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 3, 2021

INTRODUCTION

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

SOEs are required to share the quarterly reports with PCB before 15th of the month following the end of each quarter as per the circular 10 of Privatization and Corporatization Board. This review report comprises of the companies whose Q3 2021 reports were received prior to 15th December 2021.

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 third quarter of 2021 with the third 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 30 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	8,665,123	30,904,274	39,569,397	-	29,053,952
BUSINESS CENTRE CORPORATION LTD	5,940,498	3,376,677	9,317,175	4,272,652	5,817,024
FAHI DHIRIULHUN CORPORATION LTD	2,796,595	15,901,316	18,697,911	1,748,412	1,884,305
KAHDHOO AIRPORT COMPANY LTD	47,606,119	46,355,994	93,962,113	-	3,246,561
MALDIVES HAJJ CORPORATION LTD	93,342,982	106,875,035	200,218,017	-	221,614,114
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	156,587,848	2,844,365	159,432,213	-	234,042,071
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	9,089,939	1,651,027,253	1,660,117,192	78,989,261	1,628,113,001
MALDIVES SPORTS CORPORATION LTD	950,181	1,404,200	2,354,381	-	148,387
ROAD DEVELOPMENT CORPORATION LIMITED	8,152,238	128,945,101	137,097,339	1,114,253	219,073,087
SME DEVELOPMENT FINANCE CORPORATION LTD	5,727,866	845,758,493	851,486,359	-	120,126,134
PUBLIC SERVICE MEDIA	595,109,137	20,035,047	615,144,184	89,252,000	200,490,304
WASTE MANAGEMENT CORPORATION	177,353,140	193,884,582	371,237,722	-	155,950,247
TRADE NET MALDIVES CORPORATION LTD	13,447,218	7,496,892	20,944,110	-	15,173,439
REGIONAL AIRPORTS COMPANY LIMITED	1,790,991	33,044,633	34,835,624	-	4,356,278
TOTAL	**1,126,559,875**	**3,087,853,862**	**4,214,413,737**	**175,376,578**	**2,839,088,904**
ADDU INTERNATIONAL AIRPORT PVT LTD	543,401,148	43,480,707	586,881,855	233,470,679	758,420,953
BANK OF MALDIVES LTD**			35,534,961,000	780,313,000	27,121,571,000
DHIVEHI RAAJJEYGE GULHUN PLC	2,302,515,000	2,180,871,000	4,483,386,000	81,232,000	1,943,478,000
FENAKA CORPORATION LTD	2,706,514,237	623,142,481	3,329,656,718	128,322,584	1,055,630,251
HOUSING DEVELOPMENT CORPORATION	26,645,236,159	10,720,837,872	37,366,074,031	10,381,066,984	13,637,853,533
HOUSING DEVELOPMENT FINANCING CORPORATION PLC**			2,194,735,680	1,052,697,811	1,476,041,131
ISLAND AVIATION SERVICES LIMITED	1,973,681,122	1,092,061,564	3,065,742,686	583,146,995	1,970,163,135
MALDIVES AIRPORTS COMPANY LTD	21,139,987,000	3,008,699,000	24,148,686,000	8,628,290,000	17,771,411,000
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1,102,895,089	1,868,514,190	2,971,409,279	578,953,838	1,645,373,866
MALDIVES TOURISM DEVELOPMENT CORPORATION	69,071,972	245,442,885	314,514,857	-	125,499,664
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1,649,998,577	1,189,548,661	2,839,547,238	187,528,630	1,212,972,779
MALDIVES PORTS LIMITED	1,008,562,979	883,684,864	1,892,247,843	139,772,572	812,721,713
MALDIVES POST LIMITED	261,204,119	102,604,213	363,808,332	-	93,223,071
MALDIVES ISLAMIC BANK			5,183,884,000	-	4,524,075,000
STATE ELECTRIC COMPANY LTD	4,006,139,566	1,028,417,437	5,034,557,003	2,793,149,442	4,055,741,834
STATE TRADING ORGANIZATION PLC	2,415,758,825	4,837,553,941	7,253,312,766	2,289,680,223	4,455,993,993
TOTAL	**65,824,965,793**	**27,824,858,815**	**136,563,405,288**	**27,857,624,758**	**82,660,170,922**
GRAND TOTAL	**66,951,525,669**	**30,912,712,677**	**140,777,819,026**	**28,033,001,336**	**85,499,259,826**

**Q3 2021 Report not received from Maldives Fund Management Corporation Limited*

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

The table illustrates the balance sheet figures of SOEs as at the end of 30th September 2021. HDC is the highest asset-based company with total assets of over MVR 37 billion due to huge investment properties and inventories of housing units. For the housing and infrastructure projects the company has taken huge loans and borrowings, thus HDC have the highest loans and borrowings among SOEs.

The second highest assets are recorded by BML with total asset of MVR 35 billion. The bank has reported total loans of MVR 15 billion and deposits of MVR 25 billion at the end of Q3 2021. In addition, BML has the highest liabilities because of significant dues to customers (customer deposits) due to the nature of the company.

MACL is also high capital intensive as the company has significant capital works-in-progress including new runway, fuel farm and cargo terminal. Therefore, MACL have huge borrowings taken to finance these projects.

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

	REVENUE GROWTH			
	COMPANY NAME	**Q3 2020 (MVR)**	**Q3 2021 (MVR)**	**%**
1	AASANDHA COMPANY LIMITED	12,873,147	11,048,695	-14%
2	BUSINESS CENTRE CORPORATION LTD	444,641	4,610,640	100%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	562,573	555,062	-1%
5	MALDIVES HAJJ CORPORATION LTD	-	-	-
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	62,264	38%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	448,895	30,429,632	6679%
8	MALDIVES SPORTS CORPORATION LTD	2,908,172	-	-
9	ROAD DEVELOPMENT CORPORATION LIMITED	4,068,177	18,271,049	349%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	2,963,832	14,586,182	392%
11	PUBLIC SERVICE MEDIA	23,870,541	21,751,766	-9%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	6,616,637	100%
13	WASTE MANAGEMENT CORPORATION	49,113,979	67,106,768	37%
14	TRADE NET MALDIVES CORPORATION LTD	-	3,804,682	100%
	TOTAL	**97,298,957**	**178,843,377**	84%
15	ADDU INTERNATIONAL AIRPORT PVT LTD	3,127,116	11,222,441	259%
16	BANK OF MALDIVES LTD	646,169,000	1,318,085,000	104%
17	DHIVEHI RAAJJEYGE GULHUN PLC	586,774,000	610,270,000	4%
18	FENAKA CORPORATION LTD	427,189,966	453,687,856	6%
19	HOUSING DEVELOPMENT CORPORATION	54,695,903	6,926,712,591	12564%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	47,738,321	48,935,880	3%
21	ISLAND AVIATION SERVICES LIMITED	107,350,867	326,044,335	204%
22	MALDIVES AIRPORTS COMPANY LTD	167,595,000	970,325,000	479%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	350,181,804	484,607,347	38%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	13,593,902	13,221,910	-3%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	200,456,418	263,354,434	31%
26	MALDIVES PORTS LIMITED	142,330,197	162,866,189	14%
27	MALDIVES POST LIMITED	2,590,155	4,531,128	75%
28	MALDIVES ISLAMIC BANK	73,742,000	82,566,000	12%
29	STATE ELECTRIC COMPANY LTD	468,704,819	525,137,850	12%
30	STATE TRADING ORGANIZATION PLC	1,545,651,776	2,519,685,014	63%
	TOTAL	**4,837,891,244**	**14,721,252,974**	**204%**
	GRAND TOTAL	**4,935,190,201**	**14,900,096,351**	**202%**

**Q3 2021 Report not received from Maldives Fund Management Corporation Limited*

Total revenue generated by the SOEs for the third quarter of 2021 is MVR 14.9 billion, a growth of 202% compared to the same period of last year. The highest revenue growth was achieved by HDC because of sale of 7000 housing units during Q3 2021. STO has the second highest revenue among the SOEs and has reported revenue growth increment of MVR 974 million (63%) compared to Q3 2020 mainly due to increase in price and sales of fuel. 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 has improved in Q3 2021 compared to Q3 2020 from most of the SOE's except Aasandha, KACL, and PSM. Revenue of Aasandha declined because pharmacy claims processed was less in Q3 2021.

FDC, Hajj and MSCL has not generated any revenue in Q3 2021. It is noted that MHCL was not able to generate revenue due to global implications related to COVID-19 pandemic, restricting travel halt of business activities and hajj planned for the quarters was cancelled subject to measures taken by

Saudi Arabian Authorities. 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. MSCL does not have any revenue generating activity. Revenue reported in Q3 2020 is from a project awarded by Ministry of Youth and Sports to supply gym equipment.

GROSS PROFIT

	COMPANY NAME	Q3 2020 (MVR)	Q3 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	12,873,147	11,048,695	-14%
2	BUSINESS CENTRE CORPORATION LTD	79,379	1,306,991	100%
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	(4,879,267)	(3,854,275)	21%
5	MALDIVES HAJJ CORPORATION LTD	-	-	100%
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	45,000	62,264	38%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(4,602,478)	6,883,453	250%
8	MALDIVES SPORTS CORPORATION LTD	935,957	-	-100%
9	ROAD DEVELOPMENT CORPORATION LIMITED	1,320,491	11,725,249	788%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	2,963,832	14,586,182	392%
11	PUBLIC SERVICE MEDIA	9,012,003	5,303,768	-41%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	6,518,930	100%
13	WASTE MANAGEMENT CORPORATION	11,855,510	15,255,401	29%
14	TRADE NET MALDIVES CORPORATION LTD	-	3,804,682	100%
	TOTAL	**29,603,574**	**72,641,340**	145%
15	ADDU INTERNATIONAL AIRPORT PVT LTD	(14,126,720)	(14,213,111)	-1%
16	BANK OF MALDIVES LTD	454,103,000	1,036,193,000	128%
17	DHIVEHI RAAJJEYGE GULHUN PLC	192,244,000	231,549,000	20%
18	FENAKA CORPORATION LTD	182,273,700	215,506,440	18%
19	HOUSING DEVELOPMENT CORPORATION	53,448,421	(63,025,980)	-218%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	28,029,409	27,822,563	-1%
21	ISLAND AVIATION SERVICES LIMITED	(34,404,252)	107,118,482	411%
22	MALDIVES AIRPORTS COMPANY LTD	125,432,000	628,061,000	401%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	86,069,049	73,744,836	-14%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	8,983,522	6,017,640	-33%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	119,870,412	144,154,521	20%
26	MALDIVES PORTS LIMITED	142,330,197	162,866,189	14%
27	MALDIVES POST LIMITED	2,495,886	3,891,925	56%
28	MALDIVES ISLAMIC BANK	30,120,000	33,173,000	10%
29	STATE ELECTRIC COMPANY LTD	96,088,092	95,896,045	-0.2%
30	STATE TRADING ORGANIZATION PLC	334,426,279	375,184,556	12%
	TOTAL	**1,836,986,569**	**3,136,581,446**	**71%**
	GRAND TOTAL	**1,848,842,079**	**3,151,836,847**	**70%**

**Q3 2021 Report not received from Maldives Fund Management Corporation Limited*

With significant growth in the revenue, overall gross profit of SOEs has improved in Q3 2021 by MVR 1.3 billion, a growth of 70% compared to the same quarter of previous year. Companies such as BML, MACL, STO, Dhiraagu, Fenaka, PORTS, MWSC and IAS have recorded gross profit over MVR 100 million individually in third quarter of 2021.

Although, HDC reported the highest revenue for Q3 2021, the company has recognized a gross loss due to high cost of sale of 7000 housing units. AIA and KACL has also reported a gross loss for Q3 2021 due to high operating expenses compared to the revenue generated in the quarter. Companies such as Aasandha PSM, MSCL, HDFC, MTCC, MTDC and STELCO's gross profit declined compared to Q3 2020. Regardless of increase in revenue, MTCC's gross profit declined as the scale of the operations expanded overall cost has also increased more than revenue. Gross profit of STELCO declined due to increase in direct costs mostly from increased in cost of fuel and lube oil. MTDC's gross profit declined because of reduction in reported revenue and increased direct costs.

NET PROFIT

	COMPANY NAME	Q3 2020 (MVR)	Q3 2021 (MVR)	%
1	AASANDHA COMPANY LIMITED	2,356,221	(524,114)	-122%
2	BUSINESS CENTRE CORPORATION LTD	(2,435,630)	(3,237,751)	-33%
3	FAHI DHIRIULHUN CORPORATION LTD	(1,614,368)	(2,322,923)	-44%
4	KAHDHOO AIRPORT COMPANY LTD	(6,670,981)	(5,655,566)	15%
5	MALDIVES HAJJ CORPORATION LTD	(221,586)	(124,494)	44%
6	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(5,735,338)	(5,794,439)	-1%
7	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(8,080,636)	370,514	105%
8	MALDIVES SPORTS CORPORATION LTD	(335,170)	(1,229,898)	-267%
9	ROAD DEVELOPMENT CORPORATION LIMITED	(9,282,320)	(16,296,900)	-76%
10	SME DEVELOPMENT FINANCE CORPORATION LTD	(1,335,241)	(441,608)	67%
11	PUBLIC SERVICE MEDIA	(3,426,288)	(12,532,393)	-266%
12	REGIONAL AIRPORTS COMPANY LIMITED	-	(16,723,582)	-100%
13	WASTE MANAGEMENT CORPORATION	(10,577,496)	(7,078,952)	33%
14	TRADE NET MALDIVES CORPORATION LTD	(1,292,108)	(550,407)	57%
	TOTAL	**(48,650,941)**	**(72,142,513)**	**48%**
15	ADDU INTERNATIONAL AIRPORT PVT LTD	(14,126,720)	(20,709,194)	-47%
16	BANK OF MALDIVES LTD	258,673,000	737,538,000	185%
17	DHIVEHI RAAJJEYGE GULHUN PLC	158,640,000	191,293,000	21%
18	FENAKA CORPORATION LTD	28,564,178	34,538,005	21%
19	HOUSING DEVELOPMENT CORPORATION	(8,292,500)	(175,893,352)	-2021%
20	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	23,529,622	23,019,607	-2%
21	ISLAND AVIATION SERVICES LIMITED	(102,959,663)	(9,597,659)	91%
22	MALDIVES AIRPORTS COMPANY LTD	(129,623,000)	255,394,000	297%
23	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	51,182,294	55,635,853	9%
24	MALDIVES TOURISM DEVELOPMENT CORPORATION	4,140,841	10,606,955	156%
25	MALE' WATER AND SEWERAGE COMPANY PVT LTD	41,133,081	63,135,604	53%
26	MALDIVES PORTS LIMITED	12,535,610	13,804,155	10%
27	MALDIVES POST LIMITED	(4,859,595)	(3,303,984)	16%
28	MALDIVES ISLAMIC BANK	18,835,000	24,022,000	0%
29	STATE ELECTRIC COMPANY LTD	14,504,237	11,680,461	-19%
30	STATE TRADING ORGANIZATION PLC	100,261,739	128,729,902	28%
	TOTAL	**452,138,123**	**1,339,893,354**	**196%**
	GRAND TOTAL	**403,487,182**	**1,267,750,841**	**214%**

**Q3 2021 Report not received from Maldives Fund Management Corporation Limited*

The overall net profit of the SOEs have significantly improved in Q3 2021 by MVR 864 million (214%) compared to the same quarter of previous year. However, it is noted that overall net loss of the companies where capital is injected has increased by 48%. RACL, RDC and PSM reported a significant net loss for Q3 2021. The net loss of RACL has increased due to increased operating expenses and the revenue generated are comparatively lower. RDC is also unable to generate a net profit due to the high cost and expenses relative to revenue. BCC has incurred a loss of MVR 3.23 million due to high overhead expenses compared to Q3 2020. Improvement in revenue together with cost management has reduced WAMCO's loss for the quarter.

Highest net profits for Q3 2021 are recorded by BML, MACL, Dhiraagu and STO. The net profit of BML mainly attributes to the recovery of a long outstanding Non-Performing Assets in Q3 2021. MACL has achieved a remarkable net profit growth of 297% compared to Q3 2020, this reflects the improved revenue along with controlled costs and operating expenses. STO has also achieved net profit growth because of increased revenue and positive net finance cost due to dividend from subsidiaries.

SHORT TERM LIQUIDITY RATIOS

COMPANY NAME	Q3 2020 Current Ratio (Times)	Q3 2020 Quick Ratio (times)	Q3 2021 Current Ratio (times)	Q3 2021 Quick Ratio (times)
AASANDHA COMPANY LIMITED	2.02	2.02	2.11 ↑	2.07 ↑
BUSINESS CENTRE CORPORATION LTD	8.22	8.01	2.19 ↓	2.12 ↓
FAHI DHIRIULHUN CORPORATION LTD	25.00	0.00	117.01 ↑	117.01 ↑
KAHDHOO AIRPORT COMPANY LTD	20.32	19.68	14.28 ↓	13.97 ↓
MALDIVES HAJJ CORPORATION LTD	2.17	2.15	3.52 ↑	3.40 ↑
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.01	N/A	0.03 ↑	N/A -
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	0.07	1.03	0.07 ↑	1.07 ↑
MALDIVES SPORTS CORPORATION LTD	2.20	2.09	9.46 ↑	9.46 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	0.72	0.67	0.59 ↓	0.34 ↓
PUBLIC SERVICE MEDIA	0.17	0.17	0.18 ↑	0.18 ↑
REGIONAL AIRPORTS COMPANY LIMITED	NA	NA	7.59	7.59
WASTE MANAGEMENT CORPORATION	1.90	1.90	1.34 ↓	1.34 ↓
TRADE NET MALDIVES CORPORATION LTD	2.00	2.00	1.42 ↓	1.42 ↓
ADDU INTERNATIONAL AIRPORT PVT LTD	0.10	0.08	0.08 ↓	0.06 ↓
DHIVEHI RAAJJEYGE GULHUN PLC	1.29	1.24	1.51 ↑	1.49 ↓
FENAKA CORPORATION LTD	0.76	0.34	0.65 ↓	0.29 ↓
HOUSING DEVELOPMENT CORPORATION	5.12	1.18	4.12 ↓	2.61 ↑
ISLAND AVIATION SERVICES LIMITED	0.84	0.77	0.86 ↑	0.81 ↑
MALDIVES AIRPORTS COMPANY LTD	1.00	0.83	0.34 ↓	0.30 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1.56	1.21	1.53 ↓	1.15 ↓
MALDIVES TOURISM DEVELOPMENT CORPORATION	2.32	2.32	1.96 ↓	1.96 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1.28	0.91	1.28 ↓	0.95 ↑
MALDIVES PORTS LIMITED	2.00	0.82	1.85 ↓	0.54 ↓
MALDIVES POST LIMITED	1.16	1.16	1.16 ↓	1.16 ↑
STATE ELECTRIC COMPANY LTD	0.91	0.80	2.93 ↑	2.36 ↑
STATE TRADING ORGANIZATION PLC	1.13	0.85	1.19 ↑	0.99 ↑
MALDIVES POST LIMITED	1.16	1.16	1.16	1.16

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

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

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

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

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

FINANCIAL LEVERAGE RATIOS

COMPANY NAME	Q3 2020 Debt to Equity (times)	Q3 2020 Debt to Assets (times)	Q3 2021 Debt to Equity (times)	Q3 2021 Debt to Assets (times)
ADDU INTERNATIONAL AIRPORT PVT LTD	-4.06	0.74	-2.82 ↓	0.82 ↑
FAHI DHIRIULHUN CORPORATION LTD	0.56	0.35	0.10 ↓	0.09 ↓
FENAKA CORPORATION LTD	0.06	0.04	0.06 ↑	0.04 ↓
HOUSING DEVELOPMENT CORPORATION	0.60	0.34	0.44 ↓	0.28 ↓
ISLAND AVIATION SERVICES LIMITED	0.51	0.19	0.53 ↑	0.19 ↓
MALDIVES AIRPORTS COMPANY LTD	1.20	0.47	1.35 ↑	0.36 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	0.49	0.23	0.44 ↓	0.19 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	0.12	0.07	0.12 ↑	0.07 ↓
MALDIVES PORTS LIMITED	0.19	0.11	0.13 ↓	0.07 ↓
PUBLIC SERVICE MEDIA	0.18	0.13	0.22 ↓	0.15 ↑
STATE ELECTRIC COMPANY LTD	3.19	0.57	3.52 ↑	0.68 ↑
STATE TRADING ORGANIZATION PLC	0.70	0.27	0.82 ↑	0.32 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	-0.11	0.03	-0.01 ↓	0.01 ↓

The above list of companies are the companies who have debts as means of financing for investments. Based on the ratios, STELCO and AIA has the highest gearing among SOEs. STELCO's leverage ratio has increased compared to Q3 2020 due to increase in borrowings. Although this increases the financial risk associated with the company, developmental projects will increase room for further revenue

The negative ratios of AIA are due to accumulated losses over the quarter. AIA has reported MVR 483 million as borrowings at the end of the Q3 2021 which has been increasing in each quarter. The reduction in gearing level in Q3 2021 compared to Q3 2020 is not because of reduction of loans but increase in assets and equity. The rise in borrowing is not healthy for a company like AIA where they do not have the potential to repay the debts and has to depend on the capital injections from the shareholders.

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

With the ease of the Covid-19 pandemic restrictions by the HPA, the operations have started to return to normal, thus the overall performance of the SOE's improved in the third quarter of 2021 compared to Q3 2020. The total revenue generated has recorded a growth of 202% against Q3 2020.

In terms of profitability, all the SOES who receive financial assistance for the operation except MMPRC have made a net loss for Q3 2021. The total net loss of these companies for Q3 2021 is MVR 72 million, a growth of 48% compared to the same period of last year. The revenue generated through operations are relatively low compared to the costs of the company. Thus, government has to provide the financial assistance needed for their operation.

On the other hand, some companies have achieved remarkable results in Q3 2021, such as BML, MACL, IAS, Dhiraagu, MWSC and STO. Together with revenue growth and cost management these companies have achieved significant growth in net profit.

Quarterly review; Quarter 3-2021

AASANDHA COMPANY LTD

Q3 2021 with Q3 2020 and Q 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
12.8	11.0	12.6
Million in MVR	Million in MVR	Million in MVR

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

Company's revenue consists of commission from scheme - others 76.6%, pharmacy commission 18.5% and grant income of 4.9% in the third quarter 2021. Compared to Q2 2021, total revenue has decreased by 12% mainly due to decrease in pharmacy commission by MVR 3.06 million as the pharmacy claims processed was less in Q3 2021. It must be noted that commission from scheme - others has increased by MVR 1.58 million compared to previous quarter as more claims were process in the period. Company does not report any cost of sales, rather all the costs and expenses are recorded as overhead based on the nature of operation. Hence, both revenue and gross profit are same.

Net profit/Loss

Q3 2020	Q3 2021	Q2 2021
2.35	-0.52	0.48
Million in MVR	Million in MVR	Million in MVR

Net profit of the company has deteriorated over the comparable quarters which resulted to a net loss in Q3 2021, with a net loss margin of -5% (4% in Q2 2021 and 18% in Q3 2020). This indicates that even though operating expenses has decreased, the level of decrease in revenue is higher to cater for the expenses.

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

Expenses

Q3 2020	Q3 2021	Q2 2021
10.38	11.29	12.03
Million in MVR	Million in MVR	Million in MVR

The overhead expenses of the company consist of administrative costs and other operating expenses comprising 92% and 8% of total expenses respectively.

ADMINISTRATIV EXPENSES	Q3 2020	Q3 2021	Q2 2021
Salary and Benefits	6,981,562	7,557,333	8,155,853
Communication Expenses	419,845	433,502	430,111
Rents	761,250	715,500	715,500
Printing and Stationery	120,805	19,035	110,462
Depreciation and Amortization	1,324,501	1,206,492	1,270,980

Administrative expenses mainly include salary and allowance (73% of total expense) and depreciation and amortization (12% of total expenses). Compared to Q2 2021, administrative expenses have decreased by MVR 0.70 million mainly due to decrease in salary expense and printing and stationary. Salary expenses decreased as Ramadan allowance of MVR 0.50 million was recorded in Q2 2021. Printing and stationary expense was decreased by MVR 91,427 due to moving towards more of electronic documentation method which saved printing and stationary cost in Q3 2021. Compared to Q3 2020, administrative expense has increased by 4% (by MVR 0.39 million) due to increase in salary and allowances as salary reversal and promotion was applied from previous quarter onwards.

OTHER OPERATING EXPENSES	Q3 2020	Q3 2021	Q2 2021
Audit Fee	-	83,360	92,520
Repairs and Maintenance	102,633	226,702	165,196
Software & online service expenses	20,257	542,181	627,964
Sundry Expenses	35,624	26,553	27,450

Other operating expenses have decreased by 3% compared to previous quarter but increased by 131% compared to Q3 2020. Compared to Q3 2020, the increase is mainly due to significant increase in software and online service expenses by MVR 0.52 million and repair and maintenance by MVR 124,069. Company has incurred MVR 0.48 million for CISCO subscription renewal and MVR 124,069 for fixed maintenance and renovation works within the departments. The table above shows the major expenses incurred under other operating expenses.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2.02	2.11	2.20
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. It is important to highlight that trade receivables covers 31% of total current assets and relates to funds receivable from NSPA. The current ratio is approximately equal to quick ratio as the company holds insignificant value of inventory.

Current ratio has decreased compared to previous quarter as a result of a greater increase in the company's liabilities compared to the increase in current assets. Payables increased by 9% compared to previous quarter due to increase in payables for Merana, evacuation and medical transfer cases as well as increase in payables for administrative expenses by 55% and 5% respectively.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
1.58	1.37	1.17
Million in MVR	Million in MVR	Million in MVR

The cash ratio calculates a company's ability to repay its short-term debt with cash and cash equivalents. The cash ratio of Aasandha company shows that company has enough cash to cover its current liabilities. The cash balance has slightly increased compared to the previous quarter, as the cash and cash equivalent has increased by 28% compared (by MVR 4.4 million).

CONCLUSION & RECOMMENDATION

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

The reported revenue for the quarter is 12% lower as the claims processed were lower compared to the previous quarters. Although the operational expenses have decreased, the reduction in revenue is greater than operational expenses incurred. As a result, company incurred a net loss during Q3 2021. To maximize returns, it is important for the company to keep the expenses at an optimum level.

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

Quarterly review; Quarter 3-2021

ADDU INTERNATIONAL AIRPORT COMPANY LTD

Report No: PEM/2021/AIA/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
3.12 Million in MVR	11.22 Million in MVR	12.25 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 third quarter of 2021 compared to the same quarter of last year by MVR 8.09 million which is 259%. Revenue was improved mainly due to increase in jet fuel revenue, ground handling charges and landing fees. However, compared to previous quarter, revenue has declined by MVR 1.03 million with the reduction in parking fees and jet fuel revenue.

Revenue	Q3 2020	Q3 2021	Q2 2021
Jet Fuel Revenue	1,891,060	8,123,644	8,608,584
Ground Handling Charge	399,578	1,551,695	322,453
Landing Fees	226,258	914,075	658,213
Parking Fees	471,852	398,874	2,534,701
Ancillary Equipment charge	67,308	172,010	72,937
Cargo Terminal Warehouse	38,206	62,142	54,462
Other	32,854	-	1,800
Total	**3,127,116**	**11,222,440**	**12,253,150**

As seen from the table, jet fuel revenue is the main revenue generating segment which covers 72% of company's total revenue. Jet fuel sales increased by 330% compared to the same quarter of last year, as more jet fuel was sold at higher rate compared to Q3 2020, along with the increase in domestic flight movements. In addition to that ground handling charges and landing fees have increased by 288% and 304% respectively. The increase in these segments are obviously due to the increase is number of flight movements. As such, it is seen that domestic flight movements have increased by 232% and international movements by 1400% (from 1 to 15) compared the Q3 2020.

Aircraft Movements	Q3 2020	Q3 2021	Q2 2021	Q3 2021 vs Q3 2020	Q3 2021 vs Q2 2021
Domestic Operators					
Island Aviation Services Limited	116	385	192	232%	101%
Villa Air Pvt Ltd	0	0	0	-	-
Manta Air	0	0	0	-	-
International					
Scheduled International Flights	0	0	0	-	-
Passenger Charters	0	0	0	-	-
Intl Ad-hoc Aircraft	1	15	60	1400%	-75%

Compared to last quarter revenue has declined by 8%, it is noted that the decline is mainly caused by the decrease in revenue from parking fee which has decreased by MVR 2.1 million (by 84%) and jet fuel has decreased by 6%. However, ground handling charges increased by 381% and landing fees by 39%. It is seen that domestic flight movement has increased by 101% while international ad-hoc flights has decreased by 75% compared to last quarter and worth mentioning that parking fees highly depend on the international ad-hoc flight movements.

Other Income	Q3 2020	Q3 2021	Q2 2021
Rent Income	1,629,329	1,292,802	1,556,924
Lounge Income	100	1,850	23,747
Miscelleneous income	1,759	3,347	5,656
Electricity charge	17,014	24,179	25,591
Total	**1,648,202**	**1,322,178**	**1,611,918**

It is noted that AIA's other operating income was decreased in Q3 2021 compared to the other two quarters of Q3 2020 and Q2 2021 by 20% and 18% respectively. Rent income covers over 98% of total other income, which has decreased by 21% and 17% compared to Q3 2020 and Q2 2021 respectively. The decline in rent income is due to halt of rent from flying school as the agreement was expired in July 2021.

Net Profit/loss

Q3 2020	Q3 2021	Q2 2021
-14.1	-20.7	-21.0
Million in MVR	Million in MVR	Million in MVR

AIA has reported a net loss of MVR 20.7 million at the end of third quarter 2021. It is important to note that although net loss was increased in the quarter by 47% compared to Q3 2020, net loss has improved by 2% compared to last quarter. This improvement is achieved mainly due to decrease in operating expenses. As such net loss margin stands at -185% and -172% in Q3 2021 and Q2 2021 respectively.

