively.

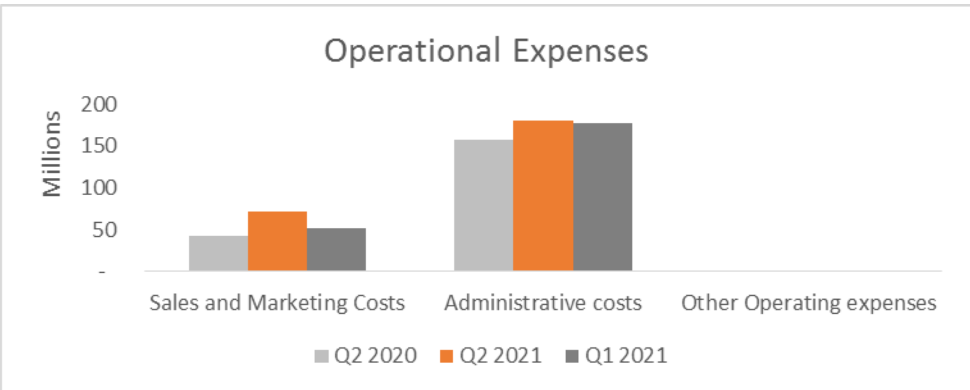
Net Profit

Q2 2020	Q2 2021	Q1 2021
105	110	109
Million in MVR	Million in MVR	Million in MVR

STO has reported a net profit of MVR 110 million in the second of 2021. Although, the operational costs of the company was increased in Q2 2021, company's net profit was increased in the quarter mainly due to the growth in the revenue. Net profit was increased in the quarter by 5% and 1% compared to Q2 2020 and Q1 2021. It is noted that finance cost of the company has significantly reduced in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 42% and 26% respectively. It is also important to note that other income of the company has increased by 110% and 48% compared to Q2 2020 and Q1 2021 mainly due to the claims received from suppliers.

Expenses

Below chart illustrates how company's operational expenses incurred in the quarters of Q2 2020, Q2 2021 and Q1 2021.



As seen from the chart, administrative costs are the main overhead costs of the company. Administration costs covers 71% of total overhead costs and it has increased by 15% and 2% compared to Q2 2020 and Q1 2021 mainly due to increase in staff cost. Staff cost covers 60% of total administrative cost in the second quarter of 2021. It is noted that sales and marketing costs and other operating expenses was also increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.13 TIMES	1.18 TIMES	1.16 TIMES

STO's current ratio resulting 1.18 times in the second quarter of 2021 indicates that the company is able to pay off its short-term liabilities with its current assets. Company's current assets was increased in Q2 2021 compared to the same quarter of last year by 2%. However, current assets of the company decreased by 4% in Q2 2021 compared to previous quarter. It is noted that 72% of current assets are from trade and other receivables in Q2 2021. Company's trade receivables and intercompany receivables was increased in Q2 2021 compared to Q2 2020. Trade receivables increased by MVR 11million, as part of inventory brought for pandemic and 4 hospital project was billed to relevant health entity in the second quarter of 2021. Intercompany receivables was increased by 9% compared to Q2 2020 by 9% due to increase in receivables from FSM and MSS.

Current liabilities of the company was decreased in Q2 2021 by 2% and 6% compared to Q2 2020 and Q1 2021. Company's trade and other payable was decreased in Q2 2021 compared to the same quarter of 2020 by 6% due to advance payment received from NDMA for the medical items. However, compared to previous quarter trade and other payables was increased by 6% due to the dividend payables in the second quarter of 2021.

