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, 2020

INTRODUCTION

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

This quarterly review is a summary of the quarterly analysis prepared after analyzing the performance of the companies through the quarterly reports. For this purpose, individual analysis is prepared for each SOE separately. The analysis is done based on the comparison of quarter three of 2020 with the quarter three of 2019.

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 different SOEs operating in the Maldivian market, which contributes significantly to the GDP of Maldives.

COMPANY NAME	Non-Current Assets	Current Assets	Total Assets	Loans and Borrowings	Total Liabilities
AASANDHA COMPANY LIMITED	8,404,974	69,647,582	78,052,556	-	100,584,264
BUSINESS CENTRE CORPORATION LTD	341,723	4,284,052	4,625,775	-	628,873
FAHI DHIRIULHUN CORPORATION LTD	936,919	3,629,451	4,566,370	-	129,902
KAHDHOO AIRPORT COMPANY LTD	40,520,224	38,052,470	78,572,694	-	1,879,942
MALDIVES CENTER FOR ISLAMIC FINANCE LTD	1,569,346	612,100	2,181,445	-	2,033,587
MALDIVES FUND MANAGEMENT CORPORATION LIMITED	5,634,621	18,451,418	24,086,039	-	4,630,554
MALDIVES HAJJ CORPORATION LTD	83,673,506	65,867,942	149,541,448	-	172,579,635
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	48,977,770	16,192,553	65,170,322	-	79,040,104
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	942,816	1,653,239,300	1,654,182,116	-	1,611,860,681
MALDIVES SPORTS CORPORATION LTD	1,176,905	1,931,367	3,108,272	-	321,626
ROAD DEVELOPMENT CORPORATION LIMITED	3,212,781	55,671,959	58,884,741	-	78,407,250
SME DEVELOPMENT FINANCE CORPORATION LTD	2,077,597	507,943,706	510,021,303	-	38,722,442
PUBLIC SERVICE MEDIA	592,295,929	15,500,326	607,796,255	80,000,000	169,517,451
WASTE MANAGEMENT CORPORATION	158,304,536	305,886,318	305,886,318	-	77,817,533
TRADE NET MALDIVES CORPORATION LTD	1,212,115	1,064,858	2,276,974	-	532,785
TOTAL	**949,281,762**	**2,757,975,402**	**3,548,952,628**	**80,000,000**	**2,338,686,629**
ADDU INTERNATIONAL AIRPORT PVT LTD	548,328,746	50,116,079	598,444,824	438,058,841	699,983,170
BANK OF MALDIVES LTD*	NA	NA	29,826,371,000	925,064,000	22,363,559,000
DHIVEHI RAAJJEYGE GULHUN PLC	2,309,441,000	1,570,424,000	3,879,865,000	-	1,585,714,000
FENAKA CORPORATION LTD	1,852,842,612	661,381,750	2,514,224,362	131,655,918	933,573,667
HOUSING DEVELOPMENT CORPORATION	18,899,480,789	12,421,071,011	31,320,551,800	10,659,097,011	13,680,230,300
HOUSING DEVELOPMENT FINANCING CORPORATION PLC*	NA	NA	2,060,982,165	1,069,284,134	1,427,342,440
ISLAND AVIATION SERVICES LIMITED	2,107,361,187	975,429,235	3,082,790,421	572,981,048	1,955,095,736
MALDIVES AIRPORTS COMPANY LTD	12,783,006,000	1,668,372,000	14,451,378,000	6,851,926,000	8,739,860,000
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1,018,690,251	1,369,827,286	2,388,517,537	543,622,142	1,287,470,534
MALDIVES TOURISM DEVELOPMENT CORPORATION	983,509,728	112,784,440	1,096,294,167	-	461,511,857
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1,001,984,809	1,544,663,828	2,546,648,637	152,838,871	1,046,815,270
MALDIVES PORTS LIMITED	1,036,644,499	729,450,418	1,766,094,917	189,059,607	1,132,573,593
STATE ELECTRIC COMPANY LTD	3,860,266,198	1,050,789,727	4,911,055,925	2,195,841,665	4,029,888,938
STATE TRADING ORGANIZATION PLC	2,161,467,648	4,254,730,319	6,416,197,967	1,729,269,248	3,942,168,155
MALDIVES POST LIMITED	49,040,103	133,094,522	182,134,625	-	98,423,480
TOTAL	**48,612,063,570**	**26,542,134,615**	**107,041,551,348**	**25,458,698,485**	**63,384,210,139**
GRAND TOTAL	**49,561,345,332**	**29,300,110,017**	**110,590,503,976**	**25,538,698,485**	**65,722,896,769**

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

The above table illustrates the balance sheet figures of SOEs as at the end of 30 September 2020. Among the above SOEs, HDC is the highest asset-based company with total assets of MVR 30 billion. This is because HDC has a significant amount of investment properties. Second, is BML with a total asset of MVR 29.8 billion. MACL is also a high asset-based company with total assets of MVR 14 billion. MACL has significant capital works-in-progress including new runway, fuel farm and cargo terminal.

Companies such as STO, STELCO, Fenaka, MTCC, MTDC, MWSC, PORTS and Dhiraagu have total assets over MVR 100 million.

HDC and MACL have the most significant loans and borrowings among the SOEs as a result of huge capital projects of these two companies. In terms of liabilities, BML has the highest liabilities because of significant dues to customers (customer deposits).

	REVENUE GROWTH			
	COMPANY NAME	Q3 2019 (MVR)	Q3 2020 (MVR)	%
1	AASANDHA COMPANY LIMITED	11,854,538	10,261,001	
2	BUSINESS CENTRE CORPORATION LTD	-	124,789	-
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	3,528,496	1,088,726	-69%
5	MALDIVES CENTER FOR ISLAMIC FINANCE LTD	(5,671)	-	
6	MALDIVES FUND MANAGEMENT CORPORATION LIMITED	-	-	
7	MALDIVES HAJJ CORPORATION LTD	72,152,315	-	-100%
8	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	-	-	
9	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	5,664,106	448,895	-92%
10	MALDIVES SPORTS CORPORATION LTD	1,321,141	2,908,172	120%
11	ROAD DEVELOPMENT CORPORATION LIMITED	N/A	3,227,855	
12	SME DEVELOPMENT FINANCE CORPORATION LTD	1,464,970	2,834,243	
13	PUBLIC SERVICE MEDIA	36,553,608	23,870,541	-35%
14	WASTE MANAGEMENT CORPORATION	55,949,897	49,113,979	-12%
15	TRADE NET MALDIVES CORPORATION LTD	N/A	-	
	TOTAL	**188,483,400**	**93,878,201**	-50%
16	ADDU INTERNATIONAL AIRPORT PVT LTD	13,971,307	3,127,116	-78%
17	BANK OF MALDIVES LTD	639,051,000	646,169,000	1%
18	DHIVEHI RAAJJEYGE GULHUN PLC	685,313,000	586,774,000	-14%
19	FENAKA CORPORATION LTD	369,199,375	427,189,966	16%
20	HOUSING DEVELOPMENT CORPORATION	51,997,729	62,962,884	21%
21	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	49,947,202	47,699,539	-5%
22	ISLAND AVIATION SERVICES LIMITED	514,068,329	107,350,867	-79%
23	MALDIVES AIRPORTS COMPANY LTD	1,178,046,000	167,595,000	-86%
24	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	282,822,332	350,181,804	24%
25	MALDIVES TOURISM DEVELOPMENT CORPORATION	17,301,548	13,593,902	-21%
26	MALE' WATER AND SEWERAGE COMPANY PVT LTD	253,119,373	200,456,418	-21%
27	MALDIVES PORTS LIMITED	196,948,003	142,330,197	-28%
28	STATE ELECTRIC COMPANY LTD	482,776,195	468,704,819	-3%
29	STATE TRADING ORGANIZATION PLC	2,246,912,106	1,545,651,776	-31%
30	MALDIVES POST LIMITED	N/A	2,590,155	
	TOTAL	**6,981,473,499**	**4,772,377,442**	**-32%**
	GRAND TOTAL	**7,169,956,900**	**4,866,255,643**	**-32%**

Q3 2019 figures of Post Ltd was not included as Post was operating under IASL during that period

STO is the largest revenue generating among the SOEs, however the company has also experienced a loss of revenue by 31% compared to the same period of last year, mainly due to reduction in selling price and shrinking demand of fuel caused by the Covid-19 outbreak. On the other hand, revenue from pharmaceutical items and medicals equipment's has increased in the quarter.

The performance of MACL has severely affected in Q3 2020 compared to the same period of last year. Nevertheless, revenue has started to pick-up after the lock down and Covid-19 impact. Similarly, revenue of IAS and KACL is also low in comparison to previous year due to reduced flight movements.

Hajj corporation has not generated any revenue during the quarter as Hajj planned for the quarter was cancelled Saudi Arabian authorities due to the COVID 19 pandemic. Further, revenue of MMPRC has also recorded a drop of 93%, as most of fairs got cancelled.

Nevertheless, some of the SOEs have recorded growth in revenue compared to the same period of last year. Companies who have recorded increment in revenue includes BML, MSCL, Fenaka, HDC and MTCC.

It is important to note that companies such as MCIF and MITDC have not carried out any revenue generating activities which could improve their performance. These are the low performing companies who constantly depend on shareholder assistance.

GROSS PROFIT				
	COMPANY NAME	**Q3 2019 (MVR)**	**Q3 2020 (MVR)**	**%**
1	AASANDHA COMPANY LIMITED	11,854,538	10,261,001	-13%
2	BUSINESS CENTRE CORPORATION LTD	-	124,789	-
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	(3,175,391)	(4,838,901)	52%
5	MALDIVES CENTER FOR ISLAMIC FINANCE LTD	(5,671)	-	-100%
6	MALDIVES FUND MANAGEMENT CORPORATION LIMITED	-	-	-
7	MALDIVES HAJJ CORPORATION LTD	(9,098,703)	-	-100%
8	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	-	-	-
9	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(5,955,095)	(4,602,478)	-23%
10	MALDIVES SPORTS CORPORATION LTD	1,321,141	164,957	-88%
11	ROAD DEVELOPMENT CORPORATION LIMITED	N/A	480,169	-
12	SME DEVELOPMENT FINANCE CORPORATION LTD	1,464,970	2,834,243	93%
13	PUBLIC SERVICE MEDIA	19,485,686	9,012,003	-54%
14	WASTE MANAGEMENT CORPORATION	17,221,340	11,855,510	-31%
15	TRADE NET MALDIVES CORPORATION LTD	N/A	-	
	TOTAL	**33,112,815**	**25,291,293**	-24%
16	ADDU INTERNATIONAL AIRPORT PVT LTD	(8,377,544)	(14,237,720)	70%
17	BANK OF MALDIVES LTD	414,621,000	454,103,000	10%
18	DHIVEHI RAAJJEYGE GULHUN PLC	251,050,000	192,244,000	-23%
19	FENAKA CORPORATION LTD	117,984,476	182,273,700	54%
20	HOUSING DEVELOPMENT CORPORATION	51,997,729	62,181,734	20%
21	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	27,654,799	27,990,438	1%
22	ISLAND AVIATION SERVICES LIMITED	194,910,930	(34,404,252)	-118%
23	MALDIVES AIRPORTS COMPANY LTD	721,238,000	125,433,000	-83%
24	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	47,872,021	86,069,049	80%
25	MALDIVES TOURISM DEVELOPMENT CORPORATION	9,966,578	8,983,522	-10%
26	MALE' WATER AND SEWERAGE COMPANY PVT LTD	161,261,028	119,870,412	-26%
27	MALDIVES PORTS LIMITED	148,502,059	114,873,072	-23%
28	STATE ELECTRIC COMPANY LTD	104,040,280	96,088,092	-8%
29	STATE TRADING ORGANIZATION PLC	340,701,888	342,624,951	1%
30	MALDIVES POST LIMITED	N/A	2,495,886	-
	TOTAL	**2,616,536,059**	**1,791,880,177**	**-32%**
	GRAND TOTAL	**2,633,757,399**	**1,803,735,687**	**-32%**

Companies such as SDFC, BML, HDFC, FENAKA, HDC, MTCC and STO have recorded a growth in gross profit compared to same quarter of previous year. Fenaka Corporation has achieved a gross profit margin by reducing direct costs together with increase in revenue. HDC has recorded a gross profit in Q3 2020 while it had a gross loss in the same period of last year.

On the other hand, companies such as IAS have made a gross loss for the quarter attributing to the significant loss of revenue. In addition, MACL, Dhiraagu, MWSC, STELCO, MPL, WAMCO and PSM have experience a reduction in their gross profit.

NET PROFIT			
COMPANY NAME	Q3 2019 (MVR)	Q3 2020 (MVR)	%
1 AASANDHA COMPANY LIMITED	-	-	-
2 BUSINESS CENTRE CORPORATION LTD	(322,077)	(2,437,030)	-657%
3 FAHI DHIRIULHUN CORPORATION LTD	(1,135,661)	(1,759,350)	-55%
4 KAHDHOO AIRPORT COMPANY LTD	(3,175,391)	(6,630,615)	-109%
5 MALDIVES CENTER FOR ISLAMIC FINANCE LTD	(1,224,976)	(1,291,101)	-5%
6 MALDIVES FUND MANAGEMENT CORPORATION LIMITED	(1,552,779)	(1,568,411)	-1%
7 MALDIVES HAJJ CORPORATION LTD	(10,250,944)	(237,695)	98%
8 MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(1,314,010)	(1,259,812)	4%
9 MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	(11,382,239)	(8,080,636)	29%
10 MALDIVES SPORTS CORPORATION LTD	80,951	(1,104,628)	1465%
11 ROAD DEVELOPMENT CORPORATION LIMITED	NA	(10,323,041)	
12 SME DEVELOPMENT FINANCE CORPORATION LTD	(451,455)	(1,601,481)	-255%
13 PUBLIC SERVICE MEDIA	5,829,760	(3,426,288)	159%
14 WASTE MANAGEMENT CORPORATION	(3,943,515)	(10,577,494)	-168%
15 TRADE NET MALDIVES CORPORATION LTD	NA	(1,292,108)	
TOTAL	**(28,842,335)**	**(51,589,690)**	**79%**
16 ADDU INTERNATIONAL AIRPORT PVT LTD	(15,253,622)	(14,237,720)	7%
17 BANK OF MALDIVES LTD	224,449,000	258,673,000	15%
18 DHIVEHI RAAJJEYGE GULHUN PLC	203,053,000	158,640,000	-22%
19 FENAKA CORPORATION LTD	975,420	28,564,178	2828%
20 HOUSING DEVELOPMENT CORPORATION	(86,357,914)	991,466	101%
21 HOUSING DEVELOPMENT FINANCING CORPORATION PLC	22,936,155	23,490,651	2%
22 ISLAND AVIATION SERVICES LIMITED	61,632,547	(102,959,664)	-267%
23 MALDIVES AIRPORTS COMPANY LTD	350,315,000	(129,622,000)	-137%
24 MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	36,996,809	51,182,294	38%
25 MALDIVES TOURISM DEVELOPMENT CORPORATION	6,303,418	3,410,148	-46%
26 MALE' WATER AND SEWERAGE COMPANY PVT LTD	85,738,530	41,133,081	-52%
27 MALDIVES PORTS LIMITED	36,888,012	12,535,610	-66%
28 STATE ELECTRIC COMPANY LTD	41,234,527	14,504,237	-65%
29 STATE TRADING ORGANIZATION PLC	94,910,276	100,261,739	6%
30 MALDIVES POST LIMITED	N/A	(4,829,363)	-
TOTAL	**1,063,821,159**	**441,737,658**	**-58%**
GRAND TOTAL	**1,034,978,823**	**390,147,968**	**-62%**

When looking into individual performance, there are few companies who have achieved a net profit growth in Q3 2020 compared to Q3 2019. They are BML, Fenaka, HDC, HDFC, MTCC and STO.

On the other hand, the net loss of BCC, KACL, MCIF, MFMC, MITDC, SDFC and WAMCO has increased in Q3 2020. The profitable companies such as IAS and MACL has also ended the quarter with a net loss due to significant loss of revenue.

SHORT TERM LIQUIDITY RATIOS

COMPANY NAME	Q3 2019 (MVR) Current Ratio (Times)	Quick Ratio (times)	Q3 2020 (MVR) Current Ratio (times)	Quick Ratio (times)
AASANDHA COMPANY LIMITED	1.07	1.06	1.14 ↑	1.14 ↑
BUSINESS CENTRE CORPORATION LTD	5.06	5.06	6.81 ↑	6.63 ↑
FAHI DHIRIULHUN CORPORATION LTD	6.81	N/A	27.9 ↑	N/A
KAHDHOO AIRPORT COMPANY LTD	27.52	26.78	20.24 ↓	19.63 ↓
MALDIVES CENTER FOR ISLAMIC FINANCE LTD	4.16	4.14	0.37 ↓	0.37 ↓
MALDIVES FUND MANAGEMENT CORPORATION LIMITED	1.70	1.70	1.9 ↑	1.8 ↑
MALDIVES HAJJ CORPORATION LTD	1.10	1.00	1.6 ↑	1.6 ↑
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.23	N/A	0.20↓	N/A
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	1.04	1.04	1.03↓	1.03↓
MALDIVES SPORTS CORPORATION LTD	10.09	10.09	6.01 ↓	5.89 ↓
PUBLIC SERVICE MEDIA	0.24	N/A	0.17 ↓	N/A
WASTE MANAGEMENT CORPORATION	2.73	N/A	1.90 ↓	N/A
TRADE NET MALDIVES CORPORATION LTD	N/A	N/A	2.00	N/A
ROAD DEVELOPMENT CORPORATION LIMITED	N/A	N/A	0.71	0.66
ADDU INTERNATIONAL AIRPORT PVT LTD	0.11	0.09	0.11	0.10 ↑
DHIVEHI RAAJJEYGE GULHUN PLC	1.49	1.39	1.29 ↓	1.24 ↓
FENAKA CORPORATION LTD	0.73	0.42	0.79 ↑	0.35 ↓
HOUSING DEVELOPMENT CORPORATION	3.11	0.90	4.39 ↑	0.90
ISLAND AVIATION SERVICES LIMITED	0.94	0.80	0.84 ↓	0.77 ↓
MALDIVES AIRPORTS COMPANY LTD	2.30	2.08	1.00 ↓	0.83 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1.42	1.07	1.56 ↑	1.21 ↑
MALDIVES TOURISM DEVELOPMENT CORPORATION	0.25	N/A	2.37 ↑	N/A
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1.31	0.94	1.28 ↓	0.91 ↓
MALDIVES PORTS LIMITED	0.81	0.72	0.91 ↑	0.80 ↑
STATE ELECTRIC COMPANY LTD	1.07	0.89	1.13 ↑	0.85 ↓
STATE TRADING ORGANIZATION PLC	1.13	0.85	1.13	0.89 ↑
MALDIVES POST LIMITED	N/A	N/A	1.16	1.16

The current ratio measures a company's ability to pay short-term obligations or those due within one year. Current ratio of MPL indicates that company has enough current assets to settle the short-term obligation. 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 just above 1, showing that the company have just enough assets to be instantly liquidated to pay off its current liabilities.

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 ideality might differ from industry to industry and the perfect ratio depends on company's nature. Likewise, in theory however, a high ratio (over 3) does not necessarily indicate that a company is in a state of financial well-being. As such, depending on how the company's assets are allocated, a high current ratio may suggest that that company is not using its current assets efficiently, or is not securing financing well, or perhaps is not managing its working capital effectively.

The companies with favorable current ratio include Dhiraagu, MWSC, MTDC, MTCC, HDC and WAMCO. These companies have enough current assets to cover their current liabilities.

As per the above table FDC and KACL has the highest current ratio, however this represent 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.

Most of the SOE's liquidity position is unsatisfactory with high amounts of current liabilities relative to their current assets. For instance, RDC, MCIF, AIA, PSM, MPL, Fenaka, AIA, MITDC and IAS have fewer current assets compared to their current liabilities. Further, the liquidity problems of SOEs are getting worse with growing receivables.

FINANCIAL LEVERAGE RATIOS

COMPANY NAME	Q3 2019 Debt to Equity (times)	Q3 2019 Debt to Assets (times)	Q3 2020 Debt to Equity (times)	Q3 2020 Debt to Assets (times)
ADDU INTERNATIONAL AIRPORT PVT LTD	(10.09)	0.82	(4.31) ↓	0.73 ↓
FENAKA CORPORATION LTD	1.16	0.12	0.08 ↓	0.05 ↓
HOUSING DEVELOPMENT CORPORATION	0.58	0.31	0.60 ↑	0.34 ↑
ISLAND AVIATION SERVICES LIMITED	0.39	0.19	0.51 ↑	0.19
MALDIVES AIRPORTS COMPANY LTD	0.46	1.07	0.47 ↑	1.20 ↑
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	0.62	0.28	0.49 ↓	0.23 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	0.06	0.10	0.07 ↑	0.12 ↑
MALDIVES PORTS LIMITED	0.15	0.11	0.38 ↑	0.22 ↑
PUBLIC SERVICE MEDIA	0.19	0.13	0.18 ↓	0.13
STATE ELECTRIC COMPANY LTD	3.47	0.62	3.26 ↓	0.58 ↓
STATE TRADING ORGANIZATION PLC	1.04	0.38	0.70 ↓	0.27 ↓

The above listed companies are the companies who have debts as means of financing for investments. Based on the ratios, AIA holds the highest ratio of gearing. 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. However, the gearing level of the company has declined compared to Q3 2019. The negative results are due to negative equity resulting from accumulated losses over the consecutive quarters.

Apart from AIA, companies like STELCO also has a high leverage due to significant debts. Although this increases the financial risk associated with the company, developmental projects will increase room for further revenue.

The companies with low financial leverage include Fenaka, MWSC, PSM and PORTS. With a low financial risk these companies will be able to attract additional finances if required.

CONCLUSION

Upon opening of the business and economy the performance of the SOEs has started improving in Q3 2020. However, the overall performance is still lower than that of the same period of last year. As a result, the overall revenue of the companies has dropped by over MVR 2.3 billion compared to Q3 2019. Likewise, the profitability has also reduced by over MVR 644 million.

Regardless of the negative impact of the pandemic some of the SOEs has achieved growth in their profits; such as BML, Fenaka, HDC, HDFC. MTCC and STO has recorded increment in their net profits for the quarter in comparison to Q3 2019.

On the other hand, companies such as MACL, IASL, MWSC, PORTS, STELCO ‘s performance has dropped during the quarter with significant loss of revenue. Public companies like Dhiraagu and MTDC has also faced declined profitability.

SOEs such as AIA, KACL, MCIFL, MSCL, BCC are poor performing companies. With significant accumulated losses, these companies are facing serious going concern issues. Therefore, Government of the Maldives has to finance company’s operations in terms of capital injections. The overheads of the SOE’s keep rising each year, hence it is important that companies take measures to control their expenditure and reduce costs. This can be done through cutting down the irrelevant and avoidable expenses.

Quarterly review; Quarter 3, 2020

AASANDHA COMPANY LTD

AASANDHA COMPANY LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/ACL/Q3

Q3 2020 with Q3 2019 and Q2 2020

INCOME AND EXPENSES

Income

Q3 2019	Q3 2020	Q2 2020
11.8	10.3	11.4
Million in MVR	Million in MVR	Million in MVR

Income of Aasandha Company mainly consists of budget contribution by the ministry of finance since the company is running as a scheme aid provider rather than running on a corporate model. The budget contributed by the government for Q3 2020 is MVR 8.2 million (2020 Q2: 8.3 million) (2019 Q3: 14 million) In addition, the company earned pharmacy commission of MVR 3.6 million in Q3 2020. (Q2 20202: MVR 2.1 million).

Operating Expenses

Q3 2019	Q3 2020	Q2 2020
11.8	10.3	11.4
Million in MVR	Million in MVR	Million in MVR

Compared to previous quarter and Q3 2019, total operating expenses have reduced mainly due to reduction in salary due to Ramzan allowance.

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

EXPENSESS FOR ADMINISTRATION	Q3 2019	Q3 2020	Q2 2020
Salary and Benefits	7,869,263	6,981,562	8,192,894
Utility Costs	355,823	245,075	318,578
Communication Expenses	412,849	410,536	409,902
Rents	1,140,946	1,233,282	1,244,974
Directors Expenses	135,026	(750)	132,780
Printing and Stationery	71,532	122,605	678
Depreciation and Amortisation	1,085,684	866,974	953,558
Total	**11,071,123**	**9,859,284**	**11,253,364**

OTHER OPERATING EXPENSES	Q3 2019	Q3 2020	Q2 2020
Travelling Expenses	249,470	185,689	-
Professional Services	106,810	20,000	30,000
Scholarship and Training	129,343	-	-
Repairs and Maintenance	73,166	102,595	98,597
General Expenses	195,520	33,509	14,402
Office Cleaning	-	29,918	5,544
Sundry Expenses	29,107	30,008	14,933
Total	**783,416**	**401,719**	**163,476**

tables.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.07	1.14	1.05
Times	Times	Times

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

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.36	0.33	0.08
Times	Times	Times

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 does not have enough cash to cover its current liabilities. However, cash ratio shows improvement compared to previous quarter.

It has to be noted that Aasandha plays an agency role in operating its business processes by receiving income from National Social Protection Agency (NSPA) and making payments to relevant healthcare service providers such as hospitals and pharmacies. Therefore, maintaining company's liquidity position is not entirely within their control as funds received from NSPA (through government budget) are used for payments of healthcare providers under healthcare scheme and company's receivable and payables represent those funds related to scheme.

CONCLUSION

The operational expenses of the company have reduced compared to other two quarters in review mainly due to reduction in salary and benefits and directors' expenses. To maximize returns, it is important for the company to keep the expenses at an optimum level. However, Aasandha is not a profit-making company, rather a service-based welfare company established to fulfil the medical needs of the citizens. Going forward, converting company business model to an insurance company of a processing agent is important.

Company maintains current assets above its current liabilities. As noted above, maintaining company's liquidity position is not entirely within Company's control as funds received from NSPA (through government budget) are used to do payments for healthcare providers under healthcare scheme and Company's major portion of receivable and payables consist of those funds related to scheme.

RECOMMENDATION

It is important that Aasandha manages its operational expenses efficiently to help become a self-sufficient company for its long-term stability. More importantly, it is vital that company re-engineer its current process of managing scheme, preferably to an insurance model or processing agent model as this can be a total solution for company to operate in a self-sufficient model.

To improve liquidity position of the company, Aasandha should improve its trade receivable collections along with reducing its payables to an optimum level. As mentioned earlier re-engineering process might aid to achieve this goal.

Quarterly review; Quarter 3, 2020

ADDU INTERNATIONAL AIRPORT PVT LTD

Report No: PEM/2020/AIA/Q3

Q3 2020 with Q2 2020 and Q3 2019

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
13.9	3.1	2.5
Million in MVR	Million in MVR	Million in MVR

Company's revenue has declined by 78% in the third quarter of 2020 compared to the same quarter of last year mainly due to minimum number of flights operated during the pandemic. However, revenue increased in the third quarter of 2020 compared to the last quarter due to slight increase in flight movements in Q3 2020.

Below table illustrates the number of flight movements of AIA in the quarters of 2019 and 2020.

Number of Aircraft Movements

	2020			2019			
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Domestic Operators							
Island Aviation Services Limited	116	98	473	491	451	455	476
Villa Air Pvt Ltd	0	2	2	0	0	64	86
Manta Air	0	7	0	2	0	1	2
Scheduled International Flights	0	0	33	39	39	35	40
Passenger Charters	0	0	0	5	1	1	2
Intl Adhoc Aircraft	1	3	25	24	16	13	50

Compared to the last year the number of flights has reduced drastically in 2020. Flight movements from IASL have reduced in both the quarters Q2 and Q3 2020 by 78% and 74% compared to Q2 2020 and Q3 2019. There were no flight movements in Q3 2020 from Villa Air, Manta Air, Passenger charters and no scheduled international flights. Below table shows how AIA generated revenue within the quarters Q3 2019, Q3 2020 and Q2 2020.

