



# **3rd Quarter Report 2020**

**State Trading Organization plc**

# Reporting Principles



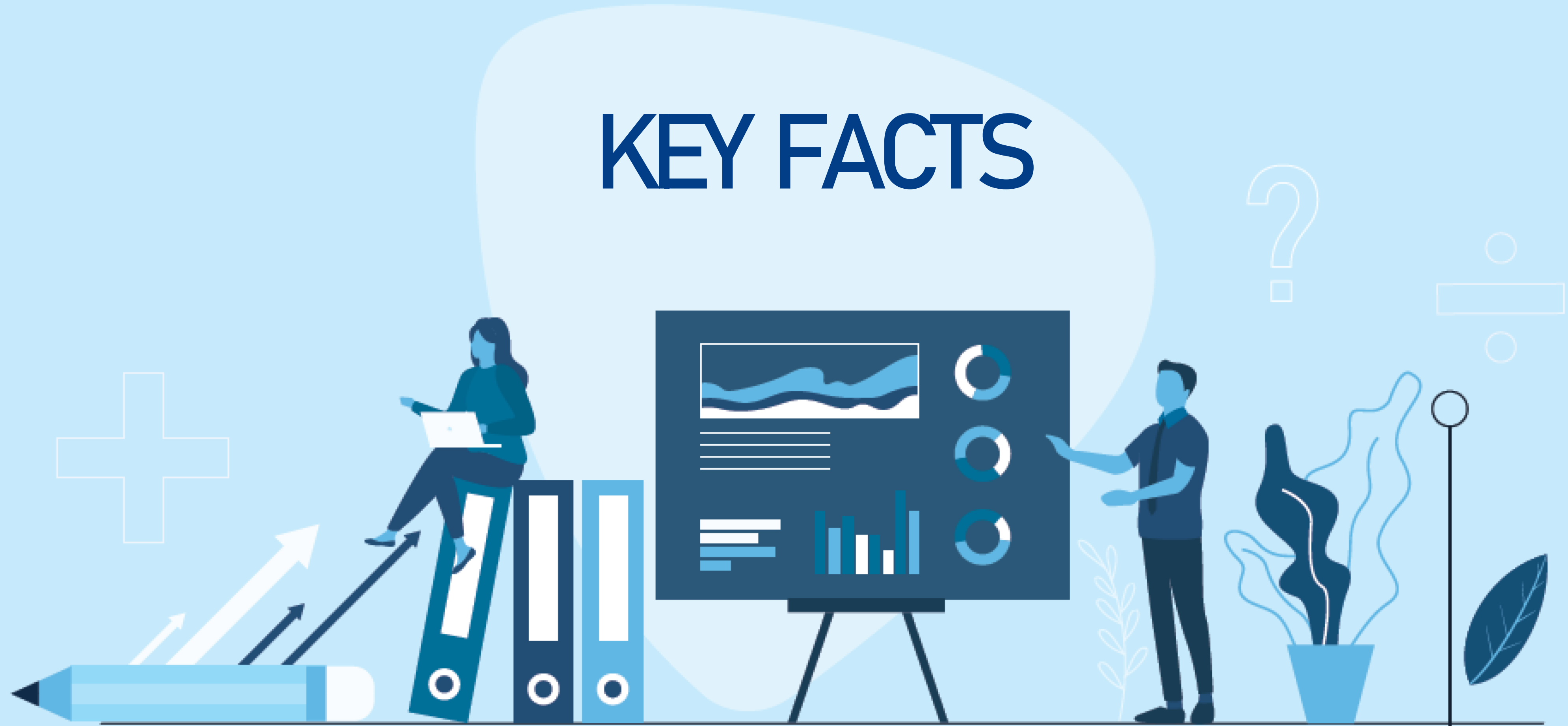
This is the third quarter report of State Trading Organization plc. for the year 2020.

In compiling this report, STO has made its best efforts to adhere to the Listing Rules, the Corporate Governance Code of Capital Market Development Authority and the Securities Continuing Disclosure Obligation of Issuers Regulation 2019.

This report includes events for the period from 01<sup>st</sup> July 2020 to 30<sup>th</sup> September 2020.

Report was published on 28<sup>th</sup> October 2020.

