

SME Development Finance Corporation Quarterly Report (Second Quarter)

Financial Highlights

Details	Amount	Percentage
Revenue	12,459,025	25 %
Operating Profit	7,077,356	13 %
Earnings per Share	(0.01)	-300 %
Net Profit	(9,236,669)	-397 %

Operational Highlights

- Despite a slow recovery from the pandemic, the loan portfolio increased by MVR 75 million in the second quarter of the year.
- A new loan product, 'Viyafaari Dhirun' was introduced as an economic relief package to help SME businesses struggling to recover from the downturn of the pandemic.
- Operational expenses maintained well below budgeted expenses.

Market Highlights

- -

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	12/12	0/0	0/0	0/0	0/0
Yooshau Saeed	NED	11/12	2/2	0/0	0/0	7/7
Adheel Ismail	NED	8/12	0/0	0/0	0/0	3/7
Mohamed Shamy	NED	10/12	0/0	0/1	0/0	7/7
Firzul Firaz	NED	10/12	1/2	1/1	0/0	0/0

Mafawiz	NED	11/12	2/2	1/1	0/0	0/0
---------	-----	-------	-----	-----	-----	-----

Meeting	Number of Meeting
Board meeting	12
Audit committee	2
ALCO Committee	1
Remuneration Committee	0
Credit Committee	7

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	Q2	Q1
Revenue	1	12,459,025	9,972,133
Cost of Sales	2	-	-
Gross Profit		12,459,025	9,972,133
Selling and Marketing costs	3	-	-
Depreciation	3a	194,531	133,247
Provisions for Loan Losses	3b	16,314,025	3,150,710
Administrative costs	4	3,469,022	2,477,098
Other operating expenses	5	1,718,115	1,108,474
Total Expenses		21,695,694	6,869,529
Finance Income	6	-	-
Finance cost	7	-	-
Profit/ (Loss) before tax		(9,236,669)	3,102,605
Business profit tax	8	-	-
Profit/ (Loss) after tax		(9,236,669)	3,102,605
Attributable to:			
Parent		(9,236,669)	3,102,605
Non-controlling interest		-	-
EPS		(0.01)	0.005

Statement of Financial Position

	Note	Q2	Q1
Assets			
Non-Current Assets			
Property plant and equipment	9	3,703,607	2,471,476
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	-	-
Total Noncurrent Assets		3,703,607	2,471,476
Current Assets			
Inventories	16	-	-
Trade and other receivables	17	11,869,595	59,919,339
Loans and Advances	17a	486,367,908	411,223,157
Cash and cash equivalent	18	103,536,669	71,664,629
Financial Assets Held to Maturity	18a	134,409,956	94,403,341
Other Assets	18b	5,933,432	4,597,866
Total current assets		742,117,560	641,808,332
Total Assets		745,821,167	644,279,808
Equity and Reserve			
Share capital	19	646,666,784	580,000,020
share premium	19	-	-
General reserve	20	-	-
Retained Earnings	21	(16,420,870)	(7,184,201)
Total Equity		630,245,914	572,815,819
Non-Current Liabilities			
Loans and borrowing	22	-	-
		-	-
Current liabilities			
Current tax liabilities	23	0	-
Derivative financial instrument	24	-	-
Trade and other payables	25	115,575,253	71,463,989
Borrowing	26	-	-
Total current liabilities		115,575,253	71,463,989
Total liabilities		115,575,253	71,463,989
Total equity and liabilities		745,821,167	644,279,808

Cash flow statement

	Q2	Q1
Profit before business profit tax	(9,236,669)	3,102,605
Adjustments for:		
Depreciation & amortization	194,531	133,247
Interest income	-	-
Interest expenses	-	-
Dividend income	-	-
Profit on disposal of proper, plant and equipment	-	-
Profit/loss on disposal of investment	-	-
Change in working capital		
Inventories	-	-
Loans and Advances	(75,144,751)	(99,185,269)
Held to Maturity Investments	(40,006,615)	7,626,910
Trade and other receivables	48,049,744	(19,846,143)
Other Assets	(1,335,566)	(578,535)
Trade and other payables	44,111,264	3,150,710
	<hr/> (33,368,062)	<hr/> (105,596,475)
Cash flow from operating activities		
Interest paid	-	-
Business profit tax paid	-	-
Net cash generated from operating activities		
Net cash generated from operating activities	<hr/> -	<hr/> -
Cash flow from investing activities		
Purchase of Property plant and equipment	(1,426,662)	(533,511)
Loan repayment received from related parties	-	-
Interest received	-	-
Dividend received	-	-
Net cash generated from investing activities	<hr/> (1,426,662)	<hr/> (533,511)
Cash flow from financing activities		
Proceeds from borrowing	-	-
Repayment of loan	-	-
Proceeds from share issuance	66,666,764	100,000,020
Net payment made from currency SWAP	-	-
Dividend paid to shareholders	-	-
Net cash generated from financing activities	<hr/> 66,666,764	<hr/> 100,000,020

Net increase/ decrease in cash and cash equivalent	31,872,040	(6,129,967)
Cash and cash equivalent at beginning of the quarter	71,664,629	77,794,596
Cash and cash equivalent at end of the quarter	103,536,669	71,664,629

