

STATE TRADING ORGANIZATION PLC

Financial statement - 31 December 2021



Independent auditor's report

To the Shareholders of State Trading organization PLC

Our opinion

In our opinion, the 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 2021, 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 2021;
- 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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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 2021, the Company has recognised revenue from retail and wholesale business amounting to MVR 10,173,799,455.

Revenue from retail and wholesale business represent 99.9% of the Company's revenue for the year ended 31 December 2021 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 work 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
<p>The Group:</p> <p>Impairment review of property, plant and equipment of a subsidiary company (MIFCO) (Refer to Note 13.1 to the consolidated financial statements)</p> <p>Maldives Industrial Fisheries Company Limited (“MIFCO”) a subsidiary company of the Group had property, plant and equipment with a carrying value of MVR 405,446,332 as at 31 December 2021. 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.</p> <p>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.</p> <p>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.</p>	<p>The audit procedures we performed in relation to the estimation of fair value of property, plant and equipment of the subsidiary included the following:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
<p>Valuation of insurance contract liabilities</p> <p>(Refer to the significant accounting policy in Note 3.13 and Notes 34 to the consolidated financial statements)</p> <p>As at 31 December 2021 the Group has reserved insurance contract liabilities of MVR 590,483,356, MRV 85,386,343 and MVR 48,952,716 for Non-life insurance, Life insurance and Takaful insurance respectively.</p> <p>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.</p>	<p>We, along with the actuarial audit support experts performed the following audit procedures to assess the reasonableness of the insurance contract liabilities:</p> <ul style="list-style-type: none"> 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

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.

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.

Accordingly, we have considered this as a Key Audit Matter.

How our audit addressed the Key audit matter

iii) Assessed reasonableness of the key assumptions. Our assessment included:

- 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;

iv) Checked on a sample basis, provision for pending claims against evidence available, such as surveyor / loss adjuster reports; and

v) Checked the calculation of the liability adequacy test and assessed the adequacy of the disclosures made in the financial statements.

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.

Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2021 (but does not include the financial statements and our auditor's report thereon).

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, 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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15 May 2022

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 2021

	Note	Group		Company	
		2021	2020	2021	2020
Revenue	7	11,235,541,139	8,501,085,171	10,187,009,461	7,208,991,811
Cost of sales	10	(9,318,095,792)	(6,717,476,893)	(8,646,963,654)	(5,836,431,919)
Gross profit		1,917,445,347	1,783,608,278	1,540,045,807	1,372,559,892
Other income	8	82,818,975	64,625,714	85,553,844	70,687,306
Administrative expenses	10	(892,391,248)	(742,508,895)	(378,050,595)	(325,517,956)
Selling and marketing expenses	10	(603,923,873)	(570,542,819)	(575,346,015)	(490,107,489)
Impairment loss on trade, other and related party receivables	22	(22,704,191)	(107,403,312)	(24,528,192)	(116,566,739)
Other operating expenses	10	(30,367,754)	(26,551,850)	(4,705,129)	(2,657,453)
Operating profit		450,877,256	401,227,116	642,969,719	508,397,561
Finance income		26,902,223	22,556,193	60,421,022	60,839,719
Finance costs		(200,755,980)	(210,415,610)	(126,472,794)	(137,825,704)
Net finance costs	9	(173,853,757)	(187,859,417)	(66,051,772)	(76,985,985)
Share of profit of equity accounted investees - net of tax	18	11,061,930	9,696,528	-	-
Profit before tax		288,085,429	223,064,227	576,917,947	431,411,576
Income tax expense	11	(102,421,680)	(96,388,141)	(90,090,596)	(72,113,257)
Profit after tax		185,663,749	126,676,086	486,827,351	359,298,319
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	31	(10,882,941)	13,790,211	(9,597,542)	5,964,428
Tax related to remeasurement of defined benefit liability		1,665,715	(737,436)	1,439,631	(894,664)
Equity investment at FVOCI - net change in fair value	19	(8,250,000)	14,875,000	-	10,000,000
Tax related to equity investments at FVOCI - net change in fair value	11.3	1,237,500	(2,231,250)	-	(1,500,000)
Total other comprehensive (loss)/income - net of tax		(16,229,725)	25,696,525	(8,157,911)	13,569,764
Total comprehensive income for the year		169,434,024	152,372,611	478,669,441	372,868,083
Profit attributable to:					
Owners of the Company		185,725,534	123,358,223	486,827,351	359,298,319
Non - controlling interests	28	(61,785)	3,317,863	-	-
		185,663,749	126,676,086	486,827,351	359,298,319
Total comprehensive income attributable to:					
Owners of the Company		169,476,156	149,124,957	478,669,441	372,868,083
Non - controlling interests		(42,132)	3,247,654	-	-
		169,434,024	152,372,611	478,669,441	372,868,083
Basic and diluted earnings per share	12	165	109	432	319

Figures in brackets indicate deductions.


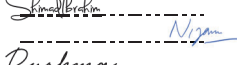
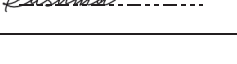


The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79. The report of the Independent Auditors 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 2021

	Note	Group		Company	
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,224,799,114	2,086,008,356	1,326,348,897	1,405,274,477
Investment property	14	364,321,624	370,473,349	364,321,624	370,473,349
Intangible assets	15	21,477,248	22,277,031	986,880	1,233,600
Investment in subsidiaries	17	-	-	284,900,650	157,107,425
Equity accounted investees	18	35,557,370	34,495,440	15,267,267	15,267,267
Equity securities at FVOCI	19	48,761,800	56,240,800	2,240,800	2,240,800
Amounts due from related parties	23	240,937,500	-	240,937,500	-
Right-of-use assets	20	483,883,816	516,552,870	147,140,712	164,879,935
Other financial investments	25	195,663,091	35,033,993	19,275,000	-
Deferred tax assets	11.3	133,519,144	122,681,114	94,197,449	87,726,148
Total non-current assets		3,748,920,707	3,243,762,953	2,495,616,779	2,204,203,001
Current asset					
Inventories	21	1,555,693,560	1,314,404,330	1,128,610,913	935,531,894
Trade and other receivables	22	807,385,853	683,711,477	368,664,478	248,005,320
Amounts due from related parties	23	2,359,247,453	2,033,369,401	3,381,839,446	2,860,475,306
Reinsurance contracts	24	626,303,546	375,565,718	-	-
Other financial investments	25	414,106,517	246,395,658	163,000,000	-
Cash and cash equivalents	26	1,138,722,825	585,270,947	878,646,085	366,331,483
Total current assets		6,901,459,754	5,238,717,531	5,920,760,922	4,410,344,003
Total assets		10,650,380,461	8,482,480,484	8,416,377,701	6,614,547,004
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	66,566,984	59,471,109	-	-
Currency translation reserve	27	334,411	334,411	-	-
General reserve	27	921,271,128	823,905,658	911,989,318	814,623,848
Fair value reserve	27	(2,346,648)	4,665,852	(7,234,148)	(7,234,148)
Retained earnings		1,429,488,047	1,425,075,336	1,939,659,130	1,625,969,760
Equity attributable to owners of the Company		2,499,473,922	2,397,612,366	2,928,574,300	2,517,519,460
Non-controlling interests	28	24,228,269	25,370,201	-	-
Total equity		2,523,702,191	2,422,982,567	2,928,574,300	2,517,519,460
LIABILITIES					
Non-current liabilities					
Loans and borrowings	29.2	525,254,461	208,707,516	368,582,041	181,912,554
Deferred income	33	35,938,536	38,360,046	45,875,798	47,806,652
Deferred tax liability	11.4	1,102,967	1,075,108	-	-
Lease liabilities	30	398,071,220	424,254,006	147,013,852	160,227,981
Defined benefit obligation	31	128,975,526	110,569,873	50,354,123	37,320,592
Total non-current liabilities		1,089,342,710	782,966,549	611,825,814	427,267,779
Current liabilities					
Loans and borrowings	29.3	2,472,362,241	2,023,483,639	1,925,131,947	1,507,740,378
Trade and other payables	32	2,942,743,473	1,848,649,501	2,491,589,168	1,534,938,058
Lease liabilities	30	88,494,528	67,361,350	18,631,561	19,145,324
Deferred income	33	8,913,713	8,951,011	1,930,854	1,930,854
Insurance contracts	34	724,822,415	562,682,956	-	-
Current tax liabilities	35	54,934,394	55,778,411	54,942,475	49,043,901
Amounts due to related parties	36	145,166,036	135,278,871	246,244,988	214,071,016
Bank overdrafts	26	599,898,760	574,345,629	137,506,594	342,890,234
Total current liabilities		7,037,335,560	5,276,531,368	4,875,977,587	3,669,759,765
Total liabilities		8,126,678,270	6,059,497,917	5,487,803,401	4,097,027,544
Total equity and liabilities		10,650,380,461	8,482,480,484	8,416,377,701	6,614,547,004

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 79. The report of the Independent Auditors is given on pages 1 to 6.

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		15 May 2022
Husen Amru Mohamed Rashad		15 May 2022
Shimad Ibrahim		15 May 2022
Mohamed Nizam		15 May 2022
Aminath Rushma		15 May 2022

**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2021**

GROUP	Attributable to owners of the Company							Non-Controlling Interest	Total	
	Share capital	Share premium	Claim equalization reserve	Currency translation reserve	General reserve	Faire value reserve	Retained earnings			
Balance as at 1 January 2020	56,345,500	27,814,500	51,709,518	334,411	752,045,994	(7,977,898)	1,443,576,164	2,323,848,189	23,222,547	2,347,070,736
Profit for the year	-	-	-	-	-	-	123,358,223	123,358,223	3,317,863	126,676,086
Net change in fair value of Equity Investments at FVOCI - net of tax	-	-	-	-	-	12,643,750	(10,000,000)	2,643,750	-	2,643,750
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	13,122,983	13,122,983	(70,209)	13,052,775
Total comprehensive income for the year						12,643,750	126,481,206	139,124,956	3,247,655	142,372,611
Transfer to / (from) during the year										
- general reserve	-	-	-	-	71,859,664	-	(71,859,664)	-	-	-
- claim equalization reserve	-	-	7,761,591	-	-	-	(7,761,591)	-	-	-
Transactions with owners of the Company										
Dividends (Note 27.4)	-	-	-	-	-	-	(65,360,780)	(65,360,780)	(1,100,000)	(66,460,780)
Total transactions with owners of the Company	-	-	-	-	-	-	(65,360,780)	(65,360,780)	(1,100,000)	(66,460,780)
As at 31 December 2020	56,345,500	27,814,500	59,471,109	334,411	823,905,658	4,665,852	1,425,075,336	2,397,612,366	25,370,201	2,422,982,567
Balance at 1 January 2021	56,345,500	27,814,500	59,471,109	334,411	823,905,658	4,665,852	1,425,075,336	2,397,612,366	25,370,201	2,422,982,567
Profit for the year	-	-	-	-	-	-	185,725,534	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)	-	(7,012,500)
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(9,236,878)	(9,236,878)	19,653	(9,217,225)
Total comprehensive income for the year						(7,012,500)	176,488,656	169,476,156	(42,132)	169,434,024
Transfer to / (from) during the year										
- general reserve	-	-	-	-	97,365,470	-	(97,365,470)	-	-	-
- claim equalization reserve	-	-	7,095,875	-	-	-	(7,095,875)	-	-	-
Transactions with owners of the Company										
Redeemable preference shares	-	-	-	-	-	-	-	-	200	200
Dividends (Note 27.4)	-	-	-	-	-	-	(67,614,600)	(67,614,600)	(1,100,000)	(68,714,600)
Total transactions with owners of the Company	-	-	-	-	-	-	(67,614,600)	(67,614,600)	(1,099,800)	(68,714,400)
As at 31 December 2021	56,345,500	27,814,500	66,566,984	334,411	921,271,128	(2,346,648)	1,429,488,047	2,499,473,922	24,228,269	2,523,702,191

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 79. 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 2021

COMPANY	Share capital MVR	Share premium MVR	General reserve MVR	Fair Value reserve MVR	Retained earnings MVR	Total MVR
Balance at 1st January 2020	56,345,500	27,814,500	742,764,184	(15,734,148)	1,408,822,122	2,220,012,158
Profit for the year	-	-	-	-	359,298,319	359,298,319
Other comprehensive income, net of tax	-	-	-	8,500,000	(4,930,236)	3,569,764
Total comprehensive income for the year	-	-	-	8,500,000	354,368,083	362,868,083
Transfer to / (from) during the year						
- general reserve	-	-	71,859,664	-	(71,859,664)	-
Transactions with owners of the Company						
- Dividends (Note 27.4)	-	-	-	-	(65,360,780)	(65,360,780)
Total transaction with owners of the Company	-	-	-	-	(65,360,780)	(65,360,780)
As at 31st December 2020	56,345,500	27,814,500	814,623,848	(7,234,148)	1,625,969,760	2,517,519,460
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						
- 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

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 79. 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 2021

