

STATE TRADING ORGANIZATION PLC

Financial Statements – 31 December 2022



Independent auditor's report

To the Shareholders of State Trading organization PLC

Our opinion

In our opinion, the accompanying financial statements of State Trading organization PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T.U. Jayasinghe FCA

Resident Partner Jatindra Bhatray FCA

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Key audit matter

How our audit addressed the Key audit matter

The Company:

Recognition of revenue from retail and wholesale business

(Refer to the significant accounting policy Note 3.18 and Note 7 to the consolidated financial statements)

During the year ended 31 December 2022, the Company has recognised revenue from retail and wholesale business amounting to MVR 18,196,166,970.

Revenue from retail and wholesale business represent 99.9% of the Company's revenue for the year ended 31 December 2022 and is material to the financial statements.

We focused on this area as determining revenue from retail and wholesale business involves risk due to:

- revenue being generated from several geographical locations in the Maldives; and
- revenue being captured and processed by automated systems involving large volumes of transactions.

Our audit approach included both control testing and substantive procedures performed as follows:

- i) Understanding and evaluating the design, implementation and operating effectiveness of key controls over initiating, recording, processing and reporting of revenue transactions across all significant revenue streams in relation to retail and wholesale business;
- ii) Identified the relevant IT systems installed and operated for capturing and processing revenue transactions and evaluated the effectiveness of ITGCs and IT application controls over revenue recognition with the assistance of our IT specialists;
- iii) Tested significant wholesale revenue transactions on a sample basis during the year, to ensure that revenue had been recognised in accordance with the contractual terms in the correct accounting period and the requirements of the relevant accounting standard;
- iv) Performed reconciliations of the Point of Sales ("POS") records of retail revenue to the general ledger;
- v) Tested significant retail revenue transactions on a sample basis during the year, to ensure that revenue had been recognised in the correct accounting period and in accordance with the requirements of the relevant accounting standard;
- vi) Examined material manual journal entries and other adjustments processed to revenue; and
- vii) Assessed the adequacy of the disclosures made in the consolidated financial statements in relation to revenue from retail and wholesale business.

Based on the worked performed we found that revenue had been recognised in line with the requirements of the relevant accounting standard and the Company's revenue recognition policies.

Key audit matter

How our audit addressed the Key audit matter

The Group:

Impairment review of property, plant and equipment of a subsidiary company (MIFCO) (Refer to Note 13.1 to the consolidated financial statements)

Maldives Industrial Fisheries Company Limited (“MIFCO”) a subsidiary company of the Group had property, plant and equipment with a carrying value of MVR 382,560,820 as at 31 December 2022. MIFCO had been incurring operating losses for several years due to price control by Government on purchase of fish and fluctuating selling prices in the market although sold in a competitive market resulting in MIFCO not being able to recover cost.

Management of MIFCO considered the continuing operating losses as impairment indicators and performed impairment assessment on the carrying amount of the property, plant and equipment. The recoverable amount of the property, plant and equipment was determined based on the fair values less cost of disposal.

Accordingly, the management engaged an independent valuer to estimate the fair value of the property, plant and equipment. As determining fair value involves use of assumptions in the valuation methodology, subject to significant judgement, we considered estimation of fair value of property, plant and equipment of MIFCO for ascertaining the recoverable amount as a key audit matter.

Valuation of insurance contract liabilities

(Refer to the significant accounting policy in Note 3.13 and Notes 34 to the consolidated financial statements)

As at 31 December 2022 the Group has reserved insurance contract liabilities of MVR 487,349,392 MRV 91,212,642 and MVR54,843,603 for Non-life insurance, Life insurance and Takaful insurance respectively.

The liabilities for individual life assurance policies had been determined using net premium valuation method. For group term assurance - life policies, the liability was determined based on the estimation of unearned premium reserve (UPR) and incurred but not reported (IBNR) claims.

The audit procedures we performed in relation to the estimation of fair value of property, plant and equipment of the subsidiary included the following:

- i) Obtained and examined the valuation report and assessed the independence, competence and qualification of the external valuer;
- ii) Checked the completeness and accuracy of the inputs provided to the valuer;
- iii) Examined the existence and physical condition of assets considered for valuation by the valuer by physical inspection of a sample of assets and with reference to the fixed assets register;
- iv) Engaged an independent valuer to evaluate the appropriateness of the management appointed valuer’s valuation method and basis, reasonability of key assumptions and information used; and
- v) Re-performed management calculation independently to determine that the fair value less cost of disposal was higher than the carrying amount of the assets in the subsidiary.

Based on the work performed we found that the valuation methodology and key assumptions used by the external valuer in determining the fair value of property, plant and equipment to be appropriate and reasonable respectively, and the recoverable amount to be higher than the carrying amount.

We, along with the actuarial audit support experts performed the following audit procedures to assess the reasonableness of the insurance contract liabilities:

- i) Assessed the appropriateness of the valuation methodologies used, by applying our industry knowledge and experience to compare whether the methodologies and changes in methodologies (where applicable) are in line with recognised actuarial practices and expectation derived from market experience;
- ii) Assessed the competence and experience of the management expert involved in the liability valuation;

Key audit matter	How our audit addressed the Key audit matter
<p>The liabilities for the general insurance business comprise claims related liabilities and premium related liabilities. Claims related liabilities include IBNR and Case reserves held by the company. Premium related liability was held based on UPR.</p> <p>The management’s valuation of these insurance contract liabilities involves significant judgment with respect to uncertain future outcomes, including previous claims experience, loss development factors, initial expected loss ratios, mortality/morbidity, interest/ investment rates, expense levels and inflation. The process also involves complex valuation methodologies.</p> <p>Accordingly, we have considered this as a Key Audit Matter.</p>	<p>iii) Assessed reasonableness of the key assumptions. Our assessment included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and testing the management controls in place to ensure the accuracy of data used for the valuations; • Examining the approach used by management expert to derive the assumptions by applying our industry knowledge and experience; • Assessing reasonableness of the key assumptions used by management expert against past experience, market observable data (as applicable) and our knowledge on market practices; <p>iv) Checked on a sample basis, provision for pending claims against evidence available, such as surveyor / loss adjuster reports; and</p> <p>v) Checked the calculation of the liability adequacy test and assessed the adequacy of the disclosures made in the financial statements.</p> <p>Based on the procedures performed we found the methodologies and assumptions used by the management expert to value the insurance contract liabilities to be appropriate and reasonable.</p>

Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2022 (but does not include the financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethical requirements in accordance with IESBA Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jatindra Bhatray.

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29 April 2023

For PRICEWATERHOUSECOOPERS



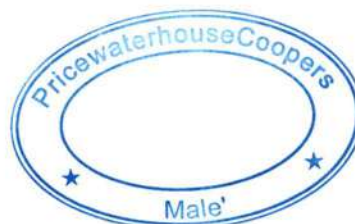
Jatindra Bhatray
Partner

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
Revenue	7	18,816,861,027	11,235,541,139	18,213,792,994	10,187,009,461
Cost of sales	10	(16,059,059,687)	(9,318,095,792)	(16,045,467,939)	(8,646,963,654)
Gross profit		2,757,801,340	1,917,445,347	2,168,325,055	1,540,045,807
Other income	8	669,566,950	82,818,975	92,113,861	85,553,844
Administrative expenses	10	(1,085,136,821)	(892,391,248)	(421,640,637)	(378,050,595)
Selling and marketing expenses	10	(730,605,543)	(603,923,873)	(677,461,993)	(575,346,015)
Impairment loss on trade, other and related party receivables	22 & 23	(141,703,523)	(22,704,191)	(107,495,513)	(24,528,192)
Other operating expenses	10	(31,971,925)	(30,367,754)	(19,410,354)	(4,705,129)
Operating profit		1,437,950,479	450,877,256	1,034,430,419	642,969,719
Finance income		38,710,005	26,902,223	47,725,519	60,421,022
Finance costs		(289,604,329)	(200,755,980)	(217,647,288)	(126,472,794)
Net finance costs	9	(250,894,324)	(173,853,757)	(169,921,769)	(66,051,772)
Share of profit of equity accounted investees - net of tax	17	12,002,211	11,061,930	-	-
Profit before tax		1,199,058,366	288,085,429	864,508,650	576,917,947
Income tax expense	11	(142,196,546)	(102,421,680)	(136,389,673)	(90,090,596)
Profit after tax		1,056,861,820	185,663,749	728,118,977	486,827,351
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	31	(4,994,391)	(10,882,941)	(1,632,514)	(9,597,542)
Tax related to remeasurement of defined benefit liability		792,415	1,665,715	244,877	1,439,631
Equity investment at FVOCI - net change in fair value	18	38,125,000	(8,250,000)	-	-
Tax related to equity investments at FVOCI - net change in fair value	11.3	(5,718,750)	1,237,500	-	-
Total other comprehensive (loss)/income - net of tax		28,204,274	(16,229,725)	(1,387,637)	(8,157,911)
Total comprehensive income for the year		1,085,066,094	169,434,024	726,731,340	478,669,441
Profit attributable to:					
Owners of the Company		1,058,119,611	185,725,534	728,118,977	486,827,351
Non - controlling interests	28	(1,257,790)	(61,785)	-	-
Total comprehensive income attributable to:		1,056,861,820	185,663,749	728,118,977	486,827,351
Total comprehensive income attributable to:					
Owners of the Company		1,086,333,002	169,476,156	726,731,340	478,669,441
Non - controlling interests		(1,266,908)	(42,132)	-	-
Basic and diluted earnings per share	12	939	165	646	432

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 82. The report of the Independent Auditors is given on pages 1 to 6.

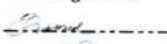

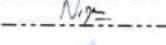




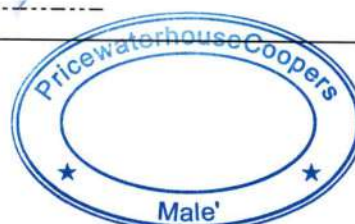
STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,588,166,217	2,224,799,114	1,377,312,044	1,326,348,897
Investment property	14	377,421,089	364,321,624	377,421,089	364,321,624
Intangible assets	15	23,104,082	21,477,248	2,861,448	986,880
Right-of-use assets	19	592,057,705	483,883,816	213,869,335	147,140,712
Lease receivable	20	-	-	241,333,312	-
Investment in subsidiaries	16	-	-	284,899,650	284,900,650
Equity accounted investees	17	39,559,582	35,557,370	15,267,267	15,267,267
Equity securities at FVOCI	18	86,886,800	48,761,800	2,240,800	2,240,800
Amounts due from related parties	23	48,187,500	240,937,500	48,187,500	240,937,500
Other financial investments	25	1,157,402,888	285,663,091	1,021,575,000	109,275,000
Deferred tax assets	11.3	154,376,918	133,519,144	110,574,576	94,197,449
Total non-current assets		5,067,162,781	3,838,920,707	3,695,542,021	2,585,616,779
Current asset					
Inventories	21	2,144,045,324	1,555,693,560	1,689,305,356	1,128,610,913
Lease receivable	20	-	-	31,324,195	-
Trade and other receivables	22	1,205,025,840	807,385,853	397,291,728	368,664,478
Amounts due from related parties	23	3,285,841,420	2,359,247,453	4,716,337,918	3,381,839,446
Reinsurance contracts	24	573,596,531	626,303,546	-	-
Other financial investments	25	383,574,681	246,106,517	90,000,000	-
Cash and cash equivalents	26	1,365,734,766	1,216,722,825	1,115,752,726	951,646,085
Total current assets		8,957,818,562	6,811,459,754	8,040,011,923	5,830,760,922
Total assets		14,024,981,343	10,650,380,461	11,735,553,944	8,416,377,701
EQUITY AND LIABILITIES					
Equity					
Share capital	27	56,345,500	56,345,500	56,345,500	56,345,500
Share premium	27	27,814,500	27,814,500	27,814,500	27,814,500
Claim equalization reserve	27	71,861,025	66,566,984	-	-
Currency translation reserve	27	334,411	334,411	-	-
General reserve	27	1,066,894,923	921,271,128	1,057,613,113	911,989,318
Fair value reserve	27	30,059,602	(2,346,648)	(7,234,148)	(7,234,148)
Retained earnings		2,259,247,813	1,429,488,047	2,447,517,525	1,939,659,131
Equity attributable to owners of the Company		3,512,557,774	2,499,473,922	3,582,056,490	2,928,574,301
Non-controlling interests	28	22,961,361	24,228,269	-	-
Total equity		3,535,519,135	2,523,702,191	3,582,056,490	2,928,574,301
LIABILITIES					
Non-current liabilities					
Loans and borrowings	29.2	1,206,556,244	525,254,461	1,113,573,697	368,582,041
Deferred income	33	56,534,885	35,938,536	43,944,944	45,875,798
Deferred tax liability	11.4	1,174,268	1,102,967	-	-
Lease liabilities	30	497,588,067	398,071,220	185,578,349	147,013,852
Defined benefit obligation	31	143,702,723	128,975,526	55,724,125	50,354,123
Total non-current liabilities		1,905,556,187	1,089,342,710	1,398,821,115	611,825,814
Current liabilities					
Loans and borrowings	29.3	3,329,283,271	2,472,362,241	3,345,147,780	1,925,131,947
Trade and other payables	32	3,487,392,132	2,942,743,473	2,869,647,982	2,491,589,167
Lease liabilities	30	124,752,165	88,494,528	50,406,442	18,631,561
Deferred income	33	7,903,783	8,913,713	1,930,854	1,930,854
Insurance contracts	34	633,405,635	724,822,415	-	-
Current tax liabilities	35	105,886,360	54,934,394	105,304,041	54,942,475
Amounts due to related parties	36	165,282,559	145,166,036	299,417,957	246,244,988
Bank overdrafts	26	730,000,116	599,898,760	82,821,283	137,506,594
Total current liabilities		8,583,906,021	7,037,335,560	6,754,676,339	4,875,977,586
Total liabilities		10,489,462,208	8,126,678,270	8,153,497,454	5,487,803,400
Total equity and liabilities		14,024,981,343	10,650,380,461	11,735,553,944	8,416,377,701

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 82. The report of the Independent Auditors

These consolidated and separate financial statements were approved by the Board of Directors and signed on its behalf by;

Name of the Director	Signature	Date
Hamid Nasheed Mohamed		-----
Abdulla Saeed		-----
Shimad Ibrahim		4/29/2023
Mohamed Nizam		-----
Abdulla Saeed		-----

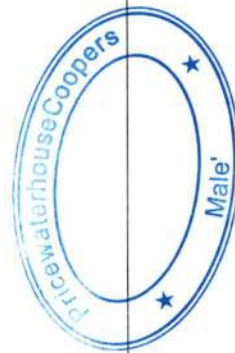


STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

GROUP	Attributable to owners of the Company					Retained earnings	Fair value reserve	Non-Controlling Interest	Total
	Share capital	Share premium	Claim equalization reserve	Currency translation reserve	General reserve				
Balance as at 1st January 2021	56,345,500	27,814,500	59,471,109	334,411	823,905,658	4,665,852	25,370,201	2,422,982,567	
Profit for the year	-	-	-	-	1,425,075,336	185,725,534	(61,785)	185,663,749	
Net change in fair value of Equity Investments at FVOCI - net of tax	-	-	-	-	-	(7,012,500)	-	(7,012,500)	
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(9,236,878)	176,488,656	19,653	(9,217,225)	
Total comprehensive income for the year	-	-	-	-	1,429,488,047	169,476,156	(42,132)	169,434,024	
Transfer to / (from) during the year	-	-	-	-	-	-	-	-	
- general reserve	-	-	-	-	97,365,470	-	-	-	
- claim equalization reserve	-	-	7,095,875	-	(7,095,875)	-	-	-	
Transactions with owners of the Company	-	-	-	-	-	-	200.00	200	
Redeemable preference shares	-	-	-	-	(67,614,600)	(67,614,600)	(1,100,000)	(68,714,600)	
Dividends (Note 27.4)	-	-	-	-	(67,614,600)	(67,614,600)	(1,099,800)	(68,714,400)	
Total transactions with owners of the Company	-	-	-	-	(2,346,648)	2,499,473,922	24,228,269	2,523,702,191	
As at 31st December 2021	56,345,500	27,814,500	66,566,984	334,411	921,271,128	(2,346,648)	24,228,269	2,523,702,191	
Balance as at 1st January 2022	56,345,500	27,814,500	66,566,984	334,411	921,271,128	(2,346,648)	24,228,269	2,523,702,191	
Profit for the year	-	-	-	-	1,429,488,047	1,058,119,611	(1,257,790)	1,056,861,820	
Net change in fair value of equity investments at FVOCI - net of tax	-	-	-	-	-	32,406,250	-	32,406,250	
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(4,192,858)	1,086,333,002	(9,118)	(4,201,976)	
Total comprehensive income for the year	-	-	-	-	1,053,926,752	1,086,333,002	(1,266,908)	1,085,066,094	
Transfer to / (from) during the year	-	-	-	-	-	-	-	-	
- general reserve	-	-	-	-	145,623,795	-	-	-	
- claim equalization reserve	-	-	5,294,041	-	(5,294,041)	-	-	-	
Transactions with owners of the Company	-	-	-	-	-	-	-	-	
Redeemable preference shares	-	-	-	-	(73,249,150)	(73,249,150)	-	(73,249,150)	
Dividends (Note 27.4)	-	-	-	-	(73,249,150)	(73,249,150)	-	(73,249,150)	
Total transactions with owners of the Company	-	-	-	-	30,059,602	3,512,557,774	22,961,361	3,535,519,135	
As at 31st December 2022	56,345,500	27,814,500	71,861,025	334,411	1,066,894,923	30,059,602	22,961,361	3,535,519,135	

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 82. The report of the Independent Auditors is given on pages 1 to 6



STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

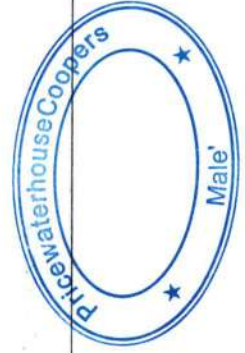
FOR THE YEAR ENDED 31ST DECEMBER 2022

COMPANY	Share capital	Share premium	General reserve	Fair value reserve	Retained earnings	Total
	MVR	MVR	MVR	MVR	MVR	MVR
Balance at 1st January 2021	56,345,500	27,814,500	814,623,848	(7,234,148)	1,625,969,760	2,517,519,460
Profit for the year	-	-	-	-	486,827,351	486,827,351
Other comprehensive income, net of tax	-	-	-	-	(8,157,911)	(8,157,911)
Total comprehensive income for the year	-	-	-	-	478,669,441	478,669,441
Transfer to / (from) during the year	-	-	-	-	-	-
- general reserve	-	-	97,365,470	-	(97,365,470)	-
Transactions with owners of the Company	-	-	-	-	(67,614,600)	(67,614,600)
- Dividends (Note 27.4)	-	-	-	-	(67,614,600)	(67,614,600)
Total transaction with owners of the Company	-	-	-	-	(67,614,600)	(67,614,600)
As at 31st December 2021	56,345,500	27,814,500	911,989,318	(7,234,148)	1,939,659,130	2,928,574,300
Balance at 1st January 2022	56,345,500	27,814,500	911,989,318	(7,234,148)	1,939,659,130	2,928,574,300
Profit for the year	-	-	-	-	728,118,977	728,118,977
Other comprehensive income, net of tax	-	-	-	-	(1,387,637)	(1,387,637)
Total comprehensive income for the year	-	-	-	-	726,731,340	726,731,340
Transfer to / (from) during the year	-	-	-	-	-	-
- general reserve	-	-	145,623,795	-	(145,623,795)	-
Transactions with owners of the Company	-	-	-	-	(73,249,150)	(73,249,150)
- Dividends (Note 27.4)	-	-	-	-	(73,249,150)	(73,249,150)
Total transaction with owners of the Company	-	-	-	-	(73,249,150)	(73,249,150)
As at 31st December 2022	56,345,500	27,814,500	1,057,613,113	(7,234,148)	2,447,517,325	3,582,056,490

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 82. The report of the Independent Auditors is given on pages 1 to 6.

As per the Company's policy, 20% from net profit earned during the year is transferred to the general reserve.



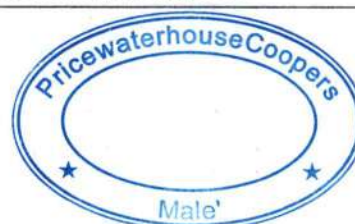
STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cash flows from operating activities					
Profit before tax		1,199,058,366	288,085,429	864,508,650	576,917,947
Adjustments for:					
Depreciation on property, plant and equipment	13	219,163,940	181,393,332	103,589,346	101,077,638
Depreciation on investment properties	14	7,164,959	6,151,725	7,164,959	6,151,725
Amortization on right-of-use assets	19	60,456,101	41,831,309	40,975,751	25,804,093
Interest on lease liabilities	9	43,458,002	39,190,896	18,465,318	15,984,170
Amortization of intangible assets	15	4,146,925	9,249,858	307,328	246,720
Gain on derecognition of right of use assets		(4,254,073)	(5,016)	(4,058,830)	(5,016)
Capital work-in progress disposed	13	71,780,078	179,686	71,225,433	-
Gain on disposal of property, plant and equipment	8	(9,771,779)	(243,615)	(19,473,834)	(243,615)
Impairment of capital work-in progress	10	(2,806,078)	12,737,508	(2,806,078)	12,737,508
Provision for impairment of trade, other and related party receivable	10	141,703,523	22,704,191	107,495,513	24,528,192
Provision of impairment for slow moving inventories	21.1	65,946,846	47,622,011	61,189,746	46,318,368
Provision for defined benefit obligation	31	13,643,889	11,685,367	5,424,325	4,541,865
Receivable written off	10	3,671,626	3,055,755	997,476	381,605
Share of profit of equity - accounted investees, net of tax	18	(12,002,211)	(11,061,930)	-	-
Interest expense	9	244,986,948	161,772,391	198,026,429	110,488,623
Interest income	9	(17,129,408)	(10,064,849)	(18,844,833)	(3,958,554)
Dividend income	9	(5,611,713)	(5,265,500)	(28,000,867)	(54,900,767)
Operating profit before working capital changes		2,023,605,940	799,018,549	1,406,185,834	866,070,503
Working capital changes					
Change in inventories		(654,298,610)	(288,911,241)	(621,884,189)	(239,397,387)
Change in trade and other receivables		(572,206,200)	(185,170,853)	(125,384,691)	(148,632,510)
Change in amount due from related parties		(733,843,967)	(566,815,552)	(1,192,456,638)	(789,311,614)
Changes in reinsurance contracts		52,707,015	(250,737,828)	-	-
Changes in deferred revenue		19,586,419	(2,458,807)	(1,930,854)	(1,930,854)
Change in amount due to related parties		20,116,523	9,887,165	53,172,970	32,173,972
Change in trade and other payables		484,339,992	1,039,156,335	317,750,147	901,713,472
Changes in insurance contracts		(91,416,780)	162,139,459	-	-
Cash generated from operating activities		548,590,333	716,107,227	(164,547,421)	620,685,583
Interest paid		(259,253,884)	(165,226,745)	(197,519,993)	(114,960,207)
Gratuity paid		(3,911,081)	(4,162,655)	(1,686,837)	(1,105,876)
Income tax paid	35	(116,957,388)	(111,172,655)	(102,160,357)	(89,223,692)
Net cash generated from operating activities		168,467,981	435,545,172	(465,914,607)	415,395,808
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	13	(708,391,342)	(333,816,728)	(515,232,208)	(34,923,684)
Purchase of intangible assets	15	(3,591,863)	(8,067,900)	-	-
Proceeds from sales of property, plant and equipment		44,211,758	576,884	289,287,869	277,732
Investment in subsidiaries	17	-	-	1,000	(127,793,225)
Investment in associates		-	(771,000)	-	-
Investments in finance leases	20	-	-	(272,657,507)	-
Purchase of other financial instruments	25	(1,617,806,886)	(398,396,022)	(1,452,300,000)	(109,275,000)
Proceeds from sales of other financial instruments	25	608,598,924	148,056,065	450,000,000	-
Interest received		17,129,408	10,064,849	18,844,833	3,519,598
Dividend received		13,611,713	15,265,500	48,001,733	73,900,667
Net cash used in investing activities		(1,646,238,288)	(567,088,353)	(1,434,054,280)	(194,293,912)
Cash flows from financing activities					
Loans and borrowings obtained	29	1,353,427,554	176,447,117	1,353,427,554	25,782,237
Repayments of borrowings	29	(837,522,895)	(313,768,803)	(787,205,978)	(324,468,408)
Borrowings from Government waived-off	29	(576,467,762)	-	-	-
Loans and borrowings obtained for working capital	29	6,126,509,931	4,617,534,087	6,126,509,931	4,617,534,087
Principal lease payments	30	(28,601,433)	(14,206,850)	(33,306,165)	(21,787,746)
Repayments of working capital loans and borrowings	29	(4,527,724,019)	(3,714,786,860)	(4,527,724,019)	(3,714,786,860)
Proceeds from shares issues	28	-	200	-	-
Dividend paid		(12,940,483)	(13,776,963)	(12,940,483)	(12,676,963)
Net cash generated from / (used in) financing activities		1,496,680,892	737,441,928	2,118,760,839	569,596,347
Net increase / (decrease) in cash and cash equivalents		18,910,585	605,898,747	218,791,952	790,698,243
Cash and cash equivalents at beginning of the year		616,824,065	10,925,318	814,139,491	23,441,248
Cash and cash equivalents at end of the year	26	635,734,650	616,824,065	1,032,931,443	814,139,491

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 82. The report of the Independent Auditors is given on pages 1 to 6.



