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Republic of Maldives

07<sup>th</sup> Jan 2021

## SME Development Finance Corporation Quarterly Report (Second Quarter) Financial Highlights

Details	Amount	Percentage
Revenue	3,876,938.00	5%
Operating Profit	(1,541,918.00)	60%
Earnings per Share	(0.005)	-67%
Net Profit	(1,541,918.00)	60%

## Operational Highlights

- Despite the restrictions imposed and the challenges faced due to the Covid19 pandemic, the loan portfolio increased by MVR 24 million in the second quarter of the year.
- A Moratorium on all existing and new facilities from March 2019 to September 2019 was announced by the Board following the Covid19 pandemic. Budget for the year was revised.
- Operational expenses maintained well below budgeted expenses.

## Market Highlights

- The entire economy has been negatively affected due to the Covid-19 global pandemic.

## Board Activities

Directors Name	Designation	Board meeting	Audit committee	ALCO Committee	Remuneration Committee	Credit Committee
-	Chairman	0/0	0/0	0/0	0/0	0/0
Ahmed Zeenad	MD	9/9	0/0	0/0	0/0	0/0
Yooshau Saeed	NED	5/9	1/1	0/0	0/0	1/1
Adheel Ismail	NED	8/9	0/0	0/0	0/0	1/1
Mohamed Shamy	NED	8/9	1/1	0/0	0/0	1/1
Firzul Firaz	NED	8/9	1/1	0/0	0/0	0/0

Mafawiz	NED	0/0	0/0	0/0	0/0	0/0
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Meeting	Number of Meeting
Board meeting	11
Audit committee	1
ALCO Committee	0
Remuneration Committee	0
Credit Committee	4

## Ongoing project details

#	Project Name	Project commencement date	Project completion date	Project value	Completed value	Project completion %
1	N/A					
2						
3						

## Income Statement

	Note	Q1	Q2
Revenue	1	3,701,404	3,876,938
Cost of Sales	2	-	-
<b>Gross Profit</b>		3,701,404	3,876,938
Selling and Marketing costs	3		
Depreciation	3a	73,064	88,695
Provisions for Loan Losses	3b	5,129,205	2,721,864
Administrative costs	4	1,713,444	1,734,484
Other operating expenses	5	677,364	727,023
<b>Total Expenses</b>		7,593,078	5,272,065
Finance Income	6	-	-
Finance cost	7	-	146,790
<b>Profit/ (Loss) before tax</b>		(3,891,675)	(1,541,918)
Business profit tax	8	-	-
<b>Profit/ (Loss) after tax</b>		(3,891,675)	(1,541,918)
<b>Attributable to:</b>			
Parent		(3,891,675)	(1,541,918)
Non-controlling interest		-	-
EPS		(0.015)	(0.005)

## Statement of Financial Position

	Note	Q1	Q2
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property plant and equipment	9	1,545,811	1,764,291
Investment in Subsidiaries	10	-	-
Investment in Associates	11	-	-
Investment in joint ventures	12	-	-
Available for sales financial Assets	13		
Deferred Tax Assets	14	-	-
Intangible Assets	15	-	-
<b>Total Noncurrent Assets</b>		<b>1,545,811</b>	<b>1,764,291</b>
<b>Current Assets</b>			
Inventories	16	-	
Trade and other receivables	17	11,583,879	72,305,389
Loans and Advances	17a	159,398,600	183,297,532
Cash and cash equivalent	18	1,699,015	14,239,304
Financial Assets Held to Maturity	18a	98,473,722	49,858,488
Other Assets	18b	6,130,487	5,747,332
<b>Total current assets</b>		<b>277,285,704</b>	<b>325,448,045</b>
<b>Total Assets</b>		<b>278,831,515</b>	<b>327,212,336</b>
<b>Equity and Reserve</b>			
Share capital	19	265,000,000	305,000,000
share premium	19	-	-
General reserve	20	-	-
Retained Earnings	21	(5,607,741)	(7,149,659)
<b>Total Equity</b>		<b>259,392,259</b>	<b>297,850,341</b>
<b>Non-Current Liabilities</b>			
Loans and borrowing	22	-	-
		-	-
<b>Current liabilities</b>			
Current tax liabilities	23	-	-
Derivative financial instrument	24	-	-
Trade and other payables	25	19,439,256	29,361,995
Borrowing	26	-	
<b>Total current liabilities</b>		<b>19,439,256</b>	<b>29,361,995</b>
<b>Total liabilities</b>		<b>19,439,256</b>	<b>29,361,995</b>
<b>Total equity and liabilities</b>		<b>278,831,515</b>	<b>327,212,336</b>