Segmental performance

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

Notes to the financial statements

1 Revenue

	2nd Quarter	1st Quarter
Interest Income	10,126,357	7,646,605
Investment Income	672,962	1,005,269
Fees and Commission Income	1,659,706	1,320,259
	12,459,025	9,972,133

2 Cost of Sales

3 Selling and Marketing Costs

3a Depreciation

	2nd Quarter	1st Quarter
Balance at beginning of the period	594,916	461,670
Depreciation for the period	194,531	133,247
Accumulated Depreciation	789,447	594,916

3b Provisions for Loan Losses

	2nd Quarter	1st Quarter
Movement in General Provision		
Balance at beginning of the period	12,722,479	10,870,635
Loan provision during the month	1,043,258	1,851,844
Provision for loan impairment as at 30 June 2021	13,765,737	12,722,479

	2nd Quarter	1st Quarter
Movement in Specific Provision		
Provision for loan impairment at 1 January	6,029,861	4,730,996
Provision for impairment net of recovery	15,270,767	1,298,865
Provision for loan impairment as at 30 Jun 2021	21,35,628	6,029,861
Total Provisioning for the month ended	35,066,365	18,752,340

4 Administrative Costs

	2nd Quarter	1st Quarter
Staff Salaries, wages and other related	2,930,204	2,164,670
Allowances and Bonuses	144,000	-
Board Remunerations and Fees	140,420	142,880
Pension Contributions	254,398	169,548
	3,469,022	2,477,098

5 Other Operating Expenses

	2nd Quarter	1st Quarter
Insurance Expenses	2,453	-
Cleaning Expenses	38,796	21,200
Marketing and Promotion Expense	79,500	50,000
Repairs and Maintenance Expense	58,915	11,162
Printing and Stationery	13,356	76,637
Rent Expense	-	-
Professional Fees	-	-
Annual License & Reg. Fees	145,347	53,833
Training and Staff Development	30,000	24,721
Electricity Expenses	29,105	39,133
Water Expenses	1,885	4,348
Communication Expenses	100,044	85,917
Sundry Expenses	46,755	23,298
Bank Charges and Fines	5,660	6,255
Management Consultancy Fees	-	-
Credit Information Report Fees	77,100	65,700
Staff Travel	-	-
Call Center Outsourcing	309,376	-
Staff Recreation	39,750	17,328
Inspection Charges	42,700	123,487
Finance Charges and Depreciation of ROU Asset	697,373	505,455
	1,718,115	1,108,474
6 Finance Income	-	-
7 Finance Expenses	-	-
8 Business Profit Tax	-	-
9 Property, Plant and Equipment		
	2nd Quarter	1st Quarter
Balance at beginning of the period	3,066,392	2,532,881
Additions during the period	1,426,662	533,511
Disposal during the period	-	(594,916)
Balance at the end of the period	4,493,054	3,066,392
10 Investment in Subsidiaries	-	-
11 Investment in Associates	-	-
12 Investment in Joint Ventures	-	-
13 Available for sale Financial Assets	-	-
14 Deferred Tax Assets	-	-
15 Intangible Assets	-	-
16 Inventories	-	-
17 Trade and other receivables		

		2nd Quarter	1st Quarter
	Deposits Receivable	429,730	429,730
	Accrued Interest Receivable	10,857,428	7,653,964
	Account Receivables	582,437	51,835,645
	Total Trade and other receivables	11,869,595	59,919,339
17a	Loans and Advances		
		2nd Quarter	1st Quarter
	Gross Loans before allowances	521,434,273	429,975,498
	Less: Allowance for impairment	(35,066,365)	(18,752,340)
	Net Loan and Advances	486,367,908	411,223,157
18	Cash and Cash Equivalent		
		2nd Quarter	1st Quarter
	Cash on Hand	2,349	2,457
	Balances at bank	103,534,320	71,662,172
		103,536,669	71,664,629
18a	Financial Assets Held to Maturity		
		2nd Quarter	1st Quarter
	Bonds	-	-
	Government Treasury Bills Investments	422,661,324	316,539,991
	Matured Investments	(288,251,368)	(222,136,651)
	Total Financial Assets Held to Maturity	134,409,956	94,403,341
18b	Other Assets	2nd Quarter	1st Quarter
	Right of Use Asset	5,933,432	4,597,866
19	Share Capital	2nd Quarter	1st Quarter
	Issued and fully paid shares of MVR 10	646,666,784	580,000,020
19	Share Premium	-	-
20	General Reserve		
21	Retained Earnings		
		2nd Quarter	1st Quarter
	Opening Balance	(7,184,201)	(10,286,806)
	Net Profit for the month ended	(9,236,669)	3,102,605
	Closing Balance	(16,420,870)	(7,184,201)
22	Loans and Borrowing	-	-
23	Current Tax Liabilities	-	-
24	Derivative Financial Instruments	-	-
25	Trade and other Payables		
		2nd Quarter	1st Quarter
	Accounts Payable	98,376	369,478
	Accrued Expenses	315,206	225,632

Other Liabilities	6,303,021	5,043,325
Administered Funds	108,858,650	65,825,554
	<u>115,575,253</u>	<u>71,463,989</u>

26 **Borrowings**