**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. REPORTING ENTITY

1.1 Corporate information

State Trading Organization PLC (the "Company") is a company incorporated and domiciled in the Republic of Maldives as a public limited liability company since 2001 and presently governed under the Companies' Act No. 10 of 1996 with its registered office at Kan'baa, Aisarani Hingun, K.Male' 20345, Republic of Maldives.

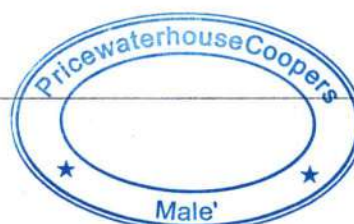
1.2 Consolidated financial statements

The consolidated financial statements of the Group for the year ended 31st December 2022 include the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in investments in equity accounted investees. The financial statements of all companies in the Group have a common financial year which ends on December 31st. State Trading Organization PLC is the ultimate parent of the Group.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.3 Principal activities and nature of operations

Entity	Principal business activities
State Trading Organization PLC ("STO")	The Company is involved in the business of local and foreign trading.
Fuel Supplies Maldives Private Limited ("FSM")	FSM is in the business of supplying and distribution of fuel and lubricant in Maldives.
Raysut Maldives Cement Private Limited ("Raysut")	Raysut imports cement and distributes in Maldives.
Maldives National Oil Company Private Limited ("MNOC")	MNOC is directly responsible for the development of oil and gas industry processes in the Maldives and overseas.
STO Hotels & Resorts Private Limited ("STOHR")	STOHR is involved in the business of Hotel and Leisure sector, however the Company has not commenced commercial operations as at 31 st December 2022.
Allied Insurance Company of the Maldives Private Limited ("ALLIED")	ALLIED is involved in the business of providing insurance services in Maldives.
STO Maldives (Singapore) Private Limited ("STOS")	The company's line of business includes the trading of commodities in international markets.
Maldives Structural Products Private Limited ("MSSP")	MSSP's main objective is producing steel roofing products and related accessories and supply to the Maldives market.
Maldives Gas Private Limited ("MGPL")	MGPL supplies and delivers liquified petroleum gas (LPG), produces medical and industrial oxygen and sells a range of products from gas stoves to regulators and other LPG equipment.
Maldives Industrial Fisheries Company Limited ("MIFCO")	MIFCO's main activity is centered on the purchase, process and value addition of tuna and the subsequent sale and exporting of tuna, tuna products, reef fish and other fisheries products.
Maldives State Shipping Private Limited (MSS)	MSS provides an extensive international liner shipping service



**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following item, which is measured on an alternative basis on each reporting date.

Items	Measurement basis
Equity Securities at FVOCI	Fair value

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Maldivian Rufiyaa, which is the functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

2.4 Use of estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

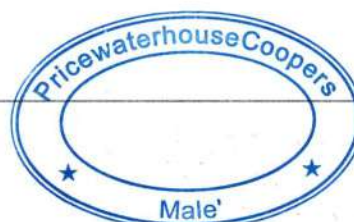
The areas involving significant estimates or judgements are:

- Loss allowance for expected credit losses - note 3.8 and 41 (iii).
- Estimated useful life of property plant and equipment - note 3.4 and 13.
- Estimated useful life of intangible asset - note 3.6 and 15.
- Estimation uncertainties and judgements made in relation to lease accounting - note 3.14 and 31.
- Estimation of fair values of investment property - note 3.5 and note 14.

2.5 Basis of consolidation

(i) Business combinations

The Group accounts for business combination is prepared using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.



**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (Continued)

(i) Business combinations (Continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated and separate financial statements from the date that control commences until the date that control ceases.

(iii) Interests in equity accounted investees

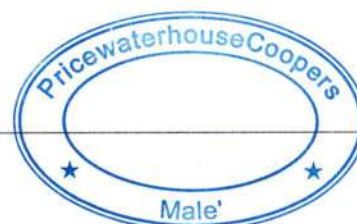
The Group's interest in equity accounted investees comprise interests in associates and joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in the associates and the joint venture are accounted for using the equity method. It is recognized initially at cost, which include transaction costs. Subsequently to initial recognition, the consolidated financial statement include the Group's share of the profit or loss and other comprehensive income (OCI) of equity accounted investees, until the date on which significant influence or joint venture ceases.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.



STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

(vi) Non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

(vii) Common control transactions

A business combination involving entities or business under Common Control is a business combination in which all the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination and control is not transitional. Acquisitions under common control transactions in the Group are accounted applying book value accounting on the basis that the investment simply has been moved from one party of the Group to another.

(viii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(ix) Goodwill on consolidation

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill that arises is tested annually for impairment. Group policy on impairment of goodwill is discussed under note 3.8 (ii).

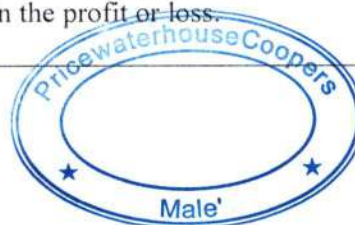
3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, by the Group / the Company.

3.1 Foreign currency

(i) Transactions in foreign currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.



**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Foreign currency (Continued)

(i) Transactions in foreign currencies (continued)

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Maldivian Rufiyaa at the exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated into Maldivian Rufiyaa at the average exchange rate.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation differences is allocated to non-controlling income (NCI).

When a foreign operation is disposed of in it's entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group / the Company disposes of part of its interest in a subsidiary but retain control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group / the Company disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

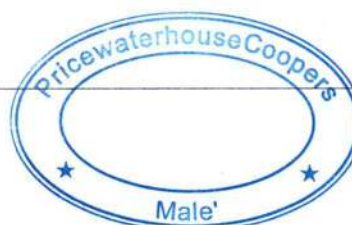
If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item from part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

3.2 Financial instruments

(i) Financial assets (non-derivatives other than insurance receivables)

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group/Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction cost that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



**STATE TRADING ORGANIZATION PLC
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

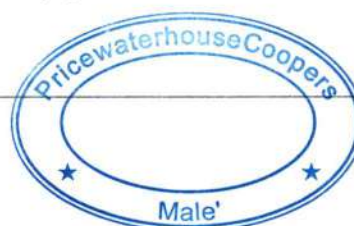
Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.



**STATE TRADING ORGANIZATION PLC
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Equity instruments (continued)

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Business model assessment

The Group / the Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's / Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether the cash flows are solely payment of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

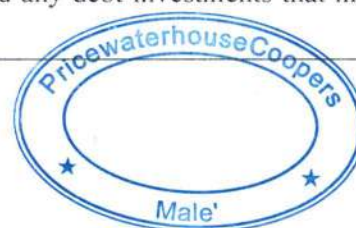
Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

- The Group / the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- The Group / the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group / the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

De-recognition

The Group / the Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Group / the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

(ii) Financial assets (insurance receivables)

Premium receivables

Premium receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method. Premium receivables are derecognized when the de-recognition criteria for financial assets have been met.

Reinsurance receivables

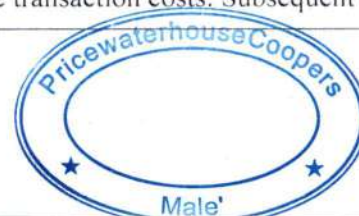
Reinsurance assets represent balances due from reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(iii) Financial liabilities (non-derivative other than reinsurance liabilities)

The Group / the Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group / the Company becomes a party to the contractual provisions of the instrument. The Group / the Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group / the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group / the Company non-derivative financial liabilities consist of loans and borrowings, amounts due to related parties and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

A financial liability is derecognized when its contractual obligations are discharged or cancelled, or expire. The Group / the Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Reinsurance liabilities

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

3.3 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

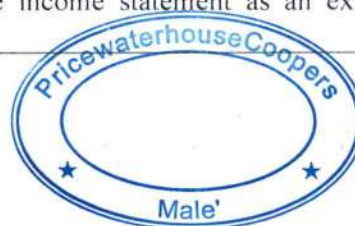
3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied with the item will flow to the Group/ Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group / the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold buildings - Over the lease period or 20 years, whichever is lower.

All the assets except leasehold buildings are depreciated over the following estimated useful live:

Freehold buildings	5 - 25	years
Vessels and fleet	5 - 15	years
Motor vehicles	4 - 5	years
Plant and machinery	3 - 25	years
Air conditioners	3 - 4	years
Office equipment	3 - 5	years
Furniture and fixtures	3 - 5	years
Other assets	3 - 5	years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month in which the property, plant and equipment is commissioned for commercial operation.

(iv) Capital work- in -progress

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction, and the asset is ready for use upon which the cost of completed construction works is transferred to the appropriate category of property, plant and equipment.

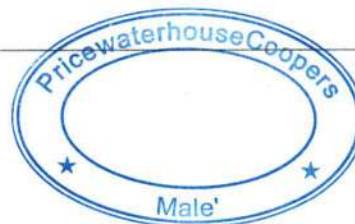
3.5 Investment property

Investment property are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation. However, if there is an impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline.

Depreciation on investment properties is recognized on a straight line basis over the following estimated useful lives.

Leasehold buildings and structures 20 to 25 years

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investment property (continued)

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction and the asset is ready to use upon which the cost of completed construction works is transferred to the appropriate category of investment property.

3.6 Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group / the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Group / the Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software program beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group / the Company has sufficient resources to complete development and to use the asset.

(iii) Amortization

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

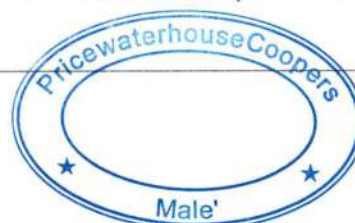
Computer software	3 to 10 years
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(iv) Capital work in progress

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not amortized until its completion of development and the asset is ready to use upon which the cost of completed construction works is transferred to intangible assets.

3.7 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory item is based on the weighted average method except in Maldives Gas Private Limited, which is on a first-in-first-out method. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company.

3.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

3.10 Impairment

(i) Financial assets (including insurance receivables)

The Group / the Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, the Group / the Company recognises a loss allowance for expected credit losses on:

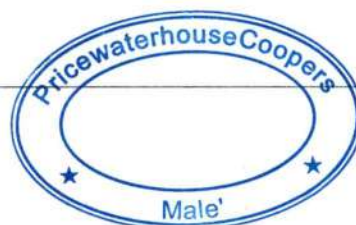
- Debt investments measured subsequently at amortised cost or at FVTOCI;
- Trade receivables;
- Cash and bank balances; and
- Contract assets;
- Amounts due from related parties

In particular, the Group / Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group / the Company measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. The Group / the Company applies a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets. The Group / the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group / the Company considers a financial asset to be in default when,

- The borrower is unlikely to pay its credit obligations to the Group / the Company in full
- The financial asset is more than 90 days past due.

Loss allowances for financial assets measured at amortized cost are presented by deducting from the gross carrying amount of the asset.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment (continued)

(i) Financial assets (including insurance receivables) (continued)

The gross carrying amount of a financial asset is written off when the Group / the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) Non-financial assets

The carrying amounts of the Group's / Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

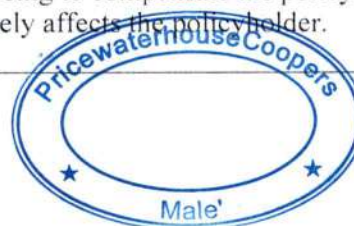
3.11 Insurance and investment contracts

IFRS 4 – Insurance contracts, require contracts written by insurer to be classified as either "Insurance" or "Investment" depending on the level of insurance risk transferred.

Product classification

Insurance contracts

Insurance contracts are contracts under which the Group (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Insurance and investment contracts (Continued)

Product classification (continued)

Insurance contracts (continued)

Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits. Insurance contracts can also transfer financial risk. The classification of Contracts identifies both the insurance contracts that the Group issues and reinsurance contracts that the Group holds. Insurance contracts can also transfer financial risk.

Subsequent classification

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Product portfolio of the Group

All insurance product sold by the Group are insurance contracts and therefore, classified as insurance contracts thus the Group does not have any investment contract within its portfolio as at the reporting date.

3.12 Liabilities and provision

A provision is recognized in the reporting date when the Group / the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.13 Insurance contract liabilities

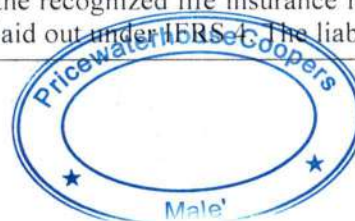
(i) Insurance contract liabilities – life insurance

Measurement / de-recognition

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The minimum mandated amounts, which are to be paid to policyholders plus any declared/ undeclared additional benefits, are recorded in liabilities. The liability is derecognized when the contract expires, is discharged or is cancelled.

Liability adequacy test (LAT)

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by using an existing liability adequacy test as laid out under IFRS 4. The liability



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Insurance contract liabilities (Continued)

(i) Insurance contract liabilities – life insurance (continued)

Liability adequacy test (LAT) (continued)

value is adjusted to the extent that it is insufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates.

(ii) Insurance contract liabilities – Non life insurance

Measurement

Non-life insurance contract liabilities include the outstanding claims provision (reserve for gross outstanding and incurred but not reported, and incurred but not enough reported - IBNR / IBNER) and the provision for unearned premium and the provision for premium deficiency.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS.

(ii) Reserve for unearned premiums (UPR)

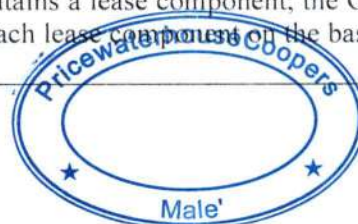
The reserve for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Provision for unearned premium is calculated on a 1 /24 basis except for marine / cargo class which is subject to 1/6 basis.

3.14 Leases

At inception of a contract, the Group / the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group / the Company uses the definition of lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group / the Company allocates the consideration in the contract to each lease component on the basis of



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (Continued)

(i) As a lessee (continued)

its relative stand-alone prices. However, for the leases of property the Group / the Company has elected not to separate non-lease component and account for the lease and non-lease component as a single lease component.

(a) Recognition and initial measurement of right-to-use asset

The Group / the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(b) Subsequent measurement

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group / the Company by the end of lease term or the cost of the right-of-use asset reflects that the Group / the Company will exercise a purchase option. In that case the right-to-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurement of the lease liability.

(c) Recognition and initial measurement of lease liability

The lease liability is initially measured at present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group / the Company's incremental borrowing rate. Generally, the Group / the Company uses its incremental borrowing rate as the discount rate.

(d) Short-term leases and leases of low-value assets

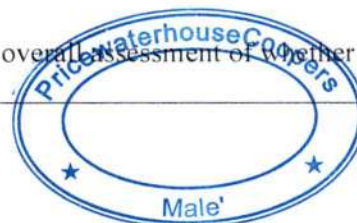
The Group / the Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise underlying asset value of which is less than USD 5,000 including IT equipment. The Group / the Company recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At the inception or on modification of a contract that contains a lease component, the Group / the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group / the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Group / the Company makes an overall assessment of whether the



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (Continued)

(ii) As a lessor (continued)

lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group / the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group / the Company an intermediate lessor, it account for accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-to-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group / the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If the arrangement contains lease and non-lease components, then Group / the Company applies IFRS 15 to allocate the consideration in the contract.

The Group / the Company applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group / the Company further regularly reviews estimated unguaranteed residual value used in calculating the gross investment in the lease.

The Group / the Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.15 Deferred income

The group's deferred income policy is described in 34.1.

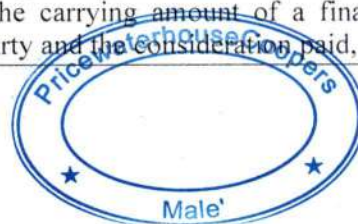
3.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid,



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowings (Continued)

including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

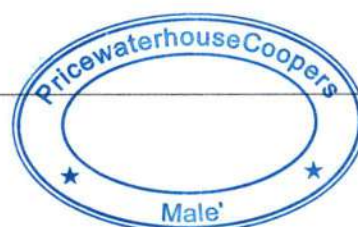
3.18 Revenue

3.18.1 Revenue from contract with customers (other than insurance)

Revenue from contracts with customers is recognized upon satisfaction of performance obligation, when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Variable considerations including rebates, discounts and other payments to customers are accounted as performance obligations are satisfied and revenue is recognized. Returns and refunds are given based on company and group policy and is recognized when incurred. A provision for warranty is recognized for home improvement and electronic products, generally based on historical warranty data.

Type	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Goods transferred at a point in time	Under IFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. The Group has average credit periods varying from 30 – 90 days depending on the contract.	Revenue from the sale of goods is recognized when the Company satisfies its performance obligation towards the customer.
Services transferred over time	Under IFRS 15, the Group determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.	Revenue from the services rendered is recognized with reference to the time of services rendered.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue (Continued)

3.18.1 Revenue from contract with customers (other than insurance) (continued)

Retail and wholesale

Retail and wholesale segment focuses on trading of a wide range of beverages, frozen confectionary, processed meat, dairy products, pharmaceutical items, electric equipment and construction materials. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon sale of the goods to the customer. Revenue is measured based on actual sales.

Gas

Gas segment focuses on sale and distribution of Liquid gas (L.P.G), industrial gas, medical gases and related equipment. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon sale of the goods to the customer. Revenue is measured based on actual sales.

Fuel and lubricants

Fuel and lubricants segment focuses on trading of petrol, diesel and jet fuel. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon sale of the goods to the customer. Revenue is measured based on actual sales.

Fishery

Fishery segment focuses on processing and selling of fish products. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon sale of the goods to the customer. Revenue is measured based on actual sales.

Shipping

Revenue from shipping activities is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date. Invoiced revenue related to an estimated proportion of remaining voyage time and activities at the destination port is deferred.

Other services

Other services segment include following categories:

Documents handling and other income

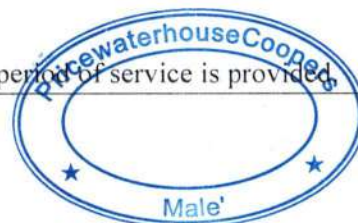
Revenue from documents handling and other activities is recognised upon completion of the service.

Registration fee income

In the case of registration fee income, the revenue has been recognised over the period of five years.

Repair and maintenance services

Revenue from repair and maintenance is recognised over the period of service is provided.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 18 Revenue (Continued)

3.18.1 Revenue from contract with customers (other than insurance) (Continued)

Transport charges received

Revenue from transport income, the revenue has been recognised by reference to the time of service rendered.

3.18.2 Gross written premium (GWP)

(i) Non - life insurance GWP

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross written premium.

(ii) Unearned premium reserve (UPR)

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. UPR represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/24 basis except for the marine and title policies which are computed on a 1/6 basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(iii) Unearned premium reserve (UPR)

The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under Insurance contract liabilities - Non life.

(iv) Life insurance GWP

Gross recurring premiums on life are recognized as revenue when receivable from the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

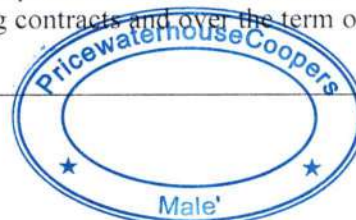
(v) Reinsurance premium

Gross reinsurance premiums on life are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross reinsurance premiums written for non-life comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

(vi) Unearned reinsurance premium

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue (Continued)

3.18.2 Gross written premium (GWP) (Continued)

(vi) Unearned reinsurance premium (continued)

reinsurance contract for losses occurring contracts. Unearned reinsurance premiums are calculated on the 1/24 basis except for the marine policies which are computed on a 1/6 basis.

The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under Insurance contract liabilities - Non life.

(vii) Fees and commission income

Reinsurance commission income on outwards reinsurance contracts are recognized as revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts are deferred and amortized on the 1/24 basis except for the marine policies which are computed on a 1/6 basis.

(viii) Investment income

Interest income is recognized in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

3.18.3 Gross benefits and claims

(a) Non - life insurance

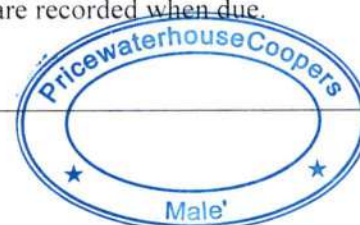
Gross claims expense include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

Gross claims expense includes gross claims expense reported but not yet paid, incurred but not reported claims (IBNR). The provision in respect of IBNR is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

(b) Life insurance

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. Maturities and surrenders payments are recorded when due.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue (Continued)

3.18.4 Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

3.19 Acquisition cost

Commission on acquisition of insurance contracts are recognized as an expense when incurred.

3.20 Operating expenses

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.21 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss.

Finance cost comprises interest expense on borrowings and foreign exchange losses. Foreign currency gains and losses are reported on a net basis.

3.22 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.23 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

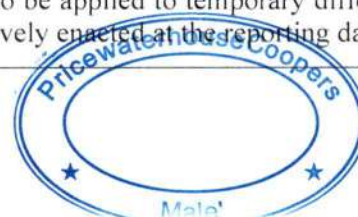
Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Tax expense (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Tax loss

A deferred tax assets is recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided. Transfers of tax losses between group companies for no payments are eliminated in the Consolidated and separate financial statements.

3.24 Deferred expenses

(i) Deferred acquisition costs (DAC)

Deferred acquisition costs comprise commissions and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

DAC is amortized over the period in which the related revenues are earned. The re-insurers share of deferred acquisition costs is amortized in the same manner as the unearned premium reserve is amortized.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. DAC is reviewed for recoverability based on the profitability of the underlying insurance contracts and when the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of income.

DAC are derecognized when the related contracts are either settled or disposed.

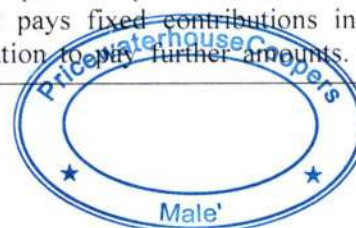
(ii) Reinsurance commissions - unearned commission Reserve (UCR)

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight-line basis over the term of the expected premiums payable.

3.25 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan as per Maldives Pension Administration Act is operated, under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The



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Company contributes 7% of members' salary into the scheme with an
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Employee Benefits (Continued)

(a) Defined contribution plans (continued)

additional, minimum, 4% of salary being contributed by the members.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed by a professional actuary in every three years in compliance with accounting requirements.

(c) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.26 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and provisions have been made in the separate financial statements where necessary.

3.27 Determination of fair values

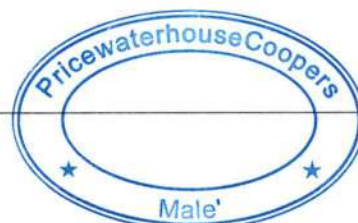
A number of the Group's / Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



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4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended accounting standards adopted by the Group/ the Company

The Company has applied the following standards and amendments for the first time for the annual reporting periods commencing 1st January 2022. Most of the amendments listed below did not have any significant impact on amounts recognized in prior periods and are not expected to significantly affect current or future period. The Group/ the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

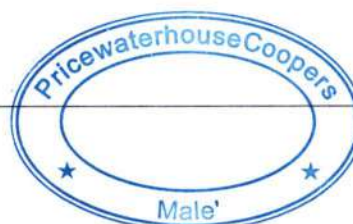
- i. Property, Plants and Equipment proceeds before intended Use – Amendments in IAS 16
- ii. Onerous contracts- cost of fulfilling contract – Amendments to IAS 37
- iii. Annual Improvements to IFRS Standards 2018-2020
- iv. Reference to the conceptual Framework – Amendment to IFRS 3

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRS 17, 'Insurance contracts'
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction



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Estimated impact on the adoption of IFRS 17

IFRS 17 will be effective from annual reporting periods beginning on or after 1st January 2023.

IFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdictions prior to January 2005. IFRS 17 replaces this with a new measurement model for all insurance contracts.