Revenue	**Q3 2019**	**Q3 2020**	**Q2 2020**
Jet Fuel Revenue	9,198,393	1,891,060	1,540,639
Ground Handling Charge	2,563,327	399,578	607,327
Landing Fees	937,615	226,258	222,773
Parking Fees	505,368	471,852	9,252
GPU charge	525,591		
Ancillary Equipment charge	-	67,308	93,060
Passenger Service charge	41,230	-	247
Cargo Terminal Warehouse	131,374	38,206	45,011
DCS income	-		
Other	68,410	32,854	1,388
Total	**13,971,308**	**3,127,116**	**2,519,697**

As per the table the main revenue segment of AIA is from Jet fuel revenue and contributes 60% of total revenue. Revenue from Jet fuel revenue has decreased in Q3 2020 by 79% compared to Q3 2019. However, revenue from jet fuel has increased in Q3 2020 by 23% compared to Q2 2020 as air traffic started to recover slowly.

In addition, it is important to note that company's other income has decreased drastically in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020. Below table illustrates how company generates other income with the quarters.

Other Income	Q2 2019	Q3 2020	Q2 2020
Rent Income	1,946,412	1,629,329	1,861,460
Lounge Income	57,736	100	9,809
Miscelleneous income	37,593	1,759	-
Electricity charge	16,359	17,014	16,018
Total	**2,058,100**	**1,648,202**	**1,887,287**

As seen from the above table, other income has decreased mainly from rent income as concessions were provided to some tenants due to the pandemic. Rent income decreased by 16% in Q3 2020 compared to Q3 2019 and rent income decreased in Q3 2020 by 12% when compared to Q2 2020. Lounge income decreased in Q3 2020 by 100% and 99% compared to Q3 2019 and Q2 2020 respectively as VIP lounge was hardly used and revenue from BL and VIP lounge was not operated. Miscellaneous income decreased in Q3 2020 by 95% compared to Q3 2019.

Net Profit/loss

Q3 2019	Q3 2020	Q2 2020
-15.2	-14.2	-15.3
Million in MVR	Million in MVR	Million in MVR

In the third quarter of 2020 company has a net loss of MVR 14.2 million. This is mainly due to high operating expenses compared to the revenue generated by the company. It is noted that net loss has decreased in the third quarter of 2020 compared to Q2 2020. Below table illustrate overhead expenses incurred within the quarters Q3 2019, Q3 2020 and Q2 2020.

Expenses

Operating Expenses	Q2 2019	Q3 2020	Q2 2020
Jet Fuel expenses (3.2)	6,026,927	1,278,785	1,034,880
Employee benefit expenses (3.1)	7,866,647	7,649,813	8,459,083
Depreciation of PPE	6,040,669	6,324,445	6,322,308
Amortisation of Intangible assets	155,360	155,360	155,360
Electricity Charges	913,661	728,950	655,743
Hire Charges	637,610	236,440	237,016
Supplies and requisites	557,432	160,188	257,617
Subscription and expenses	450,992	411,591	468,799
Consultancy expenses	-	269,850	483,900
Freight and Duty charges	197,777	482,917	565,992
Repairs and maintenance expenses	106,570	156,031	78,785
Fuel expenses	118,355	49,093	57,207
Telephone expenses	80,099	98,455	92,948
Uniform expenses	122,177	14,198	3,500
Insurance expenses	637,233	592,300	586,518
bank charges	16,458	41,677	10,518
Travelling expenses	237,946	40,197	10,898
Directors remuneration	90,000	75,484	80,000
Printing & Stationary	8,361	37,325	13,619
Fines and penalties	-	148,282	3,648
Others	142,677	61,660	149,602
Total	**24,406,951**	**19,013,041**	**19,727,941**

Employee benefit covers 40% of operating expenses and it has reduced in Q3 2020 by 3% compared to Q2 2019 and decreased in Q3 2020 by 10% compared to Q2 2020. Depreciation on property plant and equipment covers 33% of operating expenses and it has increased in Q3 2020 by 5% while company's property, plant and equipment decreased in Q3 2020 by 2% compared to Q3 2019. It has to be noted that Jet fuel expenses has reduced by 79% as jet fuel revenue decreased by 79% in Q3 2020 compared to Q3 2019. However, when compared to Q2 2020 Jet fuel expenses increased by 24% as jet fuel revenue increased 23% in Q3 2020. Additionally, travelling expenses has also decreased by 83% in Q3 2020 compared to Q3 2019 as in 2019 there were international travel expense with regard to inspection of Gse equipment purchases. When compared to Q2 2020 travelling expenses has increased by 269% in Q3 2020 as in Q3 2020 travel expense occurred for consultants to travel to and from regarding airport development. In the third quarter of 2020 operating expense increased from freight and duty charges by 144%, Repairs and maintenance by 46%, Telephone expenses by 23% and Bank charges by 153% when compared to the last quarter.

Bank charges increased as AIA have been paying salary holding USD funds and over drawing MVR account in every month after July 2020. In addition, it has to be noted that in Q2 2020 and Q3 2020 company has to pay fines and penalties for unpaid invoices of Fenaka Corporation. It is also important to highlight that fines and penalties has increased by 3965% in Q3 2020 compared to Q2 2020.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.11 Times	0.11 Times	0.12 Times

AIA has a current ratio of 0.11 indicating that the company is not capable to pay its short-term obligations with the current assets. It is noted that company's trade receivables cover 74% of its current assets and receivables has increased in Q3 2020 by MVR 1.6 million compared to Q3 2019. Total current asset has increased by 19% in Q3 2020 compared to Q3 2019 and decreased in Q3 2020 by 6% compared to Q2 2020. Company's total current liability has also increased in Q3 2020 by 13% compared to Q3 2019 and increased by 4% in Q3 2020 compared to Q2 2020 due to increase in trade and other payables and increase in loans and borrowings. Below table illustrates how company's trade and other payables has occurred in the quarters of Q3 2019, Q3 2020 and Q2 2020.

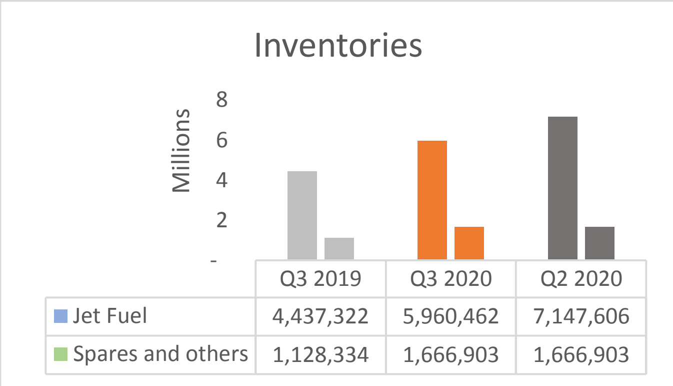
Trade and other payables	**Q2 2019**	**Q3 2020**	**Q2 2020**
Trade payables	220,764,805	245,410,507	244,354,450
Contractor Payments	63,605	63,605	63,605
Accrued expenses	609,310	1,766,923	1,837,179
Other Payables	13,155,231	14,683,296	10,362,906
Total	**234,592,951**	**261,924,331**	**256,618,140**

As seen from the table trade payables has increased in Q3 2020 by 11% compared to Q3 2019 as additional 2 fuel shipments during November 2019 and February 2020 and compared to Q2 2020 trade payables increased by MVR 1 million due to cash flow reasons during 2020 some payments were delayed. Accrued expenses have increased by 190% in Q3 2020 compared to Q3 2019 as rent accrued for Male' office and AIA has liability of 4 months pension payments in arrears and WHT unpaid since February 2020. However, when compared to Q2 2020 accrued expenses decreased by 4% in Q3 2020 as some payments were cleared. Company's other payables increased in Q3 2020 compared to Q3 2019 due to customer deposit. It is important to highlight that, by the end of Q3 2020 salary was not paid due to cash flow reasons thus salary accrued, and other payables increased in Q3 2020 compared to Q2 2020.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.09 Times	0.10 Times	0.10 Times

Company's quick ratio of 0.10 times indicates that the company is unable to meet its short-term obligations with its most liquid current assets excluding its inventories. Inventories of the company have increased in Q3 2020 by 37% compared to Q3 2019 and decreased by 13% in Q3 2020 compared to Q2 2020. Company's inventory is from Jet fuel and Spares and others. Below chart illustrates company's inventories within the quarters. As the flight operations reduced due to Covid 19 the company's fuel inventory turnover also slowed down.



	Q3 2019	Q3 2020	Q2 2020
Jet Fuel	4,437,322	5,960,462	7,147,606
Spares and others	1,128,334	1,666,903	1,666,903

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.003 Times	0.012 Times	0.014 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 of 0.012 times in Q3 2020 indicates that there are more current liabilities than cash and cash equivalents, meaning insufficient cash on hand to pay off short term debts. It is noted that cash and cash equivalent has increased by MVR 4.5 million in Q3 2020 compared to Q3 2019 and cash and cash equivalent decreased in Q3 2020 compared to Q2 2020 by 9%. Cash and cash equivalent increased in Q3 2020 as company received load repayment funds for new normal projects during Q1 2020.

LEVERAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
-10.9 Times	-4.31 Times	-5.02 Times

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Debt to equity ratio of AIA has a significant level of debt compared to the equity. Total debts have increased in Q3 2020 by 6% compared to Q3 2019. On the other hand, Company's equity has worsened in Q3 2020 due to higher accumulated losses incurred in Q3 2020. It is also noted that company is merely depend on shareholders assistance and has huge borrowings hence they are unable to repay their debts. When considering the short-term debt company's long-term borrowings is greater than the short-term borrowings, meaning company is risky in terms of short-term debts.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.82 Times	0.73 Times	0.72 Times

Debt to Assets ratio defines the total amount of debts relative to its assets. Debt to asset ratio of the company has deceased from Q3 2019 to Q32020. However, it is noted that the company is unable to service debts through the operations and AIA is getting finance from shareholders to repay existing loans

CONCLUSION & RECOMMENDATION

The revenue of the company has significantly dropped in Q3 2020 compared to the same period of the last year mainly due to covid-19 pandemic. Company has incurred huge losses within the quarters although net loss of the company reduced in Q3 2020 due to reduction in overheads and marginal improvement in revenue.

Liquidity position of the company is unfavorable, where company is unable to meet its short-term obligations as current liabilities exceeds its current assets. It is noted that company has higher receivables and company needs to focus on improving receivables collections as they don't have enough cash to meet their obligations. Company need to implement new rules for receivables collections.

Company's leverage ratio also shows unfavorable results with higher borrowings and company need to find new ways to generate revenue in order to be profitable and decrease shareholders assistance.

Quarterly review; Quarter 3, 2020

BUSINESS CENTER CORPORATION LTD

BUSINESS CENTER CORPORATION LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/BCC/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
Nil	0.1	Nil

BCC's first income generating activity; Authentic Maldives Duty free shop at Velana International Airport, was launched on 09th January 2020. The operations were started with 39 suppliers and it has now expanded to 56 suppliers. Due to the global pandemic COVID-19 with the lockdown the borders were closed, and Authentic Maldives shop was unable to generate any revenue for Q2 2020. However, after the lockdown shop operations was resumed and BCC was able to generate a revenue of MVR 0.1 Million.

Net Profit/Loss

Q3 2019	Q3 2020	Q2 2020
(0.3)	(2.4)	(2.4)
Million in MVR	Million in MVR	Million in MVR

The company made a net loss of MVR 2.44 million in the third quarter 2020. This is mainly due to high administrative costs incurred in the quarter. Administrative costs increased in Q3 2020 by 657% compared to Q3 2019 and increased by 1% in Q3 2020 compare to the last quarter. The below table illustrates the administrative expenses incurred within the quarters.

Administrative costs	Q3 2019	Q3 2020	Q2 2020
Salaries And Wages	180,317	1,610,774	1,597,191
Fines	228	-	-
Office Supplies	-	16,383	-
Professional fees	-	25,510	-
Rent Expenses	75,097	269,000	270,000
Training / Workshop Expense	3,000	(1,500)	-
Repairs and maintenance	-	100,107	19,792
Bank Service charges	30	3,541	1,576
Vehicle Repair and maintenance	-	1,420	-
Retirement pension scheme	12,850	148,035	148,411
Uniform	-	10,994	-
miscellaneous	-	700	300
duty free shop miscelleneous	-	4,624	-
Directors Remuneration	45,000	175,503	170,419
Phone Allowance	-	4,654	2,200
Ramadan Allowance	-	-	111,000
cleaning	5,556	17,350	11,480
Internet & Lease Line	-	52,242	36,000
Electricity	-	65,369	30,458
Telephone	-	1,484	2,172
Water	-	1,618	331
POS Charge	-	9,098	-
Exchange Gain or Loss	-	2,942	-
License Fee	-	44,464	-
Total	**322,077**	**2,564,312**	**2,401,330**

As seen from the table, the main administrative cost is incurred for salaries and wages. Salaries and wages were increased in Q3 2020 by MVR 1.4 million compared to Q3 2019. This is due to number of staffs increased significantly in 2020. Rent expenses increased by MVR 193 thousand in Q3 2020 compared to Q3 2019 as they opened new business centers and HQ moved to a big and new location.

LIQUIDITY

Current ratio

Q3 2020
5.06
TIMES

Q3 2020
6.81
TIMES

Q2 2020
7.88
TIMES

Company's current ratio has increased by 35% in Q3 2020 resulting 6.81 times compared to Q3 2019. Higher current ratio indicates that the company is not using its short-term financing facilities efficiently. BCC has inventory of MVR 113 thousand in Q3 2020 while there is no inventory in Q3 2019 and Q2 2020. Company's trade and other receivables have increased in Q3 2020 compared to Q2 2020. The main component of current assets is cash and cash equivalents and it has increased in Q3 2020 by 1% and 44% compared to Q3 2019 and Q2 2020 respectively due to the capital injected by the government.

Quick Ratio

Q3 2020
5.06
TIMES

Q3 2020
6.63
TIMES

Q2 2020
7.88
TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets excluding inventories. A quick ratio higher than 1 indicates company can pay off its current liabilities with quick assets. Company's quick ratio has increased by 31% in Q3 2020 compared to Q3 2019 resulting 6.63 times. However, quick ratio decreased by 16% in Q3 2020 when compared to Q2 2020.

Cash Ratio

Q3 2019
5.06
TIMES

Q3 2020
4.81
TIMES

Q2 2020
5.26
TIMES

Cash and cash equivalent are the main component of current assets; which is the capital injected by the government. Cash ratio has decreased in Q3 2020 by 5% and 9% compared to Q3 2019 and Q2 2020 respectively which indicates that the company is able to pay its short-term debt immediately by its cash. Although, company is able to pay off its short-term debts immediately by its cash they are highly dependent on shareholders assistance for daily expenses.

CONCLUSION & RECOMMENDATION

Due to the global pandemic covid-19 BCC was able to resume the operation of Authentic Maldives duty free shop after the lockdown and generated a revenue of MVR 0.1 million in Q3 2020. However, BCC incurred a net loss of MVR 2.44 million in the third quarter 2020 due to high administrative costs as they recruit more staffs, salaries and wages increased by793% in the year 2020. In order to maximize profitability of the company BCC should evaluate the administrative expenses and plan on how to reduce and eliminate avoidable expenses. Also plan for sustainable growth to ensure company is self-sufficient in near future.

Quarterly review; Quarter 3, 2020

BANK OF MALDIVES LTD

BANK OF MALDIVES LTD
2020 Q3 PERFORMANCE ANALYSIS

Report No: PEM/2019/BML/Q3

Q3 2020 with Q3 2019 and Q2 2020

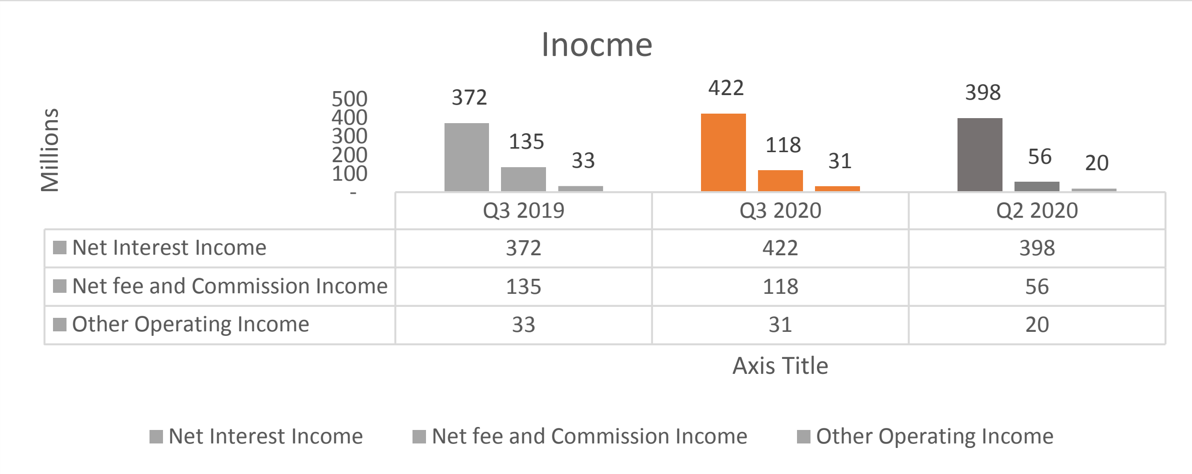
PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
639	646	551
Million in MVR	Million in MVR	Million in MVR

BML's revenue increased by 1% in the third quarter of 2020 which is MVR 7 million higher than the third quarter of 2019. It is also noted that compared to Q2 2020 BML's revenue has a growth of 17% with recoveries in bank's business and income lines due to decrease in covid-19 global pandemic cases.

Income breakdown



Comprehended in the above chart BML's main revenue segment is interest income. As seen interest income has risen in Q3 2020 by 14% and 6% compared to Q3 2019 and Q2 2020 respectively. Although other operating income and fee and commission income has fallen in Q3 2020 compared to Q3 2019, both other operating income and fee and commission income has risen compared to Q2 2020.

Net Interest Margin

Net interest margin shows the total net profit of interest-earning assets from loans or investment securities of the bank. Overall profitability and higher margin indicate a more profitable bank. BML have 1.6% of net interest margin in Q3 2020 which is similar to Q3 2019 and Q2 2020.

Net Profit

Q3 2019
224
Million in MVR

Q3 2020
259
Million in MVR

Q2 2020
106
Million in MVR

BML has made a net profit of MVR 259 million on the third quarter of 2020, which is 15.2% higher than Q3 2019. It is also noted that in Q3 2020 net profit has risen by 143% compared to the last quarter, this is mainly due to the growth in fee and commission income in Q3 2020 compared to last quarter. Compared to Q3 2019 net profit increased by 15.2% in Q3 2020 mainly due to increase in net interest income. Interest income and similar income increased by 14% and Interest expenses and similar charges increased by 18% in Q3 2020 compared to Q3 2019. As the profitability has increased earnings per share has also increased to MVR 192 in Q3 2020, which is 15% higher than Q3 2019 and 143% higher than the last quarter.

CAPITAL MANAGEMENT

Total Assets	Q3 2019	Q3 2020	Q2 2020
Cash, Short term Funds & Balances with MMA	6,807,568,000	6,972,538,000	7,773,747,000
Loans and Advances	12,949,497,000	14,832,811,000	13,798,014,000
financial Investments- FVOCI	144,526,000	209,688,000	209,688,000
Financial Investments- Amortized Cost	4,838,164,000	6,632,102,000	6,224,631,000
Property, Plant and Equipment	448,126,000	578,416,000	551,754,000
Right-of-use-Assets	0	176,321,000	176,321,000
Other Assets	304,697,000	424,495,000	547,344,000
Total Assets	**25,492,578,000**	**29,826,371,000**	**29,281,499,000**

The above table summarizes how BML is managing their capital position. The main segment of bank's assets are loans and advances as it comprises of 50% of its total assets. Bank's total assets have increased by 17% in Q3 2020 compared to Q3 2019. The total assets have increased in Q3 2020 compared to Q3 2019. However, the two segment of total assets cash, short term funds and balances with MMA and other assets has reduced in Q3 2020 compared to the previous quarter.

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 2019	Q3 2020	Q2 2020

Deposits	16,969,972,000	20,475,075,000	19,916,426,000
Borrowings	1,018,898,000	925,064,000	746,356,000
Lease Liabilities	0	155,143,000	155,143,000
Other Liabilities	1,032,797,000	808,277,000	1,259,435,000
Total Liabilities	**19,021,667,000**	**22,363,559,000**	**22,077,360,000**

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. Liability of bank has increased by 18% in Q3 2020 compared to the same quarter in last year. As deposits are the main segment of bank's liability it has grown by 21% in Q3 2020 compared to Q3 2019.

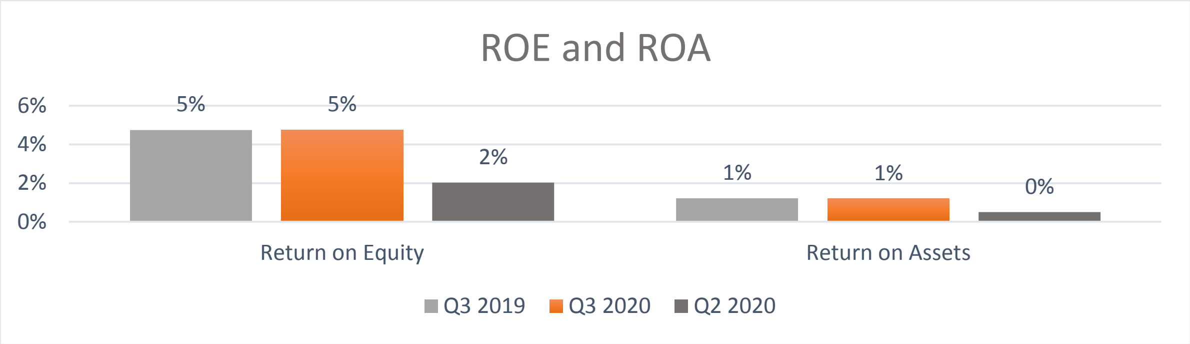
Loans to Deposits

Q3 2019	Q3 2020	Q2 2020
0.76 TIMES	0.72 TIMES	0.69 TIMES

Loans to deposits is a solvency ratio which shows whether the bank is a healthy long-term business or not. The higher the ratio, the riskier the bank. The Loans to Assets ratio should be as close to 1 as possible, but anything bigger than 1.1 means that the bank gives more loans than it has in deposits, borrowing from other banks to cover the shortfall. That is considered risky behavior.

Bank's loan to asset ratio has 0.72 in Q3 2020, which is favorable for the bank and it has reduced compared to Q3 2019 and increased compared to Q2 2020.

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.

As shown in the above chart, ROE and ROA remains constant in Q3 2020 and Q3 2019. Bank has 5 % on return on equity and 1% on return on assets. However, both the ratios; ROE and ROA has increased in Q3 2020 compared to Q2 2020 due to high profitability. Positive results illustrate that bank is generating profits with the money shareholders have invested.

Important Projects undertaken in the quarter

- In July online token system for branches and service centers was introduced in Male' city due to covid-19 pandemic.
- In July cash deposit and payment services in the atolls was expanded with 40 cash agents
- Introduced self-service banking ATMs in HA Dhihdhoo, A Dh Maamigili and S Hulhumeedhoo
- July, the International Finance Corporation (IFC), a member of the World Bank Group signed a $50 million agreement with the Bank to provide financing for private sector companies and small and medium sized businesses in the tourism sector, to help preserve jobs and combat the negative shocks of COVID-19 on the economy.
- In July the first tranche comprising of USD 20 million was committed and signed a USD 5 million Murabaha Financing Facility with the International Islamic Trade Finance Corporation to support SMEs in Maldives.
- In August first extension announced to the first moratorium given for loans and financing facilities to minimize the impact on individuals and business due to covid-19.
- In September new card limit of USD 250 was introduced for all cards for use on foreign transactions while bank continued to provide TTs for essential imports as well as overseas medical and education payments. For customers living overseas, an increased limit of USD750 was implemented.

CONCLUSION AND RECOMMENDATION

As per the analysis BML is highly profitable in the third quarter of 2020, as Gross income, Net interest income and profit for the year has increased in Q3 2020 compared to other two quarters Q3 2019 and Q2 2020. In addition, provision for bad and doubtful debts has reduced in the third quarter of 2020 compared to Q3 2019 and Q2 2020.

BML has a solid financial platform with a deposit base of MVR 20 billion and assets of MVR 29 billion. In addition, bank has a strong capital position well above the regulatory requirement. BML has the leading market share in retail, Corporate and SME segment. The bank is also the Market leader in Self Service banking with largest number of online and ATM users.

BML has managed well in reducing provision for bad and doubtful debts in the third quarter of 2020 compared to Q3 2019 and Q2 2020. In addition, they can formulate more strategies to collect delayed payments.

During the global pandemic of covid-19 BML has managed well by providing a convenient banking services across the country, more services were moved online to minimize physical contact. To improve the online services the bank can create more awareness programs (creating advertisements) to customers in using online services.

Quarterly review; Quarter 3, 2020

DHIVEHI RAAJJEYGE GULHUN PLC

DHIVEHI RAAJJEYGE GULHUN PLC
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/DHIRAAGU/Q3

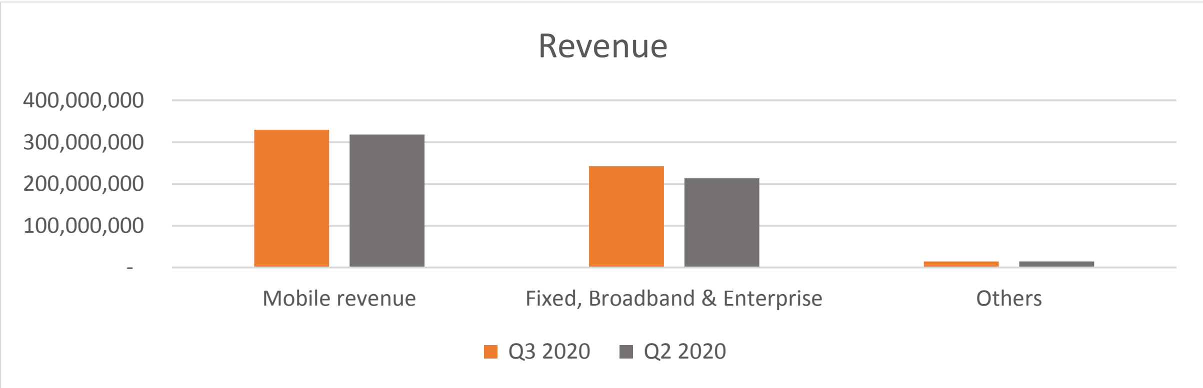
Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
685	587	547
Million in MVR	Million in MVR	Million in MVR

Revenue of Dhiraagu has decreased by 14% in Q3 2020 compared to Q3 2019 due to the restrictions by HPA because of the pandemic covid-19. However revenue increased by 7% in Q3 2020 when compared to Q2 2020, primarily due to the increase in economic activities within the economy post lockdown.



As shown from the above chart revenue increased on all the areas in Q3 2020 compared to Q2 2020; Mobile revenue increased by 3.6%, Fixed, Broadband & Enterprise increased by 13.3% and revenue from other areas increased by 0.8%.

Operating Profit

Q3 2019	Q3 2020	Q2 2020
251.1	192.2	157.8
Million in MVR	Million in MVR	Million in MVR

The company has reduced its operating costs by 11% in Q3 2020 compared to Q3 2019 to partly mitigate the revenue impact due to the economic downturn. However, operating profit decreased by 23% in the third quarter 2020 compared to Q3 2019. It is noted that when comparing Q3 2020 with Q2 2020; operating profit increased by 21.8% due to the increase in overall performance within the quarter. Operating profit margin has also decreased in from 37% to 33% in Q3 2020 compared to Q3 2019 and increase from 29% to 33% in Q3 2020 compared to Q2 2020.