However, net loss margin is significantly high in Q3 2020 with -452%, indicating that the level of net loss incurred is significant compared to the level of revenue generated in that period. Below table illustrates company's operating expenses incurred in the quarters of Q3 2020, Q3 2021 and Q2 2021.

Operating Expenses

Operating Expenses	Q3 2020	Q3 2021	Q2 2021
Jet Fuel expenses (3.2)	1,278,785	5,396,095	6,661,400
Employee benefit expenses (3.1)	7,649,813	9,268,086	9,797,540
Depreciation of PPE	6,324,445	6,758,481	6,736,874
Amortisation of Intangible assets	155,360	-	-
Electricity Charges	728,950	549,167	817,828
Hire Charges	236,440	46,969	560,030
Supplies and requisites	160,188	1,164,154	351,568
Subscription and expenses	411,591	1,000,258	552,006
Consultancy expenses	269,850	478,600	547,500
Freight and Duty charges	371,917	253,418	373,072
Repairs and maintenance expenses	156,031	377,582	443,205
Fuel expenses	49,093	145,158	53,306
Telephone expenses	98,455	34,313	50,875
Uniform expenses	14,198	2,584	25,391
Insurance expenses	592,300	556,336	556,336
bank charges	41,677	127,825	94,846
Travelling expenses	40,197	125,741	76,790
Directors remuneration	75,484	136,900	142,400
Printing & Stationary	37,325	55,604	45,342
Fines and penalties	148,282	92,611	125,935
Others	61,660	187,848	317,402
Total	**18,902,041**	**26,757,730**	**28,329,646**

Company has managed to reduce operating expense by 6% compared to last quarter, mainly due to decrease in jet fuel expenses which covers over 20% of total operating expense. In addition to that, employee benefit expenses and hire charges has decreased significantly by MVR 0.53 million and MVR 0.51 million respectively due to Ramadan allowance paid in Q2 2021 and delay in raising invoice for hiring equipment in Q3 2021. On the other hand, supplies and requisites and subscription expenses has increased compared to last quarter by 231% and 81% respectively. This is caused by increase in requirements for supplies as operation was increased in previous quarter. Subscription expenses increased as new accounting software was implement and subscription increased for risk management software.

Compared to Q3 2020, operating expenses has increased by 42% mainly due to increase in jet fuel expenses (by 322%), employee benefit expenses (by 21%) and supply and requisites (by 627%). Jet fuel expenses increased as jet fuel sale was higher in Q3 2021, while employee expenses increased when additional staffs were hired, and overtime expense has increased. Supply expenses has increased due to increase in requirement for supplies.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.10	0.08	0.09
TIMES	TIMES	TIMES

AIA's current asset is significantly low compared to the current liabilities. Hence, company's current ratio resulting 0.08 times in Q3 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 decreased by 4% in Q3 2021 compared to previous quarter while company has significant current liability of MVR 524.9 million, which is 1% higher than previous quarter.

Current liability mainly consists of loans and borrowing (48%) and trade and other payables (52%). 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 Q3 2021.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.08 TIMES	0.06 TIMES	0.05 TIMES

Quick ratio shows a company's capability to meet its short-term obligations with its most liquid current assets excluding its inventories. AIA's quick ratio of 0.06 times in Q3 2021 indicates that the company does not have the capacity to meet its short-term obligations with its most liquid assets. AIA's inventory increased by 54% in Q3 2021 compared to Q3 2020, however decreased by 30% compared to last quarter. Company's inventory represents 27% of total current assets in Q3 2021.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.01 TIMES	0.04 TIMES	0.02 TIMES

AIA's cash ratio of 0.04 times in Q3 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 Q3 2021 compared to Q3 2020 and Q2 2021 by 251% and 89% respectively. As such, during the quarter company recorded cash inflow as proceeds from share capital by shareholder (MVR 19.9 million), which resulted a quarter-end cash balance of MVR 19.15 million.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
-4.06 TIMES	-2.82 TIMES	-2.79 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 -2.82 times in Q3 2021 indicates that the company has negative total equity. This is due to the accumulated loss incurred at the end of the third quarter 2021 by MVR 489.5 million. It is noted that company has huge borrowings which merely depend on shareholders assistance for its repayment.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.74	0.82	0.80
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 Q3 2021 was 0.82 times which is an increase compared to the other two quarters of Q3 2020 and Q3 2021 by 12% and 2% respectively. However, it is noted that the company is unable to service its debts through the operations and AIA is receiving financial assistance from shareholders to repay existing loans.

CONCLUSION & RECOMMENDATION

AIA has generated a revenue of MVR 11.2 million in Q3 2021 which is 8% lower compared to previous quarter, mainly due to decrease in parking fees. Company has high operating expenses compared to the revenue generated in the quarter, hence company has incurred a net loss of MVR 20.7 million in Q3 2021. It is noted that the net loss of the company was decreased by MVR 0.3 million compared to the previous quarter.

Company's liquidity position is unfavorable as AIA has more current liabilities compared to the current assets. Hence, company is unable to meet its short-term obligations with company's current assets. It is noted that the trade and other receivables is equivalent to 112% of company's revenue for the quarter and trade and other receivables covers 29% of total current assets in Q3 2021. AIA should implement effective measures for credit collection and needs to manage and settle its payables to maintain working capital ratios in a favorable position.

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

Quarterly review; Quarter 3-2021

BUSINESS CENTER CORPORATION LTD

BUSINESS CENTER CORPORATION LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/BCC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
0.44	4.61	4.35
Million in MVR	Million in MVR	Million in MVR

BCC has generated a revenue of MVR 4.6 million in the third quarter of 2021 which is a 6% increase compared to previous quarter. Revenue is mainly generated from authentic Maldives outlets located in duty free shops in Velana International Airport. As such the increase in revenue is mainly due to increase in number of tourist movements within the airport.

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, out of which more than 50% are women. The third outlet of Authentic Maldives was opened in March 2021.

Company has earned other income of MVR 1.09 million mainly from secondary income generating activities such as inspection, Maldives Business Network (MBN) channel, sponsorships and grants.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
0.08	1.30	1.38
Million in MVR	Million in MVR	Million in MVR

Gross profit has decreased by 6% compared to previous quarter, however it increased by 1547% compared to Q3 2020. Gross profit margin has recorded at 28% in Q3 2021, 32% in Q2 2021 and 18% in Q3 2020. The decrease in gross profit margin compared to previous quarter indicates that the level of increase in revenue is lower than the increase in cost of sale over the comparable period.

Net Profit/Loss

Q3 2020	Q3 2021	Q2 2021
-2.43	-3.24	-3.99
Million in MVR	Million in MVR	Million in MVR

BCC has incurred a net loss of MVR 3.24 million at the end of the third quarter 2021 as the company is having high administrative costs compared to the gross profit generated. Administrative expenses has remained relatively constant (MVR 5.5 million) over last two quarters, however greatly surpass the gross profit of MVR 1.30 million in the quarter. Although other income of MVR 1.09 million accommodated for the net loss, company has incurred other operating expenses of selling and marketing expenses and finance cost, which resulted to a net loss of MVR 3.23 million.

Administrative costs (Major expenses)	**Q3 2020**	**Q3 2021**	**Q2 2021**
Salaries and Wages	1,610,774	3,311,779	3,145,657
Rent Expenses	269,000	982,411	973,068
Retirement pension scheme	148,035	94,768	180,731
Miscellaneous	4,017	114,432	169,120
Directors Remuneration	175,503	210,385	122,835
Channel License Fee	-	136,399	-
Equipment Rental	-	109,000	91,975
Electricity	65,369	134,809	118,529

It is important to highlight that company's total operating expenses of MVR 5.55 million exceeds the net income (both gross profit and other income) by MVR 3.24 million which is recorded as operating loss for the period. Salaries and wages, and rent expense comprise of 60% and 18% of total administrative expenses respectively in Q3 2021. Compared to Q3 2020, salary and wages has increased by 106% due to significant increase in number of staffs for the new business activities commenced. While this expense has increased by 5% compared to previous quarter with additional recruitments of staffs.

LIQUIDITY

Current ratio

Q3 2020	Q3 2021	Q2 2021
8.22	2.19	3.33
TIMES	TIMES	TIMES

BCC has a current ratio of 2.19 times in Q3 2021 which is a reduction of 34% compared to previous quarter. The ratio more than 2 times usually indicates that company is in a comfortable position to manage its obligation with its current assets. Current liabilities have increased (by 29 %) which mainly includes trade payables (39% of total liabilities). At the same time, current assets have decreased by 15% compared to previous quarter.

Cash and cash equivalent comprising of 24% of total current assets has decreased by MVR 1.59 million compared to previous quarter. Likewise trade and other payables comprise 71% of total current liabilities and has experienced an increase by 116% compared to previous quarter, which mainly has caused the decrease in current ratio.

Compared to Q3 2020, current ratio has decreased significantly as a result of significant increase in current liabilities.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
8.01	2.12	3.25
TIMES	TIMES	TIMES

Quick ratio of BCC resulting 2.12 times indicates that the company is able to pay off its current liabilities with their current assets excluding inventories. However important to note that quick ratio less than 1 means company may face difficulties in managing short term requirements. Company's quick ratio has decreased compared to both comparable quarters. Currently company's inventory is maintained at MVR 98 thousand.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
5.47	0.51	2.00
TIMES	TIMES	TIMES

Cash and cash equivalent comprise of 24% of total current assets which at the end of the third quarter 2021 was recorded at MVR 0.79 million. Cash and cash equivalent were decreased by 67% and 73% compared to Q2 2021 and Q3 2020 respectively mainly due to operational expenses incurred in the quarter. Other than that, company has invested MVR 74.4 thousand for fixed assets and to improve leasehold properties.

As per the cash ratio, BCC has less cash compared to its current liabilities at the end of Q3 2021. It must be noted that, the company is highly dependent on shareholders assistance for operational expenses. As such shareholder (GoM), has injected MVR 2.55 million during Q3 2021 as capital contribution to the company.

Debt/Equity

Q3 2020	Q3 2021	Q2 2021
0%	122%	74%

Company's debt to equity ratio has increased compared to previous quarter by 48% mainly due to increase in loan amount by MVR 1.16 while total equity decreased by MVR 0.68 million. The increase in debt ratio indicates that company is financing some of its activities through debt, while other activities has been funded from share capital as it has seen that company's share capital has increased by MVR 2.55 million compared to previous quarter. However, accumulated net loss carried by the company (MVR 19.18 million) has resulted to increase the debt to equity ratio in Q3 2021.

Interest coverage of a company projects the ability to service its finance cost. Company's ability to pay interest expense from its own income is very low, as company has incurred operating loss in all quarters in the review.

CONCLUSION & RECOMMENDATION

BCC has generated a revenue of MVR 4.61 million at the end of third quarter 2021. However, Company has incurred a loss of MVR 3.23 million due to high overhead expenses. Overhead expenses of the company were increased in Q3 2021 due to high administrative costs of MVR 5.54 million, which mainly includes salary and wages and rent expense. As the company been incurring net loss in each quarter, company should manage its overhead more efficiently and operationlise the newly planned and feasible activites in order to reduce the over all net loss, presumably to a breakeven point.

Liquidity position of the company has deteriorated compared to past quarters. It must be noted that the company is highly dependent on shareholders fund in day to day operation. Debt to equity ratio has increased and company's ability to service its debts tends to be low, which indicates that company's financial risk is higher.

Quarterly review; Quarter 3-2021

BANK OF MALDIVES PLC

BANK OF MALDIVES PLC LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/BML/Q3

<u>Q3 2021 with Q3 2020 and Q2 2021</u>

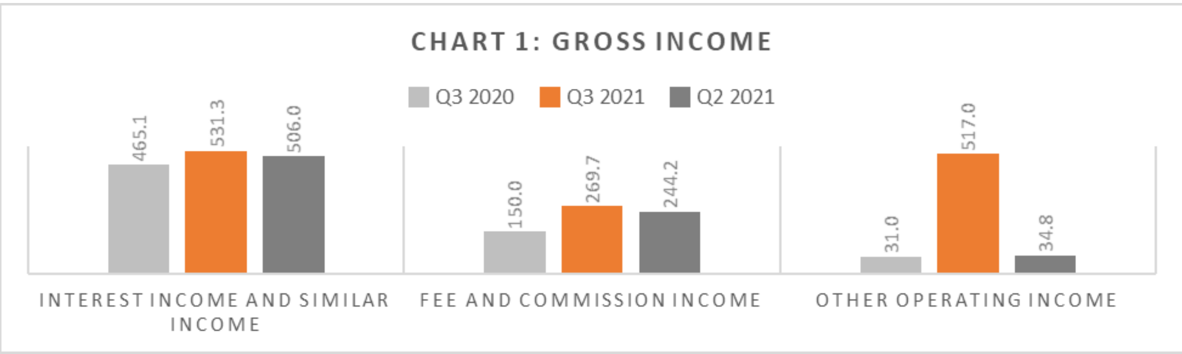
PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
646	1,318	785
Million in MVR	Million in MVR	Million in MVR

BML has achieved a remarkable revenue growth of 104% and 68% against Q3 2020 and Q2 2021 respectively. The growth is mainly attributable to the significant improvement in other operating income related to a recovery of a long outstanding Non-Performing Asset. Nevertheless, all the core business segments performed well in quarter 3 of 2021.

Below chart illustrates BML’s gross income for the quarters of Q3 2021, Q3 2020 and Q2 2021.



BML’s main income generating segment has increased from MVR 506 million to MVR 531 million, an increment of MVR 25 million compared to previous quarter. Net fee and commission income also recorded a healthy growth of 10% against Q2 2021. The most significant income for the quarter is a significant one-off recovery which reflects in a higher than average profits for the quarter.

Net Interest Margin

Q3 2020	Q3 2021	Q2 2021
1.5%	1.4%	1.4%

Net interest margin is particularly important indicator in evaluating BML effectiveness, as it reveals a bank’s profitability on interest-earning assets, such as loans or investment securities. Since the interest earned on such assets is a primary source of revenue for a bank, this metric is a good indicator of a bank's overall profitability, and higher margins generally indicate a more profitable bank. Both interest income and interest earning assets has improved in Q3 2021.

Net Profit/loss

Q3 2020	Q3 2021	Q2 2021
258	737	298
Million in MVR	Million in MVR	Million in MVR

The profitability of the bank has significantly improved in Q3 2021. This mainly attributes to the recovery of a long outstanding Non-Performing Assets. Nevertheless, core business has also contributed to the net profit growth. The total operating expenses of the bank has reduced by MVR 14 million and MVR 9 million comapred to Q3 2020 and Q2 2021 respectivley, which has a poistive impact on net profit. Further, the provision expense has also reduced by over 70% in Q3 2021 compare to other two quarters.

CAPITAL MANAGEMENT

The bank has solid financial platform consisting of deposit base of MVR 24.7 billion and total assets of MVR 35.5 billion. Further, total assets of the bank grew by MVR 1.3 billion compared to Q2 2021.

Total Assets	Q3 2020	Q3 2021	Q2 2021
Cash, Short term Funds & Balances with MMA	6,972,538,000	10,700,819,000	10,889,445,000
Loans and Advances	14,832,811,000	15,354,855,000	14,768,993,000
financial Investments - FVOCI	209,688,000	245,166,000	245,166,000
Financial Investments- Amortized Cost	6,632,102,000	7,631,060,000	7,031,024,000
Property, Plant and Equipment	578,416,000	605,575,000	609,816,000
Right-of-use-Assets	176,321,000	156,166,000	156,166,000
Other Assets	424,495,000	841,320,000	505,585,000
Total Assets	**29,826,371,000**	**35,534,961,000**	**34,206,195,000**

Loans and advances are the major asset of the bank amounting to MVR 15.3 billion as at the end of Q3 2021. In addition, the bank has strong Cash and Short-term Funds & Balances with MMA.

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

Total Liabilities	Q3 2020	Q3 2021	Q2 2021
Deposits	20,475,075,000	24,775,193,000	24,429,693,000
Borrowings	925,064,000	780,313,000	789,086,000
Lease Liabilities	155,143,000	144,058,000	144,058,000
Other Liabilities	808,277,000	1,422,007,000	1,167,506,000
Total Liabilities	**22,363,559,000**	**27,121,571,000**	**26,530,343,000**

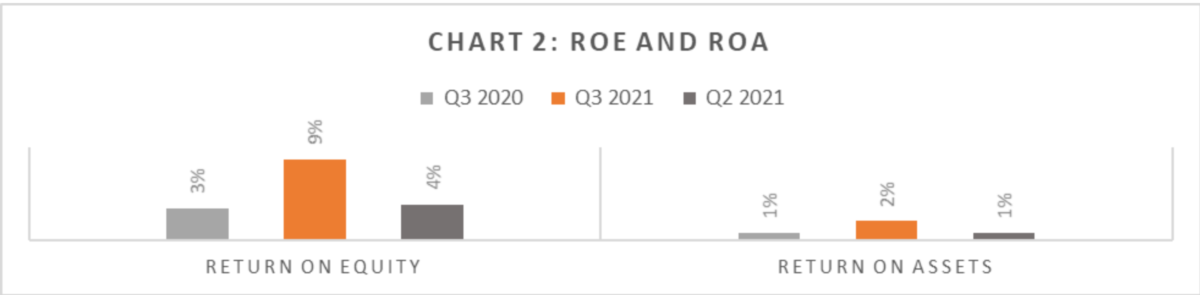
Total liabilities of the bank also grew in Q3 2021, by MVR 591 million compared to previous quarter from deposits and other liabilities. Deposits are the largest liability for the bank and include money-market accounts, savings, and checking accounts. Both interest bearing and non-interest-bearing accounts are included. Although deposits fall under liabilities, they are critical to the bank's ability to lend. If a bank doesn't have enough deposits, slower loan growth might result, or the bank might have to take on debt to meet loan demand which would be far costlier to service than the interest paid on deposits.

Loans to Deposits

Q3 2020	Q3 2021	Q2 2021
72%	62%	60%

Loans to deposits are a solvency ratio which shows whether the bank is healthy and sustainable in the long run. It shows a bank's ability to cover loan losses and withdrawals by its customers. Investors monitor the loans to deposit ratio of banks to make sure whether there's adequate liquidity to cover loans in the event of an economic downturn resulting in loan defaults. The Loans to Assets ratio should be as close to 100% as possible, but anything bigger than that can mean that the bank gives more loans than it has in deposits, borrowing from other banks to cover the shortfall. That is considered risky behavior. The ratio has increased since loans advances have grown more than the deposits in Q3 2021.

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



Both ratios have improved in Q3 2021 owing to the improvement in bank's profitability. The positive results illustrate that bank is generating profits with the money shareholders have invested.

Important Projects undertaken in the quarter

- Introduction of a new loan and financing product to provide easy access to finance for recipients of the Hiyaa Social Housing Scheme.

- Signing a Memorandum of Understanding (MOU) in August with Mastercard and Maldives Transport and Construction Company (MTCC) to implement an integrated transport management and automatic fare collection system for the public transport service operated by MTCC in the Maldives.

- During the quarter, five additional Aharenge Bank Community Fund projects were awarded, bringing the total to 55 projects awarded to organizations across the country to support the thematic areas of education, environment, sports and community development.

CONCLUSION AND RECOMMENDATION

BML has recovered in all the core business lines compared to the same quarter of last year and has achieved a revenue growth of 68% compared to previous quarter. Further, operating profit of the bank grew at 109% against Q2 2021.

Capital and liquidity ratios remain well above regulatory requirements and have a solid financial platform with a deposit base of MVR 24.7 billion and total assets of MVR 35.5 billion. Further, improvement in ROE and ROA will lead investors to be optimistic about the bank's future development prospects.

Quarterly review; Quarter 3-2021

DHIVEHI RAAJJEYGE GULHUN PLC

DHIVEHI RAAJJEYGE GULHUN PLC
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/DHIRAAGU/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
586	610	617
Million in MVR	Million in MVR	Million in MVR

Dhiraagu has ended the third quarter of 2021 with a revenue of MVR 610 million, a reduction of 1% compared to the previous quarter. The revenue was affected by the impact of price reductions on both mobile and fixed broadband. Roaming revenue was also affected partly due to seasonality and travel restrictions in the key markets. However, with comparison to the same quarter of last year, company's revenue was improved as company performed well due to the economic recovery and has a revenue growth of 4%.

Operating Profit

Q3 2020	Q3 2021	Q2 2021
192	231	235
Million in MVR	Million in MVR	Million in MVR

Operating profit of the company is also lower than previous quarter by 1% due to reduced revenue. It is noted that due to continued cost optimization measures undertaken by the company, operating costs of the company has reduced from MVR 382 million to MVR 378 million in Q3 2021 compared to Q2 2021.

EXPENSES	Q3 2020	Q3 2021	Q2 2021
Operating Costs	298,055,000	279,542,000	283,077,000
Depreciation and amortization	96,449,000	99,151,000	99,369,000
Other Expenses	169,000	28,000	(81,000)
Total	**394,673,000**	**378,721,000**	**382,365,000**

Net Profit

Q3 2020	Q3 2021	Q2 2021
158	191	195
Million in MVR	Million in MVR	Million in MVR

Dhiraagu has reported a net profit of MVR 191 million for Q3 2021, which is 2% lower than previous quarter and 21% higher than the same period of last year. Nevertheless, company has achieved a net profit margin of 31% for Q3 2021 (Q2 2021: 32%). The financing expense of the company has increased by 52% with increased loans and borrowings compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.29	1.51	1.51
TIMES	TIMES	TIMES

Dhiraagu has more current assets compared to its current liabilities which indicate that the company is in a solid short-term liquidity position. However, it is important to highlight that company has significant amount of trade receivables. Trade receivables contribute to 31% of total current assets. This is a concerning area for the company as a significant amount is tied up as receivables affecting the cash flow of the company.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
1.24	1.49	1.48
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of Dhiraagu is also above 1, showing that company has enough assets to be instantly liquidated to pay off its current liabilities.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.60	1.02	0.98
TIMES	TIMES	TIMES

The cash ratio of the company is at a satisfactory position. The company has a significant cash balance of MVR 1.47 billion at the end of Q3 2021, thus Dhiraagu will be able to manage their liquidity position smoothly.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.10	0.06	0.05
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which Dhiraagu is financing its operations through debts. Debt to equity ratio of the company is quite low indicating low financial risk. Dhiraagu has borrowed new short-term borrowings in the quarter, thus total loans and borrowings at the end of Q3 2021 is MVR 145 million.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.06	0.03	0.03
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. Telecommunication is a capital-intensive industry; therefore, company has huge asset base. The lower the debt to asset ratio, the less risky the company.

Debt Capitalization

Q3 2020	Q3 2021	Q2 2021
0.09	0.05	0.05
TIMES	TIMES	TIMES

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

CONCLUSION AND RECOMMENDATION

In Q3 2021, Dhiraagu has reported a revenue of MVR 610 million, which is 1% less compared to previous quarter mainly due to impact of price reductions on both mobile and fixed broadband. Net profit for the quarter is MVR 191 million.

The liquidity position of the company is satisfactory with a current ratio of 1.51 and a quick ratio of over 1.49. Dhiraagu have enough liquid assets to settle its short-term obligations. In addition, the cash balance of the company looks healthy. Nevertheless, it is crucial to highlight the significant trade receivables of the company. As an integral element of a company's cash flow, accounts receivable may affect several other areas of the company, including accounts payables and planned investments.

The company’s leverage ratios are comparatively low. Moreover, Dhiraagu have capacity to invest in future projects as the company has a huge reserve.

Along with revenue improvement, efficient costs management is equally important to improve profitability of the company. Thus, the operating costs of the company should be maintained at a reasonable level. A well-established company like Dhiraagu, growth could be achieved through innovation and improved services.

Quarterly review; Quarter 3-2021

FAHI DHIRIULHUN CORPORATION LTD

FAHI DHIRIULHUN CORPORATION LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/HDC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Operating Profit/ (Loss)

Q3 2020	Q3 2021	Q2 2021
-1.59	-2.28	-1.94
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. Company's operating expenses for the third quarter is MVR 2.28 million which has increased compared to Q3 2020 and Q2 2021 by 32% and 17%. This is mainly due to increase in salary and wages compared to Q3 2020 and Q2 2021 by 21% and 28% respectively with the increase in staff in the quarter. As a result, company's operating loss increased in Q3 2021 compared to other two quarters. In addition, company has not generated any other income in Q3 2021.

Net Profit/Loss

Q3 2020	Q3 2021	Q2 2021
-1.61	-2.32	-1.99
Million in MVR	Million in MVR	Million in MVR

FDC has reported an increase in net loss at the end of the third quarter 2021 compared to other two quarters mainly due to high operating expenses. Operating expenses are the administrative costs incurred for the business operations. Administrative costs were increased as total salaries and wages are high in Q3 2021 compared to other two quarters as expenditure of the company increased due to more staffs recruited in the quarter. It is also noted that, company has not generated any other income in Q3 2021. With comparison to the previous quarter net loss increased by 17%. Further compare to same quarter of previous year net loss increase by 44%.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
25.0	117.0	69.8
TIMES	TIMES	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 Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 368% and 68% respectively. Current assets of the company was increased in Q3 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 338% and 35% respectively. It is noted almost 99% of the total current assets are from cash and cash equivalents which represents the capital contribution given by the government. On the other hand, current liabilities of the company was decreased in Q3 2021 compared to Q3 2020 and Q2 2021 by 6% and 19% respectively due to decrease in trade and other payables. Company has not reported any inventory in the quarters. Hence, quick ratio of the company has similar results in the three quarters.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
21.7	115.3	69.7
TIMES	TIMES	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 increased in Q3 2021 compared to the other two quarters of Q3 2020 and Q2 2021 by 397% and 34% respectively.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.35	0.09	0.13
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. FDC's debt to equity ratio resulting 0.09 times in the third quarter of 2021 indicates that the company has fewer borrowings compared to its total equity and reserves. Debt to equity ratio was declined in Q3 2021 compared to other two quarters. Company's loans and borrowings was decreased in Q3 2021 by 11% compared to the previous quarter. In addition, equity and reserves was increased in Q3 2021 as a result of capital injection. Equity and reserves were increased by 35% compared to previous quarter.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.56	0.10	0.16
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. FDC's debt to asset ratio was decreased in Q3 2021 by 34% compared to the previous quarter resulting debt to asset ratio of 0.10 times in Q3 2021. This indicates that the company has fewer borrowings compared to its total assets.

CONCLUSION & RECOMENDATION

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

FDC has not reported any revenue in the third quarter of 2021 as the company is in the process of implementing the social housing projects mandated by the government of Maldives. Company’s overhead expenses for the quarter was MVR 2.28 million. Overhead costs of the company are the administrative costs incurred for the business operations. Hence, company has reported a net loss of MVR 2.32 million at the end of the third quarter.

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

FDC has reported less borrowings in Q3 2021 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 3-2021

FENAKA CORPORATION LTD

FENAKA CORPORATION LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/FENAKA/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
427.2	453.7	482.4
Million in MVR	Million in MVR	Million in MVR

Fenaka Corporation has reported a revenue of MVR 453.7 million in the third quarter of 2021. Revenue of the company was increased in Q3 2021 compared to the same quarter of last year by 6% mainly due to increase in domestic income by 11% and income from tariff rate difference by 12%. Revenue from these two segments was increased due to increase in customer usage of electricity. However, revenue from water and others segment was declined in the quarter. Major decline in the revenue is from other income by MVR 16.1 million (62%) as government projects was almost completed. With comparison to the previous quarter, company's revenue was declined by 6% in Q3 2021. In Q3 2021 revenue from government sector declined by 7% and income from tariff rate difference declined by 2% compared Q2 2021 due to decrease in customer usage of electricity. Likewise, other income was declined in Q3 2021 by 33% compared to Q2 2021 as government projects was mostly completed. It is important to note that Government has been providing subsidy to the company to subsidize charges levied on customers.

Revenue	Q3 2020	Q3 2021	Q2 2021
Business	36,790,044	42,616,448	38,494,825
Business Special	23,055,885	23,641,697	23,345,139
Domestic	127,611,258	142,181,745	138,210,981
Government	68,141,213	69,730,660	75,181,835
Tertiary	-	4,102,017	3,912,372
Water	8,057,331	7,419,414	6,709,273
Others	25,963,707	9,909,018	14,712,560
	289,619,439	**299,600,998**	**300,566,985**
Government Subsidy			
Tariff Rate Difference	137,570,527	154,086,858	156,592,564
Government Subsidy (Covid 19)	-	-	25,271,306
	137,570,527	**154,086,858**	**181,863,870**
Total	**427,189,966**	**453,687,856**	**482,430,855**

Below table shows company's revenue in the quarters of Q3 2020, Q3 2021 and Q2 2021.

As seen in the table, total income generated by the company in the third quarter of 2021 is MVR 299 million while subsidy from the government was MVR 154.1 million in Q3 2021. Government subsidy includes tariff rate difference and covid subsidy. However, covid subsidy was not provided to the company in Q3 2020 and Q3 2021. Government subsidy as a percentage of total revenue stands at 32% (Q3 2020), 34% (Q3 2021) and 38% (Q2 2021) in the given periods.