IFRS 17 requires liabilities for insurance contracts to be recognized as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day-one gain arising on initial recognition. Losses are recognized directly into the income statement. For measurement purposes, contracts are grouped together into contracts of similar risk, profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under IFRS 17 is represented by the recognition of the services provided to policyholders in the period (release of the CSM), release from non-economic risk (release of risk adjustment) and investment profit.

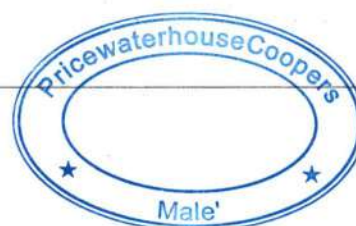
The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. For certain contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders) the CSM reflects the variable fee to shareholders. For these contracts, the CSM is adjusted to reflect the changes in economic experience and assumptions. For all other contracts the CSM is only adjusted for non-economic assumptions.

IFRS 17 introduces a new measure of insurance revenue, based on the delivery of services to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to IFRS 17, the amount of deferred profit, being the CSM at transition date, needs to be determined.

IFRS 17 requires, this CSM to be calculated as if the standard had applied retrospectively. If this is not practical, an entity is required to choose either a simplified retrospective approach or determine the CSM by reference to the fair value of the liabilities at the transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profits on in-force business in future reporting periods.

IFRS 17 is expected to have a significant impact on the Group's financial statements, as the requirements of the new standard are complex and requires a fundamental change to accounting for insurance contracts as well as the application of significant judgement and new estimation techniques. The effect of changes required to the Group's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition. Given the implementation of this standard is likely to involve significant enhancements to IT, actuarial and finance systems of the Group, it will also have an impact on the Group's expenses.

The Group is on track to providing IFRS 17 financial statements in line with the requirements as at 31st December 2023.



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FOR THE YEAR ENDED 31ST DECEMBER 2022

6 OPERATING SEGMENTS

A. Basis of segmentation

The Group has the following five strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they are subject to risk and returns that are different from those of other business segments.

The following summary describe the operations of each reportable segment

Reportable segments

Trading

Gas

Insurance service

Fuel and lubricants

Fishery

Shipping

Operations

Buying and selling of consumable goods, construction material, home improvement, electronic goods and medical related supplies

Buying and selling of liquified petroleum gas (LPG) and medical and industrial oxygen production

Providing general & life insurance services

Importing & selling of petroleum products

Buying & selling of fish and fish related products

Providing shipping & logistics services

The Group's Managing Director reviews the internal management reports of each division at least quarterly

Other operations include the development and operation of a tourist hotel, Shipping and other services. This segments does not meet the quantitative thresholds for a reportable segment in 2022 and 2021

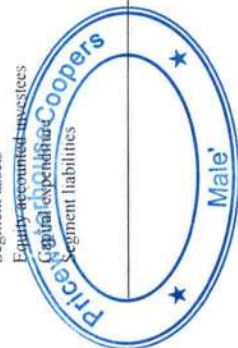
There are varying level of integration between insurance service, fuel and lubricant & gas segment. This integration include providing insurance and other inter-connected services. Inter segment pricing is determined on an arm's length basis.

B. Information about reportable segments

Information related to each reportable segment is set out below. A segment's profit before tax is used to measure performance because management believe that this information is the most relevant in evaluating the result of the respective segments relative to other entities that operate in the same industries.

For the year ended 31st December 2022

	Reportable segments										Total								
	Trading		Gas		Insurance service		Fuel and lubricants		Fishery			Shipping		Total reportable segments		Other segments		Total	
	MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR
Gross revenue	3,047,386,316		230,852,972		257,030,664		24,330,416,225		1,593,586,655		505,209,107		29,964,481,939		29,145,850		29,993,627,789		
Inter-segment revenue	(8,578,764)		(8,001,218)		(68,805,799)		(10,883,549,703)		(2,902,130)		(197,275,827)		(11,169,113,441)		(7,653,321)		(11,176,766,762)		
Segment revenue	3,038,807,552		222,851,754		188,224,865		13,446,866,522		1,590,684,525		307,933,281		18,795,368,498		21,492,529		18,816,861,027		
Segment profit before tax	343,844,169		(13,349,411)		46,115,969		512,228,743		320,012,245		10,988,186		1,219,839,900		(20,781,534)		1,199,058,366		
Interest income	13,134,091		-		19,529,228		-		-		-		32,663,319		-		32,663,319		
Interest expense	(53,822,565)		(2,841,627)		(617,913)		(165,525,701)		(44,931,944)		(10,751,547)		(278,491,297)		(14,971,705)		(293,463,003)		
Depreciation & amortization	(108,220,814)		(21,834,709)		(9,284,591)		(68,150,636)		(49,295,837)		(28,377,509)		(285,164,096)		(5,767,829)		(290,931,925)		
Share of profit of associate	312,398		-		-		-		-		-		312,398		-		312,398		
Share of profit of joint venture	11,689,814		-		-		-		-		-		11,689,814		-		11,689,814		
Segment assets	2,306,968,134		347,801,819		1,272,575,007		7,749,819,553		981,437,323		785,475,838		13,444,077,674		541,344,094		13,985,421,768		
Equity accounted investees	39,559,582		-		-		-		-		-		39,559,582		-		39,559,582		
Capital expenditure	501,886,318		34,746,001		5,272,991		47,322,261		56,533,477		66,222,156		711,983,205		-		711,983,205		
Segment liabilities	1,945,355,599		118,574,265		862,586,045		5,780,398,049		1,021,584,027		510,746,608		10,239,244,593		250,217,615		10,489,462,208		



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FOR THE YEAR ENDED 31ST DECEMBER 2022

6 OPERATING SEGMENTS (CONTINUED)

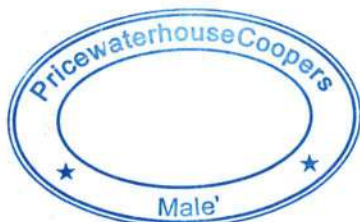
B. Information about reportable segments (Continued)

For the year ended 31st December 2021

	Reportable segments						Total reportable segments	Other segments	Total
	Trading	Gas	Insurance service	Fuel and lubricant	Fishery	Shipping			
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	
Gross revenue	3,071,019,213	215,304,332	216,969,467	11,251,396,460	1,245,454,091	246,452,983	16,246,596,546	24,941,777	16,271,538,323
Inter-segment revenue	(4,498,153)	(10,738,951)	(51,048,153)	(4,857,360,939)	(1,825,971)	(101,695,097)	(5,027,167,264)	(8,829,920)	(5,035,997,184)
Segment revenue	3,066,521,060	204,565,381	165,921,314	6,394,035,521	1,243,628,120	144,757,886	11,219,429,282	16,111,857	11,235,541,139
Segment profit / (loss) before tax	49,272,736	802,555	78,980,595	501,888,177	(261,633,465)	(20,806,654)	348,503,944	(60,418,512)	288,085,429
Interest income	4,848,611	-	20,667,569	-	-	479,639	25,995,819	-	25,995,819
Interest expense	(38,897,810)	(2,803,629)	(738,711)	(89,157,845)	(54,761,281)	(4,752,580)	(191,111,855)	(15,006,062)	(206,117,917)
Depreciation & amortization	(92,420,471)	(20,152,464)	(11,274,059)	(61,258,605)	(46,255,778)	(1,497,019)	(232,858,395)	(5,767,829)	(238,626,224)
Share of profit of associate	1,308,726	-	-	-	-	-	1,308,726	-	1,308,726
Share of profit of joint venture	9,753,204	-	-	-	-	-	9,753,204	-	9,753,204
Segment assets	1,683,604,031	376,150,197	1,223,459,613	5,552,359,860	898,615,547	333,521,934	10,067,711,182	547,111,909	10,614,823,091
Equity accounted investees	35,557,370	-	-	-	-	-	35,557,370	-	35,557,370
Capital expenditure	20,057,441	63,009,559	10,909,995	15,097,988	105,955,017	126,854,629	341,884,628	-	341,884,628
Segment liabilities	1,443,536,678	135,777,723	880,354,787	3,906,512,993	1,337,045,388	331,397,755	8,034,625,323	92,052,946	8,126,678,270

C. Reconciliations of information on reportable segment to IFRS measures

	2022	2021
	MVR	MVR
i Revenue		
Total revenue for reportable segments	29,964,481,939	16,000,143,563
Revenue for other segments	29,145,850	271,394,760
Elimination of inter - segment revenue	(11,176,766,762)	(5,035,997,184)
Consolidated revenue	18,816,861,027	11,235,541,139
ii Profit before tax		
Total profit before tax for reportable segments	1,219,839,900	369,310,597
Loss before tax for other segments	(20,781,534)	(81,225,168)
Elimination of inter-segment profit	(4,002,211)	(1,061,930)
Dividend received from joint venture	(8,000,000)	(10,000,000)
Share of profit of equity - accounted investees	12,002,211	11,061,930
Consolidated profit before tax from continuing operations	1,199,058,366	288,085,429
iii Assets		
Total assets for reportable segment	13,444,077,674	9,734,189,248
Assets for other segments	541,344,094	880,633,843
Equity -accounted investees	39,559,582	35,557,370
Consolidated total assets	14,024,981,350	10,650,380,461
iv Liabilities		
Total liabilities for reportable segment	10,239,244,593	7,703,227,570
Liabilities for other segments	250,217,615	423,450,700
Consolidated total liabilities	10,489,462,208	8,126,678,270



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FOR THE YEAR ENDED 31ST DECEMBER 2022

6 OPERATING SEGMENTS (CONTINUED)

C. Reconciliations of information on reportable segment to IFRS measures (Continued)

v. Other material items

For the year ended 31st December 2022

	Reportable segment totals MVR	Adjustment MVR	Consolidated totals MVR
Interest income	32,663,319	(3,858,674)	28,804,645
Interest expense	(278,491,297)	3,858,674	(274,632,623)
Capital expenditure	711,983,205	-	711,983,205
Depreciation and amortization	(285,164,096)	-	(285,164,096)
	180,991,131	-	180,991,131

For the year ended 31st December 2021

Interest income	25,995,819	(5,361,937)	20,633,882
Interest expense	(191,111,855)	5,361,937	(185,749,918)
Capital expenditure	341,884,628	-	341,884,628
Depreciation and amortization	(232,858,395)	-	(232,858,395)
	(56,089,803)	-	(56,089,803)

D. Geographic information

The trading, gas, insurance segments are operated in Male & other Islands of Maldives. Fuel, lubricant and crude oil segment is operated in Male, other islands of Maldives and Singapore.

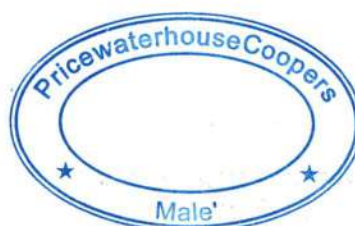
The geographic information below analyzes the Group's revenue and non-current assets by the Group's different operating geographical areas. In presenting the following information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2022 MVR	2021 MVR
i. Revenue		
Male'	18,510,684,170	10,305,880,674
Thilafushi	2,156,620,445	976,900,311
Hulhumale'	356,351,422	209,781,322
Other Islands	7,180,603,069	3,511,796,514
Overseas	1,789,368,684	1,267,179,502
Less : Inter-company transactions	(11,176,766,762)	(5,035,997,184)
	18,816,861,027	11,235,541,139

	2022 MVR	2021 MVR
ii. Non - current assets		
Male'	4,227,423,933	2,974,927,015
Thilafushi	298,029,739	185,048,651
Hulhumale'	18,292,368	25,388,802
Other Islands	522,645,741	562,785,238
Overseas	771,000	771,000
	5,067,162,781	3,748,920,707

E. Major customer

Revenue from one customer of the Fuel, lubricant and crude oil segment represented approximately MVR 3,044,037,016.31/- (2021: MVR 1,374,958,962/-) of the Group's total revenues.



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FOR THE YEAR ENDED 31ST DECEMBER 2022

7 REVENUE

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Retail and wholesale	3,038,807,552	3,066,521,060	3,026,283,379	3,043,903,213
Insurance	188,224,865	165,921,314	-	-
Gas	222,851,754	204,565,381	-	-
Fuel and lubricants	13,446,866,522	6,394,035,521	15,169,883,591	7,129,896,242
Fishery	1,590,684,525	1,243,628,120	-	-
Shipping	307,933,281	144,757,886	-	-
Other services	21,492,529	16,111,857	17,626,023	13,210,006
	<u>18,816,861,027</u>	<u>11,235,541,139</u>	<u>18,213,792,994</u>	<u>10,187,009,461</u>

Timing of revenue recognition

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Goods transferred at a point in time	18,339,717,287	11,015,137,434	18,196,166,970	10,173,799,455
Services transferred over time	288,918,874	54,482,391	17,626,023	13,210,006
Total revenue from contracts with customers	<u>18,628,636,161</u>	<u>11,069,619,825</u>	<u>18,213,792,994</u>	<u>10,187,009,461</u>
Revenue from insurance contracts	188,224,865	165,921,314	-	-
Total revenue	<u>18,816,861,027</u>	<u>11,235,541,139</u>	<u>18,213,792,994</u>	<u>10,187,009,461</u>

8 OTHER INCOME

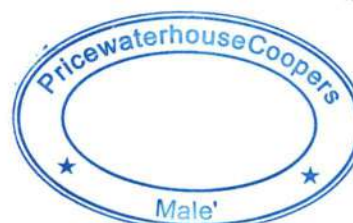
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Profit on disposal of property, plant and equipment	9,771,779	243,615	19,473,834	243,615
Income from vessels and fleets	1,693,047	999,238	5,466,012	14,557,885
Fines and claims received	7,297,284	18,558,320	7,722,672	19,119,136
Commissions received	-	4,419,495	-	4,419,495
Rent income	39,759,833	29,338,229	46,210,762	35,662,979
Discounts received	53,790	2,581,354	53,790	2,581,354
Agency fee	1,986,040	1,791,542	1,986,040	1,791,542
Income from staff shop	13,419,290	8,455,972	-	-
Borrowings from Government waived-off (Note 8.1)	576,467,757	-	-	-
Miscellaneous income	16,312,051	16,431,209	8,394,672	7,177,837
Reversal of Provision for Impairment of Assets	2,806,078	-	2,806,078	-
	<u>669,566,950</u>	<u>82,818,975</u>	<u>92,113,861</u>	<u>85,553,844</u>

8.1 Income arising out of waived of loans payable to Government

Pursuant to the decision made by the Maldives Economic Council and subsequent letters received from Ministry of finance, the Government of Maldives waived the loan balance and interest & penalty interest accumulated as at 31 December 2021 amounting to MVR 576,467,757/- due from Maldives Industrial Fisheries Company Limited, a subsidiary company with effect from 1 January 2022.

9 NET FINANCE COSTS

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Finance income				
Interest income on loans granted	1,744,207	2,865,184	217,317	421,649
Interest income on credit scheme sales	2,977,412	2,854,199	2,977,412	2,854,199
Foreign exchange gain	4,293,647	1,002,842	-	674,310
Dividend income	5,611,713	5,265,500	28,000,867	54,900,767
Discounts on treasury bills	11,675,237	10,569,033	879,820	887,392
Other finance income	12,407,789	4,345,466	9,038,518	682,706
Lease Interest Received	-	-	6,611,586	-
	<u>38,710,005</u>	<u>26,902,223</u>	<u>47,725,519</u>	<u>60,421,022</u>
Finance costs				
Interest on bank borrowings	(44,936,344)	(55,937,923)	(30,549,374)	(24,537,381)
Interest on bank overdrafts	(39,883,239)	(38,442,427)	(3,883,081)	(16,429,289)
Interest on lease liabilities (Note 30)	(43,458,002)	(38,970,144)	(18,465,318)	(15,984,170)
Interest on other borrowings	(160,167,365)	(67,392,041)	(163,593,974)	(69,521,953)
Foreign exchange loss	(1,159,379)	(13,445)	(1,155,541)	-
	<u>(289,604,329)</u>	<u>(200,755,980)</u>	<u>(217,647,288)</u>	<u>(126,472,794)</u>
Net finance costs	<u>(250,894,324)</u>	<u>(173,853,757)</u>	<u>(169,921,769)</u>	<u>(66,051,772)</u>



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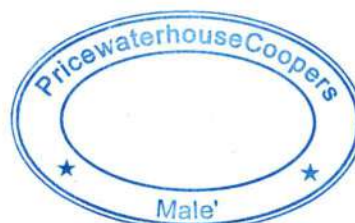
FOR THE YEAR ENDED 31ST DECEMBER 2022

10 EXPENSES	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Raw material and consumables used / cost of sales	15,857,835,157	9,144,318,683	15,961,010,647	8,594,491,202
Depreciation on property, plant and equipment (Note 13)	219,163,940	181,393,332	103,589,346	101,077,638
Depreciation on investment properties (Note 14)	7,164,959	6,151,725	7,164,959	6,151,725
Amortization of right-of-use assets (Note 19)	60,456,101	41,831,309	40,975,751	25,804,093
Amortization of intangible assets (Note 15)	4,146,925	9,249,858	307,328	246,720
Rental expense on short term leases	10,612,288	22,714,505	1,292,052	1,395,073
Directors' remuneration	8,081,039	7,092,065	4,203,200	3,445,046
Transportation	54,582,325	35,853,857	21,559,359	16,355,821
Vessel and fleet expenses	10,165,092	9,287,761	7,258,488	7,912,492
Audit fees	2,416,964	3,374,026	884,468	841,932
Accounting and legal charges	7,640,861	6,770,840	3,180,533	2,978,524
Distribution agency fees	57,065,270	49,692,151	25,280,031	26,342,162
Provision for slow and non moving inventories (Note 21.1)	65,946,846	47,622,011	61,189,746	46,318,368
Receivable write off	3,671,626	3,055,755	997,476	381,605
Loss on disposal of PPE	34,775,178	-	-	-
Fuel expenses	105,224,628	46,897,873	34,666,202	18,577,035
Rebate on fuel	-	-	115,520,949	72,960,484
Provision for impairment of property, plant and equipment (Note 13 2.1)	-	12,737,508	-	12,737,508
Provision for impairment of trade, other and related party receivable	141,703,523	22,704,191	107,495,513	24,528,192
Provision for impairment of bank balances	-	2,533,829	-	2,533,829
Bank charges	37,384,916	23,103,977	29,476,131	13,636,605
Repair and maintenance	164,388,641	135,077,956	68,391,650	63,598,109
Advertisement and sales promotion expenses	38,416,552	29,098,108	28,173,685	18,444,379
Telephone, electricity and water charges	46,496,436	57,932,529	30,973,770	42,288,390
Other selling and distribution costs	45,116,660	34,246,416	42,064,689	31,871,894
Personnel costs (Note 10.1)	928,298,800	811,260,494	466,255,163	414,646,038
Other expenses (Note-10.2)	137,722,772	123,482,097	109,565,299	80,028,721
	<u>18,048,477,498</u>	<u>10,867,482,857</u>	<u>17,271,476,436</u>	<u>9,629,593,585</u>
Classified as:				
Cost of sales	16,059,059,687	9,318,095,792	16,045,467,939	8,646,963,654
Selling and marketing costs	730,605,543	603,923,873	677,461,993	575,346,015
Impairment loss on trade & other receivables and related party receivable	141,703,523	22,704,191	107,495,513	24,528,192
Administration expenses	1,085,136,821	892,391,248	421,640,637	378,050,595
Other operating expenses	31,971,925	30,367,754	19,410,354	4,705,129
	<u>18,048,477,498</u>	<u>10,867,482,857</u>	<u>17,271,476,436</u>	<u>9,629,593,585</u>
10.1 Personnel costs				
Salaries and wages	435,646,997	392,895,291	141,732,914	132,780,297
Staff welfare	59,224,948	50,890,647	19,818,882	16,814,204
Employer's contribution to government pension fund	19,025,321	16,735,195	8,742,476	8,201,504
Bonus, overtime and allowances	372,380,266	307,547,496	270,523,175	227,803,195
Provision for retirement benefits	13,915,401	15,639,271	8,091,712	9,006,143
Staff training expenses	9,586,965	13,777,747	8,401,303	13,102,837
Other staff related expenses	18,518,903	13,774,847	8,944,701	6,937,858
	<u>928,298,800</u>	<u>811,260,494</u>	<u>466,255,163</u>	<u>414,646,038</u>

The Group's other expenses mainly include of travelling expenses MVR 33,401,779 (2021: MVR 25,472,725), Data communication and network expenses MVR 10,194,084 (2021: MVR 9,531,946), demurrage MVR 21,093,649 (2021: MVR 3,878,082), Corporate social responsibility MVR 11,871,550 (2021: MVR 4,366,617), software hardware licensing MVR 17,845,772 (2021: 14,780,046), permit, license and tax fee MVR 5,089,767 (2021: 6,788,198) and Royalty MVR 6,693,297 (2021: Nil).

10.2

The Company's other expenses mainly include of travelling expenses MVR 18,135,440 (2021: MVR 12,687,263), Data communication and network expenses MVR 6,306,754 (2021: MVR 5,955,803), demurrage MVR 21,093,649 (2021: MVR 3,878,082), insurance MVR 13,656,983 (2021: MVR 15,063,594), Corporate social responsibility MVR 10,875,805 (2021: MVR 4,046,247), software hardware licensing MVR 13,544,967 (2021: 14,116,927) and Royalty MVR 6,693,297 (2021: Nil).



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FOR THE YEAR ENDED 31ST DECEMBER 2022

11 INCOME TAX EXPENSE

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<i>Items recognized in profit or loss</i>				
11.1 Current tax expense				
Current tax expense	168,161,734	111,030,893	152,775,642	95,074,738
(Over)/ under provision in respect of prior years	(252,380)	(702,257)	(253,719)	47,528
	167,909,354	110,328,636	152,521,923	95,122,266
Deferred tax adjustments				
Deferred tax asset reversed recognized (Note 11.3)	(25,784,109)	(7,934,815)	(16,132,250)	(5,031,670)
Deferred tax liability recognized/ (reversed) (Note 11.4)	71,301	27,859	-	-
	(25,712,808)	(7,906,956)	(16,132,250)	(5,031,670)
Income tax expense	142,196,546	102,421,680	136,389,673	90,090,596
11.2 Reconciliation between accounting profit and taxable income:				
Profit before tax	1,199,058,366	288,085,429	864,508,650	576,917,947
Loss of subsidiary which is not subject to tax	(283,993,116)	376,727,974	-	-
	915,065,250	664,813,403	864,508,650	576,917,947
Tax calculated at the rate of 15%	137,259,788	99,722,010	129,676,298	86,537,692
Add: tax on non-deductible expenses	89,243,212	63,385,098	79,069,686	51,509,648
Add: under provision in respect of prior years	(252,380)	47,528	(253,719)	47,528
Less: tax on deductible expenses	(84,054,073)	(60,732,956)	(72,102,592)	(48,004,272)
Income tax expense	142,196,546	102,421,680	136,389,673	90,090,596

In accordance with the provisions of the Income Tax Act Law Number 25/2019 and subsequent amendments and regulations thereto, the Group / the Company is liable for income tax on its taxable profits at the rate of 15%.

11.3 Deferred tax asset

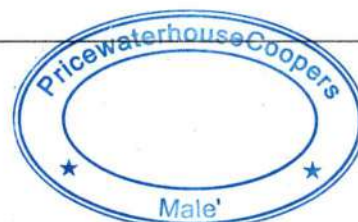
As at 1st January	133,519,144	122,681,114	94,197,449	87,726,148
Deferred tax asset recognized during the year	25,784,109	7,934,815	16,132,250	5,031,670
Deferred tax asset recognized/ (reversed) in other comprehensive income	(4,926,335)	2,903,215	244,877	1,439,631
As at 31st December	154,376,918	133,519,144	110,574,576	94,197,449

11.4 Deferred tax liability

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
As at 1st January	1,102,967	1,075,108	-	-
Deferred tax liability recognized/ (reversed) during the year (Note 11.1)	71,301	27,859	-	-
As at 31st December	1,174,268	1,102,967	-	-

11.5 The recognized deferred tax asset is attributable to the following:

	Group			
	31/12/2022		31/12/2021	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	398,845,136	59,826,770	360,419,785	54,062,968
Intangible assets	(3,158,354)	(473,753)	(3,096,724)	(464,509)
Fair value reserve	(43,875,000)	(6,581,250)	(5,750,000)	(862,500)
Defined benefit obligation	75,817,497	11,372,624	65,458,381	9,818,757
Provisions on trade, other, related party receivable and cash and bank balance	601,550,172	90,232,526	473,096,185	70,964,428
	1,029,179,450	154,376,918	890,127,626	133,519,144



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FOR THE YEAR ENDED 31ST DECEMBER 2022

11 TAX EXPENSE (CONTINUED)

11.5 The recognized deferred tax asset is attributable to the following; (continued)

	Company			
	31/12/2022		31/12/2021	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	331,172,907	49,675,936	299,737,143	44,960,570
Defined benefit obligation	55,724,125	8,358,619	50,354,123	7,553,118
Provisions on trade, other, related party receivable and cash and bank balance	350,266,806	52,540,021	277,891,737	41,683,760
	737,163,838	110,574,576	627,983,003	94,197,449

11.6 Un-recognized deferred tax asset

The Group has the following unrecognized deferred tax assets attributable to the subsidiaries:

11.6.1 Maldives Industrial Fisheries Company Limited

	31/12/2022		31/12/2021	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
	Property, plant and equipment	18,736,363	2,810,454	(16,083,197)
Intangible assets	155,456	23,318	4,627,573	694,136
Accumulated tax losses	452,069,072	67,810,361	794,130,989	119,119,648
Defined benefit obligation	67,885,228	10,182,784	63,517,143	9,527,571
	538,846,119	80,826,917	846,192,508	126,928,875

The Company has not recognized the above deferred tax assets since it is not probable that the Company will generate future taxable profits against which these benefits could be utilized.

