SUMMARY OF QUARTERLY REVIEW

Q4 | 20

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SECRETARIAT FOR
PRIVATIZATION AND CORPORATIZATION BOARD

Table of Contents

Secretariat for Privatization and Corporatization Board

SUMMARY OF QUARTERLY REVIEW

QUARTER 4, 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 four of 2020 with the quarter four 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.

SUMMARY OF FINANCIALS

COMPANY NAME	Non-Current Assets	Current Assets	Total Assets	oans and Borrowing	Total Liabilities
AASANDHA COMPANY LIMITED	8,394,501	99,355,124	107,749,625	-	100,584,264
BUSINESS CENTRE CORPORATION LTD	893,526	5,351,362	6,244,888	-	1,526,628
FAHI DHIRIULHUN CORPORATION LTD	3,353,398	1,961,409	5,314,807	1,515,736	2,509,455
KAHDHOO AIRPORT COMPANY LTD	40,547,038	39,848,077	80,395,115	-	1,776,423
MALDIVES CENTER FOR ISLAMIC FINANCE LTD	1,369,090	698,560	2,067,650	-	1,869,078
MALDIVES FUND MANAGEMENT CORPORATION LIMITED	6,086,362	16,414,627	22,500,989	-	4,623,811
MALDIVES HAJJ CORPORATION LTD	93,586,435	77,126,677	170,713,111	-	193,883,644
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	49,070,376	2,063,855	51,134,231	-	79,752,811
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	1,007,562	1,643,148,667	1,644,156,229	-	1,622,774,426
MALDIVES SPORTS CORPORATION LTD	1,183,075	1,784,283	2,967,358	-	225,802
ROAD DEVELOPMENT CORPORATION LIMITED	6,343,855	52,554,869	58,898,724	1,114,253	91,488,521
SME DEVELOPMENT FINANCE CORPORATION LTD	2,036,152	566,261,505	568,297,657	-	91,310,132
PUBLIC SERVICE MEDIA	594,024,646	10,003,344	604,027,990	80,000,000	168,787,059
WASTE MANAGEMENT CORPORATION	181,512,264	152,778,837	334,291,101	14,320,885	114,853,881
TRADE NET MALDIVES CORPORATION LTD	1,816,287	2,308,789	4,125,076	-	62,824
TOTAL	**991,224,567**	**2,671,659,985**	**3,662,884,551**	**96,950,874**	**2,476,028,759**
ADDU INTERNATIONAL AIRPORT PVT LTD	556,740,665	37,639,710	594,380,375	459,632,363	730,967,645
BANK OF MALDIVES LTD*	NA	NA	31,142,549,000	899,487,000	24,146,137,000
DHIVEHI RAAJJEYGE GULHUN PLC	2,370,853,000	1,734,443,000	4,105,296,000	-	1,622,762,000
FENAKA CORPORATION LTD	1,856,071,048	642,753,019	2,498,824,067	131,655,918	895,152,033
HOUSING DEVELOPMENT CORPORATION	18,625,044,323	13,132,752,248	31,757,796,571	10,634,461,941	13,795,041,974
HOUSING DEVELOPMENT FINANCING CORPORATION PLC*	NA	NA	2,079,591,807	1,057,166,576	1,425,175,795
ISLAND AVIATION SERVICES LIMITED	2,056,650,362	955,307,613	3,011,957,975	572,981,048	1,961,222,355
MALDIVES AIRPORTS COMPANY LTD	12,973,439,000	1,824,603,000	14,798,042,000	7,375,184,000	8,982,256,000
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1,015,571,540	1,414,711,421	2,430,282,961	557,718,319	1,276,375,256
MALDIVES TOURISM DEVELOPMENT CORPORATION	1,121,412,253	114,778,215	1,236,190,467		604,068,816
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1,598,233,252	990,064,164	2,588,297,416	140,169,656	1,002,656,374
MALDIVES PORTS LIMITED	1,053,336,002	758,739,964	1,812,075,966	207,141,650	763,302,248
STATE ELECTRIC COMPANY LTD	3,891,583,287	834,022,413	4,725,605,700	2,894,501,823	3,779,938,048
STATE TRADING ORGANIZATION PLC	2,139,998,538	4,541,475,768	6,681,474,306	2,016,628,137	4,116,829,162
MALDIVES POST LIMITED	62,018,058	105,515,626	167,533,684	-	93,824,299
TOTAL	**49,320,951,327**	**27,086,806,161**	**109,629,898,295**	**26,946,728,431**	**65,195,709,005**
GRAND TOTAL	**50,312,175,894**	**29,758,466,146**	**113,292,782,847**	**27,043,679,305**	**67,671,737,764**

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

The table illustrates the balance sheet figures of SOEs as at the end of 31 December 2020. HDC is the highest asset-based company with total assets of over MVR 31.7 billion. This is because HDC has a significant amount of investment properties. Second, is BML with a total asset of MVR 31.1 billion. MACL is also a high asset-based company with total assets of MVR 14.7 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, MMPRC, IAS and Dhiraagu have total assets over MVR 1 billion.

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).

The highest cash balance at the end of 2020 was with BML. Followed by Dhiraagu and MACL.

	REVENUE GROWTH			
	COMPANY NAME	Q4 2019 (MVR)	Q4 2020 (MVR)	%
1	AASANDHA COMPANY LIMITED	12,562,461	12,129,879	-3%
2	BUSINESS CENTRE CORPORATION LTD	-	2,134,867	-
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	3,209,474	1,911,302	-40%
5	MALDIVES CENTER FOR ISLAMIC FINANCE LTD	28,826	24,440	-15%
6	MALDIVES FUND MANAGEMENT CORPORATION LIMITED	-	-	
7	MALDIVES HAJJ CORPORATION LTD	3,458,021	225	-100%
8	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	36,191.00	45,000	
9	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	40,302,417	448,896	-99%
10	MALDIVES SPORTS CORPORATION LTD	341,914	1,269,949	271%
11	ROAD DEVELOPMENT CORPORATION LIMITED	-	18,640,687	
12	SME DEVELOPMENT FINANCE CORPORATION LTD	3,474,102	8,758,920	152%
13	PUBLIC SERVICE MEDIA	49,989,078	24,907,070	-50%
14	WASTE MANAGEMENT CORPORATION	56,999,840	71,260,950	25%
15	TRADE NET MALDIVES CORPORATION LTD	NA	786,630	
	TOTAL	**170,402,324**	**142,318,815**	-16%
16	ADDU INTERNATIONAL AIRPORT PVT LTD	19,336,702	11,502,668	-41%
17	BANK OF MALDIVES LTD	836,490,000	728,521,000	-13%
18	DHIVEHI RAAJJEYGE GULHUN PLC	754,193,000	621,559,000	-18%
19	FENAKA CORPORATION LTD	349,162,172	444,908,684	27%
20	HOUSING DEVELOPMENT CORPORATION	172,792,504	133,610,094	-23%
21	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	50,152,172	47,553,860	-5%
22	ISLAND AVIATION SERVICES LIMITED	546,519,625	196,911,731	-64%
23	MALDIVES AIRPORTS COMPANY LTD	1,346,462,000	573,697,000	-57%
24	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	377,308,269	400,101,816	6%
25	MALDIVES TOURISM DEVELOPMENT CORPORATION	17,301,548	14,582,987	-16%
26	MALE' WATER AND SEWERAGE COMPANY PVT LTD	219,782,804	225,752,593	3%
27	MALDIVES PORTS LIMITED	194,288,316	133,715,187	-31%
28	STATE ELECTRIC COMPANY LTD	450,073,758	494,609,346	10%
29	STATE TRADING ORGANIZATION PLC	2,350,641,535	1,872,542,632	-20%
30	MALDIVES POST LIMITED	NA	5,060,285	
	TOTAL	**7,684,504,406**	**5,904,628,883**	**-23%**
	GRAND TOTAL	**7,854,906,729**	**6,046,947,698**	**-23%**

Total revenue generated by the SOEs in Q4 2020, is MVR 6 billion, which is 23% (MVR 1.8 billion) lower than Q4 2019.

Due to the global pandemic of COVID-19 revenue from most of the SOE's was dropped in the fourth quarter of 2020 compared to the same quarter of last year.

STO is the largest revenue generating among the SOEs, however the company has also experienced a loss of revenue by 20% 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 by 96% in the quarter. It is noted that STO receives assistance for fuel and food subsidy from the government.

BML's revenue was affected due to the global pandemic of Covid-19 and revenue was decreased by 13%. Compared to Q4 2019. Similarly, revenue from Dhiraagu was also decreased by 18% in the fourth quarter of 2020 compared to Q4 2019. However, BML and Dhiraagu was able to improve their revenue compared to the last quarter with the ease of Covid-19 restrictions.

The performance of MACL, IAS, KACL and AIA was also affected in Q4 2020 compared to the same period of last year due to the lockdown flight movements was decreased with the restrictions of Covid-19. Compared to Q4 2019, MACL's revenue decreased by 57%, revenue from IAS was decreased by 64%, revenue from KACL was decreased by 40% and revenue from AIA was decreased by 41%.

Compared to Q4 2019; Hajj Corporation has not generated any operational revenue during the quarter as Hajj planned for the quarter was cancelled Saudi Arabian authorities due to the COVID 19 pandemic remained closed for customers during the quarter. Further, MMPRC has also recorded a drop of 99%, as most of fairs got cancelled and reduction in government grant which is large component of company's income in other quarters. Likewise, PSM's revenue was dropped due to covid-19 restrictions revenue from most of the income generating segments by 32% was decreased and decrease in government grant by 54%. Grants are financial assistance provided by the government to the SOE's. Unlike loans, grants are funds that the recipient does not have to pay back.

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 Stelco, Fenaka, MTCC, MWSC, WAMCO, SDFC, MITDC and Sports Corporation. However, it is noted that capital is injected by the government for most of the companies and are constantly depending on shareholders assistance.

It is important to note that companies such as FDC and MFMC have not carried out any revenue generating activities which could improve their performance.

	GROSS PROFIT			
	COMPANY NAME	Q4 2019 (MVR)	Q4 2020 (MVR)	%
1	AASANDHA COMPANY LIMITED	12,562,461	12,129,879	-3%
2	BUSINESS CENTRE CORPORATION LTD	-	489,894	-
3	FAHI DHIRIULHUN CORPORATION LTD	-	-	-
4	KAHDHOO AIRPORT COMPANY LTD	(3,906,159)	(4,064,067)	-4%
5	MALDIVES CENTER FOR ISLAMIC FINANCE LTD	9,191	8,847	-4%
6	MALDIVES FUND MANAGEMENT CORPORATION LIMITED	-	-	-
7	MALDIVES HAJJ CORPORATION LTD	(228,368)	(12,557)	95%
8	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	36,191	45,000	24%
9	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	18,729,618	(16,827,006)	-190%
10	MALDIVES SPORTS CORPORATION LTD	73,574	1,184,000	1509%
11	ROAD DEVELOPMENT CORPORATION LIMITED	-	8,094,171	-
12	SME DEVELOPMENT FINANCE CORPORATION LTD	3,474,102	8,758,920	152%
13	PUBLIC SERVICE MEDIA	30,309,213	10,972,000	-64%
14	WASTE MANAGEMENT CORPORATION	14,871,737	32,224,356	117%
15	TRADE NET MALDIVES CORPORATION LTD	NA	786,630	
	TOTAL	**75,931,560**	**53,790,067**	-29%
16	ADDU INTERNATIONAL AIRPORT PVT LTD	(5,807,498)	(13,154,471)	-127%
17	BANK OF MALDIVES LTD	504,862,000	376,952,000	-25%
18	DHIVEHI RAAJJEYGE GULHUN PLC	336,757,000	229,774,000	-32%
19	FENAKA CORPORATION LTD	126,271,706	189,936,027	50%
20	HOUSING DEVELOPMENT CORPORATION	156,359,464	123,097,568	-21%
21	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	39,698,349	26,219,501	-34%
22	ISLAND AVIATION SERVICES LIMITED	189,635,917	41,263,276	-78%
23	MALDIVES AIRPORTS COMPANY LTD	845,252,000	419,441,000	-50%
24	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	86,100,843	111,955,162	30%
25	MALDIVES TOURISM DEVELOPMENT CORPORATION	9,966,578	3,980,411	-60%
26	MALE' WATER AND SEWERAGE COMPANY PVT LTD	134,559,504	139,789,920	4%
27	MALDIVES PORTS LIMITED	154,534,185	133,715,187	-13%
28	STATE ELECTRIC COMPANY LTD	90,239,770	169,266,672	88%
29	STATE TRADING ORGANIZATION PLC	329,248,590	378,482,109	15%
30	MALDIVES POST LIMITED	NA	4,794,917	-
	TOTAL	**3,073,609,968**	**2,389,303,345**	**-22%**
	GRAND TOTAL	**3,088,481,705**	**2,421,527,701**	**-22%**

With significant loss of revenue, the overall gross profit of SOEs has dropped by 22% (by MVR 666 million) compared to the same quarter of the previous year. Nevertheless, companies such as Fenaka, STELCO, STO, MTCC, WAMCO, SDFC, MSCL and MWSC have recorded a growth in gross profit in Q4 2020 compared to the same quarter of last year. MTCC, STELCO and WAMCO has managed to reduce direct costs together with increase in revenue. Although, revenue decreased in Q4 2020, STO's gross profit was increased as they managed to decrease its direct costs in the fourth quarter of 2020. Hence, STO has achieved a gross profit margin of 20% by reducing its direct costs by 26% in Q4 2019.

On the other hand, MMPRC, AIA, KACL and Hajj Corporation has experienced gross loss in the fourth quarter of 2020 compared to the same quarter of 2020. However, Hajj Corporation's gross loss was decreased in the fourth quarter of 2020 compared to the same quarter of last year by 95% as they have no operations in the fourth quarter due to Covid-19.

	NET PROFIT			
	COMPANY NAME	Q4 2019 (MVR)	Q4 2020 (MVR)	%
1	AASANDHA COMPANY LIMITED	-	1,545,289	-
2	BUSINESS CENTRE CORPORATION LTD	(832,710)	(2,946,706)	-254%
3	FAHI DHIRIULHUN CORPORATION LTD	(1,269,905)	(1,776,788)	-40%
4	KAHDHOO AIRPORT COMPANY LTD	(5,692,687)	(5,857,393)	-3%
5	MALDIVES CENTER FOR ISLAMIC FINANCE LTD	(2,273,202)	(1,133,394)	50%
6	MALDIVES FUND MANAGEMENT CORPORATION LIMITED	(1,865,329)	(1,578,307)	15%
7	MALDIVES HAJJ CORPORATION LTD	(795,192)	(276,739)	65%
8	MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	(21,040,979)	(1,308,060)	94%
9	MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	16,059,635	(20,939,632)	-230%
10	MALDIVES SPORTS CORPORATION LTD	(1,452,042)	(91,267)	94%
11	ROAD DEVELOPMENT CORPORATION LIMITED	(1,550,874)	(13,502,918)	-771%
12	SME DEVELOPMENT FINANCE CORPORATION LTD	293,203	2,141,733	-630%
13	PUBLIC SERVICE MEDIA	16,452,842	(3,037,873)	-118%
14	WASTE MANAGEMENT CORPORATION	(11,866,382)	3,226,416	127%
15	TRADE NET MALDIVES CORPORATION LTD	NA	(1,349,620)	-
	TOTAL	**(15,833,622)**	**(46,885,259)**	**196%**
16	ADDU INTERNATIONAL AIRPORT PVT LTD	(12,597,896)	(35,048,926)	-178%
17	BANK OF MALDIVES LTD	286,226,000	(326,470,000)	-214%
18	DHIVEHI RAAJJEYGE GULHUN PLC	289,182,000	188,383,000	-35%
19	FENAKA CORPORATION LTD	(118,732)	23,021,338	19489%
20	HOUSING DEVELOPMENT CORPORATION	83,818,541	21,973,673	-74%
21	HOUSING DEVELOPMENT FINANCING CORPORATION PLC	35,348,166	21,719,714	-39%
22	ISLAND AVIATION SERVICES LIMITED	33,253,364	(54,133,350)	-263%
23	MALDIVES AIRPORTS COMPANY LTD	390,562,000	104,269,000	-73%
24	MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	31,878,782	53,423,905	68%
25	MALDIVES TOURISM DEVELOPMENT CORPORATION	5,937,363	13,747,655	132%
26	MALE' WATER AND SEWERAGE COMPANY PVT LTD	52,676,204	85,237,520	62%
27	MALDIVES PORTS LIMITED	37,179,816	2,663,966	-93%
28	STATE ELECTRIC COMPANY LTD	(23,585,224)	(23,464,006)	-1%
29	STATE TRADING ORGANIZATION PLC	82,376,004	90,615,332	10%
30	MALDIVES POST LIMITED	NA	(3,475,991)	-
	TOTAL	**1,292,136,388**	**162,462,830**	**-87%**
	GRAND TOTAL	**1,276,302,767**	**115,577,571**	**-91%**

SOE's generated a net profit of MVR 115.6 million in the fourth quarter of 2020, a reduction of 91% (MVR 1.2 billion) compared to the same quarter of the previous year.

When looking into individual performance, MWSC, MTCC, STO, MTDC and SDFC have achieved a net profit growth in the fourth quarter of 2020 compared to the same quarter of last year. In addition, it is noted that regardless of having a net loss in the fourth quarter of 2019, FENAKA and WAMCO has achieved a net profit in the fourth quarter of 2020. WAMCO's net profit was increased due to high income generated in the fourth quarter of 2020. However, it is noted that Fenaka is largely contributed by subsidies from the government to compensate customers' bills and as well as increased revenue from domestic service segment.

On the other hand, BML, IAS, MMPRC and PSM's net profit was decreased and experienced huge loss in the end of the fourth quarter of 2020.

It is important to note that, companies such as AIA, RDC, BCC, FDC and KACL's net loss was increased in the fourth quarter of 2020 compared to the same quarter of last year.

SHORT TERM LIQUIDITY RATIOS

COMPANY NAME	Q4 2019 (MVR) Current Ratio (Times)	Q4 2019 (MVR) Quick Ratio (times)	Q4 2020 (MVR) Current Ratio (times)	Q4 2020 (MVR) Quick Ratio (times)
AASANDHA COMPANY LIMITED	1.06	1.06	1.05 ↓	1.05 ↓
BUSINESS CENTRE CORPORATION LTD	3.14	2.99	3.51 ↑	3.44 ↑
FAHI DHIRIULHUN CORPORATION LTD	72.80	72.80	2 ↓	2 ↓
KAHDHOO AIRPORT COMPANY LTD	27.10	26.10	22.4 ↓	21.8 ↓
MALDIVES CENTER FOR ISLAMIC FINANCE LTD	0.33	0.33	0.42 ↑	0.41 ↑
MALDIVES FUND MANAGEMENT CORPORATION LIMITED	7.60	7.60	19 ↑	19 ↑
MALDIVES HAJJ CORPORATION LTD	0.50	0.50	2.5 ↑	2.5 ↑
MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION	0.02	NA	0.03 ↑	NA
MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION	1.02	1.02	1.01 ↓	1.01 ↓
MALDIVES SPORTS CORPORATION LTD	1.90	1.90	7.9 ↑	7.7 ↑
PUBLIC SERVICE MEDIA	0.19	0.19	0.11 ↓	0.11 ↓
WASTE MANAGEMENT CORPORATION	1.81	1.81	1.52 ↓	1.52 ↓
TRADE NET MALDIVES CORPORATION LTD	NA	NA	36.75 ↑	36.75 ↑
ROAD DEVELOPMENT CORPORATION LIMITED	0.87	0.87	0.58 ↓	0.44 ↓
ADDU INTERNATIONAL AIRPORT PVT LTD	0.11	0.09	0.08 ↓	0.06 ↓
DHIVEHI RAAJJEYGE GULHUN PLC	1.65	1.57	1.38 ↓	1.34 ↓
FENAKA CORPORATION LTD	0.95	0.44	0.81 ↓	0.36 ↓
HOUSING DEVELOPMENT CORPORATION	2.99	0.81	5.01 ↑	1.14 ↑
ISLAND AVIATION SERVICES LIMITED	0.97	0.85	0.8 ↓	0.74 ↓
MALDIVES AIRPORTS COMPANY LTD	1.70	1.50	1.32 ↓	1.13 ↓
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	1.39	1.10	1.62 ↑	1.28 ↑
MALDIVES TOURISM DEVELOPMENT CORPORATION	0.32	0.32	1.61 ↑	1.61 ↑
MALE' WATER AND SEWERAGE COMPANY PVT LTD	1.30	0.90	1.31 ↑	0.94 ↑
MALDIVES PORTS LIMITED	2.44	1.09	2.06 ↓	0.79 ↓
STATE ELECTRIC COMPANY LTD	0.83	0.71	3.78 ↑	3.28 ↑
STATE TRADING ORGANIZATION PLC	1.08	0.84	1.15 ↑	0.9 ↑
MALDIVES POST LIMITED	NA	NA	1.12 ↑	1.12 ↑

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

The ideal standard of current ratio is 2:1, indicating that, for every MVR 1 worth of short-term liability, there should be MVR 2 worth of current assets. However, the 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, MTCC, HDC and WAMCO. These companies have enough current assets to cover their current liabilities.

As per the above table KACL and Tradenet 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.

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. Most of the SOE's liquidity position is unsatisfactory with high amounts of current liabilities relative to their current assets. For instance, Aasandha, AIA, Fenaka, IAS, MITDC, PSM and RDC 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	Q4 2019 Debt to Equity (times)	Q4 2019 Debt to Assets (times)	Q4 2020 Debt to Equity (times)	Q4 2020 Debt to Assets (times)
ADDU INTERNATIONAL AIRPORT PVT LTD	(7.01)	0.70	(3.37)	0.77 ↑
FAHI DHIRIULHUN CORPORATION LTD	-	-	0.30	0.50
FENAKA CORPORATION LTD	0.09	0.06	0.08 ↓	0.05 ↓
HOUSING DEVELOPMENT CORPORATION	0.59	0.33	0.59	0.33
ISLAND AVIATION SERVICES LIMITED	0.54	0.24	0.55 ↑	0.19 ↓
MALDIVES AIRPORTS COMPANY LTD	0.45	1.08	0.5 ↑	1.27 ↑
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC	0.55	0.25	0.48 ↓	0.23 ↓
MALE' WATER AND SEWERAGE COMPANY PVT LTD	0.08	0.13	0.07 ↓	0.11 ↓
MALDIVES PORTS LIMITED	0.40	0.24	0.38 ↓	0.22 ↓
PUBLIC SERVICE MEDIA	0.18	0.13	0.18	0.13
STATE ELECTRIC COMPANY LTD	3.34	0.61	3.76 ↑	0.75 ↑
STATE TRADING ORGANIZATION PLC	1.03	0.37	0.79 ↓	0.3 ↓
ROAD DEVELOPMENT CORPORATION LIMITED	-	-	(0.03)	0.02

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

CONCLUSION

With the ease of the global pandemic COVID-19 the performance of the SOE's has started improving in the fourth quarter of 2020. However, it is noted that most of the SOE's is still struggling to overcome the loss and compared to the same quarter of last year overall performance is lower. The overall revenue of the SOE's was decreased in the fourth quarter of 2020 by 23% which is MVR 604 million. Hence the profitability dropped by 91% which is MVR 116 million.

Regardless of the negative impact of the pandemic some of the SOEs has achieved growth in their profits. Compared to the same quarter of last year, WAMCO, MTCC, MTDC and MWSC has recorded increment in their net profits at the end of the fourth quarter 2020.

On the other hand, companies such as HDC, HDFC, MACL, PORTS's performance has dropped during the quarter with significant loss of revenue. Public companies like Dhiraagu has also faced declined profitability.

SOEs such as AIA, KACL, MCIFL, MSCL, BCC, FDC and TMC 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 4, 2020

AASANDHA COMPANY LTD

AASANDHA COMPANY LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/ACL/Q4

Q4 2020 with Q4 2019 and Q3 2020

INCOME AND EXPENSES

Income

Q4 2019	Q4 2020	Q3 2020
12.5	12.1	12.8
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 company in the process of transforming its business model to a fee based model where by the company earns a fee on the processing Scheme invoices on behalf of NSPA. The budget contributed by the government for Q4 2020 is MVR 4.9 million (2020 Q3: 8.3 million) (2019 Q4: 9 million) In addition, the company earned pharmacy commission of MVR 4.7 million in Q4 2020. (Q3 2020: MVR 3.6 million).

Operating Expenses

Q4 2019	Q4 2020	Q3 2020
12.5	10.4	10.5
Million in MVR	Million in MVR	Million in MVR

Administrative expenses have reduced compared to previous quarter mainly due to stock adjustment entries. On the other hand, other operating expenses has increased due to increases in general expenses compared to the previous quater. Compared to Q4 2019, both administrative and other operating expenses are lower because of of reductions in salary and benefits costs, and rent.

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

EXPENSESS FOR ADMINISTRATION	Q4 2019	Q4 2020	Q3 2020
Salary and Benefits	7,775,677	6,941,680	6,981,562
Utility Costs	350,087	317,033	272,100
Communication Expenses	386,915	425,807	419,845
Rents	1,140,946	761,250	761,250
Directors Expenses	149,280	116,150	115,150
Printing and Stationery	94,457	(376,529)	120,805
Depreciation and Amortisation	1,205,155	1,462,473	1,490,644
Total	**11,102,517**	**9,647,864**	**10,161,356**

OTHER OPERATING EXPENSES	Q4 2019	Q4 2020	Q3 2020
Travelling Expenses	570,013	110	185,689
Professional Services	126,810	32,800	(19,270)
Scholarship and Training	1,000		
Repairs and Maintenance	148,020	171,677	102,633
General Expenses	554,500	591,404	39,890
Office Cleaning	16,968	5,460	29,918
Sundry Expenses	42,634	13,430	35,624
Total	**1,459,945**	**814,881**	**374,484**

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.06	1.05	1.07
Time	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 assets is trade receivables and if the company face difficulties to collect these receivables Aasandha might face liqudity issues. The current ratio is approximately equal to quick ratio as the company holds insignificant value of inventory.

Current ratio has declined compared to previous quarter as a result of increasing company's liabilities more than its current assets. Increase in current assets was led by the growth of trade and other receivables. Most of the trade receivables and payables record are scheme related entries which are offset against each other.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.18	0.19	0.32
Time	Time	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. The ratio has further declined in Q4 2020 compared to previous quarter as current liabilities grew while the cash balance has declined.

It has to be noted that Aasandha is the operator of the National Health Insurance scheme and is required to process all scheme related bills and complete other works assigned by the National Social Protection Agency (NSPA). After processing, the information is shared with NSPA who in turn requests MOFT to settle the payments directly to the vendors. This work is performed utilizing a commission (2% commission on pharmacy invoices) payable by MOFT and administrative budget contribution by the MOFT. There are virtually no other sources of income. Therefore, maintaining company's liquidity position is not entirely within their control.

CONCLUSION

Although grant income and pharmacy commission has increased, total revenue is lower than previous quarter because of reduction in budget contribution from finance. The operational expenses of the company has also reduced compared to other two quarters in review To maximize returns, it is important for the company to keep the expenses at an optimum level.

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

RECOMMENDATION

It is important that Aasandha manages its operational expenses efficiently to help become a self-sufficient company for its long-term stability. The company is in the process of implementing a completely fee based model for it's revenue generation which will come into force in 2021.