Quick Ratio

Q2 2020	Q2 2021	Q1 2021
0.89 TIMES	0.96 TIMES	0.93 TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. However, STO's quick ratio resulting 0.96 times which is below 1 indicates the inability of the company to pay-off its short-term liabilities with its liquid assets excluding inventories. It is noted that the quick ratio of the company was increased in the second quarter of 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 7% and 3% respectively.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.05	0.11	0.13
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. STO's cash ratio of 0.11 in the second quarter shows that the company operates with lower amount cash and cash equivalents compared to its current liabilities. Cash and cash equivalents of the company was increased in Q2 2021 compared to the same quarter of 2020 by 91% as there was no major investment made during the year 2020 due to the Covid-19 pandemic. However, cash and cash equivalent was decreased in Q2 2021 compared to the previous quarter by 22% as part of retained fund was used to repay BML working capital loan

LEVERAGE

Debt to Equity

Q2 2020	Q2 2021	Q1 2021
0.76	0.79	0.94
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which STO is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. STO's debt to equity ratio has decreased in Q2 2021 compared to previous quarter by 16%. However, compared to the same quarter of last year, company's debt to equity ratio increased by 4% in Q2 2021. Although, company's total debts decreased in the second quarter of 2021 by 16% compared to previous quarter, it is noted that when compared to Q2 2020 total debts was increased by 14% in Q2 2021.

Debt to Assets

Q2 2020	Q2 2021	Q1 2021
0.29	0.31	0.36
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio; less risky the company. Company's debt to asset ratio was increased in the second quarter of 2021 by 7% compared to the same quarter of 2021 resulting debt to assets ratio of 0.31 times in Q2 2021. When compared to the previous quarter debt to assets ratio was decreased in the second quarter of 2021 by 12%.

Debt Capitalization

Q2 2020	Q2 2021	Q1 2021
0.43	0.44	0.49
TIMES	TIMES	TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Company's debt to capital ratio was increased compared to Q2 2020 by 2% resulting debt capitalization ratio of 0.49 times in the second quarter of 2021. With comparison to previous quarter debt capitalization ratio was decreased by 9% in Q2 2021.

Interest Cover

Q2 2020	Q2 2021	Q1 2021
5.28	8.81	6.68
TIMES	TIMES	TIMES

The interest cover ratio measures how many times STO can cover its current interest payment with its available earnings. Company's interest coverage ratio has improved in the second quarter of 2021 which is a favorable result of 8.81 times. Compared to both the quarters of Q2 2020 and Q1 2021 interest coverage ratio was increased in Q2 2021 by 67% and 32%. Although, the operating profit of the company decreased in Q2 2021 compared to Q2 2020 and Q1 2021 by 4% and 2%, it is noted that finance costs was also decreased significantly in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 42% and 26% respectively. It is important to note that STO have more than enough earnings to cover its interest payments. Hence, company is capable to meet its interest obligations.

CONCLUSION & RECOMENDATION

STO has reported a revenue growth of MVR 2.2 billion at the end of the second quarter of 2021. Although, the cost of sales increased in Q2 2021 company has generated a gross profit in the quarter as they have significant revenue growth in Q2 2021. It is noted that company has managed to minimize its operational cost and finance costs in the quarter. Hence, company has reported a growth of net profit in the second quarter of 2021 resulting a net profit of MVR 110.1 million.

STO has more current assets compared to its current liabilities indicating that the company is able to meet its short-term obligations with its current assets. However, it is important to note that 72% of current assets are from trade and other receivables. Majority of company's trade and other receivables are from government entities and SOE's.

Although, company's current ratio shows a favorable result, it is noted that in terms of quick ratio and cash ratio, company is unable to pay-off its short term obligations with its most liquid assets or from cash or cash equivalents. Hence, receivables collection is an important aspect in order to improve the cash flow of the company. Improving receivables collection will also improve the payables of the company as the company can settle its current liabilities. Therefore, it is vital that STO improve its credit collection policies by implementing 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.

STO’s leverage position shows that relative to the equity of the company, the debt levels are quite significant. Nevertheless, debt to assets are relatively low since company has total assets of over MVR 6.8 billion at the end of Q2 2021. With high operating profit company is capable of paying its interest payments.