# KEY FACTS



# Key Figures

Total Revenue

819

(in million) MVR

Operating Profit

121

(in million) MVR

Net Profit

100

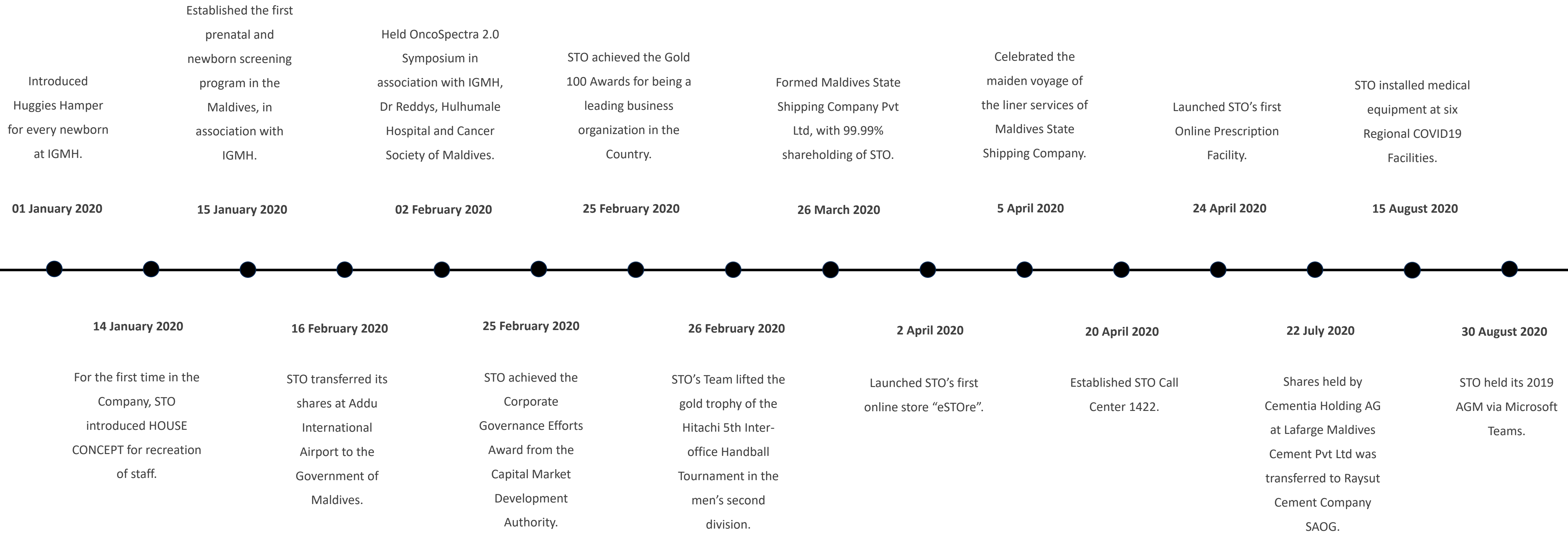
(in million) MVR

Earning per Share

89

in MVR

# This Year so Far



# Human Resources

Employees

2,057

Male Employees

1,321

64% of total employees

Female Employees

736

36% of total employees

Local Employees

1,666

81% of total employees

Foreign Employees

391

19% of total employees

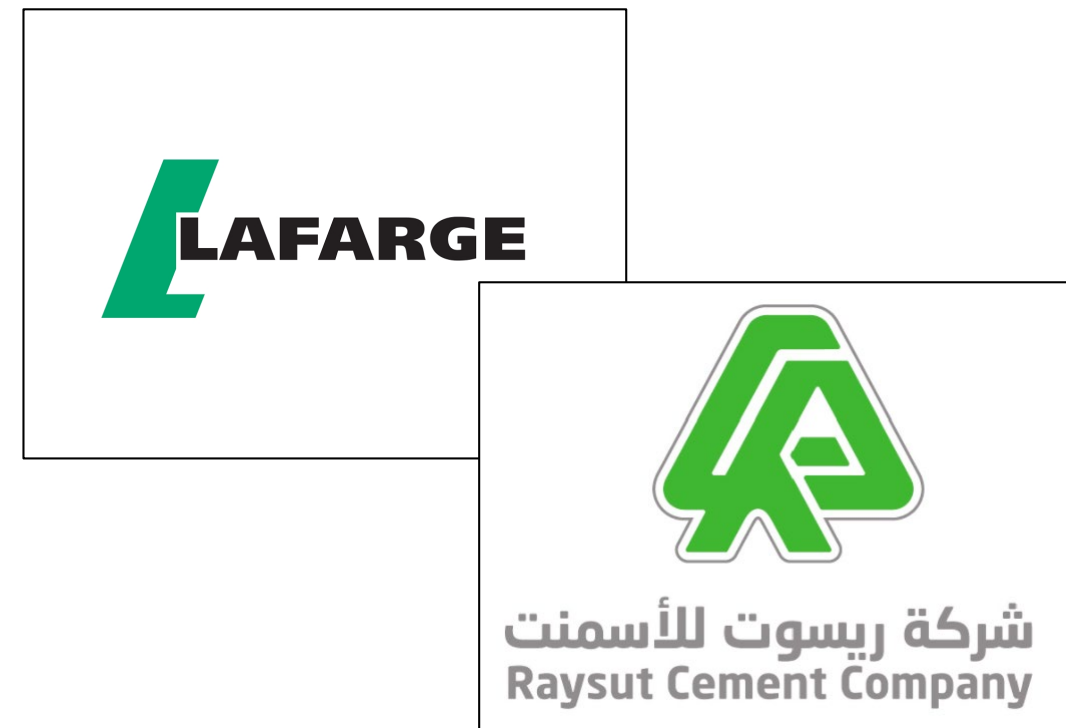
# MAIN EVENTS





# Corporate Events

1



## Transfer of Shares held by Cementia Holding AG at Lafarge

### Maldives Cement Pvt Ltd

Shares held by Cementia Holding AG at Lafarge Maldives Cement Pvt Ltd was transferred to Raysut Cement Company SAOG. However, this had no affect on the 25% shares held in the Company by STO.

2



## Installation of Medical Equipment at Regional COVID19

### Facilities

STO installed medical equipment at six Regional COVID19 Facilities. They are, S. Hithadhoo Regional Hospital, GN. Fuvahmulah Atoll Hospital, Ga. Atoll Hospital, L. Gan Regional Hospital, B. Eydhafushi Atoll Hospital, Sh. Funadhoo Atoll Hospital and Ha. Ihavandhoo Health Center.

3



## STO AGM 2019

On 30th August 2020, STO held its AGM 2019 via Microsoft Teams Live Events and completed the event successfully with E-Voting.



# Corporate Social Responsibility

1



## STO Blood Donation Camp

On 17th July 2020, STO Blood Donation Camp commenced at Thalassemia Center. Over a total of 80 donors including members from STO's Board, Management and Staff donated blood at the camp.

2



## Donation of 2 PCR Machines

On 25th August 2020, STO donated 2 PCR machines to IGM Hospital. The machines will increase COVID19 testing capacity.

3



## Donation of Biorad CFX96 PCR Machine

On 27th August 2020, STO donated a Biorad CFX96 PCR machine to Maldives Police Services to increase their COVID19 testing capacity.