	Note	Group		Company	
		2021 MVR	2020 MVR	2021 MVR	2020 MVR
Cash flows from operating activities					
Profit before tax		288,085,429	223,064,227	576,917,947	431,411,576
Adjustments for:					
Depreciation on property, plant and equipment	13	181,393,332	195,571,141	101,077,638	115,673,027
Depreciation on investment properties	14	6,151,725	6,155,939	6,151,725	6,155,939
Amortization on right-of-use assets	20	41,831,309	38,382,244	25,804,093	23,784,745
Interest on lease liabilities	9	39,190,896	40,328,406	15,984,170	16,657,559
Amortization of intangible assets	15	9,249,858	5,623,572	246,720	-
Opening lease expense adjustment		-	5,891,787	-	4,353,854
Gain on derecognition of right of use assets		(5,016)	-	(5,016)	-
Capital work-in progress written off - Intangible assets	15.3	-	136,850	-	-
Capital work-in progress written off - Property, Plant and Equipment	13	179,686	1,131,933	-	1,047,370
Gain on disposal of property, plant and equipment	8	(243,615)	(715,679)	(243,615)	(17,858,050)
Provision for impairment of capital work-in progress	10	12,737,508	-	12,737,508	-
Provision for impairment of trade, other and related party receivable	10	22,704,191	107,403,312	24,528,192	116,566,739
Provision of impairment for slow moving inventories	21.1	47,622,011	60,773,879	46,318,368	53,529,234
Provision for defined benefit obligation	31	11,685,367	60,955,584	4,541,865	4,032,354
Receivable written off	10	3,055,755	147,460	381,605	-
Share of profit of equity - accounted investees, net of tax	18	(11,061,930)	(9,696,528)	-	-
Interest expense	9	161,772,391	170,069,284	110,488,623	121,150,225
Interest income	9	(10,064,849)	(6,032,070)	(3,958,554)	(2,937,986)
Dividend income	9	(5,265,500)	(5,891,437)	(54,900,767)	(57,901,733)
Operating profit before working capital changes		799,018,549	893,299,901	866,070,503	815,664,853
Working capital changes					
Change in inventories		(288,911,241)	(174,811,827)	(239,397,387)	(77,683,323)
Change in trade and other receivables		(185,170,853)	(139,187,650)	(148,632,510)	7,667,411
Change in amount due from related parties		(566,815,552)	(158,931,492)	(789,311,614)	(240,264,174)
Changes in reinsurance contracts		(250,737,828)	(67,080,904)	-	-
Changes in deferred revenue		(2,458,807)	159,636	(1,930,854)	(1,930,854)
Change in amount due to related parties		9,887,165	23,251,914	32,173,972	34,476,906
Change in trade and other payables		1,039,156,335	404,109,235	901,713,473	259,369,593
Changes in insurance contracts		162,139,459	84,776,675	-	-
Cash generated from operating activities		716,107,227	865,585,488	620,685,583	797,300,412
Interest paid		(165,226,745)	(156,996,065)	(114,960,207)	(122,867,016)
Gratuity paid		(4,162,655)	(3,265,883)	(1,105,876)	(2,645,300)
Income tax paid	35	(111,172,655)	(117,225,999)	(89,223,692)	(76,058,790)
Net cash generated from operating activities		435,545,172	588,097,541	415,395,808	595,729,306
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	13	(333,816,728)	(159,451,716)	(34,923,684)	(47,730,311)
Purchase of intangible assets	15	(8,067,900)	(9,850,055)	-	-
Proceeds from sales of property, plant and equipment		576,884	771,934	277,732	17,902,050
Investment in subsidiaries	17	-	-	(127,793,225)	(52,163,045)
Investment in associates		(771,000)	-	-	-
Purchase of other financial instruments	25	(476,396,022)	(176,051,489)	(182,275,000)	-
Proceeds from sales of other financial instruments	25	148,056,065	103,369,654	-	-
Interest received		10,064,849	6,032,070	3,519,598	2,937,986
Dividend received		15,265,500	13,891,437	73,900,667	77,902,600
Net cash used in investing activities		(645,088,353)	(221,288,165)	(267,293,912)	(1,150,720)
Cash flows from financing activities					
Loans and borrowings obtained	29	176,447,117	242,324,844	25,782,237	226,897,134
Repayments of borrowings	29	(313,768,803)	(78,951,237)	(324,468,408)	(88,433,447)
Loans and borrowings obtained for working capital	29	4,617,534,087	3,455,293,181	4,617,534,087	3,455,293,181
Principal lease payments	30	(14,206,850)	(9,030,603)	(21,787,746)	(18,500,531)
Repayments of working capital loans and borrowings	29	(3,714,786,860)	(4,036,361,318)	(3,714,786,860)	(4,036,361,318)
Proceeds from shares issued	28	200	-	-	-
Dividend paid		(13,776,963)	(11,900,716)	(12,676,963)	(10,800,716)
Net cash generated from / (used in) financing activities		737,441,928	(438,625,849)	569,596,347	(471,905,697)
Net increase / (decrease) in cash and cash equivalents		527,898,747	(71,816,474)	717,698,243	122,672,889
Cash and cash equivalents at beginning of the year		10,925,318	82,741,792	23,441,248	(99,231,640)
Cash and cash equivalents at end of the year	26	538,824,065	10,925,318	741,139,491	23,441,249

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 79. 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 2021**

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 2021 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 2021.
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
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 40 (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 3.12 and 30.
- Estimation of fair values of land and buildings and 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.

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2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (Continued)

(ii) 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.

(iii) 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.

(iv) 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.

(iv) 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.

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2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

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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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income (“FVOCI”) – Debt investment, FVOCI – equity investment or FVTPL. Financial assets are not classified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
 - Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
 - All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group / the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Intangible assets (Continued)

(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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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").

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment (Continued)

(ii) Non-financial assets (Continued)

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. 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Insurance contract liabilities (Continued)

(ii) Insurance contract liabilities – Non life insurance (Continued)

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.

(iii) 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 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 underlining 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (Continued)

(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 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 33.1.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 recognised 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.

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.

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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)

Type	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
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 tome of services rendered.

Retail and wholesale

Retail and whole sale segment focuses on trading of a wide range of beverages, frozen confectionary, processed meat, dairy products, pharmaceutical items, electric equipments 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.

Other services

Other services segment include following categories:

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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)

Freight income

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.

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue (Continued)

3.18.2 Gross written premium (GWP) (Continued)

(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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue (Continued)

3.18.3 Gross benefits and claims (Continued)

(a) Non - life insurance (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Deferred expenses (Continued)

(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 under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company contributes 7% of members' salary into the scheme with an 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.27 Determination of fair values (Continued)

(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.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

The Group/ the Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2021. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and are not expected to significantly affect current or future period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- i. Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient
- ii. Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

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 2021 and earlier application is permitted; however, the Group 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 Group's consolidated financial statements.

- IFRS 17, 'Insurance contracts'
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
- 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
- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)

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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	Operations
Trading	Buying and selling of consumable goods, construction material, home improvement, electronic goods and medical related supplies.
Gas	Buying and selling of liquified petroleum gas (LPG) and medical and industrial oxygen production.
Insurance service	Providing general & life insurance services
Fuel and lubricants	Importing & selling of petroleum products
Fishery	Buying & selling of fish and fish related products

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 2021 and 2020.

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 2021

	Reportable segments							Total
	Trading	Gas	Insurance service	Fuel and lubricants	Fishery	Total reportable segments	Other segments	
	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	16,000,143,563	271,394,760	16,271,538,323
Inter-segment revenue	(4,498,153)	(10,738,951)	(51,048,153)	(4,857,360,939)	(1,825,971)	(4,925,472,167)	(110,525,017)	(5,035,997,184)
Segment revenue	3,066,521,060	204,565,381	165,921,314	6,394,035,521	1,243,628,120	11,074,671,396	160,869,743	11,235,541,139
Segment profit before tax	49,272,735	802,555	78,980,595	501,888,177	(261,633,465)	369,310,597	(81,225,168)	288,085,429
Interest income	4,848,611	-	20,667,569	-	-	25,516,180	479,639	25,995,819
Interest expense	(38,897,810)	(2,803,629)	(738,711)	(89,157,845)	(54,761,281)	(186,359,275)	(19,758,642)	(206,117,917)
Depreciation & amortization	(92,420,471)	(20,152,464)	(11,274,059)	(61,258,605)	(46,255,778)	(231,361,376)	(7,264,849)	(238,626,225)
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	9,734,189,248	880,633,843	10,614,823,090
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	215,029,999	126,854,629	341,884,628
Segment liabilities	1,443,536,679	135,777,723	880,354,787	3,906,512,993	1,337,045,388	7,703,227,570	423,450,700	8,126,678,270

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6 OPERATING SEGMENTS (CONTINUED)

B. Information about reportable segments (Continued)

For the year ended 31st December 2020

	Reportable segments					Total reportable segments MVR	Other segments MVR	Total MVR
	Trading	Gas	Insurance service	Fuel and lubricant	Fishery			
	MVR	MVR	MVR	MVR	MVR			
Gross revenue	3,096,053,699	205,348,207	220,395,093	6,820,739,649	1,068,157,698	11,410,694,346	76,543,124	11,487,237,470
Inter-segment revenue	(5,057,319)	(8,024,078)	(41,164,046)	(2,897,877,306)	(5,749,326)	(2,957,872,075)	(28,280,224)	(2,986,152,299)
Segment revenue	3,090,996,381	197,324,129	179,231,047	3,922,862,343	1,062,408,372	8,452,822,271	48,262,900	8,501,085,171
Segment profit / (loss) before tax	(8,872,149)	40,385,008	93,173,612	418,185,192	(265,050,600)	277,821,062	(54,756,835)	223,064,227
Interest income	2,937,986	-	14,089,338	-	-	17,027,324	-	17,027,324
Interest expense	(39,874,876)	(3,576,470)	(493,661)	(99,576,240)	(56,482,175)	(200,003,421)	(15,055,706)	(215,059,127)
Depreciation & amortization	(101,330,279)	(19,977,210)	(12,718,994)	(60,530,062)	(44,892,740)	(239,449,284)	(5,745,100)	(245,194,383)
Share of loss of associate	878,782	-	-	-	-	878,782	-	878,782
Share of profit of joint venture	8,817,746	-	-	-	-	8,817,746	-	8,817,746
Segment assets	1,346,844,414	364,977,820	932,559,358	4,312,064,016	885,890,495	7,842,336,103	605,648,941	8,447,985,044
Equity accounted investees	34,495,440	-	-	-	-	34,495,440	-	34,495,440
Capital expenditure	7,852,348	38,667,990	9,304,014	83,200,181	27,427,185	166,451,718	2,314,542	168,766,260
Segment liabilities	(1,024,946,151)	(112,805,530)	(669,193,314)	(2,924,338,302)	(1,068,683,663)	(5,799,966,959)	(259,530,957)	(6,059,497,916)

C. Reconciliations of information on reportable segment to IFRS measures

	2021 MVR	2020 MVR
i Revenue		
Total revenue for reportable segments	16,000,143,563	11,410,694,346
Revenue for other segments	271,394,760	76,543,124
Elimination of inter - segment revenue	(5,035,997,184)	(2,986,152,299)
Consolidated revenue	11,235,541,139	8,501,085,171
ii Profit before tax		
Total profit before tax for reportable segments	369,310,597	277,821,063
Loss before tax for other segments	(81,225,168)	(54,756,835)
Elimination of inter-segment profit	(1,061,930)	(1,696,528)
Dividend received from joint venture	(10,000,000)	(8,000,000)
Share of profit of equity - accounted investees	11,061,930	9,696,528
Consolidated profit before tax from continuing operations	288,085,429	223,064,227
iii Assets		
Total assets for reportable segment	9,734,189,248	7,842,336,103
Assets for other segments	880,633,843	605,648,941
Equity -accounted investees	35,557,370	34,495,440
Consolidated total assets	10,650,380,461	8,482,480,484
iv Liabilities		
Total liabilities for reportable segment	7,703,227,570	5,799,966,959
Liabilities for other segments	423,450,700	259,530,957
Consolidated total liabilities	8,126,678,270	6,059,497,916

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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 2021

	Reportable segment totals MVR	Adjustment MVR	Consolidated totals MVR
Interest income	25,516,180	(5,361,937)	20,154,243
Interest expense	(186,359,275)	5,361,937	(180,997,338)
Capital expenditure	215,029,999	-	215,029,999
Depreciation and amortization	(231,361,376)	-	(231,361,376)
	(177,174,472)	-	(177,174,472)

For the year ended 31st December 2020

Interest income	17,027,324	(4,643,517)	12,383,807
Interest expense	(200,003,421)	4,643,517	(195,359,904)
Capital expenditure	166,451,718	-	166,451,718
Depreciation and amortization	(239,449,284)	-	(239,449,284)
	(255,973,663)	-	(255,973,663)

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

	2021 MVR	2020 MVR
i. Revenue		
Male'	10,305,880,674	7,435,211,350
Thilafushi	976,900,311	273,225,261
Hulhumale'	209,781,322	459,784,108
Other Islands	3,511,796,514	2,534,690,331
Overseas	1,267,179,502	784,326,420
Less : Inter-company transactions	(5,035,997,184)	(2,986,152,299)
	11,235,541,139	8,501,085,171

	2021 MVR	2020 MVR
ii. Non - current assets		
Male'	2,974,927,015	2,485,216,875
Thilafushi	185,048,651	160,277,505
Hulhumale'	25,388,802	35,218,689
Other Islands	562,785,238	528,015,892
Overseas	771,000	-
	3,748,920,707	3,208,728,961

E. Major customer

Revenue from one customer of the Fuel, lubricant and crude oil segment represented approximately MVR 1,374,958,962/- (2020: MVR 630,266,798/-) of the Group's total revenues.