Quarterly review; Quarter 4, 2020

ADDU INTERNATIONAL AIRPORT PVT LTD

ADDU INTERNATIONAL AIRPORT PVT LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/AIA/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
19.3	11.5	3.1
Million in MVR	Million in MVR	Million in MVR

AIA's revenue is generated from two main sources; revenue from passengers and concessionaires for commercial activities undertaken on airport sites and revenue from airport charges paid by airlines/operators for the use of airside facilities and services. AIA's main revenue generating segment is from aeronautical facilities and services. Company's revenue has decreased in Q4 2020 by 41% compared to Q4 2019. This is due to decrease in revenue mainly from jet fuel revenue and ground handling charge in Q4 2020. The revenue although improved in Q4 2020 compared with Q3 2020, with the easing of lockdown has not yet fully recovered to the previous levels. Below table shows how AIA generated revenue within the quarters of Q4 2019, Q4 2020 and Q3 2020.

Revenue	Q4 2019	Q4 2020	Q3 2020
Jet Fuel Revenue	13,119,187	8,785,028	1,891,060
Ground Handling Charge	3,419,478	956,592	399,578
Landing Fees	1,174,992	538,647	226,258
Parking Fees	837,842	1,020,590	471,852
Ancillary Equipment charge	524,743	125,442	67,308
Passenger Service charge	71,252	-	-
Cargo Terminal Warehouse	131,798	43,716	38,206
Other	57,410	32,654	32,854
Total	**19,336,702**	**11,502,669**	**3,127,116**

Jet fuel revenue decreased in Q4 2020 by 33% compared with Q4 2019, due to decrease in flight movements and fluctuation in fuel price. Revenue from ground handling charge decreased by 72% due to decrease in flight movements. However, compared to Q3 2020 company's revenue was increased by 268% in Q4 2020 mainly due to increase in revenue from jet fuel revenue. Revenue from jet fuel revenue increase by 365% mainly due to the pandemic, less flight movements in the third quarter of 2020 and due to fluctuation in fuel price.

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

	Q4-2020	Q4-2019	Q4-2020 vs Q4-2019	Q3-2020	Q3-2019	Q3 2020 vs Q3 2019	Q2-2020	Q2-2019	Q2-2020 vs Q2 2019	Q1-2020	Q1-2019	Q1-2020 vs Q1-2019
Domestic Operators												
Island Aviation Services Limited	201	491	-59%	116	451	-74%	98	455	-78%	473	476	-1%
Villa Air Pvt Ltd	0	0		0	0		2	64	-97%	2	86	-98%
Manta Air	0	2	-100%	0	0		7	1	600%	0	2	-100%
Scheduled International Flights	0	39	-100%	0	39	-100%	0	35	-100%	33	40	-18%
Passenger Charters	0	5	-100%	0	1	-100%	0	1	-100%	0	2	-100%
Intl Adhoc Aircrfat	53	24	121%	1	16	-94%	3	13	-77%	25	50	-50%

As seen from the table AIA's flight movements was reduced drastically in 2020 compared to 2019 due to the global pandemic of Covid-19. In the fourth quarter of 2020, flight movement from IASL was reduced by 59% compared to the last quarter of 2019. There were no flight movements in Q4 2020 from Villa Air, Manta Air, Passenger charters and no scheduled international flights. However, International Adhoc Aircraft was increased in Q4 2020 compared to Q4 2019.

It is also noted that, AIA's other operating income dropped significantly in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 68% and 60% respectively mainly due to decrease in rent income in the fourth quarter of 2020. Below tables illustrates how AIA generated other operating income in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Other Income	Q4 2019	Q4 2020	Q3 2020
Rent Income	1,906,243	571,617	1,629,329
Lounge Income	99,061	74,680	100
Miscelleneous income	66,853	-	1,759
Electricity charge	16,408	17,888	17,014
Total	**2,088,565**	**664,185**	**1,648,202**

Company's rent income decreased by 70% and 65% in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 due to the concessions provided and rental waiver during the fourth quarter of 2020. Compared to Q4 2019, lounge income decreased in Q4 2020 as lounge operation was not fully initiated in Q4 2020. However, compared to the last quarter of 2020 lounge income increased in the fourth quarter of 2020 due to increase in private jet movements. Company does not generate any miscellaneous income in the fourth quarter of 2020.

Net Profit/loss

Q4 2019	Q4 2020	Q3 2020
-12.6	-35.0	-14.1
Million in MVR	Million in MVR	Million in MVR

AIA is experiencing a huge loss of MVR 35 million at the end of fourth quarter 2020. Compared to Q4 2019 and Q3 2020 net loss of the company increased by 178% and 148% in Q4 2020. Net loss of the company increased due to high operating expenses compared to the revenue generated in the fourth quarter of 2020. Major percentage of net loss increase is due to increase in finance costs in Q4 2020 due to end of moratorium granted on company's loans. It is important to note that company's net loss is increasing each quarter.

Below table illustrates company's operating expenses incurred in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Expenses

Operating Expenses	Q4 2019	Q4 2020	Q3 2020
Jet Fuel expenses (3.2)	8,943,300	5,581,952	1,278,785
Employee benefit expenses (3.1)	8,032,662	8,214,090	7,649,813
Depreciation of PPE	6,115,724	7,137,434	6,324,445
Amortisation of Intangible assets	155,360	131,077	155,360
Electricity Charges	1,291,649	883,306	728,950
Hire Charges	15,563	201,106	236,440
Supplies and requisites	227,283	360,268	160,188
Subscription and expenses	791,625	625,333	411,591
Consultancy expenses	-	662,304	269,850
Freight and Duty charges	125,702	(452,869)	371,917
Repairs and maintenance expenses	48,356	412,533	156,031
Fuel expenses	161,930	173,207	49,093
Telephone expenses	103,361	119,836	98,455
Uniform expenses	59,113	137,125	14,198
Insurance expenses	637,233	586,518	592,300
bank charges	18,285	54,530	41,677
Travelling expenses	97,311	66,762	40,197
Directors remuneration	90,000	90,548	75,484
Printing & Stationary	46,451	44,514	37,325
Fines and penalties	-	89,797	148,282
Others	271,857	201,951	61,660
Total	**27,232,765**	**25,321,322**	**18,902,041**

Average operating expenses decreased in Q4 2020 by 7% mainly due to decrease in jet fuel expense by 38% compared to Q4 2019. Compared to Q3 2020 operating expenses increased by 34% in Q4 2020 mainly due to increase in jet fuel expenses increased by 337%. It has to be noted that the main segment of operating expenses are from employee benefit, depreciation of PPE and jet fuel expenses. Which is 32% from employee benefit expenses, 28% from depreciation of PPE and 22% from jet fuel expenses. Employee benefit of the company increased in Q4 2020 by 2% and 7% compared to both the quarters of Q4 2019 and Q3 2020. Given the lower operation of the airport during this period, the increase in staff costs has to further review by the company. Depreciation of PPE was increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 17% and 13% respectively.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.11	0.08	0.11
Times	Times	Times

A current ratio of above 2 is considered acceptable. However, in the fourth quarter of 2020 AIA has a current ratio of 0.08 times indicating that the company is not capable to meet its short term obligations. Current ratio of the company was decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 25%. It is noted that, current assets covers 61% from its trade and other receivables. Trade and other receivables was decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 29% and 38% mainly due to capitalized of the GSE equipment's during the fourth quarter of 2020. Below table shows company's trade and other receivables for the quarters of Q4 2019, Q4 2020 and Q3 2020.

Trade and other receivables	Q4 2019	Q4 2020	Q3 2020
Receivables	38,211,736	40,289,905	44,755,379
Prepayments	9,790,771	699,446	10,593,246
Staff loan	-	43,750	46,875
Other Receivables	17,279,949	17,058,586	16,657,598
Total	**65,282,456**	**58,091,687**	**72,053,098**

Receivables was increased in Q4 2020 by 5%. However, receivables decreased in Q4 2020 compared to Q3 2020 by 10%. Compared to both the quarters of Q4 2019 and Q3 2020, prepayments decreased by 93% in Q4 2020.

It is also important to note that, company's current liability was increasing in each quarter. AIA's total current liability was MVR 469 million in the fourth quarter of 2020. Current liability of the company was increased in Q4 2020 by 10% and 6% compared to both the quarters of Q4 2019 and Q3 2020 due to increase in loans and borrowings and increase in trade and other payables in the fourth quarter of 2020. Below table illustrates how company's trade and other payables has occurred in the quarters of Q3 2019, Q3 2020 and Q2 2020.

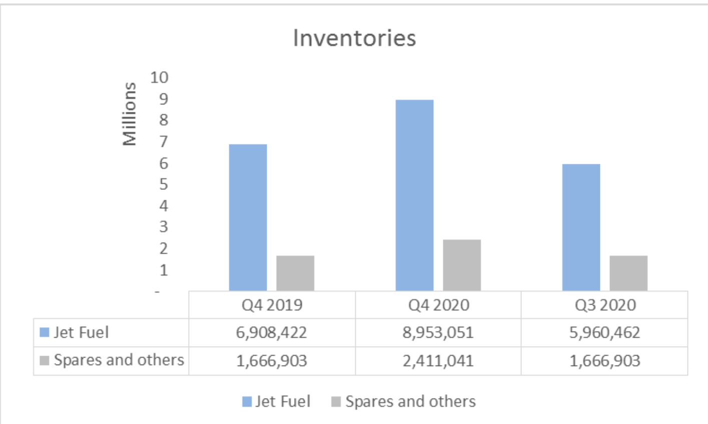
Trade and other payables	**Q4 2019**	**Q4 2020**	**Q3 2020**
Trade payables	229,985,171	31,213,392	19,222,015
STO Liability Transferred to MOF	-	226,188,491	226,188,491
Contractor Payments	63,605	63,605	63,605
Accrued expenses	1,341,683	1,819,317	1,766,923
Other Payables	13,207,458	12,050,477	14,683,296
Total	**244,597,917**	**271,335,282**	**261,924,330**

As illustrated from the above table, trade and other payables are mainly from STO liability tranferred to MOF during the quarter of Q4 2020 and Q3 2020. In addition, AIA has more current liabilities compared to its current assets which shows that company is unable to meet and payoff its short-term obligations with current assets.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
0.09	0.06	0.10
Times	Times	Times

Quick ratio shows whether a company has capability to meet its short-term obligations with its most liquid current assets excluding its inventories. AIA's quick ratio of 0.06 times indicates that the company does not have the capacity to meet its short-term obligations. AIA's inventories increased in Q4 2020 by 33% and 49% compared to both the quarters of Q4 2019 and Q3 2020. Below chart illustrates AIA's inventories in the quarters of Q4 2019, Q4 2020 and Q3 2020.



Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.01 Times	0.01 Times	0.01 Times

AIA's cash ratio of 0.01 times in Q4 2020 indicates that the company is not capable in meeting the short-term liabilities with company's cash and cash equivalents. In addition AIA's current liabilities are 91% higher than its cash and cash equivalents meaning insufficient cash on hand to pay off short-term debts. AIA's cash and cash equivalent was decreased in Q4 2020 by 22% and 41% compared to both the quarters of Q4 2019 and Q3 2020.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
-7.01 Times	-3.37 Times	-4.31 Times

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. AIA's debt to equity ratio of -3.37 times indicates that the company's has negative total equity as the company has MVR 435 million accumulated loss at the end of the fourth quarter of 2020. It is noted that company's accumulated loss has been increasing in each quarter. Accumulated loss increased in Q4 2020 by 21% and 9% compared to both the quarters of Q4 2019 and 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.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.70 Times	0.77 Times	0.73 Times

Debt to asset ratio of a company shows whether the company is capable to pay off its debts by its total assets. AIA's debt to asset ratio was increased in Q4 2020 by 10% and 6% compared to both the quarters of Q4 2019 and Q3 2020 respectively. 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

AIA has generated a revenue of MVR 11.5 million in the fourth quarter of 2020. However, company is experiencing a huge loss of MVR 35 million in Q4 2020. It is noted that the net loss of the company is increasing in each quarter due to high operational expenses of the company.

AIA's current liabilities exceeds its current assets. Hence liquidity position of the company is unfavorable and indicates that the company is unable to meet its short-term obligations. It is noted that company’s trade and other receivables is 50% higher than the company’s revenue in the fourth quarter of 2020. Hence, the company should focus on receiving the trade payables by implementing new rules for credit collections.

In addition, AIA’s leverage ratio also shows unfavorable results as the company has more borrowings with huge accumulated loss in the fourth quarter of 2020. Therefore, in order to generate profit and decrease shareholders assistance, company should plan and implement new ways to generate revenue.

Quarterly review; Quarter 4, 2020

BUSINESS CENTER CORPORATION LTD

BUSINESS CENTER CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/BCC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
Nil	2.1	0.4
Million in MVR	Million in MVR	Million in MVR

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 more than 60 suppliers. The second outlet of Authentic Maldives was opened on 12 November 2020, selling products of more than 30 local suppliers. Hence no revenue was generated in Q4 2019. BCC's revenue increased in Q4 2020 by 380% resulting a revenue of MVR 2.1 million. However, due to the restrictions of global pandemic COVID-19 Authentic Maldives duty free shop was closed until September 2020 and was able to generate a revenue of MVR 0.4 million during the quarter.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
Nil	0.5	0.08
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company has increased in Q4 2020 by 517% compared to Q3 2020 due to decrease in direct costs in the fourth quarter of 2020. Company's direct costs was increased in Q4 2020 by 350% compared to Q3 2020. Company has not earned any Gross profit or loss as they did not generate any revenue or incurred any direct costs in the fourth quarter of 2020.

Net Profit/Loss

Q4 2019	Q4 2020	Q3 2020
(0.83)	(2.95)	(2.44)
Million in MVR	Million in MVR	Million in MVR

BCC is experiencing a huge net loss of MVR 2.95 million at the end of the fourth quarter 2020 as the company is having high administrative costs compared to the revenue they generate. It is important to note that company's administrative costs is increasing in each quarter. Company's administrative costs increased by 348% in Q4 2020 compared to Q4 2019 mainly due to recruitment of new staffs to operate new business activities. Compared to Q3 2020, administrative costs increased by 47% in Q4 2020 due to new business activity started in the fourth quarter of 2020.

LIQUIDITY

Current ratio

Q4 2019	Q4 2020	Q3 2020
3.14	3.51	8.22
TIMES	TIMES	TIMES

High current ratio of a company indicates that the company is capable to meet its short-term obligations with the current assets. BCC has a current ratio of 3.51 times in Q4 2020. Current ratio of the company increased in Q4 2020 by 12% compared to Q4 2019. Compared to Q3 2020, current ratio decreased by 57% in Q4 2020. BCC has more current assets compared to their current liabilities. Trade receivables was decreased in Q4 2020 by 59% compared to Q4 2019 as cost reimbursement from SDFC for loan inspection and Fannu expo receivables from MED in the quarter of Q4 2019. In addition, receivables was decreased in Q4 2020 by 28% compared to Q3 2020 due to receivable paid by MED.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
2.99	3.44	8.01
TIMES	TIMES	TIMES

Company with a quick ratio of more than 1 indicates that the company is capable to meet its short term obligations. Quick ratio of BCC resulting 3.44 times indicates that the company is able to pay off its current liabilities with their current assets excluding inventories. Company's quick ratio increased in Q4 2020 by 15% compared to Q4 2019. However, compared to Q3 2020 quick ratio decreased by 57% in Q4 2020. It is noted that the company's inventory was increased in Q4 2020 by 8% compared to Q4 2019. However, inventories decreased in Q4 2020 by 14% compared to Q3 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
Nil	2.53	5.47
TIMES	TIMES	TIMES

The main component of current assets is cash and cash equivalent. Cash and cash equivalent has increased in Q4 2020 by 30% compared to Q3 2020 due to high revenue generated in the quarter and as a result of capital injection by shareholder. Since the company started its income generating activity on 9th January 2020, they did not have any cash balance in the fourth quarter of 2019. Company's cash ratio decreased in Q4 2020 by 54% compared to Q3 2020 resulting 2.53 times in the fourth quarter of 2020. It has to be noted that, although the company is able to pay off its short term debts immediately by its cash, as the cash is mostly the capital injected by the government, they are highly dependent on shareholders assistance for daily expenses.

CONCLUSION & RECOMMENDATION

With the ease of the pandemic Covid-19 restrictions, BCC was able to operate Authentic Maldives duty free shop at Velana International Airport and generate a higher revenue compared to the last quarter of 2020. BCC generated a revenue of MVR 2.1 million in the fourth quarter of 2020. However, Company is experiencing a huge loss of MVR 2.95 million in the fourth quarter of 2020 due to high overhead costs. Overhead costs of the company was increased due to recruitment of staffs for the new business operations as the company opened Authentic Maldives outlet in Hulhumale' on 12 November 2020. As the company's net loss is increasing each year, company should evaluate the overhead costs incurred and also implement more ideas to promote the business activity in order to reduce the loss and to cover up the overhead costs incurred.

Quarterly review; Quarter 4, 2020

BANK OF MALDIVES LTD

Report No: PEM/2020/BML/Q4

Q4 2020 with Q4 2019 and Q3 2020

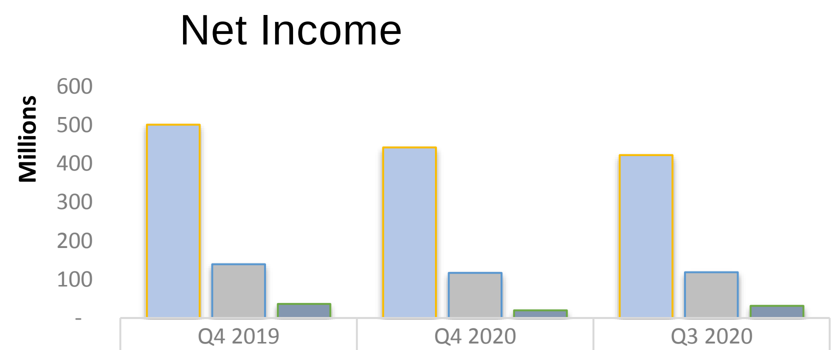
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
836	729	646
Million in MVR	Million in MVR	Million in MVR

BML has generated revenue of MVR 729 million in the fourth quarter of 2020. It is noted that compared to the same quarter of last year, BML's revenue decreased by 13% in Q4 2020 mainly due to the impact of global pandemicCOVID-19. However, compared to the last quarter of 2020 bank has managed to increase its revenue in Q4 2020 by 13%. Below chart illustrates how BML's has generated income in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Income breakdown



	Q4 2019	Q4 2020	Q3 2020
Net Interest Income	501,328,000	442,094,000	422,396,000
Net fee and Commission Income	139,590,000	117,128,000	118,112,000
Other Operating Income	36,434,000	20,047,000	31,026,000

BML's main income generating segment is from net interest income. It has to be noted that income from all the segments was decreased in Q4 2020 compared to Q4 2019. The main segment, net interest income decreased in Q4 2020 by 13% compared to Q4 2019. Net fee and commission income decreased in Q4 2020 by 16% compared to Q4 2019. In addition, other operating income also decreased in Q4 2020 by 45% compared to Q4 2019. Compared to the last quarter of 2020, net interest income increased in Q4 2020 by 5%. However, net fee and commission income and other operating income decreased in Q4 2020 by 1% and other operating income decreased by 35% compared to the last quarter.

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 indicates a more profitable bank. BML's net interest margin in the third and fourth quarter of 2020 was 1.5%. However, compared to Q4 2019 net interest margin decreased in Q4 2020 by 0.5% due to decrease in interest income and similar income and interest earning asset increase in the fourth quarter of 2020.

Net Profit/loss

Q4 2019	Q4 2020	Q3 2020
286	-326	259
Million in MVR	Million in MVR	Million in MVR

Due to the global pandemic of COVID-19 and due to the significant provisioning on restructured facilities BML incurred a huge net loss of MVR 326 million in the fourth quarter of 2020. The Bank played a vital role in keeping the economy afloat in what proved to be a difficult year, with continued provision of banking services during lockdown, arrangement of loan moratorium with extensions to all customers, provision of working capital support to businesses, assisting government with management of Covid-19 Loan Scheme, obtaining funds from international funding agencies such as EIB and IFC, to name a few. The Bank provided financing of more than MVR 3 billion in loans to support the local economy in 2020. It is noted that BML has generated higher net profit in both the quarters of Q4 2019 and Q3 2020. In addition, it is important to note that BML has recorded provision for bad and doubtful debts of MVR 824 million in the end of the fourth quarter 2020.

Capital Management

The Bank's capital and liquidity ratios remain solid and well above the minimum regulatory requirements. Below table summarizes how BML is managing their capital position in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Total Assets	Q4 2019	Q4 2020	Q3 2020
Cash, Short term Funds & Balances with MMA	6,544,214,000	8,949,578,000	6,972,538,000
Loans and Advances	13,366,916,000	14,352,913,000	14,832,811,000
financial Investments- FVOCI	209,426,000	209,688,000	209,688,000
Financial Investments- Amortized Cost	5,135,871,000	6,565,645,000	6,632,102,000
Property, Plant and Equipment	528,164,000	606,806,000	578,416,000
Right-of-use-Assets	176,321,000	176,321,000	176,321,000
Other Assets	316,906,000	281,598,000	424,495,000
Total Assets	**26,277,818,000**	**31,142,549,000**	**29,826,371,000**

Loans and advances is the main segment of BML's assets, as it covers 46% of total assets in Q4 2020. Compared to the same quarter of last year BML's loans and advances were increased in Q4 2020 by 7%. However, loans and advances decreased in Q4 2020 by 3% compared to the last quarter of 2020. It has to be noted that with the significantly lower profit after tax, BML's total assets increased in Q4 2020 by almost MVR 5 billion which is 19% higher than Q 4 2019. Although, most assets increased in Q4 2020, it has to note that other asset decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 11% and 34% respectively. The table below summarizes the liabilities of the bank for the quarters of Q4 2019, Q4 2020 and Q3 2020.

Total Liabilities	Q4 2019	Q4 2020	Q3 2020
Deposits	17,343,942,000	21,882,232,000	20,475,075,000
Borrowings	988,406,000	899,487,000	925,064,000
Lease Liabilities	155,143,000	155,143,000	155,143,000
Other Liabilities	983,634,000	1,209,275,000	808,277,000
Total Liabilities	**19,471,125,000**	**24,146,137,000**	**22,363,559,000**

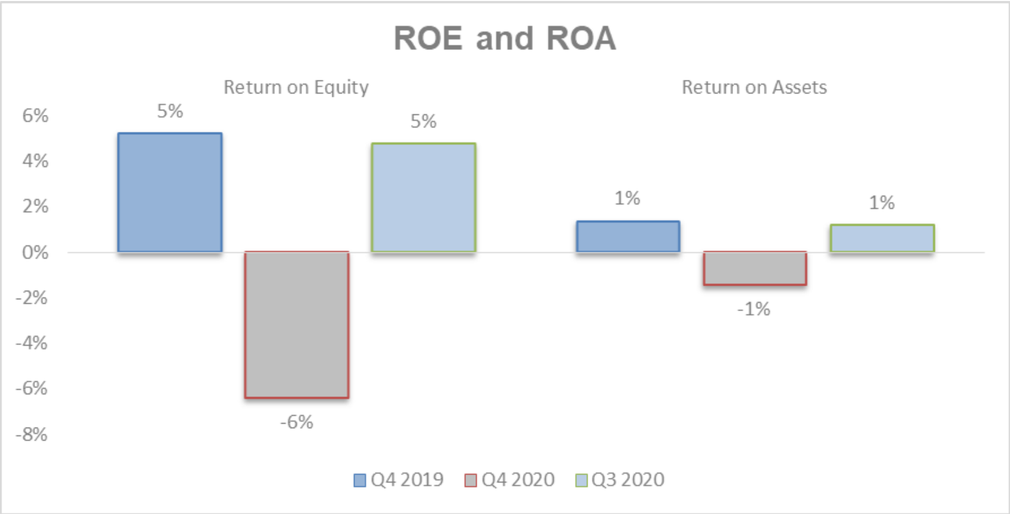
BML's total liability increased in the fourth quarter of 2020 by 24% compared to the same quarter of last year. Bank's main liability is from deposits which covers 91% of total liabilities in the fourth quarter of 2020. Bank's customer deposits increased by MVR 4.6 billion compare to same quarter of previous. Compared to both the quarters of Q4 2019 and Q3 2020, bank's deposit was increased in Q4 2020 by 26% and 7% respectively.

Loans to Deposits

Q4 2019	Q4 2020	Q3 2020
77%	66%	72%
TIMES	TIMES	TIMES

Loans to deposits are a solvency ratio which shows whether the bank is healthy and sustainable in the long run. It shows a bank's ability to cover loan losses and withdrawals by its customers. Investors monitor the loans to deposit ratio of banks to make sure whether there's adequate liquidity to cover loans in the event of an economic downturn resulting in loan defaults. The ideal loan to deposit ratio is 80% to 90% and 100% loan to deposit ratio means bank loaned one dollar to customer for every dollar received in deposits. It has to be noted that BML's loans to deposit ratio was decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 11% and 7% respectively.

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



ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period. BML's ROE and ROA ratio results a negative result in Q4 2020 due to loss incurred for the period as significant provision for bad and doubtful debts recognized in the fourth quarter of 2020.

Important Projects undertaken in the quarter

- In October, BML announced the introduction of digital PIN service which enabled customers to set or change PIN for debit, credit and prepaid cards instantly via Internet Banking.
- New Self-Service Banking Centres were introduced in AA. Thoddoo, AA. Ukulhas and Th. Thimarafushi.
- In November, bank announced positive changes to interest and profits rates for Personal and Housing Loans and Financing portfolio to offer better value the customers. Interest rate for the widely popular Lui Express loan was reduced to 15% and interest rate for Lui Micro loan, ideal for non-salaried individuals, was reduced to 12%. With the changes, customers can enjoy a reduced interest rate of 15% for the unsecured BML Lifestyle Loan to borrow up to MVR 300,000 with no additional security. At 10% interest, BML's Housing Loan portfolio now offers the lowest interest rates in the country. For the commercial Real Estate Loan, interest rate was reduced to as low as 10.5%. Positive changes to the interest and profits rates of Vehicle Loan and Financing products were also announced during the quarter.
- Also in November bank announced positive changes to Green Loan available for customers to finance environment friendly projects focused on renewable energy. An unsecured Green Loan at 12% interest was also introduced to borrow up to MVR 500,000 without any additional security.

- Changes to retailers' loan were also announced in November to assist businesses. With the change in eligibility criteria, the minimum monthly average POS sales were reduced from MVR 50,000 to MVR 30,000, allowing more businesses across the country to apply for the loan.
- As part of the digitalization roadmap and support to implement a cashless society, bank also introduced a cashless payment solution for taxis where customers can scan the QR code on the driver's mobile device or displayed in the taxi using BML Mobile Pay, to pay for the trip.
- BML has eliminated cash withdrawal fees being charged for withdrawals through Cash Agents in November. With this change, customers can withdraw up to MVR 2,000 daily at all Cash Agents using their BML debit cards without the previous fee of MVR 10 per transaction.
- In November, bank announced additional COVID-relief support for Small to Medium Enterprises (SMEs) through funding from the European Investment Bank (EIB). The new EIB COVID Relief Loan announced was made available to SMEs with fewer than 3,000 employees to finance projects up to MVR 15.42 million at a preferential, lower interest rate and longer maturity than currently available.
- In December, bank announced changes to lifestyle financing allowing customers to finance from MVR 25,000 up to MVR 300,000 at a rate of 15% without any security for the unsecured BML Islamic Lifestyle Financing. For financing amounts from MVR 300,000 up to MVR 1.5 million, customers can enjoy a reduced rate of 12% with additional security. Education Financing and Green Financing was also introduced.
- BML continued to support people with mobility impairments across the Maldives with a donation of additional 65 motorized wheelchairs. The initiative began in 2017 with the aim of donating motorized wheelchairs to every person with a mobility impairment in the country able to independently operate a wheelchair. The program has now seen the successful delivery of over 100 motorized wheelchairs across the Maldives.
- The annual event to honor and celebrate the loyalty of long serving employees was held in December. Awards were presented to staffs who have worked in the Bank for 15, 20, 25, and 35 years.