Quarterly review; Quarter 2-2021

TRADENET MALDIVES CORPORATION LIMITED

TRADENET MALDIVES CORPORATION LIMITED
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/TMCL/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
Nil	0.58	0.35
	Million in MVR	Million in MVR

TradeNet has generated revenue of MVR 0.58 million in the second quarter of 2021. Company's revenue was generated from the contact center operations. TradeNet does not generate any revenue in the second quarter of 2020 as the service operations in contact center was started in the last quarter of 2020. In addition, compared to the previous quarter, revenue of the company was increased in the second quarter of 2021 by 67%. However, the increase in revenue is from the contact center revenue in Q2 2021.

Operating Profit/Loss

Q2 2020	Q2 2021	Q1 2021
-1.29	-2.20	-2.05
Million in MVR	Million in MVR	Million in MVR

TradeNet has experienced an operational loss of MVR 2.20 million in the end of the second quarter 2021. This is due to the high overhead costs of the company. It is noted that overhead costs of the company has been increasing each quarter. Operational loss was increased in the second quarter compared to both the quarters of Q2 2020 and Q1 2020 by 71% and 7% respectively. Hence, operational loss increased quarter by quarter. Below table illustrates how company has incurred overhead costs within the quarters of Q2 2020, Q2 2021 and Q1 2021.

Overhead Expenses	Q2 2020	Q2 2021	Q1 2021
Personnel Expenses	1,288,017	2,088,448	1,640,285
Administrative Costs	-	689,435	752,918
TOTAL	**1,288,017**	**2,777,883**	**2,393,203**

Total operational expenses of the company was increased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 116% and 16% respectively. It is noted that the operational expenses of the company was mainly incurred for personnel expenses which covers 75% of total operational costs.

Personnel costs were increased in Q2 2021 by 62% as more staff were employed in the quarter compared to Q2 2020. Likewise, personnel costs increased in Q2 2021 compared to previous quarter by 27% as new staffs were hired for NSW and OSM project requirement.

Net Profit

Q2 2020	Q2 2021	Q1 2021
-1.29	-2.20	-2.05
Million in MVR	Million in MVR	Million in MVR

TradeNet has faced a huge net loss of MVR 2.12 million due to high overhead expenses. Hence, company has a negative net profit margin of 381% in the second quarter of 2021.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
4.1	97.5	25.1
TIMES	TIMES	TIMES

Having high current ratio 97.5 indicates that the company is not using its current assets efficiently. TradeNet has a current ratio of 97.5 times in the second quarter of 2021. It is noted that current ratio of the company was increased in Q2 2021 compared to both the quarters of last Q2 2020 and Q1 2021. It is noted that current assets of the company was decreased in the second quarter of 2021 compared to both the quarters Q2 2020 and Q1 2021 by 10% and 29% respectively. Likewise, company's current liabilities were also decreased in Q2 2021 compared to both the quarters of Q2 2020 and Q1 2021 by 96% and 82% respectively.

It is noted that, in the end of first quarter 2021, government has injected capital of MVR 1.9 million to the company. Hence, 83% of current assets are from cash and cash equivalents which is the capital injected by the government.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
4.1	81.1	20.2
TIMES	TIMES	TIMES

Company has a cash balance of MVR 1.1 million at the end of the second quarter 2021, which covers 83% of company's total current assets. However, it is noted that the cash balance reflects to the capital injection from the government. Capital injected by the government in the second quarter was MVR 1.9 million.

CONCLUSION & RECOMENDATION

With the establishment of TradeNet's first operational contact center, company was able to generate their first income in Q1 2021. In the second quarter of 2021 company has generated revenue of MVR 0.58 million. However, with the increase in personnel costs, company has experienced a net loss of MVR 2.2 million. It is recommended that the revenue generated from each contact center must create additional value and revenue must exceed the cost and overhead incurred for that contact center

The Company has been awarded with “One stop shop project” and expects the portal to be rolled out in the year 3 after which it will be able to generate revenues as per limitations set and instructed by the Economic Council and the government. Single window trade portal being the core objective, the company is waiting for its rebidding process to complete. TradeNet has deployed necessary resources required for its commencement.