Net Profit

Q3 2019	Q3 2020	Q2 2020
203.1	158.6	129.6
Million in MVR	Million in MVR	Million in MVR

Net profit of the company has decreased by 21.9% compared to Q3 2019 resulting MVR 158.6 million. However, net profit increased by 22% when compared Q3 2020 with Q2 2020.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.49	1.29	1.31
TIMES	TIMES	TIMES

Company's current ratio has decreased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020 resulting 1.29 times. Current ratio of above 2 is normally considered as normal. However, Dhiraagu has a favorable current ratio as they have higher current assets compared to its current liabilities. Both the current assets and current liabilities has increased in Q3 2020 compared to Q3 2019. It is also important to note that significant component of current assets is trade and other receivables which represent 49% of current assets and 132% of company's revenue as at Q3 2020.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
1.39	1.24	1.25
TIMES	TIMES	TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Compared to Q3 2019 company's quick ratio has decreased from 1.39 to 1.24. However, it indicates that Dhiraagu is able to meet its short-term liquidity position as they have a favorable quick ratio of above 1.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
1.49	0.60	0.63
TIMES	TIMES	TIMES

Cash and Cash equivalent is another main component of current asset and it has increased in Q3 2020 by 251% compared to Q3 2019. However, Cash decreased in Q3 2020 when compared to Q2 2020. Although, the cash balance has increased; cash ratio decreased in the third quarter of 2020 due to increase in current liability. Compared to the previous quarter net cash flow of the company has decreased during the quarter mainly due to dividend payments during Q3 2020.

CONCLUSION AND RECOMMENDATION

After the country's lockdown was lifted and under the new normal guideline Dhiraagu managed to increase their revenue by 3.6% in the third quarter compared to the last quarter.

To mitigate the revenue impact due to the economic downturn on covid-19 Dhiraagu reduced their operating expenses in Q3 2020. Company's net profit increased due to increase in overall performance within the quarter.

Company's liquidity position is favorable in Q3 2020 as they have significant current assets compared to its current liabilities. However, it is noted that Dhiraagu has experienced significant increase in trade receivables in Q3 2020. In-addition, cash and cash equivalents has grown significantly in Q3 2020 compared to Q3 2019.

The company has implemented various initiatives to support the government and local communities. The company expects that the business will continue to be impacted by COVID-19 until tourism and the wider economy recovers from the pandemic.

Quarterly review; Quarter 3, 2020

FAHI DHIRIULHUN CORPORATION LTD

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Operating Profit/(Loss)

Q3 2019	Q3 2020	Q2 2020
-1.13	-1.76	-1.78
Million in MVR	Million in MVR	Million in MVR

Since the beginning of its operations in the second quarter of 2019, the company have not generated any revenue. Hence, the company has ended Q3 2020 with an operating loss of MVR 1.76 million.

Expenses

Admin expenses	Q3 2019	Q3 2020	Q2 2020
Salary & Wages	683,149	1,185,249	1,355,284
Consultancy	81,360	169,265	174,609
Repair & Maintenance	2,756	348,799	-
Depreciation & Amortization	7,606	48,391	43,285
Travelling	95,539		
Utilities	15,169	29,141	25,784
Office rent	280,645	273,178	300,000
General Advertisement	7,984		
Trade Subscrption and Fees		3,600	-
Printing & Office supplies	28,316	5,914	720
Small Tools and Equipments	930	3,085	2,220
bank Charges	175	360	660
Office refreshments		140	-
Trnasportation and logistics		9,850	-
Training	3,000		
Total	**1,206,629**	**2,076,972**	**1,902,561**

FDC has incurred operational expenses of MVR 2.08 million for the third quarter of 2020, which is an increment of 9% compared to previous quarter. Salaries and wages are the largest overhead as it has contributed 57% of total expenses.

In addition, the company has incurred MVR 348,799 for repair and maintenance during Q3 2020. Since the company has not started generating any revenue, the operational expenses are financed through the capital injections by the government.

Net Profit/Loss

Q3 2019	Q3 2020	Q2 2020
-1.13	-1.76	-1.78
Million in MVR	Million in MVR	Million in MVR

Since there is no finance income or finance cost, the operational loss equals to the net loss for the quarters.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
6.81 TIMES	27.9 TIMES	31.8 TIMES

The capital injected by the government holds the greatest portion of the current assets of the company. Current assets decreased more than current liabilities, hence the ratio shows a reduction compared to previous quarter. Current liabilities of the company consist of accounts payables. The scale of operation is relatively small and no much business activities carried out during the quarter.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
5.38 TIMES	24.3 TIMES	30.4 TIMES

Cash and cash equivalent in all the three quarters represent the capital contribution given by the government. However currently FDC is using capital injection for operation expenses, rather than investments. The scale of operation is relatively small and no much business activities carried during the quarter. Therefore, it is unreasonable to have huge payable and further with help of government capital contribution FDC was able to maintain high cash ratio

CONCLUSION

The company has ended the quarter with a net loss of MVR 1.76 million and incurred MVR 2.08 million as overheads. The operational expenses were financed through the capital contributions by the government.

During the quarter, the company has signed an agreement with Coral Properties to develop housing units. The company also concluded the framework agreement with NECC and terminated EPC contract with Garware Jeelo Homes. Negotiations were held with Aima Construction and NBCC India Limited to develop social housing in Hulhumale.

RECOMMENDATION

A sustainable business model is needed in the current stage of business development. Proper planning and future projections need to be done to reduce the risks associated with new projects. Market research and proper feasibility tests need to be done prior to commencement of any project.

In addition to the large projects, FDC can also focus on short term investment which will help to reduce operating loss of the company. Further, the company should keep the operational expenses low and minimize and eliminate any avoidable expenses.

Quarterly review; Quarter 3, 2020

FENAKA CORPORATION LTD

FENAKA CORPORATION LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/FENAKA/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
369	427	424
Million in MVR	Million in MVR	Million in MVR

Fenaka Corporation's has a growth in revenue by 16% in the third quarter compared to the same quarter of last year.

Below table illustrates how the company generated revenue within the quarters; Q3 2019, Q3 2020 and Q2 2020.

Revenue	Q3 2019	Q3 2020	Q2 2020
Business	38,087,792	36,790,044	36,413,827
Business Special	22,768,877	23,055,885	24,043,204
Domestic	103,135,059	127,611,258	88,087,314
Government	65,018,417	68,141,213	59,164,482
Water	4,734,239	8,057,331	6,965,726
Others	16,539,404	25,963,707	2,093,016
Tariff Rate Difference	118,915,587	137,570,527	144,599,048
Government Subsidy (Covid 19)	-	-	62,798,863
Total	**369,199,375**	**427,189,966**	**424,165,479**

It is noted that revenue has increased within the quarters mainly due to tariff rate difference due to government decision to reduce customers' bills. Revenue from business has decreased in Q3 2020 by 3%. However, revenue from all the other segments has increased in Q3 2020 compared to Q2 2020. Hence, revenue is increased mainly from the domestic segment.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
117	182	173
Million in MVR	Million in MVR	Million in MVR

Company has achieved a gross profit margin of 43% in Q3 2020 (32% in Q3 2019). Gross profit of the company has increased in Q3 2020 by 54% and 5% compared to Q3 2019 and Q2 2020 respectively. This is due to increase in revenue and decrease in direct costs.

As seen from the table average costs has decreased by 3% in the third quarter of 2020 compared to the same quarter of last year. When compared to the last quarter costs has decreased by 2% in Q3 2020. In the third quarter of 2020 direct costs is decreased mainly from Diesel 9%, Spares 11% and Cables 28% when compared to Q3 2019. It is also noted that, costs have increased in Q3 2020 from Water 368%, General 1222%, Repair and maintenance of power plants, sewer system and waste 306% and cost of contracted projects.

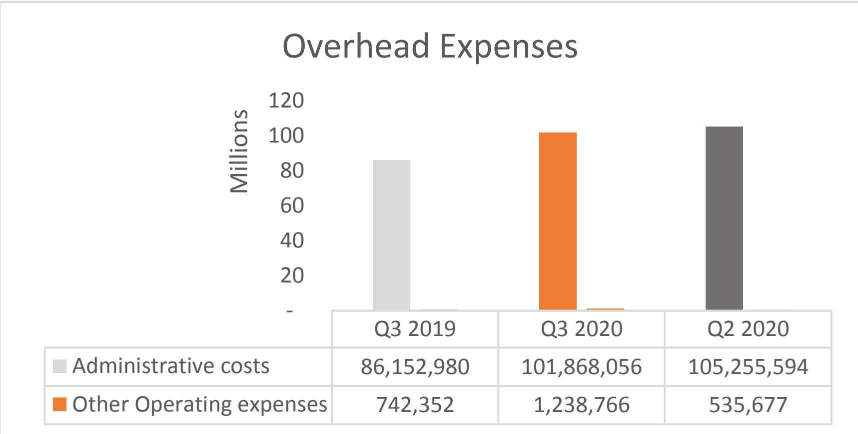
Cost of Sales	Q3 2019	Q3 2020	Q2 2020
Diesel	212,974,374	193,945,325	198,020,003
Lub Oil	6,059,186	5,528,041	6,191,524
Spares	18,273,979	16,215,783	16,742,822
Cables	10,506,746	7,573,110	12,718,653
Other Fuel and Chemical	101,275	4,098	168,459
Sewerage	603,092	560,527	144,657
Water	383,985	1,795,746	1,196,834
Customer Service	25,903	-	89,678
General	360,620	4,768,366	832,897
Land, Building & Infrastructure	125,658	-	119,247
Power Plants, Sewer system & Waste	867,973	3,527,796	1,774,321
Other	932,107	1,369,381	1,531,964
cost of contracted projects	-	9,628,092	10,988,431
Total	**251,214,899**	**244,916,266**	**250,519,491**

Operating Profit

Q3 2019	Q3 2020	Q2 2020
31.1	79.2	67.9
Million in MVR	Million in MVR	Million in MVR

Company has attained an operating profit margin of 19% in Q3 2020 (8% in Q3 2019). Operating profit margin has increased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020. Company's operating profit has also increased by 155% in Q3 2020 compared to Q3 2019 with a result of MVR 79.2 million.

However, it is noted that the company's overhead expenses has increased by 19% in Q3 2020 compared to Q3 2019. Below chart illustrates how the company's overhead expenses incurred within the quarters of Q3 2019, Q3 2020 and Q2 2020.



The main costs are incurred from administrative costs as it covers 99% of the overhead expenses. Administrative expensed has increased by 18% in Q3 2020 compared to Q3 2019 and decreased by 3% in Q3 2020 compared to Q2 2020. Company's other operating expenses has increased by 67% and 57% in Q3 2020 compared to Q3 2019 and Q2 2020 respectively.

Below table show some of the administrative costs incurred in Q3 2019, Q3 2020 and Q2 2020.

Administrative costs	Q3 2019	Q3 2020	Q2 2020
Salary and Allowances	69,140,795	87,896,576	94,623,163
Rental chrages	70,079	638,708	25,918
Telephone charges	2,175,561	1,048,953	904,248
Printing and Stationary	285,992	874,445	91,750
Rent charges	1,199,377	1,680,371	901,567
Water Charges	15,641	146,432	85,082
Cleaning Expenses	378,171	184,142	106,715
Meals and Refreshments	94,200	136,058	71,385
Food and accommodation	2,916,239	2,869,094	899,715
Transport expenses	2,935,278	953,907	443,414
Miscellaneous Expenses	52,423	134,316	15,220
Electricity charges	320,702	248,155	25,598
Petrol expenses	114,019	319,109	346,339
Customs clearing & Handling charges	49,080	115,130	-
Charity and Contributions	1,016,550	15,000	-
Consultant's expenses - local	150,000	290,959	-
Marketing and advertising	-	126,800	75,000
Pension - Company contribution	2,512,694	2,894,700	2,854,975
demurrage charges	-	16,841	-
Temporary staff salary	-	369,525	145,800

The main administrative costs incurred is from staff salary and allowances as it covers 86% of administrative costs. Salary and allowances has increased by 27% in Q3 2020 compared to Q3 2019. However, it has decreased in Q3 2020 by 8% compared to Q2 2020. Pension contribution has increased by 15% and 1% in Q3 2020compared to Q3 2019 and Q2 2020 respectively. It is noted that, food and accommodation costs has decreased by 2% in Q3 2020 compared to Q3 2019, however when compared to Q3 2020 it has increased by 219% in Q3 2020.

Net Profit

Q3 2019
0.98
Million in MVR

Q3 2020
28.6
Million in MVR

Q2 2020
18.0
Million in MVR

Company has a net profit of MVR 28.6 million in Q3 2020. Net profit has increased in Q3 2020 by MVR 27.6 million compared to Q3 2019. When compared to Q2 2020 net profit has increased by MVR 10.6 million. It is noted that high profits of Fenaka is largely contributed by subsidies from the government to compensate customers' bills and as well as increased revenue from domestic service segment.

LIQUIDITY

Current Ratio

Q3 2019
0.73
TIMES

Q3 2020
0.79
TIMES

Q2 2020
0.71
TIMES

Current ratio of above 2 is considered acceptable. However, company's current ratio of 0.79 times in Q3 2020 indicates that the company is unable to meet its short-term obligations. It is noted that company's trade and other receivables covers 43% of its total current assets. In addition, trade receivables has increased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020 by 23% and 25% respectively. On the other hand, company's total current liability has also increased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020 by 42% and 18% respectively.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.42	0.35	0.35
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 0.35 which is below 1 indicates inability to meet its short-term liabilities with its most liquid assets. It is also noted that quick ratio has decreased from 0.42 times in Q3 2019 to 0.35 times in Q3 2020. Fenaka Corporation is maintaining an inventory of MVR 368 million at the end of Q3 2020. Company's inventory has increased by 101% in Q3 2020 compared to Q3 2019. When compared to Q2 2020, company's inventory increased by 31% in Q3 2020. In addition, it has to be noted that company's trade payables and trade receivables has been increasing in each quarter.

Below table illustrates company's trade and other payables and trade and other receivables within the quarters of Q3 2019, Q3 2020 and Q2 2020.

Trade and othe payables	**Q3 2019**	**Q3 2020**	**Q2 2020**
Trade payables	530,279,981	775,674,445	621,688,385
Trade and other Receivables			
Trade Receivables	198,430,953	227,130,272	173,175,711
Other receivables	34,140,415	58,325,985	40,112,070
	232,571,368	**285,456,257**	**213,287,781**

Trade and other payables increased in Q3 2020 compared to Q3 2019 and Q2 2020 by 46% and 20% respectively. Company's trade receivables has increased in Q3 2020 compared to Q3 2019 and Q2 2020 by 14% and 24% respectively. In addition, other receivables has also increased in Q3 2020 compared to Q3 2019 and Q2 2020 by 71% and 31% respectively.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.03	0.01	0.03
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Fenaka Corporations cash ratio of 0.01 times indicates that the company is unable to meet its short-term obligations with their cash balances. Company's cash and cash equivalents has decreased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020 by 55% and 146% respectively.

LEVERAGE

Debt to Equity

Q3 2019
1.16
TIMES

Q3 2020
0.08
TIMES

Q2 2020
0.09
TIMES

Debt to equity ratio illustrates the degree to which company is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. Debt to equity ratio of Fenaka Corporation has decreased in Q3 2020 compared to Q3 2019 resulting 0.08 times in Q3 2020.

It is noted that Fenaka Corporation has an outstanding of accounts payables of MVR 775.7 million at the end of the third quarter 2020. If debt to equity is consider with company's accounts payable, debt to equity ratio results 0.57 times in Q3 2020. Indicating that the company is unable to pay off its outstanding accounts payables for more than 365 days.

Debt to Assets

Q3 2019
0.12
TIMES

Q3 2020
0.05
TIMES

Q2 2020
0.06
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. Company's debt to asset ratio resulting 0.05 times in Q3 2020 indicates that company is capable to settle their debts as they have fewer debts compared to their assets. It is noted that company's assets have increased by 117% in Q3 2020 compared to Q3 2019.

CONCLUSION & RECOMENDATION

Company has significantly increased profitability compared to Q3 2019 and Q2 2020. However, part of the increase in revenue reflects the tariff rate difference between approved tariff rate and applied tariff rate due to government decision to reduce electricity bills to customers. Company's direct costs has decreased by MVR 6 million in Q3 2020 compared to Q3 2019. However, company's overhead expenses has increased in Q3 2020 by MVR 16 million. Hence, in order to improve profitability, company needs to adopt more efficient ways to minimize direct costs and operating costs. Company needs to focus on the areas where they can minimize costs like printing and stationaries, meals and refreshment.

Company's liquidity position is weak. Company's liquidity position is unfavorable as they have less assets compared to their liabilities in the third quarter of 2020. Company's total current assets cover 43% of receivables and only 1% of cash and cash equivalents. Hence, company needs to manage their receivables in order to improve cash and cash equivalents. They can adopt new rules to get prompt payments. It is also important to highlight that company's trade and other payables has increased in each quarter and has a balance of MVR 775 million at the end of the third quarter of 2020. If the company is able to manage their receivables efficiently, it will be easy to minimize their trade payables.

Company’s leverage ratios show favorable results as their borrowings remain similar within the quarters and their equity increased in the third quarter of 2020. It is noted that company has more assets compared to their borrowings. As a result, company’s financial risk is low, and it will boost their investors’ confidence.

Quarterly review; Quarter 3, 2020

HOUSING DEVELOPMENT CORPORATION

HOUSING DEVELOPMENT CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/HDC/Q3

Q3 2020 with Q3 2019 and Q2 2020

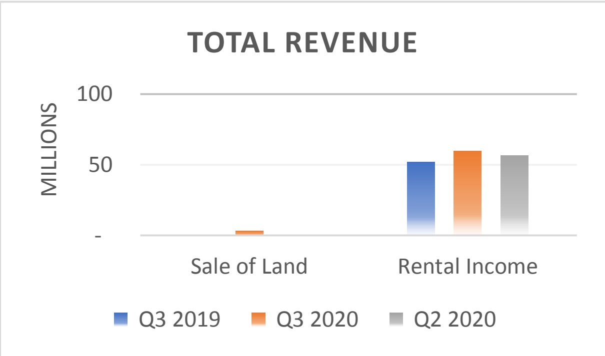
PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
51.9	62.9	56.5
Million in MVR	Million in MVR	Million in MVR

HDC has made a revenue of MVR 62.9 million in Q3 2020, a growth of 11% compared to previous quarter. The growth was attributable to the land of sale in Q3 2020 and improvement in area of land lease.

The total revenue of company consists of sale of properties and rental income.



Rental income consists of building lease, land lease and other lease, of which land lease contributes most of the rental income. All these components have improved in Q3 2020 compared to other two comparable quarters.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
51.9	62.1	56.5
Million in MVR	Million in MVR	Million in MVR

HDC has incurred costs of sales of MVR 781,150 regarding the sale of land. Gross profit of Q3 2020 is also higher than other two quarters due to higher revenue.

Operating Profit/Loss

Q3 2019	Q3 2020	Q2 2020
-84.5	16.9	13.9
Million in MVR	Million in MVR	Million in MVR

The company has made an operating profit of MVR 16.9 million in Q2 2020, which is 22% higher than previous quarter. Regardless of increase in company's overheads, HDC has achieved a higher operating profit. This is because of increase in revenue and other income. Other income has shown increment of MVR 7.8 million against previous quarter mainly from miscellaneous income. The operating profit margin of Q3 2020 is 27% while it was 25% in the previous quarter and -163% in Q3 2019.

Expenses

	Administartive costs	Maintenance Expenses	Selling and Marketing Expenses
Q3 2019	49,554,619	90,455,657	305,378
Q3 2020	50,371,711	5,319,264	133,744
Q2 2020	43,660,736	1,353,998	231,203

The total overheads of HDC has increased by MVR 10.5 million compared to previous quarter. As shown in the above table, the biggest increment was seen from administrative expenses. Among administrative expenses, ‘general and other administrative expense’ has recorded a growth of 466% (MVR 9.4 million) compared to previous quarter, mainly because of fine charges by the contractor's due delays in payment and waive-off rent for the period due to Covid-19. From maintenance expenses, ‘building maintenance expenses’ shows increase of MVR 2.3 compared to Q2 2020 due to the expenses incurred for the repair and maintenance of the TATA flats.

Conversely, in comparison to the same quarter of 2019, total expenses of the company have reduced from MVR 140 million to MVR 55.8 million mainly because of written down of airport link road cost in Q3 2019.

Net Profit/Loss

Q3 2019	Q3 2020	Q2 2020
-86.4	0.99	-3.63
Million in MVR	Million in MVR	Million in MVR

The company has made a net profit for the third quarter after loss making periods. Regardless of high overheads and finance costs HDC has made a net profit for the quarter, attributable to the increment in revenue and other income. The company has huge borrowings which leads to high finance costs. Finance costs contribute 79% of company’s revenue of Q3 2020.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
3.11	4.39	4.17
TIMES	TIMES	TIMES

Current ratio of HDC indicates a healthier liquidity position. The movements in current assets and liabilities have further improved the ratio in Q3 2020. The current liabilities have reduced more than current assets. However, it is important to consider the nature of the current assets. The major component of current asset is inventory which comprise 80% of total current assets. HDC’s inventory consists of land stock and property, which is cannot easily be exchanged to cash. Since the greater part of inventory is still in work-in-progress stage it will take time converting inventory into cash.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.90 TIMES	0.90 TIMES	0.79 TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Since, HDC's inventory is the most significant component of its current assets, quick ratio is very low compared to its current ratio. The ratio indicates insufficient liquid assets to settle short-term liabilities. A company that has a quick ratio of less than 1 may not be able to fully pay off its current liabilities in the short term, therefore, HDC should try to improve this ratio.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.01 TIMES	0.03 TIMES	0.03 TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Cash balance of the company is very low compared to its current liabilities. Hence, HDC's cash ratio is very critical as only 3 percent of current liabilities can only be covered by the cash balance. Further, the cash balance has reduced by MVR 16 million compared to previous quarter. However, the ratio has not reduced because the current liabilities of the company have recorded a fall of over MVR 229.6 million against previous quarter. HDC has settled significant amount of trade and other payables repaid loans and borrowings.

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. Furthermore, major projects are currently in the construction stage and the Corporation can only expect the revenue once the physical completion and process of selling or allocation are being done. This shows that company's cash position requires quick turnaround in order improve its ability to borrow in the future.

LEVARAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
0.58 TIMES	0.60 TIMES	0.64 TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Total loans and borrowings have reduced in Q3 2020. Thus, the ratio has declined compared to previous quarter Nevertheless, company's debt to equity is ratio is high as a result of increased borrowings when compared to Q3 2019.

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

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.31 TIMES	0.34 TIMES	0.35 TIMES

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 further reduced in Q3 2020 because of reduction in total borrowings. The main purpose of the loans taken by HDC is for asset creation either as an investment property or inventory.

Debt Capitalization

Q3 2019	Q3 2020	Q2 2020
37%	38%	39%

Debt capitalization ratio has measures total amount of outstanding debt as a percentage of the HDC's total capitalization. Debt capitalization ratio of HDC is increasing due to high borrowings. However, it 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 2019	Q3 2020	Q2 2020
-3.19 TIMES	0.35 TIMES	0.30 TIMES

The interest cover ratio measures how many times HDC can cover its current interest payment with its available earnings. The interest cover ratio of HDC is low since interest expense is relatively higher compare to operating profit of the company. However, it must be noted that although HDC does not have enough profit, the company makes relatively decent interest income to cover its interest expenses.

CONCLUSION

HDC has reported a revenue of MVR 62.9 million in Q3 2020, a growth of 11% compared to previous quarter. Regardless of increased overheads and finance costs, the company has achieved a net profit for the quarter.

Liquidity ratios of the company are critical even though the current ratio is high. The significantly lower levels of quick ratio and cash ratio needs to be dealt with. Receivables and inventories are the significant components of current assets; therefore, the company does not have real funds to settle its liabilities. HDC have huge receivables and housing units which is deemed to be enough to cater for the loan obligations and on-going projects financed by the company's cash flow.

In terms of financial leverage, the ratios have seen a fall because of reduction in borrowings compared to the previous quarter. Nevertheless, the debt level of the company is significant, hence financial risk of the company is high. However, it is also important to note that HDC earns decent interest income to settle the interest payments.

RECOMMENDATION

The most concerning issue for HDC is the significant level of borrowings of the company. The finance cost is more than 79% of revenue. Hence, HDC must improve its capacity of loan repayment. In addition, HDC must improve efficiency and fast track project completion to meet debt repayments.

Cash flow from operating activities is negative, which illustrate operational inefficiency. Therefore, HDC must consider this issue and try to improve its cash flow status. This could be achieved through collecting their receivables.

To improve the short-term liquidity position, HDC has to make policies on managing receivable and payables of the company in order to manage the cash flow position. In addition, as the company currently holds large inventory of housing units, a way forward on the sale of these units is needed urgently in order to have a sustainable revenue stream.

Quarterly review; Quarter 3, 2020

HOUSING DEVELOPMENT FINANCING CORPORATION PLC

HOUSING DEVELOPMENT FINANCING CORPORATION PLC
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/HDFC/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

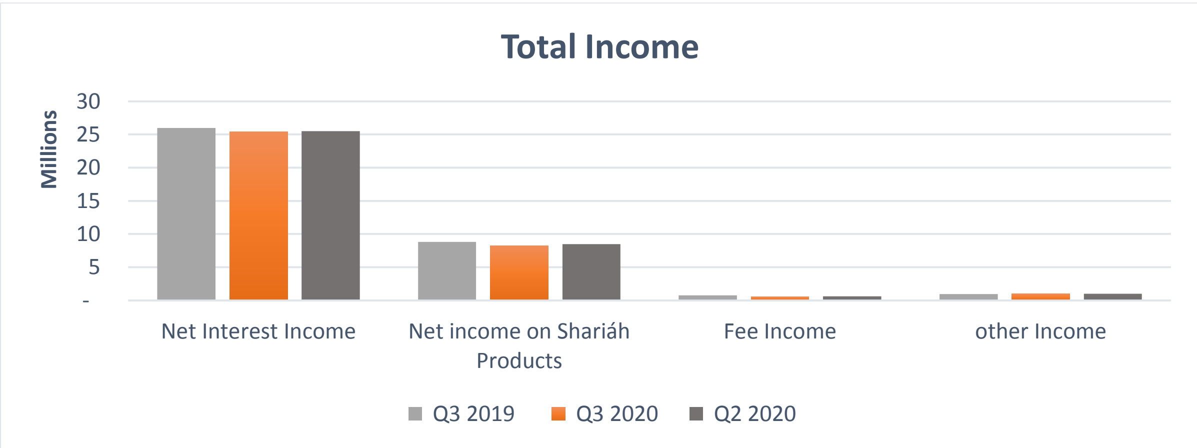
Revenue

Q3 2019	Q3 2020	Q2 2020
49.9	47.7	48.7
Million in MVR	Million in MVR	Million in MVR

HDFC has reported a gross income of MVR 47.7 million in Q3 2002, which is a reduction of 2% and 5% compared to previous quarter and Q3 2019 respectively.

As part of the economic recovery plan by government to minimize the financial impact of COVID-19, HDFC has given a moratorium of 6 months on the repayment of housing loans issued by the corporation. More than 64% of customers opted to take the moratorium, and only 36% did not apply for moratorium. Those who did not apply hold small ticket loans while those who received the moratorium are mostly big-ticket loans. The moratorium was also offered for loans issued under housing schemes conducted by the Ministry of Housing and Urban Development and HDFC, further review of an extension to these schemes are being considered on a case to case basis.

The total income of HDFC comprises of interest income, Income from Shari'ah products, fee income and other income.



Interest income has reduced by 0.3% compared to previous quarter. Net income from Shari'ah products has also reduced by 2.6% and fee income by 7.5%. Other income, on the other hand other income has increased by 3.7% against previous quarter.

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 2019	Q3 2020	Q2 2020	Q3 2019	Q3 2020	Q2 2020
1.3%	1.2%	1.3%	1.9%	1.6%	1.7%

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. The reduction in net interest margin is due to decline in net interest income while total earning assets increased during the quarter. Total earning assets has increased over MVR 12.9 million compared to previous quarter.

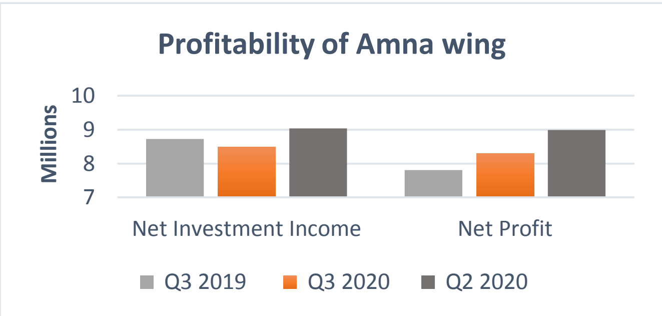
Similarly, net investment margin ratio has reduced in Q3 2020 because of reduction in net investment income. Nevertheless, the positive ratios of HDFC indicates efficient fund investment.