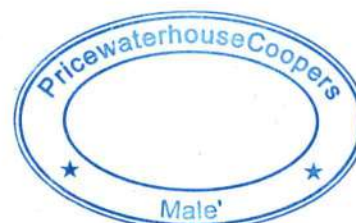
11.7 The recognized deferred tax liability is attributable to the following:

	Group			
	31/12/2022		31/12/2021	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	7,828,454	1,174,268	7,353,113	1,102,967

12 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on profit for the year attributable to the ordinary shareholders and weighted number of ordinary shares outstanding during the year and calculated as follows.

	Group		Company	
	2022	2021	2022	2021
Profit for the year attributable to the ordinary shareholders - MVR	1,058,119,611	185,725,534	728,118,977	486,827,351
Weighted average number of ordinary shares	1,126,910	1,126,910	1,126,910	1,126,910
Basic and diluted earnings per share - MVR	939	165	646	432



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13 PROPERTY, PLANT AND EQUIPMENT

13.1	Group	Freehold land MVR	Freehold buildings MVR	Leasehold buildings MVR	Plant and machinery MVR	Vessels and fleet MVR	Motor vehicles MVR	Air conditioners MVR	Office equipment MVR	Furniture and fixtures MVR	Other assets MVR	Total 31/12/2022 MVR	Total 31/12/2021 MVR
	Cost												
	As at 1st January	774,186,753	927,932,169	107,010,038	863,904,408	1,057,174,485	231,013,668	21,235,865	295,026,013	24,116,685	191,259,492	4,492,859,377	4,218,742,268
	Additions during the year	-	148,760,750	471,519	35,682,888	383,002,465	12,540,606	3,089,449	21,912,037	1,855,111	16,983,171	624,297,996	273,304,830
	Disposal during the year	-	(12,370,674)	-	(51,994,293)	(33,793,685)	(2,942,191)	(332,076)	(2,258,791)	(294,336)	(6,815,460)	(110,801,506)	(1,775,425)
	Transferred from capital work in progress (Note 13.1.1)	-	27,501,891	1,067,098	9,577,047	7,378,052	-	-	329,757	-	-	45,853,845	2,587,904
	Transferred to Intangible assets (CWIP) (Note 15.3)	-	-	-	-	-	-	-	(987,000)	-	-	(987,000)	-
	Transferred to investment properties	-	(20,264,424)	-	-	-	-	-	-	-	-	(20,264,424)	-
	As at 31st December	774,186,753	1,071,559,712	108,548,655	857,170,049	1,413,761,317	240,612,083	23,993,238	314,022,016	25,677,460	201,427,203	5,030,958,488	4,492,859,577
	Accumulated depreciation												
	As at 1st January	-	701,368,140	59,432,404	534,175,417	634,133,137	195,636,494	18,184,735	251,240,100	18,769,089	116,106,514	2,529,046,031	2,349,094,854
	Charge for the year (Note 10)	-	32,144,891	6,004,524	39,218,982	85,024,599	16,256,692	1,863,354	20,322,787	1,706,618	16,621,493	219,163,940	181,393,332
	Disposals during the year	-	(2,881,161)	-	(29,642,350)	(33,899,910)	(2,942,191)	(328,090)	(981,839)	(294,336)	(5,391,449)	(76,361,527)	(1,442,155)
	Write off during the year	-	-	-	-	-	-	-	-	-	-	-	-
	Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
	As at 31st December	-	730,631,870	65,436,928	543,751,849	685,257,826	208,950,994	19,710,990	270,581,048	20,181,371	127,336,558	2,671,848,444	2,529,046,031
	Net carrying amount												
	As at 31st December 2022	774,186,753	340,927,842	43,111,727	313,418,200	728,503,491	31,661,089	4,273,240	43,440,967	5,496,089	74,090,646	2,359,110,044	-
	As at 31st December 2021	774,186,753	226,564,030	47,577,634	329,728,990	423,041,347	35,377,174	3,051,130	43,785,912	5,347,596	75,152,978	1,963,813,546	-
	Capital work in progress (Note 13.1.1)	-	-	-	-	-	-	-	-	-	-	229,056,173	260,985,568
	Total	-	-	-	-	-	-	-	-	-	-	2,388,166,217	2,224,799,114

13.1.1 Capital work in progress

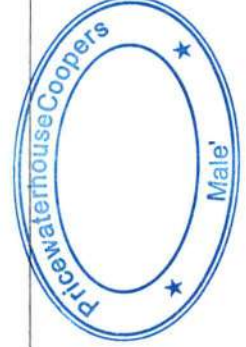
As at 1st January	260,985,568	216,360,942
Additions during the year	84,093,346	60,511,898
Transferred to property, plant and equipment (Note 13.1)	(45,853,845)	(2,587,904)
Disposals	(71,780,078)	(179,686)
Write-off during the year	(1,194,896)	(382,175)
Transferred to intangible assets (CWIP) (Note 15.3)	2,806,078	(12,737,508)
Reversal/ (impairment) of assets (Note 8 and 10)	229,056,173	260,985,568
As at 31st December	229,056,173	260,985,568

13.1.2 Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Habib Bank Limited are secured on SFO Trade Center building (USD 13,000,000), super market warehouse (USD 652,983) and home improvement land and building (USD 8,035,000), respectively.

13.1.3 Borrowings of MIFCO from Bank of Maldives Plc are secured on leasehold right of land & commercial plot, buildings, plant, machineries and equipments at fisheries complex and vessels (USD 2,145,763) of MIFCO.

13.1.4 Borrowings of Maldivian Gas from Hongkong & Shanghai Banking Corporation are secured on Maldivian Gas properties and facilities (MVR 106,000,000).

13.1.5 In 2022, the Group has capitalised borrowing costs amounting to MVR 9,285,874. (2021: MVR 1,832,069) on vessels and capital work in progress plant and machinery. Borrowing costs were capitalised at the rate of 6.1%, LIBOR, 8.5% and 8%.

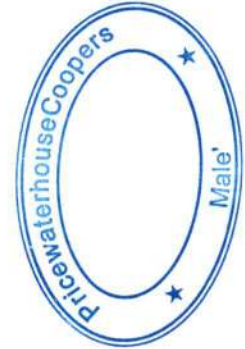


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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land		Buildings		Plant and machinery		Vessels and fleet		Motor vehicles		Air conditioners		Office equipment		Furniture and fixtures		Other assets		Total	
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost																				
As at 1st January	774,186,753	525,739,718	228,457,687	378,448,022	156,329,894	19,934,704	98,365,386	7,911,701	40,930,695	2,230,304,560	2,213,995,122									
Additions during the year	-	148,760,750	9,789,506	280,012,728	9,828,404	3,047,606	11,257,960	622,244	631,732	463,950,928	15,425,846									
Disposal during the year	-	-	-	(33,753,917)	(2,942,191)	(97,883)	(14,498)	-	(3,570)	(36,812,059)	(1,319,310)									
Assess given on finance lease de-recognized	-	-	-	(280,012,728)	-	-	-	-	-	(280,012,728)	-									
Transferred from capital work in progress (Note 13.2.1)	-	24,078,593	-	-	-	-	-	-	-	24,078,593	2,202,911									
Transferred to investment properties (Note 14)	-	(20,264,424)	-	-	-	-	-	-	-	(20,264,424)	-									
As at 31st December	774,186,753	678,314,637	238,247,192	344,694,106	163,216,107	22,884,426	108,621,847	8,533,944	41,558,857	2,380,257,870	2,230,304,568									
Accumulated depreciation																				
As at 1st January	-	408,848,957	117,834,283	209,644,541	135,324,345	16,894,438	83,702,791	7,526,079	34,886,653	1,014,662,087	914,869,647									
Charge for the year (Note 10)	-	22,667,818	14,091,643	41,115,330	11,843,155	1,855,169	7,976,413	281,298	3,758,519	103,589,346	101,077,638									
Disposals during the year	-	-	-	(43,964,449)	(2,942,191)	(97,883)	(2,658)	-	(3,570)	(47,010,751)	(1,285,193)									
As at 31st December	-	431,516,775	131,925,926	206,795,423	144,225,309	18,651,724	91,676,546	7,807,377	38,641,602	1,071,240,682	1,014,662,091									
Net carrying value																				
As at 31st December 2022	774,186,753	246,797,862	106,321,266	137,898,683	18,990,798	4,232,702	16,945,301	736,567	2,917,255	1,309,017,188	-									
As at 31st December 2021	774,186,753	116,890,762	110,623,405	168,803,480	21,005,549	3,040,265	14,662,595	385,622	6,044,048	-	1,215,642,477									
Capital work in progress (Note 13.2.1)																				
Capital work in progress (Note 13.2.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital work in progress																				
As at 1st January	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to property, plant and equipment (Note 13.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to intangible assets (CWIP) (Note 15.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal (impairment) of assets (Note 8 and 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.2.2																				
Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Habib Bank Limited are secured on STO Trade Center building (USD 13,000,000), super market warehouse (USD 652,983) and home improvement land and building (USD 8,035,000), respectively.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.2.3																				
In 2022, the company has capitalised borrowing costs amounting to MVR 5,450,450/- (2021: Nil-) on vessels. Borrowing costs were capitalised at the rate of 8.5%.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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14. INVESTMENT PROPERTY

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Cost	MVR	MVR	MVR	MVR
As at 1st January	154,516,271	154,516,271	154,516,271	154,516,271
Transferred from property, plant and equipment (Note 13.2)	20,264,424	-	20,264,424	-
As at 31st December	174,780,695	154,516,271	174,780,695	154,516,271
Accumulated depreciation				
As at 1st January	77,753,785	71,602,060	77,753,785	71,602,060
Depreciation for the year (Note 10)	7,164,959	6,151,725	7,164,959	6,151,725
As at 31st December	84,918,744	77,753,785	84,918,744	77,753,785
Net carrying amount				
Capital work in progress (Note 14.1)	287,559,138	287,559,138	287,559,138	287,559,138
Total	377,421,089	364,321,624	377,421,089	364,321,624
14.1 Capital work in progress				
As at 1st January	656,663,809	656,663,809	656,663,809	656,663,809
Provision for impairment of investment in hulhumale hotel	(369,104,671)	(369,104,671)	(369,104,671)	(369,104,671)
As at 31st December	287,559,138	287,559,138	287,559,138	287,559,138
14.2 Provision for impairment of investment in hulhumale hotel				
As at 1st January	369,104,671	369,104,671	369,104,671	369,104,671
As at 31st December	369,104,671	369,104,671	369,104,671	369,104,671

14.2 Due to continuous delay in completing the construction of the hotel in Hulumale, MVR 369,104,671 was recognized as an impairment loss. No impairment charge was recognised during the year 2022 and 2021 since the recoverable value is higher than the carrying amount.

14.3 The fair value of the investment property is MVR 313,220,000/- as at 31st December 2022 based on an independent valuation of properties carried out. The management will carry out the exercise to determine the fair value of the investment property on annual basis.

14.4 The fair value measurement of investment property have been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since current price in an active market is not available the directors consider information from rent agreements with lessees and construction costs incurred.

14.5 The fair value of the investment properties which are classified under capital work in progress is MVR 287,559,138/- as at 31st December 2022 (2021: MVR 287,559,138/-). The fair value of investment property was determined by the management. The management will carry out the exercise to determine the fair value of the investment property on annual basis. The fair value measurements of investment properties have been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since current price in an active market is not available the directors consider information from sales agreement with Housing Development Cooperation (HDC) wherein HDC will pay STO minimum USD 20 million from the sale proceeds on a net present value basis.

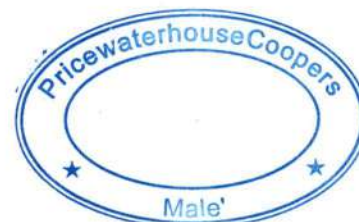
14.6 Investment property comprises a number of commercial properties that are leased to third parties and proportion under the construction with the purpose of leasing to third parties.

14.7 Capital work in progress includes the construction of a tourist hotel in Hulhumale Island.

14.8 Income earned from investment property

The rental income and direct expenses in relation to investment properties are as follows:

	Group		Company	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
Rent income	36,213,580	29,186,229	43,082,508	35,662,979
Direct expenses	(15,604,029)	(21,734,977)	(22,614,535)	(21,734,977)



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14.9 Income receivable from investment property

Investment properties are leased to tenants under operating leases with rentals payable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Within 1 year	30,255,244	23,517,522	37,328,170	25,332,938
Between 1 - 2 years	37,644,392	13,021,171	42,293,726	13,891,649
Between 2 - 3 years	13,404,408	8,625,402	16,316,970	10,300,964
Between 3 - 4 years	8,018,772	1,671,375	14,814,751	1,671,375
	89,322,815	46,835,470	110,753,617	51,196,926

15 INTANGIBLE ASSETS

15.1 GROUP

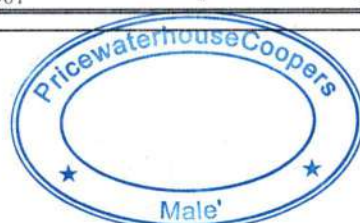
	Goodwill on Consolidation	Computer software	Total 2022	Total 2021
	MVR	MVR	MVR	MVR
Cost				
As at 1st January	3,155,217	108,844,109	111,999,326	109,160,929
Transferred from capital work-in-progress (Note 15.3)	-	6,209,560	6,209,560	2,838,397
Transferred from property, plant and equipment (Note 13)	-	987,000	987,000	-
As at 31st December	3,155,217	116,040,669	119,195,886	111,999,326
Accumulated amortization				
As at 1st January	3,155,217	99,891,822	103,047,039	93,797,181
Amortization for the year (Note 10)	-	4,146,925	4,146,925	9,249,858
As at 31st December	3,155,217	104,038,747	107,193,964	103,047,039
Net carrying value	-	12,001,922	12,001,922	8,952,287
Capital work-in-progress (Note 15.3)			11,102,160	12,524,961
Total			23,104,082	21,477,248

15.2 COMPANY

	Computer software	
	2022 MVR	2021 MVR
Cost		
As at 1st January	66,117,067	66,117,067
Transferred from capital work-in-progress (Note 15.3)	1,194,896	-
Transferred from property, plant and equipment	987,000	-
As at 31st December	68,298,963	66,117,067
Accumulated amortization		
As at 1st January	65,130,187	64,883,467
Charges for the year (Note 10)	307,328	246,720
As at 31st December	65,437,515	65,130,187
Net carrying value	2,861,448	986,880

15.3 Capital work-in-progress

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	12,524,961	6,913,283	-	-
Additions during the year	3,591,863	8,067,900	-	-
Transferred from property, plant and equipment (CWIP) (Note 13.2.1)	1,194,896	382,175	1,194,896	-
Transferred to intangible asset (Note 15.1)	(6,209,560)	(2,838,397)	(1,194,896)	-
As at 31st December	11,102,160	12,524,961	-	-



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16 INVESTMENT IN SUBSIDIARIES

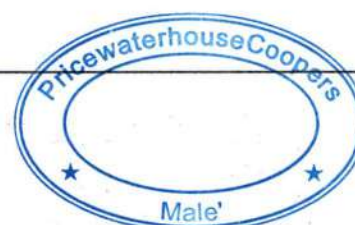
	Company	
	2022 MVR	2021 MVR
Maldive Gas Private Limited	61,200,000	61,200,000
Allied Insurance Company of the Maldives Private Limited	807,000	807,000
STO Maldives (Singapore) Private Limited	1,459,750	1,459,750
Fuel Supplies Maldives Private Limited	60,477,185	60,478,185
Maldives National Oil Company Limited	10,000,000	10,000,000
STO Hotels & Resorts Private Limited	999,900	999,900
Maldives State Shipping Company Private Limited	162,261,270	162,261,270
Maldives Industrial Fisheries Company Limited (MIFCO) (Note 16.4)	-	-
Provision for impairment of investment in subsidiaries (Note 16.1)	(12,305,455)	(12,305,455)
	284,899,650	284,900,650

The impairment loss is included in administrative expenses in the statement of profit or loss.

16.1 Provision for impairment of investment in subsidiaries

	Company	
	2022 MVR	2021 MVR
As at 1st January	12,305,455	12,305,455
Provision for the year	-	-
As at 31st December	12,305,455	12,305,455

16.2 Due to the continuous losses incurred by the subsidiaries, Maldives National Oil Company Private Limited ("MNOC"), STO Maldives (Singapore) Private Limited and STO Hotels and Resorts Private Limited ("STOHR"), the Board of Directors of the Company has assessed the recoverable value of the investment in those subsidiary Companies and concluded that no additional provision was provided for the subsidiaries in 2021 and 2022.



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- 16.3 Recoverable amount of the subsidiary is based on fair value less cost to sell. The fair value measurement have been categorised as a Level 3 fair value based on the inputs to the valuation technique used, since current price in an active market is not available the directors consider net assets values from the audited financial statements to measure the recoverable amounts.

	STO Maldives (Singapore) Pte Ltd MVR	STO Hotel and Resorts Pvt Ltd MVR	Maldives National Oil Company Pvt Ltd MVR	Total MVR
Estimated recoverable value	-	-	154,195	154,195
Cost of the investment in subsidiary	1,459,750	999,900	10,000,000	12,459,650
Provision for impairment	(1,459,750)	(999,900)	(9,845,805)	(12,305,455)

The recoverable value of these investments have been derived by calculating the estimated recovery of the investment without considering an improvement in the business of the subsidiaries.

- 16.4 The Government transferred the control of assets and management of Maldives Industrial Fisheries Company Limited (MIFCO) to the Group on 30th September 2016 without group paying a purchase consideration and with a commitment from the Government of Maldives to inject a capital of MVR 333,632,560/- in cash to MIFCO.
- 16.5 During the year 2020, the Group ventured into shipping business by commencing the operations of a fully owned subsidiary, Maldives State Shipping Company Private Limited by investing MVR 34,468,045/-. Further additional investment amount of MVR 127,793,225 was made during the year ended 31 December 2021.

17 EQUITY - ACCOUNTED INVESTEES

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Interest in associates (Note 17.1)	11,407,724	11,095,326	10,567,267	10,567,267
Interest in joint venture (Note 17.3)	28,151,858	24,462,044	4,700,000	4,700,000
	39,559,582	35,557,370	15,267,267	15,267,267

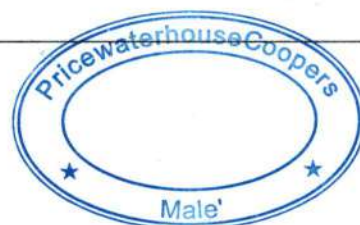
17.1 Investment in Associates

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	11,095,326	9,786,600	10,567,267	10,567,267
Share of profit for the year (net of tax)	312,398	1,308,726	-	-
As at 31st December	11,407,724	11,095,326	10,567,267	10,567,267

Raysut Maldives Cement Private Limited

Lafarge Maldives Cement Private Limited has changed its ownership structure on 21st July 2020 and accordingly the name of the company was changed from Lafarge Maldives Cement Private Limited to Raysut Maldives Private Limited ("Associate") on 12th August 2020. The principal activity of the associate is trading of cement.

Raysut Maldives Cement Private Limited is a limited liability company incorporated in the Republic of Maldives. State Trading Organization PLC has acquired 10,567,267/- shares, at the price of MVR 1/- each on 8 of January 2002 in Raysut Maldives Cement Private Limited which represents 25% of the shareholding of that company.



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17 EQUITY - ACCOUNTED INVESTEEES (CONTINUED)

17.1 The summarized financial information of the associate, which is incorporated in the Republic of Maldives and unlisted, is as follows:

	Raysut Maldives Cement Private Limited	
	2022	2021
	MVR	MVR
Percentage of ownership	25%	25%
Non current assets	37,719,479	43,631,800
Current assets	58,874,763	52,933,313
Non current liabilities	(29,599,739)	(33,308,804)
Current liabilities	(21,363,608)	(18,875,005)
Net assets (100%)	45,630,895	44,381,304
Group's share of net assets	11,407,724	11,095,326
Carrying amount of interest in associates	11,407,724	11,095,326
Revenue	189,438,046	100,204,048
Profit and other comprehensive income	1,249,591	5,234,905
Group's share of profit and other comprehensive income	312,398	1,308,726

17.2 Investment in joint venture

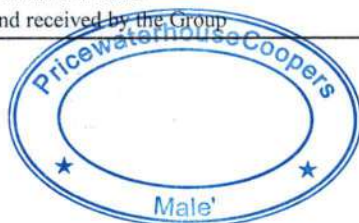
	Group		Company	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
As at 1st January	24,462,044	24,708,840	4,700,000	4,700,000
Share of profit for the year (net of tax)	11,689,814	9,753,204	-	-
Dividend received	(8,000,000)	(10,000,000)	-	-
As at 31st December	28,151,858	24,462,044	4,700,000	4,700,000

Maldives Structural Products Private Limited

State Trading Organization PLC has acquired 47,000 shares at the price of MVR 100/- each on 31 December 2001 in Maldives Structural Products Private Limited which represents 50% of the shareholding of the Company. Maldives Structural Products Private Limited ("Joint Venture") is engaged in the business of manufacturing and trading of structural products.

The summarized financial information of the joint venture, which is incorporated in Republic of Maldives and unlisted, is as follows:

	Maldives Structural Products Private Limited	
	2022	2021
	MVR	MVR
Percentage of ownership	50%	50%
Non current assets	9,990,050	8,061,109
Cash and cash equivalents	8,274,719	2,201,676
Other current assets	49,023,999	75,859,731
Non current financial liabilities	(7,838,052)	(8,516,741)
Current financial liabilities	(678,690)	(5,910,245)
Other current liabilities	(3,248,508)	(22,771,442)
Net assets (100%)	55,523,518	48,924,088
Group's share of net assets	27,761,759	24,462,044
Carrying amount of interest in joint venture	27,761,759	24,462,044
Revenue	123,058,749	113,519,178
Depreciation and amortization	(1,167,030)	(1,092,157)
Interest expense	(10,202,157)	(14,671,480)
Income tax expense	(5,390,600)	(5,731,096)
Profit and other comprehensive income	22,599,430	19,506,408
Group's share of profit and other comprehensive income	11,299,715	9,753,204
Dividend received by the Group	(8,000,000)	(10,000,000)



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18 INVESTMENT IN EQUITY INSTRUMENTS

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
As at 1st January	48,761,800	56,240,800	2,240,800	2,240,800
Investments made during the year	-	771,000	-	-
Net change in fair value during the year	38,125,000	(8,250,000)	-	-
Investments withdrawn during the year	-	-	-	-
As at 31st December	86,886,800	48,761,800	2,240,800	2,240,800

Determining the fair value

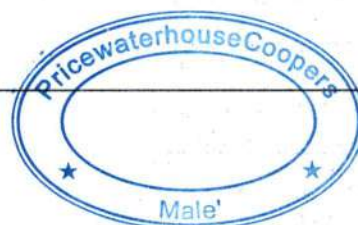
Marketable equity securities are measured at fair value annually at the close of business on 31st December. For investments traded in active markets, the fair value is determined by reference to Stock exchange quoted bid prices. Other investments (unlisted securities) are measured at fair value based on the adjusted net assets of the investee company. Equity investments are classified as non-current assets, unless they are expected to be realized within twelve months of the reporting date or unless they are intended to be sold to raise operating capital.

The Group has invested on equity shares in Maldives Shipping Services Lanka (Private) Limited on 19th November 2021.