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7 REVENUE

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Retail and wholesale	3,066,521,060	3,090,996,381	3,043,903,213	3,062,450,312
Insurance	165,921,314	179,231,047	-	-
Gas	204,565,381	197,324,129	-	-
Fuel and lubricants	6,394,035,521	3,922,862,343	7,129,896,242	4,138,110,287
Fishery	1,243,628,120	1,062,408,372	-	-
Other services	160,869,743	48,262,900	13,210,006	8,431,212
	<u>11,235,541,139</u>	<u>8,501,085,171</u>	<u>10,187,009,461</u>	<u>7,208,991,811</u>
Timing of revenue recognition				
	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Goods transferred at a point in time	11,015,137,434	8,285,078,908	10,173,799,455	7,200,560,599
Services transferred over time	54,482,391	36,775,216	13,210,006	8,431,212
Total revenue from contracts with customers	<u>11,069,619,825</u>	<u>8,321,854,124</u>	<u>10,187,009,461</u>	<u>7,208,991,811</u>
Revenue from insurance contracts	165,921,314	179,231,047	-	-
Total revenue	<u>11,235,541,139</u>	<u>8,501,085,171</u>	<u>10,187,009,461</u>	<u>7,208,991,811</u>

8 OTHER INCOME

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Profit on disposal of property, plant and equipment	243,615	715,679	243,615	17,858,050
Income from vessels and fleets	999,238	4,482,971	14,557,885	4,482,971
Fines and claims received	18,558,320	6,445,443	19,119,136	5,480,114
Commissions received	4,419,495	-	4,419,495	-
Rent income	29,338,229	26,579,880	35,662,979	31,817,750
Discounts received	2,581,354	2,586,196	2,581,354	5,157,264
Agency fee	1,791,542	39,228	1,791,542	39,228
Income from staff shop	8,455,972	9,476,331	-	-
Miscellaneous income	16,431,209	14,299,985	7,177,837	5,851,929
	<u>82,818,975</u>	<u>64,625,714</u>	<u>85,553,844</u>	<u>70,687,306</u>

9 NET FINANCE COSTS

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Finance income				
Interest income on loans granted	2,865,184	3,094,084	421,649	-
Interest income on credit scheme sales	2,854,199	2,937,986	2,854,199	2,937,986
Foreign exchange gain	1,002,842	251,156	674,310	-
Dividend income	5,265,500	5,891,437	54,900,767	57,901,733
Discounts on treasury bills	10,569,033	6,351,737	887,392	-
Other finance income	4,345,466	4,029,793	682,706	-
	<u>26,902,223</u>	<u>22,556,193</u>	<u>60,421,022</u>	<u>60,839,719</u>
Finance costs				
Interest on bank borrowings	(55,937,923)	(61,860,312)	(24,537,381)	(17,969,810)
Interest on bank overdrafts	(38,442,427)	(32,564,131)	(16,429,289)	(23,203,923)
Interest on lease liabilities (Note 30)	(38,970,144)	(40,328,406)	(15,984,170)	(16,657,559)
Interest on other borrowings	(67,392,041)	(75,644,841)	(69,521,953)	(79,976,492)
Foreign exchange loss	(13,445)	(17,920)	-	(17,920)
	<u>(200,755,980)</u>	<u>(210,415,610)</u>	<u>(126,472,794)</u>	<u>(137,825,704)</u>
Net finance costs	<u>(173,853,757)</u>	<u>(187,859,417)</u>	<u>(66,051,772)</u>	<u>(76,985,985)</u>

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10 EXPENSES	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Raw material and consumables used / cost of sales	9,144,318,683	6,459,580,352	8,594,491,202	5,776,949,650
Depreciation on property, plant and equipment (Note 13)	181,393,332	195,571,141	101,077,638	115,673,027
Depreciation on investment properties (Note 14)	6,151,725	6,155,939	6,151,725	6,155,939
Amortization of right-of-use assets (Note 20)	41,831,309	38,382,244	25,804,093	23,784,745
Amortization of intangible assets (Note 15)	9,249,858	5,623,573	246,720	-
Rental expense on short term leases	22,714,505	18,831,622	1,395,073	12,125,991
Directors' remuneration	7,092,065	7,044,641	3,445,046	3,800,162
Transportation	35,853,857	44,893,554	16,355,821	18,829,504
Vessel and fleet expenses	9,287,761	7,452,907	7,912,492	7,452,907
Audit fees	3,374,026	2,178,470	841,932	806,312
Accounting and legal charges	6,770,840	5,839,319	2,978,524	3,133,387
Distribution agency fees	49,692,151	45,174,956	26,342,162	22,332,637
Provision for slow and non moving inventories (Note 21.1)	47,622,011	60,773,879	46,318,368	53,529,234
Receivable write off	3,055,755	147,460	381,605	-
Fuel expenses	46,897,873	36,899,872	18,577,035	19,381,164
Rebate on fuel	-	-	72,960,484	13,805,733
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	22,704,191	107,403,312	24,528,192	116,566,739
Provision for impairment of bank balances	2,533,829	-	2,533,829	-
Bank charges	23,103,977	19,345,819	13,636,605	13,947,814
Repair and maintenance	135,077,956	111,743,791	63,598,109	51,625,774
Advertisement and sales promotion expenses	29,098,108	22,060,108	18,444,379	11,434,580
Telephone, electricity and water charges	57,932,529	52,900,241	42,288,390	35,677,851
Other selling and distribution costs	34,246,416	18,060,296	31,871,894	16,131,953
Personnel costs (Note 10.1)	811,260,494	826,470,794	414,646,038	388,591,173
Other expenses	123,482,097	71,949,477	80,028,721	59,545,281
	10,867,482,857	8,164,483,768	9,629,593,585	6,771,281,556
Classified as:				
Cost of sales	9,318,095,792	6,717,476,893	8,646,963,654	5,836,431,919
Selling and marketing costs	603,923,873	570,542,819	575,346,015	490,107,489
Impairment loss on trade & other receivables and related party receivable	22,704,191	107,403,312	24,528,192	116,566,739
Administration expenses	892,391,248	742,508,895	378,050,595	325,517,956
Other operating expenses	30,367,754	26,551,850	4,705,129	2,657,453
	10,867,482,857	8,164,483,768	9,629,593,585	6,771,281,556
10.1 Personnel costs				
Salaries and wages	392,895,291	377,701,365	132,780,297	124,110,159
Staff welfare	50,890,647	58,389,058	16,814,204	19,305,444
Employer's contribution to government pension fund	16,735,195	15,367,767	8,201,504	7,527,324
Bonus, overtime and allowances	307,547,496	295,969,986	227,803,195	219,896,310
Provision for retirement benefits	15,639,271	63,821,183	9,006,143	7,338,666
Staff training expenses	13,777,747	5,741,286	13,102,837	5,562,192
Other staff related expenses	13,774,847	9,480,148	6,937,858	4,851,078
	811,260,494	826,470,794	414,646,038	388,591,173

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11 INCOME TAX EXPENSE

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
<i>Items recognized in profit or loss</i>				
11.1 Current tax expense				
Current tax expense	111,030,893	105,527,744	95,074,738	80,556,422
(Over)/ under provision in respect of prior years	(702,257)	2,724,627	47,528	1,470,405
	110,328,636	108,252,371	95,122,266	82,026,827
Deferred tax adjustments				
Deferred tax asset reversed recognized (Note 11.3)	(7,934,815)	(11,841,804)	(5,031,670)	(9,913,570)
Deferred tax liability recognized/ (reversed) (Note 11.4)	27,859	(22,426)	-	-
	(7,906,956)	(11,864,230)	(5,031,670)	(9,913,570)
Income tax expense	102,421,680	96,388,141	90,090,596	72,113,257
11.2 Reconciliation between accounting profit and taxable income:				
Profit before tax	288,085,429	223,064,227	576,917,947	431,411,576
Loss of subsidiary which is not subject to tax	376,727,974	319,736,277	-	-
Results of associate reported net of tax	-	878,782	-	-
Results of joint venture reported net of tax	-	8,817,746	-	-
	664,813,403	552,497,033	576,917,947	431,411,576
Tax calculated at the rate of 15%	99,722,010	82,874,555	86,537,692	64,711,736
Add: tax on non-deductible expenses	63,385,098	15,652,449	51,509,648	14,800,904
Add: under provision in respect of prior years	47,528	2,724,627	47,528	1,470,405
Less: tax on deductible expenses	(60,732,956)	(4,863,490)	(48,004,272)	(8,869,789)
Income tax expense	102,421,680	96,388,141	90,090,596	72,113,257

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	122,681,114	113,807,996	87,726,148	80,207,242
Deferred tax asset recognized during the year	7,934,815	11,841,804	5,031,670	9,913,570
Deferred tax asset recognized/ (reversed) in other comprehensive income	2,903,215	(2,968,686)	1,439,631	(2,394,664)
As at 31st December	133,519,144	122,681,114	94,197,449	87,726,148

11.4 Deferred tax liability

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
As at 1st January	1,075,108	1,097,534	-	-
Deferred tax liability recognized/ (reversed) during the year (Note 11.1)	27,859	(22,426)	-	-
As at 31st December	1,102,967	1,075,108	-	-

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

	Group			
	31/12/2021		31/12/2020	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	356,975,648	51,340,414	338,238,898	50,735,835
Intangible assets	(3,096,724)	(464,509)	(3,116,291)	(467,444)
Fair value reserve	(5,750,000)	(862,500)	(13,500,000)	(2,025,000)
Defined benefit obligation	65,458,381	9,818,757	49,851,331	7,477,700
Provisions on trade, other, related party receivable and cash and bank balance	472,752,723	70,912,909	446,400,163	66,960,023
	886,340,028	130,745,071	817,874,101	122,681,114

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11 TAX EXPENSE (CONTINUED)

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

	Company			
	31/12/2021		31/12/2020	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR	MVR
Property, plant and equipment	288,939,893	43,340,984	280,283,159	42,042,474
Fair value reserve	-	-	500,000	75,000
Defined benefit obligation	50,354,123	7,553,118	37,320,592	5,598,089
Provisions on trade, other, related party receivable and cash and bank balance	277,891,737	41,683,760	266,737,237	40,010,586
	<u>617,185,753</u>	<u>92,577,863</u>	<u>584,840,988</u>	<u>87,726,148</u>

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*

	31/12/2021		31/12/2020	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR	MVR
	Property, plant and equipment	(16,083,197)	(2,412,480)	28,201,135
Intangible assets	4,627,573	694,136	2,239,284	335,893
Accumulated tax losses	794,130,989	119,119,648	794,130,989	119,119,648
Defined benefit obligation	63,517,143	9,527,571	60,718,540	9,107,781
	<u>846,192,508</u>	<u>126,928,875</u>	<u>885,289,948</u>	<u>132,793,492</u>

11.6.2 *Fuel Supplies Maldives Private Limited*

	31/12/2021		31/12/2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
	Provisions on trade, other and related party receivable	14,462,666	2,169,400	11,238,371

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			
	31/12/2021		31/12/2020	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR	MVR
Property, plant and equipment	7,353,113	1,102,967	7,167,388	1,075,108

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	
	2021	2020	2021	2020
Profit for the year attributable to the ordinary shareholders - MVR	185,725,534	123,358,223	486,827,351	359,298,319
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	165	109	432	319

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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 31/12/2021 MVR	Total 31/12/2020 MVR
Cost												
As at 1st January	774,186,753	923,898,161	100,730,047	846,835,689	868,648,735	225,841,750	19,923,282	280,221,716	22,588,338	155,867,796	4,218,742,268	4,131,592,997
Additions during the year	-	1,831,097	6,091,669	17,217,098	188,691,816	5,314,183	1,357,246	15,710,286	1,544,329	35,547,106	273,304,830	71,196,591
Disposal during the year	-	-	-	(486,332)	-	(142,265)	(44,663)	(930,773)	(15,982)	(155,410)	(1,775,425)	(8,473,981)
Transferred from capital work in progress (Note 13.1.1)	-	2,202,911	188,321	196,671	-	-	-	-	-	-	2,587,904	34,553,494
Write off during the year	-	-	-	-	-	-	-	-	-	-	-	(10,126,833)
Reclassification	-	-	-	141,282	(166,066)	-	-	24,784	-	-	-	-
As at 31st December	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	4,492,859,577	4,218,742,268
Accumulated depreciation												
As at 1st January	-	666,986,425	53,692,420	493,510,534	590,782,726	178,754,882	15,706,140	234,570,686	17,223,799	97,867,243	2,349,094,854	2,172,068,273
Charge for the year (Note 10)	-	34,381,715	5,739,984	41,032,975	43,477,255	17,023,876	2,523,258	17,290,286	1,560,900	18,363,084	181,393,332	195,571,141
Disposals during the year	-	-	-	(470,151)	-	(142,265)	(44,663)	(645,656)	(15,609)	(123,812)	(1,442,155)	(8,417,726)
Write off during the year	-	-	-	-	-	-	-	-	-	-	-	(10,126,833)
Reclassification	-	-	-	102,059	(126,843)	-	-	24,784	-	-	-	-
As at 31st December	-	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	2,349,094,855
Net carrying value												
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	
As at 31st December 2020	774,186,753	256,911,736	47,037,627	353,325,155	277,866,009	47,086,868	4,217,142	45,651,030	5,364,539	58,000,554		1,869,647,414
Capital work in progress (Note 13.1.1)											260,985,568	216,360,942
Total											<u>2,224,799,114</u>	<u>2,086,008,356</u>
13.1.1 Capital work in progress												
As at 1st January											216,360,942	165,024,844
Additions during the year											60,511,898	88,255,126
Transferred to property, plant and equipment (Note 13.1)											(2,587,904)	(34,553,495)
Write-off during the year											(179,686)	(1,131,933)
Transferred to intangible assets (CWIP) (Note 15.3)											(382,175)	(1,233,600)
Impairment of assets											(12,737,508)	-
As at 31st December											<u>260,985,568</u>	<u>216,360,942</u>

13.1.2 Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Habib Bank Limited are secured on STO Trade Center building, super market warehouse and home improvement land, respectively.

13.1.3 Borrowings of MIFCO from Bank of Maldives Plc and Habib Bank Limited are secured on leasehold right of land & commercial plot, buildings, plant, machineries and equipments at fisheries complex and vessels of MIFCO.

13.1.4 Borrowings of Maldivian Gas from Hongkong & Shanghai Banking Corporation are secured on Maldivian Gas properties and facilities.

13.1.5 In 2021, the Group has capitalised borrowing costs amounting to MVR 1,832,069/- (2020: MVR 851,326) on qualifying assets. Borrowing costs were capitalised at the rate of 6.1% + LIBOR.