Net profit

Q3 2019	Q3 2020	Q2 2020
22.9	23.5	23.3
Million in MVR	Million in MVR	Million in MVR

The net profit of Q3 2020 has improved compared to other two quarters as total overheads are lower in Q3 2020.

Amna Wing Profit



Total mortgage facilities of Islamic Window have increased from MVR 659 million to MVR 670 million from Q2 2020 to Q3 2020. However, net interest income and net profit has declined in Q3 2020.

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;

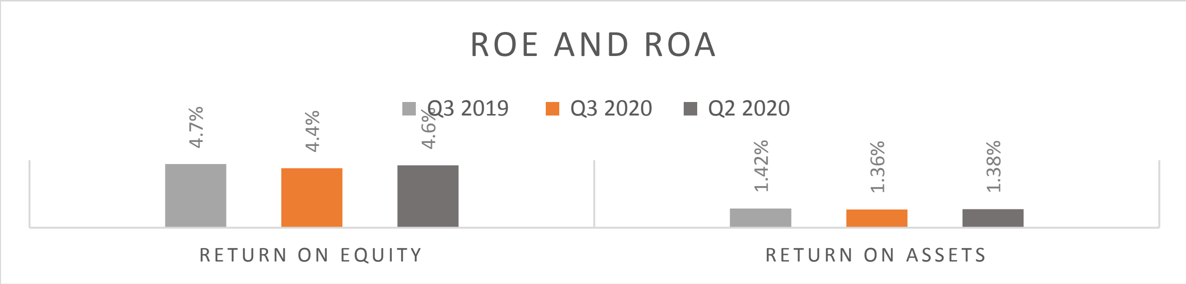
Details	Q3 2019	Q3 2020	Q2 2020
Total Liabilities			
Deposits	88,921,497	84,113,876	86,256,655
Borrowings	974,951,169	1,069,284,134	1,076,976,690
Other Liabilities	301,222,904	273,944,430	275,166,191
Total Liabilities	**1,365,095,570**	**1,427,342,440**	**1,438,399,536**
Total Assets			
Cash, Short term Funds	81,665,862	73,444,430	55,212,530
Financial assets held to maturity	111,821,644	126,969,597	169,985,133
Loans and advances to customers	1,739,205,158	1,837,796,663	1,800,067,411
Property, Plant and Equipment	1,116,778	1,091,516	1,159,078
Right of use assets	7,115,866	9,838,535	9,838,535
Intangible assets	549,015	307,182	367,640
Deferred tax asset	3,605,940	5,820,179	5,820,179
Other Assets	6,654,286	5,714,061	6,098,101
Total Assets	**1,951,734,549**	**2,060,982,163**	**2,048,548,607**
NET (Assets-Liabilities)	**586,638,979**	**633,639,723**	**610,149,071**

Total assets of HDFC has reached MVR 2 billion and housing loan/facility portfolio has reached to MVR 1.8 million as at the end of Q3 2020. This is an increment of MVR 12 million from total assets and MVR 37.7 million by loan portfolio.

Total liabilities of the company have recorded a reduction of over MVR 11 million compared to previous quarter. Although deposits fall under liabilities, they are critical to the financial institution’s ability to lend. If the entity doesn't have enough deposits, slower loan growth might result, or the financial institution might have to take on debt to meet loan demand which would be far costlier to service than the interest paid on deposits. Since HDFC is not a bank, the deposits of the company refer to 3 months EMI retained which will be utilized if the Customer is having financing difficulty in servicing monthly EMIS. In this regard during the quarter, company has allowed the customers to utilize it for that purpose, resulting a decline of deposits. It is also important to note that the only way to increase the deposit is increasing company’s loan portfolio (New Loans).

The borrowings have reduced as HDFC has repaid significant borrowings during the quarter. It should be noted that the primary model of HDFC is relying on borrowings to obtain funding for loan portfolio.

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

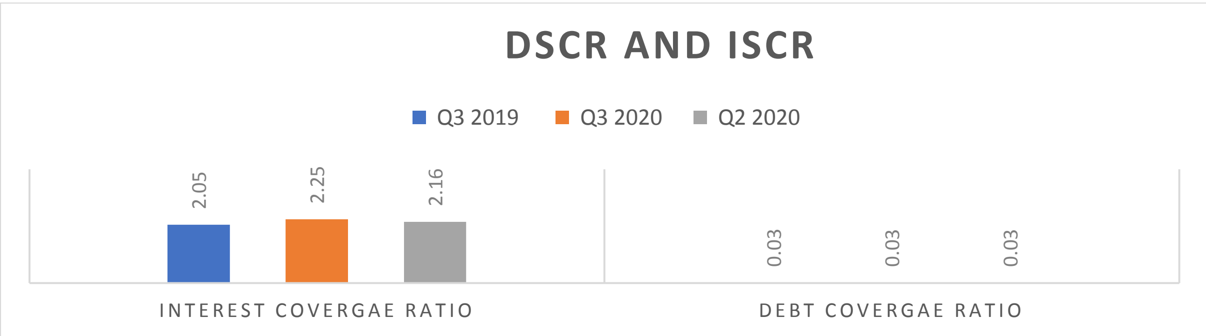


ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period.

Since the operating profit of the company has seen a reduction compared to previous quarter, the ROE has recorded a reduction in Q3 2020. The increase in company's equity also contributed to the downward movement in the ratio. Return on assets ratio has recorded a minimal reduction compared to previous quarter because while operating profit reduced, total assets have increased.

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.



The interest coverage shows improvement in the quarter as there was a reduction in the interest expense for the quarter. The company has also repaid over MVR 27 million borrowed funds during the quarter and has borrowed additional MVR 20 million. The higher the ratio of EBIT to interest payments, the more financially stable the company. However, it should be noted that this ratio only takes into account interest payments and not payments made on principal debt balances that may be required by lenders. Hence, the debt-service coverage ratio is slightly more comprehensive.

Debt coverage ratio of the company is very low indicating that HDFC will be unable to cover or pay current debt obligations without drawing on outside sources – without, for example, borrowing more. The liquidity position has declined as the company was unable to process anticipated term loans and issue debt instruments, however, company have serviced all obligations without any delay.

CONCLUSION

HDFC has recorded a gross income of MVR 47.7 million in Q3 2020, representing 2% and 5% reduction compared to previous quarter and Q3 2019 respectively. Nevertheless, the net profit is high in Q3 2020 compared to the other two quarters. During Q3 2020, MVR 23.5 million profit was generated.

HDFC total assets reached to MVR 2.1 billion and housing loan/facility portfolio has reached to MVR 1.8 billion. Total assets show increment of MVR 12 million against previous quarter. The deposits, on the other hand has declined. Hence the net assets of HDFC has improved in Q3 2020.

As the COVID-19 has brought disruption to the global economy as well the Maldivian economy, HDFC has also faced disruptions in their operations. Further, the company has given 6 months moratorium to its customers as part of government's recovery plan. Further review of an extension to these schemes are being considered on a case to case basis. This has led to a reduction of cash inflows from customers and created unanticipated pressure on working capital and liquidity. Hence the company has been talking with its shareholders for term loans to improve the urgent liquidity problem.

RECOMMENDATION

Given that HDFC obtains funding through borrowing, it is important to manage company's borrowing space carefully in order to maintain adequate levels of cash to service debt.

Quarterly review; Quarter 3, 2020

ISLAND AVIATION SERVICES LIMITED

ISLAND AVIATION SERVICES LIMITED
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/IASL/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
514	107	109
Million in MVR	Million in MVR	Million in MVR

As the lockdown was released in the third quarter of 2020, the revenue segments of IAS started improving in Q3 2020. Although most of the revenue segments has seen improvements compared to previous quarter, sea plan operation has seen a drastic fall due to reduction of Charter flights by 98%.

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

Revenue	Q3 2019	Q3 2020	Q2 2020
Passenger Income - Domestic Services	261,524,194	39,851,158	37,556,186
Passenger Income - Regional Services	170,652,582	54,529,082	42,038,612
Commercially Important Passengers Revenue	13,004,767	1,900,673	57,841
Ground Handling Revenue	15,919,178	2,275,007	1,668,536
Cargo Handling Income	2,867,969	1,524,012	1,454,258
Seaplane Operation	50,099,639	7,270,935	26,591,738
Total Revenue	**514,068,329**	**107,350,867**	**109,367,171**

It is apparent from the table that passenger income has seen a growth in Q3 2020 compared to previous quarter. Similarly, ground and cargo handling revenue has also improved. Commercially important passenger revenue has shown the highest growth rate in Q3 2020. On the other hand, seaplane operation has shown a drastic fall of MVR 19.3 million because charter flights decreased by 98%. As a result, total revenue has reduced by MVR 2 million compared to previous year.

The results of Q3 2020 cannot be compared to Q3 2019 as the economic conditions have changed in 2020 due to the global pandemic.

Gross Profit/(loss)

Q3 2019	Q3 2020	Q2 2020
194.9	-34.4	-21.1
Million in MVR	Million in MVR	Million in MVR

Although total revenue has recorded a loss of 2%, the cost of goods sold has increased by 8.7%, thus gross loss shows a significant increase from previous quarter. (MVR 13 million). Among the direct costs, the highest increment was seen from regional and domestic costs of MVR 7.9 million, however it has to be noted that revenue from this segment far more exceeds than its direct cost. In addition, DCS expenses shows increment of MVR 2.3 million due to increase in Domestic passenger sales by 2.29 million and engineering expenses of MVR 1.7 million.

Net Profit/(loss)

Q3 2019	Q3 2020	Q2 2020
61.6	-102.9	-110.1
Million in MVR	Million in MVR	Million in MVR

The net loss of the company has reduced in Q3 2020 against previous quarter. This was due to reduction of company's operating expenses as well as reduction of finance costs. Compared to Q3 2019, net profit was decreased to a net loss, mainly due to significant drop in revenue.

Expenses

Total overhead expenses of IAS have reduced by 39% compared to Q3 2019 and 20% against previous quarter. the below table illustrates the major expenses of the company for three quarters in review.

ADMINISTRATIVE EXPENSES	Q3 2019	Q3 2020	Q2 2020	Q3 2020 vs Q3 2019	Q3 2020 vs Q2 2020
Staff Salaries and Allowances	99,810,474	61,707,312	85,854,078	-38%	-28%
Office Rent	7,762,437	4,827,249	6,320,579	-38%	-24%
Electricity and Amenities	3,594,544	3,433,100	2,785,971	-4%	23%
Telephone Charges	850,521	988,790	532,982	16%	86%
Transport Expenses	3,412,555	696,102	843,752	-80%	-17%
Printing	571,967	222,080	-	-61%	-
Maintenance Expenses	1,546,330	608,034	460,154	-61%	32%
Insurance	10,708,709	9,457,121	9,268,702	-12%	2%
Directors/Auditors Remuneration	157,743	162,450	162,950	3%	0%
Other expenses	13,797,083	5,220,387	3,257,927	-62%	60%
Total	**142,212,363**	**87,322,625**	**109,487,095**	**-39%**	**-20%**

As shown in the table, almost all administrative costs have reduced in Q3 2020. Staff salaries shows a reduction of MVR 24 million compared to previous quarter. In addition, office rent has also reduced by MVR 1.4 million, followed by MVR 1.9 by other expenses.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.94	0.84	0.91
TIMES	TIMES	TIMES

The current ratio of the company illustrates that company's current liabilities exceed its current assets. The results have further deteriorated in Q3 2020 as company's current assets have reduced compared to previous quarter. Both inventory and trade receivables has reduced in Q3 2020 compared to previous quarter. Further, the main current asset of IAS is trade receivables which represents 93% of total current assets. The reduction of receivable will improve the working capital of the company.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.80	0.77	0.84
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. A quick ratio of below 1 indicates inability to meet its short-term liabilities with its most liquid assets. Quick ratio has also declined compared to other two quarters.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
-0.07 TIMES	-0.01 TIMES	-0.09 TIMES

The cash ratio of the company has been negative for the past quarters due to negative cash balance. The ratio indicates that IAS does not have any cash to cover their short-term obligations. Cash and cash equivalents include a bank overdraft of MVR 83.7 million at the end of Q3 2020. The total negative cash balance has improved in Q3 2020 because of increase in balances with banks which was negative in previous quarter. As a result, the negative ratio shows improvement.

LEVARAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
0.39 TIMES	0.51 TIMES	0.49 TIMES

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. The financial leverage of the company has increased to 0.51 times compared to 49 times last quarter. This is because Loans and borrowings of the company has increased by MVR 30.2 million (long-term loan from MIB).

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.19 TIMES	0.19 TIMES	0.18 TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. As shown in the above chart, Debt to Assets ratio of IAS is relatively low. Generally, companies in airline industries are asset based, thus IAS has a huge asset base of MVR 3 billion, keeping the ratio low. The lower the debt to asset ratio, the less risky the company.

However, when analyzed together with the liquidity ratios, it is important for the company to manage the liabilities prudently and improve core business activities to generate cash.

Debt Capitalization

Q3 2019	Q3 2020	Q2 2019
28%	34%	33%

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.

Interest Cover

Q3 2019	Q3 2020	Q2 2020
12 TIMES	-2,288 TIMES	-775 TIMES

The interest cover ratio measures how many times the company can cover its current interest payment with its available earnings. The ratio is negative for the past two quarters of 2020 as the company has made operating loss for these quarters. The company is not generating enough profit from its operations to meet its interest obligations.

CONCLUSION

Total revenue of the company has declined by over 2 million compared to previous quarter. Since the international border was opened during the quarter and the flights started to operate, passenger income started improving, however seaplane operation was drastically declined leading to a fall in total revenue. The gross loss of the company also increased in Q3 2020 compared to Q2 2020 because of increase in direct costs. The reduction in overheads of the company has resulted in a reduction of net loss for the quarter.

Liquidity ratios of the company are critical as current liabilities exceed their current assets. The negative cash balance of the company has reduced in Q3 2020; however, the company still have an OD facility of MVR 83.7 million at the end of Q3 2020. Although trade receivables show reduction against previous quarter it is still significant relative to the revenue of the company. As a result of weak liquidity position a huge amount is accumulated as payables.

Long term loans and borrowings have increased in Q3 2020 due to loan from MIB. Hence the leverage ratios have increased. 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.

RECOMMENDATION

Since the economy has re-opened, the company should try to increase their revenue. Specifically, IAS must try to overcome any challenges in sea plan operation, as revenue from this component has been declining.

In addition, cost management is an important element for profit maximization. Therefore, IAS should try to achieve efficiency, economy and effectiveness to improve business performance.

The significant receivables of the company are a major concern for the company. Hence, efficiency of credit control department and Proper control mechanisms should be implemented shortly. Flexible terms can be agreed on the existing receivables which could help to collect receivables more swiftly.

Quarterly review; Quarter 3, 2020

KAHDHOO AIRPORT COMPANY LTD

KAHDHOO AIRPORT COMPANY LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/KACL/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
3.53	1.08	0.67
Million in MVR	Million in MVR	Million in MVR

Due to Covid-19 pandemic flight movements decreased in Q3 2020 and the revenue of the company has dropped hugely by 69% compared to Q3 2019. However, compared to Q2 2020 revenue increased by 60% mainly due to start of domestic air travel. The breakdown of the revenue is shown in the below table.

Revenue	Q3 2019	Q3 2020	Q2 2020
Aeronautical	2,642,299	526,153	261,785
Cargo revenue	13,657	10,682	4,271
CIP revenue	4,026	-	-
Electricity Charges	185,272	162,393	159,503
Rental Income	155,913	187,142	135,171
Room revenue	453,313	128,622	1,415
Shop Revenue	52,189	49,955	73,075
Other Revenue	21,827	23,779	44,463
Total	**3,528,496**	**1,088,726**	**679,683**

As seen in the table, revenue has decreased in Q3 2020 mainly from aeronautical, CIP revenue, Room revenue by 80%, 100% and 72% respectively compared to Q3 2019. It is noted that, with the start of flight movement's aeronautical, cargo revenue and room revenue has increased in Q3 2020 compared to last quarter.

Operating Profit/ (Loss)

Q3 2019	Q3 2020	Q2 2020
(3.18	(4.84)	(5.57)
Million in MVR	Million in MVR	Million in MVR

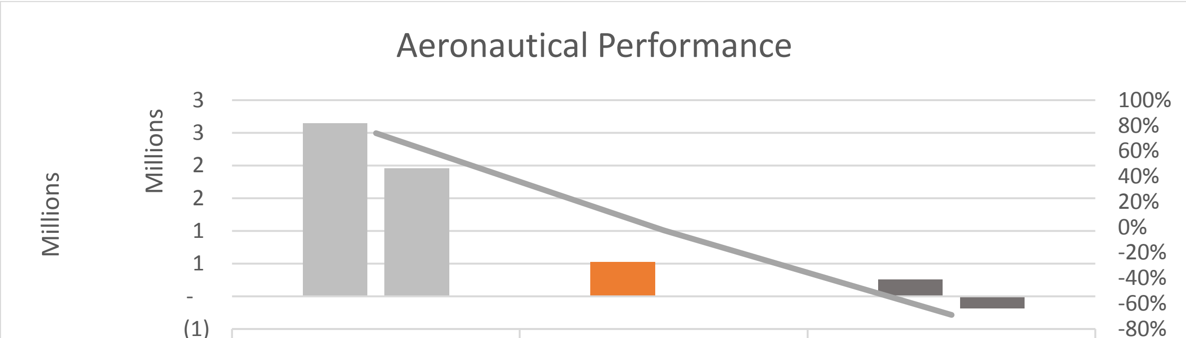
The operating loss of the company has increased by 52% in Q3 2020 compared to Q3 2019. This is mainly due to decrease in revenue.

The operating expenses and staff costs has also reduced by 27% and 8% respectively. The operating costs has reduced mainly due to decrease in fuel expenses, goods bought for resale, travelling expenses, training expenses, networking expenses and staff welfare expenses. However, it is noted that some of the operating cost segments has increased in Q3 2020 compared to Q3 2019. Cost of revenue shop has increased in Q3

2020 by MVR 32 thousand compared to Q3 2019 and decreased by MVR 22 thousand compared to Q2 2020. Uniform expenses has increased by 47% compared to 2019 due to tailoring and material acquisition for airport staff uniform for the quarter Q3 2020. Safety and security expenses increased by MVR 9 thousand in Q3 2020 compared to Q3 2019 as to purchase masks and gloves for mandatory safety measures due to covid-19. Repair and maintenance increased by 120% in Q3 2020 compared to Q3 2019 due to repairs to runway, buildings and equipment made in the sector.

Segmental Profit

Aeronautical

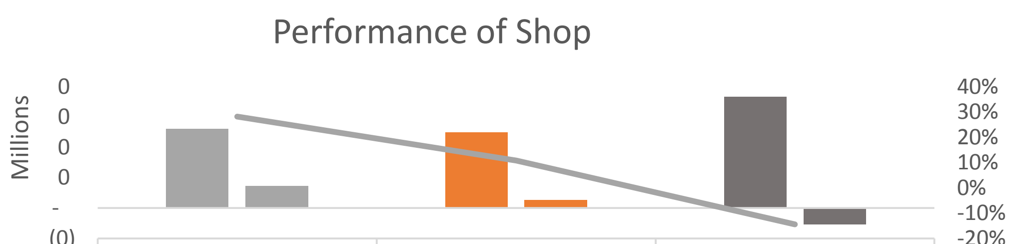


	Q3 2019	Q3 2020	Q2 2020
Revenue	2,642,299	526,153	261,785
Gross Profit	1,958,323	(12,587)	(180,275)
GP Margin	74%	-2%	-69%

Aeronautical is the main segment of KACL and revenue from aeronautical has a huge reduction due to Covid-19. Therefore, gross profit margin has decreased to -2 as aeronautical has a gross loss of MVR 12 thousand in Q3 2020. However, KACL has improved their revenue compared to last quarter as they have started their flight movements in the third quarter of 2020. KACL has a gross loss of 69% in Q2 2020.

Due to loss of aeronautical revenue, KACL has made a gross loss in this segment. Since this is the main business segment of the company, the reduction of revenue has been a huge loss for the company. However, in previous quarters the company has achieved high gross profit margin from this segment.

Shop



	Q3 2019	Q3 2020	Q2 2020
Shop Revenue	52,189	49,955	73,075
GP	14687	5,416	(10,502)
GP Margin	28%	11%	-14%

Gross profit margin of shop revenue has decreased by 17% in Q3 2020 compared to Q3 2019. However, compared to Q2 2020 gross profit margin has improved in Q3 2020 as KACL has a gross loss in Q2 2020 and generated a gross profit in Q3 2020.

Net Profit

Q3 2019	Q3 2020	Q2 2020
(4.9)	(6.6)	(7.4)
Million in MVR	Million in MVR	Million in MVR

KACL has a net loss of MVR 6.6 million in the third quarter of 2020. Compared to Q3 2019 KACL's loss has increased by 35% due to decrease in total revenue and depreciation. However net loss has decreased by 10% in Q3 2020 compared to Q2 2020 mainly due to increase in aeronautical revenue.

Operating Expenses

The overheads of the company are;

	Q3 2019	Q3 2020	Q2 2020
Operating expenses	1,237,190	897,337	706,871
Staff Costs	5,466,697	5,030,290	5,542,550
Depreciation	-	1,791,714	1,790,103

KACL's total overhead expenses has increased by 15% in Q3 2020 compared to Q3 2019, this is mainly due to the depreciation of MVR 1.7 million in the third quarter of 2020. Compared to Q2 2020 total overhead expenses has reduced in Q3 2020 by 4% mainly due to decrease in staff costs by 9%.

As seen from the above chart, operating expenses and staff costs has reduced by 27% and 8% respectively in Q3 2020 compared to Q3 2019.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
27.5 TIMES	20.2 TIMES	21.0 TIMES

A current ratio of above 2 is considered acceptable. High current ratio of a company is more likely to meet its liability in short term. KACL's current ratio in Q3 2020 is 20.2 times. Current ratio of the company has decreased by 26% in Q3 2020 compared to Q3 2019. It is noted that rade receivables are the most significant component of currents assets as it covers 93% of current assets. It is also important to highlight that in Q3 2020 account receivables is significantly higher than the revenue of the period as it represents 3265% of Q3 2020 revenue. Significant receivables is an indicator that the company is ineffient to manage its receivables. The table below illustrates company's trade and other receivables, trade and other payables and their cash balances within the quarters of 2017, 2018, 2019 and 2020.

	Q3 2017	Q3 2018	Q3 2019	Q3 2020
Cash and Cash Equivalents	25,935,914	22,572,443	2,689,499	1,352,838
Trade and Other Receivables	15,039,479	25,893,564	37,029,178	35,547,386
Trade and Other Payables	588,872	836,299	1,472,353	1,879,942

As seen from the above table company's trade and other receivables has been increasing in each year likewise their cash balances decreased in each year significantly. Unable to maintain company's receivable is a major issue for the company and It is important to note that the majority of the receivables is from Island Aviation Services Ltd. From Q3 2017 to Q3 2020 trade receivables increased from MVR 15 million to MVR 35 million which is 136%. On the otherhand, cash and cash equivalents decreased by 95% from MVR 25 million on Q3 2017 to MVR 1 million on Q3 2020. It is noted that company's trade and other payables has also been increasing in each year. From the third quarter of 2017 to third quarter of 2020 trade and other payables has increased by 2198%.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
26.8 TIMES	19.6 TIMES	20.3 TIMES

KACL's quick ratio of 19.6 times indicated that the company is capable to meet its short-term obligations with its most liquid current assets without its inventories. It is noted that KACL's quick ratio has decreased in Q3 2020 by 27% and 3% compared to the two quarters Q3 2019 and Q2 2020 respectively.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
1.81 TIMES	0.72 TIMES	0.41 TIMES

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. KACL's cash ratio of 0.72 times in Q3 2020 indicates that there are more current liabilities than cash and cash equivalents, meaning insufficient cash in hand to pay off short term debts. It is noted that cash ratio of KACL has decreased in Q3 2020 by 60% compared to Q3 2019 mainly due to decrease in cash at bank by 54% and increase in other payables because of deferred payments in Q3 2020.

CONCLUSION & RECOMMENDATION

Although, the company is affected by the global pandemic, COVID-19 KACL's revenue is rising slightly with the start of flight movements in Q3 2020. However, company faced a huge net loss over MVR 6.6 million in Q3 2020. As company is facing huge accumulated loss each quarter, company must come up with new ideas on generating revenue to cover up the operating expenses of the company.

The main segment of operating cost is staff cost and it exceeds the revenue generated in Q3 2020. Therefore, company must ensure ways on reducing staff costs. KACL could make a performance analysis of staffs and reduce unproductive and excess staffs. In addition, company can limit the overtime allowance in such pandamic periods.

Current ratio and quick ratio shows a favorable liquidity position in Q3 2020. However, cash ratio shows insufficient cash to pay off short term debts. Although KACL do not have any long-term loans or borrowing, trade and other payables of the company keep rising quarter by quarter. If the company collects its receivable in time, they could payout trade payables without any difficulty. Company should monitor their receivables closely and can imlement proper credit control mechanism. As the receivables is growing each year and the majority receivables are from Island Aviation Services company should negotiate with then to overcome the issue. However, if the company is unable to collect the receivables they should inform relevant authorities as the company is running at a huge loss. If the company is able to collect receivables they can improve their cash balances and can invest it to generate revenue.

Quarterly review; Quarter 3, 2020

MALDIVES AIRPORTS COMPANY LIMITED

Report No: PEM/2020/MACL/Q3

Q3 2020 with Q3 2019 and Q2 2020

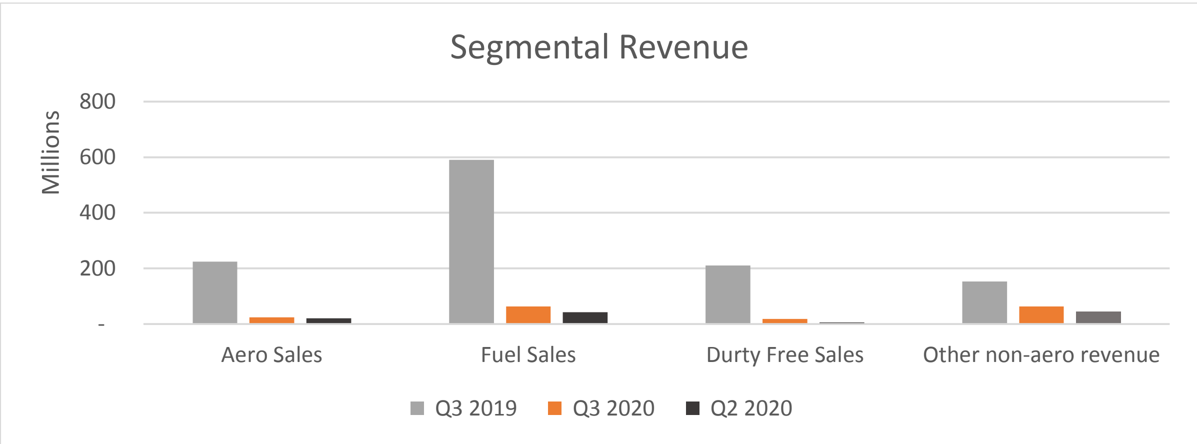
PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
1,178	167.6	110.6
Million in MVR	Million in MVR	Million in MVR

MACL has reported a revenue of MVR 167 million in Q3 2020, which is a growth of 51% compared to the previous quarter and 86% less compared to the same period of last year. Revenue has started to pick-up after the lock down and Covid 19 impact.

Upon opening of the country after the lockdown, both international and domestic flights started which has increased the overall revenue of MACL. The detailed breakdown of the revenue segments is shown in the below chart.



All segments of revenue have declined in Q3 2020 compared to previous year due to global pandemic. Total revenue reduction is recorded at MVR 1 billion compared to Q3 2019. Nevertheless, all revenue segments show improvement against previous quarter.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
721	125	76.1
Million in MVR	Million in MVR	Million in MVR

The gross profit has increased over MVR 49 million compared to previous quarter as a result of improvement in revenue. While revenue recorded a growth of 51%, cost of sales has increased by 22% only. Consequently, gross profit margin has also improved to 75% from 69% in previous quarter.