## Cash flow statement

	Q1	Q2
Profit before business profit tax	(3,891,675)	(1,541,918)
Adjustments for:		
Depreciation & amortization	73,064	88,695
Interest income	-	-
Interest expenses	-	-
Dividend income	-	-
Profit on disposal of proper, plant and equipment	-	-
Profit/loss on disposal of investment	-	-
<b>Change in working capital</b>		
Inventories	-	-
Loans and Advances	(58,697,595)	(23,898,932)
Held to Maturity Investments	54,852,724	48,615,234
Trade and other receivables	(10,598,531)	(60,721,510)
Other Assets	(6,130,487)	383,155
Trade and other payables	18,582,112	9,922,739
	<u>(5,810,388)</u>	<u>(27,152,537)</u>
<b>Cash flow from operating activities</b>		
Interest paid	-	-
Business profit tax paid	-	-
Net cash generated from operating activities		
<b>Net cash generated from operating activities</b>	<u>-</u>	<u>-</u>
<b>Cash flow from investing activities</b>		
Purchase of Property plant and equipment	(154,669)	(307,175)
Loan repayment received from related parties	-	-
Interest received	-	-
Dividend received	-	-
<b>Net cash generated from investing activities</b>	<u>(154,669)</u>	<u>(307,175)</u>
<b>Cash flow from financing activities</b>		
Proceeds from borrowing	-	-
Repayment of loan	-	-
Proceeds from share issuance	-	40,000,000
Net payment made from currency SWAP	-	-
Dividend paid to shareholders	-	-
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>40,000,000</u>

<b>Net increase/ decrease in cash and cash equivalent</b>	(5,965,057)	12,540,288
Cash and cash equivalent at beginning of the quarter	7,664,073	1,699,016
Cash and cash equivalent at end of the quarter	<b>1,699,016</b>	<b>14,239,304</b>

## Segmental performance

Quarter	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6
Revenue						
Operating profit						
Finance income						
<b>Profit/(loss) before tax</b>						
Business profit tax						
<b>Profit/(loss) after tax</b>						

## Notes to the financial statements

### 1 Revenue

	1st Quarter	2nd Quarter
Interest Income	2,114,007	1,631,605
Investment Income	508,470	1,894,311
Fees and Commission Income	1,078,927	351,022
	<b>3,701,404</b>	<b>3,876,938</b>

### 2 Cost of Sales

### 3 Selling and Marketing Costs

#### 3a Depreciation

	1st Quarter	2nd Quarter
Balance at beginning of the period	139,939	213,003
Depreciation for the period	73,064	88,695
<b>Accumulated Depreciation</b>	<b>213,003</b>	<b>301,698</b>

#### 3b Provisions for Loan Losses

	1st Quarter	2nd Quarter
<b>Movement in General Provision</b>		
Balance at beginning of the period	1,014,667	4,875,970
Loan provision during the month	3,861,303	798,624
<b>Provision for loan impairment as at 30 June 2019</b>	<b>4,875,970</b>	<b>5,674,594</b>

	1st Quarter	2nd Quarter
<b>Movement in Specific Provision</b>		
Provision for loan impairment at 1 January	189,320	1,457,222
Provision for impairment net of recovery	1,267,902	1,923,240
<b>Provision for loan impairment as at 30 Jun 2019</b>	<b>1,457,222</b>	<b>3,380,462</b>

<b>Total Provisioning for the month ended</b>	<b>6,333,192</b>	<b>9,055,056</b>
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### 4 Administrative Costs

	1st Quarter	2nd Quarter
Staff Salaries, wages and other related	1,451,436	1,403,405
Allowances and Bonuses	-	81,000
Board Remunerations and Fees	138,404	127,380
Pension Contributions	123,604	122,699
	<b>1,713,444</b>	<b>1,734,484</b>