Gross Profit

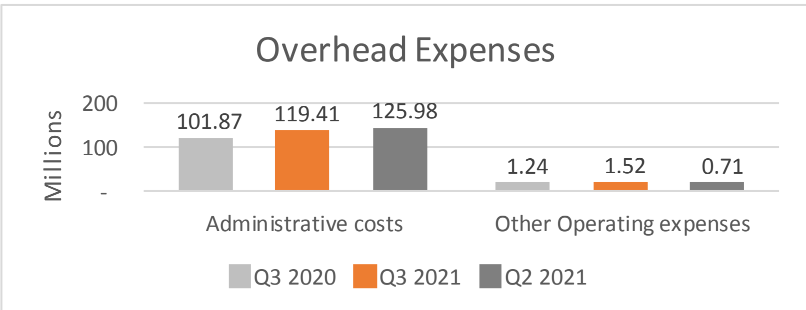
Q3 2020	Q3 2021	Q2 2021
182.3	215.5	216.8
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company was increased in Q3 2021 compared to the same quarter of Q3 2020 by 18% mainly due to increase in revenue in the quarter. However, compared to previous quarter revenue declined by 6% in Q3 2021 mainly due to decline in the direct costs of the company. Hence gross profit margin in Q3 2021 was 48% which has improved compared to other two quarters. Direct costs of the company was declined in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 3% and 12% respectively. However, the main component of direct costs, diesel was increased in Q3 2021 by 7% compared to Q3 2020 due to increase in electricity usage. Likewise, lube oil, repair and maintenance of power plants, sewer system & water, other fuel & chemical was increased in Q3 2021 compared to previous quarter. However, costs from all the other components was decreased in the quarter. With comparison to previous quarter, costs from most of the components was decreased in Q3 2021 except slight increase from repair and maintenance of power plants, sewer system & waste, costs of contracted projects, general costs and costs of other fuel & chemical.

Operating Profit

Q3 2020	Q3 2021	Q2 2021
79.2	94.6	90.1
Million in MVR	Million in MVR	Million in MVR

Fenaka has recorded an operating profit growth in the third quarter of 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 19% and 5% respectively. Thus operating profit margin improved from Q2 2021 to Q3 2021 by 19% to 21%. Below chart illustrates company's overhead expenses incurred for the quarters of Q3 2020, Q3 2021 and Q2 2021.



Total overheads of the company stand at MVR 121 million, which is MVR 5.7 million higher than previous quarter and MVR 17.8 million higher than Q3 2020. The major administrative cost of the company is staff salary and allowances as it covers 81% of administrative costs. Total overhead expenses of the company at the end of the third quarter of 2021 was MVR 121 million. Overhead expenses were increased in Q3 2021 compared to the same quarter of last year by 17% due to increase in the administrative costs by 17%. Administrative costs were mainly increased from salary and allowances and transportation costs. However, compared to previous quarter overhead expenses decreased by 5% in the quarter. Main reason for the changes in the administrative expenses is due to the changes in the salary and allowances of the company. Salary and allowances was increased in Q3 2021 by MVR 8.9 million (10%) compared to Q3 2021 due to increase in number of staffs being recruited in the quarter. However, compared to previous quarter salary and allowances was decreased by MVR 10.2 million (10%) in the quarter as Ramazan Allowance for all staff was paid during Q2 2021. In addition, transportation costs of the company were also significantly increased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by MVR 5.3 million (553%) and MVR 1.3 million (27%) respectively due to increase in travel movements after ease of COVID-19 travel restriction. With the increase in travel, meals and refreshments was also increased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by MVR 1.4 million (1001%) and MVR 0.09 million (7%) respectively.

Net Profit

Q3 2020	Q3 2021	Q2 2021
28.6	34.5	30.6
Million in MVR	Million in MVR	Million in MVR

Fenaka has reported a growth of net profit resulting MVR 34.5 million in the end of the third quarter 2021. Net profit increased by 21% and 13% compared to Q3 2020 and Q2 2021 respectively. Hence, net profit margin increased from Q2 2021 (6%) to Q3 2021 (8%). In addition, in Q3 2021 finance cost was increased by 2% and depreciation increased by 1% compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.76	0.65	0.69
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 in Q3 2021. Trade and other receivables were decreased in Q3 2021 by 6% compared to the same quarter of last year due to decrease in other receivables by 57%. Other receivables were decreased in the quarter as contracts awarded to the company was nearly completed. Likewise, trade and other receivables was decreased by 9% compared to previous quarter. Compared to previous quarter trade receivables decreased by 6% due to collection of receivables and other receivables decreased by 30% as contracts awarded was nearly completed. On the other hand, current liabilities were increased in Q3 2021 by 11% compared to Q3 2020 due to Covid-19 pandemic trade payables was increased by 12% as fuel bills were not settled in full during Q3 2020. However, current liabilities decreased in Q3 2021 by 3% with the decrease in trade payables with the control measures taken by the company by restrictions of purchasing spares and other materials and transferring those materials from available locations. Hence, current ratio decreased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 15% and 6% respectively. Current ratio was decreased in Q3 2021 due to significant decrease in current assets compared to the decrease in the current liabilities in the quarter.

Quick Ratio

Q3 2020	Q2 2021	Q1 2021
0.34	0.29	0.29
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 which covers 56% of total current assets in the quarter. The inventory at the end of Q3 2021 is MVR 348.9 million, this is a reduction of MVR 43.8 million compared to previous quarter.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.008	0.008	-0.004
TIMES	TIMES	TIMES

Cash ratio shows company's ability to repay its short-term debt with cash or near-cash resources. Fenaka Corporations has a very low level of cash compared to their current liabilities therefore they may face challenges in settling outstanding payables on time. Company's cash and cash equivalents has further declined in Q3 2021 compared to same quarter of last year by 1%. However, compared to previous quarter cash and cash equivalent was improved by 304% mainly as a result of collection of receivables. The company has invested MVR 125.8 million in PPE and payables balance of Q3 2021 decrease by MVR 28.4.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.06	0.06	0.06
TIMES	TIMES	TIMES

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

It is noted that Fenaka Corporation has an outstanding account payable of MVR 901.1 million at the end of Q3 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 0.45 times in Q3 2021. This ratio tends to be lower as the total net equity and reserve of the company is valued at MVR 2.27 billion.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.04	0.04	0.04
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 lower the financial risk. Company's debt to asset ratio resulting 0.04 times in Q3 2021 indicates that company is capable to settle their debts (borrowings) as they have fewer debts compared to their assets. The company has neither taken any additional borrowing in the quarter. Although debt to assets considers only long-term borrowings, it is important to highlight that Fenaka has a longstanding trade payable due for suppliers by nearly a billion.

CONCLUSION

Fenaka Corporation has achieved a net profit of MVR 34.5 million at the end of the third quarter 2021, which is an improvement of 13% higher than previous quarter and 21% higher than Q3 2020. The net profit growth was achieved by reducing direct costs and operational expenses of the company. In Q3 2021 direct costs was declined by MVR 27.5 million (10%) and administrative costs was decline by MVR 6.6 million (5%) compared to previous quarter.

Company's liquidity position is unfavorable as they have fewer current assets compared to their current liabilities. Company's total current assets consists of 43% of receivables and 56% of inventories. It is also important to highlight that company has significant trade and other payables of MVR 901.1 million at the end of the Q3 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 and contactors. Further, company need to consider their financial position when making investment decision.

Quarterly review; Quarter 3-2021

HOUSING DEVELOPMENT CORPORATION

Report No: PEM/2021/HDC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
54.7	6,926	130
Million in MVR	Million in MVR	Million in MVR

HDC has recorded a remarkable revenue of MVR 6,926 million for the third quarter of 2021 mainly due to sale of 7000 Housing units. Meanwhile, rental income was maintained at almost same level as previous quarter.

In comparison to the same period of last year, rental income is 89% higher in Q3 2021 due takeover of GMIZL rental properties as a result of the merger.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
53.4	-63.0	123.2
Million in MVR	Million in MVR	Million in MVR

After deduction of cost of sale of property/land, HDC has made a gross loss of 63 million for Q3 2021. The cost of sale of 7000 housing units are higher than that of revenue.

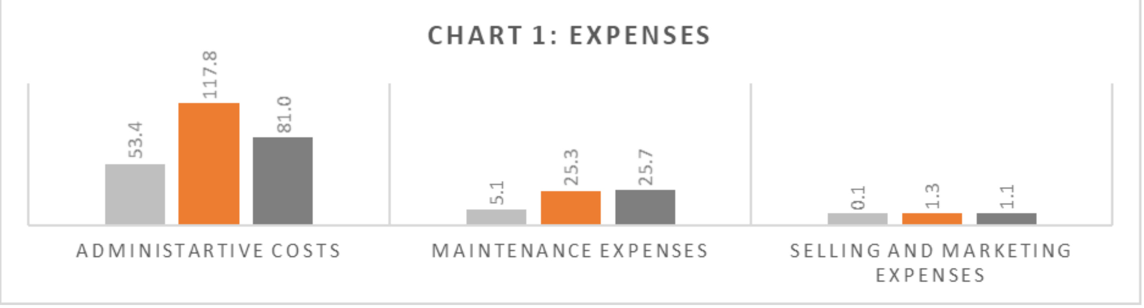
Operating Profit/Loss

Q3 2020	Q3 2021	Q2 2021
5.47	-202	22.5
Million in MVR	Million in MVR	Million in MVR

The company made a significant operating loss for Q3 2021, reflecting high cost of sales of 7000 housing units and resulted to an operating loss for the quarter. In addition, other income has also declined due to reduction of miscellaneous income.

Expenses

Total operating expenses also recorded a growth of 34% against previous quarter.



Administrative expenses	Q3 2020	Q3 2021	Q2 2021
Bank fees & Charges	427,036	912,864	704,368
Board directors remuneration and fees	236,326	1,420,792	390,342
CSR expenses	-	45,120	45,120
Others general & administrative expenses	12,747,037	31,137,437	19,508,032
Professional & Consultancy expenses	281,631	9,226,298	3,256,301
Rent & hiring expenses	-	-	68,250
Supplies, requisities, tools & consumables	846,655	935,222	380,937
Training	30,700	427,930	144,453
Travelling expenses	16,934	35,326	22,954
Depreciation and amortization charge	5,121,758	5,164,231	5,084,400
Amortisation of ROU Assets	-	8,848	8,848
Personnel costs	33,652,581	68,455,672	51,433,149
Total	**53,360,658**	**117,769,740**	**81,047,154**

Administrative expenses have increased from MVR 81 million to MVR 117 million compared to Q2 2021, mainly from personnel costs and others general & administrative expenses. Personnel costs increased due to a change in salary structure after the merger of GMIZL. Others general & administrative expenses increased due to recognition of compensation to tenant in Q3 2021 with relation to Male' and Thilafushi Bridge.

Among maintenance expenses, building maintenance increased due to additional works recognized in Q3 2021 from 7000 housing units. However, the total maintenance expenses remain constant compare to previous quarter.

In comparison to the same quarter of 2020, total expenses of the company are 146% higher in Q3 2021 mainly from personnel costs due to merger of GMIZL staffs and changes to salary structure.

Net Profit/Loss

Q3 2020	Q3 2021	Q2 2021
-8.29	-175	20.0
Million in MVR	Million in MVR	Million in MVR

HDC has ended the quarter with a significant net loss of MVR 175 million owing to the high cost of sale of 7000 housing units. In addition, the finance income has increased by MVR 36 million and interest expense has also increased by MVR 10.5 million compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
5.12	4.12	4.56
TIMES	TIMES	TIMES

Current ratio of HDC illustrates that the short-term liquidity position of the company is satisfactory with greater level of current assets compared to its current liabilities. Current assets of the company have declined in Q3 2021 from inventory (sale of 7000 housing units) and cash balance. Further current liabilities also reduced from loans and borrowings. Thus, the ratio has decline in Q3 2021. The major component of current asset is inventory which has significantly reduced by 62% against previous quarter (sale of 7000 housing units).

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
1.18	2.61	0.93
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. The ratio has significantly improved due to reduction of current liabilities and improvement of current assets excluding inventory.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.04	0.05	0.06
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. The cash balance has decreased by MVR 61 million compared to previous quarter mainly due to negative cashflow from operations.

The decrease in cash and cash equivalents in the recent years is attributed to the huge investment by the Corporation for the ongoing housing and infrastructure projects in Hulhumale' Phase I and Phase II. During Q3 2021, HDC has invested MVR 95 million for investment properties and repaid loans amounting to MVR 687 million. Cash balance also includes capital contribution by the government for loan repayments amounting to MVR 646 million and additional borrowings of MVR 184 million.

Among the current liabilities, trade and other payables has recorded a growth of MVR 181 million in Q3 2021 compared to previous quarter. However, total current liabilities have reduced due to reduction of total loans and borrowings.

LEVARAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.60	0.44	0.47

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 10.3 billion, a reduction of MVR 437 million against previous quarter. Hence, the ratio has declined with the reduction of loans and improvement in equity as a result of advanced share capital.

Since the main business of the company is to establish infrastructure and to provide residential, commercial and industrial developments for sale or lease, 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

Q3 2020	Q3 2021	Q2 2021
0.34	0.28	0.29

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 reduced owing to the reduction in loans and borrowings and also improvement in assets. It is important to highlight that the main purpose of the loans taken by HDC is for asset creation either as an investment property or inventory.

Debt Capitalization

Q3 2020	Q3 2021	Q2 2021
0.38	0.30	0.32

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 declined since borrowings reduced while equity has improved. 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

Q3 2020	Q3 2021	Q2 2021
0.12 TIMES	-4.38 TIMES	0.63 TIMES

The interest cover ratio measures how many times HDC can cover its current interest payment with its available earnings. The interest cover ratio for the quarter is negative due to negative operating profit. However, the company earns significant interest income to pay its interest expenses. Finance cost of the company has increased by 29% while finance income increased by 98% compared to Q2 2021.

CONCLUSION AND RECOMMENDATION

HDC has recorded a remarkable revenue for the quarter due to sale of 7000 housing units. However, because of higher cost of sales of 7000 housing units the company has ended the quarter with a significant net loss of MVR 175 million.

Short-term liquidity position of the company is satisfactory based on current and quick ratio. However, it has to be noted that receivables and inventories are the significant components of current assets. To improve the short-term liquidity position, HDC has to make policies on managing receivable and payables of the company in order to manage and improve cashflow position and operating cash flow. 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.

Since the total debts of the company has reduced in Q3 2020, the financial leverage ratios have recorded a marginal reduction. It is also important to note that HDC earns decent interest income to settle the interest payments. The most concerning issue for HDC is the significant level of borrowings of the company. However, it has to be noted that majority of the borrowings are to invest in investment property and Inventory which once completed will help in debt repayment. HDC must improve its capacity of loan repayment. In addition, HDC must improve efficiency and fast track project completion to meet debt repayments.

Quarterly review; Quarter 3-2021

HOUSING DEVELOPMENT FINANCING CORPORATION PLC

Report No: PEM/2021/HDFC/Q3

Q3 2021 with Q3 2020 and Q2 2021

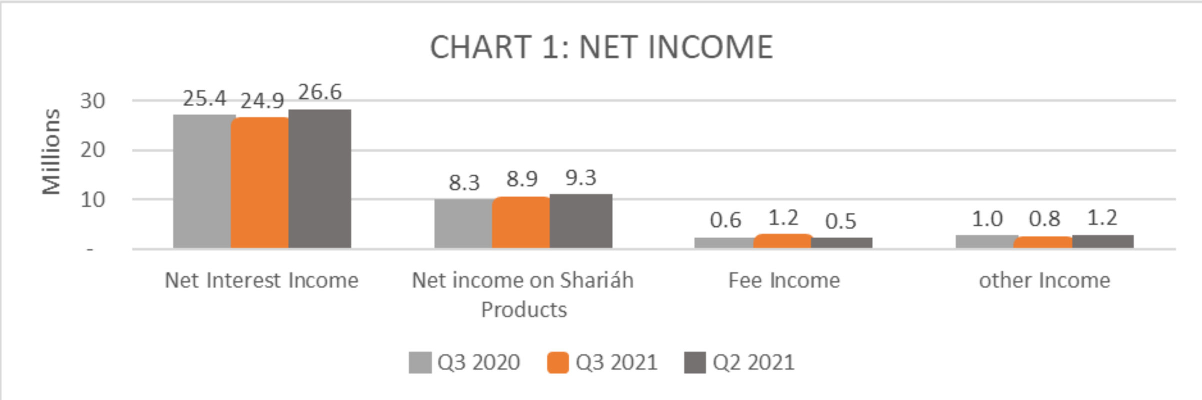
PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
47.7	48.9	50.1
Million in MVR	Million in MVR	Million in MVR

During the third quarter of 2021, HDFC has generated a gross income of MVR 48.9 million. This is an increment of 2.5% against the same period of last year and a reduction of 2.2% compared to previous quarter.

The below chart shows the revenue segments of HDFC, which are interest income, Income from Shari'ah products, fee income and other income. Since theses figures are net income figures the total gross income will not be equal to the total as per the below chart.



Net interest income has declined by 6.3% compared to previous quarter because total loans has declined by over MVR 37.5 million and interest expense has also increased. In addition, net income on shari'ah products has also declined by 4.1%. compared to Q2 2020. While fee income improved other income has also redcued in Q3 2021.

In comparison to the same period of last year, net income from Sharia products and fee income has improved while net inetrest income and other income declined.

Net Interest and Investment Margin

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

Net Interest Margin			Net Investment Margin		
Q3 2020	Q3 2021	Q2 2021	Q3 2020	Q3 2021	Q2 2021
1.7%	1.5%	1.6%	1.6%	5.2%	3.4%

Although HDFC has a positive net interest margin, it has declined in Q3 2020 as interest income have reduced. Nevertheless, 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.

As per the above ratio, the Shari'ah Products have higher profit margins than conventional loans. Investment margin shows improvement since investment income has significantly improved in Q3 2021 while mortgage facilities declined.

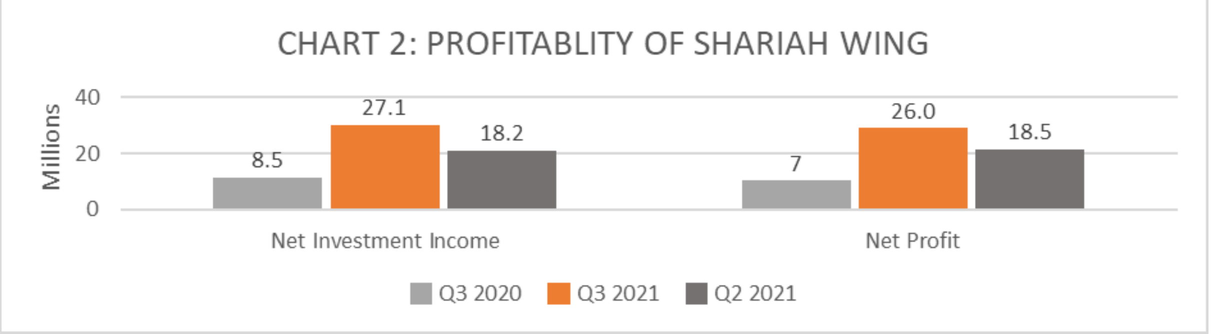
Net Profit

Q3 2020	Q3 2021	Q2 2021
23.5	23.0	29.8
Million in MVR	Million in MVR	Million in MVR

The net profit of the company is low in Q3 2021 compared to other two quarters. Net profit in comparison to previous quarter had declined mainly due to high provision expenses along with reduced income.

In comparison to the same period of last year, the net profit has marginally declined because of increased in operating expenses.

Amna Wing Profit



HDFC's total mortgage facilities of Islamic Window has decreased from MVR 534.6 million to MVR 523.8 million from Q2 2021 to Q3 2021. However, it is noted that company's net investment income and the net profit improved in Q3 2021 compared to the previous quarter.

CAPITAL MANAGEMENT

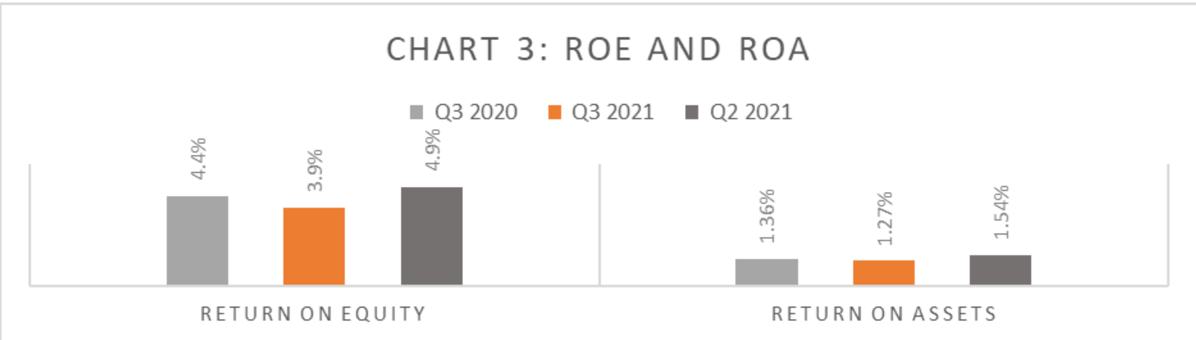
Financial institutions are highly-leveraged businesses requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial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

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

Details	Q3 2020	Q3 2021	Q2 2021
Total Liabilities			
Deposits	84,100,719	78,625,859	78,163,449
Borrowings	1,069,286,015	1,052,697,811	1,089,904,828
Other Liabilities	274,374,530	344,717,461	333,393,064
Total Liabilities	**1,427,761,264**	**1,476,041,131**	**1,501,461,341**
Total Assets			
Cash, Short term Funds	73,444,430	88,042,163	160,315,666
Financial assets held to maturity	126,969,597	344,091,665	236,144,902
Loans and advances to customers	1,837,822,302	1,739,930,691	1,777,509,680
Property, Plant and Equipment	1,091,516	971,557	1,059,373
Right of use assets	9,288,293	7,912,688	8,187,809
Intangible assets	307,182	106,789	144,685
Deferred tax asset	5,820,179	5,900,350	5,900,350
Other Assets	5,714,061	7,779,777	7,943,363
Total Assets	**2,060,457,560**	**2,194,735,680**	**2,197,205,828**
NET (Assets-Liabilities)	**632,696,296**	**718,694,549**	**695,744,487**

HDFC's total assets has marginally declined in Q3 2021 compared to previous quarter mainly from cash, short term funds and loans & advances to customers. Company's total liabilities has declined more than the assets compared to previous quarter amounting to MVR 25.4 million.

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

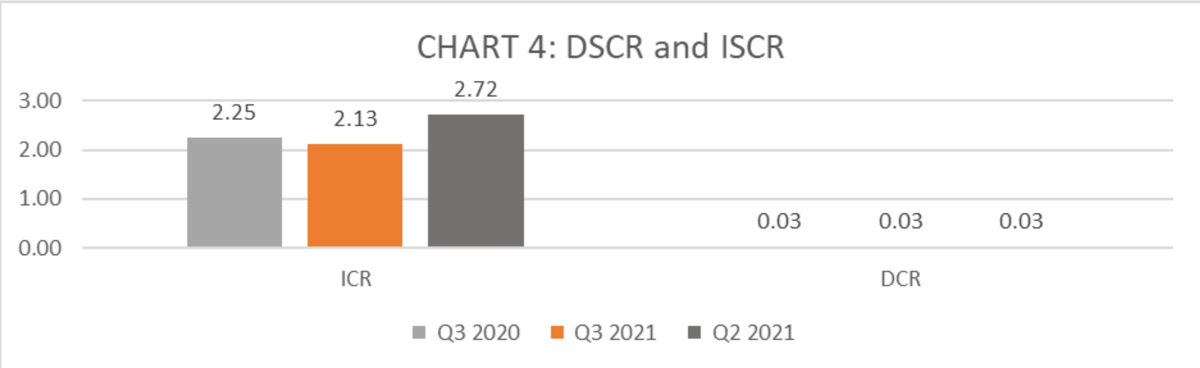


ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period.

ROE has declined in Q3 2021 because profitability has reduced while total equity increased as a result of improvement in retained earnings. Likewise, ROA has also declined owing to the reduction in profits and total assets from Q3 2021 compared to previous quarter. Nevertheless, positive results show that company is generating profits with the equity/assets invested.

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

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



HDFC's interest coverage ratio has declined in the third quarter of 2021 compared to the previous quarter. This is because of reduction in profitability while interest expenses have recorded a growth. It is important to note that interest expense of the company is significant with the nature of its business and operation. As such, a reduction in the interest expense could positively impact its coverage ratio.

During Q3 2021, company has repaid loans amounting to MVR 15.3 million and at the end of the quarter total loans and borrowings stands at MVR 1,052 million, which is a reduction of 3% compared to previous quarter. The higher the ratio of EBIT to interest payments, the company will be more financially stable. However, it should be noted that this ratio only 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, similar as other two quarters in review. Debt coverage ratio of the company is very low, as for the ratio calculation operating profit for the quarter is taken into account while borrowings figure is the total figure. Low debt service coverage ratio indicates that company does not have capacity to cover or pay current debt obligations without drawing on outside sources.

CONCLUSION & RECOMMENDATION

HDFC has reported a gross income of MVR 48.9 million for third quarter of 2021 which is a reduction of 2.2% compared to the previous quarter. Further, company has recognized significant provision for impairment loss on loans and advances, this has also deteriorated net profit of the quarter.

Total assets of the company stand at MVR 2.19 billion and housing loan/facility portfolio stands over MVR 1.74 billion at the end of Q3 2021. However, the loans and advance to customers have reduced by 2% compared to previous quarter. Consequently, the net assets of the company also declined by MVR 2.4 million.

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

Quarterly review; Quarter 3-2021

ISLAND AVIATION SERVICES LIMITED

ISLAND AVIATION SERVICES LIMITED
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/IASL/Q3

Q3 2021 with Q3 2020 and Q2 2021

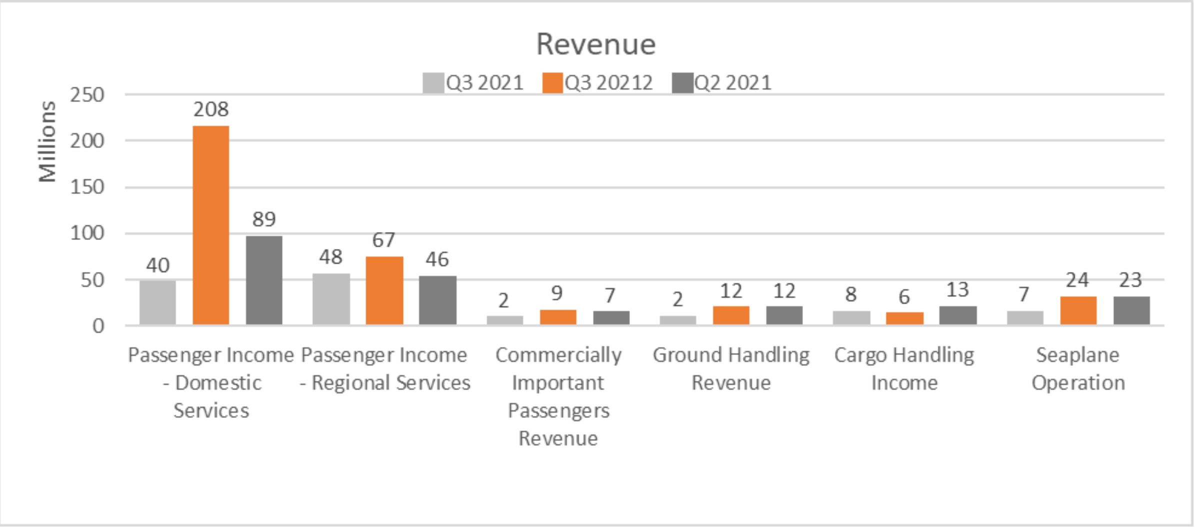
PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
107	326	190
Million in MVR	Million in MVR	Million in MVR

IAS has reported a revenue growth in the third quarter of 2021 compared to the other two quarters mainly due to increase in flight movements in Q3 2021. Revenue was increased in Q3 2021 by 204% and 71% compared to Q3 2020 and Q2 2021. However, it is noted that the revenue of the company is still lower than the pre-covid levels due to less flight movements with the restriction of Covid-19 pandemic.

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 third quarter of 2021. Revenue from passenger income in domestic services increased significantly in Q3 2021 compared to both quarters of Q3 2020 and Q2 2021 by 423% and 133% respectively due to increase in domestic pax with the ease of Covid-19 pandemic. It is noted that, cargo handling income was declined in Q3 2021 compared to Q3 2020 due to Covid vaccine stock imported during Q3 2020. Likewise, cargo handling income declined in Q3 2021 compared to previous quarter due to decrease in cargo weight by 17%. In addition, ground handling income was declined slightly in Q3 2021 compared to previous quarter. However, income from all the other segments was improved in Q3 2021.

Gross Profit/ (loss)

Q3 2020	Q3 2021	Q2 2021
-34.4	107	3.8
Million in MVR	Million in MVR	Million in MVR

Although, the company reported a gross loss of MVR 34.4 million in Q3 2020, it is noted that the company has managed to generate a gross profit of MVR 107 million in the third quarter of 2021 mainly due to higher revenue in Q3 2021. The gross profit was improved by MVR 103 million compare to the previous quarter. However, compared to other two quarters of Q3 2020 and Q2 2021, direct costs was increased by 54% and 18% respectively. Among the direct costs, the highest increment was seen from aircraft fuel costs.

Compared to Q3 2020 direct costs are mainly increased from aircraft fuel costs by MVR 39 million (195%), flight related direct costs by MVR 13.3 million (100%), regional/domestic costs by MVR 10.2 million (92%) and maintenance reserve by MVR 6.9 million (127%). Aircraft fuel costs, fuel related direct costs and regional/domestic costs were increased due to increase in flight movements by 270% with the ease of Covid-19 pandemic. Maintenance reserve was increased due to increase in utilization of leased aircrafts with the ease of Covid-19 lockdown. It is noted that, direct costs is only decreased from DSC expenses and cargo expense. However, direct costs from all the other segments was increased in the quarter.

Compared to Q2 2021 direct costs from all the segments was increased in Q3 2021. Direct costs are mainly increased from aircraft fuel costs was increased by MVR 12.6 million (27%) and flight related direct costs increased by MVR 10.3 million (44%) due to increase in flight movement by 38%.