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13.2 Company	Freehold land MVR	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 31/12/2021 MVR	Total 31/12/2020 MVR
Cost											
As at 1st January	774,186,753	523,515,377	226,110,226	378,614,088	155,487,864	18,622,120	92,840,825	7,735,175	36,882,694	2,213,995,122	2,245,521,719
Additions during the year	-	21,430	2,628,164	-	984,296	1,357,246	6,140,149	176,554	4,118,007	15,425,846	23,635,896
Disposal during the year	-	-	(421,985)	-	(142,265)	(44,663)	(640,372)	(28)	(69,998)	(1,319,310)	(79,837,057)
Transferred from capital work in progress (Note 13.2.1)	-	2,202,911	-	-	-	-	-	-	-	2,202,911	24,674,564
Reclassification	-	-	141,283	(166,067)	-	-	24,784	-	-	-	-
As at 31st December	774,186,753	525,739,718	228,457,688	378,448,021	156,329,894	19,934,704	98,365,386	7,911,701	40,930,704	2,230,304,568	2,213,995,122
Accumulated depreciation											
As at 1st January	-	382,139,468	102,346,843	178,852,458	123,313,357	14,433,878	77,152,742	7,276,408	29,354,492	914,869,647	878,989,676
Charge for the year (Note 10)	-	26,709,489	15,807,366	30,918,926	12,153,253	2,505,222.88	7,131,520	249,699	5,602,161	101,077,638	115,673,027
Disposals during the year	-	-	(421,985)	-	(142,265)	(44,663)	(606,255)	(28)	(69,998)	(1,285,193)	(79,793,056)
Reclassification	-	-	102,059	(126,843)	-	-	24,784	-	-	-	-
As at 31st December	-	408,848,957	117,834,283	209,644,541	135,324,345	16,894,438	83,702,791	7,526,079	34,886,656	1,014,662,091	914,869,647
Net carrying value											
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	
As at 31st December 2020	774,186,753	141,375,909	123,763,383	199,761,630	32,174,507	4,188,242	15,688,083	458,768	7,528,202	-	1,299,125,475
Capital work in progress (Note 13.2.1)										110,706,420	106,149,001
Total										<u>1,326,348,897</u>	<u>1,405,274,477</u>
13.2.1 Capital work in progress											
As at 1st January										106,149,001	109,010,120
Additions during the year										19,497,838	24,094,415
Transferred to property, plant and equipment (Note 13.2)										(2,202,911)	(24,674,564)
Write-off during the year										-	(1,047,370)
Transferred to intangible assets (CWIP) (Note 15.3)										-	(1,233,600)
Impairment of assets (Note 10)										(12,737,508)	-
As at 31st December										<u>110,706,420</u>	<u>106,149,001</u>
13.2.2	Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Habib Bank Limited are secured on STO Trade Center building, super market warehouse and home improvement land & building of the Company, respectively.										

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14 INVESTMENT PROPERTY	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Cost	MVR	MVR	MVR	MVR
As at 1st January	154,516,271	154,516,271	154,516,271	154,516,271
As at 31st December	154,516,271	154,516,271	154,516,271	154,516,271
Accumulated depreciation				
As at 1st January	71,602,060	65,446,121	71,602,060	65,446,121
Depreciation for the year (Note 10)	6,151,725	6,155,939	6,151,725	6,155,939
As at 31st December	77,753,785	71,602,060	77,753,785	71,602,060
Net carrying amount	76,762,486	82,914,211	76,762,486	82,914,211
Capital work in progress (Note 14.1)	287,559,138	287,559,138	287,559,138	287,559,138
Total	364,321,624	370,473,349	364,321,624	370,473,349

14.1 Capital work in progress

As at 1st January	656,663,809	627,539,155	656,663,809	627,539,155
Transfers from prepaid lease rent (Note 16)	-	29,124,654	-	29,124,654
	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 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 2021 and 2020 since the recoverable value is higher than the carrying amount.

14.3 The fair value of the investment property is MVR 312,742,500/- as at 31st December 2021 (2020: MVR 312,742,500/-). 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.

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 2021 (2020: 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	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Rent income	29,186,229	26,579,880	35,662,979	31,817,750
Direct expenses	(21,734,977)	(17,160,766)	(21,734,977)	(17,160,766)

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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	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Within 1 year	23,517,522	27,703,253	25,332,938	29,856,415
Between 1 - 2 years	13,021,171	22,742,350	13,891,649	23,170,687
Between 2 - 3 years	8,625,402	12,768,535	10,300,964	12,768,535
Between 3 - 4 years	1,671,375	-	1,671,375	-
	46,835,470	63,214,139	51,196,926	65,795,637

15 INTANGIBLE ASSETS

15.1 GROUP

	Goodwill on	Computer	Total	Total
	Consolidation	software	2021	2020
Cost	MVR	MVR	MVR	MVR
As at 1st January	3,155,217	106,005,712	109,160,929	104,422,463
Transferred from capital work-in-progress (Note 15.3)	-	2,838,397	2,838,397	4,738,466
As at 31st December	3,155,217	108,844,109	111,999,326	109,160,929
Accumulated amortization				
As at 1st January	-	93,797,181	93,797,181	88,173,609
Amortization for the year (Note 10)	3,155,217	6,094,641	9,249,858	5,623,572
As at 31st December	3,155,217	99,891,822	103,047,039	93,797,181
Net carrying value	-	8,952,287	8,952,287	15,363,748
Capital work-in-progress (Note 15.3)			12,524,961	6,913,283
Total			21,477,248	22,277,031

15.2 COMPANY

	Computer software	
	2021 MVR	2020 MVR
Cost		
As at 1st January	66,117,067	64,883,467
Transferred from capital work-in-progress (Note 15.3)	-	1,233,600
As at 31st December	66,117,067	66,117,067
Accumulated amortization		
As at 1st January	64,883,467	64,883,467
Charges for the year (Note 10)	246,720	-
As at 31st December	65,130,187	64,883,467
Net carrying value	986,880	1,233,600

15.3 Capital work-in-progress

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	6,913,283	704,944	-	-
Additions during the year	8,067,900	9,850,055	-	-
Transferred from property, plant and equipment (CWIP) (Note 13.2.1)	382,175	1,233,600	-	1,233,600
Transferred to intangible asset (Note 15.1)	(2,838,397)	(4,738,466)	-	(1,233,600)
Write-off during the year	-	(136,850)	-	-
As at 31st December	12,524,961	6,913,283	-	-

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16 PREPAID LEASE RENT

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	-	-	-	29,124,654
(Note 14.1)	-	-	-	(29,124,654)
Amortisation for the year				-
As at 31st December	-	-	-	-

16.1 The Group / the Company has entered into an agreement on 31 July, 2007 with Housing Development Corporation Ltd, to lease a land located at Hulhumale to construct a five hundred bed five star hotel. The Group / the Company has paid MVR.57,863,550/- as advance lease rent as per the agreement which allows the advance payment to be deducted from each of the quarterly installments of lease payments due for the first ten years. However, as per the second amendment to the initial agreement made on 27 June 2011, the above advance lease rent had been considered as an acquisition fee and agreed that the amount should not be deducted from future lease payments.

16.2 The Company has entered into a settlement agreement with Hulhumale' development corporation Ltd on 22nd July 2020 to halt all future lease payments with the purpose of finding a new buyer to sell the property. Accordingly, the Company has discontinued the amortization of advance lease rent and it was transferred to capital work in progress of investment property during the year 2020 (Note 14).

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2021 MVR	2020 MVR
Maldiv 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	60,478,185	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 (Note 17.5)	162,261,270	34,468,045
Maldives Industrial Fisheries Company Limited (MIFCO) (Note 17.2)	-	-
Provision for impairment of investment in subsidiaries (Note 17.1)	(12,305,455)	(12,305,455)
	284,900,650	157,107,425

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

17.1 Provision for impairment of investment in subsidiaries

	Company	
	2021 MVR	2020 MVR
As at 1st January	12,305,455	12,305,455
As at 31st December	12,305,455	12,305,455

17.2 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 2020 and 2021.

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17.3 Recoverable amount of the subsidiary is based on fair value less cost to sell. The fair value measurement have been categories 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	STO Hotel and Resorts Pvt Ltd	Maldives National Oil Company Pvt Ltd	Total
	MVR	MVR	MVR	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.

17.4 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.

17.5 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.

18 EQUITY - ACCOUNTED INVESTEES

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Interest in associates (Note 18.1)	11,095,326	9,786,600	10,567,267	10,567,267
Interest in joint venture (Note 18.3)	24,462,044	24,708,840	4,700,000	4,700,000
	35,557,370	34,495,440	15,267,267	15,267,267

18.1 Investment in Associates

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
As at 1st January	9,786,600	8,907,818	10,567,267	10,567,267
tax)	1,308,726	878,782	-	-
As at 31st December	11,095,326	9,786,600	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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18.1 Investment in Associates (Continued)

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

	Raysut Maldives Cement Private	
	2021	2020
	MVR	MVR
Percentage of ownership	25%	25%
Non current assets	43,631,800	45,235,819
Current assets	52,933,313	34,347,171
Non current liabilities	(33,308,804)	(34,126,357)
Current liabilities	(18,875,005)	(6,310,219)
Net assets (100%)	44,381,304	39,146,415
Group's share of net assets	11,095,326	9,786,600
Carrying amount of interest in associates	11,095,326	9,786,600
Revenue	100,204,048	72,805,114
Profit and other comprehensive income	5,234,905	3,515,128
Group's share of profit and other comprehensive income	1,308,726	878,782

18.3 Investment in joint venture

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
As at 1st January	24,708,840	23,891,094	4,700,000	4,700,000
Share of profit for the year (net of tax)	9,753,204	8,817,746	-	-
Dividend received	(10,000,000)	(8,000,000)	-	-
As at 31st December	24,462,044	24,708,840	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	
	2021	2020
	MVR	MVR
Percentage of ownership	50%	50%
Non current assets	8,061,109	8,791,219
Cash and cash equivalents	2,201,676	4,162,616
Other current assets	75,859,731	52,638,205
Non current financial liabilities	(8,516,741)	(8,986,243)
Current financial liabilities	(5,910,245)	(544,089)
Other current liabilities	(22,771,442)	(6,644,028)
Net assets (100%)	48,924,088	49,417,680
Group's share of net assets	24,462,044	24,708,840
Carrying amount of interest in joint venture	24,462,044	24,708,840
Revenue	113,519,178	83,137,548
Depreciation and amortization	(1,092,157)	(1,095,298)
Interest expense	(14,671,480)	(5,056,695)
Income tax expense	(5,731,096)	(4,028,853)
Profit and other comprehensive income	19,506,408	17,635,492
Group's share of profit and other comprehensive income	9,753,204	8,817,746
Dividend received by the Group	(10,000,000)	(8,000,000)

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19 INVESTMENT IN EQUITY INSTRUMENTS

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
As at 1st January	56,240,800	51,365,800	2,240,800	2,240,800
Investments made during the year	771,000	-	-	-
Net change in fair value during the year	(8,250,000)	4,875,000	-	-
As at 31st December	48,761,800	56,240,800	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 40% of equity shares in Maldives Shipping Services Lanka (Private) Limited on 19th November 2021.

19.1 Movement in investment in equity instruments

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Maldives Stock Exchange Company Private Limited	2,240,800	2,240,800	2,240,800	2,240,800
Dhivehi Raajjeyge Gulhun PLC	12,750,000	12,000,000	-	-
Ooredoo Maldives PLC	33,000,000	42,000,000	-	-
Maldives Shipping Services Lanka (Private) Limited	771,000	-	-	-
	48,761,800	56,240,800	2,240,800	2,240,800

19.2 Cost and fair value reconciliation

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
G.Dh Atoll Rayyithunge Cooperative Society	4,500,000	4,500,000	4,500,000	4,500,000
Maldives Stock Exchange Company Private Limited	3,840,800	3,840,800	3,840,800	3,840,800
Madivaru Holdings Private Limited	709,148	709,148	709,148	709,148
Maldives Security Depository	500,000	500,000	500,000	500,000
Dhivehi Raajjeyge Gulhun PLC	10,000,000	10,000,000	-	-
Ooredoo Maldives PLC	30,000,000	30,000,000	-	-
Maldives Shipping Services Lanka (Private) Limited	771,000	-	-	-
Marine Maldives Products Pvt Ltd	21,147,400	21,147,400	-	-
Ukulas Pvt Ltd	490,000	490,000	-	-
	71,958,348	71,187,348	9,549,948	9,549,948

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19 INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)

19.2 Cost and fair value reconciliation

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Net change in fair value				
As at 1st January	(14,946,548)	(29,821,548)	(7,309,148)	(17,309,148)
Disposal of investment	-	10,000,000	-	10,000,000
Net change in fair value for the year	(8,250,000)	4,875,000	-	-
As at 31st December	(23,196,548)	(14,946,548)	(7,309,148)	(7,309,148)
Net fair value	48,761,800	56,240,800	2,240,800	2,240,800

19.3 During the year 2020, the Company has transferred its shares at Addu International Airport Private Limited to Government of Maldives.

20 RIGHT-OF-USE ASSET

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Cost				
As at 1st January	588,053,111	557,426,649	205,110,534	170,678,355
Adjustment in opening balance due to changes in variables	-	(25,379,598)	-	(10,638,254)
Additions during the year	3,391,069	58,532,531	3,475,244	45,445,765
Modifications during the year	5,937,713	(2,526,467)	4,756,151	(375,332)
Derecognitions during the year	(1,994,842)	-	(285,472)	-
As at 31st December	595,387,052	588,053,116	213,056,458	205,110,534
Accumulated depreciation				
As at 1st January	71,500,242	33,118,002	40,230,599	16,445,854
Charge for the year (Note 10)	41,831,309	38,382,244	25,804,093	23,784,745
Derecognitions during the year	(1,828,316)	-	(118,946)	-
As at 31st December	111,503,235	71,500,246	65,915,746	40,230,599
Net carrying value	483,883,816	516,552,870	147,140,712	164,879,935

The Company and the Group has recognised right of use asset in relation to the leasehold right of the Ekuhivaru 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 extentions and change in rentals during the year.

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21 INVENTORIES	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Food stock	104,863,849	111,126,784	104,863,849	111,126,784
Fuel and lubricants	422,303,191	189,913,840	339,008,380	134,078,550
Home improvement and Construction materials	56,439,733	32,973,882	51,891,092	28,279,954
Medicals	78,948,097	61,378,575	78,948,097	61,378,575
Fish and processed fish products	472,329,664	396,963,290	472,329,664	396,963,290
Spare parts	224,723,019	223,498,790	-	-
Retail shops	156,595,092	110,179,018	38,917,015	10,366,718
Others	33,408,241	52,343,394	29,870,295	47,236,675
Goods in transit	31,886,488	50,258,971	30,210,460	44,456,488
Less: provision for slow and non moving inventories (Note - 21.1)	125,068,199	233,258,454	83,775,086	199,145,158
	(150,872,013)	(147,490,667)	(101,203,026)	(97,500,298)
	<u>1,555,693,560</u>	<u>1,314,404,330</u>	<u>1,128,610,913</u>	<u>935,531,894</u>

21.1 Provision for slow moving and non moving inventories

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
As at 1st January	147,490,667	86,716,789	97,500,298	43,971,064
Inventory written off	(44,240,666)	-	(42,615,639)	-
Provision made during the year	47,622,011	60,773,879	46,318,368	53,529,234
As at 31st December	<u>150,872,013</u>	<u>147,490,667</u>	<u>101,203,027</u>	<u>97,500,298</u>

21.2 In 2021, inventories of MVR 8,601,185,738/- (2020: MVR 5,776,949,650/-) were recognized as an expense and included in 'cost of sales' of the Company.