Quarterly review; Quarter 2-2021

WASTE MANAGEMENT CORPORATION

WASTE MANAGEMENT CORPORATION
Q2 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/WAMCO/Q2

Q2 2021 with Q2 2020 and Q1 2021

PROFITABILITY

Revenue

Q2 2020	Q2 2021	Q1 2021
41.6	61.1	56.9
Million in MVR	Million in MVR	Million in MVR

WAMCO has generated a revenue of MVR 61.1 million in the second quarter of 2021, which is a revenue growth of 47% and 7% compared to both the quarters of Q2 2020 and Q1 2021 respectively. Below chart illustrates company's revenue for the quarters of Q2 2020, Q2 2021 and Q1 2021.

	Waste management income	Recycling income	Interest Income	other income
Q2 2020	40,732,632	7,374	812,701	11,625
Q2 2021	60,414,337	87,234	596,100	-
Q1 2021	56,350,577	19,953	496,600	-

As seen from the above chart, company's main revenue generating segment is from waste management income, which covers 99% of total revenue of the company. Waste management income has increased significantly in Q2 2021 compared to other two quarters by 48% and 7%. Increase in income from waste management in the quarter is mainly due to covid-19 pandemic in previous quarters and also in the year 2021 Vandhoo revenue operations was started with the Legacy waste projects. Recycling income was also increased slightly in Q2 2021 against the other two quarters.

Company's ability to generate revenue from waste collection is limited due to issues in registration of households and businesses. Company would be able to solve this issue through incorporating the waste management fee into a utility bill.

Gross Profit

Q2 2020	Q2 2021	Q1 2021
3.3	9.8	12.6
Million in MVR	Million in MVR	Million in MVR

Although the company reported a high revenue in the quarter, it is noted that the company's direct costs was increased more than the growth in the revenue. Hence, gross profit of the company was declined in Q2 2021 compared to the previous quarter. However, compared to the same quarter of last year, gross profit was increased in Q2 2021 by 192%. Direct costs of the company was increased in Q2 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 34% and 16% respectively. Direct costs of the company consists of direct salaries and other direct costs. In Q2 2021, direct salaries was increased by 32% while other direct expenses decreased by 20% against the previous quarter. Gross profit margin of the company was increased from 8% to 16% compared to Q2 2020. However, gross profit margin was declined from 22% to 16% compared to the previous quarter.

Net Profit/ (Loss)

Q2 2020	Q2 2021	Q1 2021
-18.6	-17.0	-12.1
Million in MVR	Million in MVR	Million in MVR

As the company has high direct costs and operational costs compared to the revenue generate, company has reported a high net loss of MVR 17 million in Q2 2021. Although the net loss decreased by 9% in Q2 2021 compared to Q2 2020, net loss was increased in Q2 2021 by 41% against the previous quarter. It is noted that the operational costs was increased in the second quarter of 2021 compared to the other two quarter of Q2 2020 and Q1 2021 by 22% and 8% respectively. Company's operating expenses consist of selling & marketing expenses and administrative expenses, where administrative expenses are the main operational costs of the company. Below table illustrates the company's administrative costs in the quarters of Q2 2020, Q2 2021 and Q1 2021.