Conclusion and Recommendation

BML experienced a significant loss of MVR 327 million at the end fourth quarter 2020 due to increase in provision for bad and doubtful debts in Q4 2020. Provision for bad and doubtful debts was increased in Q4 2020 by MVR 675 million compared to Q4 2019. In addition provision for bad and doubtful debts was increased in Q4 2020 by MVR 725 million compared to Q3 2020. BML has a solid financial platform with a deposit base of MVR 21 billion and assets of MVR 31 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.

During the global pandemic of covid-19 BML has managed well by providing 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 4, 2020

DHIVEHI RAAJJEYGE GULHUN PLC

DHIVEHI RAAJJEYGE GULHUN PLC
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/DHIRAAGU/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019
754
Million in MVR

Q4 2020
622
Million in MVR

Q3 2020
587
Million in

Dhiraagu has generated huge revenue of MVR 622 million in the fourth quarter of 2020. Compared to the previous quarter, revenue increased in the Q4 2020 by 5.9%. However, it is noted that revenue was decreased in Q4 2020 by 18% compared to the same quarter of last year. The main revenue generating segment of Dhiraagu is from mobile revenue which covers 59% of total revenue.

Operating Profit

Q4 2019
337
Million in MVR

Q4 2020
230
Million in MVR

Q3 2020
192
Million in MVR

Operating profit of the company has decreased in Q4 2020 by 32% compared to the same quarter of last year. This is due to decrease in total revenue by 18% and decrease in operating expenses by 6% in Q4 2020 compared to Q4 2019. However, compared to Q3 2020 company's operating profit was increased by 19.5% in Q4 2020 mainly due to increase in revenue in the fourth quarter of 2020. Below table illustrates company's operating expenses incurred in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Operating Expenses	Q4 2019	Q4 2020	Q3 2020
Operating Costs	353,089,000	294,201,000	298,055,000
Depreciation and amortization	65,184,000	97,934,000	96,449,000
Other Expenses	-	-	169,000
Total expenses	**418,273,000**	**392,135,000**	**394,673,000**

As seen from the above table, company's main operating expenses are from operating costs which covers 75% of the total operating expenses in Q4 2020. Operating costs was decreased in Q4 2020 by 17% and 1.3% compared to both the quarters of Q4 2019 and Q3 2020 respectively. Company's depreciation and amortization was increased in Q4 2020 by 50% and 1.5% compared to Q4 2019 and Q3 2020.

Net Profit

Q4 2019	Q4 2020	Q3 2020
289	188	159
Million in MVR	Million in	Million in MVR

Company has generated a net profit of MVR 188 million at the end of the fourth quarter of 2020. Revenue of Dhiraagu decreased in Q4 2020 by 18% compared to Q4 2019. In addition, revenue increased in Q4 2020 by 6% compared to Q3 2020.

LIQUIDITY

Current Ratio

Q42019	Q4 2020	Q3 2020
1.65	1.38	1.29
TIMES	TIMES	TIMES

Having a current ratio above 2 is normally considered as adequate. Although, company's current ratio results 1.38 times in the fourth quarter of 2020, it has to be noted that Dhiraagu has more current assets compared to current liabilities. Current ratio of Dhiraagu was decreased in Q4 2020 by 16% compared to Q4 2019. However, current ratio was increased in Q4 2020 by 7% compared to the last quarter of 2020. Company's current assets and current liabilities was increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020. It is important to note that in Q4 2020, 41% of current assets are from trade and other receivables.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
1.57	1.34	1.24
TIME	TIMES	TIME

The quick ratio shows company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of above 1 indicates a favorable ratio. Quick ratio of 1.34 times indicates that Dhiraagu is capable to meet its short-term liabilities excluding inventories. Quick ratio of the company was decreased in Q4 2020 by 14% compared to Q4 2019. However, compared to Q3 2020, quick ratio was increased by 8% in Q4 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.65	0.78	0.60
TIMES	TIMES	TIMES

Cash ratio shows whether the company is capable to pay off its short-term liabilities with cash and cash equivalents. Dhiraagu has a cash ratio of 0.78 times and it was increased in Q4 2020 by 20% and 29% compared to both the quarters of Q4 2019 and Q3 2020 respectively. It is important to note that cash and cash equivalent is the main component of current assets which covers 56% of total current liabilities. In addition, company's trade and other payables were increased in Q4 2020 by 31% compared to Q4 2019. Company's trade and other payables cover

68% of its total liabilities. It is also important to note that in Q4 2020, amounts due to related party were increased by MVR 306 million compared to Q4 2019.

CONCLUSION AND RECOMMENDATION

Dhiraagu has generated revenue of MVR 622 million and was able to generate a net profit of MVR 188 million in the fourth quarter of Q4 2020.

Dhiraagu has high current assets compared to its current liabilities in the fourth quarter of 2020. Hence, company is capable to meet and pay off its short-term obligations.

Quarterly review; Quarter 4, 2020

FAHI DHIRIULHUN CORPORATION LTD

FAHI DHIRIULHUN CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/HDC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Operating Profit/(Loss)

Q4 2019	Q4 2020	Q3 2020
-1.27	-1.71	-1.59
Million in MVR	Million in MVR	Million in MVR

The company is currently in the process of implementing the social housing projects mandated by the government of Maldives. Hence, from the company's inception in 2019 to the end of quarter four of 2020, FDC had not commenced revenue generation from its primary business operations. As a result, the company faced an operating loss of MVR 1.71 million. Table below summarizes the overhead costs incurred by the company during Q4 2019, Q4 2020 and Q3 2020.

Admin expenses	Q4 2019	Q4 2020	Q3 2020
Salary & Wages	823,907	1,071,637	1,185,249
Staff Welfare Expenses		2,100	-
Consultancy	126,764	223,130	169,265
Repair & Maintenance	135	399	2,684
Depreciation & Amortization	22,691	299,007	210,774
Utilities	54,467	96,463	30,538
Office Rent	300,619	-	100,000
Trade Subscription and Fees		-	3,600
Printing & Office supplies	26,806	334	10,198
Small Tools and Equipments	20,048	19,005	9,148
Bank Charges	525	340	360
Office refreshments	9,137	2,150	140
Transportation and logistics	750	-	9,850
General Advertisement	3,180		
Postage and Delivery	876		
Total	**1,389,905**	**1,714,565**	**1,731,806**

FDC's overhead cost comprise of all the administrative costs in relation to the company's business operations. Administrative costs increased in the fourth quarter of 2020 by 23% compared to the same quarter of last year. However, compared to the last quarter, company's administrative cost reduced by 1% in Q4 2020.

Net Profit/Loss

Q4 2019	Q4 2020	Q3 2020
-1.37	-1.78	-1.61
Million in MVR	Million in MVR	Million in MVR

FDC's finance costs increased in Q4 2020 by 185% compared to the last quarter due to recognition of lease liabilities in its financial statements in accordance with IFRS 16. Hence FDC faced a net loss of MVR 1.7 million in the fourth quarter of 2020.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
72.8	2.0	25
TIMES	TIMES	TIMES

Current ratio shows whether a company is able to meet and pay off its short-term liabilities with its current assets. FDC's current ratio shows a favorable result of 2 times in the fourth quarter of 2020. It is noted that 98% of current assets are from cash and cash equivalents which is the capital injected by the government. FDC has fewer liabilities compared to its current assets. However, it is noted that the company's current assets decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 12% and 46% respectively. On the other hand, it is also important to note that company's current liabilities were increasing in each quarter.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
63.6	1.9	21.7
TIMES	TIMES	TIMES

Cash and cash equivalents in all three quarters represent the capital contribution given by the government. However, currently FDC is using capital injections for operating expenses, rather than investments.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
NIL	0.54	0.56
TIMES	TIMES	TIME

FDC does not have any loans and borrowings in the fourth quarter of 2019. However, as a result of accounting for leases under IFRS 16 with effect from quarter four of 2020, FDC has recognized MVR 1.52 million as long term liability (arising from the lease liability). It is noted that, loans and borrowings decreased by 41% in Q4 2020 compared to the last quarter. Debt to equity ratio illustrates the degree to which the company is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. However, FDC's debt to equity ratio was 0.54 times in Q4 2020. Debt to equity ratio was decreased in Q4 2020 by 3% compared to Q3 2020.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
-	0.29	0.35
TIMES	TIMES	TIMES

Debt to Assets ratio defines the total amount of debts relative to its assets. However, the company's debt to asset ratio was 0.29 times in the fourth quarter of 2020. It is noted that the debt to asset ratio decreased 19% compared to the previous quarter.

CONCLUSION & RECOMENDATION

The company ended the fourth quarter of 2020 with a net loss of MVR 1.78 million. During this quarter, the company incurred MVR 1.7 million as administrative costs arising from its operational activities

Company's liquidity position shows favorable results in the fourth quarter of 2020 as FDC has more current assets compared to its current liabilities. However, as the company has not commenced revenue generation yet, the company is solely reliant on government funding to meet its liquidity needs. At present, revenue generation is expected to commence towards mid-2023 upon completion of some of the planned social housing projects. Therefore, it is noted that the cash balance represents the money injected by the government as capital contributions.

In addition, company has less borrowing compared to the total equity and assets of the company. Compared to the last quarter, company's borrowings decreased in the fourth quarter of 2020 by 41%. It is noted that the borrowings mainly comprise of lease liabilities as a result of accounting for leases in accordance with IFRS 16.

Quarterly review; Quarter 4, 2020

FENAKA CORPORATION LTD

FENAKA CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/FENAKA/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
349	444	427
Million in MVR	Million in MVR	Million in MVR

Fenaka has recorded a total revenue of MVR 444 million for the 4th quarter of 2020, which is MVR 17.7 million (4%) higher than previous quarter and MVR 95 million (27%) higher than the same period of last year.

The breakdown of the revenue for the three are as follows;

Revenue	Q4 2019	Q4 2020	Q3 2020
Business	35,165,509	38,983,973	36,790,044
Business Special	21,437,844	22,798,139	23,055,885
Domestic	88,231,887	128,593,362	127,611,258
Government	59,282,803	68,136,456	68,141,213
Water	5,417,005	1,198,343	8,057,331
Others	31,381,968	7,917,801	25,963,707
Tariff Rate Difference	108,245,157	38,697,921	137,570,527
Government Subsidy (Covid 19)	-	138,582,690	-
Total	**349,162,172**	**444,908,684**	**427,189,966**

The major reason for the improvement in revenue is government subsidy recognized. Total subsidy and tariff rate difference stands at MVR 583 million, which is 69% of revenue of the Q4 2020. Total revenue excluding tariff rate difference and Covid-19 subsidy is MVR 267 million, which is MVR 21.9 less compared to previous quarter. Due to changes in usage of customers business special and water segment has declined in Q4 2020 against previous quarter. The significant fall in other revenue is due to less projects awarded in Q4 2020.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
126	190	182
Million in MVR	Million in MVR	Million in MVR

Gross profit of the company has recorded a growth of 50% and 4% compared to Q4 2019 and Q3 2020 respectively. However, gross profit margin has remained same as previous quarter because direct costs has also grown at the same rate as revenue.

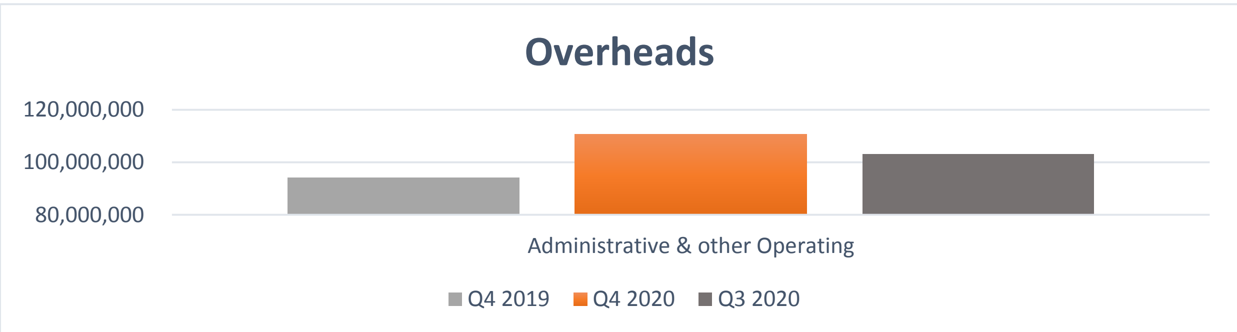
Cost of Sales	Q4 2019	Q4 2020	Q3 2020
Diesel	191,485,390	199,155,428	193,945,325
Lub Oil	5,794,088	6,974,529	5,528,041
Spares	14,443,844	16,392,606	16,215,783
Cables	7,779,899	6,555,878	7,573,110
Other Fuel and Chemical	138,296	159,772	4,098
Sewerage	448,116	574,794	560,527
Water	231,255	1,696,924	1,795,746
Customer Service	69,250	-	-
General	694,592	1,495,509	4,768,366
Land, Building & Infrastructure	121,506	36,019	-
Power Plants, Sewer system & Waste	1,070,617	6,833,676	3,527,796
Other	613,614	1,045,086	1,369,381
cost of contracted projects	-	14,052,438	9,628,092
Total	**222,890,466**	**254,972,658**	**244,916,266**

As seen from the table direct costs has increased by 14% in the fourth quarter of 2020 compared to the same quarter of last year. Based on the percentage the major increments were recorded by water, repair and maintenance and general expenses. Cost of water increased due to change in usage of customers and repair and maintenance increased due to maintenance of power plants. When compared to the last quarter costs has increased by 4% mainly from diesel, repair and maintenance of power plants and cost of contracted projects due to vehicle repairs done at the year end and upgrading of safety equipment's as per ISO requirements. The cost of diesel has increased by MVR 5.2 million (3%) compared to previous quarter, while revenue from electricity increased by MVR 2.9 million (1%).

Operating Profit

Q4 2019	Q4 2020	Q3 2020
32.1	79.2	79.1
Million in MVR	Million in MVR	Million in MVR

Fenaka has achieved operating profit growth of 146% compared to Q4 2019 and 0.1% compared to previous quarter. However, the operating profit margin has declined against previous quarter because overheads has recorded a growth of 7%. The reported total overheads for the Q4 2020 was MVR 110.7 million while it was MVR 103 million in previous quarter and MVR 94 million in Q4 2019.



The major administrative cost of the company is staff salary and allowances as it covers 81% of administrative costs. However, Staff salaries has increased by 0.2% against previous quarter. The significant increase was recorded by food and accommodation, electricity charges, transport expenses, sponsorship, staff development expenses and rent charges. The transportation has increased after Covid-19 restriction were lifted, hence transportation expenses, food accommodation and accommodation has increased. In addition Printing & Stationery as well as petrol expenses are unreasonably high. In comparison to Q4 2019, the major increase was seen from salary and allowances as well as food accommodation.

Net Profit

Q4 2019	Q4 2020	Q3 2020
-0.11	23.1	28.5
Million in MVR	Million in MVR	Million in MVR

Regardless of improvement in revenue, the net profit for the quarter has declined owing to high overheads and finance costs. 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

Q4 2019	Q4 2020	Q3 2020
0.95	0.81	0.79
TIMES	TIMES	TIMES

Company's current ratio of 0.81 times in Q4 2020 indicates that the company is unable to meet its short-term obligations with the current assets. It is noted that company's trade and other receivables covers 44% of its total current assets. Nevertheless, the improvement in the ratio compared to previous quarter is because current liabilities of the company has reduced by MVR 38 million while current assets reduced by only MVR 18 million.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
0.44	0.36	0.35
TIMES	TIME	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 0.36 which is below 1 indicates inability to meet its short-term liabilities with its most liquid assets. The major current asset of the company is inventory. Fenaka Corporation is maintaining an inventory of MVR 354 million at the end of Q4 2020, this is a reduction of 4% compared to previous 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 other Receivables	Q4 2019	Q4 2020	Q3 2020
Trade Receivables	213,766,649	215,773,759	227,130,272
Other receivables	39,785,239	65,325,103	58,325,985
	253,551,888	**281,098,862**	**285,456,257**
Trade and other payables			
Trade payables	547,619,075	737,252,812	775,674,445

Both trade and other receivables and payables has declined in Q4 2020 compared to previous quarter.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.02	0.01	0.01
TIME	TIME	TIME

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Fenaka Corporations has very low level of cash compared to their current liabilities. Company's cash and cash equivalents has further decreased in Q4 2020 compared to both the quarters in review. The company has invested MVR 59 million in PPE and MVR 38 million was utilized to payout the payables of the company during the 4th quarter of 2020.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.09	0.08	0.08
TIMES	TIMES	TIMES

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

It is noted that Fenaka Corporation has an outstanding of accounts payables of MVR 737 million at the end of the Q4 2020. If debt to equity is consider with company's accounts payable, debt to equity ratio results 0.54 times for Q4 2020. Indicating that the company is unable to pay off its outstanding accounts payables for more than 365 days.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.06	0.05	0.05
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. Company's debt to asset ratio resulting 0.05 times in Q4 2020 indicates that company is capable to settle their debts as they have fewer debts compared to their assets. The company has not taken any additional borrowing nor repaid any loans during Q4 2020.

CONCLUSION

Feneka Corporation has achieved a revenue growth MVR 95 million against previous quarter as a result of Covid-19 Subsidy. The direct costs also grew at the same rate. Regardless of improvement in revenue the net profit declined owing to high overheads and finance costs.

Company's liquidity position is unfavorable as they have less assets compared to their liabilities at the end of Q4 2020. Company's total current assets consists of 44% of receivables and only 1% of cash and cash equivalents. It is also important to highlight that company has significant trade and other payables of MVR 737 million at the end of the Q4 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. 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.

RECOMMENDATION

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. In addition, to improve the liquidity position, company needs to manage their receivables to improve cash and cash equivalents. Further, company need to consider their financial position when making investment decision.

Quarterly review; Quarter 4, 2020

HOUSING DEVELOPMENT CORPORATION

HOUSING DEVELOPMENT CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/HDC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
173	134	55
Million in MVR	Million in MVR	Million in MVR

HDC has made a revenue of MVR 133.6 million in Q4 2020, a growth of 144% compared to previous quarter. The growth was attributable to the sale of properties during the quarter.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
156	123	53
Million in MVR	Million in	Million in MVR

Gross profit of Q4 2020 has improved compared previous quarter, however is 21% less than gross profit of Q4 2019. Gross profit margin was maintained above 90% in all the comparable periods, however shows a slight decline in Q4 2020 (92%) compared to Q3 2020 (98%). Cost of sales has significantly increased compared to previous quarter due to the sale of properties.

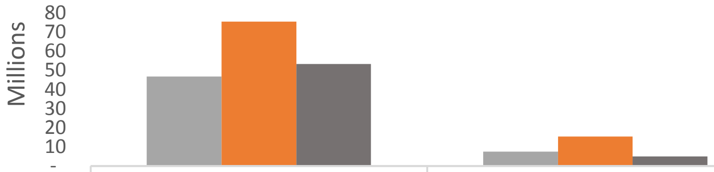
Operating Profit/Loss

Q4 2019	Q4 2020	Q3 2020
106	47	5
Million in MVR	Million in MVR	Million in MVR

The company has made an operating profit 768% higher than of previous quarter, but 55% lower than Q4 2019. Other income has recorded a growth from MVR 10 million to MVR 15 million from Q3 2020 to Q4 2020. Total operating expenses has seen a 55% growth compared to previous quarter. Operating profit margin has increased from 10% to 36% from Q3 to Q4 of 2020, however operating profit margin decline by 26% when compared with Q4 2019.

Expenses

Expenses



	Administartive costs	Maintenance Expenses	Selling and Marketing Expenses
Q4 2019	46,765,582	7,536,195	265,137
Q4 2020	75,471,497	15,465,525	37,786
Q3 2020	53,405,658	5,056,720	133,745

The total operating expenses has increased by 55% from Q3 2020 to Q4 2020 mainly due to increase in administrative expenses (by 41%) compared to previous quarter. The significant increase is also contributed by the increase of maintenance expenses during this quarter. The major expense of the company is personnel costs as it contributes 65% of the administrative expenses. Personnel costs for Q4 2020 stands at MVR 48.8 million which is an increment of MVR 15 million (45%) compared to previous quarter. In addition, professional & consultancy expense has also recorded an increment of MVR 4.6 million. Building maintenance expenses and public area maintenance expenses has increased by MVR 5.2 million and MVR 3.2 million respectively.

In comparison to the same quarter of 2019, total expenses of the company have increased from MVR 54 million to MVR 90.9 million mainly from personnel costs (MVR 15 million) and other general & administrative expenses (MVR 10 million).

Net Profit/Loss

Q4 2019	Q4 2020	Q3 2020
83.8	21.9	-8.2
Million in MVR	Million in MVR	Million in MVR

The company has made a net profit for fourth quarter after making a loss in previous quarter. 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 equivalent to 40% of company's revenue of Q4 2020 (85% of revenue in Q3 2020).

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
2.99	5.01	5.12
TIMES	TIME	TIMES

Current ratio of HDC indicates a healthier liquidity position. Current ratio has deteriorated slightly from Q3 2020 to Q4 2020, as current liabilities have increased 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 77% of total current assets. HDC's inventory consists of land stock and property, which cannot easily be converted to cash. Since the greater part of inventory is still in work-in-progress it will take time converting inventory into cash.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
0.81	1.14	1.18
TIME	TIMES	TIME

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

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.03	0.05	0.04
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Cash balance of the company is very low compared to its current liabilities. Hence, HDC's cash ratio needs careful management in the future. Further, the cash balance has increased by 19% compared to previous quarter, resulting to a slight improvement in the ratio.

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 development projects in Hulhumale' Phase I and Phase II. Furthermore, as 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

Q4 2019	Q4 2020	Q4 2020
59%	59%	60%

Debt to equity ratio illustrates the degree to which the company is financing its operations through debt. Total loans and borrowings have reduced in Q4 2020. Thus, the ratio has declined slightly compared to previous quarter. Nevertheless, company's debt to equity ratio remained same over same quarter of both years.

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

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
33%	33%	34%

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

Q4 2019	Q4 2020	Q3 2020
37%	37%	38%

Debt capitalization ratio measures total amount of outstanding debt as a percentage of the HDC's total capitalization. Debt capitalization ratio of HDC slightly reduced by 1% compared to previous quarter. 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

Q4 2020	Q4 2020	Q3 2020
3.27	0.89	0.12
TIMES	TIMES	TIME

The interest cover ratio measures how many times HDC can cover its current interest payment with its available earnings. The interest cover ratio of HDC is low since interest expense is relatively higher compared to operating profit of the company. However, the company earns significant interest income to pay its interest expenses.

CONCLUSION

HDC has reported a revenue of MVR 133 million in Q4 2020, a growth of 144% compared to previous quarter. Regardless of increased overheads and finance costs, the company has achieved a net profit for the quarter.

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

In terms of financial leverage, the ratios have 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 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 equivalent to 40% 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.

HDC must try to improve its cash flow status most importantly operating cash flow. This could be achieved through collecting their receivables and improving revenue.

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 4, 2020

HOUSING DEVELOPMENT FINANCING CORPORATION PLC

Report No: PEM/2020/HDFC/Q4

Q3 2020 with Q3 2019 and Q2 2020

PROFITABILITY

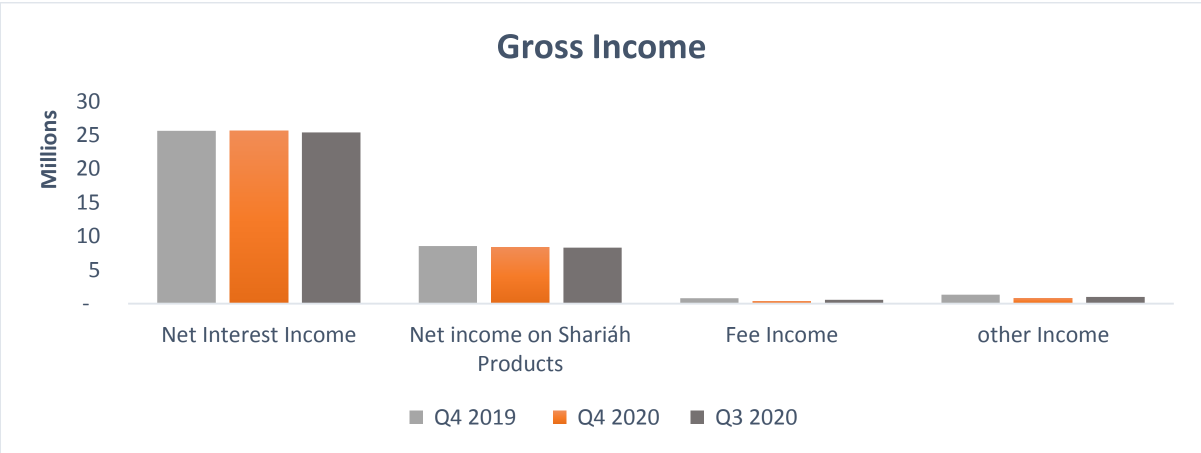
Revenue

Q4 2019	Q4 2020	Q3 2020
50.1	47.5	47.7
Million in	Million in MVR	Million in MVR

HDFC has reported a gross income of MVR 47.5 million for Q4 2002, which is a reduction of 0.4% and 5% compared to previous quarter and Q4 2019 respectively.

HDFC extended a 06-month moratorium on the repayment of housing loans issued as part of the economic recovery plan aimed to minimize the financial impact on individuals has had its own set of ramifications to the Company. The moratorium was also offered for loans issued under housing schemes conducted by the Ministry of Housing and Urban Development and HDFC, a further extension to these schemes were provided until the end of December 2020.

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



Interest income and Net income from Shari'ah products has recorded an improvement compared to previous quarter. On the other hand, fee income and other has reduced by 41.3% and 18.2% respectively 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

Q4 2019	Q4 2020	Q3 2020
1.2%	1.2%	1.2%

Net Investment Margin

Q42019	Q4 2020	Q3 2020
1.7%	1.6%	1.6%

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

As per the above ratio, the Shari'ah Products have higher profit margins than conventional loans. The net interest margin was maintained at 1.2% for the three quarters in review. However, both earning assets and net interest income has improved compared to previous quarter.

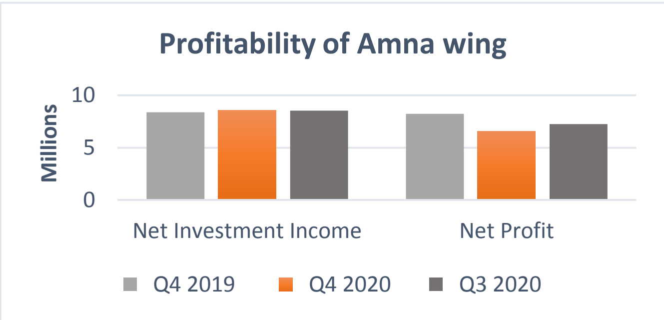
Similarly, net investment margin ratio remained at the same level for the last two quarters of 2020. The positive ratios of HDFC indicates efficient fund investment.

Net Profit

Q4 2019	Q4 2020	Q3 2020
35.3	21.7	23.5
Million in MVR	Million in MVR	Million in MVR

The net profit for Q4 2020 is MVR 21.7 million which was a decline of 8% compared to previous quarter and 39% compared to Q4 2019 mainly because of higher other operating expenses in Q4 2020.

Amna Wing Profit



Total mortgage facilities of Islamic Window have increased from MVR 538 million to MVR 548 million from Q3 2020 to Q4 2020. As a result, net investment income has also increased. However, the net profit has declined due to higher administrative and operating expenses.