Net Profit/ (loss)

Q3 2020	Q3 2021	Q2 2021
-103	-9.6	-99.6
Million in MVR	Million in MVR	Million in MVR

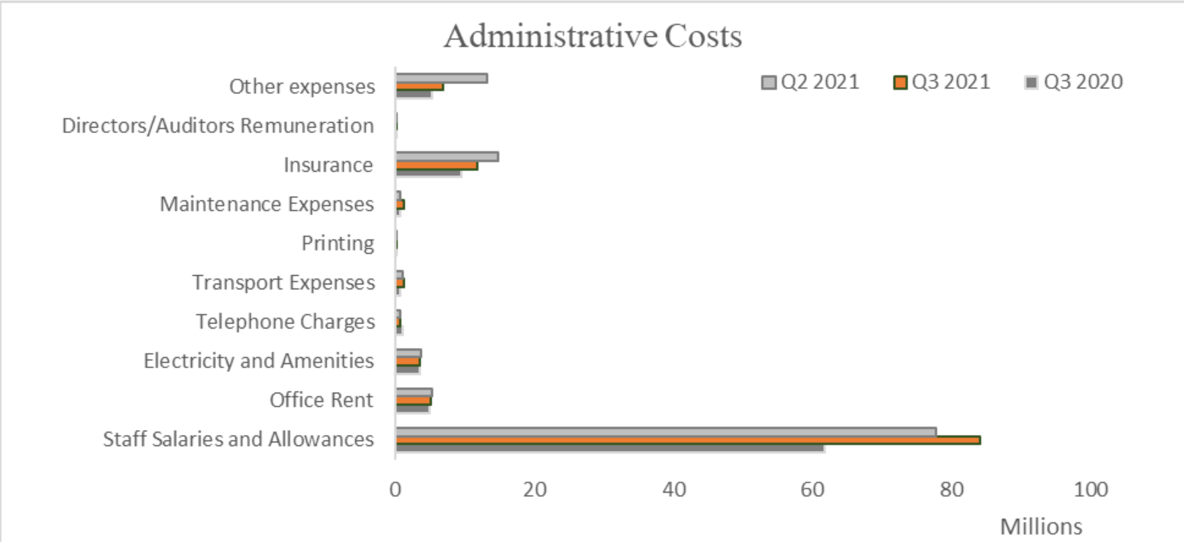
IAS has reported a net loss of MVR 9.6 million in the third quarter of 2021. However, with the increase in revenue in Q3 2021, company has managed to decline the net loss in Q3 2021 compared to Q3 2020 and Q2 2021 by 91% and 90% respectively.

Overhead Expenses	Q3 2020	Q3 2021	Q2 2021
Selling and marketing Costs	121,638	195,248	116,220
Administrative Costs	87,322,624	114,919,687	117,634,562
Total	**87,444,262**	**115,114,935**	**117,750,782**

Table shows company's operational expenses in the quarters of Q3 2020, Q3 2021 and Q2 2021.

As seen from the table, Company's administrative expenses was increased in Q3 2021 compared to the same quarter of last year by 32% mainly due to staff salaries and allowances. However, administrative costs decreased by 2% compare to previous quarter mainly due to decreased in other expenses. Selling and marketing costs increased in Q3 2021 compared to other two quarters by 61% due to increase in sales incentives with the sales targets achieved by ticketing agencies. Likewise, selling and marketing expenses increased in Q3 2021 compared to previous quarter by 68% due to increase in sales incentives while advertisement promotion and PR e4xpenses decreased.

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



As seen from the above chart, company's main operating expenses is staff costs as it covers 73% of total administrative costs. Staff salaries and allowances was increased in the third quarter compared to the same quarter of last year by 36% due to Cocid-19 pandemic, changes to salary implemented in June 2020 and partially restored in Q3 2021. In addition, staff salaries and allowances was increased in Q3 2021 by 8% compared to previous quarter due to changes in payroll cycle, pay restoration and promotions.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.84	0.86	0.84
TIMES	TIMES	TIMES

Current ratio of the company was 0.86 times in Q3 2021 which is a 3% improvement compared to the same quarter of last year and previous quarter. The current ratio indicates that the company is not capable to meet its short-term obligations with the current assets.

Company's current assets was increased in Q3 2021 compared to Q3 2020 by 12%. It is noted that 90% of current assets are from trade and other receivables in Q3 2021. Trade and other receivables was increased in the third quarter by 9% compared to the same quarter of previous year mainly due to increase in trade receivables by 25% and increase in prepayments by 24%. However, compared to previous quarter, trade and other receivables was decline by 1% in Q3 2021 mainly due to decrease in other receivables.

Trade and other payables of the company was increased in the third quarter of 2021 compared to Q3 2020 by 10% mainly due to increase in other payables by 43%. However, with the decrease in trade payables by 6%, trade and other payables was declined by 3% in Q3 2021. It is important to highlight that IAS is facing a significant challenge in managing short term payables and company has MVR 1.3 billion of current liabilities at the end of third quarter 2021.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.77	0.81	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 0.81 times in Q3 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 increased in the third quarter of 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 5% and 3% respectively.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
-0.01	0.03	0.02
TIMES	TIMES	TIMES

IAS cash ratio in the third quarter of 2021 results 0.03 times indicates that the company has less cash compared to the current liabilities of the company. Hence, it shows the inability to pay the short-term obligations with cash or cash equivalents. It is noted that the reported cash and cash equivalents are the balance after consideration of bank overdraft of MVR 78.3 million at the end of third quarter of 2021.

LEVARAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.51	0.53	0.54
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 the third quarter by MVR 32 million compared to Q3 2020. However, total equity increased in Q3 2021 by MVR 40 million compared to previous quarter. In addition, it is noted that in the third quarter of 2021, MVR 49.8 million was injected by the government as capital. On the other hand loans and borrowings of the company was increased in Q3 2021 by 2% compared to other two quarters. Hence, debt to equity ratio in Q3 2021 was 0.53 times.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.19 TIMES	0.19 TIMES	0.19 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. Company's debt to asset ratio in the third quarter of 2021 is 0.19 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 financial risky the company. However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and improve core business activities to generate cash.

Debt Capitalization

Q3 2020	Q3 2021	Q2 2021
34%	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 as previous quarter as the level of borrowings and total assets have not changed significantly compared to the previous quarter. However, with comparison to Q3 2020, debt capitalization ratio increased in Q3 2021 from 34% to 35%.

Interest Cover

Q3 2020	Q3 2021	Q2 2021
-2,288 TIMES	-3 TIMES	-67 TIMES

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

CONCLUSION & RECOMMENDATION

IAS has reported a growth of revenue of MVR 135.9 million in the third quarter of 2021 compared to the previous quarter. Company has reported direct costs of MVR 218.9 and overhead expenses of MVR 115 in Q3 2021. Hence, company has a net loss of MVR 9.6 million at the end of Q3 2021. It is noted that the net loss of the company was declined by 90% in the Q3 2021 compared to previous quarter. Cost management is an important element for profit maximization. Therefore, IAS should try to achieve efficiency, economy and effectiveness to improve business performance.

Liquidity ratios of the company has to be further improved as current liabilities exceed their current assets. Hence, liquidity ratio shows that the company is not capable to meet its short-term obligations with current assets. Company's cash balance was increased in Q3 2021 by 61% compared to previous quarter and the company still have an overdraft facility of MVR 78.3 million at the end of third quarter of 2021. In addition, company's total current assets are mainly from trade and other receivables which covers 90% 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, IAS need to improve efficiency of credit control department and implement proper control mechanisms. Flexible terms can be agreed on the existing receivables which could help to collect receivables more swiftly.

Long term loans and borrowings have increased in Q3 2021 by 2% compared to previous quarter and total equity of the company was also increased in Q3 2021 by 4% 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 3-2021

KAHDHOO AIRPORT COMPANY LTD

KAHDHOO AIRPORT COMPANY LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/KACL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
1.09	2.39	2.00
Million in MVR	Million in MVR	Million in MVR

KACL has reported a revenue of MVR 2.39 million in the third quarter of 2021 which was increased by 120% compared to the same quarter of last year and compared to previous quarter revenue increased by 19%. This is mainly due to increase in Aeronautical revenue with the increase in flight movements in Q3 2021. Below table shows how KACL has generated revenue from all the segments in the quarters of Q3 2020, Q3 2021 and Q2 2021.

Revenue	Q3 2020	Q3 2021	Q2 2021
Aeronautical	526,153	1,839,247	1,542,352
Commercial Revenue			
Cargo revenue	10,682	41,982	47,566
CIP revenue	-	4,168	891
Electrcity Charges	162,393	183,104	167,471
Rental Income	187,142	206,913	206,913
Room revenue	128,622	64,150	1,650
Shop Revenue	49,955	32,450	31,670
Other Revenue	23,779	22,295	5,232
Total Commercial Revenue	**562,573**	**555,062**	**461,393**
Total Commercial Revenue	**1,088,726**	**2,394,309**	**2,003,745**

As seen from the table, main revenue generating segment of KACL is from Aeronautical revenue which covers 77% of total revenue in the third quarter of 2021. With comparison to Q3 2020, aeronautical revenue increased in Q3 2021 as flight movements were less in Q3 2020 due to Covid-19 pandemic. Likewise, cargo revenue, CIP revenue, electricity charges and rental income was increased in Q3 2021. However, compare to same quarter of last year room revenue declined by 50%. Shop revenue was declined by 35% in Q3 2021 due to reduction of shop opening hours. In addition, other income was also declined by 6% in Q3 2021. Revenue from all other segment except cargo revenue increased in Q3 2021. When compared to previous quarter, cargo revenue declined by 12% in Q3 2021.

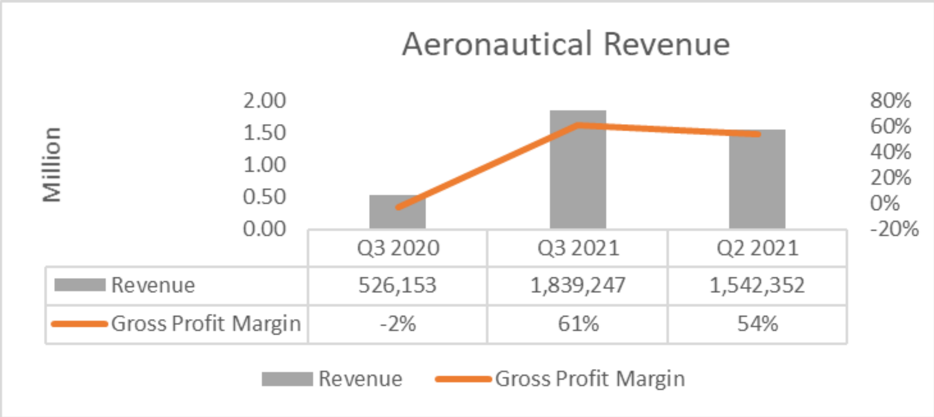
Operating Profit/ (Loss)

Q3 2020	Q3 2021	Q2 2021
-4.88	-3.85	-5.01
Million in MVR	Million in MVR	Million in MVR

KACL has made an operational loss of MVR 3.85 million in the third quarter of 2021. However, operating loss of the company was declined in Q3 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 21% and 23% respectively. Operating expenses of the company was increased in Q3 2021 by 24% compared to Q3 2020 mainly due to increase in fuel expenses by 33% with the fluctuation in fuel prices and higher energy demand in the quarter. However, operating expenses was decreased in Q3 2021 by 18% compared to previous quarter mainly as a result of decline in uniform expenses and spare part expenses.

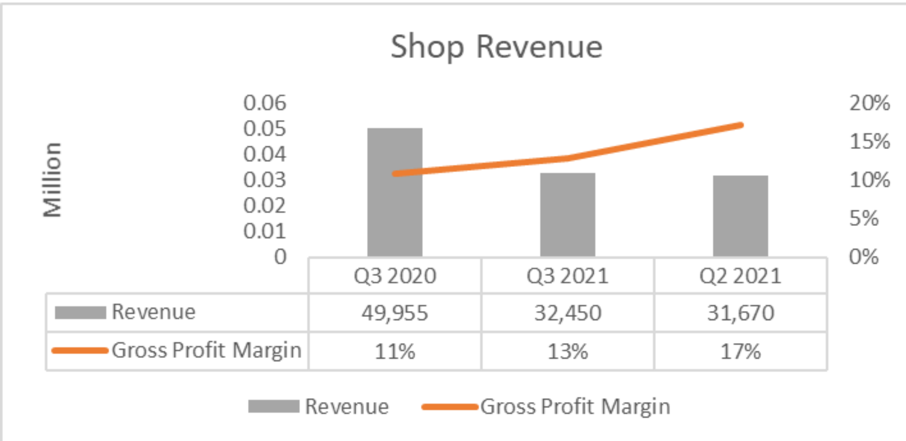
Segmental Profit

Aeronautical Revenue



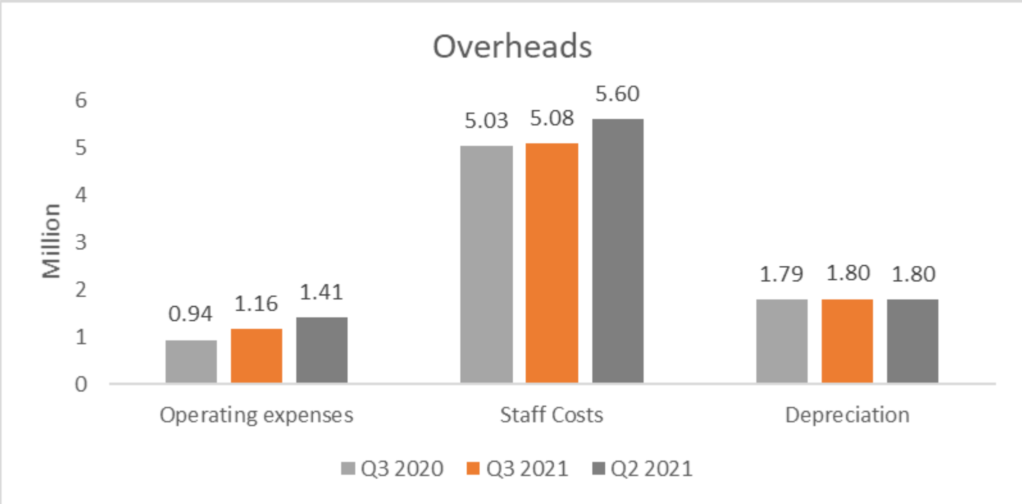
With the increase in the flight movements in the third quarter of 2021, Aeronautical revenue was improved compared to both the quarters of Q3 2020 and Q2 2021 by 250% and 19% respectively. Although, the gross margin is negative in Q3 2020 company has a gross profit margin of 61% in the third quarter of 2021. In addition to that, compare to previous quarter gross profit margin improved by 7%, due to the high revenue reported in the quarter.

Shop Revenue



With the fluctuations of shop opening hours, shop revenue was declined in Q3 2021 compared to Q3 2020 and shop revenue was increased in Q3 2021 by 2% compared to previous quarter. Hence, gross profit margin of shop was decreased by 4% in Q3 2021 compared to Q2 2021 resulting a gross profit margin of 13% in the quarter.

Operating Expenses



As seen from the above chart, staff costs were increased in the third quarter of 2021 by 1% compared to the same quarter of last year mainly due to increase in overtime pay due to increase number of flight movements. However, staff costs decreased in Q3 2021 compared to previous quarter by 9% mainly due to decrease in salaries and wages and decrease in overtime pay in Q3 2021. It is noted that depreciation has increased in Q3 2021 compared to other two quarters. However, total overhead costs decreased in the third quarter by 9% compared to previous quarter.

Net Profit

Q3 2020	Q3 2021	Q2 2021
-6.67	-5.66	-6.80
Million in MVR	Million in MVR	Million in MVR

Company reported a net loss of MVR 5.66 million in the end of the third quarter of 2021. Net loss of the company was declined in Q3 2021 compared to Q3 2020 and Q2 2021 by 15% and 17% respectively. This is mainly due to increase in the revenue in Q3 2021 compared to other two quarters. Further total costs and expenses was decraesed by 11% compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
20.3	14.3	17.3
TIMES	TIMES	TIMES

KACL has a current ratio of 14.3 times in the third 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 83% of total current assets. It is noted that trade and other receivables was increased in Q3 2021 by 9% compared to the same quarter of last year due to increase in trade receivables with the delay in payments from customers. However, compared to the previous quarter, trade and other receivables was decreased by 3%, since KACL was able to collect some of the receivables during the quarter. In addition, quarter end trade and other receivables balance is equivalent to 1612% of revenue generated during the third quarter of 2021.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
19.7	14.0	16.9
TIMES	TIMES	TIMES

Quick ratio shows company's ability to meet its short-term obligations excluding inventories. KACL's quick ratio has decreased in the third quarter of 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 29% and 17% respectively.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.8	2.1	1.5
TIMES	TIMES	TIMES

KACL has a cash ratio of 2.1 times in the third 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 177% and 43% respectively. In addition, cash flow from operating activities at the end of Q3 2021 was negative MVR 2.1 million which was decreased by 58% compared to the previous quarter, mainly due to changes in the working capital with the increase in receivables.

CONCLUSION & RECOMMENDATION

KACL's revenue at the end of the third quarter was increased by 19% compared to the previous quarter and has reported a total revenue of MVR 2.39 million in the quarter. However, company's total expenses are high compared to the revenue generated in the quarter. Total expenses in Q3 2021 was MVR 8.05 million. Therefore, company has incurred a net loss of MVR 5.66 million in the end of third quarter 2021. With the increase in revenue, company's net loss was declined by MVR 1.2 million compared to the previous quarter. Hence, positive impact on the net loss is due to increase in revenue while total costs and expenses of the company decreased in the quarter. However, it is important that the company to focus on minimizing the costs and expenses, and plan find new ways to generate revenue in order to cover the expenses of the company.

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 83% of total current assets in the third quarter of 2021. In addition, company's trade and other payable is increasing in each quarter and has MVR 3.2 million at the end of the third quarter 2021. Therefore, in order to improve the liquidity position of the company, it is important that the company implement new rules or procedures for receivable collection in order to payout company's trade payables without delaying the payments. In addition, company can find ways to generate revenue and invest their cash balances to minimize the loss incurred.

Quarterly review; Quarter 3-2021

MALDIVES AIRPORTS COMPANY LIMITED

MALDIVES AIRPORTS COMPANY LIMITED
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MACL/Q3

Q3 2021 with Q3 2020 and Q2 2020

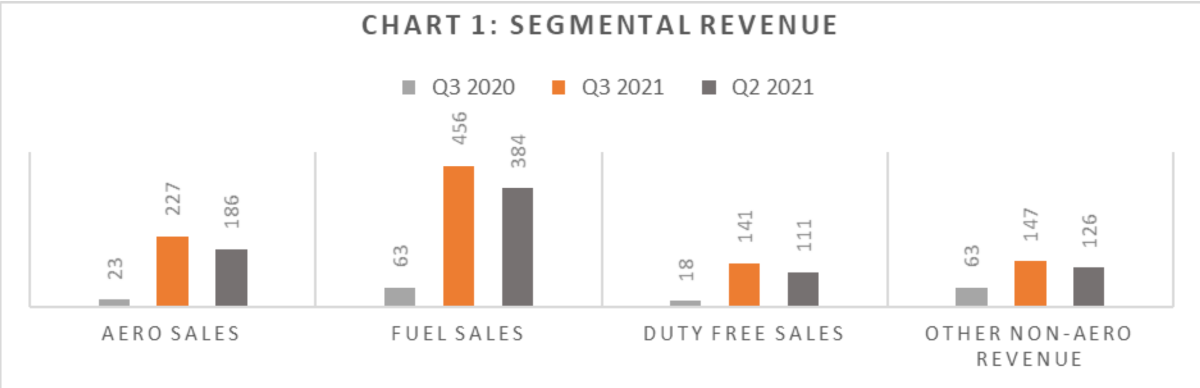
PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
167	970	806
Millions in MVR	Millions in MVR	Millions in MVR

MACL reported a revenue of MVR 970 million for Q3 2021, a growth of 479% and 20% compared to Q3 2020 and Q2 2021 respectively.

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



With the ease of travel restrictions air traffic has increased which has a positive impact on company's revenue. Flight arrivals have recorded a growth of 47% compared to previous quarter therefore, all revenue segments have recorded a healthy growth in Q3 2021.

In comparison to the same period of last year, all the revenue segments have significantly improved.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
125	628	520
Millions in MVR	Millions in MVR	Millions in MVR

While revenue increased by 20%, cost of sales has also increased by the same rate against previous quarter. Hence, gross profit margin was maintained at 65%, same as previous quarter. When further analyzed in to segmental performance, aero segment has continued to achieve the highest operating profit margin in Q3 2021. Nevertheless, all segments have recorded a profit for Q3 2021.

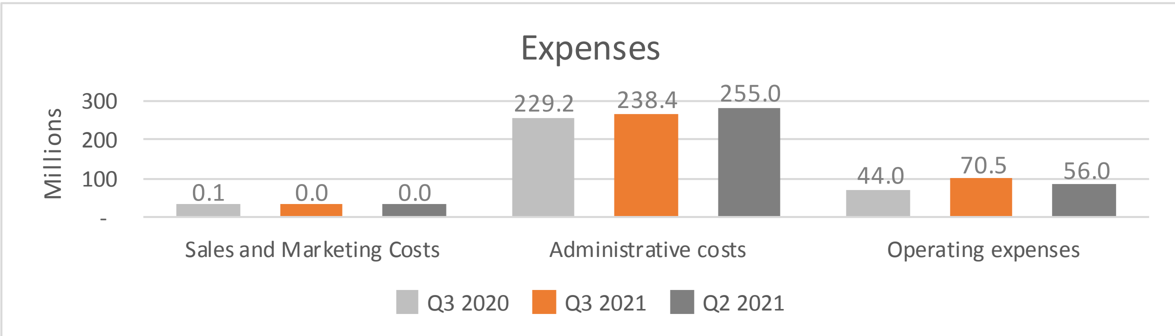
Operating Profit

Q3 2020	Q3 2021	Q2 2021
-148	319	209
Millions in MVR	Millions in MVR	Millions in MVR

The operating profit of Q3 2021 has increased by 53% compared to previous quarter reflecting the improvement of revenue. In addition, regardless of the increase in operational activities company has managed the expenses well as total expenses shows a reduction of MVR 2 million compared to Q2 2021.

In comparison to the same period of last year, total operating expenses are 13% higher in Q3 2021. This is because in previous year due to Covid situation the overall operational transactions are lower and most of the staffs were working from home and thus related expenses were lower.

Expenses



Total overheads of the company stand at MVR 308 million for Q3 2021.

Administrative expenses show a reduction of 7% (MVR 16.6) against Q2 2021 from employee benefits. This is because in previous quarter, Ramadan allowance was paid.

However, with the increase in operations in Q3 2021, fuel consumption and other operating expenses have increased in Q3 2021.

Sales and marketing expenses of the company is relatively small; however, the expenditure has increased on Q3 2021, in comparison to Q2 of 2021 with the increased promotional activities.

Net Profit

Q3 2020	Q3 2021	Q2 2021
-129	255	116
Millions in MVR	Millions in MVR	Millions in MVR

MACL has achieved a remarkable net profit growth of 119% compared to previous quarter. This reflects the improved revenue along with controlled costs and operating expenses. Further, interest expenses of the company have significantly reduced in Q3 2021, which has positively impacted the net profit.

Net profit margin has at hike in Q3 2021 compared to Q2 2021 due to huge improvement in net profit along with an improvement in revenue.

LIQUIDITY

Current ratio

Q3 2020	Q3 2021	Q2 2021
1.00	0.34	0.27
TIMES	TIMES	TIMES

The current ratio of the company has marginally improved in Q3 2021 due to increase in current assets compared to previous quarter. However, a current ratio of below 1 indicates that company might face difficulties in settling the current liabilities with the available current assets. Nevertheless, in the case of MACL, the ratio is low due to high current liabilities because it includes deferred grant income. If current ratio is computed excluding the deferred income, this ratio is maintained at 2.4 which is a satisfactory level.

Quick ratio

Q3 2020	Q3 2021	Q2 2021
0.83	0.30	0.24
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 after excluding the deferred income is 2.1 times. MACL is maintaining an inventory amounting to MVR 321 million as at the end of Q3 2021.

Cash ratio

Q3 2020	Q3 2021	Q2 2021
0.38	0.17	0.14
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 311 million (by 26%) compared to previous quarter, thus the ratio has improved.

The company generated a cash flow of MVR 139 million from the operating activities resulting from revenue as well as income generated from operation and working capital management. Despite investing MVR 384 million in capital investment projects in the quarter and investing MVR 14 million in purchase of assets, the company managed to have a cash balance equivalent to MVR 1.5 billion in the quarter. This is after considering MVR 619 million as proceeds from borrowing.

LEVERAGE

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.47	0.36	0.35
TIMES	TIMES	TIMES

Debt to assets ratio has increased slightly as the company has obtained additional borrowings during the quarter. Nevertheless, borrowings were taken to invest in capital assets. The debt to assets ratio of MACL is low as the company has a strong asset base. At the end of Q3 2021, total borrowing of the company is MVR 8.6 billion.

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
1.20	1.35	1.32
TIMES	TIMES	TIMES

Debt to equity ratio has increased due to increase in borrowings more than equity in Q3 2021. Since borrowings are obtained to finance the capital projects which are work-in progress, it is likely to increase the scale of operation and revenue in future.

Debt Capitalization

Q3 2020	Q3 2021	Q2 2021
0.55	0.58	0.57
TIMES	TIMES	TIMES

The debt-to-capital metric is used to gauge the risk level of a company based on its financial structure. Debt capitalization has increased due to additional loans and borrowings. Therefore, MACL must consider the increasing financial risk of these borrowings.

Interest Cover

Q3 2020	Q3 2021	Q2 2021
-31.1	16.9	2.9
TIMES	TIMES	TIMES

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

CONCLUSION AND RECOMMENDATION

The performance of the company has increased with the increase in air traffic in Q3 2021. Although operations increased company has managed its direct and operations costs well achieving a net profit of MVR 255 million, which is a growth of 119% against previous quarter.

The short-term liquidity position of the company has slightly improved as a result of increase in current assets. However, the ratios show lower results as current liabilities include deferred grant income. Excluding the deferred grant income, the results show favorable results.

The borrowings of the company have also increased following the huge developmental projects undertaken by the company. Nevertheless, the leverage ratios are at a satisfactory level with high asset base and equity. With the huge development in the infra-structure and other areas, Business scale is expected to increase significantly enabling a better performance both operationally and financially. However, the company should be careful about the financial risk that may arise, taking in to consideration the negative impact of the current pandemic.

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.

Quarterly review; Quarter 3-2021

MALDIVES HAJJ CORPORATION LTD

MALDIVES HAJJ CORPORATION LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MHCL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
Nil	Nil	Nil
	in MVR	

In normal circumstance MHCL generates revenue mainly from Hajj and Umrah services for the pilgrimages. However, company did not generate any revenue during the quarters of Q3 2021, Q2 2021 and Q3 2020 due to global implications related to COVID-19 pandemic, restricting travel halt of business activities and hajj planned for the quarters was cancelled subject to measures taken by Saudi Arabian Authorities. It is noted that the company has conducted meetings with Umrah agents in Saudi Arabia to start the Umrah operation and the company has started to develop a Waqf model. 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

Q3 2020	Q3 2021	Q2 2021
Nil	Nil	Nil

Company has not recorded any revenue and cost of sales as there was no business activities in the quarter. Hence, company's gross profit was nil in the third quarter of 2021 as there was no operational revenue generated in the quarter.

Income from Investment

Q3 2020	Q3 2021	Q2 2021
1.5	1.9	1.9
Million in MVR	Million in MVR	Million in MVR

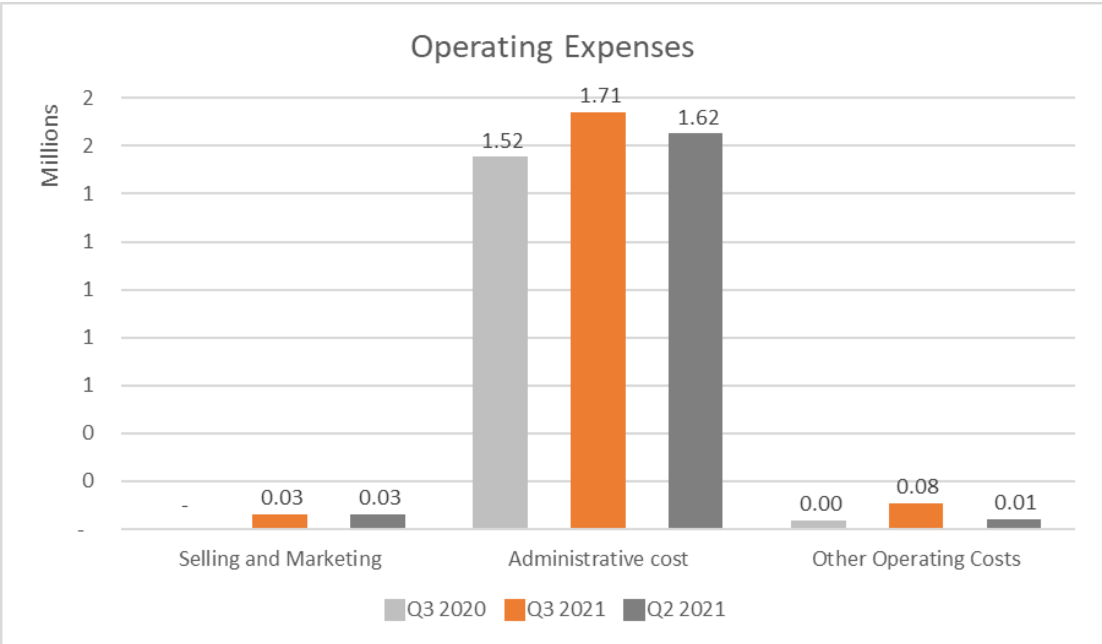
Income on financial assets in Q3 2021 and Q2 2021 was 1.9 million. However, company has recorded a growth in income of financial assets by 23% in the third quarter 2021 compared to the same quarter of previous year. It is noted that Investments to these financial assets are made from the advance received from customers for Hajj services.