18.1 Movement in investment in equity instruments

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Maldives Stock Exchange Company Private Limited	2,240,800	2,240,800	2,240,800	2,240,800
Dhivehi Raajjeyge Gulhun PLC	13,875,000	12,750,000	-	-
Ooredoo Maldives PLC	70,000,000	33,000,000	-	-
Limited	771,000	771,000	-	-
	86,886,800	48,761,800	2,240,800	2,240,800

The Group has acquired 125,000 shares at MVR 80 per share and 1,000,000 shares at MVR 30 ordinary share of the Dhivehi Rajjeyge Gulhun PLC and Ooredoo Maldives PLC respectively. The fair value of Dhivehi Rajjeyge Gulhun PLC and Ooredoo Maldives PLC were at MVR 111 and MVR 70 per share respectively as at 31 December 2022. Quoted equities are valued using level 1 input.



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19 RIGHT-OF-USE ASSET

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cost				
As at 1st January	595,387,052	588,053,111	213,056,458	205,110,534
Additions during the year	172,992,534	3,391,069	116,039,402	3,475,244
Modifications during the year	23,796,697	5,937,713	18,026,431	4,756,151
De-recognitions during the year	(55,312,376)	(1,994,842)	(44,287,252)	(285,472)
As at 31st December	736,863,907	595,387,052	302,835,039	213,056,458
Accumulated depreciation				
As at 1st January	111,503,235	71,500,242	65,915,746	40,230,599
Charge for the year (Note 10)	60,456,101	41,831,309	40,975,751	25,804,093
De-recognitions during the year	(27,153,134)	(1,828,316)	(17,925,793)	(118,946)
As at 31st December	144,806,202	111,503,235	88,965,704	65,915,746
Net carrying value	592,057,705	483,883,816	213,869,335	147,140,712

The Company and the Group has recognised right of use asset in relation to the leasehold right of the Ekulhivaru island in Noonu Atoll pursuant to the settlement and lease agreement entered with Government of Maldives on 10th January 2017. As per the agreement, any extensions to the lease period has to be mutually agreed.

In addition to that the Company and the Group has recognized right of use assets relating to the leasehold right of retail outlets, offices and warehouses.

Lease modification represents impact of lease extensions and change in rentals during the year.

20 LEASE RECEIVABLE

20.1 Finance Lease

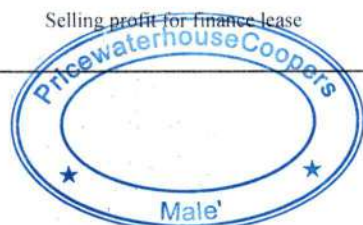
	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Vessels	-	-	272,657,507	-
	-	-	272,657,507	-

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
As at 1st January	-	-	-	-
Additions during the year	-	-	280,012,736	-
Interest income of lease receivable	-	-	6,611,586	-
Proceeds of interest portion of lease receivable	-	-	(6,611,586)	-
Principal element of lease proceeds	-	-	(7,355,229)	-
As at 31st December	-	-	272,657,507	-

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Current	-	-	31,324,195	-
Non-Current	-	-	241,333,312	-
	-	-	272,657,507	-

Maturity analysis of non-current lease receivable is as follows:

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Later than 1 year and not later than 2 years	-	-	34,610,183	-
Later than 2 year and not later than 5 years	-	-	134,510,359	-
Later than 5 years	-	-	72,212,770	-
	-	-	241,333,312	-
Gross Investment in lease	-	-	392,116,786	-
Less: Unearned finance	-	-	(119,459,279)	-
Present value of minimum lease payment receivable	-	-	272,657,507	-
Selling profit for finance lease	-	-	10,210,532	-
	-	-	10,210,532	-



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21 INVENTORIES	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Food stock	84,654,464	104,863,849	84,654,464	104,863,849
Fuel and lubricants	834,725,355	422,303,191	702,216,676	339,008,380
Home improvement and electronics	86,357,658	56,439,733	82,680,318	51,891,092
Construction materials	96,828,224	78,948,097	96,828,224	78,948,097
Medicals	533,003,715	472,329,664	533,003,715	472,329,664
Fish and processed fish products	239,046,318	224,723,019	-	-
Spare parts	165,191,158	156,595,092	39,685,295	38,917,015
Retail shops	60,484,747	33,408,241	54,154,403	29,870,295
Others	31,659,739	31,886,488	30,723,042	30,210,460
Goods in transit	225,742,342	125,068,199	224,982,545	83,775,086
Less: provision for slow and non moving inventories (Note - 21.1)	(213,648,397)	(150,872,013)	(159,623,328)	(101,203,026)
	<u>2,144,045,324</u>	<u>1,555,693,560</u>	<u>1,689,305,356</u>	<u>1,128,610,913</u>

21.1 Provision for slow moving and non moving inventories

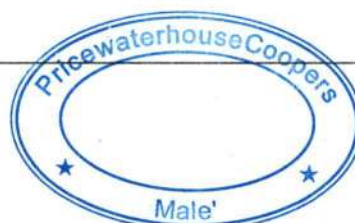
	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
As at 1st January	150,872,013	147,490,667	101,203,027	97,500,298
Inventory written off	(3,170,462)	(44,240,666)	(2,769,445)	(42,615,639)
Provision made during the year (Note 10)	65,946,846	47,622,011	61,189,746	46,318,368
As at 31st December	<u>213,648,397</u>	<u>150,872,013</u>	<u>159,623,328</u>	<u>101,203,027</u>

21.2 In 2022, inventories of MVR 15,961,010,647/- (2021: MVR 8,601,185,738/-) were recognized as an expense and included in 'cost of sales' of the Company.

21.3 In 2022, inventories of MVR 15,857,835,157/- (2021: MVR 9,119,950,232/-) were recognized as an expense and included in 'cost of sales' of the Group.

21.4 The Group recognized inventory provision of MVR 65,946,846/- during the year 2022. The Company recognized inventory provision of MVR 61,189,746/- during the year 2022. These amounts have been included in 'Cost of sales' in the statement of profit or loss.

21.5 The inventories of the Company are given as security against the loans obtained from Nations Trust Bank PLC and the Hongkong & Shanghai Banking Corporation - Maldives branch, carrying amount equivalent to MVR 18,365,635.



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22 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Trade receivables	1,289,798,644	866,057,927	364,018,264	269,237,144
Due from policyholders	81,943,390	74,989,998	-	-
Less : provision for impairment loss (Note 22.1)	(521,507,510)	(481,631,797)	(187,996,506)	(142,292,004)
	850,234,524	459,416,128	176,021,758	126,945,140
Advances, prepayments and deposits	183,706,775	209,277,967	133,598,171	157,187,073
Government employee credit scheme	38,585,629	33,888,136	38,585,629	33,888,136
Staff advances and other loans	9,004,067	8,894,178	9,004,067	8,894,178
Advances paid for custom duty	5,243,202	13,761,796	5,243,202	13,761,796
Miscellaneous receivable	263,032,099	168,802,778	120,109,914	81,695,804
Less : unmatured interest	(1,793,925)	(1,314,273)	(1,793,925)	(1,314,273)
Less : provision for impairment loss (Note 22.2)	(142,986,531)	(85,340,857)	(83,477,088)	(52,393,376)
	354,791,316	347,969,725	221,269,970	241,719,338
Total trade and other receivable	1,205,025,840	807,385,853	397,291,728	368,664,478

22.1 Provision for impairment of trade receivables

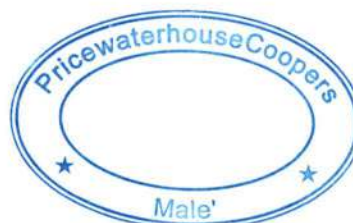
As at 1st January	481,631,798	463,905,730	142,292,004	131,510,353
Written off during the year	-	-	-	-
Provision made during the year	39,875,712	17,726,067	45,704,502	10,781,651
As at 31st December	521,507,510	481,631,797	187,996,506	142,292,004

22.2 Provision for impairment of other receivables

As at 1st January	85,340,857	84,266,942	52,393,376	47,095,866
Provision made during the year	57,645,674	1,073,915	31,083,712	5,297,510
As at 31st December	142,986,531	85,340,857	83,477,088	52,393,376

23 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Group		Company	
		31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
STO Maldives (Singapore) Private Limited	Subsidiary	-	-	27,519,753	28,144,466
Maldivian Gas Private Limited	Subsidiary	-	-	1,191,966	42,164
Fuel Supplies Maldives Private Limited	Subsidiary	-	-	2,771,239,033	1,709,920,422
Allied Insurance Company of the Maldives Private	Subsidiary	-	-	22,703,249	15,582,924
Maldives National Oil Company Limited	Subsidiary	-	-	71,187	42,011
Maldives Industrials Fisheries Company Limited	Subsidiary	-	-	180,102,339	162,074,278
STO Hotels & Resorts Private Limited	Subsidiary	-	-	205,786,033	205,746,425
Maldives State Shipping Company Private Limited	Subsidiary	-	-	259,100,759	109,591,903
Raysut Maldives Cement Private Limited	Associate	403,691	4,585	400,725	2,174
Maldives Shipping Services Lanka (Private) Limited	Associate	1,670,445	-	-	-
Ministry of Health	Affiliate	232,103,539	217,010,296	232,079,647	216,996,803
Ministry of Finance and Treasury	Majority shareholder	463,485,248	531,652,464	463,485,248	531,652,464
State Electric Company Limited (STELCO)	Affiliate	106,153,401	96,951,804	106,145,186	96,947,554
Fenaka Corporation	Affiliate	1,814,228,902	1,020,689,725	40,130,350	38,806,465
Indira Gandhi Memorial Hospital	Affiliate	121,196,961	187,706,286	120,774,586	187,062,720
Maldives Road Development Corporation	Affiliate	37,992,601	38,005,436	37,969,676	37,969,676
Addu International Airport Private Limited	Affiliate	35,562,289	20,683,469	35,562,289	20,683,469
Aasandha Private Limited	Affiliate	128,295,659	71,679,159	128,295,659	71,679,159
Hulhumale Hospital	Affiliate	23,143,607	16,920,815	22,323,637	16,166,348
Maldives Airport Company Limited	Affiliate	83,248,606	116,144,503	83,132,141	116,100,323
Ministry of Housing and Infrastructure	Affiliate	92,047,554	92,047,554	92,044,904	92,044,904
Rainbow Enterprises Private Limited	Affiliate	14,983,633	11,600,284	14,983,633	11,600,284
G.Dh Atoll Rayyithunge Cooperative Society	Affiliate	831,492	831,492	831,492	831,492
Champa Oil and Gas Company Private Limited	Affiliate	23,433,234	7,632,594	23,433,234	7,632,594
Marine Maldives Products Pvt Ltd	Affiliate	13,010,881	13,010,881	-	-
Ukulas Pvt Ltd	Affiliate	1,056,179	1,056,179	-	-
Other Government entities	Affiliate	361,416,317	332,610,613	245,353,015	264,882,949
		3,554,264,239	2,776,238,138	5,114,659,742	3,942,203,972
Less : provision for impairment loss (Note 23.6)		(220,235,319)	(176,053,185)	(350,134,324)	(319,427,025)
Total amount due from related parties		3,334,028,920	2,600,184,953	4,764,525,418	3,622,776,946
Non - current		48,187,500	240,937,500	48,187,500	240,937,500
Current		3,285,841,420	2,359,247,453	4,716,337,918	3,381,839,446
		3,334,028,920	2,600,184,953	4,764,525,418	3,622,776,946



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23 AMOUNTS DUE FROM RELATED PARTIES (Continued)

23.1 Loans receivable from related parties

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
As at 1st January	418,833,333	43,333,333	453,293,481	77,793,481
Loans given during the year	-	385,500,000	240,306,666	385,500,000
Repayment during the year	(144,562,500)	(10,000,000)	(144,562,500)	(10,000,000)
As at 31st December	274,270,833	418,833,333	549,037,647	453,293,481

23.2 The followings are the contractual maturities of loans receivable from related parties as at the reporting date.

Group	Carrying amount	Contractual Cash inflow	0-12	1-5	More than
			months	years	5 years
31st December 2022	MVR	MVR	MVR	MVR	MVR
Loans receivable	274,270,833	284,345,785	235,704,901	48,640,884	-
31st December 2021	MVR	MVR	MVR	MVR	MVR
Loans receivable	418,833,333	442,044,010	194,330,143	247,713,867	-
Company					
31st December 2022	MVR	MVR	MVR	MVR	MVR
Loans receivable	549,037,647	561,855,052	513,214,168	48,640,884	-
31st December 2021	MVR	MVR	MVR	MVR	MVR
Loans receivable	453,293,481	479,246,612	231,532,744	247,713,867	-

23.3 Receivables from Maldives Industrials Fisheries Company Limited include loan receivable of MVR 34,460,148/- (2021: MVR 34,460,148/-) given at an interest rate of 7.5% per annum and an accrued interest of MVR 16,778,302/- as at 31st December 2022 (2021: MVR 13,136,013/-).

23.4 Receivables from Ministry of Finance include loans relating to finance obtained for covid related medical purchases of MVR 385,500,000/- given at an interest rate of 3.5% per annum + LIBOR, with a loan maturity period of 3 years.

23.5 Receivables from Fenaka Corporation includes loan receivable on demand of MVR 33,333,333/- with a profit sharing ratio of 40 : 60. During the year the profit received was 4% on the loan. The financial asset meet the SPPI test and therefor has been classified as investment in debt instrument under amortized cost.

23.6 Provision for impairment of amounts due from related parties

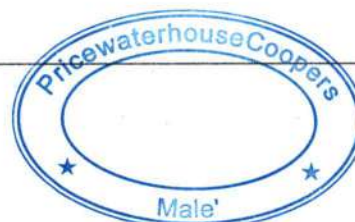
	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
As at 1st January	176,053,184	172,148,976	319,427,025	310,977,995
Provision made during the year	44,182,135	3,904,209	30,707,299	8,449,031
As at 31st December	220,235,319	176,053,184	350,134,324	319,427,025

24 REINSURANCE CONTRACTS

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
Reinsurers' share of insurance liabilities	201,379,592	367,887,566	-	-
Reinsurance share of paid claim and prepaid reinsurance	244,229,781	170,197,848	-	-
Reinsurance share of incurred but not reported claims	40,101,996	26,163,561	-	-
Unearned premium	97,527,375	71,696,784	-	-
Gross receivables from reinsurance	583,238,744	635,945,759	-	-
Less : provision for re-insurance receivables (Note 24.1)	(9,642,213)	(9,642,213)	-	-
Net receivables from reinsurance	573,596,531	626,303,546	-	-

24.1 Provision for re-insurance receivables

As at 1st January	9,642,213	9,642,213	-	-
Provision made during the year	-	-	-	-
As at 31st December	9,642,213	9,642,213	-	-



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25 OTHER FINANCIAL INVESTMENTS	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
Investment in treasury bills	1,079,358,445	193,917,759	848,100,000	-
Corporate bonds	67,499,656	82,269,972	-	-
Investment in term deposit	394,119,468	255,581,877	263,475,000	109,275,000
	<u>1,540,977,569</u>	<u>531,769,608</u>	<u>1,111,575,000</u>	<u>109,275,000</u>
As at 1st January	531,769,608	281,429,651	109,275,000	-
Purchased during the year	1,617,806,886	398,396,022	1,452,300,000	109,275,000
Matured during the year	(608,598,924)	(148,056,065)	(450,000,000)	-
As at 31st December	<u>1,540,977,569</u>	<u>531,769,608</u>	<u>1,111,575,000</u>	<u>109,275,000</u>
Non - current financial investments	<u>1,157,402,888</u>	<u>285,663,091</u>	<u>1,021,575,000</u>	<u>109,275,000</u>
Current financial investments	<u>383,574,681</u>	<u>246,106,517</u>	<u>90,000,000</u>	<u>-</u>

25.1 During the year, the Company has invested in long term deposit of MVR 154,200,000 (2021: MVR 90,000,000) in Habib Bank Limited at the rate of interest ranging from 2.5% to 3.3% with a maturity period of over one year and no additional investment in SBI (2021: MVR 19,275,000).

25.2 During the year the company has invested in treasury bills worth MVR 848,100,000 in Ministry of Finance at an interest rate of term SOFR + 5.48% with a maturity period of 1072 days.

25.3 The Group has invested MVR 227,413,030/- (2021: MVR 191,272,246/-) in treasury bills issued by the Maldives Monetary Authority for a maturity value of MVR 234,970,000/- (2021: MVR 196,390,000/-) at the rate of interest ranging from 3.5% to 4.6% per annum (2021: 3.4% to 4.6% per annum) with the maturity period of 28 days to 364 days (2021: 28 days to 364 days).

25.4 During the year, the Group has made an investment of MVR 62,473,444/- (2021: MVR 79,706,461/-) in the short term and long-term corporate bonds / sukuk by Housing Development Finance Corporation PLC at the interest rate of 7.0% (2021: 7.0% per annum) with a maturity period of 2 to 10 years (2021: 2 to 10 years).

25.5 Moreover, investment of MVR 16,000,000/- (2021: MVR 16,000,000/-) in Bank of Maldives Islamic, General Investment Account at the rate of 3.90% (2021: 3.90% per annum) with a maturity period of one year (2021: 1 year) was maintained

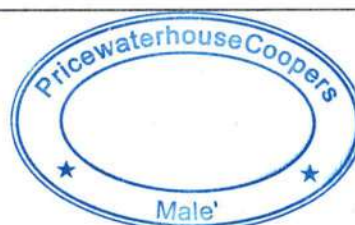
26 CASH AND CASH EQUIVALENTS	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
Favorable balances				
Cash in hand	12,322,739	10,232,901	5,985,615	4,769,360
Balances at banks	1,303,713,282	1,131,023,753	1,081,460,940	876,410,554
Short-term financial instruments	52,232,574	78,000,000	30,840,000	73,000,000
Impairment on bank balances (Note 26.1)	(2,533,829)	(2,533,829)	(2,533,829)	(2,533,829)
	<u>1,365,734,766</u>	<u>1,216,722,825</u>	<u>1,115,752,726</u>	<u>951,646,085</u>
Unfavorable balances				
Bank overdrafts	(730,000,116)	(599,898,760)	(82,821,283)	(137,506,594)
statement	<u>635,734,650</u>	<u>616,824,065</u>	<u>1,032,931,443</u>	<u>814,139,491</u>

26.1 Provision for impairment on bank balance

As at 1st January	2,533,829	-	2,533,829	-
Provision made during the year	-	2,533,829	-	2,533,829
As at 31st December	<u>2,533,829</u>	<u>2,533,829</u>	<u>2,533,829</u>	<u>2,533,829</u>

26.2 During the year, the Company has invested in short term deposit of MVR 30,840,000 (2021: MVR 73,000,000) in Habib Bank Limited (Singapore) with an interest rate of 2.7% per annum with a maturity period of 3 months.

26.3 During the year, the group has made a short-term investment of MVR 20,200,000/- (2021: MVR 5,000,000/-) in Maldives Islamic Bank, General Investment Account at the rate of 1.96% (2021: 1.96%) with a maturity period of 3 months were made.



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27 SHARE CAPITAL AND RESERVES

A. SHARE CAPITAL AND SHARE PREMIUM

27.1 Authorized

The authorized share capital comprises 2,000,000 (2021: 2,000,000) ordinary shares of par value of MVR 50/- per share.

Issued and fully paid

The issued and fully paid share capital comprises 1,126,910 (2021: 1,126,910) ordinary shares at a par value of MVR 50 per share (2021: MVR 50/- per share)

The above mentioned 1,126,910 shares include 26,040 shares issued at a premium of MVR 250/- per share in year 2001 and 60,870 shares issued at a premium of MVR 350/- in year 2003.

27.2 Preference shares

The share capital comprises 2 (2021: 2) redeemable preference shares of MVR 100/- each.

27.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Shareholders' meetings.

27.4 Dividends per share

At the Annual General Meeting held on 30th May 2022, a dividend of MVR 65/- per share in respect of 2021 (2021: declared dividend MVR 60/- per share in respect of 2020) amounting to a total of MVR 73,249,150/- (2020: declared MVR 67,614,600/-) was declared and approved by the shareholders and accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31st December 2022.

B. RESERVES

27.5 General reserve

General reserve balance will be utilized for any purpose decided by the Board of Directors.

27.6 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments until the assets are derecognized.

27.7 Claim equalization reserve

Reserve for claim equalization represents 12% of the operating profit of Allied Insurance Company of the Maldives Private Limited before taking into account other operating income of the current year. The reserve was created to meet abnormally high future claims.

27.8 Currency translation reserve

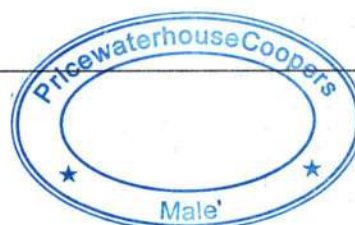
The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

28 NON CONTROLLING INTEREST

	Group	
	31/12/2022	31/12/2021
	MVR	MVR
As at 1st January	24,228,269	25,370,201
Share of loss of subsidiary	(1,257,790)	(61,785)
Share of profit/(loss) of other comprehensive income of subsidiary	(9,118)	19,653
Issue of redeemable preference shares	-	200
Dividend paid to non controlling interest	-	(1,100,000)
As at 31st December	22,961,362	24,228,269

29 LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
As at 1st January	2,997,616,708	2,232,191,161	2,293,713,988	1,689,652,932
Loans obtained during the year	7,479,937,484	4,793,981,204	7,479,937,484	4,643,316,324
Repayments during the year	(5,365,246,914)	(4,028,555,663)	(5,314,929,997)	(4,039,255,268)
Loans Waived off	(576,467,762)	-	-	-
As at 31st December	4,535,839,516	2,997,616,702	4,458,721,475	2,293,713,988
29.1 Sources of finance				
Secured loans	4,226,035,083	2,433,186,566	4,152,434,748	1,888,505,582
Unsecured loans	233,517,706	389,221,730	230,000,000	230,000,000
Corporate bond	76,286,727	175,208,406	76,286,727	175,208,406
	4,535,839,516	2,997,616,702	4,458,721,475	2,293,713,988



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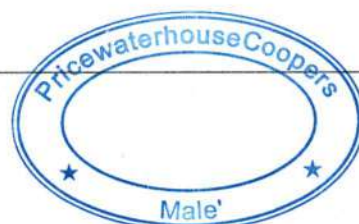
FOR THE YEAR ENDED 31ST DECEMBER 2022

29 LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
29.2 Non - Current				
Bank borrowings	1,202,212,753	427,250,096	1,113,573,697	291,530,531
Other borrowings	4,343,491	20,952,855	-	-
Corporate bond	-	77,051,510	-	77,051,510
	<u>1,206,556,244</u>	<u>525,254,461</u>	<u>1,113,573,697</u>	<u>368,582,041</u>
29.3 Current				
Bank borrowings	2,987,401,868	1,534,503,960	2,956,281,195	1,514,395,193
Other borrowings	265,594,676	839,701,385	312,579,858	312,579,858
Corporate bond	76,286,727	98,156,896	76,286,727	98,156,896
	<u>3,329,283,271</u>	<u>2,472,362,241</u>	<u>3,345,147,780</u>	<u>1,925,131,947</u>