CAPITAL MANAGEMENT

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

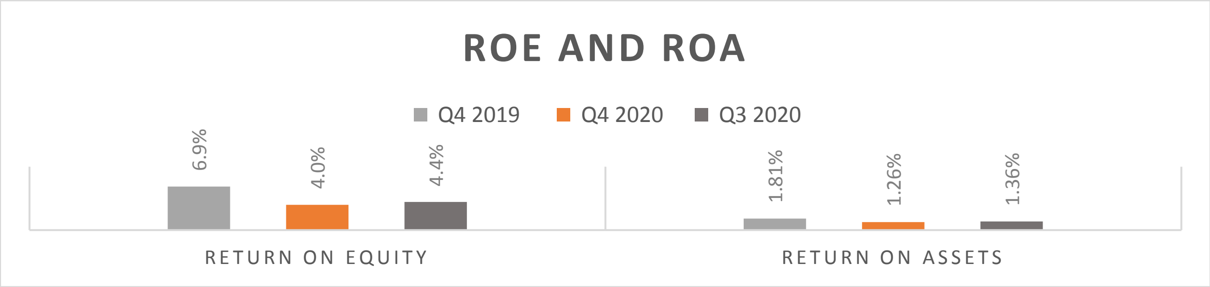
Assets that are available to cover their obligations and liabilities of HDFC for the three quarters in review are below;

Details	Q4 2019	Q4 2020	Q3 2020
Total Liabilities			
Deposits	88,684,185	80,289,957	84,100,719
Borrowings	1,161,549,610	1,057,166,576	1,069,286,015
Other Liabilities	369,194,497	287,719,262	274,374,530
Total Liabilities	**1,619,428,292**	**1,425,175,795**	**1,427,761,264**
Total Assets			
Cash, Short term Funds	127,995,493	50,565,734	73,444,430
Financial assets held to maturity	294,806,343	176,942,661	126,969,597
Loans and advances to customers	1,755,337,416	1,828,654,968	1,837,822,302
Property, Plant and Equipment	1,043,804	1,053,350	1,091,516
Right of use assets	7,115,866	8,738,051	9,288,293
Intangible assets	488,557	246,724	307,182
Deferred tax asset	3,605,940	5,820,179	5,820,179
Other Assets	7,193,895	7,570,140	5,714,061
Total Assets	**2,197,587,314**	**2,079,591,807**	**2,060,457,560**
NET (Assets-Liabilities)	**578,159,022**	**654,416,012**	**632,696,296**

Total assets of HDFC have reached MVR 2.1 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 19 million from total assets.

Total liabilities of the company have recorded a reduction of over MVR 2.5 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. It has to be note that the primary model of HDFC is relying on borrowings to obtain funding for loan portfolio. The borrowings have reduced as HDFC has repaid significant borrowings during the quarter.

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

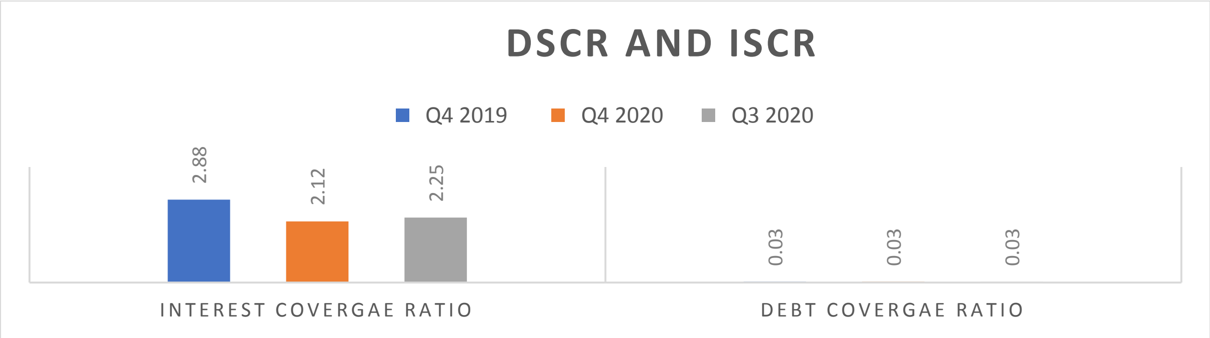


ROE measures the ability of the company to generate profit with the money shareholders have invested. ROA measures how efficiently a company can manage its assets to produce profits during a period.

Since the operating profit of the company has declined compared to previous quarter, the ROE has also declined in Q4 2020. On the other hand total equity has increased, which has 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 has declined because both EBIT and interest expense has declined in Q4 2020. The company also repaid over MVR 82 million borrowed funds during the quarter and has borrowed additional MVR70 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.

CONCLUSION

HDFC has ended the last quarter of 2020 with a gross income of MVR 47.5 million, which is reduction of 0.4% and 5% compared to previous quarter and Q4 2019 respectively. Therefore, the net profit has also declined as a result of lower income and increased operating expenses.

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 19 million against previous quarter. The deposits, on the other hand has declined. Hence the net assets of HDFC have improved as at the end of 2020.

HDFC having extended a 06-month moratorium on the repayment of housing loans issued as part of the economic recovery has led to a reduction of cash inflows from customers and created unanticipated pressure on working capital and liquidity

RECOMMENDATION

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

Quarterly review; Quarter 4, 2020

ISLAND AVIATION SERVICES LIMITED

Q4 2020 with Q4 2019 and Q3 2020

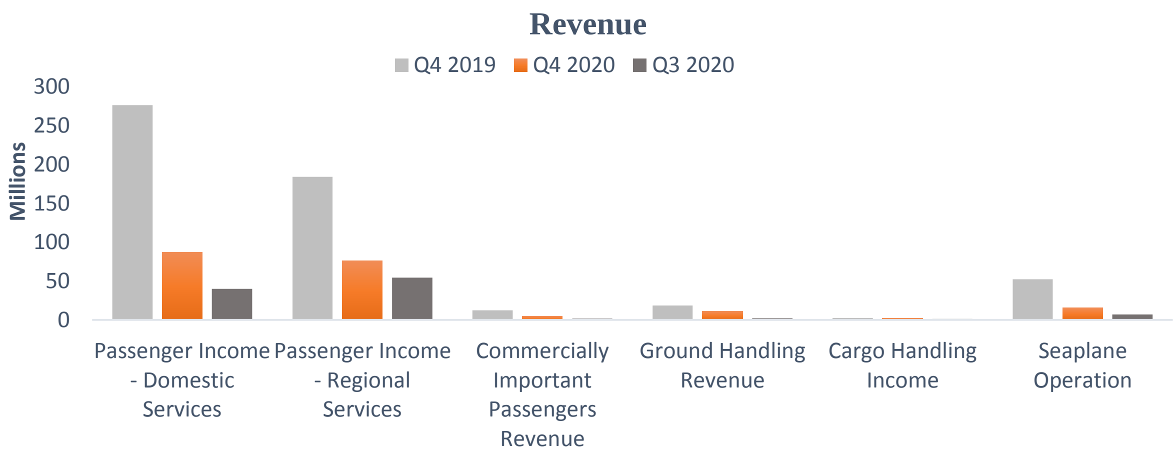
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
546	196	107
Million in MVR	Million in MVR	Million in MVR

The company has achieved a remarkable revenue growth of 83% (MVR 89.5 million) against previous quarter. All revenue segments have recorded a healthy growth, of which passenger income from domestic and regional services has excelled. On the other hand, the performance of Q4 2020 in comparison to the same period of last year is substantially poor as the revenue reduction is almost MVR 350 million. Nevertheless, the global pandemic has affected the performance of all the business, specifically business in airline industry.

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



As seen from the table, all the revenue segments have increased in Q4 2020 against Q3 20202. Out of all segments both domestic and regional passenger revenue has shown the highest growth in Q4 2020 against Q3 2020. Revenue from domestic services has increased over MVR 47 million and regional services by MVR 21.6 million.

The results of Q4 2020 shall not be compared to Q4 2019 as the economic conditions have changed in 2020 due to the global pandemic.

Gross Profit/(loss)

Q4 2019
189
Million in MVR

Q4 2020
41.3
Million in MVR

Q3 2020
-34.4
Million in MVR

The company has made a gross profit after a loss-making preceding quarter. This was achieved as a result of the significant revenue growth. Although revenue grew at 83%, direct costs has only increased by 9.8%. Among the direct costs, the highest increment was seen from regional and domestic costs of MVR 7.5 million, however it has to be noted that revenue from this segment far more exceeds its direct cost. In addition, maintenance expenses has also increased due to increase in utilization of lease aircrafts. The gross profit margin was kept at 21% while it was -32% in Q3 2020 and 35% in Q4 2019.

Net Profit/(loss)

Q4 2019
33.2
Million in MVR

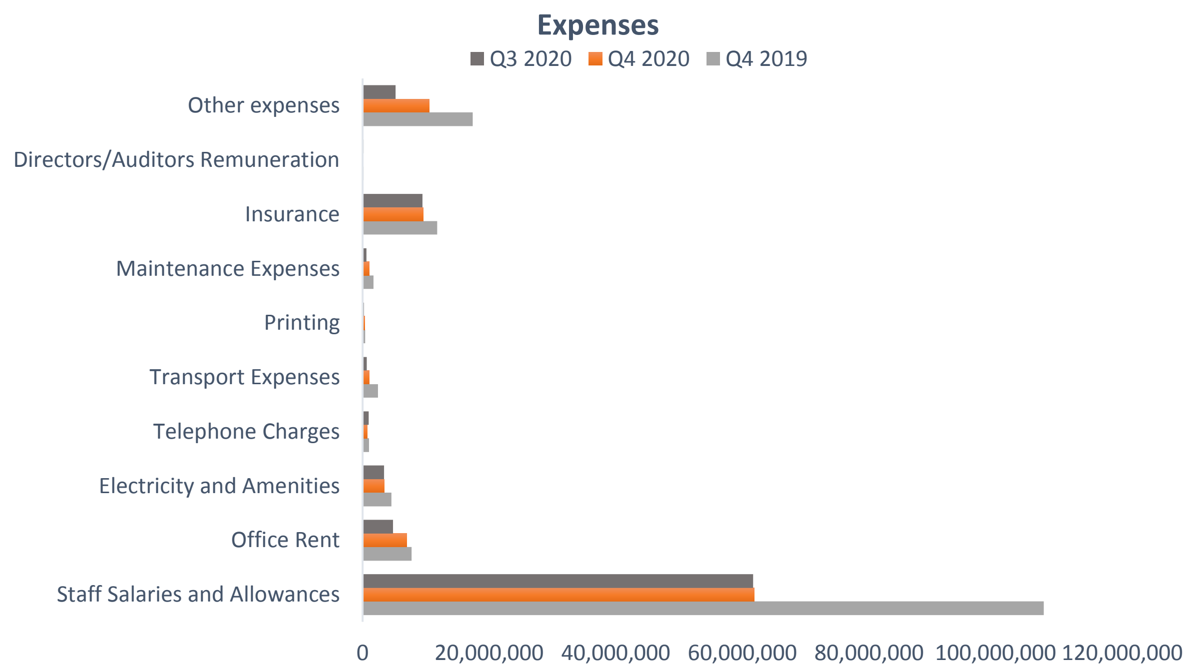
Q4 2020
-44.7
Million in MVR

Q3 2020
-102.9
Million in MVR

The net loss of the company has reduced in Q4 2020 against previous quarter. This was due to increase in revenue. The operating expenses on the other hand has increased. Compared to Q4 2019, net profit was decreased to a net loss, mainly due to significant drop in revenue compared to Q4 2019.

Expenses

Total overhead expenses of IAS have reduced by 32% compared to Q4 2019 and increased by 21% against previous quarter. The below table illustrates the major expenses of the company for three quarters in review.



As shown in the table, staff salaries and allowances are the major expense of the company and it has reduced over MVR 45 million compared to Q4 2019. However, a slight increase was seen from salaries compared to previous quarter. Other expense has increased in Q4 2020, due to increase in bank charges and commissions and also it includes SBI yearly facilities bank charges and software costs which has increased during the quarter. Maintenance expense increased during the quarter due to increase in maintenance expense for equipment's used in operation especially at Engineering department. In addition, the increment in office rent is mainly because rent was lower in Q3 2020 due to credit notes in Q3 as COVID relief.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.97 TIMES	0.80 TIME	0.84 TIMES

The current ratio of the company illustrates that company's current liabilities exceed its current assets. The results have further deteriorated in Q4 2020 as company's current assets have reduced while current liabilities show increment compared to previous quarter. Both inventory and trade receivables has reduced in Q4 2020 compared to previous quarter. Further, the main current asset of IAS is trade receivables which represents 92% of total current assets. Nevertheless, the reduction of receivable will improve the working capital of the company. IAS is facing a significant challenge in managing short term payables which currently stands at MVR 1,091 million due to negative impacts of Covid-19.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
0.85 TIMES	0.74 TIMES	0.77 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

Q4 2019	Q4 2020	Q3 2020
-0.07 TIME	0.0001 TIMES	-0.01 TIME

The cash ratio of the company has turned positive in Q4 2020; however, the cash balance is far below compared to company's current liabilities. The ratio indicates that IAS does not have enough cash to cover their short-term obligations. The reported Cash and cash equivalents is the balance is after consideration of bank overdraft of MVR 74.3 million at the end of Q4 2020.

LEVARAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.54	0.55	0.51
TIMES	TIMES	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 0.55 times compare to 0.51 times last quarter. This is because of reduction of total equity. The loans and borrowing of the remained same as previous quarter.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.24	0.19	0.19
TIMES	TIME	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

Q4 2019	Q4 2020	Q3 2019
35%	35%	34%

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

Q4 2019	Q4 2020	Q3 2020
7.10	-181	-2,288
TIMES	TIMES	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 2020 as the company has made operating loss for 2020. As such, the company is not generating enough profit from its operations to meet its interest obligations. It is important to note that the interest cover is calculated based on operating profit and not based on EBITDA.

CONCLUSION

The company has achieved a remarkable revenue growth of over MVR 89 million contributed by all revenue generating segments. As a result, IAS has ended the quarter with a gross profit. However, the operating expenses shows a growth of 21%, thus the company made a 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 turned positive in Q4 2020; however, the company still have an overdraft facility of MVR 74.3 million at the end of Q4 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 remained same as previous quarter. However, due to reduction of total equity, debt to equity ratio has 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

The operating expenses of the company should be kept at an optimum level. Cost management is an important element for profit maximization. Therefore, IAS should try to achieve efficiency, economy and effectiveness to improve business performance. The company is likely to face challenges due to Covid-19.

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 4, 2020

KAHDHOO AIRPORT COMPANY LTD

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
3.21	1.91	1.1
Million in MVR	Million in MVR	Million in MVR

KACL has generated a revenue of MVR 1.91 million in Q4 2020. Revenue decreased in Q4 2020 by 43% compared with the same period of last year, due to Covid-19 restrictions. However, with the ease of Covid-19 pandemic restrictions company was able to increase revenue in Q4 2020 by 76% compared to Q3 2020. Below table shows how the company has generated revenue within the quarters is Q4 2019, Q4 2020 and Q3 2020

Revenue	Q4 2019	Q4 2020	Q3 2020
Aeronautical	2,572,370	1,465,014	526,153
Cargo revenue	11,672	14,578	10,682
CIP revenue	6,949	-	-
Electrcity Charges	170,445	164,424	162,393
Rental Income	191,913	141,313	187,142
Room revenue	61,153	29,500	128,622
Shop Revenue	170,956	66,307	49,955
Other Revenue	24,016	30,166	23,779
Total	**3,209,474**	**1,911,302**	**1,088,726**

As seen from the table, in Q4 2020; compared to Q4 2019 aeronautical revenue decreased by 43%, Shop revenue decreased by 61%, room revenue decreased by 52% due to the pandemic of Covid-19. In Q4 2020 rental income decreased by 26% compared to Q4 2019 due to delay in payments by lessee. When compared to Q3 2020 revenue was decreased from room revenue and rental revenue segment due to decrease in occupancy in the quarter.

In Q4 2020; KACL's revenue has decreased mainly from aeronautical segment. Aeronautical revenue decreased in Q4 2020 by 43% and shop revenue decreased 61% due to Covid-19 restrictions flight movements decreased in Q4 2020.

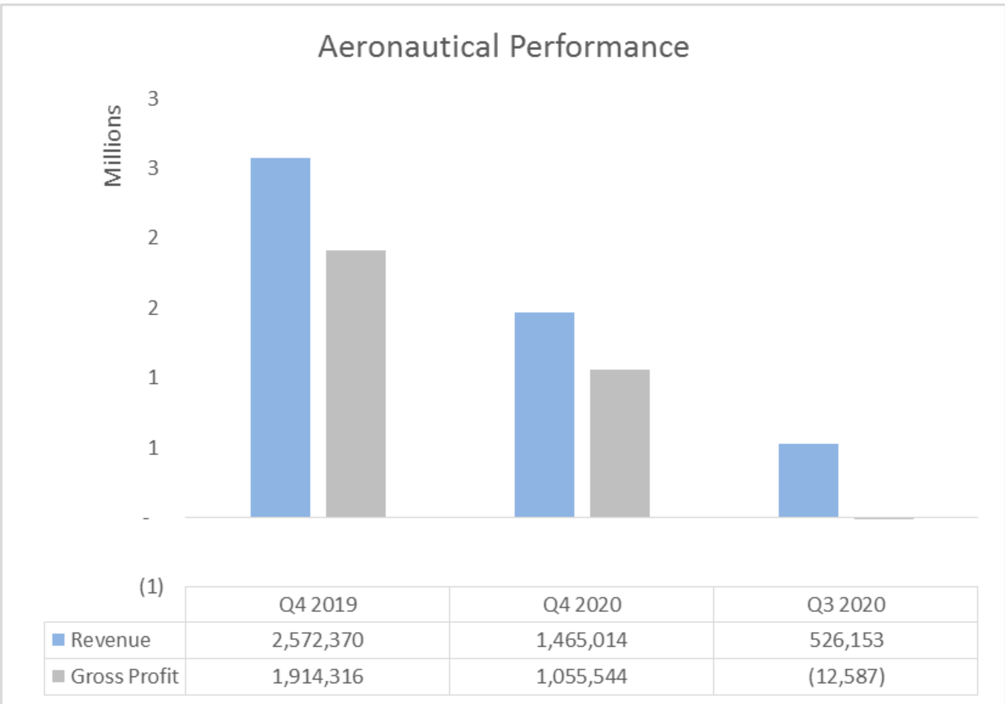
Operating Profit/ (Loss)

Q4 2019	Q4 2020	Q3 2020
(3.9)	(4.1)	(4.9)
Million in MVR	Million in	Million in MVR

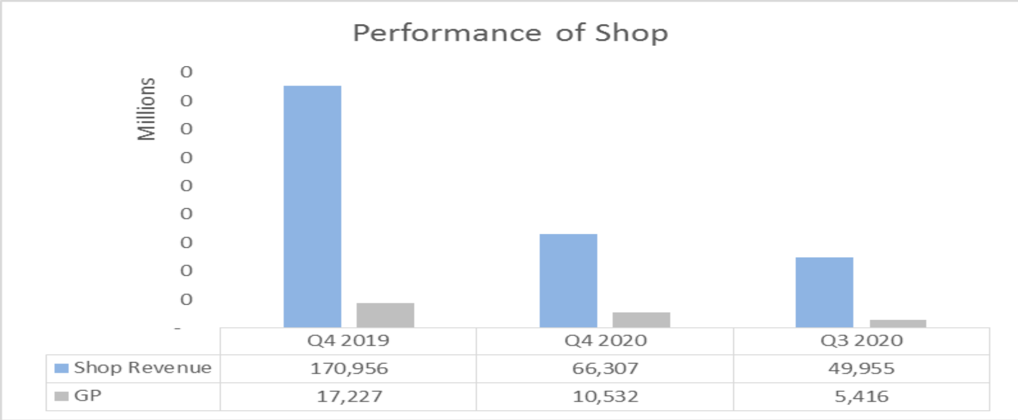
Company has an operational loss of MVR 4.1 million at the end of the quarter of 2020. The operating loss of the company has increased by 4% in Q4 2020 compared to Q3 2019. This is mainly due to decrease in aeronautical and other commercial revenue. Although, the overhead expenses has decreased in Q4 2020 compared to Q4 2019, company's operating loss has increased by 4% due to significant decrease in revenue in the quarter. However, operating loss has decreased in Q4 2020 by 17% compared to Q3 2020 due to increase in revenue in the fourth quarter of 2020. Compared to Q4 2019 company's operating expenses has decreased in Q4 2020. Compared to Q4 2019 operating expenses decreased in Q4 2020 mainly from shop revenue, spare parts expenses, and fuel expenses. Spare parts expenses decreased in Q4 2020 by 89% compared to Q4 2019 and fuel expenses decreased in Q4 2020 by 38% compared to Q4 2019.

Segmental Profit

Aeronautical



KACL's main revenue generating segment is from aeronautical. Due to the pandemic of Covid-19 with less flight movement's aeronautical revenue decreased by 43% in Q4 2020. However, compared to the last quarter aeronautical revenue increased by 178% with increase in flight movements in Q4 2020.



Company's shop revenue has decreased in Q4 2020 by 61% compared to Q4 2019, due to the pandemic of Covid-19 flight movements was decreased. However, compared to Q3 2020 shop revenue increased by 33% due to availability of new stock items. Gross profit margin was increased in Q4 2020 by 6% and 5 % compared to both the quarters of Q4 2019 and Q3 2020.

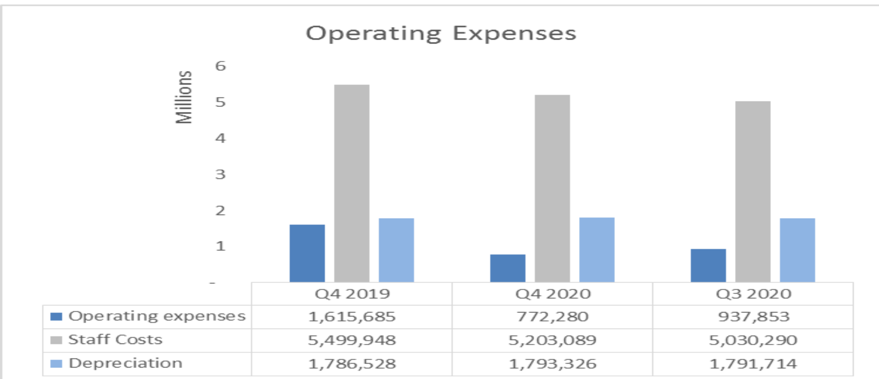
Net Profit

Q4 2019	Q4 2020	Q3 2020
(5.7)	(5.9)	(6.7)
Million in MVR	Million in MVR	Million in MVR

Company was experiencing a net loss of MVR 5.9 million in the fourth quarter of 2020 and due to the pandemic of Covid-19 flight movements was decreased, company's net loss has increased in Q4 2020 by 3% compared to Q4 2019. However, compared to the last quarter with the regulations of HPA, flight movements increased in Q4 2020 and company's net loss decreased in Q4 2020 by 12%. Net profit margin of the company was negative in Q4 2020 it further deteriorated by 129% compared to Q4 2019. However, compared to the last quarter net profit margin has improved by 306% in Q4 2020.

Operating Expenses

KACL's overhead costs for the quarter of Q4 2019, Q4 2020 and Q3 2020 are shown in the following chart.



As shown in the chart company's operating expenses has decreased in Q4 2020 by 52% and 18% compared to both the quarters of Q4 2019 and Q3 2020 respectively. Compared to Q4 2019 operating expenses was decreased in Q4 2020 mainly from reductions in fuel expenses and spare parts expenses. Staff costs decreased in Q4 2020 by 5% compared to Q4 2019. However, increase in staff costs in Q4 2020 by 3% compared to the last quarter mainly due to increase in retirement allowance of 4 members. Company's average overhead costs was decreased in Q4 2020 by 4% compared to Q4 2019. It is noted that there was no significant variance on overhead expenses in both the quarters of Q4 2020 and Q3 2020.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
27.1	22.4	20.2
TIME	TIMES	TIMES

KACL's has a current ratio of 22.4 times in Q4 2020. High current ratio in the case of KACL does not indicate the company's ability to meet its short term laibilities with short term assets as the receivables which is significant part of the current assets has an aging profile which is longer than 365 days. Current ratio of the company has decreased in Q4 2020 by 17% compared to Q4 2019. However, compared to the last quarter current ratio increased by 11% in Q4 2020. It is noted that 94% of current assets are from trade and other receivables. Also it is important to note that trade and other receivables are 1951% higher than the company's revenue. This shows that the company is not able to manage the receivables effectively. It is important to note that KACL's trade and other receivables has been increasing in each quarter. Below table illustrates KACL's cash balances, trade and other receivables and trade and other payables within the quarters of Q4 2017, Q4 2018, Q4 2019 and Q4 2020.

	Q4 2017	Q4 2018	Q4 2019	Q4 2020
Cash and Cash Equivalents	24,718,610	13,633,982	1,720,580	1,380,380
Trade and Other Receivables	18,130,678	28,950,065	36,593,731	37,291,286
Trade and Other Payables	665,660	1,221,142	1,468,183	1,776,423

As shown company's cash balances was decreasing in each year as the company's trade and other receivables increased. Trade and other receivables was increased by MVR 19.2% which is 106% from Q4 2017 to Q4 2020 resulting MVR 37.3 million in Q4 2020. It is important to note that the majority of trade and other receivables is from Island Aviation Services Ltd. In addition, company's trade and other payables has also increased in each year from Q4 2017 to Q4 2020 by 167% due to delay in payments.

Quick Ratio

Q4 2019 26.1 TIMES

Q4 2020 21.8 TIME

Q3 2020 19.6 TIME

Quick ratio shows a company's ability to meet its short-term obligations excluding inventories. KACL's quick ratio was decreased in Q4 2020 by 17% compared to Q4 2019. However, compared to the last quarter quick ratio was increased in Q4 2020 by 11%. Company's current ratio resulting 21.8 times in Q4 2020 indicates that the company is capable to pay its short-term debts with its most liquid current assets excluding inventories. However, it is noted that majority of current assets is from trade and other receivables.

Cash Ratio

Q4 2019 1.2 TIMES

Q4 2020 0.8 TIMES

Q3 2020 0.7 TIMES

KACL's cash ratio of 0.8 times in Q4 2020 indicates that the company is unable to pay its short-term debts by using their cash balances. This is due to less cash balances compared to its current liabilities. Company's cash ratio was increased in Q4 2020 by 8% compared to the last quarter of 2020. However, compared to the same quarter of last year cash ratio decreased by 34% due to deferred payments.

CONCLUSION & RECOMMENDATION

KACL' is experiencing a huge accumulated loss of MVR 5.9 million in the fourth quarter of 2020 due to the pandemic Covid-19 restrictions as the company has generared less revenue in the quarter. Howver, it is noted that compared to the last quarter, revenue has slightly increased in the fourth quarter of 2020 with the ease of HPA regulations. Hence, company should plan and implement new ways to generate revenue in order to cover up the operating expenses and generate profit.

Although, the liquidity position shows favorable results from current ratio and quick ratio, it is noted that company's cash ratio shows unfavourable results in the fourth quarter of 2020. This is due to the rising of trade and other receivables in each quarter. The majority of trade and other receivables are from Island Aviation Services Ltd. At the end of the fourth quarter of 2020 company has MVR 37.1 million as their trade receivables which is 1951% of their revenue. In addition, company's trade and other payable also keep rising each quarter and has MVR 1.8 million at the end of the fourth quarter of 2020. Therefore, in order to increase their cash balance company should implement new rules to collect receivable, so that they can payout their trade payables without delaying the payments. In addition, company can find ways to generate revenue and invest their cash balances to minimize the loss incurred. It is important to KACL to negotiate Island Aviation Services on collecting the receivables payments on time. If KACL and IASL could not come to a proper agreement on receiving the payments KACL should inform the relavant authorities.