# SHARE PERFORMANCE

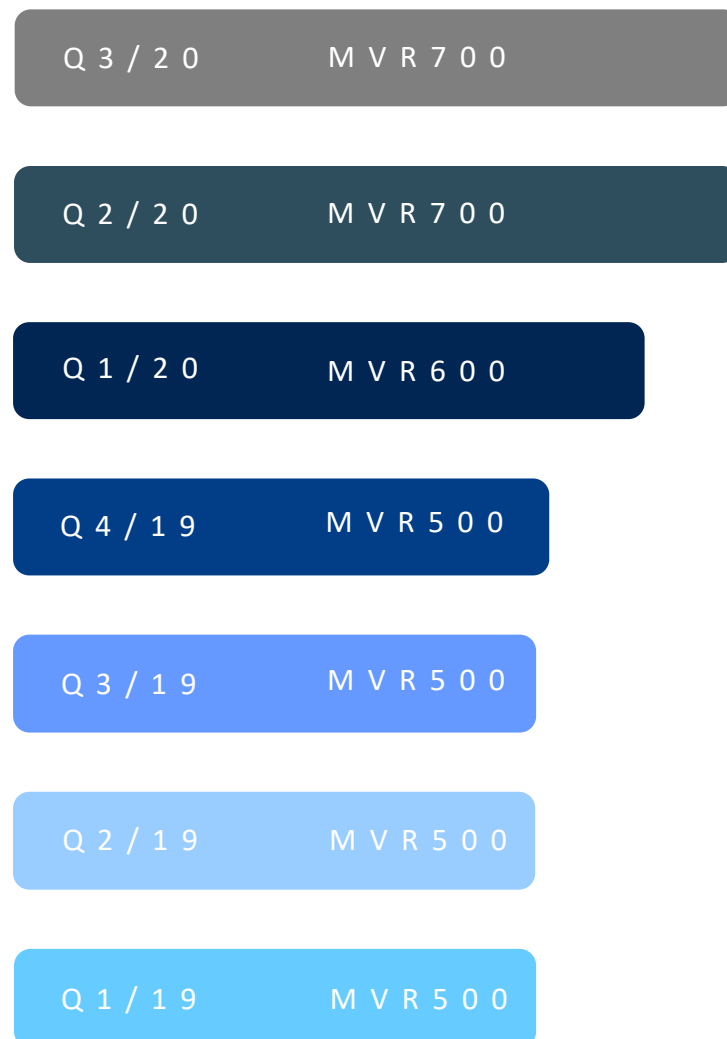


# Share Performance

Highest Trade Price

# 520

In MVR



Lowest Trade Price

# 515

In MVR



Last Trade Price

# 520

In MVR



(Last Trade on 23/08/2020)