### 5 Other Operating Expenses

	1st Quarter	2nd Quarter
Insurance Expenses	-	-
Cleaning Expenses	14,864	5,616

Marketing and Promotion Expense	27,607	30,000
Repairs and Maintenance Expense	3000	1240
Printing and Stationery	47,840	370
Rent Expense	270,000	90,000
Depreciation of ROU Asset	-	383,155
Professional Fees	2,385	-
Annual License & Reg. Fees	21,089	26,603
Training and Staff Development	23,700	-
Electricity Expenses	45,675	35,933
Water Expenses	1,499	501
Communication Expenses	38,662	68,723
Sundry Expenses	27,973	4,848
Bank Charges and Fines	2,921	395
Management Consultancy Fees	45,000	45,000
Credit Information Report Fees	99,150	5,250
Staff Travel	1,000	-
Moving and Relocation Charges	-	29,389
Staff Recreation	5,000	-
	<b>677,364</b>	<b>727,023</b>

<b>6</b>	<b>Finance Income</b>	-	-
<b>7</b>	<b>Finance Expenses</b>	-	146,790
<b>8</b>	<b>Business Profit Tax</b>	-	-
<b>9</b>	<b>Property, Plant and Equipment</b>		
		<b>1st Quarter</b>	<b>2nd Quarter</b>
	Balance at beginning of the period	1,604,145	1,758,814
	Additions during the period	154,669	307,175
	Disposal during the period	-	-
	Balance at the end of the period	<b>1,758,814</b>	<b>2,065,989</b>
<b>10</b>	<b>Investment in Subsidiaries</b>	-	-
<b>11</b>	<b>Investment in Associates</b>	-	-
<b>12</b>	<b>Investment in Joint Ventures</b>	-	-
<b>13</b>	<b>Available for sale Financial Assets</b>	-	-
<b>14</b>	<b>Deferred Tax Assets</b>	-	-
<b>15</b>	<b>Intangible Assets</b>	-	-
<b>16</b>	<b>Inventories</b>	-	-
<b>17</b>	<b>Trade and other receivables</b>		
		<b>1st Quarter</b>	<b>2nd Quarter</b>
	Deposits paid	181,330	91,330
	Other Assets	11,402,549	
<b>17a</b>	<b>Loans and Advances</b>		
		<b>1st Quarter</b>	<b>2nd Quarter</b>
	Gross Loans before allowances	165,731,792	192,352,588



	Less: Allowance for impairment	(6,333,192)	(9,055,056)
	<b>Net Loan and Advances</b>	<b>159,398,600</b>	<b>183,297,532</b>
<b>18</b>	<b>Cash and Cash Equivalent</b>		
		<b>1st Quarter</b>	
	Cash on Hand	2,880	1,876
	Balances at bank	1,696,135	14,237,428
		<b>1,699,015</b>	<b>14,239,304</b>
<b>18a</b>	<b>Financial Assets Held to Maturity</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>
	Bonds	-	-
	Government Treasury Bills Investments	153,334,554	98,473,722
	Matured Investments	(54,860,832)	(48,615,234)
	<b>Total Financial Assets Held to Maturity</b>	<b>98,473,722</b>	<b>49,858,488</b>
<b>18b</b>	<b>Other Assets</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>
	Right of Use Asset	6,130,487	5,747,332
<b>19</b>	<b>Share Capital</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>
	Issued and fully paid shares of MVR 10	265,000,000	305,000,000
<b>19</b>	<b>Share Premium</b>	-	-
<b>20</b>	<b>General Reserve</b>		
<b>21</b>	<b>Retained Earnings</b>		
		<b>1st Quarter</b>	
	Opening Balance	(1,716,066)	(5,607,741)
	Net Profit for the month ended	(3,891,675)	(1,541,918)
	<b>Closing Balance</b>	<b>(5,607,741)</b>	<b>(7,149,659)</b>
<b>22</b>	<b>Loans and Borrowing</b>	-	-
<b>23</b>	<b>Current Tax Liabilities</b>	-	-
<b>24</b>	<b>Derivative Financial Instruments</b>	-	-
<b>25</b>	<b>Trade and other Payables</b>		
		<b>1st Quarter</b>	
	Accounts Payable	79,075	185,902
	Accrued Expenses	241,968	337,160
	Other Liabilities	19,118,213	28,838,933
		<b>19,439,256</b>	<b>29,361,995</b>
<b>26</b>	<b>Borrowings</b>		