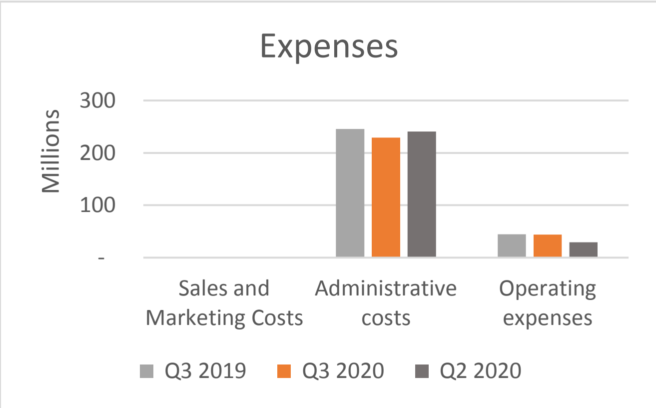
Operating Profit

Q3 2019	Q3 2020	Q2 2020
430	-147	-193
Million in MVR	Million in MVR	Million in MVR

Due to significant loss of revenue MACL has made an operating loss for the past 2 quarters. Compared to Q2 2020 total overheads of the company reduced, hence operating loss shows reduction. Also, overheads are low in Q3 2020 compared to the same period of last year.

Expenses

Total overheads of the company consist of administrative, sales and marketing and operating expenses.



Administrative is the largest overhead, which is lower in Q3 2020 compared to other two quarters. This is mainly because of reduction in employee benefits by 6% and 1% against Q2 2020 and Q3 2019 respectively.

Sales and marketing costs were not incurred in Q3 2020. On the other hand, operating expenses has increased by MVR 15 million compared to previous quarter mainly from repair and maintenance.

Net Profit

Q3 2019	Q3 2020	Q2 2020
350	-129	-166
Million in MVR	Million in MVR	Million in MVR

Finance costs (Interest expense) of the company increased significantly by 132% (MVR 2.7m) compared to previous quarter, because of increasing borrowings by over MVR 102 million. Despite this, net loss has reduced in Q3 2020 due to improvement in revenue.

LIQUIDITY

Current ratio

Q3 2019	Q3 2020	Q2 2020
2.3 TIMES	1.0 TIMES	1.6 TIMES

The current ratio of the company shows a reducing trend due to reduction in current assets along with increase in current liabilities compared to Q2 2020 and Q3 2019. Trade payables has recorded a growth of 3% and 33% respectively compared to Q2 and Q3 2019.

Quick ratio

Q3 2019	Q3 2020	Q2 2020
2.1 TIMES	0.83 TIMES	1.4 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 MACL has gone below the ideal level of 1.

Cash ratio

Q3 2019	Q3 2020	Q2 2020
0.80 TIMES	0.38 TIMES	0.65 TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The company has generated a negative cash flow of MVR 181 million from the operating activities and finished the quarter with a cash balance of MVR 633 million which is 41% less compared to previous quarter. During third quarter of 2020, MACL has invested MVR 345 million in capital investments and have taken additional borrowings of over MVR 102 million.

The short-term liquidity position of the company is declining since current assets are reducing while current liabilities are growing. However, this situation is expected to be reversed once the tourism sector picks up as the company is continuing to expand its operational capacity through addition of the terminal space and the investments in other infrastructure.

FINANCIAL LEVERAGE

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.46 TIMES	0.47 TIMES	0.45 TIMES

Debt to assets ratio has increased as the company has additional borrowings while total assets reduced. The borrowings were used to invest in capital assets. The debt to assets ratio of MACL is low as the company has strong asset base.

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
1.20 TIMES	1.03 TIMES	1.01 TIMES

Debt to equity ratio has also increased in Q3 2020, owing to the additional borrowings during the quarter and reduction in total equity. However, since these borrowings were used to finance the capital projects which is likely to increase revenue, hence MACL does not face increased financial risk.

CONCLUSION

With the opening of the country after the lockdown and the international and domestic flight operation, the revenue of MACL has started improving. Hence, MACL has reported a total revenue of 167 million, which is a growth of 51% against previous quarter. Consequently, the net loss of the company has declined by 22%.

The short-term liquidity position of the company has been declining as the current assets are reducing while current liabilities are growing.

Regardless of new borrowings the leverage ratios were maintained low with high asset base and equity. Huge developmental projects are undertaken by the company and majority of these projects are financed through borrowings. Once the developmental projects are completed, MACL could further improve their performance.

RECOMMENDATION

The on-going developmental projects must be managed well since the company has huge developmental projects. With proper project management company can ensure the projects are completed based on the agreed dates and eliminate any mismanagements. Delay of projects might end up in cash flow problems, and company may lose possible revenue streams.

The payables of the company have been growing, hence to improve the short-term liquidity the company must take actions to reduce its payables.

Quarterly review; Quarter 3, 2020

MALDIVES CENETR FOR ISLAMIC FINANCE CORPORATION

MALDIVES CENETR FOR ISLAMIC FINANCE CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MCIF/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue and Gross Profit

Q3 2019	Q3 2020	Q2 2020
-5,671	Nil	Nil

MCIF has a gross loss in the third quarter of 2019 as the company have no revenue generating activities during the period and no takaful surplus received in Q3 2020. In the third quarter of 2020 company has not generate any revenue to cover their operational expenses. There is no revenue generating model which has been implemented till date. Though the purpose of the company is to link Islamic finance industry of Maldives to international markets, lack of operations does not allow the company to fulfil their main goal. MCIF generated no revenue while has a high operational outflow which has to be funded by shareholder assistance.

Net Profit

Q3 2019	Q3 2020	Q2 2020
(1.2)	(1.3)	(1.4)
Million in MVR	Million in MVR	Million in MVR

As the company did not generate any revenue and has high operational expenses, company has faced a huge net loss of MVR 1.3 million. Compared to Q2 2020 company's net loss has decreased by 6% in Q3 2020 compared to Q2 2020. However, net loss increased in Q3 2020 when compared to Q3 2019. Below table shows how company's overhead expenses incurred within the quarters Q3 2019, Q3 2020 and Q2 2020.

Operating Expenses	Q3 2019	Q3 2020	Q2 2020
Selling and Marketing costs	1,219	-	-
Administrative costs	799,760	1,047,264	1,131,323
Other Operating expenses	372,851	215,395	203,408
Total	1,173,830	1,262,659	1,334,731

As seen from the table the main expenses incurred is from administrative costs, which covers 83% of total operating expenses. Administrative costs have increased by 31% in Q3 2020 compared to Q3 2019. However, administrative costs decreased by 7% when compared to Q2 2020. It is noted that, administrative costs is mainly from personnel expenses as in August 2019 staff were completely transferred to MCIF hence, two month of their payroll is reflected for the full quarter in Q3 2020. It is noted that other operating expenses has decreased in Q3 2020 by 42% and 6% compared to both the quarters of Q3 2019 and Q2 2020 respectively.

LIQUIDITY

Current ratio

Q3 2019	Q3 2020	Q2 2020
4.16	0.37	0.23
Times	Times	Times

A current ratio of above 2 is considered acceptable. Company's current ratio has decreased from 4.16 in Q3 2019 to 0.37 in Q3 2020. It is noted that the company is not capable to meet its short-term obligations as they have fewer current assets compared to their liabilities. In addition, the company has increased in lease liability in Q3 2020 compared to Q2 2020.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
2.33	0.12	0.01
Times	Times	Times

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. Company's cash ratio of 0.12 times in Q3 2020 indicates that there are more current liabilities than cash and cash equivalents, meaning insufficient cash on hand to pay off short term debts. It is noted that cash ratio of the company has decreased in Q3 2020 by 95% compared to Q3 2019. It is noted that the cash balance represents the cash injected by the government.

CONCLUSION & RECOMMENDATION

MCIF has not generated any revenue in the third quarter of 2020. However, it is noted that company has high operating expenses in the quarter. It is important to note that, the company does not achieve the mandated objectives on commercially sustainable model and the capital contribution from MoF is utilized for its recurrent expenses such as payroll. Based on the current status of the business operations, it can be concluded that they are not operating in a self-sufficient business model.

The existing business model of the company is not sustaining its business as the company is not creating value addition to the shareholder and is not generating revenue from its core business. Therefore, a sustainable business model should be designed and implemented to create diversified revenue generating units to a minimum extent where its operational expenses are covered.

Quarterly review; Quarter 3, 2020

MALDIVES FUND MANAGEMENT CORPORATION LIMITED

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MFMC/Q3

INTRODUCTION

Maldives Fund Management Corporation (MFMC) is a 100% government owned SOE incorporated on 26th June 2019 and domiciled in the Republic of Maldives. The Corporation was established with the responsibilities of fulfilling national goals of development through increasing private sector investment with the aid of the government, to increase the wealth of the country and to increase the strategic investments through managing the risks and profit ratios.

Q3 2020 with Q2 2020

PROFITABILITY

Revenue

Q3 2020	Q2 2020
Nil	Nil

The company has not generated any revenue since its inception. However, they have earned finance income for the previous 3 quarters.

Operating Profit

Q3 2020	Q2 2020
(1.46)	(1.51)
In MVR millions	In MVR millions

The operating expense of the company is almost MVR 1.5 million, however it has recorded a minimal reduction in Q3 2020 compared to previous quarter. the most significant expenses are payroll and director's remuneration for these quarters.

Payroll Expenses	Q3 2020	Q2 2020
Basic Salaries	561,000	557,129
Employer Pension Contribution	39,270	38,999
Service Allowance	108,000	108,000
Technical Allowance	90,000	90,000
Phone Allowance	13,500	13,500
Ramazan Allowance	27,000	-
Total	**838,770**	**807,628**

Directors Remuneration	Q3 2020	Q2 2020
Directors Salary	118,554	119,154
Directors Pension	8,299	8,341
Board Allowances	60,900	75,900
Financial Perf. Allowance	54,000	63,000
Mgmt. Performance Allowance	16,200	16,200
Ramazan Allowance	6,000	
Total	**263,953**	**282,595**

Since the company does not generate any revenue, the operational expenses are funded through the capital injections by the government.

Net Profit

Q3 2020	Q2 2020
(1.55)	(1.57)
In MVR millions	In MVR millions

Since the administrative expenses has reduced in comparison to previous quarter, net loss of the company has declined in Q3 2020. In addition, the company incurred financial costs of MVR 91,604 for interest on lease liabilities and earned finance income from the deposits made to investment accounts.

LIQUIDITY

Current Ratio

Q3 2020	Q2 2020
1.7	1.9
Times	Times

The current ratio measures MFMC's ability to pay short-term obligations or those due within one year. The current ratio of the company is favorable as company's current assets exceed their liabilities. Current assets of the company consist of trade and other receivables and cash and cash equivalents. Trade receivable represents intercompany receivables (Agro National). Current Liabilities consists of trade and other payables, provisions, payroll payables, lease liabilities and shareholder's current account.

Cash Ratio

Q3 2020	Q2 2020
1.6	1.8
Times	Times

Cash ratio calculates company's ability to repay its short-term debt with cash or near-cash resources. The cash balance shows a reduction of 15% against previous quarter, hence cash ratio has declined in Q3 2020. However, it is important to highlight that the cash balance is the capital contribution by the government.

CONCLUSION

As the company is still in the early stage, it has not generated any revenue since incorporation. Hence, the operational expenses are funded through government capital contributions. For Q3 2020, company has made a net loss of MVR 1.5 million.

RECOMMENDATION

The recurrent expenses of the company are relatively high compare to the activity level. Hence the company should try to eliminate unnecessary costs. In order to operate smoothly MFMC needs to find revenue generating options and formulate practical business model to convince investors and source fund to their portfolios. Further MFMC needs to structure and plan their business more comprehensively by defining every aspect of each fund.

Quarterly review; Quarter 3, 2020

MALDIVES HAJJ CORPORATION LTD

MALDIVES HAJJ CORPORATION LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MHCL/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
72.3	0	0
Million in MVR		

MHCL has not generated any revenue for Q3 2020 as Hajj planned for the quarter was cancelled Saudi Arabian authorities due to the COVID 19 pandemic.

Gross Loss

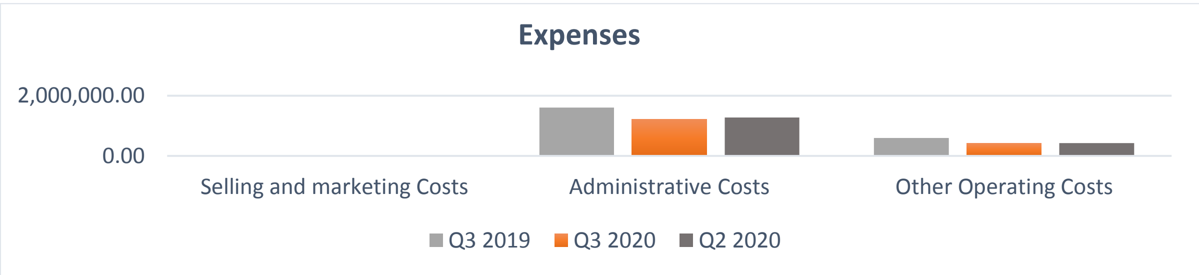
Q3 2019	Q3 2020	Q2 2020
-9,053	0	-3.12
Thousands in MVR		Thousands in MVR

Since there was no Hajj, the planned activities for the preparation of Hajj 1441 was halted. Thus, the company did not incur any direct costs in Q3 2020.

Net loss

Q3 2019	Q3 2020	Q2 2020
-9,873	-237.6	-223.4
Thousands in MVR	Thousands in MVR	Thousands in MVR

The company made a net loss as the company did not generate any revenue while they have incurred administrative costs. As the company currently does not cover its direct costs from the income received for Hajju, suspension of Hajju in 2020 has enabled the company to reduce the operational loss. However, the company have reduced their overheads against comparable quarters.



Total overheads have reduced by 4% and 26% compared to Q2 2020 and Q3 2019 respectively. Since the company did not generate revenue, the operational expenses are funded through the capital injections by the government and the finance income received from investments made by the company.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.1 TIMES	1.6 TIMES	0.9 TIMES

The current ratio of the company has improved in Q3 2020 compared to previous quarter. This is because current assets of the company recorded an increase of MVR 31.3 million, while current liabilities have only increased by MVR 0.6 million. However, it must be noted that the increment in current assets is from trade and other receivables.

It is important to note that cash and cash equivalent is the collection from pilgrims as advance hajj or Umra payment (to be utilized within a long-term), thus it is not ideal to utilize these funds to settle short term liabilities of the company. Hence, if the advance cash received from customers are excluded to assess current ratio, company has MVR 1.47 worth of current assets to settle MVR 1 current liability

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.80 TIMES	0.17 TIMES	0.26 TIMES

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 operation but rather be should be invested to earn returns from it.

Regardless of increased in capital contributions and advance for Hajj, cash balance of the company has declined due to a significant short term given to the government. As a result, the cash ratio has declined in Q3 2020.

As the cash and cash equivalent is the collection from pilgrims as advance hajj or Umra payment (to be utilized within a long-term), it is not ideal to utilize these funds to settle short liabilities of the company. Hence, if the advance cash received from customers are excluded to assess current ratio, the ratio drops to 0.003 indicating serious liquidity issues.

CONCLUSION

MHCL has not generated any revenue for Q3 2020 as Hajj and Umra planned for the quarter was cancelled Saudi Arabian authorities due to the COVID 19 pandemic.

The short-term liquidity position of the company is poor as significant amount of money is tied up as trade receivables and further the cash balance of the company is relatively low compared to company's current liabilities. The company also invests the money receive as advance payments from customers and have been earning investment income.

RECOMMENDATION

As the company is unbale to generate any revenue from Hajj and Umra due to cancellation of Hajj, the company should try to reduce any avoidable costs during this period.

In addition, the company must find ways to generate revenue other than the main business operation, thereby reducing the burden on government. Increasing the investment base through marketing to enroll more people in the saving scheme will also help the company to earn more finance income.

Quarterly review; Quarter 3, 2020

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MITDC/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
0	0	0
In MVR	In MVR	In MVR

The company has not generated any revenue during the three quarters in review. The company was incorporated on October 2016 mandated with the development of integrated tourism in the Maldives and the company was unable to generate a decent revenue since then.

Currently MITDC is focusing on L. Baresdhoo and K. Kaashidhoo project. Kaashidhoo project is on hold as the land plot is currently not a property of MITDC. The company is working on finding a solution and kick start the Baresdhoo and Kaashidhoo project at the earliest. It is important to note that company would take months or probably years to generate operational income from these projects. Therefore, it is vital that company plan to create revenue generating units to enable a self-sufficient business model at earliest.

Net Loss

Q3 2019	Q3 2020	Q3 2020
-1.36	-1.26	-1.28
Million in MVR	Million in MVR	Million in MVR

There are no significant changes in operating losses of Q3 2020 compared to previous quarter. In comparison to the same period of last year, operating loss is 4% less in Q3 2020.

Expenses

Operating Costs	Q3 2019 (MVR)	Q3 2020 (MVR)	Q2 2020 (MVR)
Administrative costs	1,359,010	1,298,812	1,324,535
Sales and marketing expenses	-	6,000	-
Total	**1,359,010**	**1,304,812**	**1,324,535**

The operating costs has reduced by 4% and 1% respectively compared to Q3 2019 and Q2 2020. Among the overheads, payroll expenses have reduced by 18% compared to the same period of last year and 3% compared to previous quarter. In addition, directors' remunerations show a reduction of 5% compared to both the quarters.

Since the company does not generate any revenue, the operational expenses are financed through the capital injections by the government.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.23 TIMES	0.20 TIMES	0.20 TIMES

Current ratio of the company is below 1 for three quarters in review, indicating unsatisfactory short-term liquidity position. The current liabilities of the company exceed its current assets. The current asset of the company consists of trade and other receivables and cash and cash equivalents, of which receivables comprise of 97% of total current assets.

Trade and othe receivables	Q3 2019 (MVR)	Q3 2020 (MVR)	Q2 2020 (MVR)
Accounts Receivable	44,570	66,487	18,787
Advance payments to Suplpliers	15,034,500	15,094,500	15,094,500
Prepayment	24,672	3,668	6,168
Other Receivable	(18)	(17)	(17)
GST refundable	547,484	565,083	564,626
Total	**15,651,208**	**15,729,721**	**15,684,064**

Among trade and other receivables, advance payments to suppliers is the major components of receivables and it represents 96% of receivables. Based on its substance, it is important that company assess these short-term financial assets for its recoverability as per relevant IFRS. Compared to previous quarter, accounts receivable has increased.

Cash Ratio

Q3 2019	Q3 2020	Q3 2020
0.03 TIMES	0.01 TIMES	0.005 TIMES

MITDC's cash ratio is significantly low and are in a high-risk position. The cash balance of the company stands at MVR 462,831, this reflects capital injection by the government which is also currently the only source of cash inflow to the company.

The current liabilities of the company consist of trade and other payables and short-term borrowings. The short term borrowing of MVR 15.42 million is the loan taken from MOF for integrated tourism development projects on the island of Kaashidhoo in Male' Atoll.

The trade and other payables comprise of the following;

Trade and other payables	Q3 2019 (MVR)	Q3 2020 (MVR)	Q2 2020 (MVR)
Trade Payables	14,084,800	14,037,325	14,089,454
Accrued Expenses	32,011	29,666	130,649
Advance rent- Baresdhoo Rent Model	6,549,531	4,972,836	4,972,836
Advance rent- Baresdhoo LAC Model	28,527,000	26,985,000	26,985,000
Refund Payable	11,120,295	13,020,810	13,347,200
Accrued Interest	1,735,705	2,649,985	2,420,166
Other Payables	3	2,595	232,074
CSR Funds	1,921,887	1,921,887	1,921,887
Total	**63,971,232**	**63,620,104**	**64,099,266**

The major components of trade and other payables are advance rent for Baresdhoo rent model and LAC model. In addition, trade and other payables are also significant. Total trade and other receivables show a reduction against previous quarter.

CONCLUSION

The company does not generate any revenue as the projects undertaken by the company are currently on hold due to several issues. Hence MITDC was unable to create and operationalize any of their planned projects. Therefore, the operational expenses are financed through the capital injections from the government.

The company has made a net loss of MVR 1.26 million in Q3 2020 and accumulated losses of the company stands at MVR 31.1 million.

The short-term liquidity position of the company is very poor as the current liabilities are relatively higher than its current assets and there is no means of any cash into the company from their business operation. The only source of finance is from capital injection by the government. Hence MITDC depends on the shareholder assistance to meet all their operational expenses.

RECOMMENDATION

For a sustainable development of the company the corporation must generate revenue to ensure its entire business operation is sustainable. Therefore, at least the company must ascertain short term cash generating unit, to finance operational expenses. Further, managing operating expenses are also an important factor to reduce the loss of the company and so to its sustainability. In this regard expenses must be kept at the minimal and eliminate all avoidable expenses.

The company should focus on completing the anticipated projects and find reasonable finance for their investments.

The company should formulate strategies in receivable collection to enhance the liquidity position. Rent receivables and account receivables need to be collected and relevant authorities must be informed, and actions should be taken accordingly. Consequently, payables management is also important which includes maintaining a good relationship with the suppliers to increase the credit limits and obtain goods or services at better terms.

Quarterly review; Quarter 3, 2020

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MMPRC/Q3

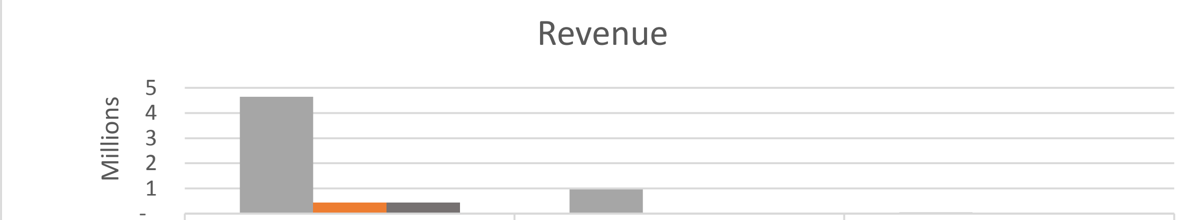
Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
5.66	0.45	0.45
Million in MVR	Million in MVR	Million in MVR

MMPRC has only earned a revenue of MVR 448,895 from membership fee for the past two quarters. The revenue reduction compared to the same period of last year is MVR 5.2 million. During the third quarter of 2020, one familiarization trip and one fair took place and different promotional activities were conducted.



	Membership Fee	Participation Fee	Other Income
Q3 2019	4,652,013	962,671	49,422
Q3 2020	448,895		
Q2 2020	448,896		

The company has earned only membership fee for the past two quarters. Due to covid-19 pandemic most of fairs got cancelled or postponed, hence there is no participation fee.

Gross Profit/(loss)

Q3 2019	Q3 2020	Q2 2020
-5.95	-4.60	-9.27
Million in MVR	Million in MVR	Million in MVR

The gross loss of the company has significantly reduced compared to the other two quarters in review, because of the reduction of cost of sales. Revenue from operations does not cover the company's operating costs.

The cost of sales has reduced by MVR 4.6 million and 6.5 million compare to Q2 2020 and Q3 2019 respectively.

Net Profit/(loss)

Q3 2019	Q3 2020	Q2 2020
-11.4	-8.08	-12.8
Million in MVR	Million in MVR	Million in MVR

MMPRC has ended the third quarter of 2020 with a net loss of MVR 8 million, which is 37% less compared to the previous quarter. The administrative expenses incurred in Q3 2020 was 3% less compared to the previous quarter and 23% less compared to Q3 2019. Salaries and other benefits have reduced compared to the previous quarter, however it is higher compared to the same period of last year. In addition, rental expense, internet and license and permits has also declined in Q3 2020.

LIQUIDITY

Current ratio

Q3 2019	Q3 2020	Q2 2020
1.04	1.03	1.03
TIMES	TIMES	TIMES

Current ratio measures the ability of MMPRC to pay short-term obligations or those due within one year. Although, in theory a ratio of above 1 indicate that the company has more assets than its liabilities, the greater portion of MMPRC's current assets are trade and other receivables which represent 92% of total current assets. The Majority of receivables and payables constitute acquisition cost related to resort. The company should assess the likelihood of recovering the amounts. Both current assets and current liabilities has declined, hence the ratio was same as previous quarter.

Trade and other receivables	Q3 2019	Q3 2020	Q2 2020
Accounts Receivable	9,108,698	5,853,753	5,212,182
Other receibale	2,551,311	2,493,913	2,493,913
Acquisition costs Receivable	1,354,801,755	1,354,801,755	1,354,801,755
Fixed Term Cash Land	157,253,546	157,253,546	157,253,546
Prepayment and deposits	7,437,514	1,518,059	2,292,940
Related Party- Ministry of Tourism	5,202,555	5,202,555	5,202,555
BPT Receivable	1,670,287	1,670,287	1,670,287
Total	**1,538,025,666**	**1,528,793,868**	**1,528,927,178**

Trade and other payables	Q3 2019	Q3 2020	Q2 2020
trade payables	10,309,111	3,530,483	12,563,524
Fixed Term Cash borrowing	85,137,999	84,129,011	84,129,011
Other Pyables	7,320,107	7,320,107	7,320,107
Accrued expenses	1,481,122	(1,643,256)	(1,042,182)
Acquisition cost payable	1,512,856,200	1,512,856,200	1,512,856,200
Advance from customer	13,303,472	5,989,787	6,359,183
GST Payable	191,249	(321,651)	(291,065)
Total	**1,630,599,260**	**1,611,860,681**	**1,621,894,778**

Cash ratio

Q3 2019	Q3 2020	Q2 2020
0.09	0.07	0.08
TIMES	TIMES	TIMES

Cash ratio calculates ability to repay its short-term debt with cash or near-cash resources. The cash ratio of the company is very critical as it can only cover 7% of company's current liabilities. Compared to previous quarter, the cash balance has reduced by MVR 17.8 because the company has settled some of its trade payables. In addition, no government contributions were paid from first quarter onwards, based on current condition the majority of cash inflow is the government assistance. As a result, the cash ratio has further declined.

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 payable unless these cases are resolved. A reduction of MVR 10 million was recorded by payables. Hence, the cash ratio excluding acquisition cost payable stands at 1.2 times.

CONCLUSION

The performance of the company was severely affected by the global pandemic and had to change the methods and the marketing plan of promoting Maldives to digital, online and to social media platforms. Due to the global pandemic some of the fairs were postponed or were carried out virtually.

During the 3rd quarter MMPRC has carried out a total of 50 promotional activities including 2 fairs and a fam trip in addition to other digital campaigns. Along with the reopening of borders on 15th July a virtual conference took place and "Rediscover Maldives…. the sunny side of life" was used as the main campaign slogan for all activities. The operational revenue for the past two quarters was only from membership fee. MMPRC finished the quarter with a gross loss of MVR 8.08 million.

The short-term liquidity position of MMPRC is satisfactory if payables and receivables of past outrage 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 payable unless resolved.

MMPRC was not able to generate sufficient cash from operation to cover all their cost and expenses. Nevertheless, considering the level of operation, the company is still maintaining a strong cash balance, however cash balance does not reflect this as trade payables includes significant amounts related to the lease of islands which are under investigation.

RECOMMENDATION

MMPRC has significant long-standing receivables therefore it is important to take all necessary action to recover all receivables. The company will not be able to repay amount related to acquisition cost unless they could recover related receivables.