29.4 Terms and repayment schedule

Source of finance	Nominal interest rate	Year of maturity	Security	Loan denominated currency	Group carrying value		Company carrying value	
					31/12/2022	31/12/2021	31/12/2022	31/12/2021
					MVR	MVR	MVR	MVR
Nation Trust Bank PLC	7.25%	Revolving	Trade center building	USD	-	115,988,073	-	115,988,073
STO				MVR	-	-	-	-
Hongkong & Shanghai Banking Corporation	SOFR + 7%	Revolving	Government guarantee	USD	18,365,635	110,402,126	18,365,635	110,402,126
Hongkong & Shanghai Banking Corporation	SOFR + 3.76%	2024	Government guarantee	USD	240,937,500	385,500,000	240,937,500	385,500,000
Allied Insurance	5.00%	Revolving	Un-secured	MVR	-	-	48,119,710	48,119,710
Habib Bank Limited	7.00%	2021	Backed by STO's assets	USD	18,788,823	80,721,193	18,788,823	80,721,193
State Bank of India	6.50%	35 Months	Backed by SBI term deposit	USD	7,930,136	13,217,099	7,930,136	13,217,099
Bank of Maldives	8.00%	2025	Backed by STO's assets (Supermart godown)	USD	43,001,346	20,016,586	43,001,346	20,016,586
Bank of Maldives	8.50%	2027	Backed by STO's assets (Supermart godown)	USD	133,320,222	25,782,240	133,320,222	25,782,240
Ministry of Finance and treasury	Profit Share 65 : 35 (7%)	2022	Un-secured	MVR	130,000,000	130,000,000	130,000,000	130,000,000
Ministry of Finance and treasury	Profit Share 60 : 40 (7.5%)	2022	Un-secured	MVR	100,000,000	100,000,000	100,000,000	100,000,000
Ministry of Finance and treasury	7.50%	2022	MIFCO assets procured / constructed under the facility	MVR	34,460,148	34,460,148	34,460,148	34,460,148
International Islamic Trade finance corporation	2.95% + SOFR	2022	Government guarantee	USD	2,653,084,318	1,054,298,406	2,653,084,318	1,054,298,406
CFSIT Inc	Term SOFR + 5.48%	2025	Government guarantee	USD	848,100,000	-	848,100,000	-
Habib Bank Limited	SOFR + 6% (Floor rate 8%)	2027		USD	106,326,913	-	106,326,913	-
Listed corporate bond	5.25%	2023	Government guarantee	USD	76,286,727	175,208,406	76,286,727	175,208,406
Ministry of Finance and treasury (IDB Tsunami)	8.00%	No fixed repayment	Un-secured	EUR	-	75,585,975	-	-
Ministry of Finance and treasury	6.00%	2013	Government guarantee	MVR	-	76,582,794	-	-
Ministry of Finance and treasury	6.00%	2023	Government guarantee	MVR	-	36,771,809	-	-
Ministry of Finance and treasury	6.00%	N/A	Government guarantee	MVR	-	260,336,109	-	-
Ministry of Finance and treasury	4.00%	2022	Government guarantee	MVR	-	60,798,587	-	-
Ministry of Finance and treasury	4.60%	Revolving	Un-secured	MVR	-	34,236,695	-	-
Ministry of Finance and treasury	Interest free	Revolving	Un-secured	MVR	-	32,155,792	-	-
Ministry of Fisheries and agriculture	Interest free	2028	Un-secured	MVR	3,517,706	4,907,268	-	-
Ministry of Fisheries and agriculture	Interest free	2024	Government guarantee	MVR	1,960,313	2,483,063	-	-
Bank of Maldives PLC	8.00%	2023	Leasehold rights of commercial plots & MIFCO assets	MVR	3,442,658	5,958,258	-	-
Bank of Maldives PLC	9.75%	2021	MIFCO vessels and government guarantee	MVR	535,087	3,823,478	-	-
Habib Bank Limited	8.00%	2026	Backed by HBL term deposit	USD	89,807,572	107,940,000	-	-
Maldives Ports Limited	16.73%	1 Month	Un-secured	USD	-	12,336,000	-	-
Hongkong & Shanghai Banking Corporation	6.21% + SOFR	2025	Backed by Maldives Gas properties and facilities in Thilafushi	USD	25,974,412	38,106,596	-	-
					<u>4,535,839,515</u>	<u>2,997,616,702</u>	<u>4,458,721,477</u>	<u>2,293,713,988</u>



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29 LOANS AND BORROWINGS (CONTINUED)

- 29.5 Bank borrowings of the Group / Company are secured by inventories, receivables, vessels, buildings, leasehold rights of commercial plots and guarantee from the Government of Maldives.
- 29.6 During the year 2015, the Company issued listed corporate bonds amounting to MVR 539,700,000/- with a maturity period of 8 years at carrying interest of 5.25% per annum.
- 29.7 During the year 2022, the Group / Company has not incurred any foreign exchange loss on borrowings (2021: nil).
- 29.8 This financing facilities obtained from Ministry of finance with the profit share arrangement need to be repaid within specified time period and therefore recognized as financial liability and classified under amortized cost.
- 29.9 Maturity analysis of undiscounted loans and borrowings is as follows:

	Group		Company	
	2022	2021	2022	2021
Later than 1 year and not later than 5 years	1,206,556,244	525,254,461	1,113,573,697	368,582,041
Later than 5 years	-	-	-	-
	<u>1,206,556,244</u>	<u>525,254,461</u>	<u>1,113,573,697</u>	<u>368,582,041</u>

30 LEASE LIABILITY

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	486,565,750	491,615,356	165,645,413	179,373,305
Additions during the year	172,992,534	3,399,688	116,039,402	3,483,863
Interest charge for the year (Note 9)	43,458,002	39,190,896	18,465,318	15,984,170
Modifications during the year	23,796,697	5,937,713	18,026,431	4,756,151
Interest payment	(43,458,002)	(39,190,896)	(18,465,318)	(15,984,170)
Principal payment	(28,601,433)	(14,206,850)	(33,306,165)	(21,787,746)
Disposals during the year	(32,413,315)	(180,159)	(30,420,289)	(180,159)
As at 31st December	<u>622,340,232</u>	<u>486,565,748</u>	<u>235,984,791</u>	<u>165,645,413</u>
Non - current liabilities	497,588,067	398,071,220	185,578,349	147,013,852
Current liabilities	<u>124,752,165</u>	<u>88,494,528</u>	<u>50,406,442</u>	<u>18,631,561</u>

- 30.1 The total cash outflow for leases in 2022 for the Group was MVR 72,059,435/- (2021: MVR 53,397,746/-) and Company MVR 51,771,483/- (2021: MVR 37,779,917/-).
- 30.2 Lease modification for the year 2022 represents revision of lease terms without changing the underlying lease asset.
- 30.3 The Company does not face a significant liquidity risk with regard to its lease liabilities. The security deposit of MVR 1,304,016 for leases in 2022 is held by the lessor throughout the term of the lease. The deposit is refundable to the company at the end of lease term.
- 30.4
- 30.5 Maturity analysis of undiscounted non-current lease liabilities is as follows:

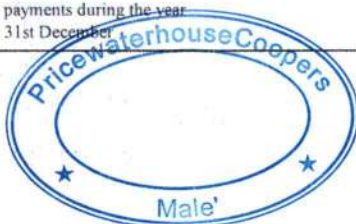
	Group		Company	
	2022	2021	2022	2021
Later than 1 year and not later than 5 years	191,847,102	157,397,249	141,483,837	105,096,820
Later than 5 years	418,642,317	382,018,561	222,543,757	191,095,822
	<u>610,489,420</u>	<u>539,415,810</u>	<u>364,027,594</u>	<u>296,192,642</u>

Sensitivity of incremental borrowing rate to lease

	Group		Company	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
As of 31 December 2022				
(Decrease) / increase in net carrying amount of right-of-use assets	(2,352,097)	2,869,629	(1,062,515)	1,073,642
(Decrease) / increase in lease liability	(2,312,112)	2,592,444	(1,022,285)	1,032,470
(Decrease) / increase in depreciation	(411,574)	150,946	(101,237)	101,847
Increase / (decrease) in interest expense	209,337	(449,609)	122,618	(123,474)
Increase / (decrease) in total expense	(202,237)	(298,663)	21,382	(21,627)
As of 31 December 2021				
(Decrease) / increase in net carrying amount of right-of-use assets	(2,758,845)	2,804,145	(781,881)	790,545
(Decrease) / increase in lease liability	(2,777,557)	2,816,471	(746,748)	754,706
(Decrease) / increase in depreciation	(145,104)	125,781	(71,921)	72,411
Increase / (decrease) in interest expense	345,573	(359,468)	81,698	(82,396)
Increase / (decrease) in total expense	200,469	(233,687)	9,777	(9,985)

31 DEFINED BENEFIT OBLIGATION

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	128,975,524	110,569,873	50,354,123	37,320,592
Current service cost	7,616,306	6,599,153	3,108,035	2,825,118
Interest cost	6,027,583	5,086,214	2,316,290	1,716,747
Deficit/(gain) for the year	4,994,391	10,882,941	1,632,514	9,597,542
	<u>147,613,804</u>	<u>133,138,181</u>	<u>57,410,962</u>	<u>51,459,999</u>
Less: payments during the year	(3,911,081)	(4,162,655)	(1,686,837)	(1,105,876)
As at 31st December	<u>143,702,723</u>	<u>128,975,526</u>	<u>55,724,125</u>	<u>50,354,123</u>



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31 DEFINED BENEFIT OBLIGATION (continued)

31.1 Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation.

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<i>Amount recognized in profit or loss</i>				
Current service cost	7,616,306	6,599,153	3,108,035	2,825,118
Interest cost	6,027,583	5,086,214	2,316,290	1,716,747
	13,643,889	11,685,367	5,424,325	4,541,865
<i>Amount recognized in other comprehensive income</i>				
Deficit for the year	4,994,391	10,882,941	1,632,514	9,597,542
	4,994,391	10,882,941	1,632,514	9,597,542

31.2 The Group / Company have engaged a qualified actuary to estimate the retirement benefit obligation. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows:

	Group		Company	
	2022	2021	2022	2021
Expected salary increment	2% - 5%	3% - 5%	4.00%	4.00%
Discount rate	4.60%	4.60%	4.60%	4.60%
Staff turnover factor	10% - 23%	9% - 23%	10.00%	11.00%

31.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the total comprehensive income and statement of financial position is the effect of the assumed changes in discount rate, expected salary increment rate and staff turnover rate to total comprehensive income and defined benefit obligation for the year.

As at 31st December 2022

	Sensitivity effect on			
	Total comprehensive income increase / (reduction)	Defined benefit increase / (reduction) in the liability	Total comprehensive income increase / (reduction)	Defined benefit increase / (reduction) in the liability
	MVR	MVR	MVR	MVR
	Group		Company	
Increase in discount rate (1%)	8,124,310	(8,124,310)	3,720,274	(3,720,274)
Decrease in discount rate (1%)	(9,525,949)	9,525,949	(4,283,467)	4,283,467
Increase in expected salary increment rate (1%)	(8,742,759)	8,742,759	(3,817,447)	3,817,447
Decrease in expected salary increment rate (1%)	7,377,224	(7,377,224)	3,368,946	(3,368,946)
Increase in staff turnover rate (1%)	1,025,160	(1,025,160)	153,590	(153,590)
Decrease in staff turnover rate (1%)	(1,176,845)	1,176,845	(129,689)	129,689

As at 31st December 2021

	Sensitivity effect on			
	Total comprehensive income increase / (reduction)	Defined benefit increase / (reduction) in the liability	Total comprehensive income increase / (reduction)	Defined benefit increase / (reduction) in the liability
	MVR	MVR	MVR	MVR
	Group		Company	
Increase in discount rate (1%)	7,271,847	(7,271,847)	3,195,135	(3,195,135)
Decrease in discount rate (1%)	(8,387,604)	8,387,604	(3,653,128)	3,653,128
Increase in expected salary increment rate (1%)	(7,639,357)	7,639,357	(3,255,268)	3,255,268
Decrease in expected salary increment rate (1%)	6,721,253	(6,721,253)	2,892,979	(2,892,979)
Increase in staff turnover rate (1%)	1,175,056	(1,175,056)	129,834	(129,834)
Decrease in staff turnover rate (1%)	(1,345,263)	1,345,263	(112,479)	112,479



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31 DEFINED BENEFIT OBLIGATION (CONTINUED)

31.3 Sensitivity analysis (continued)

As at 31st December 2022

Future expected working life	Group			Company		
	No of employees	Average future expected working life	Defined benefit obligation	No of employees	Average future expected working life	Defined benefit obligation
Within the next 12 months	44	0.21 - 0.62	3,869,149	11	0.55	936,675
Between 1-2years	34	1.07-1.70	4,446,386	6	1.4	1,240,930
Between 2-5 years	1,095	2.28 - 4.53	73,069,614	51	3.88	6,614,023
Between 5-10 years	2,894	5.19 - 9.45	62,317,574	2,178	9.18	46,932,497
Total	4,067		143,702,723	2,246		55,724,125

As at 31st December 2021

Future expected working life	Group			Company		
	No of employees	Average future expected working life	Defined benefit obligation	No of employees	Average future expected working life	Defined benefit obligation
Within the next 12 months	18	0.30 - 0.54	1,262,245	8	0.54	706,902
Between 1-2years	48	1.07-1.70	6,813,008	6	1.37	606,247
Between 2-5 years	555	2.28 - 4.24	20,947,970	41	3.97	4,938,178
Between 5-10 years	2,298	7.46 - 9.11	61,490,771	2,000	8.49	44,102,796
Beyond 10 years	853	10.57 - 26.9	38,461,532	-	-	-
Total	3,772		128,975,526	2,055		50,354,123

32 TRADE AND OTHER PAYABLES

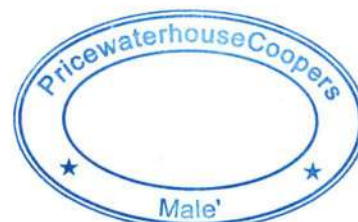
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Trade payables	2,734,788,156	2,278,630,245	2,310,453,876	2,001,440,137
Accrued expenses	59,697,281	51,235,676	40,747,039	38,962,542
Dividend payable	295,731,242	235,422,575	293,081,242	232,772,575
Other payable	397,175,453	377,454,977	225,365,825	218,413,914
	3,487,392,132	2,942,743,473	2,869,647,982	2,491,589,168

32.1 Trade payables include payable to fuel vendors (mainly OQ Trading Limited) amounting MVR 1,896,210,081/- (2021: MVR 1,685,929,432), which carries an interest of 2.7% (2021: 2.5%) plus LIBOR for any additional period from 31 days to and including 90 days, 3.1% (2021: 2.9%) plus LIBOR for any additional period from 91 days upto and including 180 days.

32.2 Other payables of the Company mainly includes advances received from customers amounting to MVR 67,048,024/- (2021: MVR 67,691,211/-) and deposits received from customers amounting to MVR 90,911,558/- (2021: MVR 91,279,264/-).

33 DEFERRED INCOME

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	44,852,249	47,311,056	47,806,652	49,737,506
Received during the year	28,139,831	6,791,869	-	-
Recognized during the year	(8,553,412)	(9,250,676)	(1,930,854)	(1,930,854)
	64,438,668	44,852,249	45,875,798	47,806,652
Analysis of deferred income				
Realize within one year	7,903,783	8,913,713	1,930,854	1,930,854
Realize after one year	56,534,885	35,938,536	43,944,944	45,875,798
	64,438,668	44,852,249	45,875,798	47,806,652



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33 DEFERRED INCOME (CONTINUED)

33.1 Deferred revenues relate to the rent received in advance from tenants and registration fees received from customers for the initial purchase of gas cylinders. Rent advances are initially recognized in liabilities as deferred income and credited to profit or loss as revenue over the period to which rent advances are related to. On receipt of the registration fees, they are included in liabilities as deferred revenue and are credited to profit or loss as revenue on a straight line basis over 5 years.

34 INSURANCE CONTRACTS

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Claims reported and loss adjustment	338,104,903	486,481,173	-	-
Claim incurred but not reported (IBNR)	46,354,720	35,005,519	-	-
Provision for unearned premiums	180,075,565	135,022,727	-	-
Unappropriated policyholders fund	47,876,219	49,621,789	-	-
Provision for unearned reinsurance commission	20,994,228	18,691,207	-	-
Total insurance liabilities, gross	633,405,635	724,822,415	-	-

35 CURRENT TAX LIABILITIES

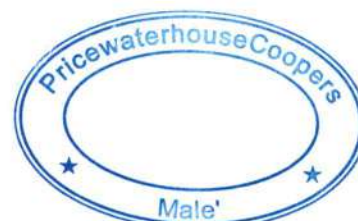
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1st January	54,934,394	55,778,411	54,942,475	49,043,901
Provision for the year (Note 11)	168,161,734	111,030,895	152,775,642	95,074,738
Tax paid during the year	(116,957,388)	(111,172,655)	(102,160,357)	(89,223,692)
Adjustment in respect of prior years (Note 11)	(252,380)	(702,257)	(253,719)	47,528
As at 31st December	105,886,360	54,934,394	105,304,041	54,942,475

36 AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		MVR	MVR	MVR	MVR
STO PLC		(0)	-	-	-
STO Maldives (Singapore) Private Limited		-	-	-	-
Maldivian Gas Private Limited	Subsidiary	-	-	1,895,477	1,717,833
Fuel Supplies Maldives Private Limited	Subsidiary	-	-	1,033,005	10,084,760
Allied Insurance Company of the Maldives Private Limited	Subsidiary	-	-	70,658,302	63,904,973
Maldives State Shipping Company Private Limited	Subsidiary	-	-	62,278,721	27,470,598
Raysut Maldives Cement Private Limited	Associate	29,286,192	24,656,833	29,286,192	24,656,833
Maldives Structural Product Private Limited	Joint venture	10,548,947	10,271,614	10,548,947	10,271,614
Maldives Shipping Services Lanka (Private) Limited	Associate	346,926	-	-	-
Ministry of Housing and Infrastructure	Affiliate	13,022,882	10,214,882	13,022,882	10,214,882
Maldives Pension Administration Office	Affiliate	1,632,439	1,442,774	1,632,439	1,442,774
Fenaka Corporation Limited	Affiliate	20,063,972	9,622,065	19,448,426	9,124,662
Ministry of Finance and Treasury	Majority shareholder	60,779,802	56,137,513	60,779,802	56,137,513
Housing Development Corporation Limited	Affiliate	12,994,719	13,000,262	12,994,719	13,000,262
Addu International Airport Private Limited	Affiliate	-	406,947	-	406,947
Other Government entities	Affiliate	16,606,681	19,413,147	15,839,045	17,811,338
		165,282,559	145,166,036	299,417,957	246,244,988

36.1 Goods and services are provided by related parties on cost-plus basis, on normal commercial terms based on conditions and negotiations agreed between parties and based on market rates.

The amount due to related parties are unsecured, interest free, and have no fixed repayment period. Accordingly, these amounts have been determined to be payable on demand and classified as current liabilities.



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37 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

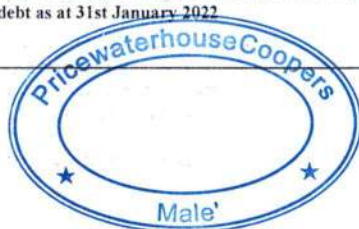
Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings, trade and other payables, amounts due to related parties, bank overdrafts and lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	MVR	MVR	MVR	MVR
Loans and borrowings (Note 29)	4,535,839,515	2,997,616,698	4,458,721,477	2,293,713,988
Trade and other payables (Note 32)	3,487,392,132	2,942,743,475	2,869,647,982	2,491,589,168
Amounts due to related parties (Note 36)	165,282,559	145,166,036	299,417,957	246,244,988
Bank overdrafts (Note 26)	730,000,116	599,898,760	82,821,283	137,506,594
Lease liabilities (Note 30)	622,340,232	486,565,748	235,984,791	165,645,414
Less: Cash and cash equivalent (Note 26)	(1,365,734,766)	(1,216,722,825)	(1,115,752,726)	(951,646,085)
Net debt	8,175,119,788	5,955,267,892	6,830,840,764	4,383,054,066
Total equity	3,535,519,135	2,523,702,191	3,582,056,490	2,928,574,300
Total capital employed	11,710,638,923	8,478,970,083	10,412,897,254	7,311,628,367
Gearing	70%	70%	66%	60%

The increase in gearing ratio of the Company during 2022 is primarily due to increase in loans and borrowings and trade and other payables.

Group	Loans and borrowings	Payables	Leases	Sub-total	Cash / bank overdraft	Total
Net debt as at 1st January 2021	2,232,191,155	1,983,928,372	491,615,356	4,707,734,883	(10,925,318)	4,696,809,565
Financing cash flows	765,425,543	-	(14,206,850)	751,218,692	(737,441,928)	13,776,764
Working capital changes	-	1,052,497,854	-	1,052,497,854	(379,357,784)	673,140,070
Investments	-	-	-	-	567,088,353	567,088,353
New leases	-	-	3,399,688	3,399,688	(3,399,688)	-
Lease modification	-	-	5,937,713	5,937,713	-	5,937,713
Lease disposals	-	-	(180,159)	(180,159)	180,159	-
Dividend	-	54,937,639	-	54,937,639	(13,776,963)	41,160,676
Interest expense	-	161,772,391	(39,190,896)	122,581,495	-	122,581,495
Interest payments (presented as operating cash flows)	-	(165,226,745)	39,190,896	(126,035,849)	(39,190,896)	(165,226,745)
Net debt as at 31st January 2021	2,997,616,698	3,087,909,511	486,565,748	6,572,091,957	(616,824,065)	5,955,267,892
Financing cash flows	1,538,222,817	-	(28,601,431)	1,509,621,386	(1,496,680,892)	12,940,494
Working capital changes	-	518,723,449	-	518,723,449	28,509,720	547,233,170
Investments	-	-	-	-	1,646,238,288	1,646,238,288
New leases	-	-	172,992,534	172,992,534	(172,992,534)	-
Lease modification	-	-	23,796,697	23,796,697	-	23,796,697
Lease disposals	-	-	(32,413,315)	(32,413,315)	32,413,315	-
Dividend	-	60,308,667	-	60,308,667	(12,940,483)	47,368,184
Interest expense	-	244,986,948	(43,458,002)	201,528,946	-	201,528,946
Interest payments (presented as operating cash flows)	-	(259,253,884)	43,458,002	(215,795,882)	(43,458,002)	(259,253,884)
Net debt as at 31st January 2022	4,535,839,515	3,652,674,691	622,340,232	8,810,854,438	(635,734,652)	8,175,119,786

Company	Loans and borrowings	Payables	Leases	Sub-total	Cash / bank overdraft	Total
Net debt as at 1st January 2021	1,689,652,932	1,749,009,074	179,373,305	3,618,035,311	(23,441,249)	3,594,594,062
Financing cash flows	604,061,056	-	(21,787,745)	582,273,310	(569,596,347)	12,676,963
Working capital changes	-	938,359,027	-	938,359,027	(383,430,971)	554,928,056
Investments	-	-	-	-	194,293,912	194,293,912
New leases	-	-	3,483,863	3,483,863	(3,483,863)	-
Lease modification	-	-	4,756,151	4,756,151	-	4,756,151
Lease disposals	-	-	(180,159)	(180,159)	180,159	-
Dividend	-	54,937,639	-	54,937,639	(12,676,963)	42,260,676
Interest expense	-	110,488,623	(15,984,170)	94,504,453	-	94,504,453
Interest payments (presented as operating cash flows)	-	(114,960,207)	15,984,170	(98,976,036)	(15,984,170)	(114,960,207)
Net debt as at 31st January 2021	2,293,713,988	2,737,834,156	165,645,414	5,197,193,558	(814,139,492)	4,383,054,066
Financing cash flows	2,165,007,489	-	(33,306,166)	2,131,701,323	(2,118,760,839)	12,940,484
Working capital changes	-	370,416,679	-	370,416,679	582,939,523	953,356,202
Investments	-	-	-	-	1,434,054,280	1,434,054,280
New leases	-	-	116,039,402	116,039,402	(116,039,402)	-
Lease modification	-	-	18,026,431	18,026,431	-	18,026,431
Lease disposals	-	-	(30,420,289)	(30,420,289)	30,420,289	-
Dividend	-	60,308,667	-	60,308,667	(12,940,483)	47,368,184
Interest expense	-	198,026,429	(18,465,318)	179,561,111	-	179,561,111
Interest payments (presented as operating cash flows)	-	(197,519,993)	18,465,318	(179,054,675)	(18,465,318)	(197,519,993)
Net debt as at 31st January 2022	4,458,721,477	3,169,065,939	235,984,791	7,863,772,207	(1,032,931,442)	6,830,840,764



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38 COMMITMENTS

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
38.1 Capital commitments				
Capital expenditure contracted as of the reporting date but not yet incurred	190,113,538	559,531,215	100,246,549	508,786,938

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.

38.2 Undrawn borrowing facilities

The company has undrawn loan balance of MVR 857,748,355 (2021: 451,287,188) as at 31st December 2022.

39 CONTINGENT LIABILITY

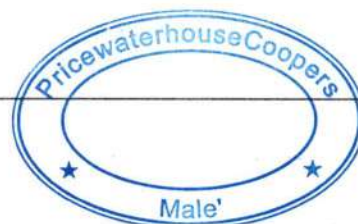
(i) State Trading Organization PLC has issued following corporate guarantees for the facilities obtained by its subsidiaries.

In favor of	Purpose	Issued to	31/12/2022 MVR	31/12/2021 MVR
Maldives Structural Products Private Limited	Overdraft	Bank of Maldives	3,855,000	3,855,000
Maldives Structural Products Private Limited	Letter of credit	Bank of Maldives	15,420,000	15,420,000
Maldives Structural Products Private Limited	Loan facility	Bank of Maldives	19,275,000	19,275,000
Fuel Supplies Maldives Private Limited	Loan facility	Allied Insurance	49,442,688	49,442,688
Maldivian Gas Private Limited	Loan facility	HSBC	71,548,800	71,548,800
			<u>159,541,488</u>	<u>159,541,488</u>

There were no other material contingent liabilities which require disclosure in the consolidated and separate financial statements as at the reporting date other than those disclosed above.