Quarterly review; Quarter 4, 2020

MALDIVES AIRPORTS COMPANY LIMITED

MALDIVES AIRPORTS COMPANY LIMITED
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MACL/Q4

Q4 2020 with Q4 2019 and Q3 2020

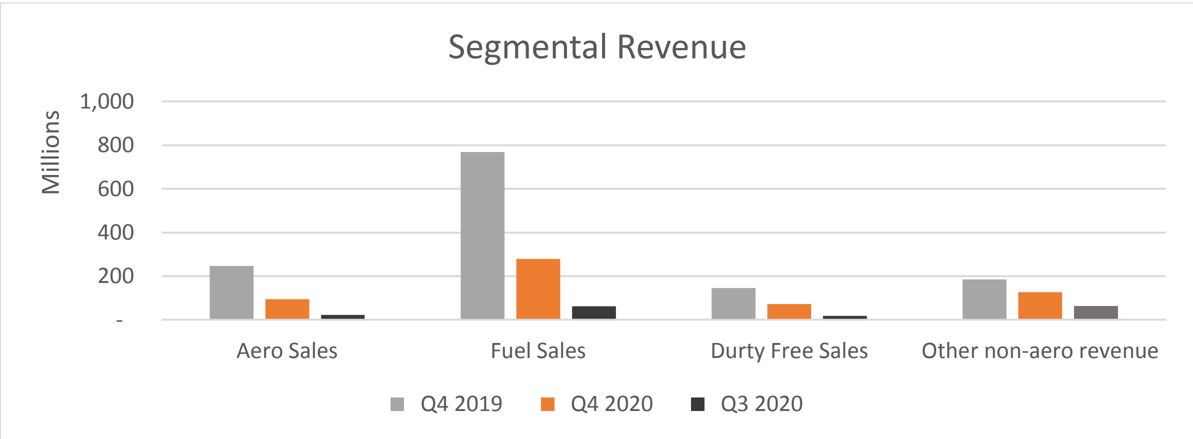
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
1,346	573	167
Million in MVR	Million in MVR	Million in MVR

MACL has achieved a remarkable revenue growth of 242% (MVR 406 million)against previous quarter. The growth was contributed by all the revenue segments of the company.

On the other hand, compared to the same period of last year the revenue recorded in Q4 2020 is less by 57% (MVR 772 million) due to decline of overall operation owing to the Covid-19 pandemic. The below chart shows the breakdown of the revenue for the three quarters.



All segments of revenue have improved in Q4 2020 compared to previous year. The highest growth was recorded by Fuel sales, the largest revenue segment of the company. In addition, aero sales have also achieved notable growth.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
845	419	125
Million in MVR	Million in MVR	Million in MVR

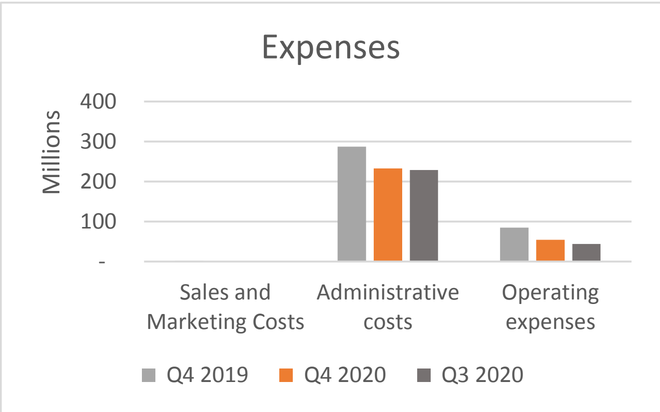
The gross profit has increased by MVR 294 million compared to previous quarter as a result of improvement in revenue. While revenue recorded a growth of 242%, cost of sales has increased by 266%, thus gross profit margin has declined from 75% in Q3 2020 to 73% in Q4 2020.

Operating Profit

Q4 2019	Q4 2020	Q3 2020
471	132	-147
Million in MVR	Million in MVR	Million in MVR

After a making operating loss for the past two quarters, MACL has achieved an operating profit in Q4 2020. Nevertheless, compared to Q3 2020 total overheads of the company has increased. However, overheads recorded in Q4 2020 is 30% less than expenses in the same period of last year.

Expenses



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

Administrative costs are the largest overhead category, which has increased compared to previous quarter mainly from Insurance. Among operating expense bank charges and other operating expenses has increased significantly.

Sales and marketing costs has reduced against previous quarter. Compared to the same period of last year, the major savings were seen from employee benefits.

Net Profit

Q4 2019	Q4 2020	Q3 2020
390	104	-129
Million in MVR	Million in MVR	Million in MVR

MACL has achieved a net profit in Q4 2020, after the recovery of its revenue streams. Finance costs (Interest expense) of the company increased significantly by 98% (MVR 4.6m) compared to previous quarter, because of increasing borrowings by over MVR 523 million.

LIQUIDITY

Current ratio

Q4 2019	Q4 2020	Q3 2020
1.70	1.32	1.00
TIMES	TIMES	TIMES

The current ratio of the company has improved in Q4 2020 due to reduction current liabilities along with improvement in current assets compared to Q3 2020.

Trade payables has reduced by MVR 301 million compared to previous quarter and total current assets has increased by MVR 156 million.

Quick ratio

Q4 2019	Q3 2020	Q3 2020
1.50	1.13	0.83
TIMES	TIMES	TIMES

The quick ratio reflects company's short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. Quick ratio of MACL has improved and is above 1 for Q4 2020. This shows that company has enough liquid assets to cover its current liabilities.

Cash ratio

Q4 2019	Q4 2020	Q3 2020
0.75	0.60	0.38
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company has recorded an increment of MVR 192 million compared to previous quarter, thus the ratio has improved. The improvement in the ratio is also attributable to the reduction of current liabilities.

During the last quarter of 2020, MACL has invested MVR 237 million in capital investments and have taken additional proceed from borrowings of over MVR 531 million. The operating cashflow of the company is negative owing to the significant amounts paid to suppliers and interest payments.

FINANCIAL LEVERAGE

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.45	0.50	0.47
TIMES	TIMES	TIMES

Debt to assets ratio has increased as the company has taken additional borrowings. 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

Q4 2019	Q4 2020	Q3 2020
1.08	1.27	1.20
TIMES	TIMES	TIMES

Debt to equity ratio has also increased in Q4 2020, owing to the additional borrowings during the quarter. However, since these borrowings were used to finance the capital projects which is likely to increase revenue in near future.

CONCLUSION

The company has achieved a remarkable performance for Q4 2020 in terms of revenue and profit growth. After a loss-making period, MACL has recorded an operating and net profit in Q4 2020 resulted from a significant revenue growth.

The short-term liquidity position of the company has also improved as a result of reduction in companies' liabilities.

Regardless of new borrowings the leverage ratios were maintained at satisfactory level 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 financially and operationally.

RECOMMENDATION

The on-going developmental projects must be managed well since the company has huge development plan. 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.

As the company has been taking significant borrowing for the past quarters, company should be careful about the financial risk that may arise.

Quarterly review; Quarter 4, 2020

MALDIVES CENETR FOR ISLAMIC FINANCE CORPORATION

MALDIVES CENETR FOR ISLAMIC FINANCE CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MCIF/Q4

Q4 2020 with Q4 2019 and Q4 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
0.03	0.02	Nil
Million in MVR	Million in MVR	

MCIF was able to generate a revenue of MVR 0.02 million from the course (Advance Diploma in Public Finance Management) commenced by SAIIF in the fourth quarter of 2020. It has to be noted that the course (ADPFM) has been started at IUM from the first quarter of 2021. However, in the first three quarters of 2020, company was not able to run any revenue generating activities. Hence, no revenue for the first three quarters of 2020. Compared to the last quarter of 2019, company's revenue was decreased in the fourth quarter of 2020 by 15%. This is due to the participation fee and other revenue related to SME workshop was received in November 2019. In addition, silver sponsorship fee commission from BML Islamic for IFFSA was received in November 2019.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
0.009	0.008	Nil
Million in MVR	Million in MVR	

Gross profit of the company in Q4 2020 was decreased by 4% compared to Q4 2019 due to decrease in revenue and decrease in direct costs in Q4 2020. Company's direct costs was decreased in Q4 2020 by 21% compared to Q4 2019.

Net Profit

Q4 2019	Q4 2020	Q3 2020
-2.3	-1.1	-1.3
Million in MVR	Million in MVR	Million in MVR

MCIF has a significant net loss of MVR 1.1 million at the end of the fourth quarter of 2020 due to high overhead costs incurred. Company's net loss was decreased in Q4 2020 by 50% and 12% compared to both the quarters of Q4 2019 and Q3 2020 respectively. Below table shows how company's overhead costs incurred within the quarters Q4 2019, Q4 2020 and Q3 2020.

Operating Expenses	Q4 2019	Q4 2020	Q3 2020
Personnel Expenses	1,196,109	852,157	1,008,584
Administrative costs	148,787	29,810	38,681
Other Operating expenses	898,342	237,437	215,395
Total	2,243,238	1,119,404	1,262,660

MCIF's main expenses is from personnel expenses which covers 76% of the overhead costs incurred in the fourth quarter of 2020. Personnel expenses decreased in Q4 2020 by 29% and 16% compared to both the quarters of Q4 2019 and Q3 2020 due to the resignation of staffs in the fourth quarter of 2020. Administrative expenses was also decreased in Q4 2020 by 80% and 23% compared to both the quarters of Q4 2019 and Q3 2020 respectively mainly due to decrease in printing and stationary cost incurred for Islamic Finance country report printing, legal retainers were not renewed, contracts of Sharia committee were not renewed neither members were appointed, office cleaning services agreement with outside party was terminated. Company's other operating expenses decreased in Q4 2020 by 74% compared to Q4 2019 mainly due to professional charges incurred on Islamic finance country report in Q4 2019. However, compared to Q3 2020, other operating expenses was increased in Q4 2020 by 10%.

LIQUIDITY

Current ratio

Q4 2019	Q4 2020	Q3 2020
0.33	0.42	0.37
Times	Times	Times

MCIF has a current ratio of 0.42 times which indicates that the company is not capable to meet its short-term obligations with the current assets. Company's current ratio increased in Q4 2020 by 26% and 12% compared to Q4 2019 and Q3 2020 respectively. It is noted that trade and other receivables of the company was decreased in Q4 2020 by 86% and 83% due to the written-off of trade receivables of student course fee. In addition payroll receivable from one of the employee who left the organization recognized during 2019 was written-off during Q4 2020. These amounts were written-off as the legal fee for collecting the amount will be higher than the receivable amount. In addition, MCIF has other current assets of MVR 0.4 million in the end of Q4 2020. Other current assets was mainly from the amount to be recovered from MD payroll as from Q4 2020 a fixed amount is deducted from MD monthly pay in accordance with an agreement made between MD and MCIF. On the other hand company has current liability of MVR 1.7 million at the end of the fourth quarter of 2020. The main component of current liability is from trade and other payables and lease liabilities. Company has MVR 0.7 million in trade and other payables at the end of the fourth quarter of 2020. Trade and other payables was increased in Q4 2020 by 2% compared to both the quarters of Q4 2019 and Q3 2020. This is due to the payable amount to Refinity (Thomas Reuters) as professional charges of nearly USD 40,000 in Q4 2019 for Islamic finance country report 2018. The payment was unable to settle due to cash flow issues. It is noted that company's current ratio and quick ratio was relatively same.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.04	0.19	0.12
Times	Times	Time

Cash ratio of a company shows whether the company is able to cover its short term obligations using only cash and cash equivalents. MCIF's cash balance is low compared to its current liabilities. Company has a cash ratio of 0.19 times in Q4 2020 indicating that the company is not able to meet its short-term obligation with their cash balance. Cash ratio of the company was increased in Q4 2020 by 404% and 61% compared to both the quarters of Q4 2019 and Q3 2020 mainly due to capital contribution from shareholder.

CONCLUSION & RECOMMENDATION

MCIF has commenced an Advance Diploma in Public Finance Management course by SAIIF and was able to generate a revenue of MVR 0.02 million in the fourth quarter of 2020. However, due to the high overhead costs incurred in each quarter company is experiencing a huge loss of MVR 1.1 million in the end of fourth quarter 2020. It is important to note that MCIF has an accumulated loss of MVR 29.5 million at the end of fourth quarter of 2020. During Q4 2020, government has injected MVR 1.18 million capital to the company and total share capital stands at end of Q4 2021 is MVR 28.5 million.

Based on the current status of the business operations, it can be concluded that they are not operating in a self-sufficient business model. Government has decided to liquidate the company as the company is not creating value addition to the shareholder and is not generating revenue from its core business. Hence, MCIF is now in the liquidation process.

Quarterly review; Quarter 4, 2020

MALDIVES FUND MANAGEMENT CORPORATION LIMITED

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MFMC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
Nil	Nil	Nil

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

Net Profit

Q4 2019	Q4 2020	Q3 2020
-1.86	-1.57	-1.57
Million in MVR	Million in MVR	Million in MVR

MFMC has ended the last quarter with a net loss of MVR 1.87 million. The administrative expenses have increased by 5% (MVR 81,164) compared to previous quarter. The payroll expenses remained same as previous quarter, on the other hand depreciation and IT expenses has increased. Compared to Q4 2020, total expenses incurred in Q4 2020 is 14% less.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
7.6	19.0	15.7
TIMES	TIMES	TIME

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. Cash and cash equivalents is the major current asset of the company which is capital contribution from government. Trade receivable represents intercompany receivables (Agro National) and receivables from directors. Current Liabilities consists of trade and other payables, provisions, payroll payables, lease liabilities and shareholder's current account.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
7.6	12.1	14.0
TIMES	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 36% against previous quarter, hence cash ratio has declined in Q4 2020. However, it is important to highlight that the cash balance is the capital contribution by the government.

CONCLUSION

The company has not started to generating revenue. Hence, the operational expenses are funded through government capital contributions. At the end of 2020, the company has completed the financial feasibility of the applicants of the SME Innovation Fund Project.

RECOMMENDATION

The recurrent expenses of the company are relatively high compared 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 models to convince investors to invest in funds formulated by the company.

Quarterly review; Quarter 4, 2020

MALDIVES HAJJ CORPORATION LTD

MALDIVES HAJJ CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MHCL/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
3.45	0	Nil
Million in MVR		

MHCL recorded no operating revenue during this quarter as December Umrah planned for the quarter was cancelled due to the COVID 19 pandemic and remained closed for customers during the whole quarter.

Gross Loss

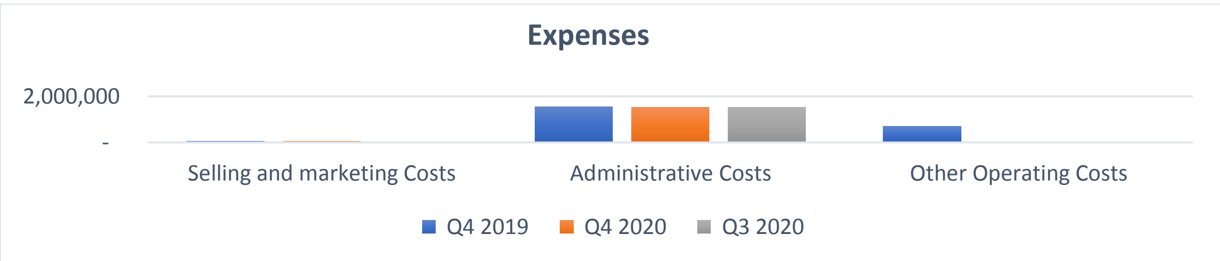
Q4 2019	Q4 2020	Q3 2020
-228	-12	Nil
Thousands in MVR	Thousands in MVR	

Although there was no operational revenue, the company has recorded cost of sales of MVR 12,782 in Q4 2020 which represent the cost incurred for March Umra which was cancelled.

Net loss

Q4 2019	Q4 2020	Q3 2020
-930	-276	-221
Thousands in MVR	Thousands in MVR	Thousands in MVR

The company made a net loss as the company did not generate any revenue. The below table shows the expenses of the company.



Total overheads show increase of 3% (MVR 52,976) compared to previous quarter. This mainly due to the recruitment of an Internal Auditor and the company becoming fully operational administratively during the last quarter of the 2020 after restrictions related pandemic were eased. In addition, year end entries that were passed that relate to previous quarters. 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. Based on the company's current pricing for Hajju, the company's losses increase during years which the company undertakes the Hajju compared to 2020 where company did not undertake Hajju activities. Therefore, it is important to reconsider the Hajju pricing and bring it to a sustainable level.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.0	2.5	2.2
TIME	TIME	TIMES

The current ratio of the company has improved in Q4 2020 compared to previous quarter. This is because current assets of the company recorded an increase of MVR 10.7 million, while current liabilities have declined. However, it must be noted that the increment of current assets is mainly from advance collected from customers.

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 1.9 worth of current assets to settle MVR 1 current liability

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.86	0.62	0.24
TIMES	TIMES	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 should be invested to earn returns from it.

The cash balance has increased by MVR 11 million compared to previous quarter, which has led the ratio to improve. It is also important to note that Hajj Corporation has loaned a short-term loan MOF, thus the cash balance of the company has reduced, and if the loan is considered cash ratio shall be at 1.77.

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 Q4 2020 as Umra planned for the quarter was cancelled due to the COVID 19 pandemic. The company should also consider the pricing of Hajju in order to manager the program more sustainably.

The short-term liquidity position of the company is not satisfactory as current liabilities exceed current assets. The current assets consist mainly prepayments made for Hajj and Umrah trips, cash balances and short term loan given to Ministry of Finance. Nevertheless, the cash balance has improved compared to previous quarter.

RECOMMENDATION

As the company is unable to generate any operational revenue due to cancellation of Umra, 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 4, 2020

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTERGRATED TOURISM DEVELOPMENT CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MITDC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
36	45	45
Thousands in MVR	Thousands in MVR	Thousands in MVR

The company has earned revenue from L.Baresdhoo Caretaking Agreement. The agreement was signed in November 2019; hence the amount of income is lower for Q4 2019. There are no other revenue generating activities during the three quarters in review.

Net Loss

Q4 2019	Q4 2020	Q3 2020
-21	-1.3	-1.2
Million in MVR	Million in MVR	Million in MVR

There are no significant changes in operating losses of Q4 2020 compared to previous quarter. The increment of 3% of operating losses is due to consultation expenses incurred for the start of two service agreements and travelling expenses. The significant loss in 2019 is due to impairment of receivables.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.02	0.03	0.01
TIMES	TIME	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.

Trade and othe receivables	Q4 2019 (MVR)	Q4 2020 (MVR)	Q3 2020 (MVR)
Accounts Receivable	44,570	82,387	66,487
Advance payments to Suplpliers	15,094,500	15,105,140	15,094,500
GST refundable	561,864	567,242	565,790
Allowance for impairment	(15,034,500)	(15,034,500)	(15,034,500)
Total	**666,434**	**720,269**	**692,277**

Among trade and other receivables, advance payments to suppliers is the major components of receivables and it represents 96% of receivables.

Cash Ratio

MITDC's cash ratio is significantly low and are in a high-risk position. The cash balance of the company stands at MVR 1.3 million, most of this reflects capital injection by the government. 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;

Q4 2019	Q4 2020	Q3 2020
0.01	0.02	0.006
TIMES	TIMES	TIMES

Trade and other payables	Q4 2019 (MVR)	Q4 2020 (MVR)	Q3 2020 (MVR)
Trade Payables	14,056,754	14,020,351	14,065,195
Accrued Expenses	22,498	532,123	11,053
Advance rent- Baresdhoo Rent Model	4,972,836	4,972,836	4,972,836
Advance rent- Baresdhoo LAC Model	26,985,000	26,985,000	26,985,000
Refund Payable	13,920,310	13,020,810	13,020,810
Accrued Interest	1,965,524	2,879,804	2,649,985
CSR Funds	1,921,887	1,921,887	1,921,887
Total	**63,844,809**	**64,332,811**	**63,626,766**

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 payables increased against previous quarter.

CONCLUSION

The company has earned revenue from L.Baresdhoo Caretaking Agreement. This agreement was signed in November 2019. The company has made a net loss of MVR 1.3 million in Q4 2020.

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

RECOMMENDATION

Current revenue of the company is insufficient to cover its operating expenses. The company should be working more actively to implement the business plan of the company. Further, managing operating expenses are also an important factor to reduce the loss of the company and so to its sustainability.

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 4, 2020

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION

MALDIVES MARKETING & PUBLIC RELATIONS CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MMPRC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
40.3	0.45	0.45
Million in MVR	Million in MVR	Million in MVR

MMPRC has only earned a revenue of MVR 448,896 from membership fee for the past two quarters. The revenue reduction compared to the same period of last year is over MVR 39 million. The revenue reduction is mainly due to reduction in government grant which is large component of company's income in other quarters. The company managed it's expenditure through accumulated cash in the previous quarters. During the last quarter of 2020, a total of 125 promotional activities were conducted. This includes 9 familiarization trips, 9 virtual fairs and 4 roadshows and other activities.

Due to covid-19 pandemic most of fairs got cancelled or postponed, hence there is no participation fee. Nevertheless, through the marketing activities the visibility of the Maldives as a destination continues to be prominent within the top markets.

Gross Profit/ (loss)

Q4 2019	Q4 2020	Q3 2020
18.7	-16.8	-4.60
Million in MVR	Million in MVR	Million in MVR

The gross loss of the company has significantly increased compared to previous quarter because of reduction in grant from government.

The cost of sales has increased by MVR 4.2 million compared to previous quarter while revenue remained same as previous quarter.

Net Profit/ (loss)

Q4 2019	Q4 2020	Q3 2020
16.1	-20.9	-8.08
Million in MVR	Million in MVR	Million in MVR

MMPRC has ended the last quarter of 2020 with a net loss of MVR 20.9 million, which is 159% higher than previous quarter. The administrative expenses of Q4 2020increased by MVR 3.4 million (20%) compared to the previous quarter and 54% compared to Q42019.

LIQUIDITY

Current ratio

Q4 2019	Q4 2020	Q3 2020
1.02	1.01	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 93% 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. the current ratio is stands at 3 after removing acquisition cost payables and receivables, which shows favorable liquidity position.

Cash ratio

Q4 2019	Q4 2020	Q3 2020
0.10	0.06	0.07
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 6% of company's current liabilities. Compared to previous quarter, the cash balance has reduced by MVR 16.9 million because of the reduction of cash flow from operation. 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. To shows a more realistic picture, we have calculated cash ratio excluding acquisition cost payable and the result is 0.9, which is an acceptable level.

The current liabilities of the company are trade and other payables, most of them are related to the corruption case being investigated. Therefore, it is unlikely that these amounts would be received unless these cases are resolved. The payables records an increment of MVR 10.9 million compared to previous quarter.

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 last quarter of 2020, a total of 125 promotional activities were conducted. This includes 9 familiarization trips, 9 virtual fairs and 4 roadshows and other activities. The operational revenue for the past two quarters was only from membership fee. MMPRC finished the quarter with a gross loss of MVR 20.9 million mainly due to reduction in grant from government

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

MMPRC is a nonprofit making company, as the company mandated to provide the service of promoting Maldives as the most preferred a tourist destination. Hence, considering the nature of the company it 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 4, 2020

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD

MALDIVES TRANSPORT AND CONTRACTING COMPANY LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MTCC/Q4

Q4 2020 with Q4 2019 and Q3 2020

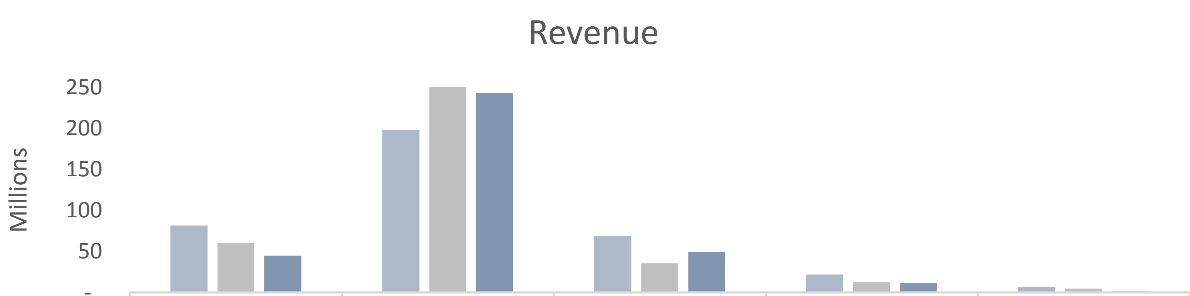
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
377	400	350
Million in MVR	Million in MVR	Million in MVR

MTCC has reported a revenue of MVR 400 million in Q4 2020 which is a growth of 6% compared to the same quarter of last year. Mahaa Jarrafu vessel was engaged in Centara project and revenue from this project was recognized in contracting segment. In addition during the fourth quarter of 2020, 52 projects were in progress and 11 projects were completed, while in Q4 2019 46 projects were in progress and only 5 projects were completed. Therefore, revenue from contracting segment increased by 45% in Q4 2020 compared to Q4 2019. When compared to Q3 2020 total revenue increased by 14% in Q4 2020. With the ease in Covid-19 restrictions Revenue was increased mainly from contracting segment which is a growth of 18% as in Q4 2020.

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



	Trading	Contracting	Dredging	Transport	Others
Q4 2019	81,784,971	197,986,030	68,695,026	21,889,899	6,952,343
Q4 2020	60,415,838	286,944,513	35,427,220	12,473,247	4,840,998
Q3 2020	44,951,116	242,903,567	49,133,618	12,038,237	1,155,266

As seen from the above chart compared to Q4 2019 revenue has dropped in Q4 2020 from trading, dredging, transport and others segment. Revenue from dredging segment decreased by 48% as Mahaa Jarraafu was engaged in centara projects during this period and revenue from this project is recognized in contracting segment. Revenue from trading segment decreased by 26% due to Covid-19 as demand for trading products decreased in Q4 2020 and revenue was high in Q4 2019 due to sale of XCMG machinery in the period. Revenue from transport segment decreased by 43% in Q4 2020 due to limited occupancy as the restrictions and regulations over public transport and gatherings from HPA. Revenue from other segments decreased by 30% due decrease in docking revenue because of the restrictions of Covid-19 in 2020. It has to be noted that compared to Q3 2020, revenue was only decreased from dredging segment which is a reduction of 28% in Q4 2020.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
86.1	112.0	86.1
Million in MVR	Million in	Million in MVR

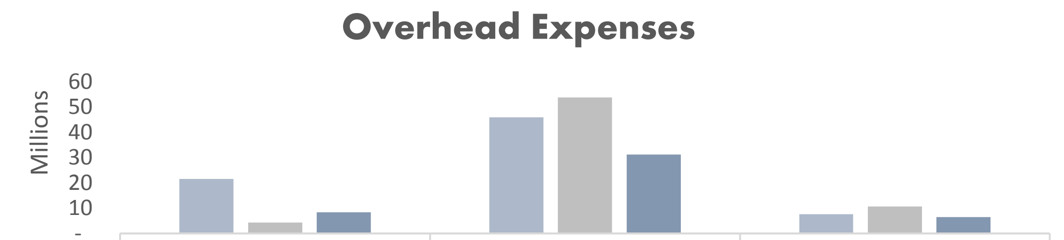
Company's direct costs increased by 9% in Q4 2020 compared to Q4 2019 due to increase in material supply to projects. Direct expenses includes materials and subcontract works in Q4 2020. Company has a slight reduction of 1% in direct costs in Q4 2020 compared to Q4 2019 as revenue from all the segments other than contracting was less in the fourth quarter of 2020. Company has reported a gross profit of MVR 112.0 million in Q4 2020 which is a growth of 30% compared to Q4 2019 and Q3 2020 as the company has generated a higher revenue in the fourth quarter of 2020. In Q4 2020 company's gross profit margin increased by 23% and 14% compared to Q4 2019 and Q3 2020 respectively.