WATP

# 518

In MVR

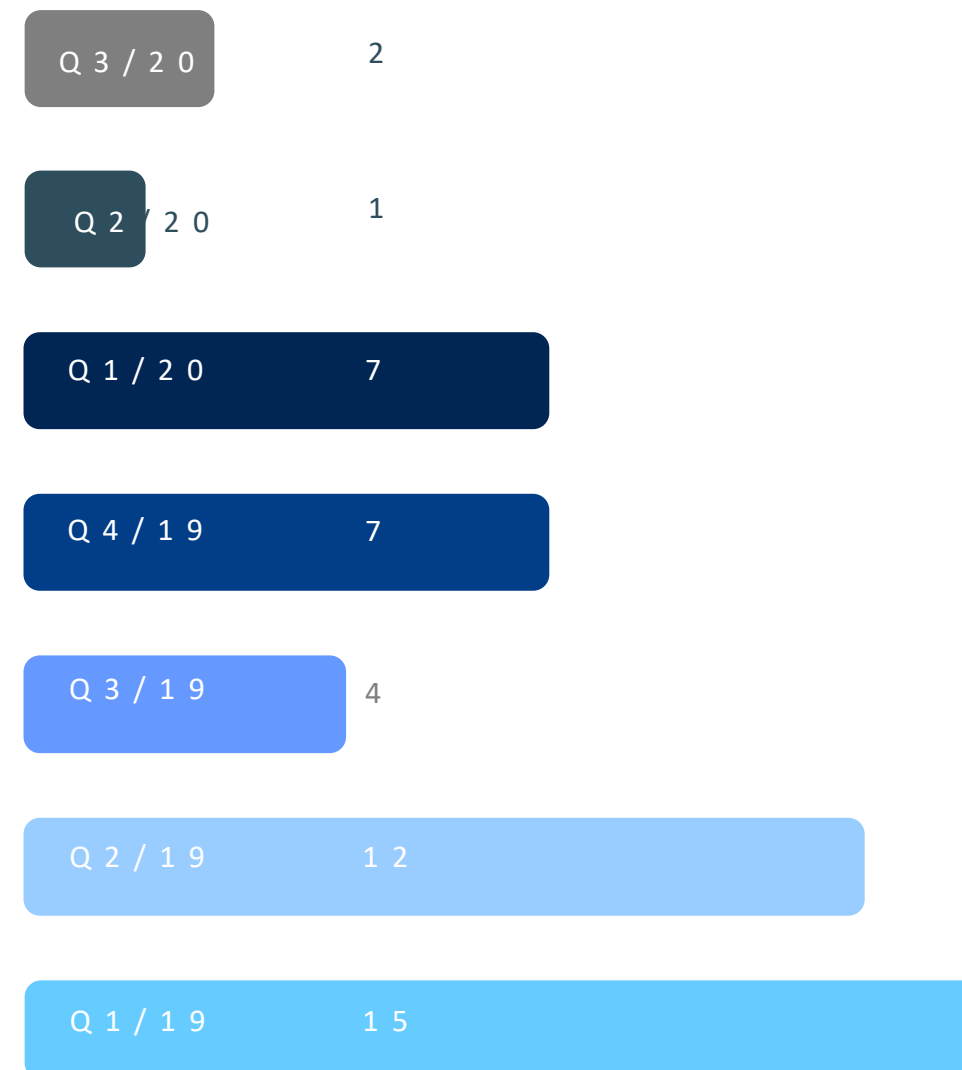


# Share Performance

No. of Trades

2

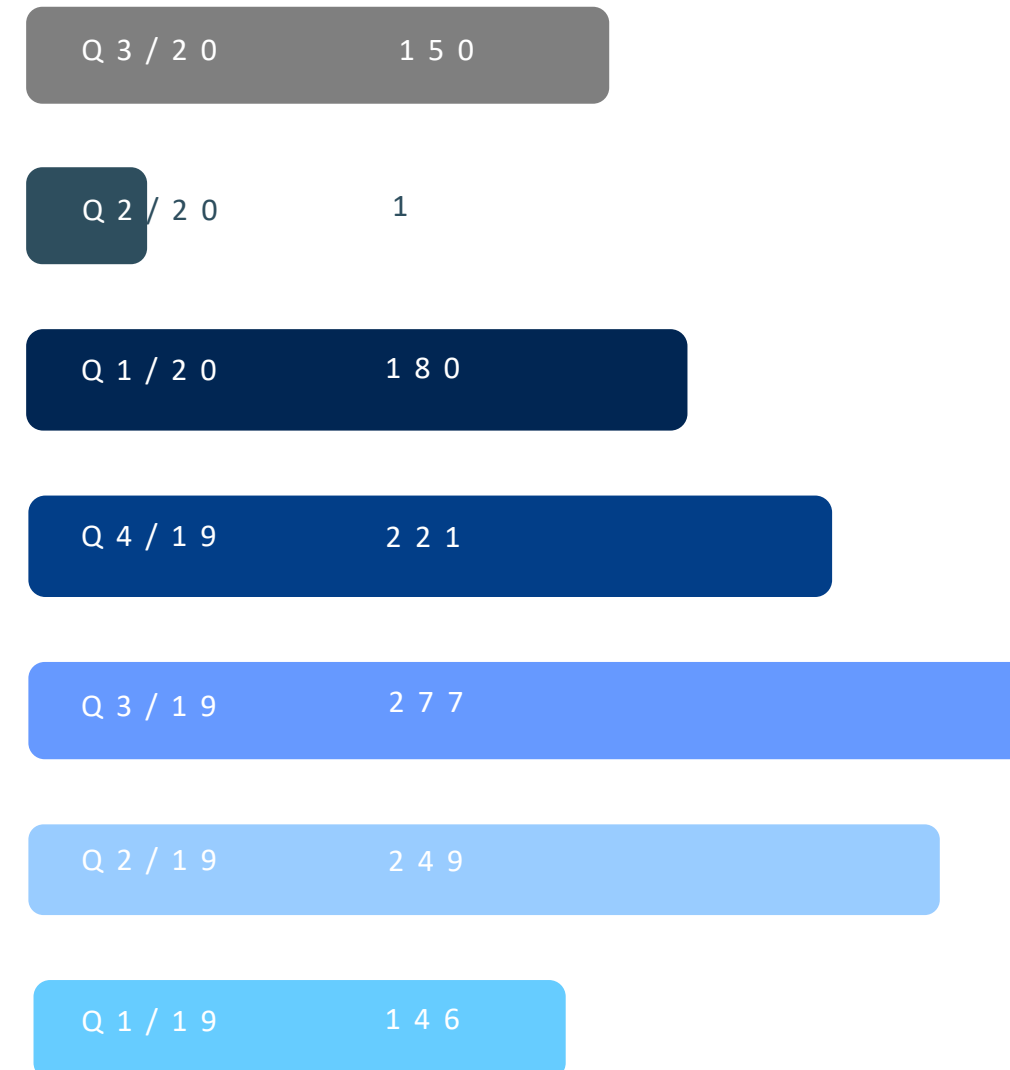
Trade



No. of securities traded

150

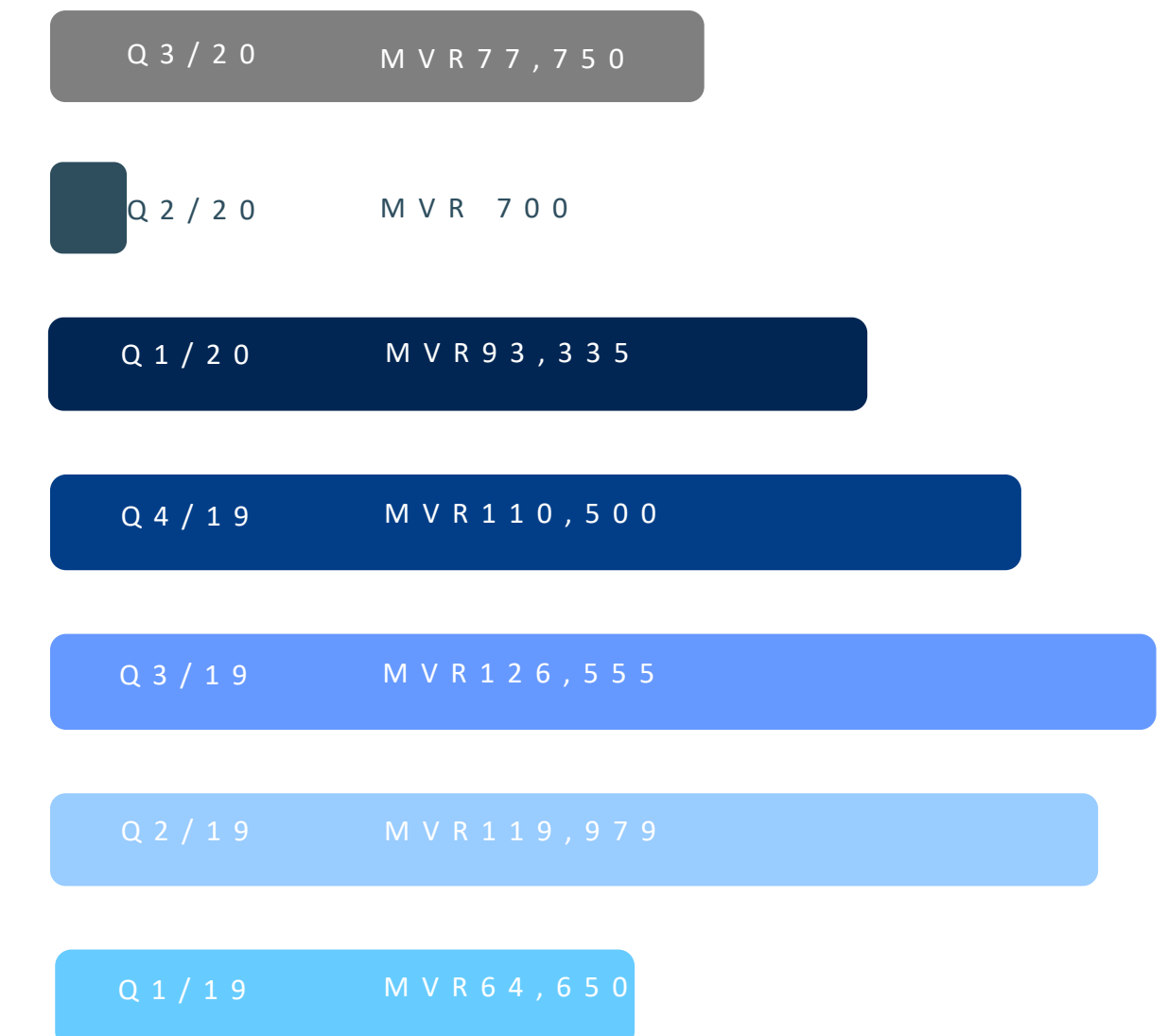
share



Value of securities traded

77,750

In MVR



# Share Performance

## Market Capitalization

586

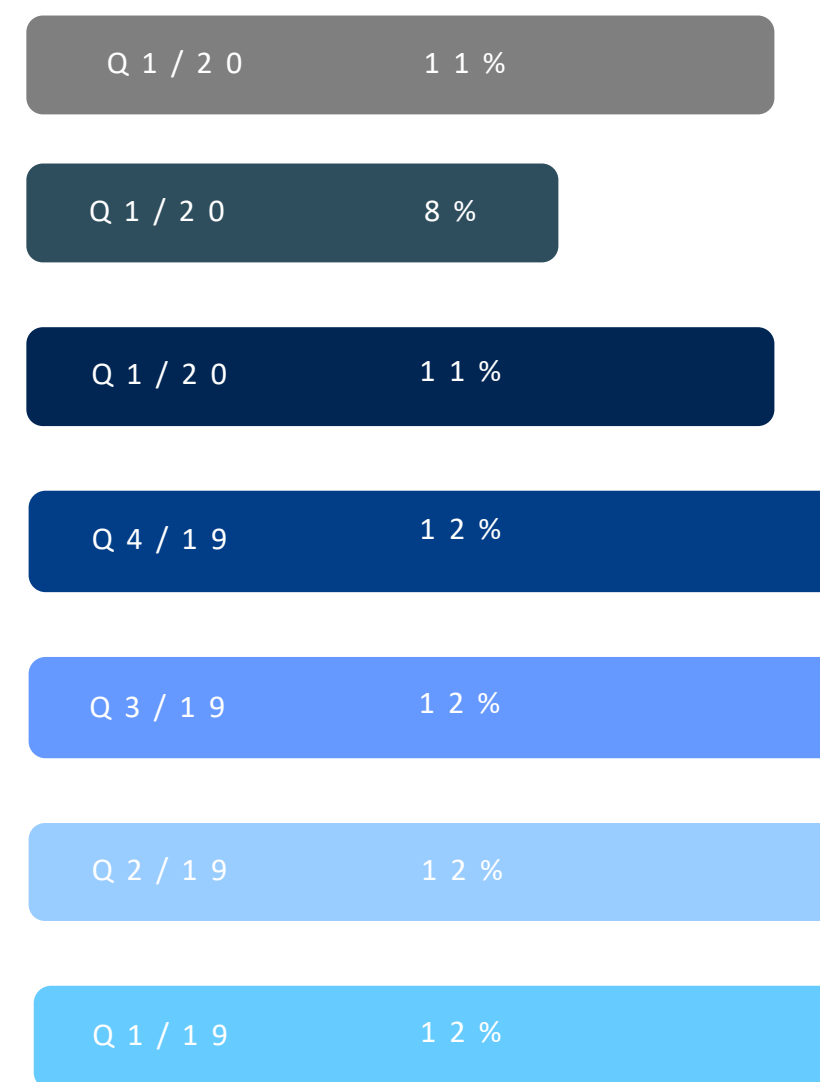
In MVR



## Dividend Yield

11

In %



## Price Earning Ratio

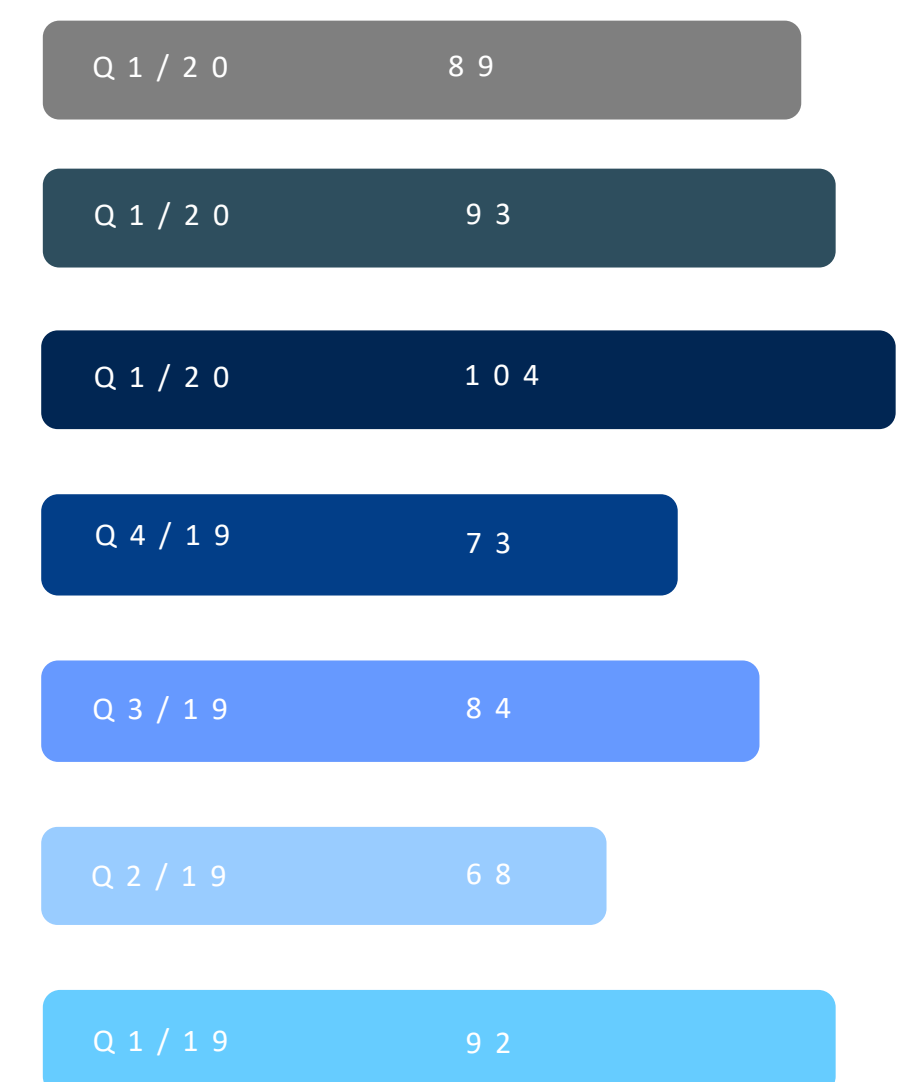
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## Earning per share

89

In MVR



(All amounts in million MVR)

\* Dividend yield has been calculated based on dividend value of MVR58.00, approved by the shareholders at the last Annual General Meeting.



# BOARD ACTIVITIES





# Board Directors



**Hamid Nasheed Mohamed**

Chairman,  