(ii) Letter of credits issued by the banks to the Company as at 31st December:

Issued by	31/12/2022 MVR	31/12/2021 MVR
State bank of India	16,977,478	2,427,105
Hongkong & Shanghai Banking Corporation	25,997,131	34,849,026
	<u>42,974,610</u>	<u>37,276,131</u>



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

AS AT 31ST DECEMBER 2022

Financial assets measured at fair value

Group	FVTPL	FVOCI	Carrying amount		Total	Fair value		
			MVR	Amortized Cost		Level 1	Level 2	Level 3
Investment in equity instruments			86,886,800	-	86,886,800	83,875,000	-	3,011,800
			86,886,800	-	86,886,800	83,875,000	-	3,011,800
Financial assets not measured at fair value								
Other financial investments			-	1,540,977,569	-	-	-	-
Trade and other receivables			-	1,007,071,796	-	-	-	-
Amounts due from related parties			-	3,334,028,920	-	-	-	-
Reinsurance contracts			-	573,596,531	-	-	-	-
Cash and cash equivalents			-	1,365,734,766	-	-	-	-
			-	7,821,409,582	-	-	-	-

Financial liabilities not measured at fair value

Bank overdraft			-	730,000,116	-	-	-	-
Loans and borrowings			-	4,535,839,516	-	-	-	-
Lease liabilities			-	622,340,232	-	-	-	-
Amounts due to related parties			-	165,282,559	-	-	-	-
Insurance contracts			-	633,405,635	-	-	-	-
Trade and other payables			-	3,305,961,493	-	-	-	-
			-	9,992,829,552	-	-	-	-

AS AT 31ST DECEMBER 2021

Financial assets measured at fair value

Group	FVTPL	FVOCI	Carrying amount		Total	Fair value		
			MVR	Amortized Cost		Level 1	Level 2	Level 3
Investment in equity instruments			48,761,800	-	48,761,800	45,750,000	-	3,011,800
			48,761,800	-	48,761,800	45,750,000	-	3,011,800
Financial assets not measured at fair value								
Other financial investments			-	531,769,608	-	-	-	-
Trade and other receivable			-	575,451,912	-	-	-	-
Amounts due from related parties			-	2,600,184,953	-	-	-	-
Reinsurance contracts			-	626,303,546	-	-	-	-
Cash and cash equivalents			-	1,216,722,825	-	-	-	-
			-	5,550,432,845	-	-	-	-

Financial liabilities not measured at fair value

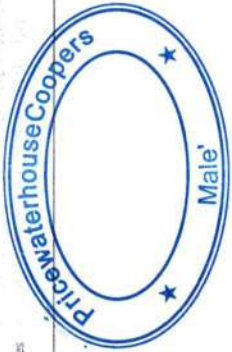
Bank overdraft			-	599,898,760	-	-	-	-
Loans and borrowings			-	2,997,616,702	-	-	-	-
Lease liabilities			-	486,565,748	-	-	-	-
Amounts due to related parties			-	145,166,036	-	-	-	-
Insurance contracts			-	724,822,415	-	-	-	-
Trade and other payables			-	2,807,300,524	-	-	-	-
			-	7,761,370,185	-	-	-	-

40.A.1 The Group has not disclosed the fair values for financial instruments when their carrying amounts are a reasonable approximation of fair value

40.A.2 The fair value of the investment in equity instruments is based on the marketable shares and the net assets amounts as at year end of related companies.

Below is the hierarchy for the fair value instruments

Level 1 The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
Level 2 The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



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40 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

A. Accounting classifications and fair values (Continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

AS AT 31ST DECEMBER 2022

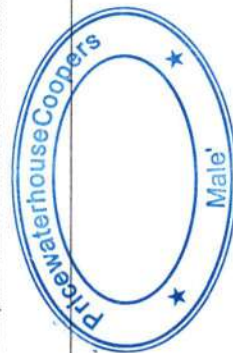
Company	FVTPL MVR	FVOCI MVR	Carrying amount		Total MVR	Fair value		
			Amortized Cost MVR	Other financial assets MVR		Level 1 MVR	Level 2 MVR	Level 3 MVR
Financial assets measured at fair value								
Investment in equity instruments	-	2,240,800	-	-	2,240,800	-	-	2,240,800
	-	2,240,800	-	-	2,240,800	-	-	2,240,800
Financial assets not measured at fair value								
Other financial investments	-	-	1,111,575,000	-	1,111,575,000	-	-	-
Trade and other receivables	-	-	249,446,288	-	249,446,288	-	-	-
Amounts due from related parties	-	-	4,764,525,418	-	4,764,525,418	-	-	-
Cash and cash equivalents	-	-	1,115,752,726	-	1,115,752,726	-	-	-
	-	-	7,241,299,432	-	7,241,299,432	-	-	-
Financial liabilities not measured at fair value								
Bank overdraft	-	-	82,821,283	-	82,821,283	-	-	-
Loans and borrowings	-	-	4,458,721,475	-	4,458,721,475	-	-	-
Lease liabilities	-	-	235,984,791	-	235,984,791	-	-	-
Amounts due to related parties	-	-	299,417,957	-	299,417,957	-	-	-
Trade and other payables	-	-	2,688,217,344	-	2,688,217,344	-	-	-
	-	-	7,765,162,850	-	7,765,162,850	-	-	-

AS AT 31ST DECEMBER 2021

Company	FVTPL MVR	FVOCI MVR	Carrying amount		Total MVR	Fair value		
			Amortized Cost MVR	Other financial assets MVR		Level 1 MVR	Level 2 MVR	Level 3 MVR
Financial assets measured at fair value								
Investment in equity instruments	-	2,240,800	-	-	2,240,800	-	-	2,240,800
	-	2,240,800	-	-	2,240,800	-	-	2,240,800
Financial assets not measured at fair value								
Other financial investments	-	-	109,275,000	-	109,275,000	-	-	-
Trade and other receivables	-	-	188,821,432	-	188,821,432	-	-	-
Amounts due from related parties	-	-	3,622,776,946	-	3,622,776,946	-	-	-
Cash and cash equivalents	-	-	951,646,085	-	951,646,085	-	-	-
	-	-	4,872,519,462	-	4,872,519,462	-	-	-
Financial liabilities not measured at fair value								
Bank overdraft	-	-	137,506,594	-	137,506,594	-	-	-
Loans and borrowings	-	-	2,293,713,988	-	2,293,713,988	-	-	-
Lease liabilities	-	-	165,645,414	-	165,645,414	-	-	-
Amounts due to related parties	-	-	246,244,988	-	246,244,988	-	-	-
Trade and other payables	-	-	2,356,146,217	-	2,356,146,217	-	-	-
	-	-	5,199,257,200	-	5,199,257,200	-	-	-

40.A.3 The Company has not disclosed the fair values of financial instruments when their carrying amounts are a reasonable approximation of fair value.

40.A.4 The fair value of the investment in equity instruments is based on the net assets amounts as at year end of related companies for unlisted companies. For listed companies shares for fair value have been determined by Level 1 stock exchange quoted prices



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. Measurement of fair value

(i) Valuation techniques and significant unobservable input

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used.

Financial Instruments measured at fair value

Type	Valuation techniques	Significant unobservable input	Inter relationship between significant unobservable inputs and fair value measurement
Equity Investments	Adjusted net asset method	Investees financial data	N/A

C. Financial risk management

(i) Overview

The Group / the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's / the Company's objectives, policies and processes for measuring and managing risk, and the Group's / the Company's management of capital. Further, quantitative disclosures are included throughout these group's / the Company's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's / the Company's risk management framework.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group / the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Group's / the Company's receivables from customers, investment in debt securities and deposits with banks.

To measure the expected credit losses, cash and cash equivalent, trade, other receivables and related party receivables have been grouped based on shared credit risk characteristics and the days past due.

Impairment

The Group/ Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

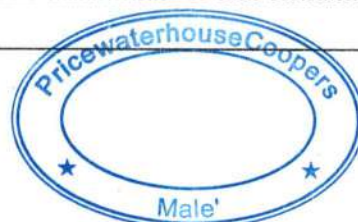
Credit quality

The credit quality of cash and cash equivalent, trade, other receivables and related party receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	31/12/2022 MVR	31/12/2021 MVR	31/12/2022 MVR	31/12/2021 MVR
Trade and other receivables (Net)	1,007,071,796	575,451,912	249,446,288	188,821,432
Amounts due from related party (Net)	3,334,028,920	2,600,184,953	4,764,525,418	3,622,776,946
Reinsurance contracts	573,596,531	626,303,546	-	-
Other financial investments	1,540,977,569	531,769,608	1,111,575,000	109,275,000
Balances with banks and short term deposits	1,365,734,766	1,216,722,825	1,115,752,726	951,646,085
	7,821,409,582	5,550,432,845	7,241,299,432	4,872,519,462

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(iii) Credit risk (Continued)

Trade and other receivables

Expected credit loss assessment under IFRS 9

The Group/ Company uses an allowance matrix to measure the ECLs of trade, other receivables and related party receivables. Loss rates are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

Forecasts of the economic variables (the "base economic scenario") are obtained by STO PLC from the report available in the IMF website "World Economic Outlook Database, October 2022".

Economic variable assumptions

Forecasted GDP growth rates

The forecasted GDP growth rates considered to determine the weightages along with weightages for each case are as follows:

Cases	2022		2021	
	GDP rate	Weightages	GDP rate	Weightages
Best case	7.1%	11%	14.2%	16%
Base case	6.1%	68%	13.2%	64%
Worst case	5.1%	21%	12.2%	20%

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Corporation considers these forecasts to represent its best estimate of the possible outcomes.

Other forward-looking considerations not otherwise incorporated, such as the impact of any regulatory or legislative, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in the parameter from the actual assumption used in group's / company's economic variable assumption.

Group

	2022		2021	
	-1% MVR	+1% MVR	-1% MVR	+1% MVR
Increase / (decrease) in expected credit loss allowance for trade receivables, other receivables and amounts due from related parties	(108,395)	(124,302)	189,887	(134,155)

Company

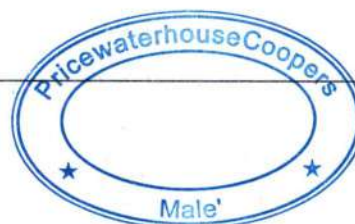
	2022		2021	
	-1% MVR	+1% MVR	-1% MVR	+1% MVR
Increase / (decrease) in expected credit loss allowance for trade receivables, other receivables and amounts due from related parties	206,575	(204,859)	190,872	(188,498)

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a member to engage in a repayment plan with the Corporation, and failure to make contractual payments.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(iii) Credit risk (Continued)

The following table provides information about the exposure to credit risk and ECLs for trade, other receivables and related party receivables as at 31st December.

31 st December 2022	Group			Company		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR		MVR	MVR
Not past due	0.8%	1,046,819,974	7,977,588	0.0%	1,679,684,795	-
1-30 days past due	2.9%	375,351,189	10,770,785	0.5%	952,687,718	4,512,461
31-90 days past due	3.8%	371,284,063	13,975,579	1.0%	728,350,092	7,431,014
91 - 180 days past due	4.7%	690,028,417	32,721,609	2.6%	680,952,864	17,726,241
181-365 days past due	5.1%	747,781,360	38,024,332	6.2%	346,971,380	21,450,863
Above 365 days past due	35.6%	2,192,519,118	781,259,466	40.9%	1,394,778,215	570,487,340
		<u>5,423,784,121</u>	<u>884,729,360</u>		<u>5,783,425,065</u>	<u>621,607,919</u>

31 st December 2021	Group			Company		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR		MVR	MVR
Not past due	0.2%	977,080,536	1,768,981	0.0%	1,368,234,017	-
1-30 days past due	1.3%	334,605,682	4,466,394	0.4%	485,058,725	1,718,131
31-90 days past due	1.4%	325,724,149	4,441,921	1.7%	782,054,307	13,670,395
91 - 180 days past due	2.9%	365,449,567	10,615,757	2.2%	152,354,193	3,355,168
181-365 days past due	4.2%	947,351,743	39,438,574	6.0%	560,601,794	33,664,017
Above 365 days past due	56.3%	1,185,736,830	667,646,071	39.9%	1,157,250,794	461,704,693
		<u>4,135,948,507</u>	<u>728,377,697</u>		<u>4,505,553,831</u>	<u>514,112,404</u>

Gross carrying amount and loss allowance comprise the trade, other receivables and related party receivables.

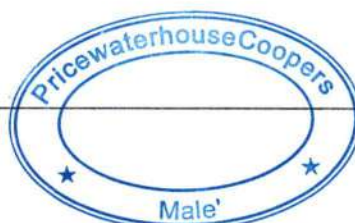
The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade, other and related party receivables.

Other financial investments

The Group / the Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating.

Guarantees

The Group / the Company policy is to provide financial guarantees only to subsidiaries, joint venture and associates. As at 31st December 2022, the Company has issued corporate guarantees to Bank of Maldives PLC for the facilities obtained by Maldives Structural Products Private Limited and to Habib Bank Limited for the facility obtained by Maldives Gas Private Limited. In addition, the company has issued corporate guarantee to Allied Insurance Company of the Maldives for the facility obtained by Fuel Supplies Maldives Private Limited. The details of corporate guarantees are disclosed in note 39.



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(iv) Liquidity risk

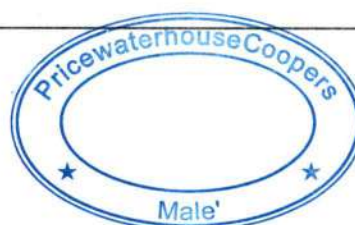
Liquidity risk is the risk that the Group / the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's / the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's / the Company's reputation.

The following are the contractual maturities stated at the undiscounted cashflows of financial liabilities as at the reporting date.

31st December 2022	Carrying amount MVR	Contractual Cashflow MVR	0-12 months MVR	1-5 years MVR	More than 5 years MVR
Group					
Financial liabilities (Non- derivative)					
Trade and other payables	3,305,961,493	3,305,961,493	3,305,961,493	-	-
Loans and borrowings	4,535,839,515	4,573,040,785	3,366,484,541	1,206,556,244	-
Amounts due to related parties	165,282,559	165,282,559	165,282,559	-	-
Lease Liabilities	622,340,232	698,635,089	88,145,670	191,847,102	418,642,317
Insurance contracts	633,405,635	633,405,635	633,405,635	-	-
Bank overdrafts	730,000,116	730,000,116	730,000,116	-	-
Total	9,992,829,551	10,106,325,678	8,289,280,015	1,398,403,346	418,642,317
31st December 2021					
Group					
Financial liabilities (Non- derivative)					
Trade and other payables	2,807,300,522	2,807,300,522	2,807,300,522	-	-
Loans and borrowings	2,997,616,702	3,033,172,674	2,507,918,212	525,254,461	-
Amounts due to related parties	145,166,036	145,166,036	145,166,036	-	-
Lease liabilities	486,565,748	592,470,609	53,054,799	157,397,249	382,018,561
Insurance contracts	724,822,415	724,822,415	724,822,415	-	-
Bank overdrafts	599,898,760	599,898,760	599,898,760	-	-
Total	7,761,370,183	7,902,831,015	6,838,160,744	682,651,710	382,018,561

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31st December 2022	Carrying amount MVR	Contractual Cashflow MVR	0-12 months MVR	1-5 years MVR	More than 5 years MVR
Company					
Financial liabilities (Non- derivative)					
Trade and other payables	2,688,217,344	2,688,217,344	2,688,217,344	-	-
Loans and borrowings	4,458,721,477	4,495,922,747	3,382,349,050	1,113,573,697	-
Lease liabilities	235,984,791	430,689,816	66,662,222	141,483,837	222,543,757
Amounts due to related parties	299,417,957	299,417,957	299,417,957	-	-
Bank overdrafts	82,821,283	82,821,283	82,821,283	-	-
Total	7,765,162,852	7,997,069,146	6,519,467,856	1,255,057,534	222,543,757
31st December 2021					
Company					
Financial liabilities (Non- Derivative)					
Trade and other payables	2,356,146,217	2,356,146,217	2,356,146,217	-	-
Loans and borrowings	2,293,713,988	2,329,269,959	1,960,687,918	368,582,041	-
Lease liabilities	165,645,414	329,322,932	33,130,290	105,096,820	191,095,822
Amounts due to related parties	246,244,988	246,244,988	246,244,988	-	-
Bank overdrafts	137,506,594	137,506,594	137,506,594	-	-
Total	5,199,257,200	5,398,490,689	4,733,716,007	473,678,861	191,095,822



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(v) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates that affect the Group's / the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Group's / the Company's interest-bearing financial instruments were:

	Group		Company	
	Carrying amount		Carrying amount	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
Variable rate instruments				
Financial assets	274,270,833	418,833,333	274,270,833	418,833,333
Financial liabilities	(2,411,487,627)	(2,449,938,155)	(2,385,513,215)	(2,411,831,558)
	(2,137,216,794)	(2,031,104,823)	(2,111,242,382)	(1,992,998,225)
Fixed rate instruments				
Financial assets	667,257,379	512,375,509	365,566,852	249,309,011
Financial liabilities	(4,745,084,065)	(2,793,960,617)	(4,052,239,625)	(1,705,318,456)
	(4,077,826,686)	(2,281,585,108)	(3,686,672,773)	(1,456,009,444)

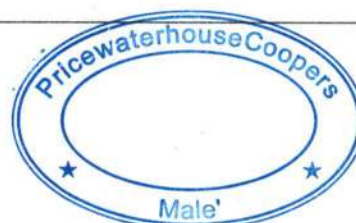
The interest rate exposure of the borrowing of the Group's / Company's is as follows:

	Group		Company	
	Carrying amount		Carrying amount	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
- At variable rate	4,122,788,778	1,818,307,129	4,096,814,366	1,780,200,532
- At fixed rate	413,050,737	1,179,309,573	361,907,111	513,513,455
	4,535,839,515	2,997,616,702	4,458,721,477	2,293,713,988

Cash flow sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

GROUP	Profit or loss		Equity net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 st December 2022				
Variable rate instruments	(21,372,168)	21,372,168	(18,166,343)	18,166,343
31 st December 2021				
Variable rate instruments	(20,311,048)	20,311,048	(17,264,391)	17,264,391
COMPANY				
31 st December 2022				
Variable rate instruments	(21,112,424)	21,112,424	(17,945,560)	17,945,560
31 st December 2021				
Variable rate instruments	(19,929,982)	19,929,982	(16,940,485)	16,940,485



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(v) Market risk (Continued)

(a) Interest rate risk (Continued)

IBOR reforms

The Group / Company has transitioned from London Inter Bank Offer Rate (LIBOR) to Secured Overnight Financing Rate (SOFR) during the year 2022 for all the financial instruments.

Table: Non-derivative liabilities exposed to USD SOFR.

Group	Carrying value as at 31 December 2022		Of which:	
	Assets (MVR)	Liabilities (MVR)	Have yet to transition to an Assets (MVR)	Liabilities (MVR)
Non-derivative assets and liabilities exposed to USD SOFR				
Measured at amortized costs				
Loan receivables	-	-	-	-
Borrowings	-	(3,892,788,778)	-	(3,892,788,778)
Total assets and liabilities exposed to USD SOFR	-	(3,892,788,778)	-	(3,892,788,778)

Company

Company	Carrying value as at 31 December 2022		Of which:	
	Assets (MVR)	Liabilities (MVR)	Have yet to transition to an Assets (MVR)	Liabilities (MVR)
Non-derivative assets and liabilities exposed to USD SOFR				
Measured at amortized costs				
Loan receivables	-	-	-	-
Borrowings	-	(3,866,814,366)	-	(3,866,814,366)
Total assets and liabilities exposed to USD SOFR	-	(3,866,814,366)	-	(3,866,814,366)

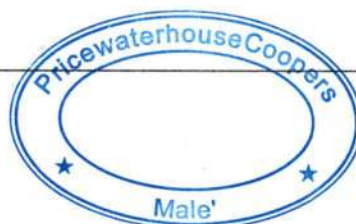
(b) Currency risk

Exposure to currency risk

Group

The Group's exposure to foreign currency risk in equivalent Maldives Rufiyaa was as follows:

	31/12/2022		
	US\$	Euro	SGD
Cash and cash equivalents	727,671,096	68,634	-
Trade, amount due from related parties and other receivables	825,128,678	4,939,726	576,283
Reinsurance contracts	-	-	-
Trade, amount due to related parties and other payables	(1,990,383,731)	(3,389,607)	(11,257,075)
Loans and borrowings	(4,261,923,603)	-	-
Bank overdrafts	(82,821,283)	-	-
Net currency exposure	(4,782,328,842)	1,618,754	(10,680,793)



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(v) Market risk (Continued)

Exposure to currency risk (Continued)

Group

The Group's exposure to foreign currency risk was as follows:

	31/12/2021		
	US\$	Euro	SGD
Cash and cash equivalents	97,579,752	155,481	-
Trade, amount due from related parties and other receivables	1,607,526,864	4,194,387	1,086,130
Reinsurance contracts	572,669,132	-	-
Trade, amount due to related parties and other payables	(2,287,366,243)	(1,761,693)	(5,422,344)
Loans and borrowings	(2,139,516,726)	(80,803,494)	-
Bank overdrafts	(137,506,594)	-	-
Net currency exposure	(2,286,613,815)	(78,215,319)	(4,336,214)

Company

The Company's exposure to foreign currency risk was as follows:

	31/12/2022		
	US\$	Euro	SGD
Cash and cash equivalents	717,294,697	63,524	-
Trade, amount due from related parties and other receivables	746,646,080	4,939,726	576,283
Trade, amount due to related parties and other payables	(1,983,880,865)	(3,389,607)	(11,257,075)
Loans and borrowings	(4,146,141,619)	-	-
Bank overdrafts	(82,821,283)	-	-
Net currency exposure	(4,748,902,990)	1,613,644	(10,680,793)

Company

The Company's exposure to foreign currency risk was as follows:

	31/12/2021		
	US\$	Euro	SGD
Cash and cash equivalents	30,022,123	64,472	-
Trade, amount due from related parties and other receivables	926,242,850	4,194,387	1,086,130
Trade, amount due to related parties and other payables	(2,243,607,253)	(1,761,693)	(5,422,344)
Loans and borrowings	(1,981,134,129)	-	-
Bank overdrafts	(137,506,594)	-	-
Net currency exposure	(3,405,983,003)	2,497,166	(4,336,214)

The following significant exchange rate were applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	31/12/2022	31/12/2021
1 US\$: MVR	15.42	15.42	15.42	15.42
1 Euro : MVR	16.55	17.81	16.46	16.66
1 SGD : MVR	11.29	11.50	11.53	11.36

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, SGD against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

GROUP

31 st December 2022

USD 5% movement
EURO 5% movement
SGD 5% movement

31 st December 2021

USD 5% movement
EURO 5% movement
SGD 5% movement

COMPANY

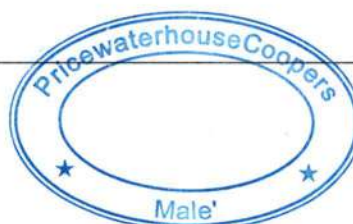
31 st December 2022

USD 5% movement
EURO 5% movement
SGD 5% movement

31 st December 2021

USD 5% movement
EURO 5% movement
SGD 5% movement

	Profit or loss	
	Strengthening	Weakening
31 st December 2022	(239,116,442)	239,116,442
USD 5% movement	80,938	(80,938)
EURO 5% movement	(534,040)	534,040
SGD 5% movement	(239,569,544)	239,569,544
31 st December 2021	(114,330,691)	114,330,691
USD 5% movement	(3,910,766)	3,910,766
EURO 5% movement	(216,811)	216,811
SGD 5% movement	(118,458,267)	118,458,267
31 st December 2022	(237,445,149)	237,445,149
USD 5% movement	80,682	(80,682)
EURO 5% movement	(534,040)	534,040
SGD 5% movement	(237,898,506)	237,898,506
31 st December 2021	(170,299,150)	170,299,150
USD 5% movement	124,858	(124,858)
EURO 5% movement	(216,811)	216,811
SGD 5% movement	(170,391,102)	170,391,102



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (Continued)

(b) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as at fair value through other comprehensive income (FVOCI).

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded and are included in the Maldives Stock Exchange (Masix).

Sensitivity

The table below summarises the impact of increases/decreases of the indexes on the Group's equity for the period. The analysis is based on the assumption that the equity indexes had increased by 5% or decreased by 5%, with all other variables held constant, and that all of the Group's equity instruments moved in line with the indexes.

	Impact on other components of equity	
	2022	2021
	MVR	MVR
Maldives Stock Exchange - Masix – increase 5%	4,344,340	2,438,090
Maldives Stock Exchange - Masix – decrease 5%	(4,344,340)	(2,438,090)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as at FVOCI.

Amounts recognised in other comprehensive income

The amounts recognised in other comprehensive income in relation to the various investments held by the Group are disclosed in Note 19.

D. Insurance risk management

Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims and severity of claims as the actual number and amount of claims will vary from year to year. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk management strategy of the Group includes among other things regular review of adequacy of re-insurance contracts with appropriate parties, establishing limits for underwriting authority, establishing clear guidelines for pricing and maintaining a proper product mix.

a) Risk management of non-life insurance

Non life insurance risk includes the reasonable possibility of significant loss due to uncertainty in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims.