Net loss

Q3 2020	Q3 2021	Q2 2021
-221.6	-124.5	26.8
Thousands in MVR	Thousands in MVR	Thousands in MVR

Although, the company reported a net profit in the previous quarter, company has experienced a net loss of MVR 124.5 thousand in the third quarter of 2021. This is due to increase in the operational expenses in Q3 2021 compared to previous quarter. Company's operating expenses was increased in the third quarter of 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 19% and 10% respectively due to increase in administrative expenses of the company.

Below chart illustrates how the company's operating expenses incurred in the quarters of Q3 2020, Q3 2021 and Q2 2021.



As seen from the chart, company's main operating expenses are administrative costs of the company was increased in Q3 2021 compared to Q3 2020 and Q2 2021 by 12% and 6% respectively. This is mainly due to increase in payroll expenses as one additional staff was recruited in the third quarter of 2021. In addition, covid-19 salary adjustment of MD was revised in Q3 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. Although, the selling and marketing expenses was nil in the third quarter of 2020 company has recorded selling and marketing in both the quarters of Q3 2021 and Q2 2021. Other operating expenses increased in Q3 2021 compared to other two quarters.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2.2	3.5	3.1
TIMES	TIMES	TIMES

Current ratio of the company in the third quarter of 2021 resulting 3.5 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 comprise, inventories, trade and other receivables and prepayments, general investment accounts and cash and cash equivalents. Current assets were increased in Q3 2021 compared to the other two quarters of Q3 2020 and Q2 2021 by 61% and 15% respectively. However, it must be noted that the increment of current asset is mainly from advance collected from customer and short term. Hence, current ratio of the company was improved in Q3 2021 compared both the quarters of Q3 2020 and Q2 2021 by 61% and 15% respectively.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.24	0.18	0.78
TIMES	TIMES	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 declined in the third quarter of 2021 compared to the previous quarter and Q3 2020. It is noted that the cash balance was declined in Q3 2021 compared to Q3 2020 and Q2 2021 by 26% and 77% respectively. Cash balance is decreased due to increase in short-term investments by 66% in Q3 2021 compared to previous quarter. It is noted that, investing in general investment account will help the company to earn finance income in near future. Hence, if total cash and cash equivalent is considered for cash ratio, cash ratio has improved in Q3 2021 from 2.28 to 2.66 times. In addition, it is noted that 95% of current liabilities is advance received from customers for Hajj or Umrah.

CONCLUSION & RECOMENDATION

MHCL has not generated any revenue in the third quarter of 2021 as Umrah planned for the quarter was cancelled due to the restriction's measures by Saudi Arabian Authorities with the Covid-19 pandemic. Company has reported income on financial assets of MVR 1.9 million in Q3 2021. Company's operating expenses at the end of the third quarter 2021 was MVR 1.8 million which is an increase of 10% compared to previous quarter. Hence, company has reported a net loss of MVR 124 thousand in Q3 2021.

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.

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. It is also recommended to minimize risk exposure and manage risk effectively order to sustain business operation and gain customer confidence.

Quarterly review; Quarter 3-2021
MALDIVES ISLAMIC BANK PLC (MIB)

MALDIVES ISLAMIC BANK PLC.
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MIB/Q3

Q3 2021 with Q3 2020 and Q2 2021

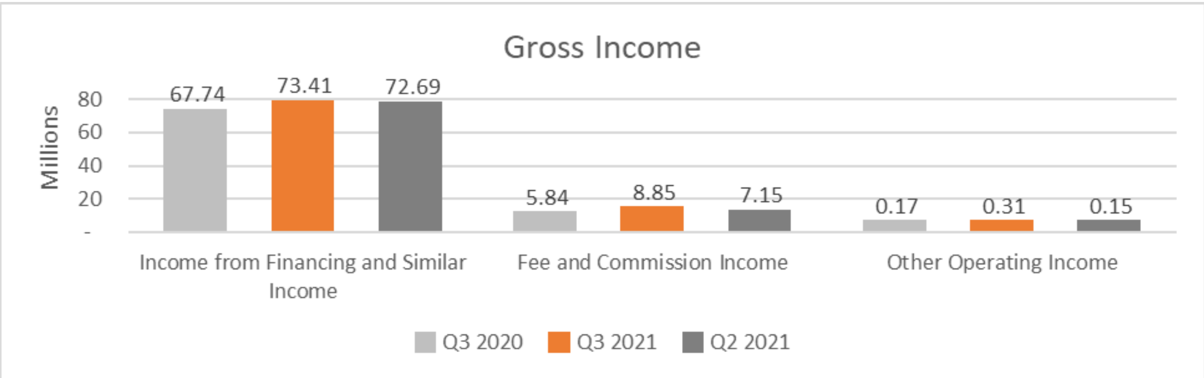
PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
73.74	82.57	79.99
Million in MVR	Million in MVR	Million in MVR

MIB has generated a gross income of MVR 82.57 million in the third quarter of 2021. Total Income was improved by 12% compared to the same quarter of 2020 and 3% compared to the previous quarter. Revenue growth is mainly attributable from the improvement in fee and commission income compared to previous quarter.

Below chart illustrates MIB's gross income for the quarters of Q3 2020, Q3 2020 and Q2 2021.



MIB's main income generating segment, income from financing & similar income has increased from MVR 72.7 million to MVR 73.4 million, which was an increment of 1% compared to previous quarter. Fee and commission income also recorded a significant growth of 24% against previous quarter. In addition, other operating income was increased by 102% compared to Q2 2021.

Net Investment Margin

Q3 2020	Q3 2021	Q2 2021
1.3%	1.2%	1.2%

Net investment margin shows how effective is the bank's profitability on earning assets. Although, MIB's profit margin declined by 0.1% in Q3 2021 compared to the same quarter of last year, it is noted that profit margin shows similar results of 1.2% in both the quarters of Q3 2021 and Q2 2021.

Net Profit

Q3 2020	Q3 2021	Q2 2021
18.8	24.0	21.7
Million in MVR	Million in MVR	Million in MVR

The total operating expenses of the bank has increased in Q3 2021 by 11% and 3% comapred to Q3 2020 and Q2 2021 respectivley. However, profitability of the bank has improved in Q3 2021 due to high revenue generated in the quarter. Net profit was increased in Q3 2021 by MVR 2.3 million, which is a growth of 11% compared previous quarter.

CAPITAL MANAGEMENT

MIB's total assets were improved compared to previous quarter resulting total asset balance of MVR 5.2 billion in the end of the third quarter 2021. On the other hand, total liabilities were also increased and has MVR 4.5 billion in Q3 2021. It is noted that, having high liabilities are natural for banking industries. Improving customer account or deposits is favorable if the bank could generate decent income from this fund. Below table summarize MIB's total assets and total liabilities for the quarters of Q3 2020, Q3 2021 and Q2 2021.

Total Assets	Q3 2020	Q3 2021	Q2 2021
Cash, Short term Funds & Balances with MMA	1,361,027,000	1,289,400,000	1,276,325,000
Minimum Reserve Requirement with MMA	239,633,000	362,085,000	352,121,000
Investments in Equity Securities	64,200,000	64,200,000	64,200,000
Investments in Other Financial Instruments	479,743,000	906,435,000	906,409,000
Net Receivables from Financing Activities	2,199,969,000	2,315,242,000	2,245,894,000
Property, Plant and Equipment	62,628,000	63,664,000	63,158,000
Right-of-use-Assets	87,053,000	82,319,000	84,633,000
Other Assets	74,388,000	100,539,000	90,116,000
Total Assets	**4,568,641,000**	**5,183,884,000**	**5,082,856,000**

Total Liabilities	Q3 2020	Q3 2021	Q2 2021
Customers' Accounts	3,596,161,000	4,122,485,000	4,004,401,000
Lease Liabilities	88,481,000	85,083,000	86,730,000
Other Liabilities	242,370,000	316,507,000	355,938,000
Total Liabilities	**3,927,012,000**	**4,524,075,000**	**4,447,069,000**

Net receivables from financing activities is the main segment of total assets as it covers 45% of total assets in Q3 2021. Net receivables were increased in Q3 2021 by MVR 69 million, which is 3% higher compared to previous quarter. MIB's cash balance was improved in Q3 2021 compared to previous quarter by MVR 13.1 million and has MVR 1.3 billion as cash and short-term funds and balances with MMA at the end of Q3 2021.

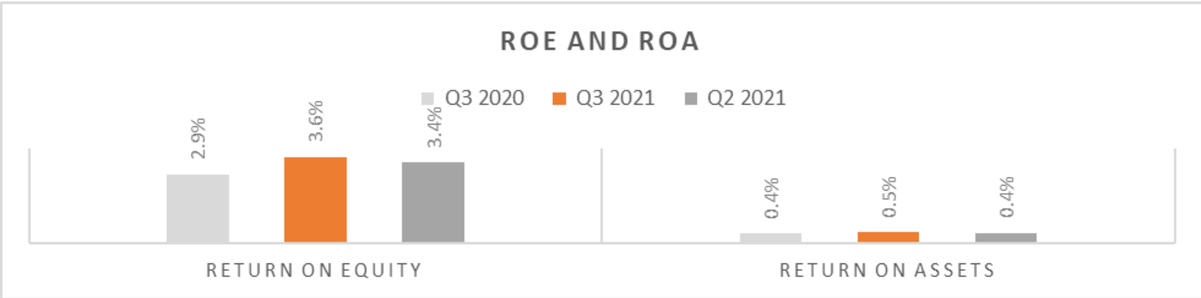
Total liabilities of MIB includes customer accounts, lease liabilities and other liabilities. Total liabilities have increased in Q3 2021 by MVR 77 million compared to previous quarter. Liabilities was driven from customers' accounts. Customer deposit recorded a growth in Q3 2021 by 3% compared to previous quarter and has a balance of MVR 4.1 billion at the end of Q3 2021.

Loans to Deposits

Q3 2020	Q3 2021	Q2 2021
75%	78%	79%

Loans to deposit ratio is one of liquidity measures and the ratio is used to calculate lending institution's ability to cover withdrawals made by the customers. The Loans to deposit ratio should be as close to 100% as possible, a higher loan to deposit ratio indicates that a bank takes more financial stress by making excessive loan. 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 ratio of MIB in the third quarter of 2021 has increased by 4% compared to the same quarter of last year. However, with the growth of customer deposits, the ratio was declined in the quarter by 1% compared to previous quarter.

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



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

CONCLUSION AND RECOMMENDATION

MIB has reported a higher revenue during the quarter. Gross income has increased in Q3 2021 by 4% compared to previous quarter. Operating expenses excluding provisions in Q3 2021 was MVR 34.7 million which was increased by 3% against previous quarter. However, with the growth of the revenue, bank's net profit has improved by 11% and has recorded a net profit of MVR 24 million at the end of the third quarter 2021.

MIB has a solid financial platform with customer deposits of MVR 4.1 billion and total assets of MVR 5.2 billion in the end of third quarter 2021. In addition, ROE and ROA of the company shows improvement in Q3 2021 which will lead investors to be optimistic about the bank's future development prospects.

Quarterly review; Quarter 3-2021

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MITDC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q2 2021	Q1 2021
0.05	0.06	0.12
Million in MVR	Million in MVR	Million in MVR

MITDC generates income as per the terms of L.Barsdhoo caretaking agreement. Company has reported a revenue of MVR 0.06 million which is a growth of revenue in the third quarter of 2021 by 38% compared to the same quarter of last year. However, company's revenue declined in Q3 2021 by 46% compared to previous quarter due to decrease in income with the termination of initial L.Baresdhoo caretaking agreement of 2021.

Net Loss

Q3 2020	Q3 2021	Q1 2021
-5.74	-5.79	-5.74
Million in MVR	Million in MVR	Million in MVR

MITDC has faced a huge loss of MVR 5.79 million at the end of the third quarter 2021 due to high operational expenses incurred compared to the revenue generated in the quarter. The recurrent expenses of third quarter of 2021 is mainly driven by MVR 3.9 million recognized as financing cost as per the IFRS 16 lease. Net loss of the company was marginally increased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 1.03% and 0.99% respectively. Administrative costs have recorded a growth in Q3 2021 compared to the same quarter of last year by 5% mainly due to increase in director's remuneration (which was reduced according to the remuneration policy due to Covid-19 pandemic), legal & professional fees and payroll expenses. Although, Ramadhan allowance was recorded in Q2 2021, it is noted that administrative costs increased in Q3 2021 by 0.1% compared to Q2 2021 with the increase in director's remuneration, utilities, repair and maintenance, travel expenses, fine expenses, office supplies, pension and license & permits in Q3 2021. It is noted that these expenses were mainly driven by office being closed in Q2 2021 due to Covid-19 pandemic. Since MITDC is unable to generate sufficient revenue to cover their operational expenses and capital investment, they are using capital injected by government to fulfill their financial needs. Hence, capital injection from the government for the period is MVR 1.2 million.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.01 TIMES	0.03 TIMES	0.02 TIMES

Current ratio of the company is below 1 for the three quarters in review, indicating unsatisfactory short-term liquidity position. It is noted that the current assets are less compared to its current liabilities and 25% of current assets are from trade and other receivables in Q3 2021. Below table illustrates company's trade and other receivables for the quarters of Q3 2020, Q3 2021 and Q2 2021.

Trade and othe receivables	Q3 2020	Q3 2021	Q2 2021
Accounts Receivable	66,487	56,687	56,687
Other Receivable	60,000	60,000	60,000
GST refundable	565,790	604,589	603,348
Advance payments to suppliers	15,034,500	15,034,500	15,034,500
Provision for Impairment for Advance Payments	(15,034,500)	(15,034,500)	(15,034,500)
Total	**692,277**	**721,276**	**720,035**

As seen from the table, trade and other receivables were increased in the Q3 2021 compared to the other two quarters of Q3 2020 and Q2 2021 by 4.2% and 0.2% respectively. In addition, it is noted that the company has made an allowance for the advance payment to suppliers. As company has not recorded any inventory, company's quick ratio and current ratio shows similar results.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.01 TIMES	0.02 TIMES	0.01 TIMES

MITDC's cash ratio is significantly low and are in a high-risk position. It is noted that the cash and cash equivalents of the company was increased in the third quarter of 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 361% and 115% respectively. However, cash balance of MVR 2.1 million of the company are mainly reflected by the capital injection from the government.

The current liabilities of the company were increased by 16.5% in Q3 2021 compared to the same quarter of last year due to increase in current lease liabilities by 131%. However, compared to the previous quarter, current liabilities were decreased by 0.1% in Q3 2021 mainly due to marginal decrease in current lease liability by 0.7% 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. The loan is agreed to be repaid in 1 (One) year time from the date of agreement. (Agreement date: 26 April 2018). However, Kaashidhoo Project is on hold as the land plot is currently not a property of MITDC.

In addition, it is noted that 60% of current liabilities reflects the trade and other payables of the company in Q3 2021. Below table illustrates company's trade and other payables for the quarters of Q3 2020, Q3 2021 and Q2 2021.

Trade and other Payables	Q3 2020	Q3 2021	Q2 2021
Trade Payables	14,065,195	13,993,515	14,016,557
Accrued Expenses	9,791	62,651	186,931
Advance rent- Baresdhoo Rent Model	4,972,836	4,587,336	4,587,336
Advance rent- Baresdhoo LAC Model	26,985,000	26,985,000	26,985,000
Refund Payable	13,020,810	12,041,640	12,041,640
Accrued Interest	2,649,985	3,561,767	3,331,948
Other Payables	-	20,762	20,762
CSR Funds	1,921,887	1,921,887	1,921,887
Total	**63,625,504**	**63,174,558**	**63,092,061**

The major components of trade and other payables are advance collections for Baresdhoo project which covers 69% of total trade and other payables in Q3 2021. Trade and other payables of the company was decreased in Q3 2021 by 0.7% compared to the same quarter of last year mainly due to decrease in Baresdhoo refund payable by 8%. However, trade and other payables was increased by 0.1% compared to previous quarter due to increase in accrued interest by 7%.

CONCLUSION & RECOMMENDATION

MITDC has reported a revenue of MVR 0.06 million in the third 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 5.8 million in the end of the third 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 ever possible.

The short-term liquidity position of the company is very poor as the current liabilities are relatively higher than its current assets. However, majority of the current liabilities are trade and other payables, where 69% of trade and other payables are from advance collections for Baresdhoo Project. In addition, it is noted that MITDC depends on the shareholder assistance to meet all their operational expenses. Hence, the company should formulate new strategies to improve revenue in order to cover the expenses of business operations.

Quarterly review; Quarter 3-2021

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MMPRC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
0.4	30.4	39.5
Million in MVR	Million in MVR	Million in MVR

MMPRC's revenue has declined in the second quarter of 2021 by 23% compared to the previous quarter due to reduction of grant income. The grant income from shareholder is recorded under revenue. Compared to Q3 2020, company's revenue has increased significantly in Q3 2021 since no promotional activities were conducted in previous year due to the pandemic. It has to be noted that revenue reported includes the total amount of government grant by MVR 25.7 million (MVR 38.5 million in Q2 2021), received to the company, which also represents 84% of the company's total revenue in Q3 2021. Excluding the grant income, the income from fairs and roadshows has increased significantly by MVR 3.7 million compared to the previous quarter.

Gross Profit/ (loss)

Q3 2020	Q3 2021	Q2 2021
-4.6	6.8	14.7
Million in MVR	Million in MVR	Million in MVR

MMPRC has made a gross profit of MVR 6.8 million for Q3 2021, a reduction of 53% against previous quarter. The total revenue has decreased by 23% while cost of sales reduced by 5% compared to previous quarter. Compared to the same period of last year the reported gross profit has increased as income & revenue increased from operations.

Net Profit/ (loss)

Q3 2020	Q3 2021	Q2 2021
-8.1	0.4	10.2
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly dropped compared to previous quarter. This is mainly due to the reduction of recorded government grants. In addition, the operating expenses has also increased in Q3 2021 by 24% compared to the previous quarter. Among operating expenses, administrative expenses increased by 3% due to increased operational activities and selling and distribution expenses increased by 515% due to additional sponsorship requests.

LIQUIDITY

Current ratio

Q3 2020	Q3 2021	Q2 2021
1.03	1.07	1.07
TIMES	TIMES	TIMES

Current ratio measures the ability of MMPRC to pay short-term obligations or those due within one year. A ratio of above 1 indicate that the company has more assets than its liabilities. Nevertheless, the greater portion of MMPRC's current assets are trade and other receivables which represent 93% of total current assets. Trade and other receivables have further increased in Q3 2021 compared to the previous quarter by MVR 11 million mainly from prepayments and deposits. Accounts receivables of the company depends on the registration opening of upcoming fairs or events during the period. The majority of receivables and payables constitute acquisition cost related to resorts which are currently court cases. Excluding such receivables and payables, company's current ratio stands at 11.3 times.

Cash ratio

Q3 2020	Q3 2021	Q2 2021
0.07	0.07	0.07
TIMES	TIMES	TIMES

Cash ratio calculates the ability to repay its short-term debts with cash or near-cash resources. MMPRC does not have sufficient cash balance to cover its current liabilities. Company's cash balance has declined in Q3 2021 compared to previous quarter due to negative cash generated from operations. 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. Excluding corruption related payables, the cash ratio of the company stands at 4.2 times.

CONCLUSION & RECOMENDATION

Revenue generated from operational activities have significantly increased in Q3 2021. Nevertheless, due to reduction of grant income, the net profit of the company has also declined by 96% against previous quarter.

As at the end of third quarter of 2021, 97 promotional marketing campaigns, 45 fairs and virtual events, 9 roadshows and 25 FAM trips were held.

MMPRC has high long-standing receivables and payables which 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 related to corruption cases are excluded. 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.

Quarterly review; Quarter 3-2021

MALDIVES SPORTS CORPORATION LTD (MSCL)

MALDIVES SPORTS CORPORATION LTD (MSCL)
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MSCL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
2.9	0	0
Million in MVR	Million in MVR	Million in MVR

MSCL has not generated any revenue in both quarters of Q3 2021 and Q2 2021, but managed to generate MVR 2.9 million in Q3 2020 from a project awarded by Ministry of Youth and Sports to supply gym equipment. Revenue recorded for that period represents the value of work completed for the quarter from the total project value of MVR 8.8 million.

Net loss

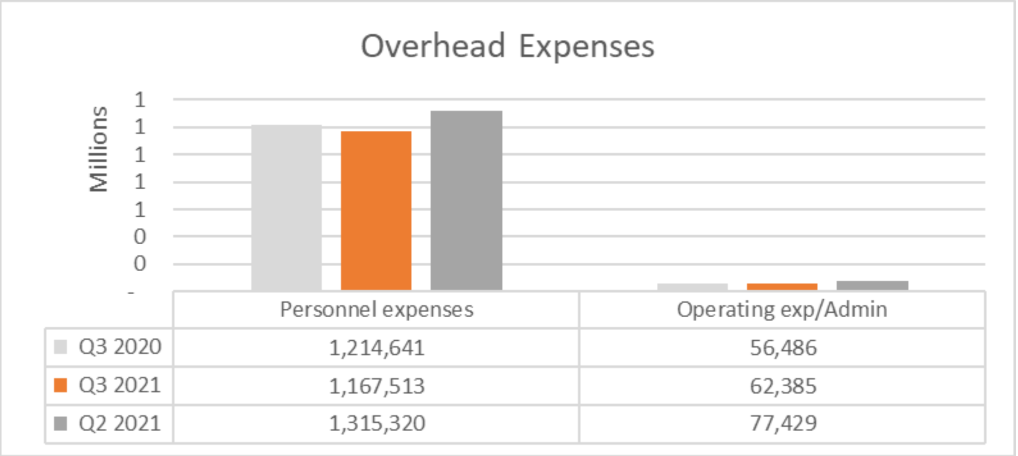
Q3 2020	Q3 2021	Q2 2021
-0.33	-1.22	-1.39
Million in MVR	Million in MVR	Million in MVR

Company has suffered a net loss of MVR 1.22 million in Q3 2021, which is 12% less than loss suffered in previous quarter, nonetheless 367% higher than Q3 2020.

Compared to previous quarter company was able to reduce its total operating expenses by 12%. This mainly includes personnel expenses which decreased from MVR 1.31 million to MVR 1.16 million (by 11%) and other administrative expenses which decreased from MVR 77.42 thousand to MVR 62.38 thousand (by 19%).

Compared to previous year's Q3 2020, the loss has increased since company was unable to generate any gross profit to set off against the operating expenses incurred in Q3 2021. In fact, during Q3 2020 company generated MVR 0.93 million as gross profit which supported to recover 73% of the operating expenses totaling MVR1.27 million.

Below chart illustrates how MSCL's operating expenses incurred within the quarter of Q3 2020, Q3 2021 and Q2 2021.



As seen from the chart, personnel expenses covers 95% of total overhead costs. It is noted that, personnel expenses of the company was decreased compared to both the quarters of Q3 2020 and Q2 2021 by 4% and 11% respectively. The 11% decrease is mainly due to resignation of two staffs and reduced board remuneration in Q3 2021.

Administrative costs has increased compared to Q3 2020 by 10% while decreased by 19% compared to previous quarter. The decrease is mainly due to internal audit fee being reported in Q2 2021 which is not repetetive in the current quarter. Considering the fact that internal audit fees are not incured periodically, other routined admin expenses have increased by 127% mainly due to increase in IT related expenses. IT related expenses have increased by MVR 26,538 compared to previous quarter due to repair/maintenance and purchase of additional spare parts.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2.2	9.5	10.3
TIMES	TIMES	TIMES

MSCL's current ratio in third quarter 2021 indicates that the company has high current assets compared to its liabilities. Current ratio of the company was increased in Q3 2021 compared to the same quarter of last year by 331% due to increase in current assets compared to current liabilities. It is noted that 99% 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 Q3 2021 compared to the same quarter of last year from MVR 31,779 to MVR 4,625.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
2.1	9.5	10.1
TIMES	TIMES	TIMES

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 shows that the company is capable to meet its short-term obligations with its most liquid assets excluding inventory. Both current and quick ratio reamined parallel, as the inventory level is low compared to total current asset.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
2	9.4	10
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Cash ratio of the company remained positive as 99% of current assets are cash and cash equivalents which is the capital injected by the government.

CONCLUSION & RECOMMENDATION

Company has inccured a net loss of MVR 1.22 million during the quarter as no revenue generating activites were carried out while spending for operating expenses which is mainly for personnel expenses. Since inception company has made numerous efforts to obtain the assets (land and facilities) to be granted to the company by the Sports Act, which has not succeeded yet.

It is noted that, company has high working capital ratios as current assets which mainly includes capital contribution by shareholder, exceeds the current liabilities of the company.

Company's net assets at the end of the third quarter was held at MVR 2.20 million which is 1% less than previous quarter. It is noted that compared to the previous quarter, the share capital of MSCL was increased from MVR 29 million to MVR 30.2 million (by 4%) and accumulated loss was increased by MVR 1.27 million (by 5%). As such, at the end of the third quarter, accumulated loss was increased to MVR 28.07 million. It is important that company creates revenue generating activities in order to remedy the issue of long-standing operating loss since its inception.

Quarterly review; Quarter 3-2021

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD (MTCC)

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTCC/Q3

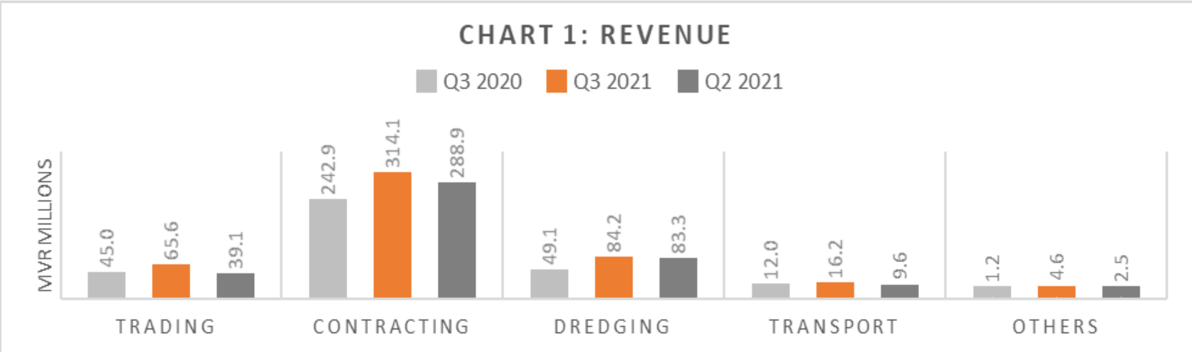
Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
350	484	423
Million in MVR	Million in MVR	Million in MVR

MTCC has reported total revenue of MVR 484 million for Q3 2021, a growth of 14% compared to previous quarter, contributed by all the core business segments.



Contracting and dredging remains as the key contributors for the revenue followed by Trading and Transport segment. Contracting segment recorded an increase in revenue of 9% with the increased new projects and represents 64.8% of the total revenue. Dredging revenue recorded a minimal growth of 1% compare to the previous quarter. Trading and Transport segment shows a significant growth with an increase in net revenue of 67.5% and 68.4% respectively.

Transport segment of the company has expanded as MTCC has taken over MPL bus operation in July and this further increased revenue for the quarter. However, the transport segment losses are subsidized by the government and therefore this increase in revenue does not positively contribute to the profit of the company.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
86.1	73.7	89.7
Million in MVR	Million in MVR	Million in MVR

Regardless of increase in revenue, gross profit of the company has declined in Q3 2021. As the scale of the operations expanded overall cost has also increased compared to previous quarter. Direct salaries and allowances increased with regard to increased number of staffs from Transport and construction sector. A significant provision for retirement was also recognized for the increased number of employees and transferred employees for bus operation. In addition, material costs have also increased with the requirement for additional project materials. Further, fuel, intercompany repair & maintenance and intercompany department miscellaneous also increased significantly. Thus, cost of sales grew at 23%, while revenue grew at 14% compared to previous quarter. This has reduced the GP margin from 21% in Q2 2021 to 15% in Q3 2021.

Operating Profit

Q3 2020	Q3 2021	Q2 2021
69.7	70.6	83.1
Million in MVR	Million in MVR	Million in MVR

Operating profit of the company is lower than previous quarter owing to the increased direct costs and operating expenses. Company's operating expenses increased from MVR 42 million to MVR 56 million from Q2 to Q3 2021. Below chart illustrates how company's operating expenses incurred for the three quarters in review.

Administrative expenses increased by 48% and 18% compared to Q3 2020 and Q2 2021 respectively. Among administrative expenses, staff costs increased by 36% against Q2 2021 due to increased staffs for repair and maintenance and property maintenance. Further, due to increased projects all related expenses have grown during the quarter. Selling and marketing expenses have also grown with MVR 7 million provision for doubtful debts which was accounted considering the probability of recovery of long overdues.

Net Profit

Q3 2020	Q3 2021	Q2 2021
51.1	55.6	63.0
Million in MVR	Million in MVR	Million in MVR

MTCC has ended the quarter with a net profit of MVR 55.6 million, which is 12% lower than previous quarter. This is because of the increased expenses with the increased operational activities during the quarter. On the other hand, subsidy from the government has increased from MVR 29 million to MVR 44 million due to the increase of losses from Greater Male' bus operations which was transferred to MTCC from MPL starting from 01 July 2021. However, increased costs and provisions of MVR 9 million (provision for retirement and doubtful debts) has an impact to the profit, showing a decline of 12% compared to the Q2 2021.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.6 TIMES	1.5 TIMES	1.6 TIMES

MTCC has a current ratio of 1.5 for Q3 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. The reduction in the ratio is mainly due to increase in payables and borrowings during the quarter. On the other hand, current assets also increased mainly from trade receivables. The major current assets of the company is trade and other receivables, which covers 74% of total current assets of Q3 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 1.39 billion at the end of Q3 2021. Receivables from related parties are a major component of the total receivables which consists of outstanding for deferred project invoices and contract assets.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
1.2 TIMES	1.2 TIMES	1.2 TIMES

MTCC has a quick ratio of 1.2 times for three quarters in review, indicating company's current assets are more than current liabilities. This is a better sign for the creditors as it assures them that they will be repaid on time. This also indicates that the company can pay off its current debts without selling its long-term assets.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.1 TIMES	0.01 TIMES	0.1 TIMES

MTCC does not have enough cash to settle its total current liabilities promptly using its cash and cash equivalent only. The cash balance of the company has dropped by over MVR 65 million compared to previous quarter. Repayments of loans along with the increased receivables has an impact on the cash flow position. The company has also used bank overdraft facility of MVR 17.3 million at the end of Q3 2021. Hence, with the bank overdrafts cashflow is showing a negative balance for the Q3 2021.