Administrative Expenses	Q2 2020	Q2 2021	Q1 2021
Staff salaries	9,706,185	13,524,019	10,270,983
Pension	1,433,214	1,544,951	1,476,229
Staff welfare	1,959,807	2,176,772	1,973,251
Directors' salaries	135,688	78,483	80,064
Rent	1,057,639	893,320	873,320
Water and electricity	650,952	1,029,143	1,531,145
Communication expense	507,436	447,686	457,710
Printing and stationary	183,411	184,776	277,319
License and permits	12,200	108,700	247,500
insurance charges	12,100	24,000	28,050
travelling expenses	133,626	620,723	726,896
Bank charges	233,294	114,559	281,459
Depreciation and ammortizatio	3,918,107	3,246,412	3,378,520
Repair and maintenance	1,265,489	1,722,262	2,169,393
Office expenses	-	22,150	15,444
Dues and Subscription	-	85,076	148,646
Fines and penalties	598	-	41,117
Fire protection	-	815,061	-
Freight and delivery	-	2,755	-
Sundry expenses	470,809	17,727	528,053
Customer duty and clearing	22,086	55,709	20,880
Total Expenses	**21,702,641**	**26,714,284**	**24,525,979**

Main operating expenses of the company is incurred for staff salaries in Q2 2021, which covers 51% of total administrative expenses. It is noted that, staff costs was increased significantly in Q2 2021 compared to the other two quarters of Q2 2020 and Q1 2021 by 39% and 32% respectively. This is due to contract staff hired for 20 island legacy waste project and Ramadan allowance was also provided in Q2 2021. Likewise, major increments were recorded from staff welfare and sundry expenses in Q2 2021 compared to previous quarter.

LIQUIDITY

Current Ratio

Q2 2020	Q2 2021	Q1 2021
1.54	1.35	1.33
TIMES	TIMES	TIMES

WAMCO's current ratio shows favorable result of 1.35 times in Q2 2021 as current assets are maintained above its current liabilities. However, current assets comprise mainly of trade and other receivables which has been increasing each quarter and has been outstanding for a long time. Trade and other receivables was increased in Q2 2021 compared to other two quarters of Q2 2020 and Q1 2021 by MVR 11 million (9%) and MVR 4 million (3%) respectively. It is important to note that, collection of receivables is a major problem faced by WAMCO. On the other hand, trade payables of the company was increased significantly in Q2 2021 by MVR 13.6 million (15%) compared to Q2 2020. However, trade and other payables was decreased in Q2 2021 compared to previous quarter by MVR 8.2 million (7%).

Overall liquidity position of the company is unsatisfactory since the company has significant cash tied up in the form of receivables which has been difficult to collect. Therefore, company needs to verify the validity of the receivables and also lobby to include the waste management fee in the utility bills.

Cash Ratio

Q2 2020	Q2 2021	Q1 2021
0.12	Nil	0.14
TIMES	TIMES	TIMES

Cash ratio calculates ability to repay its short-term debt with cash or near-cash resources. However, company's cash and cash equivalent is negative which indicate that the company is not capable to pay its short term obligations with cash. It has to be noted that the company is highly dependent on capital injected by the government for the day to day operations as WAMCO is not self-sufficient.

CONCLUSION & RECOMENDATION

WAMCO has a revenue growth of MVR 4.2 million against the previous quarter. However, company has experienced a huge net loss of MVR 17 million in the quarter, mainly due to high direct cost of the company. Company's direct cost in the second quarter of 2021 was MVR 51 million which was increased by 16% compared to previous quarter. In addition, company has overhead expenses of MVR 26.8 million in Q2 2021 which was increased by 8% compared to the previous quarter. Therefore, WAMCO needs to take cost cutting measures and reduce both direct cost and the overhead expenses in order to reduce the net loss of the company.

Company's current assets are high compared to its current liabilities. However, short-term liquidity position of the company is unsatisfactory as huge portion of current assets consists of receivables which has not been collected. Current assets of the company was declined by 8% while current liabilities were also declined by 9%. Thus, current ratio remains similar in Q2 2021 and Q1 2021.

Moreover, company has a negative cash balance and it is noted that the company does not generate enough cash through their operations to meet the operational expenses

Receivable collection is the major issue for WAMCO. A huge sum of cash has been tied up in the form of receivables. Proper policies need to be set and implemented to collect the receivables and necessary policies need to be made against unrecovered receivables. Inclusion of waste management fee in utility bill would enable company to collect the revenue more efficiently.