The Group has following main lines of non life insurance businesses:

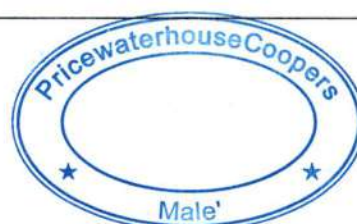
- Fire insurance
- Accident insurance
- Marine cargo insurance
- Marine hull insurance
- Health insurance

Concentration risk

For non life insurance contracts, the most significant risks arise from climate changes, and natural disasters. For health insurance contracts, the most significant risks arise from occupation type and consumption habits. For longer tail claims that take some years to settle, there is also inflation risk.

Class	2022			2021		
	Gross Written Premium	Reinsurance Premium	Net Written Premium	Gross Written Premium	Reinsurance Premium	Net Written Premium
Fire	148,251,988	(138,165,707)	10,086,281	147,517,702	(141,798,561)	5,719,141
Accident	94,166,253	(62,811,697)	31,354,556	83,708,474	(57,659,859)	26,048,615
Cargo	29,412,596	(23,107,084)	6,305,512	17,431,316	(15,198,336)	2,232,980
Marine Hull	35,478,531	(27,897,816)	7,580,715	32,176,859	(24,107,905)	8,068,954
Health	136,830,875	-	136,830,875	93,906,926	(183,636)	93,723,290
Total	444,140,243	(251,982,304)	192,157,939	374,741,277	(238,948,296)	135,792,981

The Concentration risk exposure is mitigated by diversifying across a portfolio of insurance contracts into different classes as shown above. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

D. Insurance risk management (Continued)

Uncertainty in claim payments (Reserving risk)

Group is liable for all insured events that occurred during the term of the contracts, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a large element of the claims provision relates to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt.

The triangulation method / Bornhuetter-Ferguson method are generally used to estimate the IBNR reserve.

The Group has adapted Bornhuetter- Ferguson method and below table presents the IBNR results based on the method.

IBNR Provision

Class	Allied	Ayady	Total	
			12/31/2022	12/31/2021
Accident	1,695,803	381,122	2,076,925	782,052
Cargo	3,090,188	-	3,090,188	914,652
Fire	23,815,777	525,561	24,341,338	18,050,794
Health	994,323	51,034	1,045,357	5,578,980
Hull	13,590,505	2,210,407	15,800,912	9,679,041
Total	43,186,596	3,168,124	46,354,720	35,005,519

The Group has used following claim development table to determined above IBNR factor as at reporting date.

Conventional (Allied) loss triangle with incurred losses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2017	78,625,896	79,423,043	79,735,273	79,735,273	79,735,273	79,735,273
2018	156,657,217	165,568,165	165,926,267	165,926,267	165,926,267	-
2019	111,300,358	111,364,122	111,364,122	111,364,122	-	-
2020	340,806,324	345,339,473	345,339,473	-	-	-
2021	162,517,022	162,563,348	-	-	-	-
2022	184,381,097	-	-	-	-	-

Islamic (Ayady) loss triangle with incurred losses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2017	4,166,851	4,320,501	4,340,501	4,340,501	4,340,501	4,340,501
2018	6,629,714	6,648,578	6,648,578	6,648,578	6,648,578	-
2019	3,312,303	3,318,813	3,318,813	3,318,813	-	-
2020	8,838,632	8,861,132	8,861,132	-	-	-
2021	7,956,154	7,956,154	-	-	-	-
2022	21,186,235	-	-	-	-	-

Further the above table shows the development of claims over a period of time on a gross basis (Claim Development Table).

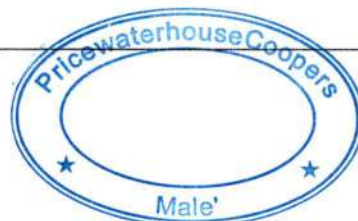
Reinsurance risk

The Group enters into reinsurance contracts with reinsurers in order to manage / mitigate underwriting risk. The reinsurers will contribute to a part of the claim as per the reinsurance agreement.

The Group is exposed to the risk of non recoverability of reinsurance receivables and this is discussed in the Financial risk management note in detail.

b) Risk management of life insurance

Life insurance products include protection and annuity covers. The risk especially relates to the mortality, life expectancy, morbidity and occupational disability.



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40 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

D. Insurance risk management (Continued)

b) Risk management of life insurance (Continued)

The Group is exposed to the following risks in relation to life Insurance contracts:

- Mortality Risk - policyholder death experience being different than expected
- Morbidity Risk - policyholder health experience being different than expected
- Longevity Risk - due to the annuitant living different than expected
- Investment return risk - actual returns being different than expected
- Expense Risk - expense experience being different than expected
- Policyholder decision risk - policyholder experiences (lapses and surrenders) being different than expected

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behaviour.

In order to manage above risks the Group adopts the following strategies:

- Proper defining of policy terms and conditions
- Regular review of actual claim experience and product pricing
- Regular expense analysis
- Assumptions in determining life insurance contract liabilities

The following table shows the concentration of life insurance contract liabilities by type of contract.

	2022			2021		
	Gross Written Premium	Reinsurance Premium	Net Written Premium	Gross Written Premium	Reinsurance Premium	Net Written Premium
Endowments	387,818	(79,045)	308,773	343,565	(191,158)	152,407
Child education	3,883,863	-	3,883,863	4,119,967	-	4,119,967
Group term policy	3,533,412	(486,733)	3,046,679	2,776,570	(486,733)	2,289,837
policy	761,528	-	761,528	190,900	-	190,900
Cash back policy	229,005	-	229,005	145,858	-	145,858
Expatriate insurance	31,750	-	31,750	1,058,450	-	1,058,450
expenses	945,676	-	945,676	814,147	-	814,147
Other	62,834	-	62,834	138,612	-	138,612
Total life insurance	9,835,886	(565,778)	9,270,108	9,588,069	(677,891)	8,910,178

Assumptions

Estimates are developed at each reporting date to determine whether life insurance liabilities are adequate based on assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

The major assumptions used in estimating life insurance liabilities are as follows:

▪ Mortality

Assumptions are based on standard industry tables, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. Assumptions are differentiated by underwriting class and contract type.

▪ Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An increase in longevity rates will lead to an increase in the number of annuity payments made and thereby increase the expenditure and reduce profits for the shareholders.

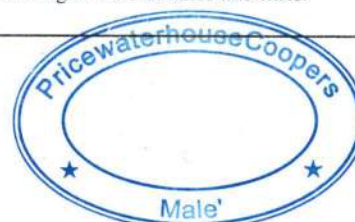
▪ Discount rate

Discount rates are determined based on current industry risk rates, adjusted for the Group's own risk exposure. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders for the period.

The key assumptions used in estimating life insurance liability are listed below:

	2022	2021
Mortality	125% of IALM (2006-08)	125% of IALM (2006-08)
Lapse and surrender rates	NIL	NIL
Discount rate	3%	3%

The Group is exposed to risk arising from changes in key assumptions used in arriving at life insurance liabilities.



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41 EVENTS AFTER THE REPORTING DATE

41.1 Dividend

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommends a First and Final dividend of MVR 77/- per ordinary share for the year ended 31st December 2022 (31st December 2021: MVR 65/-). The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting

41.2 Transfer of Maldives Industrial Fisheries Company Pvt Ltd land

A free hold land owned by Maldives Industrial Fisheries Company Pvt Ltd (MIFCO), located in Male city, used by MIFCO as their head office building, was transferred to STO Plc during the 1st quarter of 2022, at a value of MVR 255,206,400/- in order to be set off against the amounts payable by MIFCO to STO Plc and Fuel Supplies Maldives Pvt Ltd (FSM). Further, MIFCO would get lease rights over the land & buildings and other infrastructure located on the land.

42 DIRECTOR'S RESPONSIBILITY

The Board of Directors of the Group / the Company is responsible for the preparation and presentation of these consolidated and separate financial statements.

43 CORRESPONDING FIGURES

The corresponding figures of the financial statements have been reclassified to conform with current year's classifications.

44 INVESTMENT IN SUBSIDIARIES

The Company is the parent company for the following subsidiary companies

	Country of incorporation	No of shares		Shareholding	
		2022	2021	2022	2021
Maldive Gas Private Limited	Republic of Maldives	61,200	61,200	90.00%	90.00%
Allied Insurance Company of the Maldives Private Limited	Republic of Maldives	299,998	299,998	99.99%	99.99%
STO Maldives (Singapore) Private Limited	Singapore	200,000	200,000	100.00%	100.00%
Fuel Supplies Maldives Private Limited	Republic of Maldives	15,299	15,299	99.99%	99.99%
Maldives National Oil Company Limited	Republic of Maldives	99,999	99,999	99.99%	99.99%
STO Hotels & Resorts Private Limited	Republic of Maldives	9,999	9,999	99.99%	99.99%
Maldives Industrial Fisheries Company Limited (MIFCO)	Republic of Maldives	1,439,725	1,439,725	99.99%	99.99%
Maldives State Shipping Company Private Limited	Republic of Maldives	999.90	999.90	99.99%	99.99%

44.1 Principal subsidiaries with material non-controlling interests

Summarised financial information in respect of STO PLC's subsidiary Maldive Gas Private Limited that have material non-controlling interest,

Maldive Gas Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a private limited liability Company under the Companies Act No. 10 of 1996, with its registered office H. Maizan, Sosun Magu, Male', Republic of Maldives.

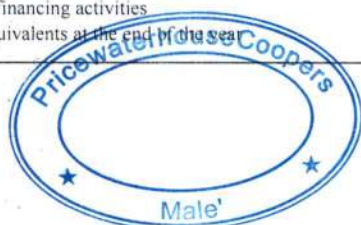
Summarised financial details before inter-company eliminations, is set out below:

As at 31 December

	2022	2021
	MVR	MVR
Non-controlling interest in %	10%	10%
Non-current assets	272,963,943	261,996,722
Current assets	72,413,674	116,637,782
Total assets	345,377,617	378,634,504
Equity	229,611,617	242,280,701
Non-current liabilities	79,372,679	91,992,268
Current liabilities	36,393,321	44,361,535
Total liabilities	115,766,000	136,353,803

For the year ended 31 December

Revenue from contracts with customers	238,797,232	223,849,529
(Loss)/ profit after tax	(12,577,904)	(617,847)
Total comprehensive income	(91,180)	196,527
Net cash generated from operating activities	13,104,469	18,063,743
Net cash used in investing activities	(30,820,043)	(60,290,096)
Net cash used in financing activities	(15,022,881)	9,290,086
Cash and cash equivalents at the end of the year	12,003,666	44,742,121



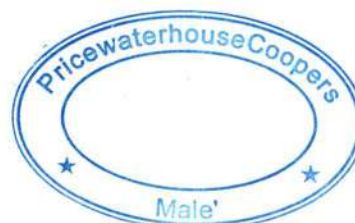
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45 RELATED PARTY TRANSACTIONS

45.1 GROUP

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)			
			2022	2021	31/12/2022		31/12/2021	
			MVR	MVR	MVR	Receivables	Payables	Receivables
Maldives Structural Product Private Limited	Joint venture	Sale of goods	-	36,500				
		Purchase of goods	(72,603,885)	(68,242,632)				
		Dividend received	8,000,000	10,000,000				
		Payment received	(12,000,000)	(7,134,247)				
		Payment made	76,326,551	80,892,959				
Raysūt Maldives Cement Private Limited	Associate	Purchase of goods	(169,254,847)	(76,459,126)	403,691	(29,286,192)	4,585	(24,656,833)
		Payment made	182,516,032	64,042,913				
		Transportation charges paid	(17,890,648)	(1,328,624)				
		Expense reimbursement	398,551	-				
		Sales of goods	246,526	249,263				
		Payment received	(245,867)	(321,165)				
		Rent received	-	75,289				
Ministry of Finance and Treasury	Majority shareholder	Food subsidy income	317,621,132	317,018,445	463,485,248	(60,779,802)	531,652,464	(56,137,513)
		Fuel subsidy	2,641,551,526	571,558,395				
		Interest receivable	16,540,418	14,912,382				
		Interest payable	(4,642,290)	2,212,514				
		Sale of goods	-	203,449,996				
		Payment received	(3,043,880,292)	(646,022,212)				
Ministry of Health	Affiliate company	Sale of goods	259,614,692	492,543,955	232,103,539	-	217,010,296	-
		Payment received	(244,521,448)	(632,909,360)				
State Electric Company (STELCO)	Affiliate company	Service obtained	-	-	106,153,401	-	96,951,804	-
		Payment made	-	-				
		Payment received	(1,245,395,629)	(1,144,134,446)				
		Sale of goods and fuel	1,254,597,226	1,154,033,169				
Indira Gandhi Memorial Hospital	Affiliate company	Sale of goods	393,883,021	466,289,802	121,196,961	-	187,706,286	0
		Payment received	(460,392,346)	(478,448,542)				
Rainbow Enterprises Private Limited	Affiliate company	Purchase of goods	-	(205,994)	14,983,633	-	11,600,284	-
		Sale of goods	28,012,612	13,815,414				
		Payment made	-	211,877				
		Interest	99,252	(13,133)				
Maldives Road Development Corporation	Affiliate company	Payment received	(24,728,515)	(3,926,512)				
		Sale of goods	(52,200)	74,830	37,992,601	-	38,005,436	-
		Payment received	39,365	(39,070)				
Hulhumale Hospital	Affiliate company	Sale of goods	56,024,045	98,610,312	23,143,607	-	16,920,815	-
		Payment received	(49,801,253)	(94,322,075)				
Ministry of Housing and Infrastructure	Affiliate company	Sale of goods	-	-	92,047,554	(13,022,882)	92,047,554	(10,214,882)
		Service obtained	(2,808,000)	(2,808,000)				
		Payment received	-	(10,608,896)				
Fenaka Corporation Limited	Affiliate company	Sale of goods and fuel	909,069,751	838,638,117	1,814,228,902	(20,063,972)	1,020,689,725	(9,622,065)
		Service obtained	(10,688,013)	(10,369,790)				
		Interest received	666,009	(4,685,327)				
		Other services	246,106	49,036				
		Payment made	-	-				
		Payment received	(116,196,582)	(607,364,870)				
Maldives Airport Company Limited	Affiliate company	Sale of fuel	3,062,492,019	1,375,785,910	83,248,606	-	116,144,503	-
		Sale of goods	1,384,723	11,919,336				
		Payment received	(3,096,772,640)	(1,330,774,449)				
Addu International Airport Private Limited	Affiliate company	Sale of goods	52,398,395	33,511,930	35,562,289	-	20,683,469	(406,947)
		Service obtained	(16,053,505)	(5,468,752)				
		Payment made	16,460,452	5,061,805				
		Payment received	(37,519,575)	(27,715,614)				
Aasandha Private Limited	Affiliate company	Sale of goods	299,937,555	265,904,574	128,295,659	-	71,679,159	-
		Services provided	-	-				
		Payment received	(243,321,056)	(319,361,941)				
Maldives Shipping Services Lanka Private Limited	Associate	Reimbursements	1,323,519	-	1,670,445	(346,926)	-	-



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45 RELATED PARTY TRANSACTIONS (CONTINUED)

45.1.1 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Group are the members of the key management personnel. Key management personnel compensation comprised the following.

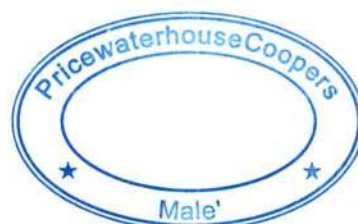
	2022	2021
	MVR	MVR
Short term employee benefits	8,081,039	7,092,065

45.1.2 Collectively, but not individually, significant transactions.

The Government of Maldives is the major shareholder of the parent Company. The Group has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Group has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

45.2 COMPANY

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)			
			2022 MVR	2021 MVR	31/12/2022		31/12/2021	
					Receivables MVR	Payables MVR	Receivables MVR	Payables MVR
Allied Insurance Company of the Maldives Private Limited	Subsidiary	Sale of goods	3,671,586	1,002,217				
		Service obtained	(54,879,281)	(54,769,236)				
		Interest paid	(2,405,986)	(2,405,986)				
		Payment made	50,530,935	63,692,981				
		Claims received	615,003	1,022,997				
		Payment received	(18,611,268)	(43,365,399)				
		Rent received	1,440,535	281,440				
		Service Provided	4,606	19,156				
		Dividend received	20,000,867	35,000,767				
Maldivian National Oil Company Limited	Subsidiary	Expense reimbursement	29,176	27,787	71,187	-	42,011	-
Maldivian Gas Private Limited	Subsidiary	Sale of goods	484,891	512,516	1,191,966	(1,895,477)	42,164	(1,717,833)
		Purchase of goods	(6,580,179)	(8,973,202)				
		Dividend received	-	9,900,000				
		Rent received	2,093,910	2,019,462				
		Payment made	7,371,795	9,142,712				
		Service provided	106,282	7,092,375				
		Dollar purchase	(771,000)	(19,485,130)				
		Advances and deposits	885,060	-				
		Payment received	(2,618,600)	-				
Fuel Supplies Maldives Private Limited	Subsidiary	Sale of fuel	8,794,300,733	3,888,699,431	2,771,239,033	(1,033,005)	1,709,920,422	(10,084,760)
		Purchases of fuel	(1,728,618,383)	(750,789,183)				
		Payment made	2,870,467,249	1,047,717,834				
		Service obtained	-	(71,242)				
		Rent Income	9,770,403	9,706,681				
		Service provided	878,383	782,871				
		Rebate paid on fuel sales	(115,520,949)	(61,081,094)				
		Payment received	(7,743,564,968)	(3,534,014,811)				
		Sale of fixed Assets	(14,146,643)	-				
		Advance rent	(90,300)	(156,240)				
		Government subsidy payable/claim	(997,970,088)	(239,929,349)				
		Transportation charges paid	(5,135,070)	(4,923,080)				
STO Maldives (Singapore) Private Limited	Subsidiary	Payment made	81,138	357,905	27,519,753	-	28,144,466	-
		Interest	-	(315,395)				
		Payments received	(705,851)	-				
Maldivian Industrial Fisheries Company Limited	Subsidiary	Sale of goods	4,422,287	2,926,538	180,102,339	-	162,074,278	-
		Purchase of goods	(1,957,600)	(1,304,770)				
		Advance given	11,090,548	-				
		Service provided	98,188	201,766				
		Payment made	715,928,252	640,477,406				
		Expense Reimbursement	4,642,290	4,246,056				
		Payment received	(2,006,064)	(776,276)				
		Purchase of foreign currency	(714,189,840)	(639,081,900)				
STO Hotels & Resorts Private Limited	Subsidiary	Expense Reimbursement	39,609	62,396	205,786,033	-	205,746,425	-



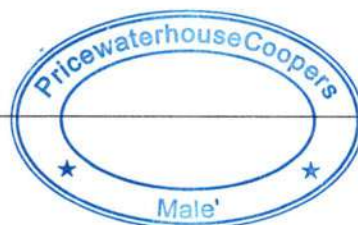
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45 RELATED PARTY TRANSACTIONS (CONTINUED)

45.2 COMPANY (CONTINUED)

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)			
			2022	2021	31/12/2022		31/12/2021	
			MVR	MVR	MVR	MVR	MVR	MVR
Maldives Structural Product Private Limited	Joint venture	Purchase of goods	(72,603,885)	(68,242,632)	-	(10,548,947)	-	(10,271,614)
		Dividend received	8,000,000	10,000,000				
		Payment received	(12,000,000)	(7,100,372)				
		Payment made	76,326,551	80,892,959				
Raysut Maldives Cement Private Limited	Associate	Purchase of goods	(169,254,743)	(76,459,126)	400,725	(29,286,192)	2,174	(24,656,833)
		Payment made	182,516,032	64,031,767				
		Transportation charges paid	(17,890,648)	(1,328,624)				
		Expense reimbursement	398,551	-				
		Payment received	-	(73,115)				
		Rent received	-	75,289				
Maldives State Shipping Company Private Limited	Subsidiary	Investment	-	(127,793,225)	259,100,759	(62,278,721)	109,591,903	(27,470,597)
		Advances	23,130,000	25,944,175				
		Sales of goods	(197,275,827)	(101,695,097)				
		Rent Income	3,772,966	13,558,647				
		Expense reimbursement	189,171,820	47,537,209				
		Services provided	1,695,136	103,060				
		Interest	1,192,464	438,956				
		Payments received	(97,441,683)	-				
		Lease receivable	14,408,128	-				
		Service obtained	-	(901,669)				
				Payments made	176,047,727	211,898,258		
Ministry of Finance and Treasury	Majority Shareholder	Food subsidy income	317,621,132	317,018,445	463,485,248	(60,779,802)	531,652,464	(56,137,513)
		Fuel subsidy	2,641,551,526	571,558,395				
		Interest receivable	16,540,418	14,912,382				
		Interest payable	(4,642,290)	2,212,514				
		Sale of goods	-	203,449,996				
		Payment received	(3,043,880,292)	(646,022,212)				
Ministry of Health	Affiliate company	Sale of goods	259,604,291	492,543,955	232,079,647	-	216,996,803	-
		Payment received	(244,521,448)	(632,909,360)				
State Electric Company (STELCO)	Affiliate company	Service obtained	-	-	106,145,186	-	96,947,554	-
		Payment made	-	-				
		Payment received	(1,245,348,509)	(1,144,102,464)				
		Sale of goods and fuel	1,254,546,141	1,154,001,637				
Indira Gandhi Memorial Hospital	Affiliate company	Sale of goods	393,875,856	466,289,802	120,774,586	-	187,062,720	-
		Payment received	(460,163,990)	(478,448,542)				
Rainbow Enterprises Private Limited	Affiliate company	Purchase of goods	-	(205,994)	14,983,633	-	11,600,284	-
		Sale of goods	28,012,612	13,815,414				
		Payment made	-	211,877				
		Interest	99,252	(13,133)				
		Payment received	(24,728,515)	(3,926,512)				
Huihumale Hospital	Affiliate company	Sale of goods	54,254,508	96,753,692	22,323,637	-	16,166,348	-
		Payment received	(48,097,218)	(92,879,115)				
Fenaka Corporation Limited	Affiliate company	Sale of goods	1,305,002	196,796	40,130,350	(19,448,426)	38,806,465	(9,124,662)
		Service obtained	(10,323,764)	(10,072,512)				
		Interest received	666,009	(4,685,327)				
		Other services	-	49,036				
		Payment received	(647,126)	(280,079)				



STATE TRADING ORGANIZATION PLC
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

45 RELATED PARTY TRANSACTIONS (CONTINUED)

45.2 COMPANY (CONTINUED)

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)			
			2022	2021	31/12/2022		31/12/2021	
			MVR	MVR	Receivables	Payables	Receivables	Payables
Maldives Airport Company Limited	Affiliate company	Sale of fuel	3,062,492,019	1,375,643,225	83,132,141	-	116,100,323	-
		Sale of goods	1,149,563	11,919,336				
		Payment received	(3,096,609,765)	(1,330,668,514)				
Addu International Airport Private Limited	Affiliate company	Sale of goods	52,398,395	33,511,930	35,562,289	-	20,683,469	(406,947)
		Service obtained	(16,053,505)	(5,468,752)				
		Payment made	16,460,452	5,061,805				
		Payment received	(37,519,575)	(27,715,614)				
Ministry of Housing and Infrastructure	Affiliate	Service obtained	(2,808,000)	(2,808,000)	92,044,904	(13,022,882)	92,044,904	(10,214,882)
		Payment received	-	(10,608,896)				
Aasandha Private Limited	Affiliate company	Sale of goods	299,937,555	265,904,574	128,295,659	-	71,679,159	-
		Payment received	(243,321,056)	(319,361,941)				
Housing Development Corporation Limited	Affiliate company	Rent Expense	(13,217,934)	(10,177,862)	-	(12,994,719)	-	(13,000,262)
		Payment made	13,223,478	10,108,319				
Maldives Pension Administrative Office	Affiliate company	Pension Expense	(18,397,349)	(16,491,418)	-	(1,632,439)	-	(1,442,774)
		Payment made	18,207,684	16,285,322				
Champa Gas & Oil Company Private Limited	Affiliate company	Fines	(22,194)	22,194	23,433,234	-	7,632,594	-
		Sale of fuel	83,370,774	70,368,325				
		Payment received	(67,547,939)	(69,207,425)				

45.2.1 Trade receivable and payable from related parties are unsecured, at no fixed interest rate and repayable on demand. Therefore, the full shown as current receivables and payables.

45.2.2 Transactions with key management personnel

The Managing Director and a board of directors of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	2022	2021
	MVR	MVR
Short term employee benefits	4,203,200	3,445,046