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

Overall, short-term liquidity ratios have declined in Q3 2021. The significant increase in current liabilities compared with the level of increase in current assets have affected both current and quick ratio. Trade and other receivables are higher than trade and other payables, indicating company is utilizing its liquid assets efficiently. However, it is important to consider both receivables and payable days at least annually to ensure effective liquidity management of company, since cash ratio of the company seems quite low compared to the level of bills which would get due in short term.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.49	0.44	0.40

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. More specifically, it shows the ability of shareholder's equity to cover all outstanding debts in the event of a business downturn. MTCC has maintained total borrowings below shareholder's equity in all the comparable quarters. The ratio has increased with the increased borrowings due to the financing requirement of the additional investments during the quarter.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.23	0.19	0.19

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

Interest Cover Ratio

Q3 2020	Q3 2021	Q2 2021
7.33 TIMES	13.6 TIMES	9.32 TIMES

Interest cover ratio measures how many times MTCC can cover its current interest payment with its available earnings. Interest cover has significantly improved in Q3 2021 as interest expenses has reduced for the quarter. 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

For Q3 2021, MTCC has generated 14% more revenue than of Q2 2021 showing improvements in all the revenue segments. However, due to high costs relating to the increased projects/operation, the profitability of the company is lower than previous quarter. In addition to the costs and expenses, the significant provisions of retirement benefit and doubtful debts have affected the profitability.

Liquidity position remained almost constant over comparable period of three quarters. Although current assets cover current liabilities, cash position of the company is low compared to sum of the short-term liabilities which company is responsible for. However, the cash balance of the company has significantly dropped, thus company has utilized bank overdraft facility of MVR 17 million. Almost 74% of company's current assets are from trade and other receivables therefore, company should focus on the receivables collections and should improve its credit collection policies in order to improve company's cash flow. MTCC needs to work closely with MNPI and all other relevant authorities to recover receivables.

Although, the borrowings have increased, MTCC's leverage ratio are acceptable indicating company is less risky and is capable to cover their interest payments through their earnings.

Quarterly review; Quarter 3-2021

MALDIVES TOURISM DEVELOPMENT CORPORATION (MTDC)

MALDIVES TOURISM DEVELOPMENT CORPORATION
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MTDC/Q3

Q3 2021 with Q3 2020 AND Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
13.6	13.2	13.8
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

Q3 2020	Q3 2021	Q2 2021
8.9	6.0	6.6
Million in MVR	Million in MVR	Million in MVR

MTDC has reported a gross profit of MVR 6.0 million in Q3 2021, which is a reduction of 8.7% due to reduction in reported revenue. With comparison to Q2 2020, company's gross profit has reduced by over 33% with the increase in reported direct costs in Q3 2021.

Net profit

Q3 2020	Q3 2021	Q2 2021
4.1	10.6	5.1
Million in MVR	Million in MVR	Million in MVR

MTDC has reported a net profit of MVR 10.6 for the third quarter of 2021. The notable growth in net profit compared to other two quarters is mainly attributable to significant other income recognized in the quarter, which represent the written back of receivables. On the other hand, company's administrative expenses recorded a growth of 7% and a significant loss on lease modification was also recognized in Q3 2021.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2.3	2.0	1.7
TIMES	TIMES	TIMES

The current ratio measures MTDC's ability to pay short-term obligations or those due within one year. Company's current ratio has improved in Q3 2021 compared to previous quarter as company's current assets grew more than the current liabilities. Current assets were increased from other receivables and investment in fixed deposits. On the other hand, liabilities increased due to a bank overdraft facility of

MVR 59 million. Nevertheless, the current ratio of the company illustrates that company has capacity to settle the short-term liabilities if they fall due within one year. Current ratio of the company is equal to the quick ratio since company does not have any inventory.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.08	0.01	0.15
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 has significantly reduced from MVR 11 million in Q2 2021 to MVR 1.4 million in Q3 2021 including the overdraft facility. The cash ratio indicates that the company does not have enough cash to cover current liabilities through only cash and cash equivalent. The operating cashflow of the company is negative for Q3 2021 while it was positive MVR 9.4 million in previous quarter. The lease rent, interest and tax being paid during Q3 2021. It is noted that MTDC has invested in fixed deposit amounting to MVR 59 million in Q3 2021. The cash ratio including the fixed deposit stands at almost 1.0 in Q3 2021.

CONCLUSION AND RECOMMENDATION

MTDC is only engaged in sub leasing of the islands, hence the company is earning a fixed income from subleasing. Therefore, revenue will remain at relatively same level until an additional property is added to their portfolio. The net profit Q3 2021 has significantly increased due to written back of receivables.

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.

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 3-2021

MALE' WATER AND SEWERAGE COMPANY PVT LTD (MWSC)

MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MWSC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
200	263	248
Million in MVR	Million in MVR	Million in MVR

MWSC has reported a revenue of MVR 263 million for Q3 2021, a growth of 31% against Q3 2020 contributed by all revenue segments except ice-manufacturing and trading.

Revenue	Q3 2020	Q3 2021	Q2 2021
Utilities	156,865,166	190,134,995	191,244,434
Manufacturing	26,058,639	29,983,713	26,944,867
Ice Manufacturing	852,420	543,357	337,492
Projects	10,462,173	37,836,992	26,317,828
Trading	6,045,220	4,677,376	3,059,914
Waste Management	172,800	178,000	180,400
Total	**200,456,418**	**263,354,433**	**248,084,935**

MWSC's performance at segment level shows growth in revenue for all the segments of the company except utilities compared to Q2 2021. Utilities remain as the key revenue generating segment, however total revenue for the Q3 2021 is lower than previous quarter due to changes in water consumption. On the other hand, projects revenue increased as the Company is able to progress the Projects awarded by the Government of the Maldives. Manufacturing segment recorded a growth of 11% since tourism sector businesses has resumed and trading segment improved because of increase in general trading & commercial activities in Greater Male' Region.

Gross Profit

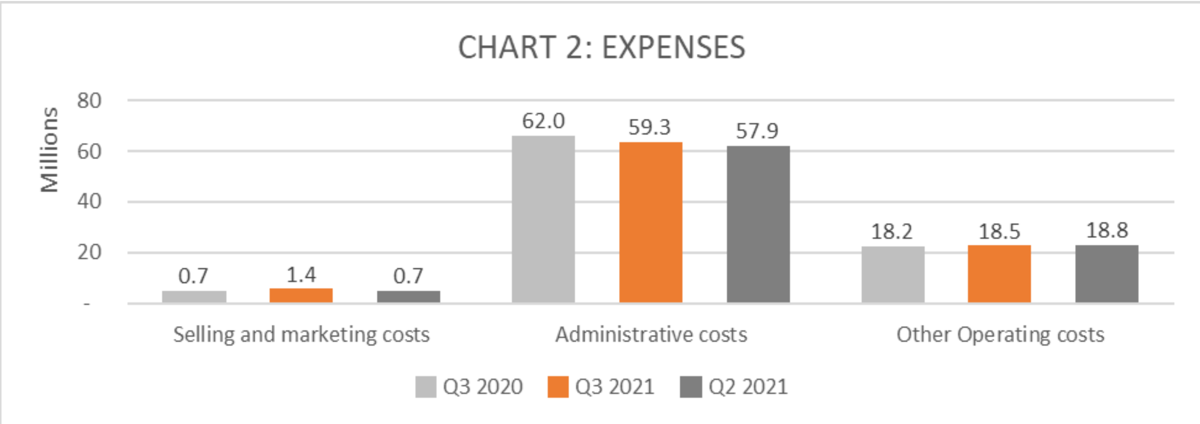
Q3 2020	Q3 2021	Q2 2021
119	144	147
Million in MVR	Million in MVR	Million in MVR

The direct costs of the company have increased greater than the revenue, hence gross profit is lower in Q3 2021 compared to previous quarter. Direct costs grew at 19%, while revenue increased by 6% compared to previous quarter. Thus, gross profit margin reduced from 60% in Q2 2021 to 55% in Q3 2021. Direct costs of utilities increased due to increase in fuel prices. Manufacturing costs increased due to impact of foreign currency management and increase in sales.

Net Profit

Q3 2020	Q3 2021	Q2 2021
41	63	68
Million in MVR	Million in MVR	Million in MVR

The quarter ended with a net profit of MVR 63 million, 7% lower than previous quarter. This is because of high direct costs and operating expenses has also increased by 2% compared to previous quarter affecting the profitability. Net profit margin has also declined to 24% in Q3 2021. (Q2 2021:NP Margin 28%)



Administrative costs increased by MVR 1.4 million against Q2 2021, mainly from staff costs due to increase in overtime and recognition of staff bonus. On the other hand, among administrative expenses, IT expenses has reduced by over MVR 2 million compared to previous quarter. Other operating expenses shows a reduction of 2% against previous quarter. In comparison to the same period of last year, total operating expenses are 2% lower in Q3 2021 mainly because utilities, rent and finance expenses has reduced.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.28	1.28	1.48
TIMES	TIMES	TIMES

MWSC has more current assets compared to its liabilities. The reduction in the ratio in Q3 2021 is due to recognition of additional dividend declared for the year. Current assets also increased, however the increment is lower than current liabilities. Nevertheless, the company is capable to meet its short-term obligations of the company. 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 Q3 2021. It is noted that dividend payable covers 781% of total current liabilities.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.91	0.95	1.11
TIMES	TIMES	TIMES

Quick ratio shows company's availability of most liquid assets to service current liabilities. Quick ratio of the company has dropped below 1 in Q3 20201, indicating more current liabilities than liquid assets. The reduction in the ratio is due to increase in current liabilities and inventories. Inventory increased due to import of Materials & Equipment's required for Water & Sewerage Projects.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.30	0.20	0.31
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has significantly reduced by 17% compared to previous quarter while current liabilities increased. Hence, cash ratio decreased from 0.31 to 0.20 times in the quarter.

Considering the level of operation, the company is maintaining a satisfactory cash balance. The closing cash balance of the company also includes additional borrowings taken during the quarter amounting to MVR 55.5 million. During Q3 2021, the company has invested MVR 24 million in Property plant and Equipment and repaid loans and borrowings of MVR 11.5 million. Further, the unfavorable movements in working capital has impacted cashflow for the quarter.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.12	0.12	0.08
TIMES	TIMES	TIMES

Company's debt levels remain relatively low with adequate cash generated from operating activities. Therefore, the company still has ample space to raise debt from banks and expand the business if the need arises. Total debts of the company have reached to MVR 187 million with additional borrowings during the quarter. On the other hand, equity of the company reduced by MVR 129.9 million in Q3 2021 compared to previous quarter due to reduction in project reserve. Hence, company's debt to equity ratio increased in Q3 2021 compared to Q2 2021. MWSC is using a relatively low debts to finance its operations, hence financial risk of the company is very low.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.07	0.07	0.05
TIMES	TIMES	TIMES

The company has obtained additional borrowings of MVR 55.5 million and repaid MVR 11.5 million in the third quarter of 2021. Company's debt to asset ratio has increased compare to previous quarter. The company has space to raise further debt to expand business or make additional investments though debt financing.

CONCLUSION & RECOMENDATION

MWSC's achieved a revenue growth of 6% in Q3 2021 compared to previous quarter. However, the direct costs grew much higher than revenue affecting the profitability of the company. The net profit of Q3 2021, is 7% lower compared to previous quarter.

Company's liquidity position is favorable as company has high current assets compared to the current liabilities. Cash ratio of the company declined in Q3 2021. MWSC was able to maintain huge cash balance including proceeds from borrowings the current liabilities have grown significantly in Q3 2021 and the largest payable is dividend; hence company should settle payables in order to improve the liquidity position.

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

Quarterly review; Quarter 3-2021

MALDIVES PORTS LIMITED (MPL)

MALDIVES PORTS LIMITED
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/MPL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
142.3	162.9	169.8
Million in MVR	Million in MVR	Million in MVR

PORTS Limited has reported a revenue of MVR 162.9 million in the third quarter of 2021 which is a revenue growth of 14% compared to the same quarter of 2020 mainly due to the recovery of economic activities and influx of tourists arriving in the Maldives with the ease of Covid-19 pandemic. However, company's revenue was declined in Q3 2021 by 4% compared to previous quarter. It is noted that, company's revenue consists of operational income and non-operational income, where operational income contributes to 97% of total income. In addition, both operational income and non-operational income was declined in Q3 2021 compared to previous quarter by MVR 5.9 million (4%) and MR 0.3 million (4%) respectively.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
142.3	162.9	169.8
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.

Net Profit

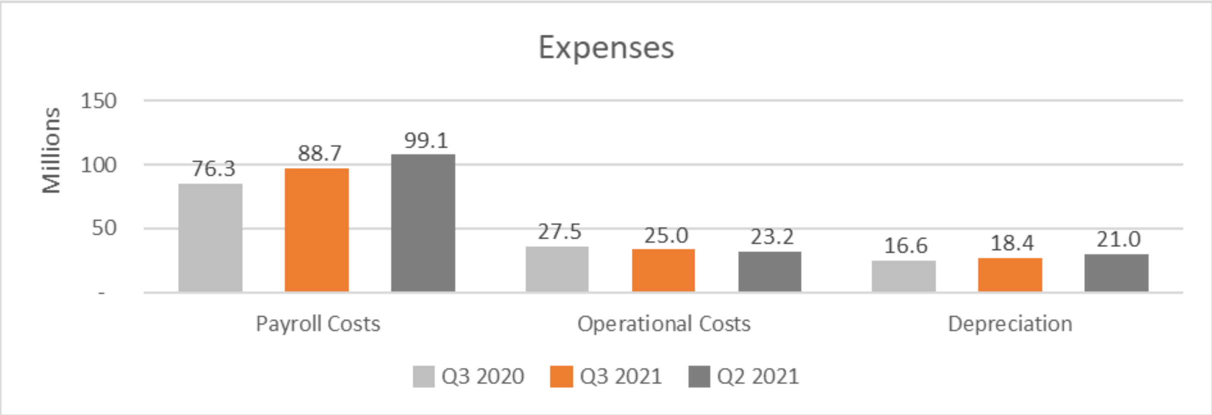
Q3 2020	Q3 2021	Q2 2021
12.5	13.8	18.5
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly dropped by over MVR 4.7 million against previous quarter. MPL has recorded loss on disposal of MVR 11.5 million in Q3 2021 due to transfer of assets based on MTCC valuation. Finance costs of the company has declined in Q3 2021 by 32% compared to Q2 2021 as ministry of finance loan (transport sector loan) was transferred to MTCC.

Company reported an operating profit of MVR 30.8 million, which is a growth of 53% compared to previous quarter. This is due to significant decline of overhead expenses in Q3 2021 by MVR 11.2 million compared to previous quarter as a result of transfer of transport sector to MTCC at the end of Q2 2021. In addition, as Ramdan fell into Q2 2021, the staff allowances were high in Q2 2021. While revenue reduced by 4%, operating expenses has reduced by 8%, thus OP margin improved from 16% to 19% compared to previous quarter.

Expenses

The expenses of the company are categorized into operational costs, depreciation and payroll cost. Below chart illustrates company's overhead expenses for the quarters of Q3 2020, Q3 2021 and Q2 2021.



As seen from the above chart, company's major expenses are incurred for payroll expenses of the company which has increased in Q3 2021 by 16% compared to Q3 2020. Payroll costs was mainly increased from performance allowance by MVR 4.2 million (335%) due to increase in the volume handled in the quarter, Special allowance MVR 3.7 million (145%) as special allowance provided in Q3 2021 for performance allowance which were not granted in some months, overtime MVR 2.8 million (1904%) as in Q3 2020 overtime was not allowed due to covid-19 pandemic most staff worked from home, daily allowances & extra day MVR 2.2 million (12%) as office were opened during off days in Q3 2021. In addition, staff medical insurance of MVR 1.5 million was recorded in Q3 2021.

However, with comparison to previous quarter, payroll expenses were declined in Q3 2021 by 10%. Payroll costs were mainly declined from overtime MVR 4.4 million (60%) due to high overtime for Ramazan period in Q2 2021, basic salaries MVR 3.4 million (11%) due to transfer of transport sector to MTCC at the end of Q2 2021 and Ramazan allowance of MVR 5.9 million, which was recorded in Q2 2021. In addition, it is noted that performance allowance and special allowance was increased significantly in Q3 2021 compared to previous quarter. Performance allowance was increased by MVR 2 million (61%) and special allowance was increased by MVR 1.3 million (25%) in the quarter.

Operational costs of the company were decreased in Q3 2021 by 9% compared to the same quarter of last year. However, operational costs were increased in the quarter by 8% compared to previous quarter mainly due to increase in vehicle expenses by MVR 1.6 million (188%) with the increased scheduled maintenance in Q3 2021. Hence, cost revenue ratio was improved from Q2 2021 (84%) to Q3 2021 (81%)

Although, the depreciation increased in Q3 2021 compared to Q3 2020 by 10%, depreciation was declined in the quarter by 12% compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2.00 TIMES	1.85 TIMES	2.14 TIMES

The current ratio measures a company's ability to pay short-term obligations or those due within one year. The higher the current ratio, the more capable a company is at paying its obligations because it has a larger proportion of short-term assets relative to the value of its short-term liabilities. Company has more current assets compared to the current liabilities in Q3 2021 resulting current ratio of 1.85 times. Current assets of the company were increased in Q3 2021 by 0.1%, while current liabilities increased by 16% compared to previous quarter. Hence, current ratio of the company was declined in the third quarter of 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 7% and 13% respectively.

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. It is noted that, 11% of current assets are from trade and other receivables and trade and other receivables are 61% of sales generated in Q3 2021. Trade and other receivables were decreased by MVR 81.9 million compared to previous quarter as receivables of MMPRC was transferred for long term receivables.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.82 TIMES	0.54 TIMES	0.88 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 and has decreased in Q3 2021 compared to other 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.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.31	0.10	0.17
TIMES	TIMES	TIMES

The cash ratio has declined by 40% in Q3 2021 compared to previous quarter because cash balance of the company has reduced by MVR 21.8 million against previous quarter. During the quarter, the company has invested MVR 40 million in T-bills, repaid loans amounting to MVR 34 million.

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.

LEVARAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.19	0.13	0.21
TIMES	TIMES	TIMES

Debt to equity ratio has reduced in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 30% and 39%. Total loans and borrowings of the company stands at MVR 139.8 million and equity stands at MVR 1,079.5 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

Q3 2020	Q3 2021	Q2 2021
0.11	0.07	0.12
TIMES	TIMES	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

Q3 2020	Q3 2021	Q2 2021
32%	28%	32%

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

Q3 2020	Q3 2021	Q2 2021
2.6 TIMES	5.4 TIMES	4.2 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 increased as the operating profit of the company has improved in Q3 2021 compared to previous quarter.

CONCLUSION & RECOMENDATION

MPL has reported a revenue of MVR 162.9 million at the end of the third quarter of 2021, which is a decline of revenue by 4% compared to previous quarter. Company's operational expenses was declined in Q3 2021 by MVR 17.6 million mainly from payroll costs, as payroll costs declined by MVR 10.4 million (10%) compared to previous quarter. Hence, operating profit of the company was improved in Q3 2021 by 53%. However, due to transfer of asset based on MTCC valuation, company has recorded loss on disposal of MVR 11.5 million and finance costs of MVR 5.7 million in the third quarter of 2021. Hence, company's net profit declined by MVR 4.7 million, which is a decline of 25% compared to previous quarter.

In terms of short-term liquidity position, the company's liquidity position is at a satisfactory level being able to meet the short-term obligations. However, it must be noted that the largest components of current assets are inventory. Trade and other receivables were declined in Q3 2021 by 45% compared to previous quarter as receivables of MMPRC was transferred for long term receivables. Hence, to improve the liquidity position of the company needs to establish effective receivable collection policies and procedures. In addition, trade and other payables was increased by 16% mainly due to hiya project retention amount and dividend payable in the quarter.

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

Quarterly review; Quarter 3-2021

MALDIVES POST LTD

MALDIVES POST LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/POST/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
2.6	4.5	3.8
Million in MVR	Million in MVR	Million in MVR

The revenue reported for Q3 2021 is higher than other two quarters in review. Below table illustrates the breakdown of revenue for the quarters of Q3 2020, Q3 2021 and Q2 2021.

As seen from the table, the main revenue generating segment is terminal dues, EMS & parcel post income which covers 68% of total revenue of quarter three of 2021. With the increase in incoming and outgoing mails in Q3 2021, sales from postage and stamps and terminal Dues have increased. On the other hand, revenue from E-commerce have declined due to reduction in demand for E-Tukuri. The demand for E-Tukuri International was higher during lockdown.

Revenue	Q3 2020	Q3 2021	Q2 2021
Sales from postage and stamp sales	250,659	1,073,945	695,274
Commission Income	10,165		9,839
Terminal Dues, EMS & Parcel Post Income	1,977,053	3,095,492	2,685,621
E-commerce	334,956	255,846	321,175
Post Shop	17,322	98,689	46,879
Total	**2,590,155**	**4,523,972**	**3,758,788**

However, compared to Pre-Covid, revenue has decreased by 73% owing to strict Covid restrictions placed by its major postal partners. Mail from China and Singapore which constituted 88% of Post's Revenue from International Incoming Mail has declined by 98% and 99% respectively compared to 2019, owing mainly due to flight unavailability in addition to the covid restrictions.

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

Gross Profit

Q3 2020	Q3 2021	Q2 2021
2.5	3.9	3.1
Million in MVR	Million in MVR	Million in MVR

The gross profit of the company has improved with increased operations in Q3 2021, thus gross profit margin has improved from 83% in Q2 2020 to 86% in Q3 2021.

Operating Profit / (Loss)

Q3 2020	Q3 2021	Q2 2021
-4.9	-4.5	-7.1
Million in MVR	Million in MVR	Million in MVR

The operating expenses of the company are relatively high than the revenue generated from operations. Thus, the company has been incurring operating losses. Some expenses cannot be reduced although the revenue declines, such as employee related expenses. Operating loss of Q3 2021 has declined compared to previous quarter as operating expense has declined by 16% and revenue improved by 21%. Compared to the same period of last, the operating loss is 9% lower in Q3 2021, owing to the improvement in revenue. The operating loss margin has improved to 99% in Q3 2021, while it was at 192% and 188% for Q3 2020 and Q2 2021 respectively.

The below table shows the major expenses of the company for the three quarters in review.

Administrative expenses	Q3 2020	Q3 2021	Q2 2021	% Change Q3 2021 Vs Q3 2020	% Change Q3 2021 Vs Q2 2020
Salary/Administrative Cost	3,442,624	3,682,781	3,650,294	7%	1%
Daily Allowance	310,680	506,820	410,190	63%	24%
Pension Fund Contribution	229,264	162,055	239,729	-29%	-32%
Service Allowance	1,512,224	1,528,775	1,535,607	1%	0%
Holiday Allowance	17,531	63,966	21,566	265%	197%
Performance Allowance	33,800	101,400	413,733	200%	-75%
Living Allowance & Foreign Employee's Expenses	158,912	162,884	163,136	2%	0%
Stationaries	17,231	59,839	25,170	247%	138%
Electricity Charges	287,157	285,074	340,192	-1%	-16%
Telephone Charges	228,639	169,773	235,574	-26%	-28%
Land & Building Rent	556,704	281,958	129,892	-49%	117%
Monitoring Alarms, Security& & Fire System	53,943	52,443	59,559	-3%	-12%
Repaired & Maintenance-Others	71,319	80,025	289,619	12%	-72%
Software Maintenance	9,750	56,920	9,750	484%	484%
Waste, Deposal & Cleaning	108,933	77,893	110,490	-28%	-30%
Directors Fees & Expenses	122,110	113,200	108,200	-7%	5%
Agency Post Office Allowance	306,567	217,595	299,403	-29%	-27%
E-Tukuri Expenses	271,956	129,843	265,531	-52%	-51%
International Travel		129,417	-		
ROU Amortization Expenses		308,129	462,179		-33%
Tea Allowance		105,700	90,200		17%
Marketing Expenses	249,893	224,921	325,229	-10%	-31%
UPU Contribution	-	37,302	200,021		-81%

Post Limited has reported total operational expenses of MVR 8.8 million for third quarter of 2021. The major expenses decline compare to previous quarter are staff related expenses (Ramazan allowance), performance allowance, pension contribution, UPU contribution, repair and maintenance and professional & legal fees.

Compared to the same period of last year, staff salary and allowances has recorded an increment. In addition, ROU amortization expenses recognized in Q3 2021, which was not recorded in Q3 2020.

Net Profit/loss

Q3 2020	Q3 2021	Q2 2021
-4.9	-3.3	-7.06
Million in MVR	Million in MVR	Million in MVR

The company has reported a net loss of MVR 3.3 million for the third quarter of 2021, a reduction of 53% compared to previous quarter. With the increased revenue from operations and reduction in operating expenses has led the reduction in net loss for the quarter.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.16	1.16	1.10
TIMES	TIMES	TIMES

The current ratio of the company indicates that the company is capable to meet its short-term obligations with its current assets. The ratio has improved compared to previous quarter as company's current assets have improved from MVR 98 million to MVR 103 million mainly as a result of improvement in cash and cash equivalents by 51% while current liabilities have declined by 1 %. Nevertheless, majority of current assets are trade and other receivables which covers 74% of total current assets as at Q3 2021. Trade and other receivable have declined by over MVR 4 million compared to previous quarter.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.29	0.30	0.19
TIMES	TIMES	TIMES

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. Company's cash ratio has improved in Q3 2021 with increased cash and cash equivalents as major international payments were received and redemption in T-bills during Q3 2021. However, the ratio illustrates that the company is not capable to meet its short-term debts by cash or cash equivalents.

CONCLUSION & RECOMMENDATION

Post Limited has achieved a revenue growth of 75% and 21% compared to Q3 2020 and Q2 2021 respectively. Thus, the net operating loss has declined. Further, the operating expenses has declined reducing the operational loss for the quarter. The operational expenses of the company exceed the revenue generated from operations. Therefore, it is important to focus on revenue generation and expansion of services to cover the operational costs and expenses of the company. Company should explore and implement new strategies to generate revenue in order to minimize the loss.

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, it is important to monitor and manage accounts receivables effectively and follow credit terms closely.

Quarterly review; Quarter 3-2021

PUBLIC SERVICE MEDIA (PSM)

PUBLIC SERVICE MEDIA
Q3 2021 PERFORMANCE ANALYSIS

Report No: Report No: PEM/2021/PSM/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q2 2020	Q3 2021	Q1 2021
23.8	21.7	24.2
Million in MVR	Million in MVR	Million in MVR

The revenue of the company has reduced by 9% and 10% compared to Q3 2020 and Q2 2021 respectively. Below table shows the breakdown of the revenue for the three quarters in review.

Revenue	Q3 2020	Q3 2021	Q2 2021
Airtime	138,225	164,180	267,424
Advertisement	1,058,835	1,473,157	1,687,654
Announcement Total	337,590	6,900	-
Sponsorship	1,288,934	795,579	1,724,886
News Sponsorship	342,599	634,587	686,232
Video Link	1,800	11,850	188,900
Archive Materials	8,491	12,628	3,684
Rentals	5,795	28,156	41,711
SMS income	32,839	9,801	84,262
Production Income	39,040	156,612	64,140
Training Income	38,400	118,448	115,468
Cable TV Income	87,368	117,496	114,045
Total Operation Income	**3,379,916**	**3,529,394**	**4,978,406**
Government grant	20,000,000	17,500,000	19,231,473
Government Aid	490,626	722,375	-
Total Government Support	**20,490,626**	**18,222,375**	**19,231,473**
Total	**23,870,542**	**21,751,769**	**24,209,879**

Revenue from core operation has reduced by 29% compared to previous quarter mainly due to reduction of program sponsorship, advertisement income and video link income. Similarly, government grant and aid has declined by 5% against previous quarter.

In comparison to the same period of last year, total operating revenue has marginally improved mainly from news sponsorship and production income. Conversely, sponsorships and advertisement income declined.

Gross Profit/ (Loss)

Q3 2020	Q3 2021	Q2 2021
9.0	5.3	5.5
Million in MVR	Million in MVR	Million in MVR

The direct costs of the operation are comparatively high compared to the revenue generated from operation. However due to high government grant and aid, PSM is able to report a gross profit. In terms of direct costs, a reduction of 12% was recorded against previous quarter while operating revenue including government grant reduced by 10%. Thus, gross profit margin improved from 23% to 24% in Q3 2021.

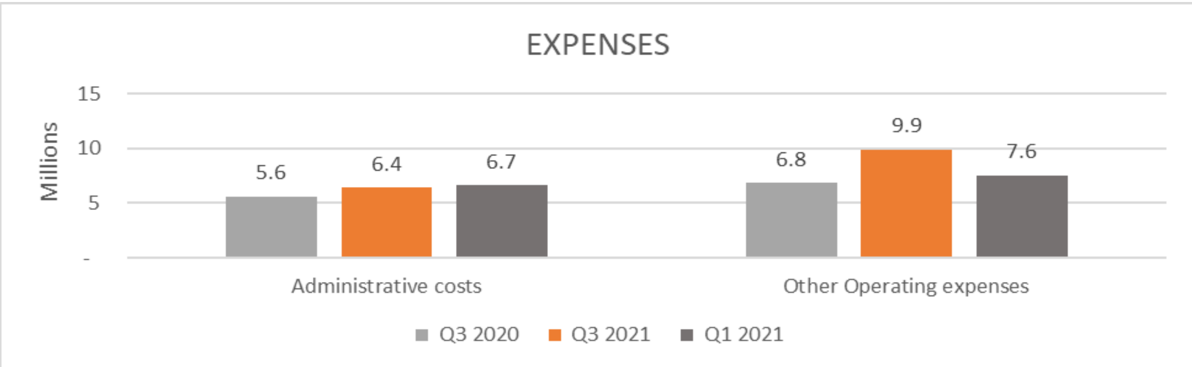
Compared to the same period of last year, direct costs have increased by 11%, 13% increment from production payroll and 2% increment from production content. Production payroll mainly increased from overtime pay, support co-allowance and attendance allowance.