21.3 In 2021, inventories of MVR 9,119,950,232/- (2020: MVR 6,459,580,352/-) were recognized as an expense and included in 'cost of sales' of the Group.

21.4 The Group recognized inventory provision of MVR 3,381,345/- during the year 2021. The Company recognized inventory provision of MVR 3,702,729/- during the year 2021. 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 226,390,199.

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22 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Trade receivables	866,057,927	757,516,386	269,237,144	201,461,311
Due from policyholders	74,989,998	107,160,287	-	-
Less : provision for impairment loss (Note 22.1)	(481,631,797)	(463,905,730)	(142,292,004)	(131,510,353)
	459,416,128	400,770,943	126,945,140	69,950,958
Advances, prepayments and deposits	209,277,967	188,148,647	157,187,073	140,543,688
Government employee credit scheme	33,888,136	40,181,049	33,888,136	40,181,049
Staff advances and other loans	8,894,178	1,014,937	8,894,178	1,014,937
Advances paid for custom duty	13,761,796	6,366,045	13,761,796	6,366,045
Miscellaneous receivable	168,802,778	133,083,680	81,695,804	38,631,391
Less : unmatrued interest	(1,314,273)	(1,586,882)	(1,314,273)	(1,586,882)
Less : provision for impairment loss (Note 22.2)	(85,340,857)	(84,266,943)	(52,393,376)	(47,095,866)
	347,969,725	282,940,534	241,719,338	178,054,362
Total trade and other receivable	807,385,853	683,711,477	368,664,478	248,005,320

22.1 Provision for impairment of trade receivables

As at 1st January	463,905,730	448,989,497	131,510,353	103,850,036
Written off during the year	-	(147,460)	-	-
Provision made during the year	17,726,067	15,063,694	10,781,651	27,660,317
As at 31st December	481,631,797	463,905,731	142,292,004	131,510,353

22.2 Provision for impairment of other receivables

As at 1st January	84,266,942	60,039,856	47,095,866	42,986,975
Provision made during the year	1,073,915	24,227,086	5,297,510	4,108,891
As at 31st December	85,340,857	84,266,942	52,393,376	47,095,866

23 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Group		Company	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		MVR	MVR	MVR	MVR
STO Maldives (Singapore) Private Limited	Subsidiary	-	-	28,144,466	28,101,955
Maldivian Gas Private Limited	Subsidiary	-	-	42,164	2,940
Fuel Supplies Maldives Private Limited	Subsidiary	-	-	1,709,920,422	1,344,746,251
Allied Insurance Company of the Maldives Private Limited	Subsidiary	-	-	15,582,924	21,621,746
Maldives National Oil Company Limited	Subsidiary	-	-	42,011	14,224
Maldives Industrials Fisheries Company Limited	Subsidiary	-	-	162,074,278	155,385,457
STO Hotels & Resorts Private Limited	Subsidiary	-	-	205,746,425	205,684,029
Maldives State Shipping Company Private Limited	Subsidiary	-	-	109,591,903	19,455,386
Raysut Maldives Cement Private Limited	Associate	4,585	-	2,174	-
Maldives Structural Product Private Limited	Joint venture	-	1,097,747	-	1,100,372
Ministry of Health	Affiliate	217,010,296	357,375,701	216,996,803	357,362,209
Ministry of Finance and Treasury	Majority shareholder	531,652,464	70,735,459	531,652,464	70,735,459
State Electric Company Limited (STELCO)	Affiliate	96,951,804	87,053,081	96,947,554	87,048,381
Feneka Corporation	Affiliate	1,020,689,725	795,000,621	38,806,465	44,473,890
Indira Gandhi Memorial Hospital	Affiliate	187,706,286	199,865,026	187,062,720	199,221,460
Maldives Road Development Corporation	Affiliate	38,005,436	37,969,676	37,969,676	37,969,676
Addu International Airport Private Limited	Affiliate	20,683,469	14,887,153	20,683,469	14,887,153
Aasandha Private Limited	Affiliate	71,679,159	125,136,526	71,679,159	125,136,526
Hulhumale Hospital	Affiliate	16,920,815	12,632,578	16,166,348	12,291,771
Maldives Airport Company Limited	Affiliate	116,144,503	59,213,705	116,100,323	59,206,275
Ministry of Housing and Infrastructure	Affiliate	92,047,554	102,656,450	92,044,904	102,653,800
Rainbow Enterprises Private Limited	Affiliate	11,600,284	1,724,515	11,600,284	1,724,515
G.Dh Atoll Rayyithunge Cooperative Society	Affiliate	831,492	831,492	831,492	831,492
Champa Oil and Gas Company Private Limited	Affiliate	7,632,594	6,449,500	7,632,594	6,449,500
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	332,610,613	318,822,090	264,882,949	275,348,835
		2,776,238,138	2,205,518,378	3,942,203,972	3,171,453,302
Less : provision for impairment loss (Note 23.5)		(176,053,185)	(172,148,977)	(319,427,025)	(310,977,995)
Total amount due from related parties		2,600,184,953	2,033,369,401	3,622,776,946	2,860,475,307
Non - current		240,937,500	-	240,937,500	-
Current		2,359,247,453	2,033,369,401	3,381,839,446	2,860,475,306
		2,600,184,953	2,033,369,401	3,622,776,946	2,860,475,306

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23 AMOUNTS DUE FROM RELATED PARTIES (Continued)

23.1 Loans receivable from related parties

As at 1st January	43,333,333	46,666,666	77,793,481	81,126,814
Loans given during the year	385,500,000	-	385,500,000	-
Received during the year	(10,000,000)	(3,333,333)	(10,000,000)	(3,333,333)
As at 31st December	418,833,333	43,333,333	453,293,481	77,793,481

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

Group	Carrying amount MVR	Contractual Cash inflow MVR	0-12 months MVR	1-5 years MVR	More than 5 years MVR
31st December 2021					
Loans receivable	418,833,333	442,044,010	194,330,143	247,713,867	-
31st December 2020					
Loans receivable	43,333,333	46,666,666	46,666,666	-	-
Company					
31st December 2021					
Loans receivable	453,293,481	479,246,612	231,532,744	247,713,867	-
31st December 2020					
Loans receivable	77,793,481	86,482,496	86,482,496	-	-

23.3 Receivables from Maldives Industrials Fisheries Company Limited include loan receivable of MVR 34,460,148/- given at an interest rate of 7.5% per annum and an accrued interest of MVR 13,136,013/- as at 31st December 2021 (2020: MVR 7,929,186/-).

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 9 % on the loan.

23.6 Provision for impairment of amounts due from related parties

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
As at 1st January	172,148,976	104,696,981	310,977,995	226,180,464
Provision made during the year	3,904,209	67,451,996	8,449,031	84,797,531
As at 31st December	176,053,184	172,148,977	319,427,025	310,977,995

24 REINSURANCE CONTRACTS

	Group		Company	
	31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Reinsurers' share of insurance liabilities	367,887,566	269,726,640	-	-
Reinsurance share of paid claim and prepaid reinsurance	170,197,848	37,247,539	-	-
Reinsurance share of incurred but not reported claims	26,163,561	15,062,730	-	-
Unearned premium	71,696,784	63,171,022	-	-
Gross receivables from reinsurance	635,945,759	385,207,931	-	-
Less : provision for re-insurance receivables (Note 24.1)	(9,642,213)	(9,642,213)	-	-
Net receivables from reinsurance	626,303,546	375,565,718	-	-

24.1 Provision for re-insurance receivables

As at 1st January	9,642,213	8,981,677	-	-
Provsion made during the year	-	660,536	-	-
As at 31st December	9,642,213	9,642,213	-	-

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25 OTHER FINANCIAL INVESTMENTS	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Investment in treasury bills	193,917,759	168,810,799	-	-
Corporate bonds	82,269,972	84,803,349	-	-
Investment in term deposit	333,581,877	27,815,503	182,275,000	-
	609,769,608	281,429,651	182,275,000	-
As at 1st January	281,429,651	208,747,816	-	-
Purchased during the year	476,396,022	176,051,489	182,275,000	-
Matured during the year	(148,056,065)	(103,369,654)	-	-
As at 31st December	609,769,608	281,429,651	182,275,000	-
Non - current financial investments	195,663,091	35,033,993	19,275,000	-
Current financial investments	414,106,517	246,395,658	163,000,000	-

25.1 During the year, the Company has invested in term deposit of MVR 163,000,000/- in Habib Bank Limited with an interest rate of 3.5% with a maturity period of 3 months and a term deposit of MVR 19,275,000/- in State Bank of India with an interest rate of 6.5% per annum with a maturity period of 36 months (2020: Nil).

25.2 During the year the Group has invested in term deposit of MVR 129,967,962 in Habib Bank Limited with an interest rate of 2% and a maturity period of 5 years (2020: Nil).

25.3 The Group has invested MVR 191,272,246.42/- (2020: MVR 167,702,415/-) in treasury bills issued by the Maldives Monetary Authority for a maturity value of MVR 196,390,000/- (2020: MVR 170,096,111/-) at the rate of interest ranging from 3.4% to 4.6% per annum (2020: 3.4% to 4.6% per annum) with the maturity period of 28 days to 364 days (2020: 28

25.4 During the year, the Group has made an investment of MVR 79,706,461/- (2020: MVR 79,857,496/-) in the short term and long-term corporate bonds / sukuk by Housing Development Finance Corporation PLC at the interest rate of 7.0% (2020: 6.5% to 7.0% per annum) with a maturity period of 2 to 10 years (2020: 2 to 10 years).

25.5 Moreover, investment of MVR 16,000,000/- (2020: MVR 16,000,000/-) in Bank of Maldives Islamic, General Investment Account at the rate of 3.90% (2020: 3.35% per annum) with a maturity period of one year (2020: 1 year) was maintained and an additional investment of MVR 5,000,000/- (2020: MVR 11,500,000/-) in Maldives Islamic Bank, General Investment Account at the rate of 1.96% (2020: 2.78%) with a maturity period of 3 months was made.

26 CASH AND CASH EQUIVALENTS	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Favorable balances				
Cash in hand	10,232,901	14,712,249	4,769,360	8,549,877
Balances at banks	1,131,023,753	570,558,698	876,410,554	357,781,605
Impairment on bank balances (Note 26.1)	(2,533,829)	-	(2,533,829)	-
	1,138,722,825	585,270,947	878,646,085	366,331,483
Unfavorable balances				
Bank overdrafts	(599,898,760)	(574,345,629)	(137,506,594)	(342,890,234)
of cash flow statement	538,824,065	10,925,318	741,139,491	23,441,249

26.1 Provision for impairment on bank balance

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

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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 (2020: 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 (2020: 1,126,910) ordinary shares at a par value of MVR 50 per share (2020: 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 (2020: Nil) redeemable preference shares of MVR 200/- 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 31st May 2021, a dividend of MVR 60/- per share in respect of 2020 (2020: declared dividend MVR 58/- per share in respect of 2019) amounting to a total of MVR 67,614,600/- (2020: declared MVR 65,360,780/-) 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 2021.

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	
	31/12/2021	31/12/2020
	MVR	MVR
As at 1st January	25,370,201	23,222,547
Share of profit of subsidiary	(61,785)	3,317,863
Share of profit of other comprehensive income of subsidiary	19,653	(70,209)
Issue of redeemable preference shares	200	-
Dividend paid to non controlling interest	(1,100,000)	(1,100,000)
As at 31st December	24,228,269	25,370,201

29 LOANS AND BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
As at 1st January	2,232,191,161	2,649,885,685	1,689,652,932	2,132,257,382
Loans obtained during the year	4,793,981,204	3,697,618,025	4,643,316,324	3,682,190,315
Repayments during the year	(4,028,555,663)	(4,115,312,555)	(4,039,255,268)	(4,124,794,766)
As at 31st December	2,997,616,702	2,232,191,155	2,293,713,988	1,689,652,932

29.1 Sources of Finance

Secured loans	2,433,186,566	1,590,851,895	1,888,505,582	1,191,276,118
Unsecured loans	389,221,730	372,962,446	230,000,000	230,000,000
Corporate bond	175,208,406	268,376,813	175,208,406	268,376,813
	2,997,616,702	2,232,191,155	2,293,713,988	1,689,652,932

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29 LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
29.2 Non - Current				
Bank borrowings	427,250,096	20,016,405	291,530,531	-
Other borrowings	20,952,855	13,482,705	-	6,704,148
Corporate bond	77,051,510	175,208,406	77,051,510	175,208,406
	525,254,461	208,707,516	368,582,041	181,912,554
29.3 Current				
Bank borrowings	1,534,503,960	1,118,265,324	1,514,395,193	1,108,696,258
Other borrowings	839,701,385	812,049,905	312,579,858	305,875,710
Corporate bond	98,156,896	93,168,410	98,156,896	93,168,410
	2,472,362,241	2,023,483,639	1,925,131,947	1,507,740,378

29.4 Terms and repayment schedule

Source of finance	Nominal interest rate	Year of maturity	Security	Loan denominated currency	Group		Company	
					Carring value		Carring value	
					31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Nation Trust Bank PLC	7.50%	Revolving	Trade center building	USD	115,988,073	136,680,260	115,988,073	136,680,260
Hongkong & Shanghai Banking Corporation	5.25% + LIBOR	Revolving	Government guarantee	USD	110,402,126	140,023,726	110,402,126	140,023,726
Hongkong & Shanghai Banking Corporation	3.5% + LIBOR	2024	Government guarantee	USD	385,500,000	-	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	80,721,193	81,178,401	80,721,193	81,178,401
State Bank of India	6.50%	35 Months	Backed by MVR deposit	USD	13,217,099	-	13,217,099	-
Bank of Maldives	8.00%	2025	Backed by STO's assets (Supermart godown)	USD	20,016,586	-	20,016,586	-
Bank of Maldives	8.50%	2027	Backed by STO's assets (Supermart godown)	USD	25,782,240	-	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	4.55%	2022	Government guarantee	USD	1,054,298,406	519,513,874	1,054,298,406	519,513,874
International Islamic Trade finance corporation	4.30%	2022	Government guarantee	USD	-	231,300,000	-	231,300,000
Listed corporate bond	5.25%	2023	Government guarantee	USD	175,208,406	268,376,813	175,208,406	268,376,813
Ministry of Finance and treasury (IDB Tsunami)	8.00%	No fixed repayment	Un-secured.	EUR	75,585,975	72,529,380	-	-
Ministry of Finance and treasury	6.00%	2013	Government guarantee	MVR	76,582,794	71,894,744	-	-
Ministry of Finance and treasury	6.00%	2023	Government guarantee	MVR	36,771,809	35,520,003	-	-
Ministry of Finance and treasury	6.00%	N/A	Government guarantee	MVR	260,336,109	251,368,604	-	-
Ministry of Finance and treasury	4.00%	2022	Government guarantee	MVR	60,798,587	56,320,852	-	-
Ministry of Finance and treasury	4.60%	Revolving	Un-secured.	MVR	34,236,695	32,454,432	-	-
Ministry of Finance and treasury	Interest free	Revolving	Un-secured.	MVR	32,155,792	32,155,792	-	-
Ministry of Fisheries and agriculture	Interest free	2028	Un-secured.	MVR	4,907,268	4,907,268	-	-
Ministry of Fisheries and agriculture	Interest free	2024	Government guarantee	MVR	2,483,063	3,005,813	-	-
Bank of Maldives PLC	8.00%	2023	Leasehold rights of commercial plots & MIFCO assets	MVR	5,958,258	7,349,977	-	-
Bank of Maldives PLC	9.75%	2021	MIFCO vessels and government guarantee	MVR	3,823,478	6,807,784	-	-
Habib Bank Limited	8.00%	2026	Backed by MVR deposit	USD	107,940,000	-	-	-
Loan received from World Wise	Interest free	3 years from shipment BL	Un-secured.	USD	-	915,574	-	-
Maldives Ports Limited	16.73%	1 Month	Un-secured.	USD	12,336,000	-	-	-
Hongkong & Shanghai Banking Corporation	6.1% + LIBOR	2025	Backed by Maldives Gas properties and facilities in Thilafushi	USD	38,106,596	15,427,710	-	-
					2,997,616,702	2,232,191,155	2,293,713,988	1,689,652,932

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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.