Quarterly review; Quarter 3, 2020

MALDIVES TRANSPORT AND CONTRACTING COMPANY

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MTCC/Q3

Q3 2020 with Q3 2019 and Q2 2020

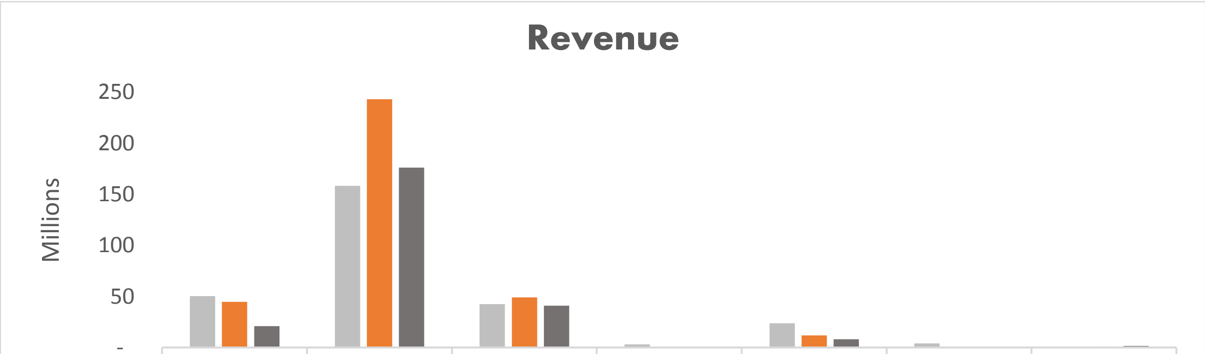
PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
282	350	248
Million in MVR	Million in MVR	Million in MVR

MTCC generated a revenue of MVR 350 million in the third quarter 2020, a growth of 24% compared to Q3 2019. Contracting is the main segment of revenue and this has increased by 53% in the third quarter of 2020. During the third quarter of 2020, 70 projects were in progress while only 45 projects were in progress in Q3 2019. Revenue increased in Q3 2020 compared by Q2 2020 by 41% due to delay in supply of materials. Revenue increased in Q3 2020 by 41% as in the second quarter of 2020 with the Covid-19 restrictions caused delays in project progress due to delay in supply of materials.

Below chart illustrates how MTCC generated revenue within the quarters Q3 2019, Q3 2020 and Q2 2020.



	Trading	Contracting	Dredging	Logistics	Transport	Engineering & Docking	Others
Q3 2019	50,552,757	158,372,092	42,760,942	3,201,961	23,814,911	4,119,669	-
Q3 2020	44,951,116	242,903,567	49,133,618	-	12,038,237	-	1,155,266
Q2 2020	21,120,825	176,182,674	41,092,712	-	8,082,234	-	1,591,987

Trading revenue has drop during the period of lockdown in 2020 due to Covid-19 as trading products are mostly focused on marine sector and set back on tourism caused less demand when compared to Q3 2019. Trading revenue decreased in Q3 2020 by 11.08% compared to Q3 2019. However, trading revenue increased in Q3 2020 compared to Q2 2020 mainly due to recovery from covid-19 impact. Revenue from Dredging has increased in Q3 2020 by 15% and 20% in the third quarter when compared to Q3 2019 and Q2 2020 respectively. Revenue from Transport has decreased by 49% in Q3 2020 compared to Q3 2019 due to Covid-19 restrictions and halt of public transport. However, revenue from transport was increased in Q3 2020 when compared to Q2 2020 as the lockdown was lifted with new normal restrictions in the subject quarter of Q3. It is noted that MTCC has not generated revenue from logistics and, engineering and docking as both the segments was accounted as support division.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
47.9	86.1	24.7
Million in MVR	Million in MVR	Million in MVR

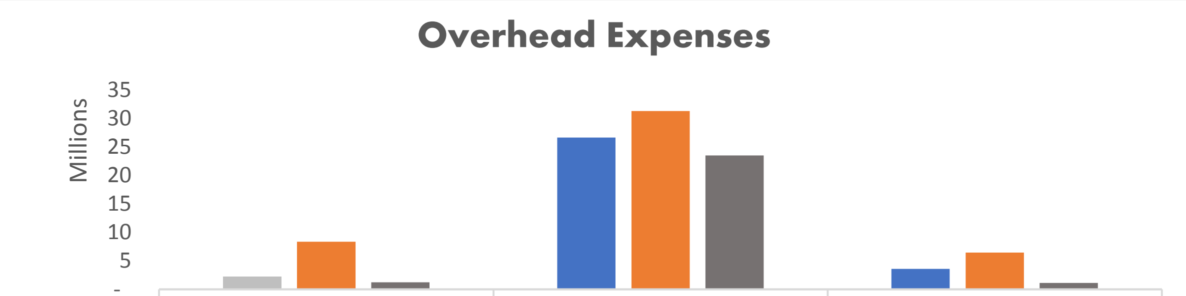
The direct costs increased in Q3 2020 when compared to Q2 2020 as with the Covid-19 restrictions the direct expense from materials and subcontract work was low during the period of Q2 2020. In the third quarter of 2020 direct costs increased by 12% when compared to Q2 2020 due to more projects carried out in Q3 2020. However, it is noted that gross profit has increased in Q3 2020 compared to both the quarters of Q3 2019 and Q2 2020. Compared to the last quarter gross profit has increased by 249% as company's revenue and direct expenses was less due to the Covid-19 lockdown in Q2 2020. Gross profit increased in Q3 2020 by 80% compared to Q3 2019 as the company has generated more revenue in the third quarter of 2020. In addition, company's gross profit margin has also increased in Q3 2020 by 45% and 147% compared to Q3 2019 and Q2 2020 respectively.

Operating Profit

Q3 2019	Q3 2020	Q2 2020
46.0	69.7	27
Million in MVR	Million in MVR	Million in MVR

The operating profit of the company has increased in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020. However, it is noted that company's overhead expensed increased in Q3 2020 by 42% and 78% compared to both the quarters Q3 2019 and Q2 2020 respectively.

Below chart illustrates company's overhead expenses incurred within the quarters Q3 2019, Q3 2020 and Q2 2020.



	Selling and marketing Costs	Administrative Expnses	Other Expense
Q3 2019	2,249,638	26,598,043	3,568,767
Q3 2020	8,309,293	31,216,453	6,440,279
Q2 2020	1,237,445	23,446,692	1,117,310

As seen from the chart administrative expenses were the main expanse of the company's overhead. Compared to Q2 2019 administrative expenses increased in Q3 2020 by 17% as company's insurance and depreciation costs increased in 2020 due to capitalization of new assets. In Q3 2020 administrative costs is higher than Q2 2020 as discounts received for leased land rent for the month of April to July has decreased the leased costs in Q2 2020. Selling and marketing costs increased in Q3 2020 due to increase in provision for impairment on trade and other receivables compared to both the quarters of Q3 2019 and Q2 2020 and discount allowed for bulk purchase of shares in Q3 2020. Other expenses of the company has also increased in Q3 2020 compared to both the quarters due to provision for impairment of Gulhifalhu accommodation buildings and demurrage charges. It is also noted that in company's operating profit margin has increased in Q3 2020 compared to both the quarters of Q3 2019 and Q2 2020.

Net Profit

Q3 2019	Q3 2020	Q3 2020
37	51.2	15.1
Million in MVR	Million in MVR	Million in MVR

Company has performed well in the third quarter of 2020 compared to both the quarters of Q3 2019 and Q2 2020. Net profit increased in Q3 2020 by MVR 14 million when compared to Q3 2019 and increased by MVR 36 million when compare to Q2 2020. Company's net profit margin has also increased in Q3 2020 by 12% and 141% when compared to both the quarters of Q3 2019 and Q2 2020 mainly due to increase in revenue.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.42	1.56	1.47
TIMES	TIMES	TIMES

Company's current ratio is at 1.56 times which is lower than the ideal ratio of 2:1. However, current ratio of the company improved slightly in the third quarter of 2020 compared to Q3 2019 and Q2 2020. Company has more current assets compared to its current liabilities indicating that the company is capable to cover its short-term debts. It is noted that the company has higher receivables which covers 71% of company's current assets which is increasing in each quarter.

Quick Ratio

Q3 2019	Q3 2020	Q3 2020
1.07	1.21	1.09
TIMES	TIMES	TIMES

Quick ratio shows the ability to pay company's short-term debts excluding inventories. MTCC's quick ratio is showing favorable result of 1.21 times in Q3 2020. In the third quarter of 2020 quick ratio has increased by 14% compared to Q3 2019 and 11% compared to Q2 2020. It is noted that company's inventory has increased in the third quarter of 2020 by 11% compared to Q3 2019. It is noted that company is able to manage inventory of MVR 307 million in the third quarter of 2020.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.06	0.11	0.05
TIMES	TIMES	TIMES

Company's cash and cash equivalents has increased in Q3 2020 by 96% and 116% compared to Q3 2019 and Q2 2020 respectively. However, when bank overdraft is included cash and cash equivalent has increased by 195% and 139% in Q3 2020 compared to both the quarters of Q3 2019 and Q2 2020. As a result, cash ratio of the company has improved in the third quarter of 2020 compared to both the quarters of Q3 2019 and Q2 2020. However, the result of 0.11 times of cash ratio indicates that the company is not capable to pay its short-term obligations through its cash solely.

LEVERAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
0.62	0.49	0.51

Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. Company's debt to equity ratio has decreased by 20% and 3% in the third quarter of 2020 compared to Q3 2019 and Q2 2020 respectively.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.28	0.23	0.24

Debt to asset ratio defines the total amount of debts relative to its assets. MTCC's debt to asset ratio of 0.23, which is less than 1 and indicates that the company owns more assets than its liabilities. In Q3 2020 company's debt to asset ratio has decreased compared to Q3 2019. This is due to decrease in borrowings in Q3 2020 compared to Q3 2019 while total assets of the company increased in the third quarter of 2020.

Interest Cover Ratio

Q3 2019	Q3 2020	Q2 2020
5.09 TIMES	7.33 TIMES	2.91 TIMES

The interest cover ratio measures how many times a company can cover its current interest payment with its available earnings. MTCC's interest coverage ratio indicate that MTCC 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. Company's interest cover has increased in the third quarter of 2020 compared to Q3 2019 since company's operating profit increased significantly in Q3 2020 when compared to Q3 2019.

CONCLUSION & RECOMMENDATION

MTCC has performed well over the third quarter of 2020 as company's overall revenue and profitability increased in the quarter. Company should focus on the less revenue generating segments and analyze and implement ways on improving revenue on those areas. They should also focus on minimizing costs to increase their profitability.

Company's liquidity position is favorable in terms of current ratio and quick ratio as they have higher assets compared to the liabilities. However, Cash ratio shows that the company is unable to pay its short-term debts through cash. It is also noted that company's receivable is increasing in each quarter. As receivables is the main segment of current assets the company needs to improve their receivables collection and find ways to convert receivables into cash as early as possible to achieve a better cash ratio.

Company's leverage position is also favorable as company is less risky in terms of leverage and they have more than enough earnings to cover their interest payments.

Quarterly review; Quarter 3, 2020

MALDIVES TOURISM DEVELOPMENT CORPORATION

MALDIVES TOURISM DEVELOPMENT CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MTDC/Q3

Q3 2020 with Q3 2019 AND Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
17.3	13.6	13.7
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, hence the only source of revenue is subleasing income. Company's portfolio of islands has remained same for the period in review. The reduction of revenue compared to previous year is due to application of new IFRS which has resulted in changes to the figure presented.

As part of COVID-19 recovery plan, MTDC has deferred the sublease rentals that fall due from April to September 2020 till April 2021.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
9.9	8.9	9.1
Million in MVR	Million in MVR	Million in MVR

As there was no change in portfolio of properties, the gross profit will remain at a same level and gross profit margin remains at 66%. The company could expand its business within its mandate to increase revenue and profitability.

Net profit

Q3 2019	Q3 2020	Q2 2020
5.8	3.4	4.4
Million in MVR	Million in MVR	Million in MVR

Net profit shows a reduction in Q3 2020 compared to previous quarter. This is because the administrative expenses have increased by MVR 1.1 million against previous quarter. MTDC has recognized a delayed part collection of subleases rent receivable as a provision for impairment.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.29 TIMES	2.32 TIMES	2.37 TIMES

The current ratio measures MTDC's ability to pay short-term obligations or those due within one year. The current ratio has improved in 2020, as company's current assets has significantly increased from net investment sub lease and investment in fixed deposit. Current liabilities have also increased in Q3 2020 against previous quarters, hence current ratio has declined. The current liabilities of the company comprise of lease liability, other trade payables and BPT payable. The current ratio of the company is favorable since MTDC's current assets are much greater than its current liabilities.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.28 TIMES	0.08 TIMES	0.19 TIMES

Cash ratio calculates company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has reduced due to deferral of sublease rentals. The company will resume its normal lease collection from the month of October 2020 onwards and therefore the effect of lower liquidity will not have a significant impact on the operations. Another reason why there is less impact on liquidity is due to the deferral of payable to Government of Maldives. Last 2 quarters of Head lease payments of the resorts had been deferred for 1 year as relief to tourism industry.

CONCLUSION

MTDC is only engaged in sub leasing of the islands, hence the company is earning a fixed income from subleasing. Therefore, the gross profit and net profit of the company will remain at same level until an additional property is added to their portfolio. However, the company can increase its revenue through other models of operation.

Short term liquidity position of MTDC is favorable with more current assets relative to their current liabilities. However, the cash balance has reduced due to deferral of sub lease rental. The company will resume its normal lease collection from the month of October 2020 onwards and the cash balance will improve there on.

RECOMMENDATION

Since the company is only engaged in sub-leasing, we recommend coming up with new business plan within its mandate to introduce new revenue generating units. There by improving profitability and being able to offer a decent return to the shareholders.

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, 2020

MALE' WATER AND SEWERAGE COMPANY PVT LTD

MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MWSC/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
253	200	204
Million in MVR	Million in MVR	Million in MVR

MWSC has reported a revenue of MVR 200 million for Q3 2020, which is 2% and 21% lower compared to previous quarter and Q3 2019 respectively. The core business segment i.e. utilities shows a reduction of MVR 14.6 million and MVR 47.7 million against Q2 2020 and Q2 2019 respectively. The drastic reduction of revenue is mainly from water revenue in Greater Male' Area commercial category by suspension of Commercial activities and domestic consumption has also reduced due to temporary migration to outer islands.

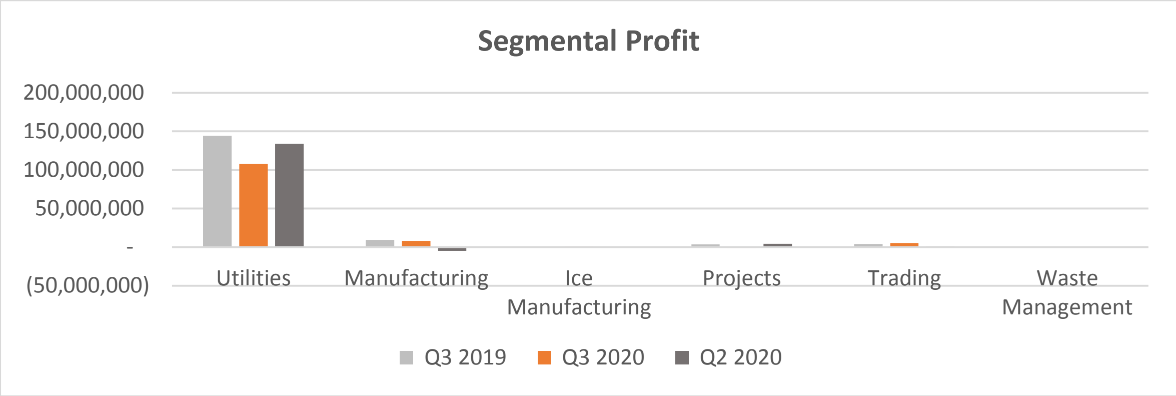
On the other hand, all other revenue generating segments have improved in Q3 2020 compared to previous quarter. However, manufacturing and project revenue is lower compared to the same period of last year.

Revenue	Q3 2019	Q3 2020	Q2 2020
Utilities	204,611,053	156,865,166	171,511,747
Manufacturing	30,763,123	26,058,639	21,668,386
Ice Manufacturing	819,070	852,420	512,225
Projects	11,757,028	10,462,173	8,654,171
Trading	4,996,499	6,045,220	1,882,909
Waste Management	172,600	172,800	172,800
Total	**253,119,373**	**200,456,418**	**204,402,238**

Gross Profit

Q3 2019	Q3 2020	Q2 2020
161	119	134
Million in MVR	Million in MVR	Million in MVR

Due to fall in utilities revenue, the gross profit of the company has declined by 11% and 26% compared to previous quarter and Q3 2019. Gross profit margin has declined to 60% from 66% in Q2 2020 and 64% in Q3 2019. The following table illustrates the segmental gross profits.



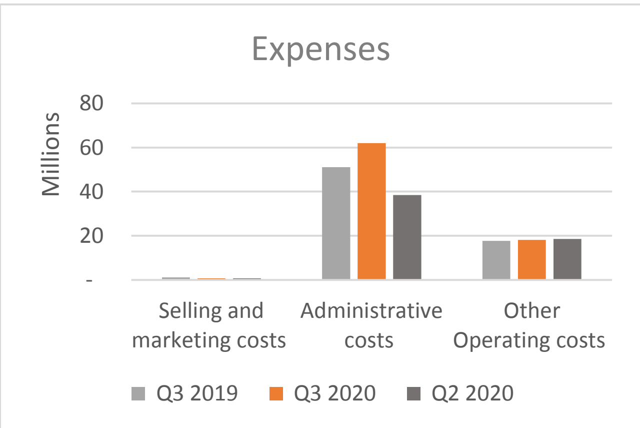
Except waste management and projects, all other revenue segments made a gross profit for the quarter. However, gross profit from utilities and projects has declined in Q3 2020 compared to other two quarters. Although revenue from utilities declined, the direct costs has increased because of increase in water production spare consumption due to start of a major maintenance. In addition, lab test consumption also increased in the quarter.

Net Profit

Q3 2019	Q3 2020	Q2 2020
85	41	74
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has drastically reduced compared to other two quarters owing to the significant increase in expenses and loss of revenue. As a result, the net profit margin has reduced to 21% while it was 36% in previous quarter and 34% in the same period of last year.

Expenses



Administrative expenses have jumped from MVR 38 million to 62 million compared to previous quarter. The significant increments were recorded by Salaries (MVR 3.9 million) due to issue of bonus, GST & WHT (MVR 2.3 million), freight and duty (MVR 1.6 million) because overseas purchases have increased in Q3 2020 and IT and licensing materials (MVR 1.2 million).

Other operating expense is depreciation and amortization which show a reduction compared to previous quarter.

Selling and marketing costs also has reduced compared to other two quarters in review.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.31	1.28	1.60
Million in MVR	Million in MVR	Million in MVR

The current ratio of the company has declined because current assets has reduced in Q3 2020 while current liabilities increased. The majority of current assets and comprise of inventory, trade debtors and cash balance. In addition to that current assets includes advance payments, other receivables and unrealized interest. Total current assets show a reduction of over MVR 30 million against previous quarter.

The most significant current liability of the company is dividend payable which represents 85% of current liabilities and it has increased by MVR 149 million due to declaration of 2019 dividend. Nevertheless, the current ratio of the company illustrates that company has adequate levels of current assets to set off its short-term liabilities.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.94	0.91	1.160
Million in MVR	Million in MVR	Million in MVR

Quick ratio shows company's availability of most liquid assets to service current liabilities. Quick ratio of the company has dropped below the acceptable level of 1:1. This is because both inventory and current liabilities has increased in Q3 2020.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.39	0.30	0.33
Million in MVR	Million in MVR	Million in MVR

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Although the cash balance has increased by MVR 17.6 million compared to previous quarter, the cash ratio has declined because current liabilities (dividend payable) has increased at a much greater. Considering the level of operation, the company is maintaining a strong cash balance, however cash balance does not reflect this as there is significant payables. During Q3 2020, the company has invested MVR 39.8 million in T-bills and MVR 24 million in Property plant and Equipment's.

LEVERAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
0.10	0.12	0.12
Million in MVR	Million in MVR	Million in MVR

Company's debt levels remain relatively low with adequate cash balances 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 reduced in Q3 2020, while equity has reduced due to reduction of project reserve. Hence there is no change in the ratio. MWSC is using a relatively low debts to finance its operations, hence financial risk of the company is very low.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.06	0.07	0.08
Million in MVR	Million in MVR	Million in MVR

There were no additional borrowings in the quarter, and MWSC has repaid MVR 6.7 million in Q3 2020. Thus, Company's debt level has declined in the quarter. The company has space to raise further debt to expand business.

CONCLUSION

The revenue of the company has declined in Q3 2020 due to reduction in utilities revenue. On the other hand, both direct costs and overheads of the company has increased pushing down the profitability of the company.

Although company maintains a higher current assets base, due to the increase in current liabilities the liquidity ratios has affected adversely. It is also important to note that the company's holding of cash and cash equivalents are significant.

The company's leverage ratios are comparatively lower in relation to the asset base. Moreover, MWSC has 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.

RECOMMENDATION

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

To improve the liquidity position company should improve its working capital.

Quarterly review; Quarter 3, 2020

MALDIVES PORTS LIMITED

MALDIVES PORTS LIMITED
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MPL/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
196.9	142.3	121.3
Million in MVR	Million in MVR	Million in MVR

The company has reported a total revenue of MVR 142.3 million for the third quarter of 2020, which is an improvement of 17% (MVR 19.5 million) against previous quarter. After the loss of revenue due to Covid-19 Outbreak, the revenue segments have started improving.

However, compared to the same period of last year, revenue from all segments are relatively low due to the unprecedented market conditions.

Operational Income	Q3 2019	Q3 2020	Q2 2020
Handling	27,646,114	18,949,261	17,509,887
Wharfage	17,474,528	11,464,224	10,709,482
Stevedoring	69,185,084	54,292,773	45,049,895
Storage/Demurage	13,275,638	9,539,774	9,121,798
Empty Container Storage	6,576,246	2,935,988	1,719,057
H-Pontoon Service Charges	84,675	105,955	86,892
Shifting	7,039	30,560	17,959
Sorting of Mixmark	56,705	42,958	51,585
Measuring Charges	133,808	68,058	54,508
Lashing / Unlashing	439,644	438,622	428,674
Pilotage	1,781,842	3,620,943	1,291,909
Berthing/Quaywall	2,172,662	2,055,619	1,724,431
Port Dues	336,303	369,651	196,679
Express Clearance Charges	1,987,425	1,013,150	912,584
Vessel & Vehicle HireCharges	1,063,182	1,243,546	1,387,885
Cargo Gear Hire Charges	4,151	347	291
Documents Amendment Charges	198,736	81,368	59,434
Electricity Charges	7,386,953	4,786,639	6,216,692
Water Sale	35,747	43,132	2,547
Container Movement Charges	464,380	411,525	432,275
Hulhumale Income	17,570,037	4,352,462	9,222,815
Bond Income	7,286,519	11,748,311	5,500,316
T- Jetty Income	8,569,637	3,717,784	3,189,624
STL Income	2,613,699	1,549,514	558,644
Salvage	-		-
MNH	1,228,811	1,292,023	744,519
MIP	8,423	2,143,287	3,355
MRTD	4,952,400	207,833	709,317
TLF	-		75,867
HTL	45,840	10,043	1,363
Total	**192,586,228**	**136,515,350**	**116,980,284**

Non-Operational Revenue

Q3 2019	Q3 2020	Q2 2020
4.4	5.8	4.4
Million in MVR	Million in MVR	Million in MVR

Non-operational income of the company has also improved in Q3 2020 compared to other two quarters. Non-operational revenue consists of rent, staff fines, auction cargo and miscellaneous income.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
148	115	97
Million in MVR	Million in MVR	Million in MVR

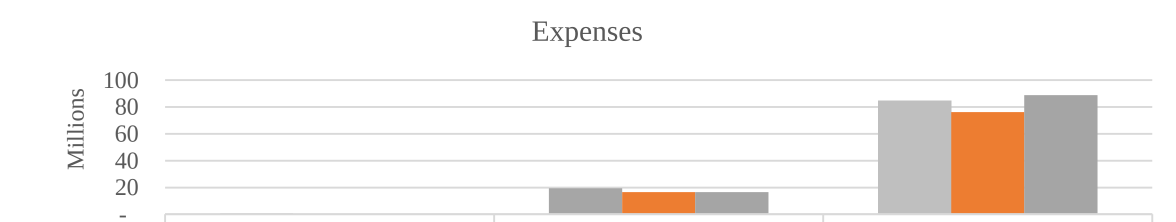
While revenue has increased by 17% compared to previous quarter, the gross profit has increased by 18.4%. Cost of sales has also recorded a growth in line with the revenue. For Q3 2020, PORTS have achieved a gross profit margin of 81% while it was 80% and 75% in Q2 2020 and Q3 2019 respectively.

Net Profit

Q3 2019	Q3 2020	Q2 2020
36.8	12.5	-8.13
Million in MVR	Million in MVR	Million in MVR

After a loss-making quarter, PORTS have made a net profit of MVR 12.5 million for Q3 2020. The overall business of the company shows improvement because the re-opening of of the country after a full lockdown.

Expenses



	Selling and Marketing Costs	Depreciation	Payroll Cost
Q3 2019	906,200	19,392,498	84,768,746
Q3 2020	-	16,647,500	76,270,165
Q2 2020	386	16,647,500	88,869,446

The expenses of the company have reduced in the quarter, mainly from payroll cost. The payroll expenses have recorded a reduction of MVR 12.6 million against previous quarter mainly from staff allowances.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
2.39	2.00	2.54
TIMES	TIMES	TIMES

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

Compared to previous quarter, the reduction in current ratio is because current liabilities (trade and other payables) have increased relatively higher than that of its current assets. The most significant component of current assets is inventory due to inclusion of Social Housing (Hiya) project. Provision on inventory is also quite high which is aging of inventory of more than 5 years.

The trade and other receivables show an increment of MVR 17.5 million compare to previous quarter mainly due to advance payments. The receivables of PORTS are quite high as it contributes to 130% of sales (Q3 2020) and 25% current assets. Receivables are mainly from Government Institutes and the regional ports of HPL and KPL.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
1.32 TIMES	0.82 TIMES	0.99 TIMES

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

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

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.46 TIMES	0.31 TIMES	0.38 TIMES

The cash ratio of MPL is below 1 for the three quarters in review. Regardless of improvement in cash balance, the ratio has declined as current liabilities has grown at much higher rate. The company has paid MVR 69.9 million as dividend in the third quarter of 2020.

The net cash generated from operations have significantly increased to MVR 79.8 million compared to previous quarter. (MVR 4.4 million). Considering the level of operation, the company has a strong cash balance, however due to significant current liabilities the cash ratio illustrates a different view.

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 skew its balance sheets, 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 2019	Q3 2020	Q2 2020
0.15 TIMES	0.38 TIMES	0.36 TIMES

Debt to equity ratio has recorded a marginal increment compared to previous quarter. However, the loans and borrowings remained unchanged. The increase in the ratio is due to reduction of company's equity. Nevertheless, PORTS's debts are relatively lower than its equity, thus debt to equity ratio of MPL is comparatively low, indicating lower financial risk.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.11 TIMES	0.22 TIMES	0.22 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 by selling its assets if required. The current debt to asset ratio of MPL is quite satisfactory in terms of financial risk. The increase in the ratio is due to improvements in assets while debts of the company reduced.

Debt Capitalization

Q3 2019	Q3 2020	Q2 2020
13%	27%	27%

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 2019	Q3 2020	Q2 2020
20.2 TIMES	2.6 TIMES	-5.7 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.

CONCLUSION

The company's performance has improved in Q3 2020 after re-opening of the country. The total revenue of the company has increased by over MVR 20.9 million against previous quarter and ended the quarter with a net profit of MVR 12.5 million.

In terms of short-term liquidity position, the company's liquidity position is in a satisfactory level being able to meet the short-term obligations. However, it must be noted that the largest components of current assets are inventory and receivables. Further, the receivables of the company are significant compared to the revenue generated, thus company must manage its receivable collection to improve cash flow of the company. The cash ratio of the company has declined mainly because of increase in current liabilities. However, considering the level of operation, cash balance is strong.

Although company has long term loans, the financial risk of the company is fairly low because of high equity and asset levels of MPL.

RECOMMENDATION

Receivables of the company is significant compared to its operation. Hence, to improve the liquidity position of the company, the company needs to establish effective receivable collection policies and procedures.