Net Profit/ (loss)

Q3 2020	Q3 2021	Q2 2021
-3.43	-12.5	-10.2
Million in MVR	Million in MVR	Million in MVR

PSM has reported a net loss of MVR 12.5 million in Q3 2021, which is 22% higher than previous quarter. Total overheads recorded a growth of 15% compared to previous quarter and total overhead expenses is equivalent to 463% of operational revenue for Q3 2021. With the increased net loss, net loss margin has increased from 42% to 58% in Q3 2021 compared to Q2 2021.

The revenue from core business had a growth of 4% while overheads recorded a higher growth of 31% against the same period past year. Below chart illustrates company's overhead expenses for the quarters of Q3 2020, Q3 2021 and Q2 2021.



While administrative expenses recorded a marginal reduction, a substantial increment is seen from operating expenses against previous quarter. Among operating expenses, the significant increase is seen from finance expenses due to custom clearance charges. Further utility expenses also increased from water and electricity.

Compared to Q3 2020, both administrative and operating expenses increased mainly from admin payroll expenses, clearance charges and electricity.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.17	0.18	0.18
TIMES	TIMES	TIMES

Current ratio measures a company's ability to pay short-term obligations or those due within one year. Current ratio of below 1 indicates that company has more current liabilities than its current assets, thus they are unable to settle their short-term obligations. The greater portion of current asset of the company is trade and other receivables which has an increasing trend.

Both trade receivables and trade payables has increased in Q3 2021 compared to other two quarters.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.01	0.004	-0.0003
TIMES	TIMES	TIMES

Cash ratio shows the company's ability to repay its short-term debt with cash or near-cash resources. Company's cash position requires significant improvement to sustain the business. The company has ended the quarter with a cash balance of MVR 394 thousand. During the quarter, PSM has invested MVR 529,483 in machinery and equipment's and MVR 115,000 for computer software.

Government has injected over MVR 18 million as grant and aid and MVR 12 million as capital in Q3 2021. It has to be highlighted that the company was unable to generate enough revenue to meet its daily obligations and hence depends purely on shareholder assistance.

LEVARAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.18	0.22	0.22
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which PSM is financing its operations through debt. Debt to equity ratio of the company is same as previous quarter as there is no change in borrowings.

Debt to Assets

Q3 2020	Q3 2021	Q2 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 same as previous quarter.

However, when considering the overall liquidity position, the company does not have a favorable liquidity position.

CONCLUSION & RECOMMENDATION

The total operating revenue has decreased compared to Q2 2021. In addition, the expenses have also increased leading the net loss to increase further. Considering the level of operation and income earned by the company, the direct costs of PSM are substantially high. The direct costs are equal to

466% of operating revenue. Therefore, PSM should try to cut down its costs and expenses as well as improve revenue in order to reduce dependence on government.

Liquidity position of the company is not satisfactory, where company's current liabilities exceeds its current assets. And further, a greater portion of current assets comprise of trade receivables which has an increasing trend. This is also reflected in company's payables as payables are also increasing. Hence, the company needs to work on its receivable collection. Likewise, building a strong relation with the suppliers and creditor for better terms is also important.

Quarterly review; Quarter 3-2021

REGIONAL AIRPORTS COMPANY LIMITED (RACL)

REGIONAL AIRPORTS COMPANY LIMITED
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RACL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
Nil	6.61	4.59
	Million in MVR	Million in MVR

Regional Airports Company Ltd (RACL) was incorporated and registered on 11th January 2021, with the aim of development and operation of regional airports across the country. During third quarter 2021 company has generated a revenue of MVR 6.6 million from airports operations. This shows a 44% increase compared to previous quarter mainly due to increase in the number of flight movements which in turn increased both traffic and non-traffic revenue. It is noted that the main income generated is from ground handling and landing fees which has increased with the normalization of pandemic situation.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
Nil	6.51	4.39
	Million in MVR	Million in MVR

Gross profit has increased by 48% mainly due to increase in revenue. It is noted that, compared to revenue, company incur insignificant amount of cost directly related to the sales, which results to a high gross profit.

Net Loss

Q3 2020	Q3 2021	Q2 2021
Nil	-16.7	-9.2
	Million in MVR	Million in MVR

Company has incurred a net loss margin of 253% in Q3 2021 which is worse than the loss margin incurred in previous quarter (201% in Q2 2021). The main reason for this is that operating expenses has increased from MVR 13.6 million to MVR 23.2 million from Q2 2021 to Q3 2021. Below table illustrates how RACL's operating expense has incurred in the comparable periods.

Operating Expenses	Q3 2021	Q2 2021
Selling and Marketing costs	-	-
Administrative costs	(22,236,067)	(13,474,990)
Other Operating expenses	(1,006,445)	(141,019)
Total	**(23,242,512)**	**(13,616,009)**

Total operating expense include administrative expense and other operating expense. Administrative expenses have increased by 65% compared to Q2 2021, while other operating expenses has increased by 614%, indicating that operational scale of the company has increased. However increased net loss margin indicates that the level of operating expense incurred is higher than the revenue generated.

Administrative Costs	**Q3 2021**	**Q2 2021**	**Var %**
Personnel Expenses	16,042,796	9,321,871	72%
Meals and Entertainment	734,402	268,920	173%
Board Allowance	135,780	162,780	-17%
Rent or Lease Expense	641,100	613,700	4%
Legal & Other Fees Expenses	195,796	507,730	-61%
Maintenance & Repairs Expense	843,142	717,100	18%
IT expenses	195,772	166,245	18%
Printing & Stationaries	22,936	61,663	-63%
Dues and Subscription	4,008	239,730	-98%
Other general and administrative expenses	797,733	38,955	1948%
Advance deposit	219,592	742,244	-70%
Utilities	1,272,891	-	N/A
Fuel	1,130,119	634,052	78%
Total	**22,236,067**	**13,474,990**	**65%**

Administrative expense mainly includes personnel expenses which comprise 72% of total expense. Personnel expenses has increased by 72% compared to previous quarter due to transfer of airport staff under the head office and additional staffs hired to cater the growing requirements of the company.

Other general and administrative expenses have increased by MVR 0.75 million and fuel expenses by MVR 0.49 million due to increase in day to day operations with the increase in flight movement which result to increase more re-current expenses to maintain airport offices. In addition to these reasons, fuel expenses have increased due to increase in fuel rate in Q3 2021.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
Nil	7.59 TIMES	8.52 TIMES

RACL has a current ratio of 7.59 times in Q3 2021. Current ratio was decreased by 11% in the third quarter compared to the previous quarter.

Company's total current asset was increased to MVR 33 million (by 38%) as at Q3 2021, which includes trade and other receivables and cash and cash equivalents comprising 28% and 72% of total current assets respectively. On the other hand, current liabilities also have increased to MVR 4.3 million (by 56%), which includes trade and other payables. The decrease in current ratio indicates that the level of increase in current asset is lower than the increase in current liabilities, however indicates that it has strength to meet its short-term obligation.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
Nil	5.48	5.81
	TIMES	TIMES

RACL's cash ratio resulting 5.48 times in the third 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 majority of cash and cash equivalents reflect to the capital injected by the government. As such, total capital injected by the government sums to MVR 26 million and paid -up share capital of the company has increased to MVR 55 million in Q3 2021.

CONCLUSION & RECOMENDATION

RACL has generated a revenue of MVR 6.6 million from airports operation and has incurred operational expenses of MVR 23.2 million for the third quarter 2021. Hence, company has experienced a net loss of MVR 16.7 million. It is important to note that net loss has increased by 81% compared to previous quarter.

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

Company's liquidity position shows favorable results in Q3 2021. However, it is noted that majority of cash balance of the company represents capital injected by the government. Company does not have long terms borrowings to this date.

Quarterly review; Quarter 3-2021

ROAD DEVELOPMENT CORPORATION LTD (RDC)

ROAD DEVELOPMENT CORPORATION LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/RDC/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
4.07	18.27	24.95
Million in MVR	Million in MVR	Million in MVR

RDC has reported a revenue of MVR 18.27 million in the third quarter of 2021 which is an increased in revenue compared to the same quarter of 2020 by MVR 14 million (349%) mainly due to significant increase in project revenue by MVR 12 million, which is a growth of 473% in Q3 2021. Compared to previous quarter, revenue decline in Q3 2021 by MVR 6.7 million (27%) due to decrease in project revenue from the ongoing projects by 33%. It is noted that company's main revenue is generated from project revenue, as it covers 81% of total revenue in Q3 2021. In addition, product sales of the company were improved in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by MVR 2.2 million (339%) and MVR 0.3 million (10%) respectively, as increase in workforce leading to increase productivity and sales. Although, revenue from labor management facility declined in Q3 2021 by MVR 0.2 million (22%) compared to the same quarter of last year, it is noted that revenue from labor management facility was improved by MVR 0.2 million (40%) compared to previous quarter.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
1.3	11.7	8.9
Million in MVR	Million in MVR	Million in MVR

Company's direct costs was increased in the third quarter by 138% compared to Q3 2020. However, costs of sales declined in Q3 2021 by 59% compared to previous quarter.

Although, company's revenue declined in Q3 2021 compared to previous quarter, it is noted that company has a growth of gross profit by 32%. Gross profit is increased due to decrease in reported cost of sales by MVR 9.5 million (59%) compared to previous quarter. Majority of direct costs of the company relates to the ongoing projects of the company. Hence, with the increase in projects revenue may result increase in direct costs. With comparison to the same quarter of last year, gross profit of the company was increased by MVR 10 million which is an improvement of 788% in Q3 2021 due to significant growth of revenue in the quarter. Thus, gross profit margin of the company was improved in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 32% and 28% respectively.

Operating Profit/loss

Q3 2020	Q3 2021	Q2 2021
-9.3	-16.3	-15.6
Million in MVR	Million in MVR	Million in MVR

RDC's operating loss was increased in the end of the third quarter of 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 76% and 5% respectively. Operating loss of the company was increased mainly due to high administrative expenses in Q3 2021 compared to other two quarters. Administrative expenses of the company were increased in Q3 2021 compared to Q3 2020 and Q2 2021 by 164% and 16% respectively, due to increase in the workforce of the company. In addition, it is noted that selling and marketing expenses of the company was increased in Q3 2021 compared to Q3 2020 by 213% and it decreased by 58% compared to previous quarter.

Net Profit/loss

Q3 2020	Q3 2021	Q2 2021
-9.3	-16.3	-15.6
Million in MVR	Million in MVR	Million in MVR

Company was unable to generate profit for the quarter due to the high cost and expenses relative to revenue. Hence, company faces a huge loss of MVR 16.3 million and has a negative net margin of 89% in the end of the third quarter 2021. Compared to previous quarter, net loss margin increased in Q3 2021 from (-62%) to Q3 2021 (-89%). However, net loss margin has fallen from Q3 2020 (-228%) to Q3 2021 (-89%)

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.72	0.59	0.56
TIMES	TIMES	TIMES

RDC's current ratio of 0.59 times in Q3 2021 indicates that the company is not able to pay off its short-term obligations with only its current assets. Current ratio of the company decreased in Q3 2021 compared to the same quarter of last year by 18%. However, current ratio increased in Q3 2021 compared to the previous quarter by 6%. Company has fewer current assets compared to its current liabilities in the end of Q3 2021. Below table illustrates company's current assets and current liabilities for the quarters Q3 2020, Q3 2021 and Q2 2021.

Current assets	**Q3 2020**	**Q3 2021**	**Q2 2021**
Inventories	4,189,745	54,505,553	15,478,723
Trade and other receivables	50,229,502	72,420,614	63,591,113
Cash and cash equivalents	2,169,756	2,018,934	11,414,178
Total current assets	**56,589,003**	**128,945,101**	**90,484,014**
Current Liabilities	**Q3 2020**	**Q3 2021**	**Q2 2021**
Advance Receipts	74,569,423	163,943,365	148,542,915
Trade and other payables	4,117,702	54,015,469	13,821,832
Total current liabilities	**78,687,125**	**217,958,834**	**162,364,747**

As seen from the table, company's current assets and current liabilities was increased in Q3 2021 compared to other two quarters. It is noted that 56% of current assets are trade and other receivables in Q3 2021. Trade and other receivables were increased in Q3 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 44% and 14% respectively. It is noted that, compared to previous quarter, trade and other receivables was increased by MVR 8.8 million, while revenue declined by MVR 6.7 million in Q3 2021. Compared to the revenue generated in the quarter. In addition, due to delay in collection of payments, cash and cash equivalents of the company will be adversely affected.

It is noted that, current liabilities of the company are mainly from advance receipts, which reflects the advance received from customers for the projects. Advance receipts of the company were increased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 120% and 10% respectively. It is noted that, excluding advance receipts, company's current ratio shows favorable results of 2.39 times in Q3 2021. Trade and other payables of the company was also increased in Q3 2021 compared to Q3 2020 and Q2 2021 by MVR 49.9 million (1212%) and MVR 40.2 million (291%) respectively, mainly due to increase in trade payables with the increase in operations of the company. In addition, majority of invoices were not received during Covid-19 pandemic which leads to increase in trade payables.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.67	0.34	0.46
TIMES	TIMES	TIMES

Quick ratio of the company shows short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. RDC's quick ratio results 0.34 times in Q3 2021 indicating that the company is not capable to meet its short-term liabilities with its most liquid assets. It is noted that company's inventory was increased significantly in the third quarter of 2021 compared to other two quarters of Q3 2020 and Q2 2021 by MVR 50 million and 39 million respectively. As in Q3 2020, company has very less projects in operation, however with the increase in projects has led to increase in materials purchase in Q3 2021 compared to other two quarters. Quick ratio of the company was decreased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 49% and 26% respectively.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.03	0.01	0.07
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 0.01 times in Q3 2021 is very low based on the liabilities. Cash ratio of the company was decreased in Q3 2021 compared to both the quarters of Q3 2020 and Q2 2021 by 66% and 87% respectively.

CONCLUSION & RECOMMENDATION

RDC's revenue segments include Block and precast sales, implementation road and infrastructure projects and labor management facility.

RDC's reported revenue for Q3 2021 was MVR 18.3 million which is a decline of 27% compared to previous quarter. However, operating loss increased by 5% compared to previous quarter resulting a net loss of MVR 16.3 million in Q3 2021. It is noted that, total operational expenses of the company increased by 14% in Q3 2021, mainly due to payroll expenses. Therefore, RDC should focus on the areas where the costs & expenses can be reduced in order to reduce the loss.

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 indicating weak liquidity position. The company needs to manage receivables to better manage the cash cycle of the company. It is important to note that RDC has MVR 72.4 million in trade and other receivables at the end of third quarter of 2021 which is increasing in each quarter. Compared to previous quarter, trade and other receivables was increased by 14% in Q3 2021. Therefore, company should plan and implement new procedure for receivables collection.

It is also important to note that, company has MVR 217.96 million in current liabilities at the end of the third quarter of 2021. Which consist of advance receipts and trade and other payables, where 75% of current liabilities represents advance receipts which are likely to be recognized as revenue as the projects progress. Advance receipts of the company at the end of the third quarter of 2021 was MVR 163.9 million which was increased compared to previous quarter by 10% due to increase in advance received for new projects.

If the company was 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 to stay solvent. In addition, it is important to plan how the projects can be completed on a scheduled time line.

Quarterly review; Quarter 3-2021

SME DEVELOPMENT FINANCE CORPORATION (SDFC)

SME DEVELOPMENT FINANCE CORPORATION
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/SDFC/Q3

Q3 2021 with Q3 2020 and Q2 2021

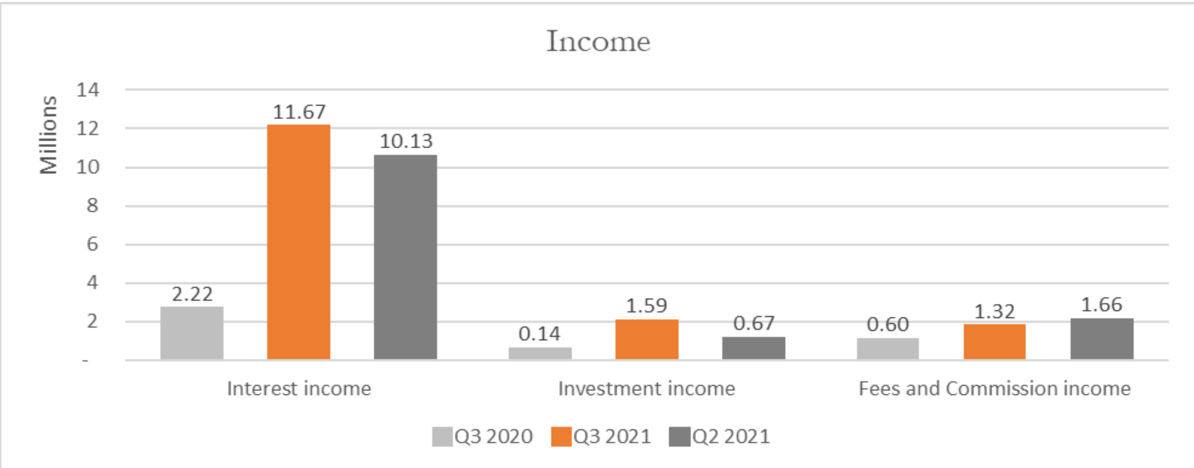
PROFITABILITY

Income

Q3 2020	Q3 2021	Q2 2021
2.97	14.59	12.46
Million in MVR	Million in MVR	Million in MVR

SDFC has reported a revenue of MVR 14.59 million in the third quarter of 2021. This is a growth in the revenue compared to both the quarters of Q3 2020 and Q2 2021 by 392% and 17% respectively. The loan portfolio of the company has reached MVR 582 million as at the end of Q3 2021, this is an increment of MVR 95.8 million compared to previous quarter. Likewise, loan portfolio was increased in Q3 2021 compared to the same quarter of previous year by MVR 340.6 million.

Below chart illustrates how company has generated income in the three quarters of Q3 2020, Q3 2021 and Q2 2021.



As seen from the chart, major revenue of the company in the third quarter of 2021 is interest income, which has recorded a growth of 15% compared to previous quarter due to increase in loan portfolio. Likewise, investment income was also increased by 137% against previous quarter as free cash flows available for investment increased. On the other hand, fees and commission income was declined by 20% compared to Q2 2021 due to decrease in other fees in the quarter. It is noted that other fees include reschedule fees, amendment fees, enhancement fees and revision fees.

With comparison to the same quarter of previous year, company's income from all the segment was improved in Q3 2021. Interest income increased by 426%, investment income increased by 1027% and fees and commission income increased by 119%.

Net Interest Margin

Q3 2020	Q3 2021	Q2 2021
1%	2%	2%

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

Since the interest earned on assets is a primary source of revenue for a financial institution, this metric is a good indicator of a company's overall profitability, and higher margins generally indicate a more profitable use of funds.

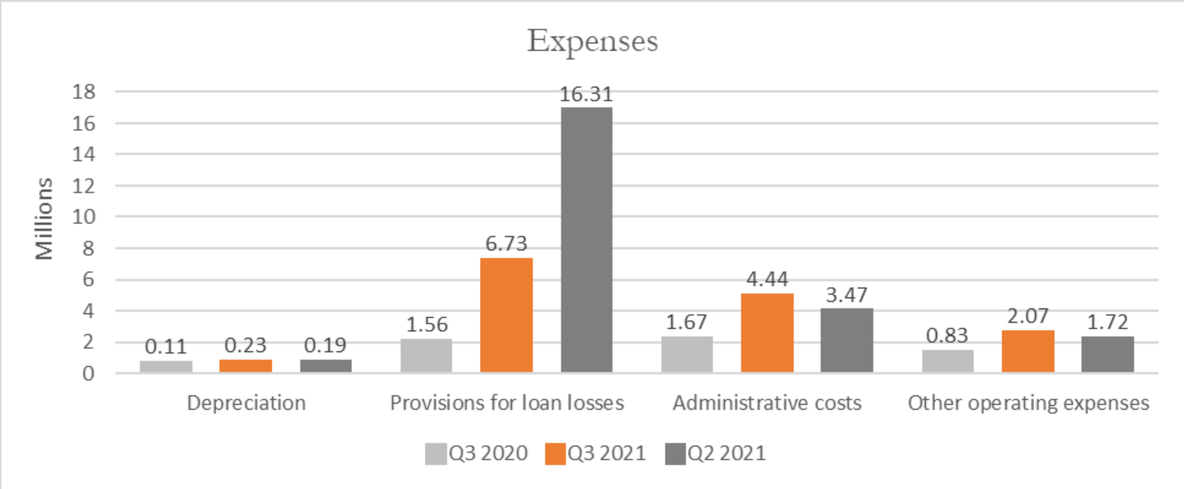
The interest margin shows similar results in both the quarters of Q3 2021 and Q2 2021. However, net interest margin was improved by 1% compared to Q3 2020 because of increase in both interest income and earning assets.

Net Profit

Q3 2020	Q3 2021	Q2 2021
-1.3	-0.4	-9.2
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 0.4 million. This is due to business profit tax of MVR 1.6 million in the quarter. However, it is noted that net loss of the company was declined by MVR 8.8 million which is a decline of 95% compared to previous quarter. It is also noted that, although the company has reported operating loss of MVR 9.2 million in previous quarter, company has reported an operating profit of MVR 1.1 million in Q3 2021. This is mainly due to decrease in provision for loan losses in Q3 2021.

Expenses



SDFC has recorded total overheads of MVR 13.5 million in the third quarter of 2021, which is a reduction compared to the previous quarter. However, it is noted that excluding provision for loan losses, company's total expenses was MVR 6.7 million which is an increase of 25% compared to previous quarter. The most significant expenses is provision for loan losses amounting to MVR 6.7 million in Q3 2021. Provision for loan losses was declined in Q3 2021 by 59% against previous quarter due to decrease in provision for impairment of net recovery. On the other hand, overhead expenses from all the other segments was increased in Q3 2021 compared to previous quarter. Administrative costs was increased by 28% due to increase in staffs by 34% in the quarter. Likewise, other operating expenses was increased by 20%. Among the other operating expenses, the major expenses are finance charges and depreciation of ROU asset, call center outstanding, annual license fee, marketing & promotion expenses and Communication expenses.

With comparison to the same quarter of previous year, provision for loan losses was increased in Q3 2021 by 333% mainly due to increase in loan portfolio in the quarter. Administrative costs was increased by 166% in Q3 2021 due to increase in number of staffs in the quarter. Likewise, other operating expenses was also increased in the quarter by 149% mainly due to finance charges and depreciation of ROU assets reported in Q3 2021.

CAPITAL MANAGEMENT

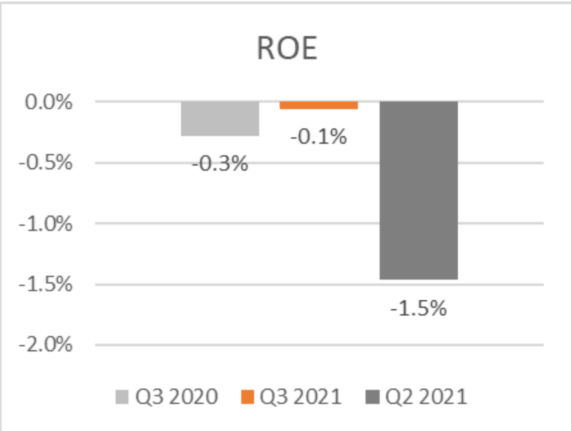
Financial institutions are a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial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

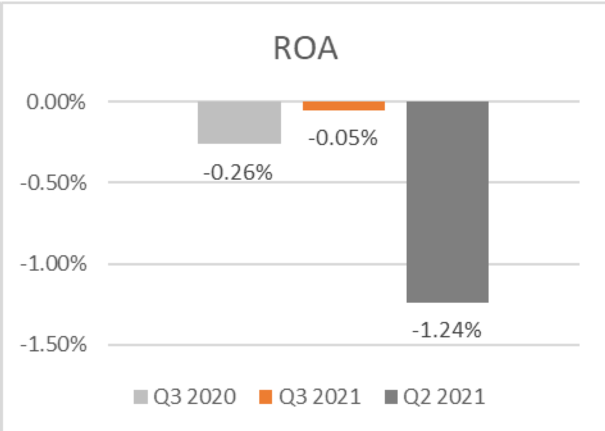
Assets that are available to cover their obligations and liabilities of SDFC for the three quarters in review are below;

Details	Q3 2020	Q3 2021	Q2 2021
Total Liabilities			
Trade and other payables	38,806,709	120,126,134	115,575,253
Total Liabilities	**38,806,709**	**120,126,134**	**115,575,253**
Total Assets			
Trade and other receivables	109,270,737	8,697,288	11,869,595
Loans and advances	241,546,728	582,186,681	486,367,908
Cash and cash equivalents	155,398,353	143,236,602	103,536,669
Financial asset held to maturity	-	104,490,655	134,409,956
Other Assets	5,364,177	7,147,267	5,933,432
Property plant and Equipment	2,072,508	4,127,483	3,703,607
Deferred tax assets	-	1,600,383	-
Total Assets	**513,652,503**	**851,486,359**	**745,821,167**
NET (Assets-Liabilities)	**474,845,794**	**731,360,225**	**630,245,914**

Compared to the previous quarter, total assets of the company have increased in Q3 2021 by MVR 105.7 million mainly from loans and advances. In addition, total liabilities of the company is from trade and other payables, which have increased by MVR 4.6 million. Thus, net asset of the company has improved by MVR 101.1 million in the 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. Since, the company reported net loss in the three quarters, both ROE and ROA shows negative results in the quarters.

CONCLUSION

The company has reported a revenue growth in the third quarter of 2021, which shows a growth of 17% compared to previous quarter. Company's operating expenses excluding provisions for loan losses in Q3 2021 was MVR 6.7 million which was a 25% increment compare to previous quarter. At the end of the third quarter, SDFC has reported a net loss of MVR 0.4 million. However, reported net loss for the quarter was MVR 8.8 million lower compared to previous quarter.

The loan portfolio has reached MVR 582.2 million, which is an increment of MVR 95.8 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, 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 3-2021

STATE ELECTRIC COMPANY LTD (STELCO)

STATE ELECTRIC COMPANY LTD
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/STELCO/Q3

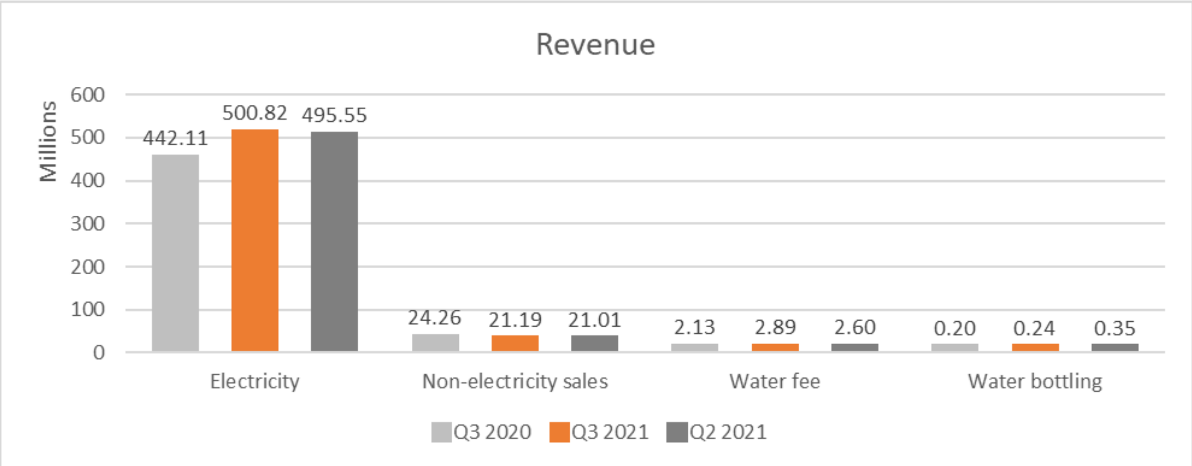
<u>Q3 2021 with Q3 2020 and Q2 2021</u>

PROFITABILITY

<u>Revenue</u>

Q3 2020	Q3 2021	Q2 2021
468.7	525.1	519.5
Million in MVR	Million in MVR	Million in MVR

STELCO has a revenue growth in the third quarter of 2021 compared to other two quarters and reported a revenue of MVR 525.1 million in Q3 2021. STELCO's revenue comprises of electricity, non-electricity, water fee and water bottling. Below chart illustrates how the company has generated revenue in the quarters of Q3 2020, Q3 2021 and Q2 2021.



Non-electricity revenue was significantly declined in Q3 2021 compared to Q3 2020 by 13% due to decrease in sales from center. However, with the increased in sales from sales center non-electricity was increased marginally in Q3 2021 by 1% compared to previous. Revenue from water fee was improved in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 36% and 11% respectively due to diversifying Gaafaru PH operations from 4PHs to 5PHs STELCO's main revenue generating segment is electricity and it covers 95% of total revenue in Q3 2021. Revenue from electricity was increased in Q3 2021 compared to other two quarters due to increase in electricity usage in the quarter. Likewise, water fee and water bottling revenue was also increased in Q3 2021 compared to the same quarter of last year. However, due to decrease in sales center in Q3 2021, non-electricity sales were declined by 13% compared to Q3 2020. With comparison to previous quarter, revenue from water bottling was declined in Q3 2021 by 31% due to decrease in water production in the quarter. On the other hand, revenue from all the other segments was improved in Q3 2021.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
96.1	95.9	105.4
Million in MVR	Million in MVR	Million in MVR

Company's direct costs was increased in Q3 2021 compared to other two quarters of Q3 2020 and Q2 2021 by 15% and 4% respectively. Hence, company reported a gross profit of MVR 95.9 million in Q3 2021. However, gross profit of the company was declined in Q3 2021 compared to the previous quarter by 9%. This is mainly due to increase in the direct costs compared to the revenue generated in the quarter. Below table illustrates how company's direct costs incurred within the quarters of Q3 2020, Q3 2021 and Q2 2020.