30 LEASE LIABILITY

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	491,615,356	464,127,710	179,373,305	159,087,802
Additions during the year	3,399,688	58,532,529	3,483,863	45,445,765
Interest charge for the year (Note 9)	39,190,896	40,328,406	15,984,170	16,657,559
Adjustments due to changes in variables	-	(21,202,218)	-	(6,273,703)
Modifications during the year	5,937,713	(812,060)	4,756,151	(386,029)
Interest payment	(39,190,896)	(40,328,406)	(15,984,170)	(16,657,559)
Principal payment	(14,206,850)	(9,030,603)	(21,787,746)	(18,500,531)
Disposals during the year	(180,159)	-	(180,159)	-
As at 31st December	486,565,748	491,615,356	165,645,413	179,373,305
Non - current liabilities	398,071,220	424,254,006	147,013,852	160,227,981
Current liabilities	88,494,528	67,361,350	18,631,561	19,145,324

30.1 The total cash outflow for leases in 2021 for the Group was MVR 53,397,746/- (2020: MVR 49,359,009/-) and Company MVR 37,771,917/- (2020: MVR 35,158,090/-).

30.2 Lease modification represents deferral of rent relating to quarter 2 and 3 of 2020 to 2021.

30.3 Adjustments due to changes in variables represents impact on lease liability due to change in incremental borrowing rates (IBR). On adoption of IFRS 16 the Group has applied a single discount rate of 7% as incremental borrowing rate. However, it was noted that leases are not with similar characteristics particularly considering the maturity risk related to assets & lease terms. The error was rectified by reassessing lease liability as of 1 January 2019 by considering maturity risk & security risk and difference of MVR 21,202,218/- for the Group and MVR 6,273,703 for the Company have been adjusted during the year 2020. Error correction made prospectively as adjustment is not material to the financial statements.

30.4 The Company does not face a significant liquidity risk with regard to its lease liabilities.

30.5 Maturity analysis of non-current lease liabilities is as follows:

	Group		Company	
	2021	2020	2021	2020
Later than 1 year and not later than 5 years	157,397,249	176,383,140	105,096,820	109,947,984
Later than 5 years	382,018,561	404,710,420	191,095,822	196,527,485
	539,415,810	581,093,560	296,192,642	306,475,469

Sensitivity of incremental borrowing rate to lease

	Group		Company	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
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)

	Group		Company	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
As of 31 December 2020				
(Decrease) / increase in net carrying amount of right-of-use assets	(4,224,411)	4,230,485	(653,971)	661,466
(Decrease) / increase in lease liability	(4,570,703)	4,481,877	(639,566)	646,768
(Decrease) / increase in depreciation	(160,007)	268,062	(52,203)	52,563
Increase / (decrease) in interest expense	922,656	(744,608)	62,252	(62,783)
Increase / (decrease) in total expense	762,650	(476,546)	10,050	(10,220)

31 DEFINED BENEFIT OBLIGATION

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	110,569,873	66,670,383	37,320,592	41,897,966
Current service cost	6,599,153	5,660,700	2,825,118	2,105,048
Past service cost	-	52,228,046	-	-
Interest cost	5,086,214	3,066,838	1,716,747	1,927,306
Deficit/(gain) for the year	10,882,941	(13,790,211)	9,597,542	(5,964,428)
	133,138,181	113,835,756	51,459,999	39,965,892
Less: payments during the year	(4,162,655)	(3,265,883)	(1,105,876)	(2,645,300)
As at 31st December	128,975,526	110,569,873	50,354,123	37,320,592

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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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
<i>Amount recognized in profit or loss</i>				
Current service cost	6,599,153	5,660,700	2,825,118	2,105,048
Past service cost	-	52,228,046	-	-
Interest cost	5,086,214	3,066,838	1,716,747	1,927,306
	11,685,367	60,955,584	4,541,865	4,032,354
<i>Amount recognized in other comprehensive income</i>				
Deficit for the year	10,882,941	(13,790,211)	9,597,542	(5,964,428)
	10,882,941	(13,790,211)	9,597,542	(5,964,428)

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	
	2021	2020	2021	2020
Expected salary increment	3% - 5%	3% - 5%	4.00%	3.29%
Discount rate	4.60%	4.60%	4.60%	4.60%
Staff turnover factor	9% - 23%	7% - 23%	11.00%	12.00%

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 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

As at 31st December 2020

	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%)	4,486,241	(4,486,241)	2,187,393	(2,187,393)
Decrease in discount rate (1%)	(5,002,060)	5,002,060	(2,477,312)	2,477,312
Increase in expected salary increment rate (1%)	(4,427,922)	4,427,922	(2,142,389)	2,142,389
Decrease in expected salary increment rate (1%)	4,032,274	(4,032,274)	1,920,181	(1,920,181)
Increase in staff turnover rate (1%)	610,859	(610,859)	216,516	(216,516)
Decrease in staff turnover rate (1%)	(144,131)	144,131	(220,883)	220,883

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31 DEFINED BENEFIT OBLIGATION (CONTINUED)

31.3 Sensitivity analysis (continued)

As at 31 st 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

As at 31 st December 2020						
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	20	0.51 - 9	820,841	6	0.51	185,299
Between 1-2years	11	1.44-1.6	1,949,077	2	1.60	395,987
Between 2-5 years	1415	3.97 - 4.8	70,012,159	40	3.97	3,759,835
Between 5-10 years	2172	6.54 - 9.17	36,993,891	1,983	7.90	32,979,472
Beyond 10 years	135	12.64	793,904	-	-	-
Total	3,753		110,569,872	2,031		37,320,593

32 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Trade payables	2,278,630,245	1,168,293,195	2,001,440,137	999,599,130
Accrued expenses	51,235,676	60,626,143	38,962,542	48,473,507
Dividend payable	235,422,575	180,484,938	232,772,575	177,834,938
Other payable	377,454,977	439,245,226	218,413,914	309,030,483
	2,942,743,473	1,848,649,501	2,491,589,168	1,534,938,058

32.1 Trade payables include payable to fuel vendor (OQ Trading Limited) amounting MVR 1,685,929,432 (2020: MVR 346,216,842), which carries an interest of 2.5% plus LIBOR for any additional period from 31 days to and including 90 days, 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 67,691,211/- (2020: MVR 171,146,551/-) and deposits received from customers amounting to MVR 91,279,264/- (2020: MVR 90,511,329/-).

32.3 LEASE RENT ACCRUAL

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	-	4,805,097	-	4,805,097
Transferred to right of use assets	-	(4,805,097)	-	(4,805,097)
As at 31st December	-	-	-	-

33 DEFERRED INCOME

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	47,311,056	47,151,420	49,737,506	51,668,360
Received during the year	6,791,869	9,487,471	-	-
Recognized during the year	(9,250,676)	(9,327,835)	(1,930,854)	(1,930,854)
	44,852,249	47,311,056	47,806,652	49,737,506

Analysis of deferred income

Realize within one year	8,913,713	8,951,011	1,930,854	1,930,854
Realize after one year	35,938,536	38,360,046	45,875,798	47,806,652
	44,852,249	47,311,056	47,806,652	49,737,506

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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	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Claims reported and loss adjustment	486,481,173	361,446,064	-	-
Claim incurred but not reported (IBNR)	35,005,519	20,332,154	-	-
Provision for unearned premiums	135,022,727	122,843,341	-	-
Unappropriated policyholders fund	49,621,789	40,837,147	-	-
Provision for unearned reinsurance commission	18,691,207	17,224,250	-	-
Total insurance liabilities, gross	724,822,415	562,682,956	-	-

35 CURRENT TAX LIABILITIES

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1st January	55,778,411	64,752,039	49,043,901	43,075,864
Provision for the year (Note 11)	111,030,895	105,527,744	95,074,738	80,556,422
Tax paid during the year	(111,172,655)	(117,225,999)	(89,223,692)	(76,058,790)
Adjustment in respect of prior years (Note 11)	(702,257)	2,724,627	47,528	1,470,405
As at 31st December	54,934,394	55,778,411	54,942,475	49,043,901

36 AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		31/12/2021 MVR	31/12/2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Maldivian Gas Private Limited	Subsidiary	-	-	1,717,833	1,887,342
Fuel Supplies Maldives Private Limited	Subsidiary	-	-	10,084,760	852,405
Allied Insurance Company of the Maldives Private Limited	Subsidiary	-	-	63,904,973	70,422,732
Raysut Maldives Cement Private Limited	Associate	24,656,833	10,910,799	24,656,833	10,900,850
Maldives State Shipping Company Private Limited	Subsidiary	-	-	27,470,598	6,424,393
Maldives Structural Product Private Limited	Joint venture	10,271,614	26,921,941	10,271,614	26,921,941
Ministry of Housing and Infrastructure	Affiliate	10,214,882	7,406,882	10,214,882	7,406,882
Maldives Pension Administration Office	Affiliate	1,442,774	1,236,678	1,442,774	1,236,678
Fenaka Corporation Limited	Affiliate	9,622,065	200,125	9,124,662	-
Ministry of Finance and Treasury	Majority shareholder	56,137,513	58,350,027	56,137,513	58,350,027
Housing Development Corporation Limited	Affiliate	13,000,262	12,930,719	13,000,262	12,930,719
Rainbow Enterprises Private Limited	Affiliate	-	5,883	-	5,883
Addu International Airport Private Limited	Affiliate	406,947	-	406,947	-
Other Government entities	Affiliate	19,413,147	17,315,817	17,811,338	16,731,164
		145,166,036	135,278,871	246,244,988	214,071,016

36.1 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Loans and borrowings (Note 29)	2,997,616,702	2,232,191,155	2,293,713,988	1,689,652,932
Trade and other payables (Note 32)	2,942,743,473	1,848,649,501	2,491,589,168	1,534,938,058
Amounts due to related parties (Note 36)	145,166,036	135,278,871	246,244,988	214,071,016
Bank overdrafts (Note 26)	599,898,760	574,345,629	137,506,594	342,890,234
Lease liabilities (Note 30)	486,565,748	491,615,356	165,645,414	179,373,305
Less: Cash and cash equivalent (Note 26)	(1,138,722,825)	(585,270,947)	(878,646,085)	(366,331,483)
Net debt	6,033,267,894	4,696,809,565	4,456,054,066	3,594,594,062
Total equity	2,523,702,191	2,422,982,567	2,928,574,300	2,517,519,460
Total capital employed	8,556,970,085	7,119,792,132	7,384,628,367	6,112,113,523

Gearing 71% 66% 60% 59%

The increase in gearing ratio of the Company during 2021 is primarily due to increase in loans and borrowings and trade and other payables.

The increase in gearing ratio of the Group during 2021 is mainly due to increase in loans and borrowings as new loans were obtained during the year.