Operating Profit

Q4 2019	Q4 2020	Q3 2020
50.8	77.2	69.7
Million in MVR	Million in MVR	Million in MVR

Although, the direct costs and overhead costs increase in the fourth quarter of 2020 compared to the last quarter, it has to be noted that company has a growth in operating profit mainly due to increase in revenue in Q4 2020. Operating profit increased by 52% in Q4 2020 compared to Q4 2019. In Q4 2020 overhead costs increased by 36% compared to Q3 2020. And, operating expenses increased by 11% in Q4 2020 compared to Q4 2019.

Below chart illustrates company's overhead expenses incurred within the quarters Q4 2019, Q4 2020 and Q3 2020.



	Selling and marketing Costs	Administrative Expnses	Other Expense
Q4 2019	21,543,812	45,896,834	7,538,045
Q4 2020	4,340,238	53,755,280	10,665,766
Q3 2020	8,309,293	31,216,453	6,440,279

Company's selling and marketing costs has decreased by 80% and 48% in Q4 2020 compared to Q4 2019 and Q3 2020 due to provision made for impairment on trade and other receivables, which was accounted considering the potential impact of Covid-19 and probability of recoverability of long overdue in Q4 2019. Administrative expenses increased in Q4 2020 by 17% and 72% compared to Q4 2019 and Q3 2020 respectively. This is due to increase in provision of retirement benefit by MVR 12 million and increase in utility expenses and increased in staff cost due to recruitment of new staffs in Q4 2020. Other overhead expenses increased in Q4 2020 by 41% and 66% compared to Q4 2019 and Q3 2020, mainly due to write-off of MVR 6.4 million from Gulhifalhu accommodation. Company's operating profit margin has marginally decreased by 1% in Q4 2020 compare to Q3 2020. However, operating profit margin increased by 6% in Q4 2020 compared to Q4 2019.

Net Profit

Q4 2019	Q4 2020	Q3 2020
31.9	53.4	51.2
Million in MVR	Million in MVR	Million in MVR

MTCC has performed well in both the quarters of Q4 2020 and Q3 2020. Company has generated a net profit of MVR 53.4 million in Q4 2020, which is a growth of 68% compared to Q4 2019. Company's net profit was increased by 4% in Q4 2020 compared to Q3 2020. In addition, company's net profit margin increased by 5% in Q4 2020 compared to Q4 2019 mainly due to increase in revenue in Q4 2020. However net profit margin decreased by 2% in Q4 2020 compared to Q3 2020.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.39	1.62	1.56
TIMES	TIMES	TIMES

Current ratio of the company has improved in both the quarters of Q4 2020 and Q3 2020 compared to the fourth quarter of 2019 resulting 1.62 times in Q4 2020. Company has more current assets compared to its liability which indicates that the company is able to pay its short term obligations with current assets. However, it has to be noted that company's current assets is mainly from trade receivables which is increasing in each quarter and in the fourth quarter of 2020 receivables covers 70% of its current assets. In Q4 2020 trade and other receivables increased by 16% and 2% compared to both the quarters of Q4 2019 and Q3 2020 due to increase in projects and improvements in progress rates in Q4 2020.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
1.1 TIMES	1.28 TIMES	1.2 TIMES

Company's quick ratio has increased in Q4 2020 by 21% and 6% in both the quarters of Q4 2019 and Q3 2020, resulting a quick ratio of 1.28 times in the fourth quarter of 2020. This indicates that the company is capable to cover its short term debts excluding inventories. Inventory of the company has increased in Q4 2020 by 4% compared to Q4 2019. However, compared to the last quarter inventory decreased by 3% in Q4 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.05 TIME	0.14 TIMES	0.11 TIMES

Cash ratio shows whether the company is capable to pay its short-term obligations through its cash. Company has a cash ratio of 0.14 times in Q4 2020 and it has increased in Q4 2020 compared to both the quarters. In Q4 2020 cash ratio has increased by 197% compared to Q4 2019 and compared to the last quarter cash ratio increased by 34% in Q4 2020. Company's cash and cash equivalent has increased in Q4 2020 by 205% and 33% respectively compared to both the quarters of Q4 2019 and Q3 2020. It is noted that company's operating cash flow was decreased in Q4 2020 by 8% compared to the previous quarter. However, with the proceeds from borrowings the cash position at the end of the quarter was improved by 25%. In addition, company's cash ratio has improved in Q4 2020 due to bank overdraft. When bank overdraft is included, cash and cash equivalent has increased in Q4 2020 by 201% and 63% compared to Q4 2019 and Q3 2020 respectively.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.55 TIMES	0.48 TIMES	0.49 TIMES

Debt to equity ratio illustrates the degree to which MTCC is financing its operations through debts. Higher debt to equity ratio indicates a company with higher risk. MTCC's debt to equity ratio has decreased in Q4 2020 by 12% compared to Q4 2019 and compared to Q3 2020 debt to equity ratio decreased by 2% in Q4 2020.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.25 TIMES	0.23 TIMES	0.23 TIMES

Debt to asset ratio defines the total amount of debts relative to its assets. The lower the debt to asset ratio indicates the less risky the company. MTCC's debt to asset ratio has decreased in Q4 2020 by 7% compared to Q4 2019. However, debt to asset ratio of Q4 2020 and Q3 2020 remain at same level. It has to be noted that the borrowings of the company has increased in Q4 2020 by 2% and 3% compared to both the quarters of Q4 2019 and Q3 2020 respectively.

Interest Cover Ratio

Q4 2019	Q4 2020	Q3 2020
5.36 TIMES	5.37 TIMES	7.33 TIMES

Interest cover ratio measures how many times MTCC can cover its current interest payment with its available earnings. Company's finance cost has increased in Q4 2020 by 52% and 51% compared to both the quarters of Q4 2019 and Q3 2020 due to loan restructuring and new borrowings for the purchase of new machineries and equipment for projects. MTCC's interest coverage ratio resulting 5.37 times indicating that the company have enough earnings to cover its interest payments. However, interest cover ratio has decreased in the fourth quarter of 2020 by 27% compared to the last quarter. A company's ability to meet its interest obligations is an aspect of its solvency and is thus a very important factor in the return for shareholders.

CONCLUSION & RECOMMENDATION

MTCC has reported a profit of MVR 53 million in the fourth quarter of 2020 and has continued to improve its revenue and profitability over the quarters. Revenue from most of the segments has decreased in Q4 2020 compared to Q4 2019 due to adverse effects of Covid 19. However, it has to be noted that revenue decreased only from dredging segment in Q4 2020 compared to the last quarter. Company can focus on minimizing direct cost and operating expenses in order to increase profitability as compared to the last quarter direct cost increased by 9% and operating expenses increased by 36% in Q4 2020.

MTCC's has more current assets compared to its liabilities and company's liquidity position shows favorable results. However, it has to be noted that company does not have enough cash to pay its short-term obligations and has high receivables which has been increasing in each quarter. Therefore, company should improve its credit collection policies and focus on receivables collection in order to improve cash flow.

MTCC's debt to equity ratio has decreased in Q4 2020 by 12% and 2% compared to both the quarters of Q4 2019 and Q3 2020. Company's leverage ratio shows a favorable result indicating company is less risky and is capable to cover their interest payments through their earnings. Company has high borrowings in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020.

Quarterly review; Quarter 4, 2020

MALDIVES TOURISM DEVELOPMENT CORPORATION

MALDIVES TOURISM DEVELOPMENT CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MTDC/Q4

Q4 2020 with Q4 2019 AND Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
17.3	14.5	13.6
Million in MVR	Million in MVR	Million in MVR

The company is engaged in subleasing islands allotted to the company by the Government of the Maldives for resort development, hence the only source of revenue is subleasing income. Company's portfolio of islands has remained same for the period in review. The reduction of revenue compared to previous year is due to application of new IFRS which has resulted in changes to the figure presented.

Gross Profit

Q4 2019	Q3 2020	Q2 2020
9.9	3.9	8.9
Million in MVR	Million in MVR	Million in MVR

The direct cost for the quarter has recorded a growth of MVR 5.9 million (130%) compared to previous quarter. As a result, the gross profit has significantly declined against Q3 2020.

Net profit

Q4 2019	Q4 2020	Q3 2020
5.9	14.3	4.1
Million in MVR	Million in MVR	Million in MVR

The company has recorded other income of MVR 20.2 million resulting a net profit growth of MVR 10.2 million. The other income represents gain on lease liability. The administrative expenses of the company has recorded a growth of MVR 3.1 million compared to Q3 2020 while provision for impairment on lease rental receivable remained same as previous quarter.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.32	1.61	2.32
TIMES	TIMES	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. The reduction in current ratio against previous quarter is due to increase of current liabilities by over MVR 22 million. The current liabilities of the company comprise of lease liability, other trade payables and BPT payable.

Nevertheless, the current ratio of the company is favorable since MTDC’s current assets are much greater than its current liabilities.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.32	0.15	0.08
TIMES	TIMES	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 improved as the company has resumed its normal lease collection from the month of October 2020 onwards. However, the cash ratio of the company shows that MTDC does not have enough to cash to cover its liabilities. MTDC has invested in fixed deposit amounting to MVR 46.4 million at the end of Q4 2020. The cash ratio including the fixed deposit stands at 0.80.

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. Although, the cash ratio of the company is lower than an acceptable level, with the inclusion of fixed deposit the ratio comes close to 1.

RECOMMENDATION

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

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

Quarterly review; Quarter 4, 2020

MALE' WATER AND SEWERAGE COMPANY PVT LTD

MALE' WATER AND SEWERAGE COMPANY PVT LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MWSC/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

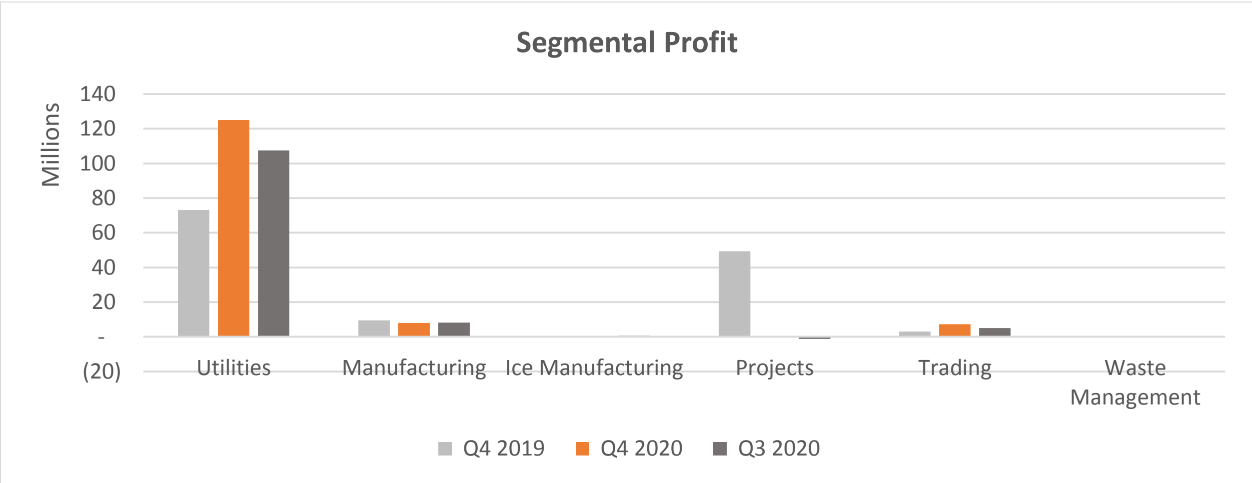
Q4 2019	Q4 2020	Q3 2020
219	225	200
Million in MVR	Million in MVR	Million in MVR

MWSC has reported a revenue of MVR 225 million for the last quarter of 2020, which is 13% and 3% higher compared to previous quarter and Q4 2019 respectively. The growth was mainly contributed by the core business segment i.e., utilities, this segment shows increment of MVR 24.4 million compared to previous quarter. In addition, trading and manufacturing segment has also recorded growth against previous quarter.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
134	139	119
Million in MVR	Million in MVR	Million in MVR

The gross profit of the company has improved by 17% and 4% compared to previous quarter and Q4 2019. Thus, gross profit margin has also improved to 62% from 60% in Q3 2020 and 61% in Q4 2019. The following table illustrates the segmental gross profits.



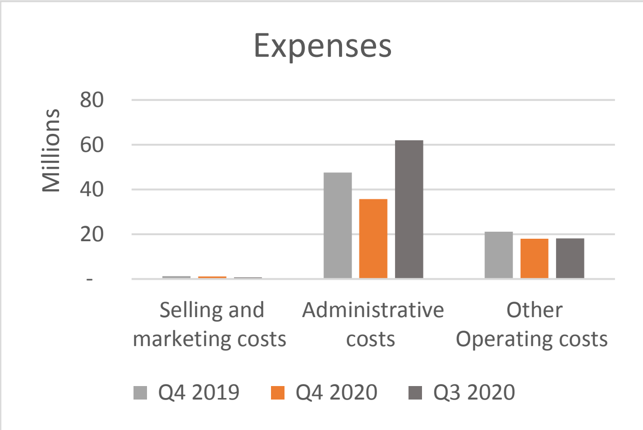
Utilities, manufacturing and trading segment made a gross profit for the quarter. On the other hand, ice manufacturing, projects and waste management made a loss for Q4 2020. Utilities and trading segment has achieved a notable gross profit growth in Q4 2020 against previous quarter.

Net Profit

Q4 2019	Q4 2020	Q3 2020
52	85	41
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly improved compared to other two quarters owing to the significant increase in revenue together with reduced overheads. As a result, the net profit margin has improved to 38% while it was 21% in previous quarter and 24% in the same period of last year.

Expenses



Administrative expenses have reduced from MVR 62 million in Q3 2020 to MVR 35 million in Q4 2020. The significant reductions were recorded in Salaries (MVR 10.1 million). Higher salaries and bonus expenses in previous quarter is due to issue of bonus. In addition, rent expenses and freight and duty expense has also declined against previous quarter.

In comparison to the same period of last year, expenses has reduced from the three categories as well.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.30	1.31	1.27
TIME	TIMES	TIMES

The current ratio of the company has improved in Q4 2020, although the current assets of the company has declined. This is because company's current liabilities have declined much higher than current assets. The majority of current assets comprise of inventory, trade receivables 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 11.9 million against previous quarter

The most significant current liability of the company is dividend payable which represents 83% of current liabilities. However dividends payable has declined in Q4 2020 by MVR 38.8 million due to payment of 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

Q4 2019	Q4 2020	Q3 2020
0.90	0.94	0.91
TIMES	TIMES	TIMES

Quick ratio shows company's availability of most liquid assets to service current liabilities. Quick ratio of the company has dropped below 1, indicating the liabilities are more than total assets after excluding inventory. The ratio has improved against previous quarter because inventory has declined in Q4 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.32	0.39	0.30
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. The cash balance of the company shows increment of MVR 60.7 million compared to previous quarter, hence cash ratio has improved. The improvement in the ratio was also contributed by the fall in current liabilities. Considering the level of operation, the company is maintaining a strong cash balance. During Q3 2020, the company has invested MVR 20 million in Property plant and Equipment and repaid MVR 15.2 million loans and borrowings.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.13	0.11	0.12
TIMES	TIMES	TIMES

Company's debt levels remain relatively low with adequate cash generated from operating activities. Therefore, the company still has ample space to raise debt from banks and expand the business if the need arises. Total debts of the company have reduced in Q4 2020, while equity has improved. Hence the ratio has improved. MWSC is using a relatively low debts to finance its operations, hence financial risk of the company is very low.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.08	0.07	0.07
TIMES	TIMES	TIMES

There were no additional borrowings in the quarter, and MWSC has repaid MVR 15.2 million loans in Q4 2020. However, the ratio remained unchanged because total assets of the company has increased. The company has space to raise further debt to expand business.

CONCLUSION

The performance of the company has improved in Q4 2020 in terms of revenue and profitability. Total revenue shows increase of over MVR 25.2 million and net profit has increased by over MVR 44 million against previous quarter.

The short-term liquidity position of the company has improved in Q4 2020. The company holds enough current assets and the current liabilities of the company has declined. 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 have capacity to invest in future projects as the company has a huge reserve. It is also important for the company to focus on finishing the on-going projects.

RECOMMENDATION

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

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

Quarterly review; Quarter 4, 2020

MALDIVES PORTS LIMITED

MALDIVES PORTS LIMITED
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MPL/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
194.3	132.4	142.3
Million in MVR	Million in MVR	Million in MVR

The company has reported a total revenue of MVR 132.4 million for the last quarter of 2020, which is a reduction of 32% and 7% compared to Q4 2019 and Q3 2020 respectively.

Operational Income	Q4 2019	Q4 2020	Q3 2020
Handling	28,889,019	20,191,246	18,949,261
Wharfage	17,768,518	12,781,255	11,464,224
Stevedoring	67,069,333	39,676,586	54,292,773
Storage/Demurage	10,051,257	3,566,130	9,539,774
Empty Container Storage	6,246,991	5,154,472	2,935,988
H-Pontoon Service Charges	87,335	82,902	105,955
Shifting	11,448	4,547	30,560
Sorting of Mixmark	57,538	49,586	42,958
Measuring Charges	72,213	111,034	68,058
Lashing / Unlashing	457,068	399,545	438,622
Pilotage	2,550,267	5,238,631	3,620,943
Berthing/Quaywall	2,496,608	1,739,148	2,055,619
Port Dues	344,771	893,695	369,651
Express Clearance Charges	2,170,352	1,135,734	1,013,150
Vessel & Vehicle HireCharges	1,556,630	3,500,212	1,243,546
Cargo Gear Hire Charges	113	2,488	347
Documents Amendment Charges	169,500	63,264	81,368
Electricity Charges	4,455,699	2,639,780	4,786,639
Water Sale	46,409	20,407	43,132
Container Movement Charges	467,539	301,725	411,525
Hulhumale Income	17,454,178	6,592,332	4,352,462
Bond Income	8,060,337	8,448,826	11,748,311
T- Jetty Income	8,596,074	5,817,248	3,717,784
STL Income	2,781,841	1,833,393	1,549,514
MNH	1,325,582	1,378,111	1,292,023
MIP	-	11,672	2,143,287
MRTD	5,393,890	2,991,607	207,833
TLF		44,901	
HTL	50,566	12,250	10,043
Total	**188,631,076**	**124,682,727**	**136,515,350**

The table shows company's operation or the three quarters in review. Revenues from vessel & vehicle hire charges, hulhumlae income, empty container storage, T-Jetty income, handling, wharf age and pilotage has significantly improved compared to previous quarter.

On the other hand, stevedoring revenue has dropped by over MVR 14.6 million against previous quarter as number of cargos handled in the quarter has reduced. In addition revenue from storage/demurrage, bond income, electricity charges, MIP and HTL revenue has also declined compared to previous quarter.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
154	133	114
Million in MVR	Million in MVR	Million in

In Q4 2020, the company has not recorded any cost of sales, hence total revenue is equal to gross profit. For comparison purpose, the gross profit is calculated for Q4 2020 by deducting operational costs and the result is MVR 110 million which is a reduction of 4% compared to previous quarter. This is because of fall in revenue. The operational costs (recognized as cost of sales in other quarters) has reduced by a higher rate than revenue. Hence, gross profit margin has improved in Q4 2020 to 83% from 81% in previous quarter and 80% in Q4 2019.

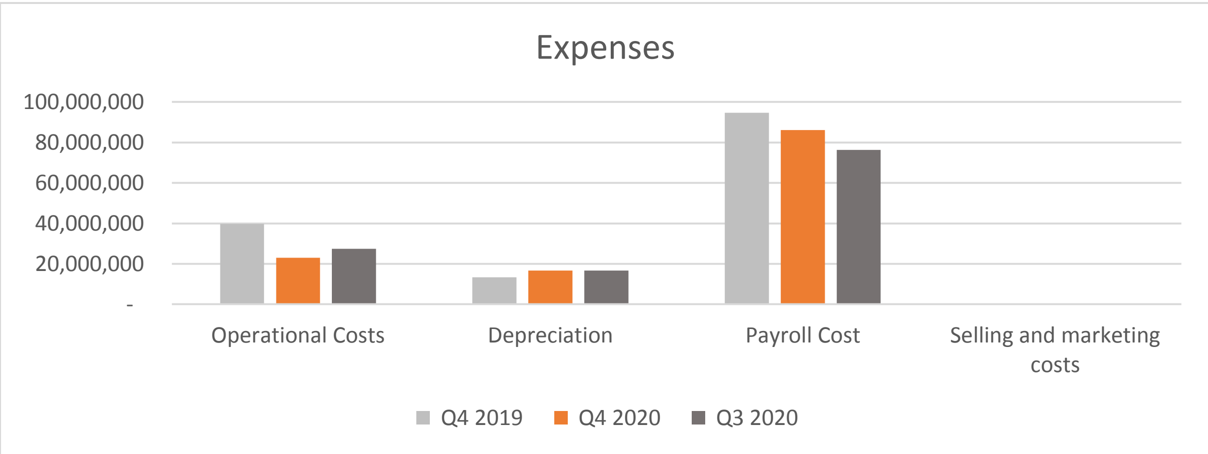
Net Profit

Q4 2019	Q4 2020	Q3 2020
37.2	2.66	12.5
Million in MVR	Million in MVR	Million in MVR

The net profit of the company has significantly reduced because of fall in revenue and increase in total expenses of the company. While revenue reduced by 6%, expense of the company has increased by 11% compared to previous quarter (excluding operational costs). As a result, net profit margin has declined from 9% in Q3 2020 and 19% in Q4 2019 to 2% in Q4 2020.

Expenses

As in Q4 2020, all expenses are recorded under overheads, the cost of sales of other quarters is also included as overheads for comparison purpose. Total expenses for Q4 2020 stands at MVR 125.8 million (Q3 2020: MVR 120 million and Q4 2019: MVR 148 million). It has to be noted that expense expenses of the company has increased while revenue reduced in Q4 2020.



Payroll costs of the company has increased from MVR 76 million to MVR 86 million in Q4 2020 compared to previous quarter. The increment is mainly due to bonus paid in Q4 2020 and increase in sick leave allowance and performance allowance. On the hand, operational expense has reduced by MVR 4.3 million and depreciation expenses remained constant as previous year.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
2.44 TIMES	2.06 TIMES	1.97 TIMES

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

Compared to previous quarter, the improvement in current ratio reflects increase in current assets and decline in current liabilities. The most significant component of current assets is inventory due to inclusion of Social Housing (Hiya) project. Current ratio of the company excluding the Hiya project is also satisfactory as it stands at 1.1. Provision on inventory is also quite high which is aging of inventory of more than 5 years.

The trade and other receivables has declined by MVR 3.8 million compared to previous quarter. The receivables of PORTS are quite high as it is 135% of sales (Q4 2020) and 24% current assets. Receivables are mainly from Government Institutes and the regional ports of HPL and KPL.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
1.09 TIMES	0.79 TIMES	0.80 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 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

Q4 2019	Q4 2020	Q3 2020
0.18 TIMES	0.11 TIMES	0.30 TIMES

The ratio has significantly declined because cash balance has dropped by MVR 73.5 million compared to previous quarter.

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

LEVARAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.40	0.38	0.38
TIMES	TIMES	TIMES

Debt to equity ratio has remained same as previous quarter. The loans and borrowings as well as equity has increased at relatively same level. Nevertheless, the company's debt to equity is satisfactory in terms of financial risk.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.24	0.22	0.22
TIMES	TIMES	TIMES

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

Debt Capitalization

Q4 2019	Q4 2020	Q3 2020
28%	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

Q4 2019	Q4 2020	Q3 2020
17.3	1.7	2.6
TIMES	TIMES	TIMES

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

CONCLUSION

The company’s performance for Q4 2020 has declined in terms of revenue and profitability compared to the previous quarter and the same period of last year. The total revenue of the company has shown a reduction of MVR 9.9 million and net profit decreased by MVR 9.8 million compared to previous quarter.

In terms of short-term liquidity position, the company’s liquidity position is at a satisfactory level being able to meet the short-term obligations. However, it must be noted that the largest components of current assets are inventory 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 fall in cash balance of the company. However, considering the level of operation, cash balance is strong.

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

RECOMMENDATION

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 4, 2020

MALDIVES POST LTD

MALDIVES POST LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/POST/Q4

Q4 2020 with Q3 2020

PROFITABILITY

Revenue

Q4 2020	Q3 2020
5.06	2.62
Million in MVR	Million in MVR

Post limited has recorded a revenue of MVR 5.06 million, an increment of 93% (MVR 2.4 million) compared to previous quarter. The major revenue segment of the company is terminal dues which has recorded the highest growth.

Below chart illustrates how Post Limited generated revenue from each segment for both the quarters in review.

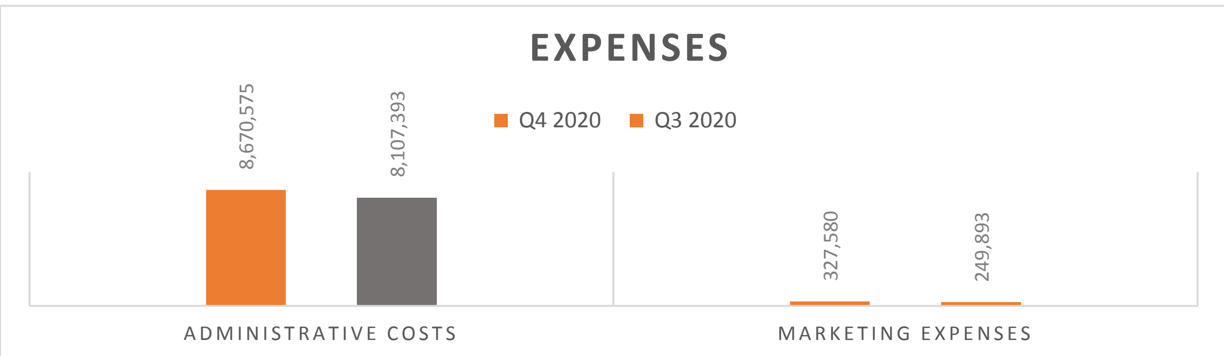
Revenue	Q4 2020	Q3 2020
Sales from postage and stamp sales	409,272	250,659
Commission Income	12,428	10,165
Terminal Dues, EMS & Parcel Post Income	4,367,176	2,008,359
E-commerce	237,638	336,815
Post Shop	33,771	17,322
Total	**5,060,285**	**2,623,319**

As shown from the above table, all the revenue segments of post limited has improved in Q4 2020 against previous quarter.

Operating Profit / (Loss)

Q4 2020	Q3 2020
(3.57)	(5.02)
Million in MVR	Million in MVR

The operating loss of the company has decreased by 29% in the fourth quarter of 2020 compared to the previous quarter. This is mainly due to increase in revenue. However, it is noted that in Q4 2020 company's direct costs has increased by MVR 170,530 and company's overhead expenses has also increased by MVR 640,869 compared to the last quarter.



The operational expenses of the company exceed company's operational revenue for the quarter. Total operational expenses stand at MVR 8.9 million while revenue for the quarter is MVR 5.1 million. The major expenses of the company are staff related costs. Among administrative expenses, land and building rent records a growth of 10% because rent of new pikpost was raised from October 2020. In addition, repair & maintenance expenses increased due to AC maintenance. Software maintenance expenses also increased due to processing of new anti-virus solution in Q4 2020 as well as Pikpost Stations annual fee.

Net Profit/loss

Q4 2020	Q3 2020
(3.47)	(4.91)
Million in MVR	Million in MVR

Post limited made a net loss of MVR 3.4million 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

Q4 2020	Q3 2020
1.12	1.16
TIME	TIMES

Company's current ratio has decreased in the fourth 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 that84% of current assets is from trade and other receivables and also receivables at the end of the quarter is higher than the company's revenue for the period. In addition, receivables have increased in Q4 2020 by 6.1% compared to Q3 2020. Therefore, company should focus on its receivables collection.