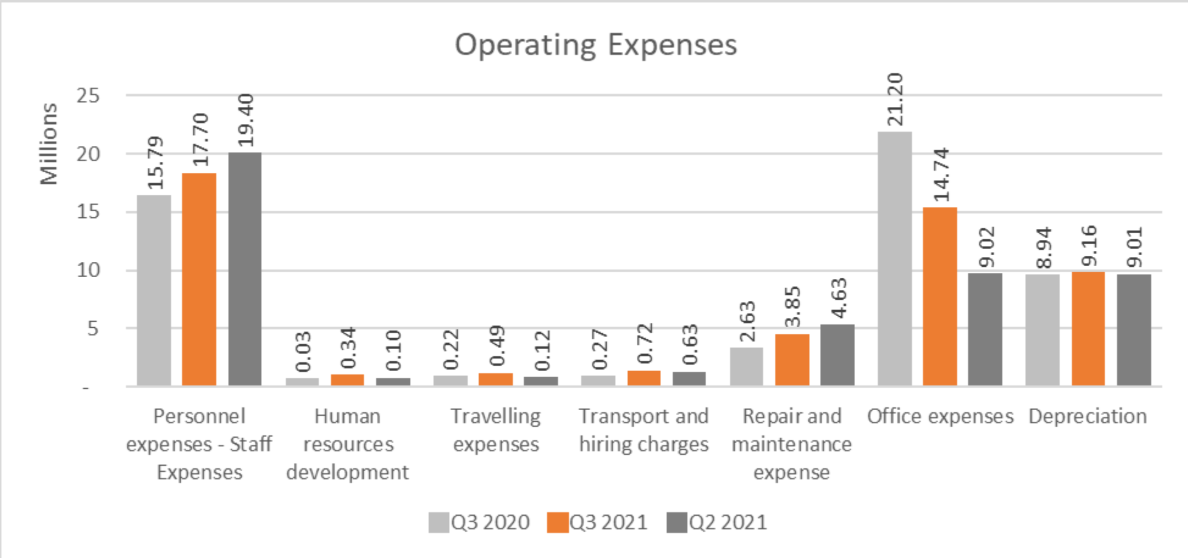
Cost of Sales	Q3 2020	Q3 2021	Q2 2021
Cost of fuel and lub oil	280,512,386	311,986,375	311,220,601
Cost of power purchase	2,650,419	2,941,734	2,182,355
Cost of sales - sales centre	5,737,059	11,492,478	4,609,656
Customer service expense	2,026,682	1,709,714	1,614,498
Repairs & maintenance - PP & distribution	9,704,866	14,807,417	13,510,827
Employee benefit expenses	39,918,209	44,740,219	47,927,077
Depreciation	31,772,557	40,497,109	32,144,888
Water supply expenses	52,492	772,552	701,594
Water bottling expenses	242,057	294,208	248,918
Total Cost of Sales	**372,616,727**	**429,241,806**	**414,160,414**

As seen from the table, company's direct costs were mostly incurred on cost of fuel and lube oil, which covers 73% of total direct costs in Q3 2021. Compared to the same quarter of last year, direct costs have mainly increased as a result of increased in cost of fuel and lube oil by 11% due to increase in electricity, the usage of fuel consumption was increased in Q3 2021. However, compared to previous quarter the direct cost is mainly increased from depreciation and cost of sale-sales center in Q3 2021. Depreciation was increased by 26% due to capitalization of grid project in Q3 2021. Cost of sales-sales center increased by 149% due to increase in service obtained by sales center customers. In addition, company has a gross profit margin of 18% in Q3 2021 which was a decline of 2% compared to previous quarter.

Operating Profit

Q3 2020	Q3 2021	Q2 2021
49.5	49.3	58.6
Million in MVR	Million in MVR	Million in MVR

STELCO has reported an operating profit of MVR 49.3 million in the third quarter of 2021. Operating profit has declined in Q3 2021 compared to Q3 2020 and Q2 2021 by 0.3% mainly due to increase in the direct costs in the quarter. It is noted that the operating expenses was decreased in Q3 2021 by 4% and other income declined by 83% compared to Q3 2020. With comparison to the previous quarter, operating expenses declined by 15.8% mainly due to increase in the direct costs or cost of sales in the quarter. In addition, operating expenses was decreased in Q3 2021 by 0.4% compared to previous quarter. Below chart shows how company's operating expenses incurred in the quarters of Q3 2020, Q3 2021 and Q2 2021.



As seen from the above chart, company's main operating expenses are staff costs and office expenses. Staff costs covers 38% and office expenses covers 31% of total operating expenses in the third quarter of 2021. It is noted that staff costs were increased in the third quarter of 2021 by 12% compared to the same quarter of last year due to retirement allowance in Q3 2021. However, compared to previous quarter staff expenses decreased in Q3 2021 by 9% as Ramadan allowance was given on Q2 2021. Further compared to previous quarter office expenses increased by 63% due to increase in uniform expenses, insurance premium for financial assets and consultation service in Q3 2021.

Net Profit

Q3 2020	Q3 2021	Q2 2021
14.5	11.7	24.5
Million in MVR	Million in MVR	Million in MVR

Net profit of STELCO was declined in the third quarter of 2021 compared to other two quarters. STELCO has reported a net profit of MVR 11.7 million in Q3 2021, which is 52% lower than the reported net profit of Q2 2021. Net profit for the quarter declined by 19% compared to Q3 2020. In addition, finance costs of the company were increased in Q3 2021 compared to the other two quarters of Q3 2020 and Q2 2021 by 8% and 10% respectively.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
0.91	2.93	3.40
TIMES	TIMES	TIMES

Current ratio of STELCO was decreased in Q3 2021 compared to other two quarters resulting current ratio of 2.93 times in the third quarter of 2021. This indicates that the company have more current assets compared to its liability and the company is capable to meet its short-term obligations. Current ratio of the company was improved in Q3 2021 compared to Q3 2020. This is due to significant decrease in current liabilities compared to the decrease in currents assets in the third quarter of 2021.

It is noted that, STELCO's current assets was decreased in Q3 2021 by MVR 22 million which is 2% compared to the same quarter of last year. This is mainly due to decrease in trade and other receivables in the quarter. Trade and other receivables was mainly decreased from electricity receivables by 20%due to Covid-19 in Q3 2020, relief was given to customers for electricity payments,. However, current assets of the company was increased in Q3 2021 by MVR 9 million which is 1% compared to previous quarter mainly due to increased in trade and receivables in the quarter. Trade and other receivables was increased in Q3 2021 as a result of increasing electricity realated receivabels by 2% and advance payment by 17%. Accounts receivables of electricity segment was increased with the increase in electricity sales and advance payments increased as advance payments for foreign suppliers increased due to global market demand arise from Covid-19 pandemic.

On the other hand, company's current liabilities was decreased in Q3 2021 by MVR 807.6 million which is 70% compared to Q3 2020, mainly due to decrease in accrued expenses by 91% compared to Q3 2020. However, current liabilities was increased in Q3 2021 by 17% compared to the previous quarter due to shortage of USD from MMA and major foreign credit suppliers is due in Q3 2021.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.80	2.36	2.71
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 2.36 times in the third quarter of 2021. Quick ratio of the company was increased in Q2 2021 compared to the same quarter of last year by 194%. However, quick ratio was decreased in Q3 2021 compared to previous quarter by 13%. It is noted that, although the inventory increased in Q3 2021 by 67% compared to Q3 2020 and inventory decreased in Q3 2021 by 3% compared to previous quarter.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.04	0.25	0.35
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 third quarter of 2021 compared to Q3 2020 by 467% mainly due to decrease in current liabilities by 70% in Q3 2021. However, compared to previous quarter, cash ratio decresed in Q3 2021 by 27% due to increase in current liabilities 17% while cash and cash equivalents decreased by 15% in the quarter. Although, cash and cash equivalent declinedin Q3 2021 by 15% compared to previous quarter, cash and cash equivalents was increased in Q3 2021 compared to Q3 2020 by 72% as company facilitated schedules to collect the payments from customers in Q3 2021 due to covid-19 pandemic. However, compared to previous quarter, cash and cash and cash equivalents declined by 15% in Q3 2021.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
3.19	3.52	3.60
TIMES	TIMES	TIMES

STELCO has a debt to equity ratio of 3.52 times in the third quarter of 2021. Debt to equity ratio was increased in Q3 2021 by 10% compared to Q3 2020. However, debt to equity ratio was decreased in Q3 2021 by 2% compared to previous quarter. STELCO has reported MVR 3.4 billion of loans and borrowings at the end Q3 2021. In addition, equity and reserves of the company was MVR 978.8 million at the end of Q3 2021 which was increased compared to Q3 2020 and Q2 2021 by 11% and 1% respectively.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.57	0.68	0.70
TIMES	TIMES	TIMES

STELCO's total assets are high compared to the total debts in the end of third quarter of 2021. Hence, company's debt to assets ratio in Q3 2021 was 0.68 times in the quarter. It is noted that, total assets of the company at the end of Q3 2021 was MVR 5 billion. Total assets were increased in Q3 2021 compared to the same quarter of last year by MVR 123.5 million. Likewise, total assets were increased in Q3 2021 by MVR 10.8 million compared to previous quarter.

CONCLUSION & RECOMENDATION

STELCO has achieved a revenue growth compared to the other two quarters. Company's direct costs stands at MVR 429 million, which was increased by 4% compared to previous quarter mainly as a result of increase in depreciation by 26% and increase in cost of sales-sales center by 149%. Hence, gross profit of the company in Q3 2021 was 95.9 million, which is a decline of 9% compared to previous quarter. Net profit of the company was decreased as a result of higher direct costs.

STELCO's liquidity position shows favorable results in terms of current and quick ratio. However, it is noted that majority of the current assets are trade and other receivables of the company. 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 3.4 billion accounted as total loans and borrowings of MVR 2.8 billion and MVR 654 million as government grant. Company's equity and reserves stands at MVR 978.8 million in Q3 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 turning into cash must be looked into and corporate customers with lower credit quality must be assessed and monitored more carefully.

Quarterly review; Quarter 3-2021

STATE TRADING ORGANIZATION PLC (STO)

STATE TRADING ORGANIZATION PLC
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/STO/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
1.55	2.52	2.22
Billion in MVR	Billion in MVR	Billion in MVR

STO has reported a revenue of MVR 2.52 billion for the third quarter of 2021, a growth of 14% compared to previous quarter. The growth is mainly attributable to the fuel revenue with increased price and quantity sold during the quarter. The contribution of fuel segment to the total revenue has been increasing. Fuel revenue contributed 53% of total revenue in Q3 2020 and it has increased to 69% in Q3 2021.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
334	375	373
Million in MVR	Million in MVR	Million in MVR

While revenue grew at 14% compared to previous quarter, costs of sales increased by 16%. Thus, gross profit margin declined from 17% to 15% compared to previouse quarter. The fuel costs have increased significantly due to increase in global fuel prices.

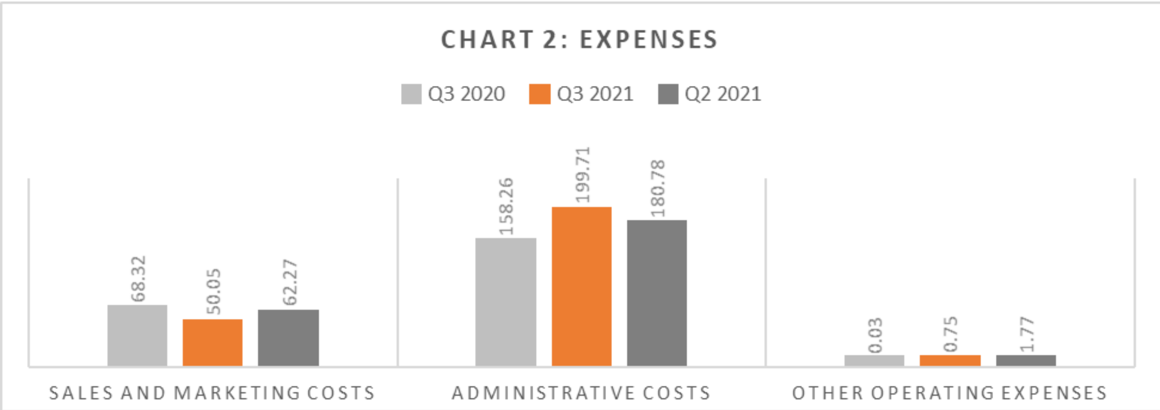
Net Profit

Q3 2020	Q3 2021	Q2 2021
100	129	110
Million in MVR	Million in MVR	Million in MVR

STO has achieved outstanding results in terms of net profit in the third quarter because of increased revenue and positive net finance cost due to dividend from subsidiaries. The operational costs of the company recorded an increment of 2% compared to previous quarter hence, net profit margin improved from 4.97% to 5.11% compared to previous quarter.

Expenses

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



has increased while sales and marketing reduced. In comparison to previous quarter, only administrative expenses increased.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.13	1.19	1.18
TIMES	TIMES	TIMES

STO has reported a current ratio of 1.19 times for Q3 2021 indicating that the company is able to pay off its short-term liabilities with its current assets, however current assets are just marginally above its current liabilities. Both current assets and liabilities have increased compared to Q3 2020 and Q2 2021 as well. It is also important to note that the most significant component of current assets is trade and other receivables which represents 67% of current assets and equivalent to 129% of company's revenue for the Q3 2021. Receivables from related party is more than 60%. Therefore, STO could improve the ratio by collection of its receivables.

Quick Ratio

Q3 2020	Q3 2021	Q2 2021
0.85	0.99	0.96
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. STO's quick ratio is almost 1 indicating company is able to meet its short-term liabilities with its most liquid assets. STO is maintaining an inventory of MVR 808 million at the end Q3 2021.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
0.07	0.19	0.11
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 has improved compared to previous quarter since cash and cash equivalents has significantly increased by MVR 389 million compared to previous quarter. This is mainly as a result of proceeds from additional borrowing during the quarter.

STO has a significant trade and other payables of MVR 1.9 billion at the end of Q3 2021. Since company's current liabilities consists mostly of trade and other payables, delay in settling supplier payments could be risky for the company as this could impact relationship with the suppliers. If the company is able to collect the receivables on time, trade and other payables could be paid out without any difficulty.

LEVERAGE

Debt to Equity

Q3 2020	Q3 2021	Q2 2021
0.70 TIMES	0.82 TIMES	0.79 TIMES

Debt to equity ratio illustrates the degree to which STO is financing its operations through debts. Debt to equity ratio of STO is high in Q3 2021 compared to other two quarters, indicating higher financial risk. STO has obtained new short-term borrowings in the quarter, thus total debt has reached to MVR 2.29 billion as at Q3 2020.

Debt to Assets

Q3 2020	Q3 2021	Q2 2021
0.27 TIMES	0.32 TIMES	0.31 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. A ratio less than one means STO owns more assets than liabilities and can meet its obligations by selling its assets if needed. The lower the debt to asset ratio, the less risky the company. As shown in the figure the results are higher in Q3 2021, since additional funds are borrowed during this quarter.

Debt Capitalization

Q3 2020	Q3 2021	Q2 2021
0.41 TIMES	0.45 TIMES	0.44 TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Debt capitalization has increased due to additional loans and borrowings and now stands at 45%. Therefore, STO must manage it carefully, ensuring enough cash flow is on hand to manage principal and interest payments on debt.

Interest Cover

Q3 2020	Q3 2021	Q2 2021
3.9	5.7	5.3
TIMES	TIMES	TIMES

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

CONCLUSION & RECOMENDATION

STO has achieved a revenue growth 14% in Q3 2021 compared to previous quarter mainly from fuel revenue. Thus, the net profit has improved, and net profit margin also improved from 4.97% in Q2 2021 to 5.11% in Q3 2021.

In terms of short-term liquidity position, company's current assets are more than current liabilities. However, the significant component of current asset is trade and other receivables which has an increasing trend over the past quarters. It is important to note that 67% of current assets are from trade and other receivables. Majority of company's trade and other receivables are from government entities and SOE's. Revenue looks good on paper but turning accounts receivable into cash is essential for a business to continue functioning. Thus, STO should consider its growing receivables. Improving receivables collection will also improve the payables of the company as the company can settle its current liabilities. STO has borrowed additional loans in the quarter which lead to high leverage.

Quarterly review; Quarter 3-2021

TRADENET MALDIVES CORPORATION LIMITED (TMCL)

TRADENET MALDIVES CORPORATION LIMITED
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/TMCL/Q3

Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
Nil	3.80	0.90
	Million in MVR	Million in MVR

TradeNet Maldives Corporation Limited (TMCL) was incorporated on 15th of October 2019 and since then company is working closely with the Ministry of Economic Development to establish the 'National Single Window' which will be a trade portal providing an efficient one-stop paperless system to lodge standardized declaration and various clearance applications electronically for trade facilitation and for the benefit of all stake holders engaged in international supply chain. In addition to that, company operates a contact center on a commercial basis which currently retains two clients. Further, in Q3 2021 operational works for One-Stop Shop Services (OSSS) has initiated by hiring and mobilizing the team for project which was signed in Q2 2021.

Revenue has increased by 323% compared to previous quarter. The significant increase is due to OSSS project income by MVR 2.85 million. Income from contact center has increased by 10% (by MVR 58.9 thousand), as a result of revision brought to a client's fee rates in late Q2 2021. It is noted that, total revenue includes MVR 0.31 million which is a grant income from ADB. Considering it as other income if revenue is re-measured, it is recorded at MVR 3.49 million for Q3 2021 (Q2 2021: MVR 0.57 million).

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

Operating Profit/Loss

Q3 2020	Q3 2021	Q2 2021
-1.29	-0.55	-1.91
Million in MVR	Million in MVR	Million in MVR

Company has experienced an operating loss margin of -14% (-213% in Q2 2021). Improvement in loss margin is caused due to increase in income while optimizing its operating cost. However, it is important that company plan and execute additional financial measures to maintain its operation at a breakeven point.

Total overhead expenses has increased from MVR 2.82 million to MVR 4.35 million compared the previous quarter, which mainly includes personnel expenses (increased by 54%) and other operating expenses (increased by 56%).

Personnel costs were increased by 274% as more staff were employed in the quarter compared Q3 2020. Likewise, personnel costs increased compared to previous quarter by 54% as 43 additional staffs were hired for OSSS project under ICT portal development and for Fuavmulah centre.

Overhead Expenses	Q3 2020	Q3 2021	Q2 2021
H.O Lease Rent	375,000	375,000	375,000
Other rent expenses	-	120,000	-
Electricity Expenses	-	40,229	20,452
Telephone/internet	-	117,641	162,217
Professional fees	-	60,000	40,000
Other consultancy services	-	117,097	2,212
Travel expenses	-	141,792	-
Payroll related expenses	859,083	3,216,853	2,088,448

Expenses included in the above table cover over 70% of total overhead expenses. Among them, payroll expense is the highest with over 68% of total overhead expense. It is noted that during Q3 2021, company has incurred new expenses with the new project initiation.

Compared to previous quarter significant increase has been seen from other consultancy services by MVR 114.8 thousand and travel expenses by MVR 141.7 thousand. The increase is mainly due to hiring temporary IT consultants for OSSS project as well as for HEOC requirement along with trips made to Fuavmulah center for the setup, recruitment and training purpose. In addition to that company has incurred other rent expenses for office and accommodation at Fuavmulah OSSS center Q3 2021.

Company's net profit and operating profit were same as company has no borrowing to acquire a finance cost or received finance income from any activity.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
2	1.4	100
TIMES	TIMES	TIMES

Current ratio has decreased by 99% compared to previous quarter which indicates that company may struggle to settle its short-term liabilities from the current assets available. It is noted that current asset of the company has increased from MVR 2.09 million to MVR 7.49 million, while current liabilities has increased from MVR 20 thousand to MVR 5.26 million.

It is noted that over 52% of current asset comprise of receivables related to project OSSS and 36% of current asset includes cash and cash equivalent while 8% include receivables related to contact centers. As at third quarter 2021, government has injected capital of MVR 2.06 million to the company.

The significant increase in current liability is due to payables related to OSSS project by MVR 5.11 million which comprises 97% of total payables. Although project related receivable is recognized (by MVR 3.92 million), company has recorded MVR 2.85 million as project related revenue according to the level of its completion.

Cash Ratio

Q3 2020	Q3 2021	Q2 2021
2.0	0.5	48.5
TIMES	TIMES	TIMES

Cash ratio has deteriorated to 0.5 times indicating that company may be facing difficulties to settle the due bills from cash and cash equivalents. Although company has a cash balance of MVR 2.69 million at the end of the third quarter 2021 (which covers 36% of company's total current assets), it must be noted that the cash received in the quarter reflects to the capital injection from the government (by MVR 2.05 million) in Q3 2021, as well as the cash received for OSSS project (by MVR 4.09 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 0.90 million, while Q3 2021 records MVR 3.80 million as revenue. However, with the significant increase in operating expenses company has experienced a net loss of MVR 0.55 million (net loss in Q2 2021: MVR 1.91 million). Although company has improved its net loss over the two quarters, it is important that company continue to focus on achieving a breakeven point in its operation.

Company's liquidity position has deteriorated over the comparable period with the commencement of OSSS project, as more payables are recorded related to the project. Working capital management plays vital role to smoothly run any operation. As such company must focus on maintaining its current assets and current liabilities at an optimum level, along with improving its operating cashflow to effectively manage its liquidity position.

Quarterly review; Quarter 3-2021

WASTE MANAGEMENT CORPORATION (WAMCO)

WASTE MANAGEMENT CORPORATION
Q3 2021 PERFORMANCE ANALYSIS

Report No: PEM/2021/WAMCO/Q3

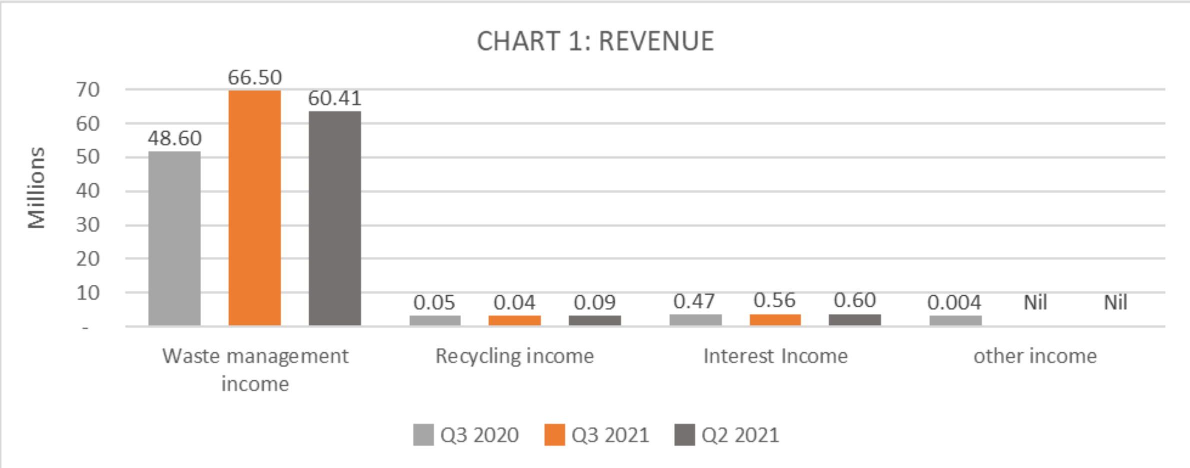
Q3 2021 with Q3 2020 and Q2 2021

PROFITABILITY

Revenue

Q3 2020	Q3 2021	Q2 2021
49.1	67.1	61.1
Million in MVR	Million in MVR	Million in MVR

WAMCO has reported a total revenue of MVR 67.1 million for Q3 2021, which is a growth of 37% and 10% compared to both the quarters of Q2 2020 and Q1 2021 respectively. The following table summarized the revenue recorded by WAMCO for the quarters, Q3 2021, Q3 2020 and Q2 2021.



The increment of revenue can be seen from waste management income compared to previous quarter. This is mainly due to recognition of additional reimbursements related to Vandhoo operations. Recycling income has marginally reduced in Q3 2021 compared to Q2 2021 due to changes in type of trash receive for recycling. Interest income mostly consist of fine collections which varies from quarter to quarter.

In comparison to previous quarter, total revenue shows improvement of 10%, mainly from waste management income.

Gross Profit

Q3 2020	Q3 2021	Q2 2021
11.9	15.3	9.78
Million in MVR	Million in MVR	Million in MVR

While revenue increased by 10% compared to previous quarter, cost of sales grew by only 1%. Thus, the gross profit of the company shows an increment of MVR 5.5 million. Likewise, gross profit margin also improved from 16% to 23% in Q3 2021.

In comparison to same period of last year, the gross profit shows a growth of 29%.

Net Profit/ (Loss)

Q3 2020	Q3 2021	Q2 2021
-10.6	-7.08	-17.0
Million in MVR	Million in MVR	Million in MVR

WAMCO incurred a net loss in the comparable quarters Q3 2021, Q3 2020 and Q2 2021. The net loss of the company is lower in Q3 2021, compared to previous quarter. Improvement in revenue together with cost management has reduced company's loss for the quarter.

In comparison to last quarter, administrative expenses were maintained almost same level, hence improvement in revenue has led to a lower net loss in Q3 2021.

Administrative expense	Q3 2020	Q3 2021	Q2 2021
Staff salaries	9,783,180	11,278,842	13,524,019
Pension	1,385,359	1,587,391	1,544,951
Staff welfare	1,260,959	2,416,827	2,176,772
Directors' salaries	125,064	93,694	78,483
Rent	1,057,639	872,320	893,320
Water and electricity	1,601,924	1,923,591	1,029,143
Communication expense	595,698	747,273	447,686
Printing and stationary	340,278	287,269	184,776
License and permits	7,200	165,708	108,700
professional fee	4,270	95,943	-
insurance charges	30,250	90,400	24,000
travelling expenses	153,672	907,334	620,723
Bank charges	217,402	199,645	114,559
Depreciation and ammortizati	3,960,143	3,174,886	3,246,412
Repair and maintenance	1,576,892	1,988,793	1,722,262
Office expenses	21,934	16,523	22,150
Dues and Subscription	-	20,159	85,076
Fines and penalties	24,415	7,199	2,755
Sundry expenses	89,577	240,389	815,061
Customer duty and clearing	9,804	17,727	17,727
Sponsorship	90	50,000	55,709
Total Admin Expenses	**22,245,750**	**26,181,913**	**26,714,284**
Advertising and promotional	187,254	(3,851,294)	91,538
Total Expeneses	**22,433,004**	**22,330,619**	**26,805,822**

Staff related costs are comparatively high in the company. Apart from that, the company spend a huge sum for staff welfare. The company can minimize such expenses till the company becomes self-sustainable.

Reduction in staff costs compared to previous quarter is mainly due to Ramadan allowance in previous quarter. Expenses such as repair and maintenance, travel expenses and water and electricity are higher in Q3 2021 compared to previous quarter.

The negative advertising and promotional expense in Q3 2021 are due to cancellation of an advertising agreement supplier credit was applied.

Compared to Q3 2020, total expenses kept at almost same level. Nevertheless, staff salaries are 15% higher in Q3 2021 as total number of staffs has increased.

LIQUIDITY

Current Ratio

Q3 2020	Q3 2021	Q2 2021
1.90	1.34	1.35
TIMES	TIMES	TIMES

The company has a favorable current ratio for the three quarters in review. Current assets of the company are higher than current liabilities. However, current assets comprise mainly of trade and other receivables which has an increasing trend and has been outstanding for a long time. Trade and other receivables show increment of MVR 34 million (24%) while revenue recorded an increment of MVR 6 million (10%) compared to previous quarter. As company has been unable to recover from trade receivables, this is reflected from trade payables of the company as well. Trade and other payables have increased by over MVR 37.7 (35%) million against Q2 2021.

In comparison to Q2 2020, the liquidity position has declined since the payables has grown by a larger amount than trade receivables.

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

Q3 2020	Q3 2021	Q2 2021
0.11	0.11	-0.00
TIMES	TIMES	

WAMCO has a very insignificant level of cash compared to the level of operations. The company has achieved a positive operational cash flow in Q3 2021, after consecutive negative operational cashflows.

The company is merely dependent on capital injected by the government for the day to day operations. However, the company lacks the ability to be self-sufficient till today since inception. Government injected MVR 17.5 million for Q3 2021.

CONCLUSION & RECOMENDATION

The overall performance of WAMCO has improved compared to Q3 2020 and Q2 2021 due to improvement in revenue. However, the improvement in revenue did not come from improvement in performance. However, the company has been able to maintain cost of sales at the same level as previous quarter, thus reducing the net loss of the company from MVR 17 million to MVR 7 million compared to Q2 2021.

The liquidity position of the company is weak though the current ratio shows favorable results. The majority of current assets include receivables buildup over the period and which represents more than 92% of current assets. Moreover, based on the cash ratio, the liquidity position is very weak, as the company does not generate sufficient cash through their operations. Hence, the company depend on shareholder assistance to manage their operation. Receivable collection is one of the major issues for WAMCO. A huge sum of potential cash has been tied up in the form of receivables. Proper policies and procedures need to be set and implemented to collect unrecovered receivables and collect receivable on time. Inclusion of waste management fee in utility bill would enable company to collect the revenue more efficiently.

To become self-sufficient, WAMCO should expand the business and thereby improve their revenue. Becoming self-sufficient is important for sustainability of business operation. Therefore, WAMCO needs to control cost and expenses and take necessary measures to minimize cost