38 COMMITMENTS

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
38.1 Capital commitments				
Capital expenditure contracted as of the reporting date but not yet incurred	559,531,215	219,239,109	508,786,938	166,893,844

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

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	31/12/2021	31/12/2020
			MVR	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
			159,541,488	159,541,488

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 Decmeber:

Issued by	31/12/2021	31/12/2020
	MVR	MVR
State bank of India	2,427,105	1,181,028
Hongkong & Shanghai Banking Corporation	34,849,026	15,110,298
	37,276,131	16,291,326

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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 2021

Group	Carrying amount				Total	Fair value		
	FVTPL	FVOCI	Amortized Cost	Other financial liabilities		Level 1	Level 2	Level 3
Financial assets measured at fair value	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
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	-	-	609,769,608	-	609,769,608	-	-	-
Trade and other receivables	-	-	575,451,912	-	575,451,912	-	-	-
Amounts due from related parties	-	-	2,600,184,953	-	2,600,184,953	-	-	-
Reinsurance contracts	-	-	626,303,546	-	626,303,546	-	-	-
Cash and cash equivalents	-	-	1,138,722,825	-	1,138,722,825	-	-	-
	-	-	5,550,432,845	-	5,550,432,845	-	-	-
Financial liabilities not measured at fair value								
Bank overdraft	-	-	599,898,760	-	599,898,760	-	-	-
Loans and borrowings	-	-	2,997,616,702	-	2,997,616,702	-	-	-
Lease liabilities	-	-	486,565,748	-	486,565,748	-	-	-
Amounts due to related parties	-	-	145,166,036	-	145,166,036	-	-	-
Insurance contracts	-	-	724,822,415	-	724,822,415	-	-	-
Trade and other payables	-	-	2,807,300,522	-	2,807,300,522	-	-	-
	-	-	7,761,370,183	-	7,761,370,183	-	-	-

AS AT 31ST DECEMBER 2020

Group	Carrying amount				Total	Fair value		
	FVTPL	FVOCI	Amortized Cost	Other financial liabilities		Level 1	Level 2	Level 3
Financial assets measured at fair value	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Investment in Equity Instruments	-	56,240,800	-	-	56,240,800	54,000,000	-	2,240,800
	-	56,240,800	-	-	56,240,800	54,000,000	-	2,240,800
Financial assets not measured at fair value								
Other financial investments	-	-	281,429,651	-	281,429,651	-	-	-
Trade and other receivable	-	-	488,181,846	-	488,181,846	-	-	-
Amounts due from related parties	-	-	2,033,369,401	-	2,033,369,401	-	-	-
Reinsurance contracts	-	-	375,565,718	-	375,565,718	-	-	-
Cash and cash equivalents	-	-	585,270,947	-	585,270,947	-	-	-
	-	-	3,763,817,562	-	3,763,817,562	-	-	-
Financial liabilities not measured at fair value								
Bank overdraft	-	-	574,345,629	-	574,345,629	-	-	-
Loans and borrowings	-	-	2,232,191,155	-	2,232,191,155	-	-	-
Lease liabilities	-	-	491,615,356	-	491,615,356	-	-	-
Amounts due to related parties	-	-	135,278,871	-	135,278,871	-	-	-
Insurance contracts	-	-	562,682,956	-	562,682,956	-	-	-
Trade and other payables	-	-	1,623,735,545	-	1,623,735,545	-	-	-
	-	-	5,619,849,513	-	5,619,849,513	-	-	-

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 2021

Company	Carrying amount					Fair value			
	FVTPL	FVOCI	Amortized Cost	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	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	-	-	182,275,000	-	-	182,275,000	-	-	-
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	-	-	878,646,085	-	-	878,646,085	-	-	-
	-	-	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	-	-	-

AS AT 31ST DECEMBER 2020

Company	Carrying amount					Fair value			
	FVTPL	FVOCI	Amortized Cost	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	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									
Trade and other receivables	-	-	100,080,650	-	-	100,080,650	-	-	-
Amounts due from related parties	-	-	2,860,475,306	-	-	2,860,475,306	-	-	-
Cash and cash equivalents	-	-	366,331,483	-	-	366,331,483	-	-	-
	-	-	3,326,887,439	-	-	3,326,887,439	-	-	-
Financial liabilities not measured at fair value									
Bank overdraft	-	-	342,890,234	-	-	342,890,234	-	-	-
Loans and borrowings	-	-	1,689,652,932	-	-	1,689,652,932	-	-	-
Lease liabilities	-	-	179,373,305	-	-	179,373,305	-	-	-
Amounts due to related parties	-	-	214,071,016	-	-	214,071,016	-	-	-
Trade and other payables	-	-	1,310,024,102	-	-	1,310,024,102	-	-	-
	-	-	3,736,011,589	-	-	3,736,011,589	-	-	-

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.

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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		Company	
	Carrying amount		Carrying amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR
Trade and other receivables (Net)	575,451,912	488,181,846	188,821,432	100,080,650
Amounts due from related party (Net)	2,600,184,953	2,033,369,401	3,622,776,946	2,860,475,306
Reinsurance contracts	626,303,546	375,565,718	-	-
Other financial investments	609,769,608	281,429,651	182,275,000	-
Balances with banks and short term deposits	1,138,722,825	585,270,947	878,646,085	366,331,483
	5,550,432,845	3,763,817,564	4,872,519,462	3,326,887,440

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 2021".

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	2021		2020	
	GDP rate	Weightages	GDP rate	Weightages
Best case	14.2%	16%	11.7%	16%
Base case	13.2%	64%	12.7%	64%
Worst case	12.2%	20%	10.7%	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 2021 that would result from reasonably possible changes in the parameter from the actual assumption used in group's / company's economic variable assumption.

Group

	2021		2020	
	-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	189,887	(134,155)	182,198	(156,896)

Company

	2021		2020	
	-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	190,872	(188,498)	137,966	(116,830)

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 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>

31 st December 2020	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%	825,958,271	1,344,535	0.1%	964,593,258	561,610
1–30 days past due	0.8%	457,292,096	3,484,538	0.2%	365,440,020	584,483
31–90 days past due	1.9%	367,765,451	7,127,278	0.4%	560,201,147	2,356,684
91 - 180 days past due	6.1%	299,698,228	18,178,797	1.1%	520,059,582	5,811,030
181-365 days past due	9.3%	365,066,521	33,801,150	19.4%	158,617,099	30,769,322
Above 365 days past due	58.5%	1,121,621,961	656,385,352	43.7%	1,029,153,732	449,501,085
		<u>3,437,402,527</u>	<u>720,321,650</u>		<u>3,598,064,839</u>	<u>489,584,213</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 2021, 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 followings are the contractual maturities of financial liabilities as at the reporting date.

31st December 2021	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	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

31st December 2020	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	1,623,735,545	1,623,735,545	1,623,735,545	-	-
Loans and borrowings	2,232,191,155	2,487,111,556	2,266,174,992	220,936,564	-
Amounts due to related parties	135,278,871	135,278,871	135,278,871	-	-
Lease liabilities	491,615,357	655,512,096	74,418,537	176,383,140	404,710,420
Insurance contracts	562,682,956	562,682,956	562,682,956	-	-
Bank overdrafts	574,345,629	574,345,629	574,345,629	-	-
Total	5,619,849,513	6,038,666,653	5,236,636,530	397,319,704	404,710,420

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

31st December 2021	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	2,356,146,217	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

31st December 2020	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	1,310,024,102	1,310,024,102	1,310,024,102	-	-
Loans and borrowings	1,689,652,932	1,713,831,272	1,522,600,349	191,230,922	-
Lease liabilities	179,373,305	340,683,776	34,208,307	109,947,984	196,527,485
Amounts due to related parties	214,071,016	214,071,016	214,071,016	-	-
Bank overdrafts	342,890,234	342,890,234	342,890,234	-	-
Total	3,736,011,589	3,921,500,400	3,423,794,009	301,178,906	196,527,485

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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	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Variable rate instruments				
Financial assets	418,833,333	43,333,333	418,833,333	43,333,333
Financial liabilities	(2,449,938,155)	(760,113,245)	(2,411,831,558)	(716,240,568)
	(2,031,104,821)	(716,779,912)	(1,992,998,225)	(672,907,235)
Fixed rate instruments				
Financial assets	512,375,509	320,023,818	249,309,011	73,054,315
Financial liabilities	(2,793,960,617)	(2,360,246,176)	(1,705,318,456)	(1,662,519,440)
	(2,281,585,108)	(2,040,222,359)	(1,456,009,444)	(1,589,465,126)

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 2021				
Variable rate instruments	(20,311,048)	20,311,048	(17,264,391)	17,264,391
31 st December 2020				
Variable rate instruments	(7,167,799)	7,167,799	(6,092,629)	6,092,629

COMPANY

	Profit or loss		Equity net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 st December 2021				
Variable rate instruments	(19,929,982)	19,929,982	(16,940,485)	16,940,485
31 st December 2020				
Variable rate instruments	(6,729,072)	6,729,072	(5,719,711)	5,719,711

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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 currently have a number of contracts which reference USD LIBOR and extend beyond 2021. These contracts are disclosed within the table below. It is currently expected that SOFR (Secured Overnight Financing Rate)] will replace USD LIBOR. In order to transit existing contracts and agreements from USD LIBOR to SOFR, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

Changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate and no immediate gain or loss is recognised.

As of 31 December 2021, changes required to systems, processes and models have been identified and have been partially implemented. However, specific changes required by IBOR reform have not yet been agreed.

The following table contains details of all of the financial instruments that the Group/ Company holds at 31 December 2021 which reference USD LIBOR and have not yet transitioned to SOFR or an alternative interest rate benchmark:

Table: Non-derivative liabilities exposed to USD LIBOR.

Group	Carrying value as at 31 December 2021		Of which: Have yet to transition to an alternative benchmark interest rate as at 31 December 2021	
	Assets (MVR)	Liabilities (MVR)	Assets (MVR)	Liabilities (MVR)
Non-derivative assets and liabilities exposed to USD LIBOR				
Measured at amortized costs				
Loan receivables	385,500,000	-	385,500,000	-
Borrowings	-	(534,008,723)	-	(534,008,723)
Total assets and liabilities exposed to USD LIBOR	385,500,000	(534,008,723)	385,500,000	(534,008,723)

Company	Carrying value as at 31 December 2021		Of which: Have yet to transition to an alternative benchmark interest rate as at 31 December 2021	
	Assets (MVR)	Liabilities (MVR)	Assets (MVR)	Liabilities (MVR)
Non-derivative assets and liabilities exposed to USD LIBOR				
Measured at amortized costs				
Loan receivables	385,500,000	-	385,500,000	-
Borrowings	-	(495,902,126)	-	(495,902,126)
Total assets and liabilities exposed to USD LIBOR	385,500,000	(495,902,126)	385,500,000	(495,902,126)

(b) Currency risk

Exposure to currency risk

Group

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

	31/12/2021		
	US\$	Euro	SGD
Cash and cash equivalents	6,328,129	8,730	-
Trade, amount due from related parties and other receivables	104,249,472	235,507	94,446
Reinsurance contracts	37,138,076	-	-
Trade, amount due to related parties and other payables	(148,337,629)	(98,916)	(471,508)
Loans and borrowings	(138,749,463)	(4,536,973)	-
Bank overdrafts	(8,917,419)	-	-
Net currency exposure	(148,288,834)	(4,391,652)	(377,062)

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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:

	31/12/2020		
	US\$	Euro	SGD
Cash and cash equivalents	2,825,094	12,031	-
Trade, amount due from related parties and other receivables	72,601,904	316,574	121,279
Reinsurance contracts	24,981,059	-	-
Trade, amount due to related parties and other payables	(62,440,537)	(420,787)	(407,806)
Loans and borrowings	(89,244,974)	-	-
Bank overdrafts	(20,364,749)	-	-
Net currency exposure	(71,642,202)	(92,182)	(286,527)

Company

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

	31/12/2021		
	US\$	Euro	SGD
Cash and cash equivalents	1,946,960	3,620	-
Trade, amount due from related parties and other receivables	60,067,630	235,507	94,446
Trade, amount due to related parties and other payables	(145,499,822)	(98,916)	(471,508)
Loans and borrowings	(128,478,219)	-	-
Bank overdrafts	(8,917,419)	-	-
Net currency exposure	(220,880,869)	140,211	(377,062)

Company

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

	31/12/2020		
	US\$	Euro	SGD
Cash and cash equivalents	1,413,903	3,624	-
Trade, amount due from related parties and other receivables	26,769,972	316,574	121,279
Trade, amount due to related parties and other payables	(64,962,570)	(420,787)	(407,806)
Loans and borrowings	(89,304,350)	-	-
Bank overdrafts	(22,236,721)	-	-
Net currency exposure	(148,319,765)	(100,589)	(286,527)

The following significant exchange rate were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	31/12/2021	31/12/2020
1 US\$: MVR	15.42	15.42	15.42	15.42
1 Euro : MVR	17.81	18.22	16.66	18.95
1 SGD : MVR	11.50	11.50	11.36	11.64

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 2021

	Profit or loss	
	Strengthening	Weakening
USD 5% movement	(114,330,691)	114,330,691
EURO 5% movement	(3,658,246)	3,658,246
SGD 5% movement	(214,171)	214,171
	(118,203,108)	118,203,108

31 st December 2020

USD 5% movement	(55,236,138)	55,236,138
EURO 5% movement	(87,343)	87,343
SGD 5% movement	(166,759)	166,759
	(55,490,239)	55,490,239

COMPANY

31 st December 2021

USD 5% movement	(170,299,150)	170,299,150
EURO 5% movement	116,796	(116,796)
SGD 5% movement	(214,171)	214,171
	(170,396,525)	170,396,525

31 st December 2020

USD 5% movement	(114,354,539)	114,354,539
EURO 5% movement	(95,308)	95,308
SGD 5% movement	(166,759)	166,759
	(114,616,606)	114,616,606

FOR THE YEAR ENDED 31ST DECEMBER 2021

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	
	2021	2020
	MVR	MVR
Maldives Stock Exchange - Masix – increase 5%	5,306,250	5,062,500
Maldives Stock Exchange - Masix – decrease 5%	(5,306,250)	(5,062,500)

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.

COVID-19 pandemic caused severe disruption to businesses in the Maldives and worldwide as well leading to economic uncertainty and increasing the risks. The Group's operations and performance were also impacted by the COVID-19 pandemic due to the precautionary actions taken by the government, non-government organizations and private entities. However, the Group has remained resilient and has not identified material uncertainty due to COVID-19 that may cast significant doubt on the entity's ability to continue as a going concern.

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	2021			2020		
	Gross Written Premium	Reinsurance Premium	Net Written Premium	Gross Written Premium	Reinsurance Premium	Net Written Premium
Fire	147,517,702	(141,798,561)	5,719,141	143,891,197	(139,574,291)	4,316,906
Accident	83,708,474	(57,659,859)	26,048,615	67,695,485	(47,037,954)	20,657,531
Cargo	17,431,316	(15,198,336)	2,232,980	10,068,237	(8,289,719)	1,778,518
Marine Hull	32,176,859	(24,107,905)	8,068,954	32,835,825	(26,506,232)	6,329,593
Health	93,906,926	(183,636)	93,723,290	99,065,521	(18,973,313)	80,092,208
Total	374,741,277	(238,948,296)	135,792,981	353,556,265	(240,381,509)	113,174,756

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	
			12/31/2021	12/31/2020
Accident	541,571	240,481	782,052	749,810
Cargo	914,652	-	914,652	864,514
Fire	17,522,872	527,922	18,050,794	2,893,892
Health	5,228,093	350,887	5,578,980	4,402,604
Hull	8,995,601	683,440	9,679,041	11,421,334
Total	33,202,789	1,802,730	35,005,519	20,332,154

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
2016	52,575,930	53,012,808	53,012,810	53,291,910	53,291,910	53,291,910
2017	78,715,824	79,512,970	79,832,910	80,344,910	80,344,910	-
2018	145,675,881	155,210,829	155,568,931	155,568,931	-	-
2019	110,937,379	111,001,864	111,001,864	-	-	-
2020	430,761,586	432,692,568	-	-	-	-
2021	166,917,349	-	-	-	-	-

Islamic (Ayady) loss triangle with incurred losses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2016	2,324,784	2,435,602	2,435,602	2,435,602	2,435,602	2,435,602
2017	4,176,851	4,340,501	4,340,501	4,340,501	4,340,501	-
2018	6,629,842	6,648,706	6,648,706	6,648,706	-	-
2019	3,323,968	3,330,478	3,330,478	-	-	-
2020	7,712,006	7,734,506	-	-	-	-
2021	7,651,357	-	-	-	-	-

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.