Quarterly review; Quarter 3, 2020

MALDIVES POST LTD

MALDIVES POST LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/POST/Q3

Q3 2020 with Q3 2019 and Q2 2020

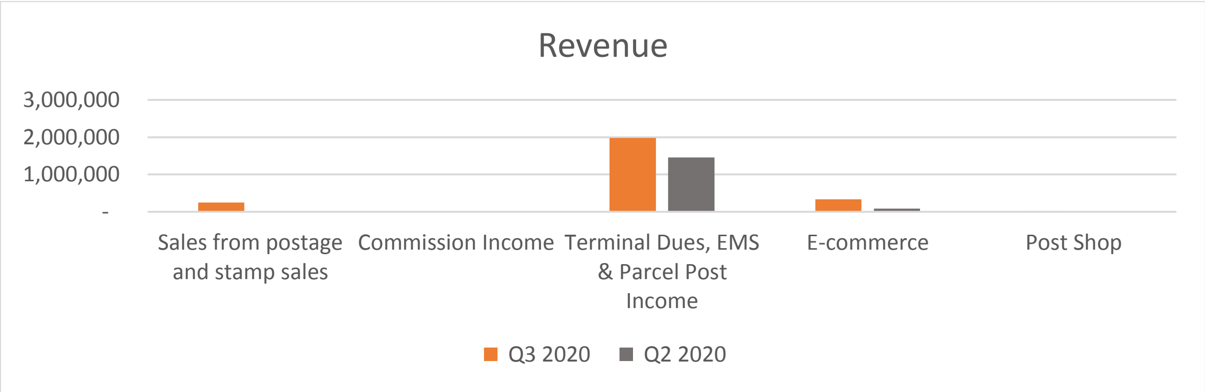
PROFITABILITY

Revenue

Q3 2020	Q2 2020
2.59	1.54
Million in MVR	Million in MVR

Post limited has generated a revenue of MVR 2.59 million in the third quarter of 2020 which is a growth of 68% compared to the last quarter. Terminal Due is the main revenue generating segment which covers 76% of the 2020 third quarter's revenue.

Below chart illustrates how Post Limited generated revenue from each segment in both the quarters Q3 2020 and Q2 2020.



As shown from the above chart company's revenue generated from all the segment is higher in the third quarter of 2020 compared to the last quarter.

Operating Profit / (Loss)

Q3 2020	Q2 2020
(4.97)	(6.15)
Million in MVR	Million in MVR

The operating loss of the company has decreased by 19% in the third quarter of 2020 compared to the last quarter. This is mainly due to increase in revenue. However, it is noted that in Q3 2020 company's direct costs has increased by 274% and company's overhead expenses has also increased by 3% compared to the last quarter as the offices were re-opened in third quarter after the lockdown. Below chart illustrated how company's overhead costs incurred in both the quarters Q3 2020 and Q2 2020.Administrative expenses are the main area of costs incurred in both the quarters Q3 2020 and Q2 2020. An administrative cost has increased by 2% in Q3 2020 compared to Q2 2020.

Net Profit/loss

Q3 2020
(4.83)
Million in MVR

Q2 2020
(6.15)
Million in MVR

Post limited made a net loss of MVR 4.83 million in the third quarter of 2020, reduction of 29% compared to previous quarter. Post limited has invested in treasury bills from which the company has earned interest income, however it has slightly declined compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2020
1.16
TIMES

Q2 2020
1.21
TIMES

A current ratio of above 2 is considered acceptable. Company's current ratio has decreased in the third quarter of 2020 compared to the last quarter. This is because company's current assets have declined more than its current liabilities. It is also noted that 67% of current assets is from trade and other receivables and also receivables are higher than the company's revenue. In addition, receivables have increased in Q3 2020 by 3.2% compared to Q2 2020. Therefore, company should manage its receivables collection.

Cash Ratio

Q3 2020
0.29
TIMES

Q2 2020
0.40
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 of 0.29 times in Q3 2020 indicates that there are more current liabilities than cash and cash equivalents, meaning insufficient cash on hand to pay off short term debts. It is noted that cash ratio of the company has decreased in Q3 2020 by 29% compared to Q2 2020 mainly due to decrease in receivables collection during the third quarter of 2020

CONCLUSION & RECOMMENDATION

Post limited has generated higher revenue in Q3 2020 compared to the last quarter however, it is noted that company has ended the quarter with a loss of MVR 5.3 million. Due to the Covid-19 lockdown and closure of the countries border the major revenue were affected. Company needs to minimize costs and implement more ways to generate revenue in order to get minimize losses and to gain a profit. Company should focus on the main operating expenses and needs to ensure ways on reducing and eliminating cost where they can.

Company’s liquidity position is not favorable as in current ratio and cash ratio. However, according to company’s current assets company is capable to pay its short-term obligations through its assets as they have more assets compared to liability. On the other hand, company has less cash compared to its liabilities with higher receivables. Therefore, company needs to monitor accounts receivables effectively to ensure billing payments on time and receiving prompt payments. Company needs to implement new ways and apply new rules to improve receivables collection. It has to be also noted that the unfavorable liquidity position is mainly due to the negative impacts of the pandemic.

Quarterly review; Quarter 3, 2020

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

PUBLIC SERVICE MEDIA
Q3 2020 PERFORMANCE ANALYSIS

Report No: Report No: PEM/2020/PSM/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
36.5	23.9	23.2
Million in MVR	Million in MVR	Million in MVR

In the third quarter of 2020 PSM generated revenue of MVR 23 million which is a downturn of 34.7% compared to the same quarter of the last year. This is mainly due to the decrease in Government grant by 37% in Q3 2020 compared to Q3 2019. It is noted that economic ministry provided income support to cover the expenses during the third quarter 2020 due to slow down the operations. However, overall revenue has started to pick in Q3 2020, with the start of COVID recovery, especially in areas such as advertisement.

Below is the detailed table of how PSM generated revenue on Q3 2019, Q3 2020 and Q2 2020.

Revenue	Q3 2019	Q3 2020	Q2 2020
Airtime	314,124	138,225	3,450
Advertisement	1,479,186	1,058,835	827,681
Announcement	501,860	337,590	47,020
Program Sponsorship	1,161,024	1,288,934	1,689,003
News Sponsorship	583,632	342,599	411,668
Video Link	9,000	1,800	-
Other Income	-	-	28,679
Archive Materials	34,625	8,491	2,020
Rentals	36,500	5,795	-
SMS	74,375	32,839	17,699
Production Income	198,620	39,040	-
Training Income	175,346	38,400	7,042
Government grant/Aid	31,901,599	20,000,000	20,033,333
Government Aid	-	490,626	-
Cable TV Income	83,718	87,368	87,455
Total	36,553,608	23,870,542	23,155,050

As seen from the table most of the revenue segment has reduced in Q3 2020 compared to Q3 2019. Revenue from; airtime decreased by 56%, advertisement decreased by 28% announcement decreased by 33% news sponsorship decreased by 41%, video link decreased by 80%, archive materials decreased by 75%, rentals decreased by 84%, SMS decreased by 56%, production income decreased by 80% and training income decreased by 78%.

Gross Profit/ (Loss)

Q3 2019	Q3 2020	Q1 2020
19.5	9.0	7.6
Million in MVR	Million in MVR	Million in MVR

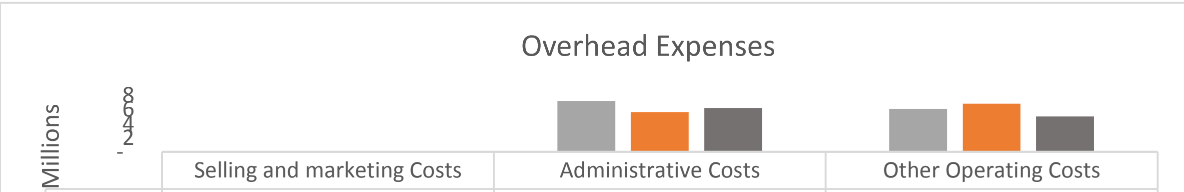
Company's gross profit increased by 19.3% in Q3 2020 compared to Q2 2020. However, gross profit decreased by 53.8% due to decreased in revenue generated in the third quarter 2020. It is noted that compared to both the quarters Q3 2019 and Q2 2020 direct costs of the company has decreased in Q3 2020. In the third quarter of 2020 direct costs decreased by 12.9% mainly from staff cost such as overtime, holiday allowance and travel expense decreased due to covid-19 lockdown, as office was closed for some period and office hours were changed to work from home.

Net Profit/(loss)

Q3 2019	Q3 2020	Q2 2020
5.8	-3.4	-3.7
Million in MVR	Million in MVR	Million in MVR

Company has faced a huge loss in both the quarters Q3 2020 and Q2 2020 compared to Q3 2019. In the third quarter of Q3 2020 company is having high overhead expenses of MVR 5.6 million on administrative expenses and MVR 6.8 million on other operating expenses with a lower revenue of MVR 23 million.

The chart below shows the company's overhead costs incurred over the quarters Q3 2019, Q3 2020 and Q2 2020.



	Selling and marketing Costs	Administrative Costs	Other Operating Costs
Q3 2019	700	7,217,811	6,125,913
Q3 2020	-	5,615,376	6,822,915
Q2 2020	-	6,210,184	5,042,305

As seen from the chart above company's administrative expense has decreased in Q3 2020 by 22.2% and 9.6% compared to Q3 2019 and Q2 2020 respectively. However, other operating expense has increased in Q3 2020 by 11.4% and 35.3% compared to both the quarters of Q3 2019 and Q2 2020.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.24	0.17	0.17
TIMES	TIMES	TIMES

Current ratio measures the company's ability to pay its short-term obligations. Thus, company resulting current ratio of 0.17 times, which is below 1. The main segment of current assets is receivables and in the third quarter of 2020 company's receivable decreased by MVR 11 million compared to Q3 2019. It is also noted that payables has also decreased in Q3 2020 by MVR 19 million. However, it is noted that company has a higher total current liability compared to their total current assets indicating that the company is unable to pay off its short-term obligations.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
-0.002	0.005	0.015
TIMES	TIMES	TIMES

Cash ratio shows whether the company is able to cover its short-term obligations using only cash and cash equivalents. PSM's cash ratio of 0.005 times in Q3 2020 indicates that there are more current liabilities than cash and cash equivalents, meaning insufficient cash in hand to pay off short term debts. It is noted that the company is unable to generate enough revenue to meet its daily obligations.

LEVARAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
0.19	0.18	0.18
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which PSM is financing its operations through debt. Debt to equity ratio of PSM has remained low and almost constant over the comparable periods.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.13	0.13	0.13
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 0.13 times indicate that the company is able to meet its obligations compared to the assets they own.

CONCLUSION & RECOMMENDATION

Like any other company, PSM was affected by the global pandemic COVID-19 and faced a huge loss of MVR 3.4 million in the third quarter of 2020. However, company has started to generate revenue in the quarters of Q2 2020, Q3 2019 and Q3 2020. In the end of Q3 2020 company was able to generate a revenue of MVR 23.9 million. However, compared to the last quarter, net loss has decreased by 7.3% in Q3 2020 mainly due to decrease in overhead expenses. It is important to operate a self-sufficient model in the company in order to be more profitable.

Company's current liability is maintained over current assets; as a result, liquidity ratio is poor in PSM. Therefore, company needs to monitor accounts receivables effectively to ensure billing payments on time and receiving prompt payments. Company needs to implement new ways and apply new rules to improve receivables collection.

Quarterly review; Quarter 3, 2020

ROAD DEVELOPMENT CORPORATION LTD

ROAD DEVELOPMENT CORPORATION LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/RDC/Q3

Q3 2020 with Q2 2020

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

PROFITABILITY

Revenue

Q3 2020	Q2 2020
3.23	7.81
Million in MVR	Million in MVR

Due to Covid-19 RDC's revenue has decreased in the third quarter 2020 by 59% compared to the last quarter. However, RDC has managed to generate a revenue of MVR 3.23 million in the third quarter of 2020. It is noted that RDC have secured sufficient government projects to achieve their revenue target for the year.

Gross Profit

Q3 2020	Q2 2020
480	5.09
Thousand in MVR	Million in MVR

RDC has generated a gross profit of MVR 480 thousand in Q3 2020. However, their gross profit has decreased in Q3 2020 by 91% compared to Q2 2020 due to decreased in revenue in the third quarter 2020. It is also noted that due to huge decrease in revenue on Q3 2020 company's gross profit margin has also reduced from 65% to 15% on Q2 2020 to Q3 2020.

Operating Profit

Q3 2020	Q2 2020
(10.32)	(4.67)
Thousand in MVR	Million in MVR

RDC's operational loss has increased by 121% in Q3 2020 compared to Q2 2020. This is due to high operational expenses in Q3 2020. Administrative expenses increased in Q3 2020 by 10% compared to Q2 2020 due to increase in staffs and increase in depreciation and amortization due to increase in fixed assets. RDC have carried out marketing activities of MVR 47 thousand in Q3 2020 and due to covid-19 RDC haven't carried out any marketing activities in Q2 2020.

Net Profit

Q3 2020
(10.32)
Million in MVR

Q2 2020
(4.67)
Million in MVR

Since the company has increased in operational expenses RDC has faced a huge loss of MVR 10.32 million in Q3 2020.

Below table shows how company's operational expenses has incurred in the quarters Q3 2020 and Q2 2020.

Overhead Expenses	Q3 2020	Q2 2020
Selling and Marketing Costs	47,711	-
Administartive Expenses	10,755,499	9,762,451
Total	**10,803,210**	**9,762,451**

As seen from the above table there is no selling and marketing expenses incurred in Q2 2020 as it was the lockdown period. Increase in staff has led to increase in general expenses. Hence, company's administrative expenses increased in Q3 2020 by 10% compared to Q2 2020.

LIQUIDITY

Current Ratio

Q3 2020
0.71
Times

Q2 2020
0.74
Times

Current ratio of above 2 is normally considered as ideal; however, RDC's current ratio is below the ideal level in both the quarters Q3 2020 and Q2 2020. Current ratio decreased by 4% in Q3 2020 compared to Q2 2020. Current assets increased by 76% in Q3 2020 compared to Q2 2020. The main segment of current asset trade and other receivable has increased by 104% in Q3 2020 compared to Q2 2020. Trade and other receivables cover 89% of total current assets. Trade and other payables also increased in Q3 2020 by 83% compared to Q2 2020.

Quick Ratio

Q3 2020
0.66
Times

Q2 2020
0.62
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. RDC's quick ratio results 0.66 times in Q3 2020 indicating inability to meet its short-term liabilities with its most liquid assets. When compared to Q2 2020 RDC's quick ratio has increased by 5% in Q3 2020.

Cash Ratio

Q3 2020
0.03
Times

Q2 2020
0.06
Times

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. RDC's Cash ratio has decreased by 55% in Q3 2020 compared to Q2 2020 resulting

0.03 times in Q3 2020. Meaning only 0.03% of current liabilities can only be covered by the cash balance. It is noted that cash and cash equivalents has decreased by 19% in Q3 2020 compared to Q2 2020. However, trade payable has increased by 82% in Q3 2020 compared to Q2 2020.

Since company's current liabilities consist of trade and other payables, delay in settling supplier payments could be risky for the company, as suppliers and creditors may refuse to offer trade credit in the future. If the company is able to collect the receivables on time, trade and other payables could be paid out without any difficulty.

CONCLUSION & RECOMMENDATION

Leading by the example of S.M.A.R.T goals RDC was able to manage its initial operations at full capacity and with the limited resources they managed successfully to achieve their defined goals and objectives. RDC started its first operations in Q4 2019 and generated their first revenue in Q1 2020. RDC has two revenue segments in their business concept; Block and precast sales as well as implemented road and infrastructure projects. Company have achieved 3% in block and precast sales and 97% from road and infrastructure. With the global pandemic COVID-19 that caused a detrimental economic decline, RDC managed to maintain the project workssuch as Thimarafushi, Gahdhoo, Milandhoo, Maamigili, Thinadhoo, Addu City and Male.

At the end of the third quarter 2020 company has faced a huge loss of MVR 10.32 million mainly due to the pandemic COVID-19 company's revenue decreased by 59%. RDC should evaluate its pricing mechanism and project progress to see whether the company is able to cover its operational costs through the pricing mechanism that they currently using. The company should also manage the costs more efficiently and limit the staff costs which has been increasing significantly.

RDC has an unfavorable liquidity position with low current ratio, low quick ratio and low cash ratio indicating inability to meet its short-term liabilities with its most liquid assets. Therefore, RDC should manage to meet its short-term liquidity position in order to stay solvent. RDC can improve liquidity ratio by raising the value of current assets, reducing the value of current liability or negotiating delayed or lower payments to creditors.

Quarterly review; Quarter 3, 2020

SME DEVELOPMENT FINANCE CORPORATION

SME DEVELOPMENT FINANCE CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/SDFC/Q3

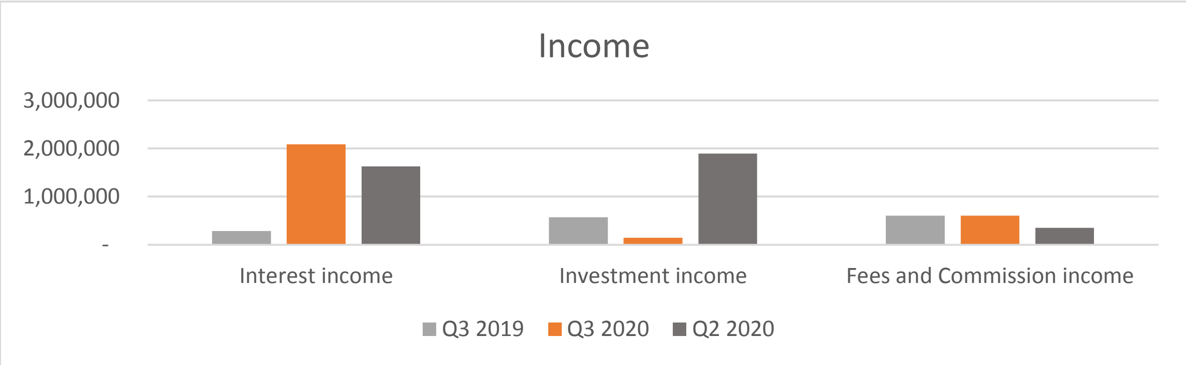
Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Income

Q3 2019	Q3 2020	Q2 2020
1.46	2.83	3.87
Million in MVR	Million in MVR	Million in MVR

The entire economy has been negatively affected by the Covid-19 global pandemic. Despite the challenges faced due to the Covid19 pandemic, the loan portfolio increased by MVR 55 million in the third quarter of the year compared to previous quarter. As a result, the interest income recorded a growth of 28%. However, total income has declined due to the fall in investment income.



Net Interest Margin

Q3 2019	Q3 2020	Q2 2020
0.87%	0.88%	0.89%

Net interest margin is an indicator in evaluating financial institutions because it reveals an entity's net profit on loans and investment securities.

A positive net interest margin shows 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.

The interest margin shows a reduction compared to previous quarter because of the decrease in interest rate of the whole portfolio during the moratorium period whilst the portfolio base was increasing.

Profitability

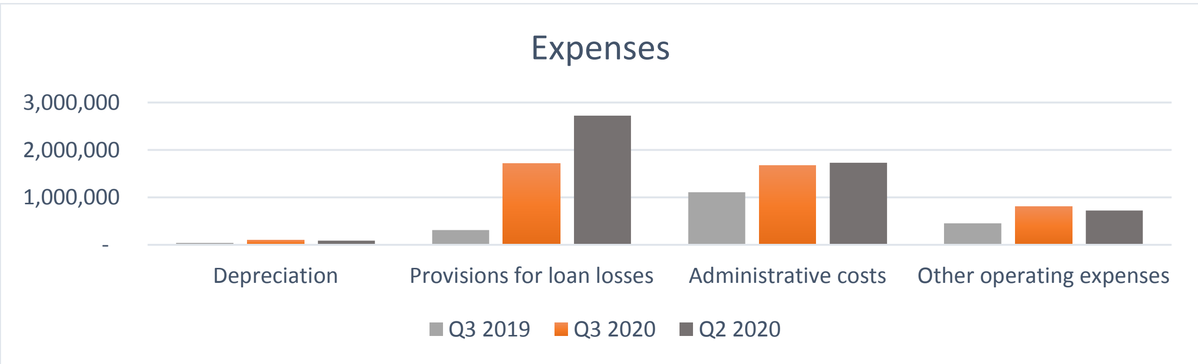
Net Profit

Q3 2019 -0.45 Million in MVR | Q3 2020 -1.60 Million in MVR | Q2 2020 -1.54 Million in MVR

The company made a net loss of MVR 1.6 million in Q3 2020. SDFC has not generated any profit since its inception. Due to the impact of Covid19, a moratorium was announced by the company for 6 months. Restructuring of the whole loan portfolio led to an increased provisioning requirement initially for 6 months and another 4 months subsequently. Furthermore, the interest rate of all facilities was also decreased to 4% during the moratorium period. As the company increases its financing portfolio the company is expected to increase the interest income as well. This will enable the company to ultimately convert the net loss to a profit. However, the company should be careful in managing the non-performing loan portfolio as the financing increases given that the company' s facilities has a concentration in both sector allocation and as the portfolio is high risk.

Expenses

SDFC has incurred total overheads of MVR 4.3 million in Q3 2020. Staff Salaries and wages contribute to 39% of total overheads. And further, MVR 1.7 million was recognized as provision for loan losses, which is 37% less compared to previous quarter.



Capital Management

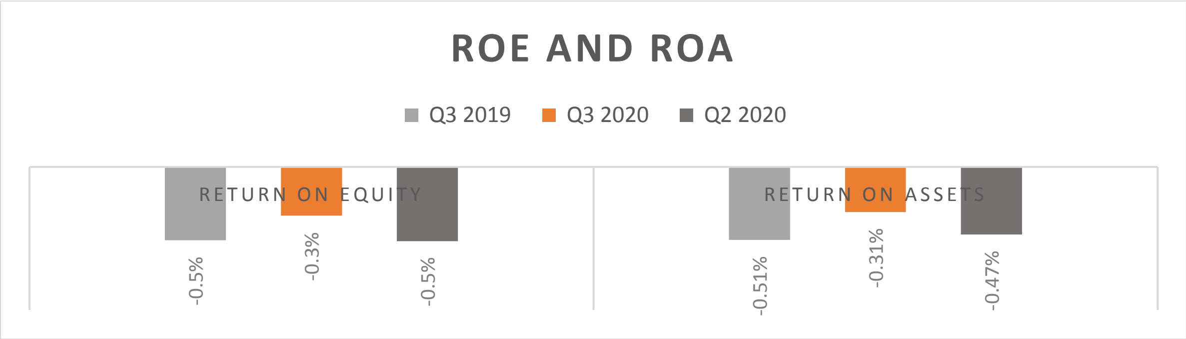
Financial institutions are a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial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

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

Details	Q3 2019	Q3 2020	Q2 2020
Total Liabilities			
Trade and other payables	422,777	38,772,442	29,361,995
Total Liabilities	**422,777**	**38,772,442**	**29,361,995**
Total Assets			
Trade and other receivables	278,170	108,983,727	72,305,389
Loans and advances	33,027,833	238,196,448	183,297,532
Cash and cash equivalents	54,409,844	155,399,353	14,239,304
Financial asset held to maturity	-	-	49,858,488
Other Assets	-	5,364,176	5,747,332
Property plant and Equipment	948,853	2,077,597	1,764,291
Total Assets	**88,664,700**	**510,021,301**	**327,212,336**
NET (Assets-Liabilities)	**88,241,923**	**471,248,859**	**297,850,341**

Total Assets of the company is relatively high compared to the liabilities. The liability of the company is trade and other payables only.

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



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

Since the company has made a loss for three quarters both ROE and ROA is negative. In addition, it has to be noted that due to the moratorium, restructuring of the whole loan portfolio led to an increased provisioning requirement initially for 6 months and another 4 months subsequently. Furthermore, the interest rate of all facilities was also decreased to 4% during the moratorium period.

CONCLUSION

The company has made a net loss of MVR 1.6 million while earned an income of MVR 2.83 million. The overheads of the company contributed 91% of income of quarter three 2020.

The loan portfolio increased by MVR 55 million in the third quarter of the year compared to previous quarter. Therefore, careful management of the non-performing loan portfolio is very important for a sustainable business model of the bank.

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

RECOMMENDATION

The corporation should aim to further enhance the credit evaluation process and vetting procedures for the recipients of loan facilities to create a sustainable loan portfolio. Furthermore, SDFC should focus on strengthening the recovery function of the company and establish effective policies and procedures to minimize defaults and non-performing assets.

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.

Quarterly review; Quarter 3, 2020

MALDIVES SPORTS CORPORATION LTD

MALDIVES SPORTS CORPORATION LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MSCL/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
1.32 Million in MVR	2.90 Million in MVR	NIL

Company was unable to generate any revenue in the last quarter as they do not have any fixed source of income. However, company was able to generate a higher revenue in Q3 2020 compared to the same quarter of last year, which is an increase in revenue by 120%. Revenue is generated from the project; supply of 61 gym to MOYSCE. Project value is MVR 8.8 million and MVR 2.90 million is the revenue generated for the work completed through the third quarter 2020.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
1.32 Million in MVR	0.2 Million in MVR	NIL

Company has no direct costs in the quarters Q3 2019 and Q2 2020 as they did not operate any cost incured project in the quarters. However, company has a direct costs of MVR 2.74 million in Q3 2020 which leads to a decrease in gross profit. Gross profit decreased by 88% in Q3 2020 compared to Q3 2019 resulting MVR 164 thousand. There was no gross profit or loss in Q2 2020 as the company did not generate any revenue and did not incured any costs. The change in gross profit may have been timing of the recognition of the cost of sales.

Net Loss

Q3 2019	Q3 2020	Q2 2020
0.08 Million in MVR	(1.10) Million in MVR	(1.36) Million in MVR

Company's net profit dropped significantly resulting in a net loss of MVR 1.10 million in Q3 2020 compared to Q3 2019. However, it is noted that company has other income by government grant in Q3 2019. When compared to Q2 2020 company's net loss decreased by 19% in Q3 2020 due to the revenue generated in Q3 2020. It is also noted that company's operational expenses has decreased in Q3 2020 by 14% and 6 % compared to Q3 2019 and Q2 2020 respectively.

The table below illustrates the company's operating cost incured in the 3 quarters Q3 2019, Q3 2020 and Q2 2020.

Personnel expense	Q3 2019	Q3 2020	Q2 2020
Salary	471,758	604,477	573,782
Living Allowance	162,110	165,000	165,000
Executive Responsibility Allowance	43,118	60,000	60,000
Attandance Allowance	141,636	151,725	153,000
Board Remuneration	125,675	105,900	120,900
Ramazan Allowance	-	-	57,000
Financial Performance Allowance	36,000	54,000	63,000
Management Performance Allowance	7,200	16,200	16,200
Company Secretary Allowance	4,841	7,380	7,380
Board Secretary Allowance	7,420	-	-
Pension Contribution	31,302	41,859	26,388
Leave Encashment	-	-	-
Phone Allowance	9,262	8,100	8,100
Total Cost of Sales	**1,040,322**	**1,214,641**	**1,250,750**

As seen in the table company's operating costs increased by 17% in the third quarter 2020 compared to the same quarter of 2020 due to increase in number of staffs. It is noted that operating costs has remained high in the three quarters signifying major profitability problems in the future.

LIQUIDITY

Current Ratio

Q3 2019
10.9
TIMES

Q3 2020
6.01
TIMES

Q2 2020
8.76
TIMES

Current ratio of the company has decreased in Q3 2020 compared to both the quarters, Q3 2019 and Q2 2020 resulting 6.01 times in Q3 2020. Total current assets decreased by 37% in Q3 2020 compared to Q2 2020 while the percentage of current assets did not vary in Q3 2020 and Q3 2019. However, current liabilities decreased significantly in the third quarter by 81% compared to the same quaretr of last year. when compared to the last quarter current liabilities decreased by 8% in Q3 2020. It is noted that company has a high trade receivables of MVR 1.2 million in Q3 2020 compared to Q3 2019.

Quick Ratio

Q3 2019
10.9
TIMES

Q3 2020
5.89
TIMES

Q2 2020
8.65
TIMES

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. MSCL's quick ratio has declined in Q3 2020 compared to both the quarters Q3 2019 and Q2 2020 resulting 5.89 times indicating that the company is capable to meet its short-term obligations with its most liquid assets without inventories.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
10.9	2.06	2.7
TIMES	TIMES	TIMES

Cash and cash equivalent of the company has decreased in the third quarter of 2020 by 66% when compared to Q3 2019 and 30% when compared to Q2 2020. Although, company's cash ratio shows a favorable result of 2.06 times indicating company's ability to pay its short term debts with cash or near cash resources it is the money that is injected by the government.