Cash Ratio

Q4 2020	Q3 2020
0.17	0.28
TIME	TIME

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 0.17 times in Q4 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 the company has decreased in Q4 2020 by 39% compared to Q3 2020 mainly as a result of negative cash flow from operation during fourth quarter of 2020

CONCLUSION & RECOMMENDATION

Post limited has generated higher revenue in Q4 2020 compared to the last quarter however, it is noted that company has ended the quarter with a loss of MVR 3.4 million. Major revenue streams of the company were affected due to the limited transportation networks and option available for transportation of posts. Company needs to minimize costs and implement more ways to generate revenue in order to get minimize losses. 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 4, 2020

MALDIVES SPORTS CORPORATION LTD

MALDIVES SPORTS CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/MSCL/Q4

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
0.34	1.27	2.91
Million in MVR	Million in MVR	Million in MVR

Company has reported an increase in revenue of by MVR 0.9 million in Q4 2020 compared to the same quarter of last year. However, revenue decreased by 56% in Q4 2020 compared to the last quarter. It has to be noted that the company does not have any ongoing project in the fourth quarter of 2020.

Gross Profit

Q4 2019	Q4 2020	Q4 2020
0.07	1.18	0.94
Million in MVR	Million in MVR	Million in MVR

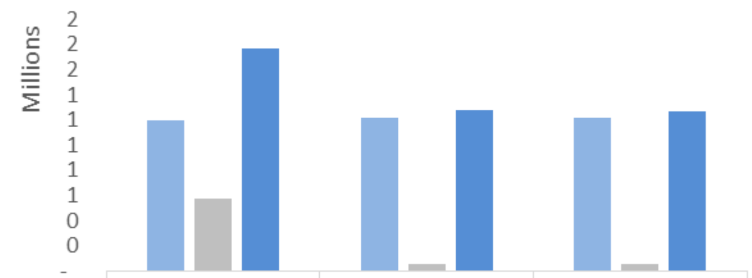
Company's direct costs has decreased in Q4 2020 by 68% compared to Q4 2019 which leads to increase in gross profit resulting MVR 1.18 millio in Q4 2020. Likewise, gross profit increased by 27% in Q4 2020 compared to Q3 2020 due to decrease in direct costs by 96% in Q4 2020 compared to Q3 2020.

Net Loss

Q4 2019	Q4 2020	Q4 2020
-1.45	-0.09	-0.34
Million in MVR	Million in MVR	Million in MVR

Although, company has received government grant in Q4 2019, company's net loss has decreased in Q4 2020 by 94% as a result of increase in revenue and decrease in overhaed costs in the fouth quarter of 2020. The total overhead costs has decreased in Q4 2020 by 28% compared to Q4 2019. When compared to Q3 2020, company's net loss decreased by 73% due to increase in revenue by 27% in Q4 2020.

Below chart shows how the company's overhead expenses incurred in the three quarters of Q4 2019, Q4 2020 and Q3 2020.



	Q4 2019	Q4 2020	Q3 2020
Personnel expenses	1,194,387	1,220,971	1,214,641
Operating exp/Admin	571,374	54,296	56,486
Total	1,765,761	1,275,267	1,271,127

As seen from the chart above, company's personnel expenses increased by 2% and 1% in Q4 2020 compared to both the quareters of Q4 2019 and Q3 2020 respectively mainly due to increase in staffs. However, company's operating expenses has decreased significantly in Q4 2020 which leads to decrease in average overhead costs in the quarter. Operating expenses decreased by 90% and 4% in Q4 2020 compared to Q4 2019 and Q3 2020 respectively.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.9	7.9	2.2
TIMES	TIMES	TIMES

MSCL's current ratio has increased significantly in Q4 2020 compared to both the quarter of Q4 2019 and Q3 2020 resulting 7.9 times. Company has higher current assets compared to its current liabilities. Current assets has decreased in Q4 2020 by 35% compared to Q4 2019 mainly due to decrease in cash and cash equivalent. It must be noted that cash and cash equivalent in Q4 2019 reflects the capital injection by the share holder and advance collected from customer. However, current assets increased by 140% in Q4 2020 compared to Q3 2020 due to increase in cash and cash equivalent by 154%. Cash and cash equivalent increased through revenue generation from operation along with additional capital from government in Q4 2020. Current liabilities of the company has decreased in Q4 2020 by 87% and 33% compared to both the quarters of Q4 2019 and Q3 2020. Current liability decreased in Q4 2020 compared to Q4 2019 as advance and deposits of MVR 1.2 million reported in Q4 2019.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
1.9	7.7	2.1
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. Company's quick ratio has increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 resulting 7.7 times. Company has less liabilities compared to its current assets excluding their inventories, indicating that the company is capable to meet its short-term obligations with its most liquid assets.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
1.8	7.6	2.0
TIMES	TIMES	TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Company's cash ratio increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 resulting 7.6 times. However, it is noted that cash balance reflects the capital injected by the government.

Operational Highlights and Ongoing Projects

- Signed MOU with HDC to collaborate on sports infrastructure development.
- Signed MOU with Ungoofaaru and Naifaru Council to collaborate on sports infrastructure development.
- Business concept and financial feasibility for following projects were shared with Ministry of Finance for capital requisition.
  - Naifaru Volleyball Court Development Project
  - Ungoofaaru Football Stadium Development Project
  - Retail Store Development Project
  - Sports Corporation Head office Development Project
  - Water and Air Sports Development Project

CONCLUSION & RECOMMENDATION

SportsCo since inception has made numerous efforts to obtain the assets (land and facilities) granted to the company by the Sports Act. MSCL has generated a higher revenue of MVR 1.3 million in the fourth quarter of 2020. In addition, company's net loss has decreased by MVR 1.36 million. However, personnel expenses has increased by 2% in Q4 2020 compared to Q4 2019 mainly due to increase in staffs. Company should focus on reducing personnel costs as this costs remain very high compared to the level of business operations being undertaken.

Although the company has higher current assets compared to its current liability and their short-term ratios show a favorable liquidity position, company is not capable to pay its short-term obligations through their operational funds.

No projects were undertaken by the MSCL in Q4 2020.

MSCL must formulate strategies and business plans to create a self-sustainable business model which could remedy the issue of going concern. Implementation of plan is equally important, as such company must formulate operational plans and other means to ensure objectives are being achieved in the period.

Efficient management of operational expenses is equally important since, company is still struggling to meet its short term operational expenses.

Quarterly review; Quarter 4, 2020

PUBLIC SERVICE MEDIA

PUBLIC SERVICE MEDIA
Q4 2020 PERFORMANCE ANALYSIS

Report No: Report No: PEM/2020/PSM/Q4

Q4 2020 with Q34 2019 and Q4 2020

PROFITABILITY

Revenue

Q4 2019
50
Million in MVR

Q4 2020
25
Million in MVR

Q3 2020
24
Million in MVR

PSM's revenue has decreased by 50% in the fourth quarter of 2020 compared to the same quarter of last year due to decrease in government aid by 54% and due to the impact of covid-19 restrictions revenue from most of the segments decreased by 32%. However, in the fourth quarter of 2020 with the ease of covid-19 restrictions total revenue increased by 4% compared to the last quarter. Below table illustrates how PSM has generated revenue within the quarters of Q4 2019, Q4 2020 and Q3 2020.

Revenue	Q4 2019	Q4 2020	Q3 2020
Airtime	563,350	135,645	138,225
Advertisement	1,940,411	1,328,872	1,058,835
Announcement	461,580	580,000	337,590
Program Sponsorship	2,256,398	1,401,361	1,288,934
News Sponsorship	649,779	1,017,483	342,599
Video Link	227,540	-	1,800
Other Income	227,877	-	-
Archive Materials	53,853	13,942	8,491
Rentals	22,300	24,520	5,795
SMS income	15,469	14,423	32,839
Production Income	182,640	141,052	39,040
Training Income	292,017	33,450	38,400
Cable TV Income	83,933	87,368	87,368
Total Revenue Generated	**6,977,147**	**4,778,116**	**3,379,916**
Government grant/Aid	43,001,401	19,966,667	20,000,000
Government Aid	-	162,289	490,626
Total	**49,978,548**	**24,907,072**	**23,870,542**

As seen from the table compared to the fourth quarter of 2019 PSM's revenue decreased from most of the segments in the fourth quarter of 2020. Revenue from; airtime decreased by 76%, advertisement decreased by 32% program sponsorship decreased by 38%, archive materials decreased by 74%, sms income decreased by 7%, production income decreased by 23%, training income 89%. PSM did not generate any revenue from video link and

Gross Profit/ (Loss)

Q4 2019
30
Million in MVR

Q4 2020
11
Million in MVR

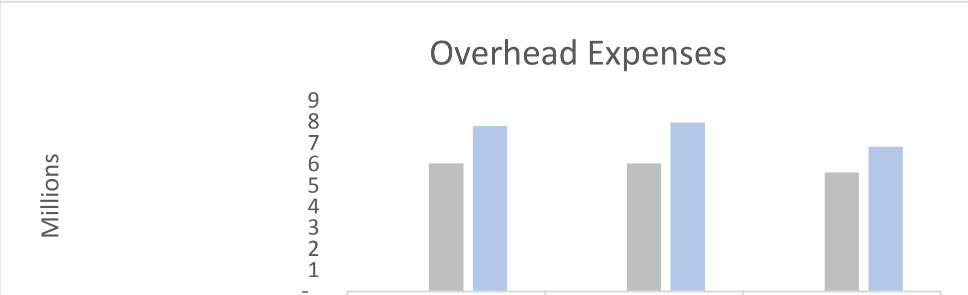
Q3 2020
9
Million in MVR

PSM's gross profit has decreased by 64% in the fourth quarter of 2020 compared to the same quarter of last year due to decrease in revenue in Q4 2020. However, company was able to increase gross profit by 22% in Q4 2020 compared to the last quarter. Company has managed to decrease the direct costs by 29% and 6% in the fourth quarter of 2020 compared to both the quarters of Q4 2019 and Q3 2020.

Net Profit/ (loss)

Q4 2019	Q4 2020	Q3 2020
16.5	-3.0	-3.4
Million in MVR	Million in MVR	Million in MVR

With the decline in the revenue of the company, PSM has faced huge loss in both the quarters of MVR 3 million in Q4 2020 and MVR 3.4 million in Q3 2020 due to decrease in revenue. Compared to Q3 2020, company has able to decrease the loss by 11% in Q4 2020. Compared to the revenue generated in Q4 2020, company has high overhead expenses of MVR 6 million in administrative costs and MVR 7.9 million in other operating costs. Below chart illustrates company’s overhead expenses for the quarters of Q4 2019, Q4 2020 and Q3 2020.



	Q4 2019	Q4 2020	Q3 2020
Selling and marketing Costs	580	-	-
Administrative Costs	6,041,224	6,035,294	5,615,376
Other Operating Costs	7,801,783	7,974,579	6,822,915

As seen from the above chart, administrative costs increased by 7% in Q4 2020 compared to the last quarter. No significant variance on administrative costs in both the quarters of Q4 2019 and Q4 2020. However, other operating costs was increased in Q4 2020 by 2% and 17% compared to both the quarters of Q4 2019 and Q3 2020.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.19	0.11	0.17
TIME	TIMES	TIMES

PSM’s current ratio decreased in Q4 2020 by 40% and 35% compared to both the quarters of Q4 2019 and Q3 2020. Company has less current assets compared to its current liabilities which indicated that the company is not able to meet the short-term obligations with its current assets. It is noted that trade and other receivables of the company decreased in Q4 2020 by

32% in both the quarters of Q4 2019 and Q3 2020 similarly. In addition, company's current liabilities increased in Q4 2020 by 7% and 1% compared to both the quarters of Q4 2019 and Q3 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.010	-0.002	0.005
TIMES	TIMES	TIMES

Cash ratio shows whether the company is able to cover its short term obligations using only cash and cash equivalents. The results of cash ratio of the company shows the shortfall to cover the company's short-term obligations. Meaning insufficient cash in had to pay short-term debts. It is noted that the company is unable to generate enough revenue to meet its daily obligations.

LEVARAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
0.18	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
TIME	TIME	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

PSM experienced a huge loss of MVR 3 million at the end of the fourth quarter 2020 due to the global pandemic covid-19. However, with the ease of covid-19 restrictions company was able to improve revenue by 4% and generated a revenue of MVR 25 million including government grant of MVR 20 million. However, compared to the last quarter, net loss has decreased by 11% in Q4 2020 mainly due to decrease in revenue. In addition, company has high overhead expenses of MVR 14 million compared to the revenue generated in Q4 2020. Therefore, it is important to plan and implement new ways to generate more revenue.

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

Quarterly review; Quarter 4, 2020

ROAD DEVELOPMENT CORPORATION LTD

ROAD DEVELOPMENT CORPORATION LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/RDC/Q4

Q4 2019 with Q4 2020 and Q3 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

Q4 2019	Q4 2020	Q3 2020
NIL	18.6	4.07
Million in MVR	Million in MVR	Million in MVR

RDC has not generated any revenue in the fourth quarter of 2019 since it was the inception period. However, in the fourth quarter of 2020 RDC was able to generate significant revenue of MVR 18.6 million. Revenue of the company was increased in Q4 2020 by 358% compared to the last quarter. Below table illustrates how RDC generated revenue in both the quarters of Q4 2020 and Q32020

Revenue	Q4 2020	Q3 2020
Project Revenues	9,041,130	2,570,862
Product Sales	2,717,342	656,993
Labour Management Facility	6,882,214	840,322
Total Revenue	**18,640,686**	**4,068,177**

As seen from the table RDC has generated revenue mostly from project revenues which covers 49% total revenue. Project revenue increased in Q4 2020 by 252% compared to Q3 2020 as projects progressed during the fourth quarter of 2020. Product sales increased in Q4 2020 by 314% compared to Q3 2020 due to recovery of construction industry in Q4 2020. In addition, revenue from labour management facility was also increased in Q4 2020 due to demand, expat accommodation was increased in Q4 2020.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
NIL	8.1	1.3
Million in MVR	Million in MVR	Million in MVR

RDC's gross profit was increased in Q4 2020 by 284% compared to the last quarter mainly due to increase in revenue in the fourth quarter of 2020. Company did not generate any revenue and does not incurred any direct costs in the fourth quarter of 2019 hence, no gross profit for the quarter. Direct costs of the company increased in Q4 2020 compared to the last quarter by 513% due to increase in project and production related costs. With the growth of revenue and gross profit of the company, gross profit margin increased by 11% in Q4 2020 compared to the last quarter.

Operating Profit

Q4 2019	Q4 2020	Q3 2020
-1.6	-13.3	-9.3
Million in MVR	Million in MVR	Million in MVR

Although the company increased revenue and gross profit, the company incurred significant loss of MVR 13.3 million at the end of the fourth quarter 2020. Company's operating loss increased in Q4 2020 compared to Q4 2019 by 758% mainly due to increase in administrative costs in Q4 2020. Compared to the last quarter, operating loss was increased in Q4 2020 by 43%. It is noted that compared to the same quarter of last year staff costs was increased by MVR 15 million in Q4 2020 which is 1142%. Compared to the last quarter, company's staff costs was increased in Q4 2020 by 76% which is MVR 7.2 million. This is due to increase in new project company hired new staffs in the fourth quarter of 2020.

Net Profit

Q4 2019	Q4 2020	Q3 2020
-1.6	-13.5	-9.3
Million in MVR	Million in MVR	Million in MVR

Although, the company has growth in revenue, RDC has a net loss of MVR 13.5 due to high operational expenses in the fourth quarter of 2020. Below table shows how RDC's operational expenses incurred for the quarters of Q4 2019, Q4 2020 and Q3 2020.

Operating expenses	Q4 2019	Q4 2020	Q3 2020
Selling and Marketing Costs	-	292,167	47,711
Administartive Expenses	1,550,874	21,105,765	10,555,100
Total Revenue	**1,550,874**	**21,397,932**	**10,602,811**

Administrative costs were the main operating expenses of the company and it increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 776% and 93% due to increase in staffs with the increase in projects of the company.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.87	0.58	0.72
Million in MVR	Million in MVR	Million in MVR

Current ratio of above 2 is normally considered as ideal; however, RDC's current ratio of 0.58 times in Q4 2020 indicates that the company is not capable to pay off its short-term obligations with its current assets. Current ratio of the company decreased in Q4 2020 by 33% and 19% compared to both the quarters of Q4 2019 and Q3 2020 as the company has less current assets compared to its current liabilities in Q4 2020. Current assets of the company increased in Q4 2020 compared to Q4

2019. However, current assets were decreased in Q4 2020 compared to Q3 2020. Below table shows the current assets of the company for the quarters of Q4 2019, Q4 2020 and Q3 2020.

Current assets	Q4 2019	Q4 2020	Q3 2020
Inventories	-	13,109,180	4,189,745
Trade and other receivables	347,652	36,650,126	50,229,502
Cash and cash equivalents	90,829	2,795,563	2,169,756
Total current assets	**438,481**	**52,554,869**	**56,589,003**

As seen from the table RDC's inventory was increased in Q4 2020 due to high production volume and materials procured for the projects in Q4 2020. Company's trade and other receivables increased in Q4 2020 due to increase in receivables from government entities at the end of the fourth quarter of 2020. However, compared to Q4 2020 trade and other receivables decreased in Q4 2020 by 27% due to receivable of pending payments during 2020. In addition, cash and cash equivalents was increased in Q4 2020 compared to both the quarters of 4 2019 and Q3 2020. It is also important to note that company's current liabilities were increase in each quarter. Below table shows the current liabilities for the quarters of Q4 2019, Q4 2020 and Q3 2020.

Quick Ratio

Q4 2019
0.87
Million in MVR

Q4 2020
0.44
Million in MVR

Q3 2020
0.67
Million in MVR

Quick ratio of a company shows short-term liquidity position and ability to meet its short-term obligations with its most liquid assets i.e. excluding inventories. RDC's quick ratio results 0.44 times in Q4 2020 indicate that the company is not capable to meet its short-term liabilities with its most liquid assets. Quick ratio of the company was decreased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 50% and 34%.

Cash Ratio

Q4 2019
0.18
Million in MVR

Q4 2020
0.03
Million in MVR

Q3 2020
0.03
Million in MVR

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. Company's cash ratio resulting 0.03 times in Q4 2020 indicate that the company was not able to pay –off its short-term liabilities with its cash balance. Cash ratio of the company was decreased by 83% in Q4 2020 compared to Q4 2019. RDC's Cash ratio has decreased by 55% in Q3 2020 compared to Q2 2020 resulting 0.03 times in Q3 2020. It is important to note that current liability of the company was increasing in each quarter. 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

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

With the ease of Covid-19 pandemic company was able to improve the operations and has generated a revenue of MVR 18.6 million. Revenue of the company was improved in Q4 2020 by 358% compared to the last quarter. Direct costs of the company was increased in Q4 2020 by 284% compared to the last quarter due to project and production related costs was incurred during the fourth quarter of 2020. Hence, company has generated a gross profit of MVR 8 million in Q4 2020 and gross profit was increased in Q4 2020 by 513% compared to the last quarter.

RDC has faced a huge loss of MVR 13.5 million at the end of the fourth quarter of 2020 due to high overhead costs incurred in Q4 2020. Company's overhead cost was MVR 21.4 million at the end of the fourth quarter of 2020. Overhead costs of the company was increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 due to increase in staff cost with the increase in the projects in the fourth quarter of 2020. In Q4 2020, staff costs increased by MVR 15 million compared to the same quarter of 2020 which is 1142%. Compared to the last quarter staff costs increased by MVR 7.2 million in Q4 2020 which is 76%. Therefore, RDC should focus on the areas where the administrative costs can be reduced in order to reduce the loss which is increasing each quarter.

RDC's liquidity position shows unfavorable results in terms of current ratio, quick ratio and cash ratio. Company has less current assets compare to its current liabilities and it shows the inability of the company to pay off its-short term obligations with current assets. It is important to note that company has 90.4 million in current liabilities at the end of the fourth quarter. Therefore, RDC should manage its short-term liquidity position in order to stay solvent. RDC's management of liquidity has to be focused on the both timing of project payments as well as cost reductions related to projects.

Quarterly review; Quarter 4, 2020

SME DEVELOPMENT FINANCE CORPORATION

SME DEVELOPMENT FINANCE CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/SDFC/Q4

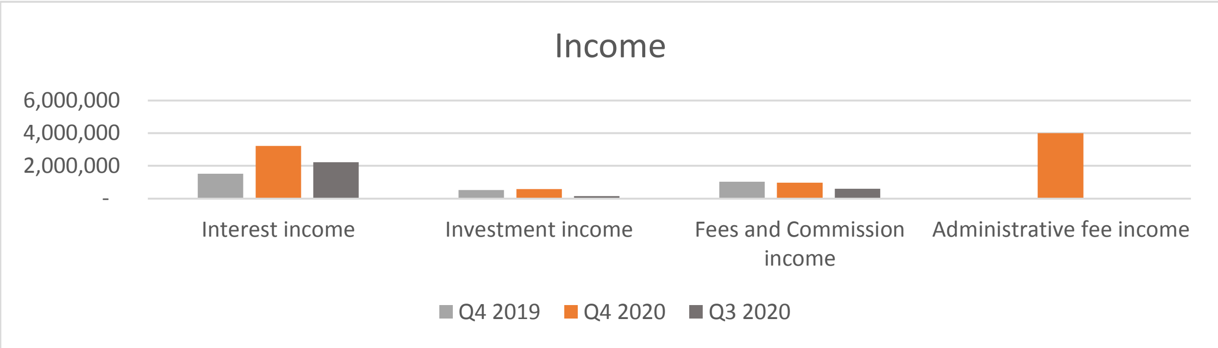
Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Income

Q4 2019	Q4 2020	Q3 2020
3.47	8.75	2.96
Million in MVR	Million in MVR	Million in MVR

The loan portfolio of the company has increased by MVR 78 million compared to previous quarter. As a result, the interest income recorded a growth of 45% and for managing the governments various funds, SDFC has earned administrative fee income, which has led the total income of the company to increase.



Net Interest Margin

Q4 2019	Q4 2020	Q3 2020
1.50%	1.01%	0.92%

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 improvement compared to previous quarter because of increase in both interest income and earning assets.

Profitability

Net Profit

Q4 2019
0.29
Million in MVR

Q4 2020
2.14
Million in MVR

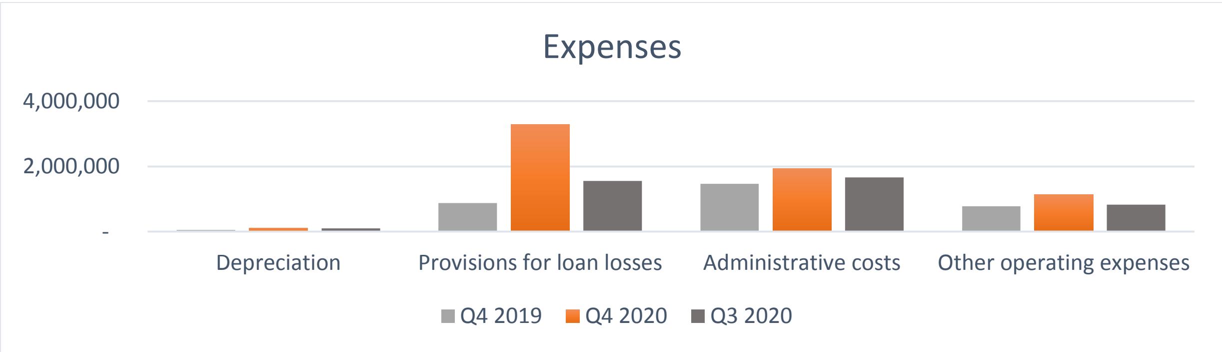
Q3 2020
-1.33
Million in MVR

The company made a net profit in Q4 2020 after making losses for the past 3 quarters of 2020.

Expenses

SDFC has incurred total overheads of MVR 6.4 million in Q4 2020, which is 56% higher compared to previous quarter. Administrative costs represent Staff related expenses which contribute to 30% of total overheads. Staff related expenses has increased from MVR 1.7 to MVR 1.9 million in Q4 2020.

Provision for loan losses has significantly increased by MVR 1.7 million compared to previous quarter. In addition, other operating expense has also increased mainly from loss on disposal of asset, inspection charges and staff training.



Capital Management

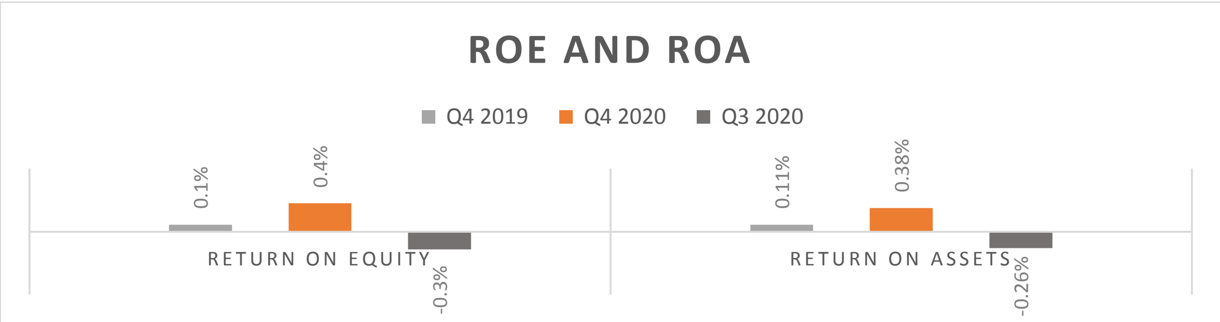
Financial institutions are a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each institution. Maldives Monetary Authority (MMA) is the regulator of financial sector, who ensure compliance to uphold the soundness and integrity of the financial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

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

Details	Q4 2019	Q4 2020	Q3 2020
Total Liabilities			
Trade and other payables	586,806	91,310,132	38,806,709
Total Liabilities	**586,806**	**91,310,132**	**38,806,709**
Total Assets			
Trade and other receivables	939,802	63,938,670	109,270,737
Loans and advances	100,717,055	320,081,205	241,546,728
Cash and cash equivalents	7,664,073	77,794,596	155,398,353
Financial asset held to maturity	153,334,554	99,466,013	-
Other Assets	-	4,981,021	5,364,177
Property plant and Equipment	1,446,488	2,036,152	2,072,508
Total Assets	**264,101,972**	**568,297,657**	**513,652,503**
NET (Assets-Liabilities)	**263,515,166**	**476,987,525**	**474,845,794**

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 net profit for the quarter, both ratios have turned positive.

CONCLUSION

The company has achieved a net profit for the quarter. This was attributable to the significant revenue growth in Q4 2020.

The loan portfolio has reached MVR 320 million, which is an increment of MVR 80 million 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

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.

SDFC should focus on strengthening the recovery function of the company and establish effective policies and procedures to minimize defaults and non-performing assets.