Covid-19 has had limited impact on mortality experience due to proactive containment measures limiting the spread and lowering the case fatality rate for insurable ages. Mortality experience in 2020 remained favourable against expected assumptions.

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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.

	2021			2020		
	Gross Written Premium	Reinsurance Premium	Net Written Premium	Gross Written Premium	Reinsurance Premium	Net Written Premium
Endowments	343,565	(191,158)	152,407	910,097	(252,000)	658,097
Child education	4,119,967	-	4,119,967	4,159,831	-	4,159,831
Group term policy	2,776,570	(486,733)	2,289,837	3,361,217	(486,733)	2,874,484
Mortgage protection policy	190,900	-	190,900	427,940	-	427,940
Cash back policy	145,858	-	145,858	174,275	-	174,275
Expatriate insurance	1,058,450	-	1,058,450	3,662,700	-	3,662,700
Secondary school expenses	814,147	-	814,147	820,198	-	820,198
Other	138,612	-	138,612	113,370	-	113,370
Total life insurance	9,588,069	(677,891)	8,910,178	13,629,628	(738,733)	12,890,895

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:

	2021	2020
Mortality	125% of IALM (2006-08)	125% of IALM (2006-08) Table
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 65/- per ordinary share for the year ended 31st December 2021 (31st December 2020: MVR 60/-). The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting

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	
		2021	2020	2021	2020
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

	2021 MVR	2020 MVR
Non-controlling interest in %	10%	10%
Non-current assets	261,996,722	219,507,739
Current assets	116,637,782	146,939,074
Total assets	378,634,504	366,446,813
Equity	242,280,701	253,702,021
Non-current liabilities	91,992,268	78,364,095
Current liabilities	44,361,535	34,380,697
Total liabilities	136,353,803	112,744,792

For the year ended 31 December

Revenue from contracts with customers	223,849,529	214,406,437
(Loss)/ profit after tax	(617,847)	33,178,634
Total comprehensive income	196,527	(702,086)
Net cash generated from operating activities	18,063,743	43,198,317
Net cash used in investing activities	(60,290,096)	(36,535,290)
Net cash used in financing activities	9,290,086	3,493,388
Cash and cash equivalents at the end of the year	44,742,121	77,678,388

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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)	
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Maldives Structural Product Private Limited	Joint venture	Sale of goods	36,500	70,462	(10,271,614)	(25,824,194)
		Purchase of goods	(68,242,632)	(57,806,117)		
		Dividend received	10,000,000	8,000,000		
		Payment received	(7,134,247)	(6,972,715)		
		Payment made	80,892,959	49,685,118		
Raysut Maldives Cement Private Limited	Associate	Purchase of goods	(76,459,126)	(54,821,520)	(24,652,248)	(10,910,799)
		Payment made	64,042,913	55,336,804		
		Transportation charges paid	(1,328,624)	(2,131,248)		
		Sales of fuel	-	24,067		
		Sales of goods	249,263	197,537		
		Payment received	(321,165)	(546,836)		
Ministry of Finance and Treasury	Majority shareholder	Rent received	75,289	258,520		
		Food subsidy income	317,018,445	398,275,525	475,514,952	12,385,432
		Fuel subsidy	571,558,395	72,790,547		
		Interest receivable	14,912,382	5,595,825		
		Interest payable	2,212,514	(14,350,027)		
		Sale of goods	203,449,996	15,989,932		
Ministry of Health	Affiliate company	Payment received	(646,022,212)	(534,070,117)		
		Sale of goods	492,543,955	472,131,207	217,010,296	357,375,701
State Electric Company (STELCO)	Affiliate company	Payment received	(632,909,360)	(290,654,021)		
		Service obtained	-	(16,132,280)	96,951,804	87,053,081
		Payment made	-	14,276,477		
Indira Gaandhi Memorial Hospital	Affiliate company	Payment received	(1,144,134,446)	(937,980,620)		
		Sale of goods and fuel	1,154,033,169	913,418,811		
		Sale of goods	466,289,802	357,269,450	187,706,286	199,865,026
Rainbow Enterprises Private Limited	Affiliate company	Payment received	(478,448,542)	(365,411,980)		
		Purchase of goods	(205,994)	(599,702)	11,600,284	1,718,632
		Sale of goods	13,815,414	1,195,380		
		Payment made	211,877	623,488		
		Interest	(13,133)	88,217		
Maldives Road Development Corporation	Affiliate company	Payment received	(3,926,512)	(1,452,826)		
		Sale of goods	74,830	-	38,005,436	37,969,676
		Payment received	(39,070)	(601,897)		
Hulhumale Hospital	Affiliate company	Sale of goods	98,610,312	39,942,222	16,920,815	12,632,578
		Payment received	(94,322,075)	(45,107,023)		
Ministry of Housing and Infrastructure	Affiliate company	Sale of goods	-	-	81,832,673	95,249,568
		Service obtained	(2,808,000)	(2,903,900)		
		Payment made	-	38,950		
		Payment received	(10,608,896)	(451,808)		
Fenaka Corporation Limited	Affiliate company	Sale of goods and fuel	838,638,117	789,806,763	1,011,067,660	794,800,496
		Service obtained	(10,369,790)	(9,625,095)		
		Interest received	(4,685,327)	4,373,379		
		Other services	49,036	-		
		Payment made	-	95,509		
		Payment received	(607,364,870)	(720,007,174)		
Maldives Airport Company Limited	Affiliate company	Sale of goods	1,375,785,910	1,691,354	116,144,503	59,213,705
		Sale of fuel	11,919,336	634,466,174		
		Payment received	(1,330,774,449)	(698,788,599)		
Addu International	Affiliate company	Sale of goods	33,511,930	38,966,434	20,276,522	14,887,153
		Service obtained	(5,468,752)	-		
		Payment made	5,061,805	-		
		Payment received	(27,715,614)	(25,673,252)		
Airport Private Limited	Affiliate company	Sale of goods	265,904,574	308,645,701	71,679,159	125,136,526
		Services provided	-	-		
		Payment received	(319,361,941)	(316,000,592)		

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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.

	2021 MVR	2020 MVR
Short term employee benefits	7,092,065	7,044,641

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)	
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Allied Insurance Company of the Maldives Private Limited	Subsidiary	Sale of goods	1,002,217	979,233	(48,322,049)	(48,800,986)
		Service obtained	(54,769,236)	(31,004,824)		
		Interest paid	(2,405,986)	(2,412,577)		
		Payment made	63,692,981	28,493,474		
		Claims received	1,022,997	177,400		
		Payment received	(43,365,399)	(33,994,055)		
		Rent received	281,440	605,350		
		Service Provided	19,156	17,730		
Maldivian National Oil Company Limited	Subsidiary	Expense reimbursement	27,787	4,000	42,011	14,224
		Payment made				
Maldivian Gas Private Limited	Subsidiary	Sale of goods	512,516	604,361	(1,675,669)	(1,884,402)
		Purchase of goods	(8,973,202)	(6,839,417)		
		Dividend received	9,900,000	9,900,000		
		Rent received	2,019,462	2,453,090		
		Payment made	9,142,712	18,830,075		
		Service provided	7,092,375	283,660		
		Dollar purchase	(19,485,130)	(13,878,000)		
		Payment received		(18,053,616)		
Fuel Supplies Maldives Private Limited	Subsidiary	Sale of fuel	3,888,699,431	2,399,293,322	1,699,835,661	1,343,893,846
		Purchases of fuel	(750,789,183)	(331,717,002)		
		Payment made	1,047,717,834	404,085,949		
		Service obtained	(71,242)	(2,753,774)		
		Rent Income	9,706,681	7,603,562		
		Service provided	782,871	561,712		
		Rebate paid on fuel sales	(61,081,094)	(13,805,733)		
		Payment received	(3,534,014,811)	(2,409,140,461)		
		Investment	-	(17,695,000)		
		Sale of fixed Assets	-	17,694,450		
		Advance rent	(156,240)	(161,672)		
		Government subsidy payable/claim	(239,929,349)	(29,305,209)		
		Transportation charges paid	(4,923,080)	(5,911,145)		
		STO Maldives (Singapore) Private Limited	Subsidiary	Purchases of fuel	-	(1,696)
Payment made	357,905			1,497,950		
Interest	(315,395)			-		
Payments received	-			(1,225,684)		
Maldivian Industrial Fisheries Company Limited	Subsidiary	Sale of goods	2,926,538	3,473,725	162,074,278	155,385,457
		Purchase of goods	(1,304,770)	(4,989,900)		
		Advance given	-	34,000,000		
		Service provided	201,766	204,149		
		Payment made	640,477,406	553,572,355		
		Interest	4,206,827	3,526,320		
		Expense Reimbursement	39,229	-		
		Payment received	(776,276)	(1,371,890)		
		Purchase of foreign currency	(639,081,900)	(548,638,493)		
		STO Hotels & Resorts Private Limited	Subsidiary	Expense Reimbursement	62,396	-
Payment made						

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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)					
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR				
Maldives Structural Product Private Limited	Joint venture	Purchase of goods	(68,242,632)	(57,806,117)	(10,271,614)	(25,821,569)				
		Dividend received	10,000,000	8,000,000						
		Payment received	(7,100,372)	(6,899,628)						
		Payment made	80,892,959	49,685,118						
Raysut Maldives Cement Private Limited	Associate	Purchase of goods	(76,459,126)	(54,796,770)	(24,654,659)	(10,900,850)				
		Payment made	64,031,767	55,322,910						
		Transportation charges paid	(1,328,624)	(2,131,248)						
		Sales of goods	-	12,614						
		Payment received	(73,115)	(334,357)						
		Rent received	75,289	258,520						
Maldives State Shipping Company Private Limited	Subsidiary	Investment	(127,793,225)	(34,468,045)	82,121,306	13,030,993				
		Advances	25,944,175	-						
		Sales of goods	(101,695,097)	-						
		Rent Income	13,558,647	1,428,933						
		Expense reimbursement	47,537,209	23,613,115						
		Services provided	103,060	-						
		Interest	438,956	-						
		Payments received	-	(5,586,661)						
		Dollar sales	-	(1,542,000)						
		Service obtained	(901,669)	(20,934,923)						
		Payments made	211,898,258	50,520,574						
		Ministry of Finance and Treasury	Majority Shareholder	Food subsidy income			317,018,445	398,275,525	475,514,952	12,385,432
				Fuel subsidy			571,558,395	72,790,547		
Interest Receivable	14,912,382			5,595,825						
Interest Payable	2,212,514			(14,350,027)						
Sale of goods	203,449,996			15,989,932						
Payment received	(646,022,212)			(534,070,117)						
Ministry of Health	Affiliate company			Sale of goods	492,543,955	472,131,207	216,996,803	357,362,209		
		Payment received	(632,909,360)	(290,654,021)						
State Electric Company (STELCO)	Affiliate company	Service obtained	-	(16,132,280)	96,947,554	87,048,381				
		Payment made	-	14,276,477						
		Payment received	(1,144,102,464)	(937,904,296)						
		Sale of goods and fuel	1,154,001,637	913,378,393						
Indira Gandhi Memorial Hospital	Affiliate company	Sale of goods	466,289,802	357,269,450	187,062,720	199,221,460				
		Payment received	(478,448,542)	(365,411,980)						
Rainbow Enterprises Private Limited	Affiliate company	Purchase of goods	(205,994)	(599,702)	11,600,284	1,718,632				
		Sale of goods	13,815,414	1,195,380						
		Payment made	211,877	623,488						
		Interest	(13,133)	88,217						
		Payment received	(3,926,512)	(1,452,826)						
Maldives Road Development Corporation	Affiliate company			37,969,676	37,969,676					
Hulhumale Hospital	Affiliate company	Sale of goods	96,753,692	39,348,162	16,166,348	12,291,771				
		Payment received	(92,879,115)	(44,453,459)						
Fenaka Corporation Limited	Affiliate company	Sale of foreign currency	-	-	29,681,803	44,473,890				
		Sale of goods	196,796	1,060,782						
		Service obtained	(10,072,512)	(9,329,461)						
		Interest received	(4,685,327)	4,373,379						
		Other services	49,036	-						
		Payment made	-	-						
		Payment received	(280,079)	(4,053,040)						

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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)	
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Maldives Airport Company Limited	Affiliate company	Sale of goods	1,375,643,225	1,691,354	116,100,323	59,206,275
		Sale of fuel	11,919,336	634,466,174		
		Payment received	(1,330,668,514)	(698,788,599)		
Addu International	Affiliate company	Sale of goods	33,511,930	38,966,434	20,276,522	14,887,153
		Service obtained	(5,468,752)	-		
		Payment made	5,061,805	-		
		Payment received	(27,715,614)	(24,079,281)		
Airport Private Limited	Affiliate company	Sale of goods	-	-	81,830,023	95,246,918
		Service obtained	(2,808,000)	(2,903,900)		
		Payment made	-	38,950		
		Payment received	(10,608,896)	(451,808)		
Aasandha Private Limited	Affiliate company	Sale of goods	265,904,574	308,645,701	71,679,159	125,136,526
		Payment received	(319,361,941)	(316,000,592)		

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

45.2.2 Transactions with key management personnel

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

	2021	2020
	MVR	MVR
Short term employee benefits	3,445,046	3,800,162