Operational Highlights and Ongoing Projects

- Conceptual and financial assessments for water sports project completed.
- Conceptual and financial assessment for Sports Corporation's retail store project completed.
- Conceptual and financial for Ungoofaaru football stadium project completed.
- Conceptual and financial assessments for Naifaru indoor volleyball project and Ungoofaaru football stadium project share with Ministry of Finance for funding.
- Supply of 61 Gym to MOYSCE (all products have been delivered by the client. Official handover pending. Final billing to be done).

CONCLUSION & RECOMMENDATION

Even though the company is created through an Act of parliament, the commercial operations of the company have not materialized since its inception. However, company has started to create small cash generating units in Q4 2019 which further progressed and generated a significant revenue in Q1 2020, and it is expected that this revenue will continue to rise enabling company to operate self sufficiently. Land allocation to the company has not been implemented and the company currently faces going-concern issue.

MSCL has generated a higher revenue of MVR 2.91 in Q3 2020 compared to the same quareter of 2019. However, company faced net losses of MVR 1.10 million in the quareter. Therefore, in order to improve profitability company needs to implement more ways to generate revenue from core business activites.Company's ability to generate revenue is also dependent on the availability of the assets for development.

Company's short-term liquidity ratios show a favorable liquidity position in Q3 2020 and company has high current assets compared to its current liabilities. However, it is noted that company is not capable in settling its short term liabilities through the operational funds as their cash is injected by the government. Company has higher receivales in Q3 2020 compared to Q3 2019. Therefore, company should monitor its receivables to ensure they receive their payments on time.

Quarterly review; Quarter 3, 2020

STATE ELECTRIC COMPANY LTD

STATE ELECTRIC COMPANY LTD
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/STELCO/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
483	469	453
Million in MVR	Million in MVR	Million in MVR

Revenue has reduced by 3% and increased by 3% compared to Q3 2019 and Q2 2020 respectively. The reduction was mainly due to reduction in sales of electricity (Q3 2020 vs Q3 2019). The increase was mainly due to the growth in non-electricity sales while electricity sales remained constant over the two quarters (Q3 2020 vs Q2 2020). The details of the revenue generated in Q3 2020 in comparison with Q3 2019 and Q2 2020 is detailed in the following table.

Revenue	Q3 2019	Q3 2020	Q2 2020
Electricity	469,072,801	442,111,833	442,111,833
Non-electricity sales	11,918,905	24,260,093	9,026,795
Water fee	1,768,357	2,132,536	2,173,903
Water bottling	16,132	200,357	62,677
Total	**482,776,195**	**468,704,819**	**453,375,208**

Gross Profit

Q3 2019	Q3 2020	Q2 2020
104	96.1	79.8
Million in MVR	Million in MVR	Million in MVR

Gross profit shows relatively similar changes as revenue. Gross profit has deteriorated over the two-year quarters, while it has seen a growth compared to previous quarter. Likewise, gross profit margin also fell from 22% to 20.5% (from Q3 2019 to Q3 2020) however company recorded a growth from 17.6% to 20.5% (from Q2 2020 to Q3 2020).

Cost of sales as a percentage of sales has remained constant over Q3 2020 and Q3 2019, while it reduced compared to Q2 2020, indicating company has managed its direct cost efficiently compared to previous quarter.

Cost of Sales	Q3 2019	Q3 2020	Q2 2020
Cost of fuel and lub oil	282,301,248	280,512,386	282,530,875
Cost of power purchase	2,550,545	2,650,419	2,701,971
Cost of sales of goods	136,374	-	-
Cost of sales - sales centre	3,433,496	5,737,059	4,938,003
Customer service expense	4,003,136	2,026,682	780,080
Repairs & maintenance - PP & distribution	12,196,879	9,704,866	7,428,330
Employee benefit expenses	42,776,046	39,918,209	43,418,814
Depreciation	30,364,861	31,772,557	31,444,270
Water supply expenses	692,412	52,492	137,404

Water bottling expenses	280,919	242,057	237,912
Total cost of sales	**378,735,916**	**372,616,727**	**373,617,659**

Operating Profit

Q3 2019	Q3 2020	Q2 2020
60.3	49.5	35.7
Million in MVR	Million in MVR	Million in MVR

Although revenue has decreased, operating expenses has increased slightly by 2% while other income has decreased by 42%. As a result, operating profit has deteriorated by 18% (Q3 2020 vs Q3 2019). Personnel expenses reduced by 7% and 8% compared to Q3 2019 and Q2 2020 respectively. Human resource development expenses, travelling expenses and repair and maintenance expenses has reduced significantly compared to Q3 2019.However, office expenses and depreciation has increased in Q3 2020 compared to other two quarters, mainly due to reopening of offices and resuming expenses which were on hold due to Covid-19 and due to capitalization of 5th power project. Repair and maintenance have also increased by 114% compared to previous quarter.

Other operating expenses	Q3 2019	Q3 2020	Q2 2020
Personnel expenses	16,921,661	15,791,137	17,175,932
Human resources development	1,171,504	28,850	129,451
Travelling expenses	1,875,251	222,431	151,216
Transport and hiring charges	926,168	272,620	1,056,565
Repair and maintenance expense	3,038,551	2,626,387	1,225,338
Office expenses	19,021,593	21,202,586	17,970,587
Depreciation	5,099,596	8,935,367	8,842,549
Total	**48,054,324**	**49,079,378**	**46,551,638**

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
0.81	0.91	0.86
TIMES	TIMES	TIMES

The current ratio of the company imrpoved slightly compared to Q3 2019 and Q2 2020. This is because the current assets of the company increased greater than their current liability. STELCO's current assets comprises of inventories, trade receivables, advance tax and cash and cash equivalents. Trade receivables have an increasing trend (by 96% compared to Q3 2019) which has been difficult to collect due to the business nature. Cash and cash equivalents fell from MVR 162.57 million to MVR 51.62 million from Q3 2019 to Q3 2020.

Current liabilities consist mainly of trade payables which rose by 34% and 4% respectively compared to Q3 2019 and Q2 2020.

Trade and Other receivables	**Q3 2019**	**Q3 2020**	**Q2 2020**
Trade receivables			
Accounts receivable- electricity	374,913,500	866,771,855	748,795,746
Accounts receivable- temp, electricity supply	4,049,395	4,066,262	4,066,262
Accounts receivable- Works & sale of goods	34,639,685	34,639,685	34,639,685
Accounts receivable- sales centre	25,780,803	-	-
Provision for Bad & doubtful debt	(40,160,213)	(40,160,213)	(40,160,213)
Provision for impairement of trade receivables	-	-	-
Provision for impairment of related party receivables	-	-	-
	399,223,170	**865,317,589**	**747,341,480**
Other Receivables			
Accounts receivable- Others	132,150	132,150	132,150
Accounts Receivable- Staff	264,864	341,798	275,027
Short term Investments	2,202,486	2,169,389	2,169,385
Hiya Project Receivable	(42,068,215)	(54,270,096)	(49,791,613)
	(39,468,715)	**(51,626,759)**	**(47,215,051)**
Advance Payement	84,232,695	55,369,079	75,925,058
Prepayments	80,589	373,637	373,637
Total trade and other receivables	**444,067,739**	**869,433,546**	**776,425,124**

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.72 TIMES	0.80 TIMES	0.74 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. The quick ratio also remained below 1 over the comparable periods. This means company has fewer liquid assets to settle its short-term liabilities. To ensure a good liquidity position company must keep both current assets and current liabilities at an optimum level, where current assets are kept higher than of its current liabilities.

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.19 TIMES	0.04 TIMES	0.03 TIMES

The cash ratio of the company is more alarming as the cash balance of the company only covers 4% of trade liabilities (Q3 2019: 19% and Q2 2019:3%)

The short-term liquidity ratios are not reasonably well maintained at an ideal level. As a result, company may face liquidity risk in the short-term, affecting sustainability. Company has to find a way to strengthen company's collection process.

LEVERAGE

Debt to Equity

Q3 2019	Q3 2020	Q2 2020
3.47 TIMES	3.26 TIMES	3.17 TIMES

Debt to equity ratio of the company is significantly high with over MVR 2.8 billion accounted as total borrowing as at Q3 2020. The equity and reserves were stated at MVR 881 million as at Q3 2020. Debt to equity ratio has reduced compared to Q3 2019. The reduction is due to growth in equity and reserve is higher than growth in total debts. Company's borrowings to finance the fifth power project and the bridge interconnection project will increase until the projects are finished as these are on-going projects and the disbursements will add to the current outstanding debt of the company.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.62 TIMES	0.58 TIMES	0.58 TIMES

The level of the debts in relation to company's total assets has reduced compared to Q3 2019 and remained constant as Q2 2020, however the ratio is still maintained at a high level. As the financial institution would ensure the ability of STELCO in repaying existing loans, before additional loans are extended, it is important that company keep this ratio to a minimum level. The total borrowing of the company stands at MVR 2.87 billion as at Q3 2020 (MVR 2.70 billion in Q3 2019).

CONCLUSION

The performance of the company in terms of revenue and profitability has declined in Q3 2020 compared to the same period of last year. The slight increase in its overheads during the quarter has led to decrease in operating profit.

Short term liquidity position of the company is not satisfactory with lower current and quick ratios. Further, the cash ratio of the company is very critical. As a result, company may face liquidity risk in the short-term, affecting sustainability.

Financial leverage ratios of STELCO are significantly high with over MVR 2.87 billion accounted as total borrowing, when equity and reserves stands at MVR 881 million as at Q3 2020. 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.

RECOMMENDATION

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 it is not reasonably maintained at a satisfactory level. Time taken for inventories and receivables to actually turn in to cash must be looked in to and corporate customers with lower credit quality must be assessed and monitored more carefully.

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

Quarterly review; Quarter 3, 2020

STATE TRADING ORGANIZATION PLC

STATE TRADING ORGANIZATION PLC
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/STO/Q3

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
2.25	1.55	1.30
Billion in MVR	Billion in MVR	Billion in MVR

STO has reported total revenue of MVR 1.55 billion in Q3 2020, which is a notable reduction of 31% compared to Q3 2019. This was mainly due to reduction in selling price and shrinking demand of fuel caused by the corona virus outbreak. STO's revenue is divided into fuel revenue and non-fuel revenue. Non-fuel revenue includes construction, home improvement, super mart, medical and staples revenue. The main segment, fuel revenue shows a reduction of MVR 768 million in quarter 3 of 2020 compared to quarter 3 2019, which is 48% reduction. However non-fuel revenue increased by MVR 67 million in quarter 3 of 2020 compared to quarter 3 2019 which is 10% growth. Therefore, total revenue has declined by 31% in the third quarter of 2020 compared to the same quarter of last year.

Gross Profit

Q3 2019	Q3 2020	Q2 2020
341	343	345
Million in MVR	Million in MVR	Million in MVR

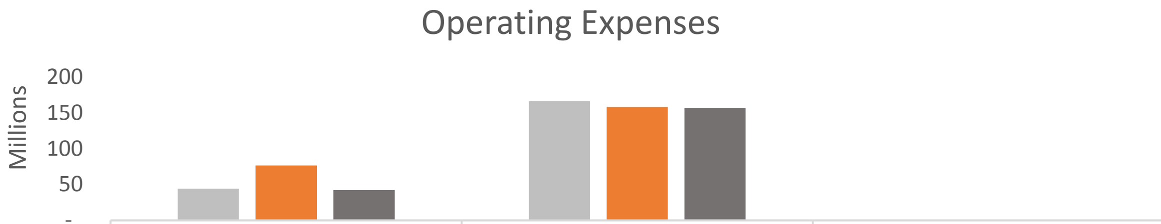
Gross profit increased by 1% in Q3 2020 compared to Q3 2019. However gross profit decreased by 1% in Q3 2020 compared to Q2 2020. The direct costs were managed well in the third quarter of 2020 compared to third quarter of 2019 as it has reduced by 37%corresponding to the reduction in revenue. However, costs increased by 26% in Q3 2020 compared to Q2 2020 mainly from increase in fuel prices. In addition, gross profit margin has increased by 7% in Q3 2020 compared to Q3 2019 and gross profit margin has decreased by 4% in Q3 2020 compared to Q2 2020.

Net Profit

Q3 2019	Q3 2020	Q2 2020
95	100	105
Million in MVR	Million in MVR	Million in MVR

STO has achieved outstanding results in terms of net profit in the third quarter 2020, 6% higher net profit compared to Q3 2019. Total operating expenses has increased by 12% in Q3 2020 compared to Q3 2019. However, reduction in finance cost by 98% in Q3 2020 compared to Q3 2019 which led to increase company's net profit in Q3 2020. It is also noted that, net profit decreased by 4% in Q3 2020 compared to Q2 2020. Although, net profit margin decreased by 2% in Q3 2020 compared to Q2 2020, it has increased by 2% compared to the same quarter of 2019.

Expenses



	Sales and Marketing Costs	Administrative costs	Other Operating expenses
Q3 2019	43,918,313	166,378,965	167,602
Q3 2020	76,515,994	158,255,640	28,969
Q2 2020	42,203,289	157,051,425	291,168

The main reason for the decrease in admin cost is due to decrease in general admin costs. Other admin costs have decreased in Q3 2020 by 60% compared to Q3 2019.

However, notable increase in selling and marketing costs by 74% in Q3 2020 compared to Q3 2019. This includes; 8% growth in vessel, fleet, R&M, 12% growth in other selling and marketing expenses, MVR 8 million fuel rebate to FSM and additional provision impairment of receivables of MVR 26 million which was created based on expected credit model.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
1.07 TIMES	1.13 TIMES	1.13 TIMES

Current ratio of above 2 is normally considered as ideal; however, STO's current ratio is below the ideal level for three quarters. The results show that short term liquidity position of the company are just marginally above its current liabilities. Both current assets and liabilities have increased compared to Q3 2019 and Q2 2020 as well. It is also important to note that the most significant component of current assets is trade and other receivables which represent 69% of current assets. It is important that company ensure effective management of receivables, in order to manage its working capital. However, it is noted that compared to previous quarter revenue has increased by 19% whereas trade and other receivables has decreased by 6%.

Quick Ratio

Q3 2019	Q3 2020	Q2 2020
0.89	0.85	0.89
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 below 1 indicating inability to meet its short-term liabilities with its most liquid assets. STO has inventory of over MVR 1 billion at the end Q3 2020 mainly from medical inventory brought for NDMA requirement (covid purpose). Over the comparable period quick ratio has deteriorated from 0.89 (Q3 2019 and Q2 2020) to 0.85 (Q3 2020).

Cash Ratio

Q3 2019	Q3 2020	Q2 2020
0.03	0.07	0.05
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 is very critical as only 0.07 percent of current liabilities can only be covered by the cash balance. It is noted that cash and cash equivalents has increased by 176% in Q3 2020 compared to Q3 2019. However, trade payables have increased by 39% in Q3 2020 compared to Q3 2019.

Since company's current liabilities consist of trade and other payables, delay in settling supplier payments could be risky for the company, as suppliers and creditors may refuse to offer trade credit in the future. 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 2019	Q3 2020	Q2 2020
1.04	0.70	0.76
TIMES	TIMES	TIMES

Debt to equity ratio illustrates the degree to which STO is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. However, debt to equity ratio of STO has decreased in Q3 2020 compared to Q3 2019.

Debt to Assets

Q3 2019	Q3 2020	Q2 2020
0.38	0.27	0.29
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio; less risky the company. As shown in the figure the results of Q3 2020 has decreased by 30% compared to Q3 2019 as company's borrowing has reduced compared to the last quarter.

Debt Capitalization

Q3 2019	Q3 2020	Q2 2020
0.51 TIMES	0.41 TIMES	0.43 TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Debt capitalization has reduced to 41% as STO has less loans and borrowings compared to Q3 2019 and Q2 2020.

Interest Cover

Q3 2019	Q3 2020	Q2 2020
3.89 TIMES	139.9 TIMES	5.28 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 has a vast change compared to last two quarters as financing costs has reduced by 21% in Q3 2020 compared to Q3 2019. Finance income has increased by MVR 30 million in Q3 2020 compared to Q3 2019 as dividend was received from subsidiaries. However, finance costs decreased by 21% in Q3 2020 compared to Q3 2019 due to reduction in fuel consumption, reduction in interest rates from fuel suppliers and lower fuel prices. Also indicate that STO 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 & RECOMENDATION

STO has managed its cost of sales when revenue was severely hit by the Covid-19 impact, maintaining its gross profit and gross profit margin. However, total overhead costs of the company have increased by 12% while other operating income has decreased by 40%, which has led to a decrease in its operating profit from MVR 151.40 million to MVR 120.62 million. Despite the reduction in operating profit, company was able to increase profit after tax by 6% due to a significant decrease in Net finance cost by 98%.

Revenue of third quarter 2020 has decreased by 31 % compared to the same quarter of last year mainly due to fuel prices was lower and fuel consumption was reduced during pandemic. However net profit and profit margin increased in Q3 2020 compared to Q3 2019 mainly due to decrease in finance cost by 98 %.

At Q3 2020 company's current ratio has increased compared to Q3 2019 which is equivalent to last quarter mostly due to increase in cash and cash equivalent and inventories. Current liabilities have also increased mainly from trade and other payables and lease liabilities. Receivables collection is an important aspect for the company as it will improve the cash flow as well as improve the ability to settle its current liabilities. Therefore, it is vital that STO improve its credit collection policies. STO can apply different credit policies for different class of customers according to the goods/services provided. Regular customers with good credit ratings can be given greater flexibility period for payment. Also, credit policies can be made according to the customer type, whether it is an individual or government institute. Additionally, quick ratio decreased by 4% in Q3 2020 compared to Q3 2019 which is below 1 indicating inability to meet its short-term liabilities with its most liquid assets. Therefore, STO should manage to meet its short-term liquidity position in order to stay solvent.

STO’s debt to equity ratio has reduced by 33% in Q3 2020 compared to Q3 2019 which means that company is less risky and managing well in financing its operations through debt. Debt to assets and debt capitalization of the company results a reduction of 30% and 19% respectively in Q3 2020 compared to Q3 2019 as STO has less loans and borrowings in Q3 2020 compared to Q3 2019.

Quarterly review; Quarter 3, 2020

TRADENET MALDIVES CORPORATION LIMITED

TRADENET MALDIVES CORPORATION LIMITED
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/TMCL/Q3

INTRODUCTION

TradeNet Maldives Corporation Limited is a 100% government owned SOE incorporated on 15th October 2019 under the presidential decree and governed under companies Act 1996. Since then the company is working with the Project Management Unit (PMU) of Ministry of Economic Development in establishing "National Single Window", 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.

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

Revenue

Since the company began its operations in the last quarter of 2019, they did not generate any revenue in Q1, Q2 and Q3 of 2020 hence gross profit is nil. To generate revenue company expects to develop their portal in the third year.

Operating Profit

Q3 2020	Q3 2020
(1.29)	(1.29)
In MVR millions	In MVR millions

Company has made an operational loss of MVR 1.29 in both the quarters of Q2 and Q3 of 2020 mainly due to the overhead expenses. Below table illustrates the overhead expenses incurred in the company.

Other Operating Expenses	Q3 2020	Q2 2020
Salaries and Wages	817,958	847,278
Pension	41,125	37,689
Other Administrative Expenses	58,025	28,050
Lease Rentals	375,000	375,000
Total	**1,292,108**	**1,288,017**

The main expense incurred is from salaries and wages and it has decreased in Q3 2020 by 3% compared to Q2 2020. It has to be noted that other administrative expenses has increased in the third quarter by 107% compared to the last quarter.

Net Profit

Q3 2020

(1.29)

In MVR millions

Q3 2020

(1.29)

In MVR millions

Since this is the foundation stage of the company, they are not able to generate any revenue. Hence, company has a net loss of MVR 1.29 million as they have to run administrative and physical setup work.

LIQUIDITY

Current Ratio

Q3 2020

2.00

Times

Q2 2020

4.09

Times

Current ratio of the company has decreased from 4.09 times in Q2 2020 to 2.00 times in Q3 2020. The only current assets in TMCL books is the cash which injected by the government as capital contribution. Therefore, company needs to improve liquidity through generating own income.

CONCLUSION & RECOMENDATION

As a start-up, TMCL is working on establishing office set up to commence the initial administrative tasks. At present the company is working towards the establishment of a contact center initiated on request from the Ministry of Economic Development. TMCL at its inception stage is working closely with ADB and PMU towards system development and capacity building. Furthermore, to formulate a revenue model, which need to be approved and endorsed by the Economic Council of the President's Office. TMCL needs to focus on its core business activities and focus on reducing costs.

TradeNet Maldives at its inception stage is working closely with ADB and PMU towards system development and capacity building. Furthermore, to formulate a revenue model, which need to be approved and endorsed by the Economic Council of the President's Office.

Hence, TMCL at present is not in a position to project any profit for the proceeding first 2 years or until its Trade Portal is fully developed, up and running. The Company expects the portal to be rolled out in the year 3 after which it will be able to generate Revenues as per limitations set and instructed by the Economic Council and the government. However, it is important to note that the COVID-19 impact would adversely affect project timelines as much uncertainty looms till the economy bounces back.

It is recommended for TMCL to aim a sustainable business model at an early stage of business development to reduce dependency on shareholders. Do proper planning and estimations before commencing any projects. Revenue generated from any projects must at least cover all incremental cost related to the projects in order to reduce costs. In addition to that, when introducing new products, the company should perform market research and product feasibility prior to the launch of new products. Also, the company should try to eliminate unnecessary costs and improve efficiency.

Quarterly review; Quarter 3, 2020

WASTE MANAGEMENT CORPORATION

WASTE MANAGEMENT CORPORATION
Q3 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/WAMCO/Q3

Q3 2020 with Q3 2019 and Q2 2020

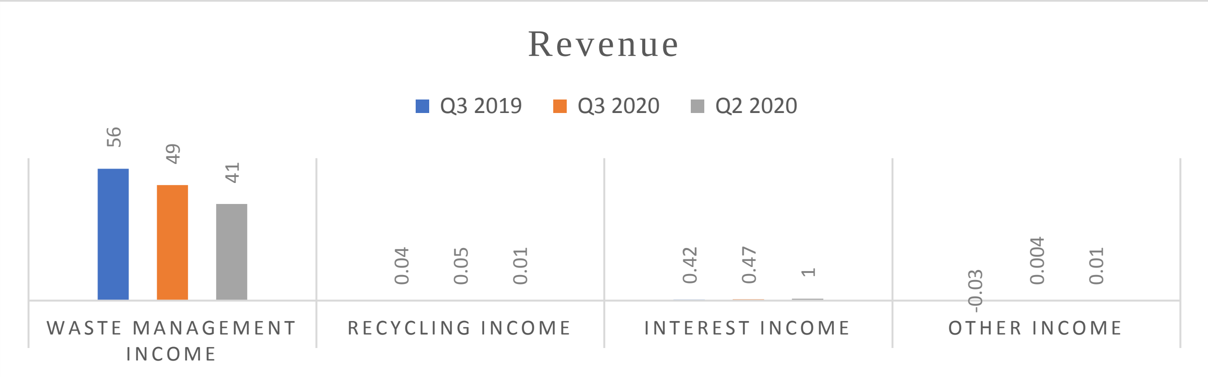
PROFITABILITY

Revenue

Q3 2019	Q3 2020	Q2 2020
55.9	49.1	41.6
Million in MVR	Million in MVR	Million in MVR

WAMCO has recorded a revenue of MVR 49.1 million, an increment of revenue by 18% compared to previous quarter and reduction 12% against the same period of last year.

The revenue segments are shown in the bellow chart. (figures are in millions)



Waste management income has improved in Q3 2020 compared to previous quarter since the business has started in the third quarter after the lockdown. Waste management income is the main revenue generating segment which contributes approximately 99% of the total revenue. Recycling income has also seen a growth in Q3 2020. On the other hand, interest income and other income shows reduction compared to previous quarter.

In comparison to the same period of last year waste management income is lower in Q3 2020, however other revenue segments marginally improved.

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

Gross Profit

Q3 2019	Q3 2020	Q3 2020
17.2	11.9	3.35
Million in MVR	Million in MVR	Million in MVR

Gross profit of WAMCO has seen a significant growth compared to previous quarter. While revenue increased by 18%, gross profit has increased by 254% compared to previous quarter as the direct costs of the company have reduced by 3%. As a result, the gross profit margin has improved from 8% (Q2 2020) to 24% in Q3 2020.

Net Profit

Q3 2019	Q3 2020	Q2 2020
-3.9	-10.6	-18.6
Million in MVR	Million in MVR	Million in MVR

The net loss of the company has reduced in Q3 2020 compared to previous quarter. Total Overheads of the company is higher in Q3 2020 compared to comparable quarters. However, net loss reduced due to increase of revenue. The major operational expenses for the three quarters in review are shown below.

Expenses	Q3 2019	Q3 2020	Q2 2020
Advertising and promotional expenses	644,517	187,254	267,700
Staff salaries	7,745,783	9,783,180	9,706,185
Pension	927,578	1,385,359	1,433,214
Staff welfare	2,257,932	-	1,959,807
Labour contracts	-	1,260,959	
Directors' salaries	135,913	125,064	135,688
Rent	1,064,639	1,057,639	1,057,639
Water and electricity	1,182,083	1,601,924	650,952
Communication expense	520,147	595,698	507,436
Printing and stationary	326,056	340,278	183,411
insurance charges	24,200	30,250	12,100
travelling expenses	762,681	153,672	133,626
Bank charges	225,092	217,402	233,294
Depreciation and ammortization	3,685,358	3,960,143	3,918,107
Repair and maintenance	1,226,816	1,576,892	1,265,489
Office expenses	50,377	21,934	-
Sundry expenses	139,822	89,577	470,809

Staff salaries has recorded an increment of 1% compared to previous quarter, and 26% compared to the same period of last year. During Q3 2020, WMACO has not spend on staff welfare unlike other two quarters in review. Water and electricity expenses has significantly increased due to opening of office and the increase is36% higher compare to Q3 2019. Similarly, printing and stationary, insurance, travelling expenses and repair and maintenance have increased compared to previous quarter.

LIQUIDITY

Current Ratio

Q3 2019	Q3 2020	Q2 2020
2.73	1.90	1.54
Times	Times	Times

WAMCO's current assets are maintained above its current liabilities. However, current assets comprise mainly of trade receivables which has been increasing each quarter and has been outstanding for a long time. Collection of receivables is a major problem faced by WAMCO. Trade receivables has recorded an increment of MVR 6.2 million compared to previous quarter while trade payables have reduced by MVR 15.4 million. Thus, the current ratio has improved against Q2 2020.

Overall liquidity position of the company is not satisfactory since the company has bulk value of cash tied up in the form of receivables which has been difficult to collect, while company also have significant payables. 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 2019	Q3 2020	Q2 2020
0.08	0.11	0.12
Times	Times	Times

Cash ratio calculates ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company is relatively low compared to its current liabilities. The cash balance has reduced by MVR 2.6 million compared to Q2 2020. The company is dependent on capital injected by the government for the day to day operations as WAMCO is not self-sufficient. During Q3 2020, government has injected MVR 27.6 million as capital contribution.

CONCLUSION

The performance of the company has improved in Q3 2020 compared to previous quarter. Gross profit for the quarter improved as a result of revenue growth of 18%. Even though overheads of the company increased, the net loss of the company has reduced.

The short-term liquidity position of the company is unsatisfactory as huge portion of current assets consists of receivables which has not been collected. Moreover, based on the cash ratio, the liquidity position is low as the company does not generate cash through their operations to meet the operational expenses. Hence, the company depends on shareholder assistance.

RECOMMENDATION

Receivables collection has been a major issue for WAMCO. A huge sum of cash has been tied up in the business in the form of receivables. Proper policies need to be set and implemented to collect the receivables and necessary policies need to be made against unrecovered receivables. Inclusion of waste management fee in utility bill would enable company to collect the revenue more efficiently. In addition, WAMCO need to reduce both direct and overhead expenses.