Quarterly review; Quarter 4, 2020

STATE ELECTRIC COMPANY LTD

STATE ELECTRIC COMPANY LTD
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/STELCO/Q4

Q4 2020 with Q4 2019 and Q3 2020

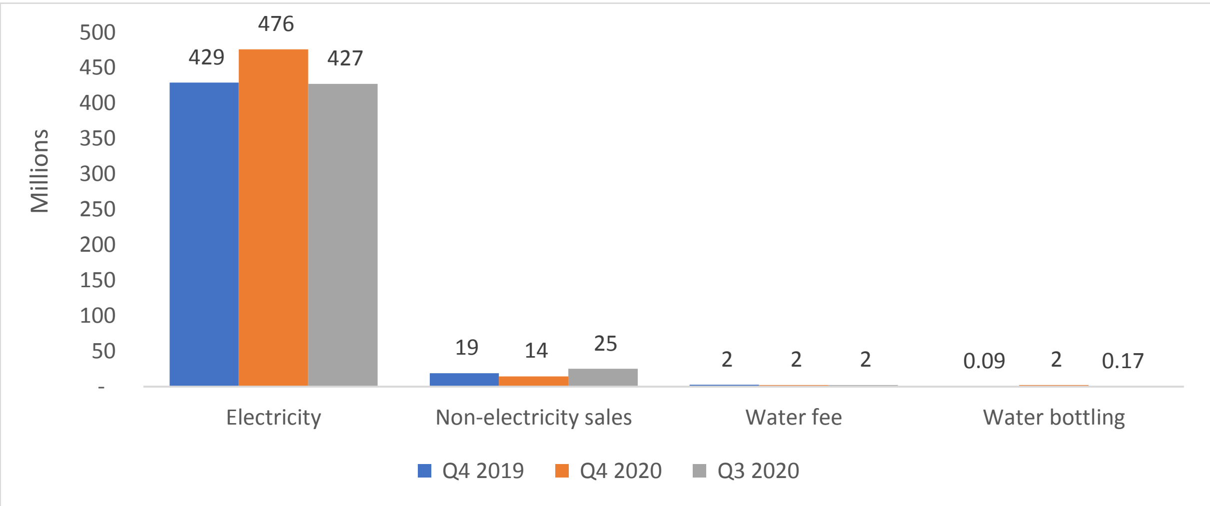
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
450	494	454
Million in MVR	Million in MVR	Million in MVR

STELCO has reported a revenue of MVR 494 million for the last quarter of 2020, which is 9% and 10% higher than previous quarter and Q4 2019 respectively. The increase was mainly contributed by the growth in electricity sales.

The details of the revenue generated in Q4 2020 in comparison with Q4 2019 and Q3 2020 is detailed in the following table.



Electricity revenue has recorded a growth of MVR 48 million (11%) compared to previous quarter. Water bottling also improved by MVR 1.8 million. On the other hand, non-electricity revenue has declined over MVR 10.5 million and water fee decrease by 0.2 million against previous quarter.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
90.2	169	144
Million in MVR	Million in MVR	Million in MVR

While revenue has recorded a growth of 9%, gross profit has increased at much higher rate of 17% against previous quarter and the gross profit growth is 88% compared to the same period of last year. Likewise, gross profit margin also improved to 34.2% from 31.7% and 20% in Q3 2020 and Q4 2019 respectively.

Cost of sales as a percentage of sales has declined compared to previous quarter indicating company has managed its direct cost efficiently compared to previous quarter.

Cost of Sales	Q4 2019	Q4 2020	Q3 2020
Cost of fuel and lub oil	253,671,202	239,778,790	214,254,306
Cost of power purchase	2,378,004	2,574,049	2,650,419
Cost of sales of goods	118,089	335	-
Cost of sales - sales centre	5,262,388	2,193,372	5,737,059
Customer service expense	3,615,804	3,083,820	2,038,627
Repairs & maintenance - PP & distribution	16,581,426	489,248	13,299,315
Employee benefit expenses	46,658,853	44,318,058	39,920,734
Depreciation	30,454,354	32,322,831	32,303,645
Water supply expenses	781,811	54,304	52,492
Water bottling expenses	312,057	527,847	242,920
Total Cost of Sales	**359,833,988**	**325,342,654**	**310,499,517**

Operating Profit

Q4 2019	Q4 2020	Q3 2020
30.8	43.9	105
Million in MVR	Million in MVR	Million in MVR

The operating profit has significantly declined regardless of the increased revenue and gross profit. This is because of the increased operational expenses for the quarter.

Other operating expenses	Q4 2019	Q4 2020	Q3 2020
Personnel expenses	18,457,650	17,531,661	15,792,135
Human resources development	1,881,554	543,472	26,600
Travelling expenses	2,262,896	315,235	226,631
Transport and hiring charges	952,676	494,242	275,401
Repair and maintenance expense	2,666,316	4,463,062	2,986,259
Office expenses	29,802,828	13,120,892	12,651,300
Depreciation	5,108,563	9,121,797	9,035,446
Lease rent		10,190,042	
Impairment loss on amount due from		65,000,000	
Employment Retirement Benefit		7,500,000	
Total	**61,132,483**	**128,280,403**	**40,993,772**

The major reason for the significant increase in operating expenses is due to additional costs in Q4 2020 from lease rent, impairment loss and employment retirement benefit expense. In addition, personnel expenses and repair and maintenance has also recorded a notable increase against previous quarter.

Net Profit

Q4 2019	Q4 2020	Q3 2020
-23.6	-23.4	83.8
Million in MVR	Million in MVR	Million in MVR

The company has ended the quarter with a net loss of MVR 23.4 million. The main reason for the loss is the total income tax expenses deducted in Q4

2020. However, a net profit before tax of MVR 6.5 million was achieved, this is 92% lower than previous quarter. The major reasons for the lower profits are attributable to significantly higher operating costs as well as increased financed costs.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
0.83 TIMES	3.78 TIMES	3.92 TIMES

STELCO has high level of current assets compared to their current liabilities. The current assets comprises of inventories, trade receivables, advance tax and cash and cash equivalents. Total current assets has declined compared to previous quarter from inventory and trade and other receivables. As aresult the current ratio has also declined. It is important to note that STELCO recognized impairment loss of MVR 60 million in Q4 2020.

Current liabilities of the company consist mainly of trade payables which reduced by 76% and 3% respectively compared to Q4 2019 and Q3 2020.

Quick Ratio

Q4 2019	Q4 2020	Q3 2020
0.71 TIMES	3.28 TIMES	3.43 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 of the company is quite high.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.18 TIMES	0.37 TIMES	0.30 TIMES

The cash ratio of the company is quite low as compamy's cash balance is relatively small compared to current liabilities of the company.

Although short term liquidity position in terms of current and quick ratio seems favorable it is important to highlight that the majority current asset is trade receivables, which the company finds difficult to collect due to the nature of the transactions, thus STELCO may face liquidity risk in the short-term, affecting sustainability.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
3.34	3.76	3.69
TIME	TIMES	TIMES

Debt to equity ratio of the company is significantly high with over MVR 2.8 billion accounted as total borrowing as at Q4 2020. The equity and reserves were stated at MVR 945 million as at the end of Q4 2020. Debt to equity ratio has increased compared to other two quarters, regardless of reduction in borrowings. This is because equity of the company has declined at a higher rate. It has to be noted that 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

Q4 2019	Q4 2020	Q3 2020
0.61	0.75	0.75
TIME	TIME	TIMES

The level of the debts in relation to company's total assets has improved compared to Q4 2019 and remained constant as Q3 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 2.89 billion as at Q4 2020 (MVR 2.3 billion in Q4 2019).

CONCLUSION

The company has achieved a significant revenue growth of over MVR 40 million compared to previous quarter. However the net profit has declined due to higher operating expenses. During Q4 the company has to impair receivables of MVR 65 million leading to a loss in the quarter. This shows the importance of receivable management for the company as well as difficulty in receivable collection from public entities.

Short term liquidity position of the company is not satisfactory although current and quick ratio looks favorable. This is because the majority of current assets consist of trade receivables. 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 2.89 billion accounted as total borrowing, when equity and reserves stands at MVR 945 million as at Q4 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 4, 2020

STATE TRADING ORGANIZATION PLC

STATE TRADING ORGANIZATION PLC
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/STO/Q4

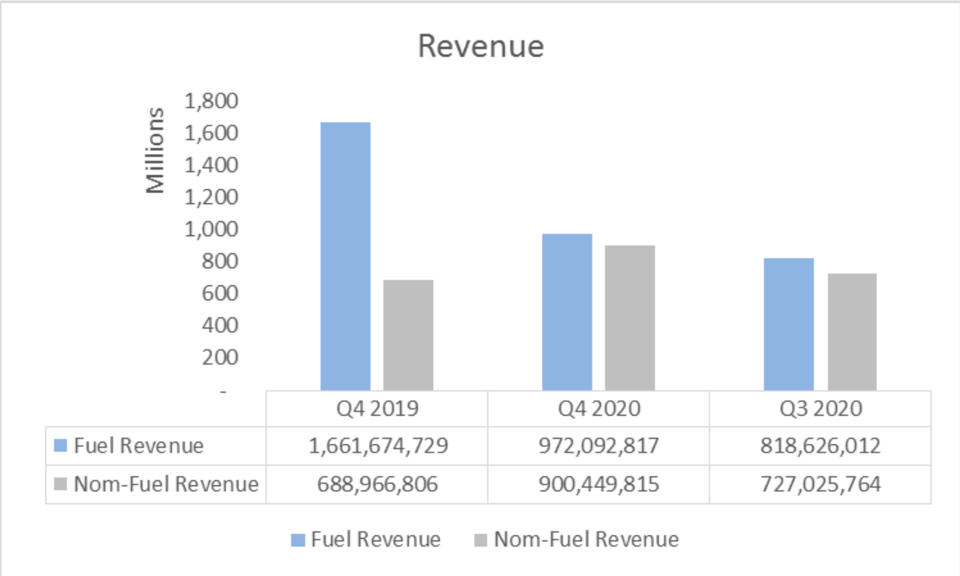
Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
2.35	1.87	1.55
Billion in MVR	Billion in MVR	Billion in MVR

STO has generated a revenue of MVR1.87 billion at the end of fourth quarter 2020. Revenue of the company has increased in Q4 2020 by 21% compared to Q3 2020. However, compared to the same quarter of last year total revenue was decreased by 20% in Q4 2020 due to reduction in fuel prices and jet fuel quantity due to lower demand.



	Q4 2019	Q4 2020	Q3 2020
Fuel Revenue	1,661,674,729	972,092,817	818,626,012
Nom-Fuel Revenue	688,966,806	900,449,815	727,025,764

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. Fuel revenue is the main revenue generating segment and it was decreased in Q42020 by 41% compared to Q4 2019 due to reduction in fuel prices and decrease in demand for jet fuel quantity. However, compared to Q3 2020 fuel revenue increased in Q4 2020 by 19%. On the other hand, non-fuel revenue was increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 31% and 24% respectively.

Gross Profit

Q4 2019	Q4 2020	Q3 2020
329	378	343
Million in MVR	Million in MVR	Million in MVR

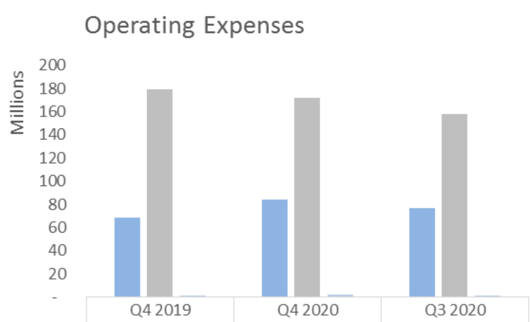
STO's has generated gross profit of MVR 378 million in the fourth quarter of 2020. Although the company's revenue decreased in Q4 2020, it has to be noted that gross profit of the company increased in Q4 2020 by 15% compared to Q4 2019. Direct costs decreased in Q4 2020 by 26% compared to Q4 2019 due to fluctuation in fuel rates. Compared to Q3 2020, gross profit was increased in Q4 2020 by 10% mainly due to increase in revenue in the fourth quarter of 2020. Hence, gross profit margin increased in Q4 2020 by 6% compared to Q4 2019 and gross profit margin decreased by 2% compared to Q3 2020.

Net Profit

Q4 2019	Q4 2020	Q3 2020
82	91	100
Million in MVR	Million in MVR	Million in MVR

STO's net profit increased in Q4 2020 by 10% compared to Q4 2019. It is important to note that company's overhead costs and finance costs was also increased in Q4 2020 compared to Q4 2019. When compared to the last quarter, company's net profit decreased mainly due to high overhead costs and finance costs related to the revenue generated in the fourth quarter of 2020. Net finance costs was increased in Q4 2020 by 408% compared to Q4 2019 due to dividend income from subsidiary company accounted in Q4 2019. Compared to the last quarter, finance costs were increased in Q4 2020 due to dividend received in Q3 2020. Company's total overhead costs increased in Q4 2020 by 4% and 10% compared to both the quarters of Q4 2019 and Q3 2020. Below chart illustrates how STO's overhead costs incurred in the quarters of Q4 2019, Q4 2020 and Q3 2020.

Expenses



	Q4 2019	Q4 2020	Q3 2020
Sales and Marketing Costs	68,613,471	83,987,449	76,515,994
Administrative costs	179,265,721	171,770,022	158,255,640
Other Operating expenses	159,992	1,842,939	28,969

As seen from the chart, administrative costs are the main overhead costs of the company. Administration costs covers 67% of total overhead costs and it was decreased in Q4 2020 by 4% compared to Q4 2019 mainly due to reduction in staff costs and bank charges. Staff costs decreased by 7% and bank charges decreased by 60% in Q4 2020. However, compared to the last quarter, administrative costs increased in Q4 2020 compared to Q3 2020 by 9% due to impairments and audit entries accounted in the quarter. Sales and Marketing costs was increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 22% and 10% respectively mainly due to increase in bad debts provision. Other operating income was also increased in Q4 2020 compared to Q4 2019 and Q3 2020 as MVR 1.8 million was incurred for CSR.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.08 TIMES	1.15 TIMES	1.13 TIMES

Current ratio above 2 is normally considered as ideal and STO's current ratio results 1.15 times in the fourth quarter of Q4 2020. However, company's current assets are 15% high compared to its current liabilities which indicate that the company is able to pay off its short term liabilities with its current assets. Current assets of the company increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 11% and 7% respectively. On the other hand, current liabilities were also increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020 by 5%. Trade and other receivables are the main component of current assets which covers 70% of total current assets. It is important to note that compared to Q4 2019 company's revenue decreased by 20% while trade and other receivables increased by 4%. Trade and other receivables was increased in Q4 2020 due to increase in receivables from health sector entities and utility companies.

Quick Ratio

Q4 2019	Q4 2020	Q4 2020
0.84 TIMES	0.90 TIMES	0.85 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 for the fourth quarter of 2020 was 0.90 times which is below 1 and it shows the inability of the company to pay-off its short-term liabilities with its liquid assets excluding inventories. Quick ratio of the company was increased in Q4 2020 by 7% and 5% compared to both the quarters of Q4 2019 and Q3 2020. STO has inventory of MVR 985.8 million at the end of the fourth quarter mainly from medical, as equipment's brought for Covid-19 and 4 hospital projects. 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. Inventory of the company was increased in Q4 2020 by 8% compared to Q4 2019. However, inventory was decreased in Q4 2020 by 6% compared to Q3 2020.

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.03 TIMES	0.10 TIMES	0.07 TIMES

Cash ratio calculates a company's ability to repay its short-term debt with cash or near-cash resources. STO's cash ratio resulting 0.10 times in Q4 2020 shows that the company has very less cash balance compared to its current liabilities. STO's cash and cash equivalents was increased in Q4 2020 by 237% and 54% compared to both the quarters of Q4 2019 and Q3 2020. Cash and cash equivalent was increased in Q4 2020 mainly from advance payments received from customers for future deliveries and increase in cash reserves due to the decision taken by management to increase cash balances. It is also important to note that STO's current liabilities was increasing in each quarter. In the fourth quarter of 2020 company's current liabilities was increased by 5% compared to both the quarters of Q4 2019 and Q3 2020 similarly.

It is important to note that 48% of current liabilities was from trade and other payables. Hence, delay in settling supplier payments could be risky for the company.

LEVERAGE

Debt to Equity

Q4 2019	Q4 2020	Q3 2020
1.03 TIMES	0.79 TIMES	0.70 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, STO's debt to equity ratio was 0.79 times in Q4 2020. Debt to equity ratio was decreased in Q4 2020 by 24% compared to Q4 2019. However, debt to equity ratio increased in Q4 2020 by 12% compared to Q3 2020.

Debt to Assets

Q4 2019	Q4 2020	Q3 2020
0.37 TIMES	0.30 TIMES	0.27 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. STO's debt to asset ratio was 0.30 times in Q4 2020. Debts to asset ratio was decreased in Q4 2020 by 18% compared to Q4 2019. However, compared to Q3 2020 debt to asset ratio was increased in Q4 2020 by 12%. STO's has more total assets compared to its total debts. Total debts of the company decreased in Q4 2020 by 14% compared to Q4 2019. However, total debts increased in Q4 2020 by 17% compared to the last quarter.

Debt Capitalization

Q4 2019	Q4 2020	Q3 2020
0.51	0.44	0.41
TIMES	TIMES	TIMES

Investors use the debt-to-capital metric to gauge the risk of a company based on its financial structure. Company's debt to capital ratio results 0.44 times in Q4 2020 and it has decreased in Q4 2020 by 13% compared to Q4 2019. However, debt capital ratio was increased in Q4 2020 by 7% compared to the last quarter.

Interest Cover

Q4 2019	Q4 2020	Q3 2020
14.13	4.26	140
TIMES	TIMES	TIMES

The interest cover ratio measures how many times STO can cover its current interest payment with its available earnings. Company's interest coverage ratio dropped significantly in the fourth quarter of 2020 by 70% and 97% compared to both the quarters due to increase in finance costs in Q4 2020. STO's finance cost was increased in Q4 2020 compared to Q4 2019 and Q3 2020 by MVR 28.5 million and MVR 34.6 million respectively. Finance income was increased in Q4 2020 as dividend income from subsidiary for 2019 was received and accounted in the fourth quarter of 2019. It is important to note that STO have more than enough earnings to cover its interest payments. Hence, company is capable to meet its interest obligations.

CONCLUSION & RECOMENDATION

STO's non-essential products performance was impacted due to Covid-19. However, company's revenue was increased in Q4 2020 as STO supplied medical items for Covid-19 relief and 4 hospital projects. STO has generated revenue of MVR 1.9 billion at the end of the quarter 2020. Although, the overhead costs increased in Q4 2020 compared to both the quarters of Q4 2019 and Q3 2020, company was able to generate a net profit of MVR 90.6 million in Q4 2020. Ease

STO has more current assets compared to its current liabilities indicating that the company is able to meet its short-term obligations with its current assets. However, it is important to note that 70% of current assets are composed of trade and other receivables from government and SOE's. In terms of Quick ratio, company is unable to meet the short-term obligations with its most liquid assets excluding inventories. In addition, company has less cash and cash equivalent compared to its current liabilities in the fourth quarter of 2020. Hence, receivables collection is an important aspect in order to improve the cash flow of the company. Improving receivables collection will also improve the payables of the company as the company can settle its current liabilities. Therefore, in order to stay solvent it is vital that STO improve its credit collection policies by implementing different credit policies for different class of customers according to the goods/services provided. Regular customers with good credit ratings can be given greater flexibility period for payment. Also, credit policies can be made according to the customer type, whether it is an individual or government institute.

STO's leverage position shows that the company is less risky and is managing well in financing its operations through debts. Company's total debts was decreased in Q4 2020 by 14% compared to Q4 2019. However, total debts were increased by 17% in Q4 2020 compared to Q3 2020.

Quarterly review; Quarter 4, 2020

TRADENET MALDIVES CORPORATION LIMITED

TRADENET MALDIVES CORPORATION LIMITED
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/TMCL/Q4

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.

Q4 2020 with Q4 2019 and Q3 2020

PROFITABILITY

Revenue

Q4 2020
0.79
In MVR millions

Q3 2020
NIL

TradeNet has signed an MOU with MED to operate a contact center and started to generate revenue in the fourth quarter 2020. In order to relieve dependence on government and to generate more revenue TradeNet expects to provide modern contact center service in other agencies. Company has generated a revenue of MVR 0.79 million in Q4 2020 and has not reported any direct costs. Therefore the gross profit of the company is equal to the revenue.

Operating Profit

Q4 2020
-1.35
In MVR millions

Q3 2020
-1.29
In MVR millions

Since the company has high overhead costs compared to the revenue, TradeNet has made an operational loss of MVR 1.35 million. Compared to the last quarter, company's operational loss has increased by 4% in the fourth quarter 2020. Below table illustrates the overhead expenses incurred in the company.

Overhead Expenses	Q4 2020	Q3 2020
Salaries and Wages	1,269,658	817,958
Pension	69,710	41,125
Other Administrative Expenses	421,883	58,025
Lease Rentals	375,000	375,000
Total	**2,136,251**	**1,292,108**

As seen from the above table 59% of overhead costs is from salaries and wages. Salaries and wages has increased in Q4 2020 by 55% compared to the last quarter due to recruitment of 12 contact center agents. Other administrative expenses increased by 627% mainly due to the subscription made on Zoho ticketing system for 1 year.

Net Profit

Q4 2020	Q3 2020
-1.35	-1.29
In MVR millions	In MVR millions

Company faced a net loss of MVR 1.35 million in the fourth quarter of 2020 due to higher overhead expenses. Company's net loss increased in the Q4 2020 by 4% compared to the last quarter.

LIQUIDITY

Current Ratio

Q4 2020	Q3 2020
36.75	2.00
Times	Times

Current ratio of the company has increased from the last quarter by 2 times to 36.75 times in Q4 2020 due to increase current assets. Company's current ratio shows a favorable result and have high current assets compared to their liability. Tradenet has a cash balance of MVR 2.3 million in the end of the fourth quarter which can be used to invest to generate more income. It is noted that the company depends on shareholders assistance and government has injected capital of MVR 3.7 million in the fourth quarter of 2020.

CONCLUSION & RECOMENDATION

With the establishment of TradeNet's first operational contact center, company was able to generate their first revenue in Q4 2020. However, company was unable to generate any profit due to high overhead costs with the operational contact center. Revenue generated from each contact center must create additional value and must exceed the cost and overhead incurred for that contact center. Main overhead costs were incurred to the recruitment of staff and contribution made to the HR software. Company must use their staffs efficiently, to minimize staffs cost. In addition, rather on investing on software company should invest on income generating projects to generate more revenue in order to cover the operational costs of the company. 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.

In order to run the business self-sufficiently company needs to implement new ways to generate revenue and should focus on reducing the unnecessary costs.

Single window trade portal being the core objective, the company is waiting for its rebidding process to complete. TradeNet has deployed necessary resources required for its commencement.

Quarterly review; Quarter 4, 2020

WASTE MANAGEMENT CORPORATION

WASTE MANAGEMENT CORPORATION
Q4 2020 PERFORMANCE ANALYSIS

Report No: PEM/2020/WAMCO/Q4

Q4 2020 with Q4 2019 and Q3 2020

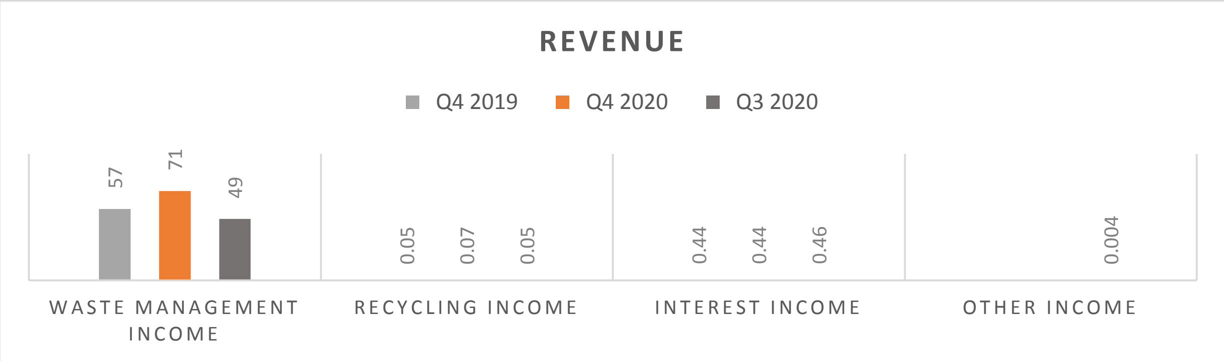
PROFITABILITY

Revenue

Q4 2019	Q4 2020	Q3 2020
56.9	71.3	49.1
Million in MVR	Million in MVR	Million in MVR

WAMCO has ended the last quarter of 2020 with a revenue of MVR 71.3 million, an increment of revenue by 45% compared to previous quarter and 12% growth 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 Q4 2020 compared to other two quarters in review. 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 Q4 2020. On the other hand, interest income shows reduction compared to previous quarter.

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

Gross Profit

Q4 2019	Q4 2020	Q3 2020
14.8	28.5	11.9
Million in MVR	Million in MVR	Million in MVR

With the improvement in revenue, gross profit of the company has seen a significant growth compared to other two quarters. While revenue increased by 45%, gross profit has increased by 141% compared to previous quarter as the direct costs of the company have only increased by 15%. As a result, the gross profit margin has improved from 24% (Q3 2020) to 40% in Q4 2020.

Net Profit

Q4 2019	Q4 2020	Q3 2020
-11.9	3.22	-10.6
Million in MVR	Million in MVR	Million in MVR

The company has ended with a net profit in Q4 2020 after loss making two consecutive quarters. However, total Overheads of the company is higher in Q4 2020 compared to comparable quarters. Hence, increase in revenue contributed to the net profit of the company. The major operational expenses for the three quarters in review are shown below.

Expenses	Q4 2019	Q4 2020	Q3 2020
Staff salaries	9,886,758	14,178,706	9,783,180
Advertising and promotional exp	474,760	187,821	187,254
Pension	2,230,866	1,423,237	1,385,359
Staff welfare	2,164,618	1,553,392	-
Directors' salaries	126,900	81,564	125,064
Rent	1,057,639	1,057,639	1,057,639
Water and electricity	2,020,546	2,195,032	1,601,924
Communication expense	550,084	1,077,316	595,698
Printing and stationary	229,299	103,843	340,278
License and permits	140,000	157,508	7,200
professional fee	1,264	189,891	4,270
insurance charges	67,100	104,500	30,250
travelling expenses	993,806	994,315	153,672
Bank charges	419,588	300,298	217,402
Depreciation and ammortization	3,987,759	3,611,838	3,960,143
Repair and maintenance	2,052,277	1,354,383	1,576,892
Office expenses	55,893	40,440	21,934
Sundry expenses	108,082	335,896	89,577

Staff salaries is the major expense of the company and it has recorded a growth of 8% against previous quarter. This is because of increase in staff medical cost for Q4 2020. Electricity expenses also recorded a growth of 37% due to increase of usage and previous quarter bill recorded in Q4 2020. Communication expenses increased as there was a huge spike in October 2020 telecom bill compared to previous months, due to DDOS attack. Travelling expenses has also increased in Q4 2020 due to increase in both local and overseas travel after lifting the travel restrictions imposed because of pandemic. In addition, sundry expenses have also recorded a growth due to bank Guarantee for bid of waste cleaning project at Hdh.Kulhuduffushi; and discount received on rent in the 3rd Quarter 2020.

On the other hand, repair and maintenance, depreciation and amortization and printing and stationary expenses has declined compared to previous quarter.

LIQUIDITY

Current Ratio

Q4 2019	Q4 2020	Q3 2020
1.81	1.52	1.90
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 2.8 million compared to previous quarter. Trade payables have also increased significantly by MVR 22.7 million. Thus, the current ratio has declined in Q4 2020.

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

Cash Ratio

Q4 2019	Q4 2020	Q3 2020
0.28	0.09	0.11
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. Although cash balance has increased by MVR 2.3 million the cash ratio has declined as the current liabilities has increased much higher. The company is dependent on capital injected by the government for the day to day operations as WAMCO is not self-sufficient.

CONCLUSION

The company has achieved a remarkable revenue growth of MVR 22 million (growth of 45%) compared to previous quarter. In addition, the cost of sales increased much lower than the revenue, hence the gross profit margin has improved from 24% to 45% against previous quarter. Further, the company ended the quarter with a net profit after making losses for the previous 2 quarters. However the quality of the revenue is low as the receivable collection is weak.

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. These ratios have further reduced in Q4 with the increment in current liabilities of the company. The company has also taken a loan in Q4 2020.

RECOMMENDATION

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