Non-Executive, Independent Director



**Husen Amru Mohamed Rashad**

CEO & MD,  
Executive Director



**Mohamed Mihad**

Chief Financial Officer  
Executive Director



**Aminath Rushma**

Non-Executive, Independent Director  
Chairperson of CG Committee  
Member of AR and NR Committee  
(Director elected to represent public shareholders)



**Ismail Zumayl Rasheed**

Non-Executive, Independent Director  
Chairman of NR Committee  
Member of AR Committee



**Shimad Ibrahim**

Non-Executive, Independent Director  
Chairman of AR Committee  
Member of CG Committee



**Gais Ismail**

Non-Executive, Independent Director  
Member of AR, CG and NR Committee

# Changes to Board Committees

## Audit & Risk Committee



**Shimad Ibrahim**  
Chairman

## Nomination & Remuneration Committee



**Ismail Zumayl Rasheed**  
Chairman

## Corporate Governance & Compliance Committee



**Aminath Rushma**  
Chairperson



**Aminath Rushma**



**Ismail Zumayl Rasheed**



**Gais Ismail**  
(a member of Committee after 15 September 2020)



**Shimad Ibrahim**  
(a member of Committee prior to 15 September 2020)



**Gais Ismail**



**Aminath Rushma**  
(a member of Committee after 15 September 2020)



**Shimad Ibrahim**



**Gais Ismail**

\* AR – Audit and Risk Committee, CG – Corporate Governance and Compliance Committee, NR – Nomination and Remuneration Committee. Members were appointed to committee on 15 September 2020.

# Board Activities

The Articles of Association of STO specifies that the Board should comprise of seven directors. This include of five non-executive, independent members and two executive members.

At the Annual General Meeting held on 30 August 2020, the Government appointed 6 members to the Board of Directors while the public shareholders elected 1 member. As such, appointed directors and their positions are given on page 15. There were no changes to the members of the Board.

There were no changes to the shareholding structure of the Company. As such the Government of Maldives represents 81.63% shares while the public represent 18.37% of shares in the Company.

There were no known material transactions with Directors, associates or substantial shareholders or an associate, other than those conducted under ordinary course of business.

# Major Board Decisions

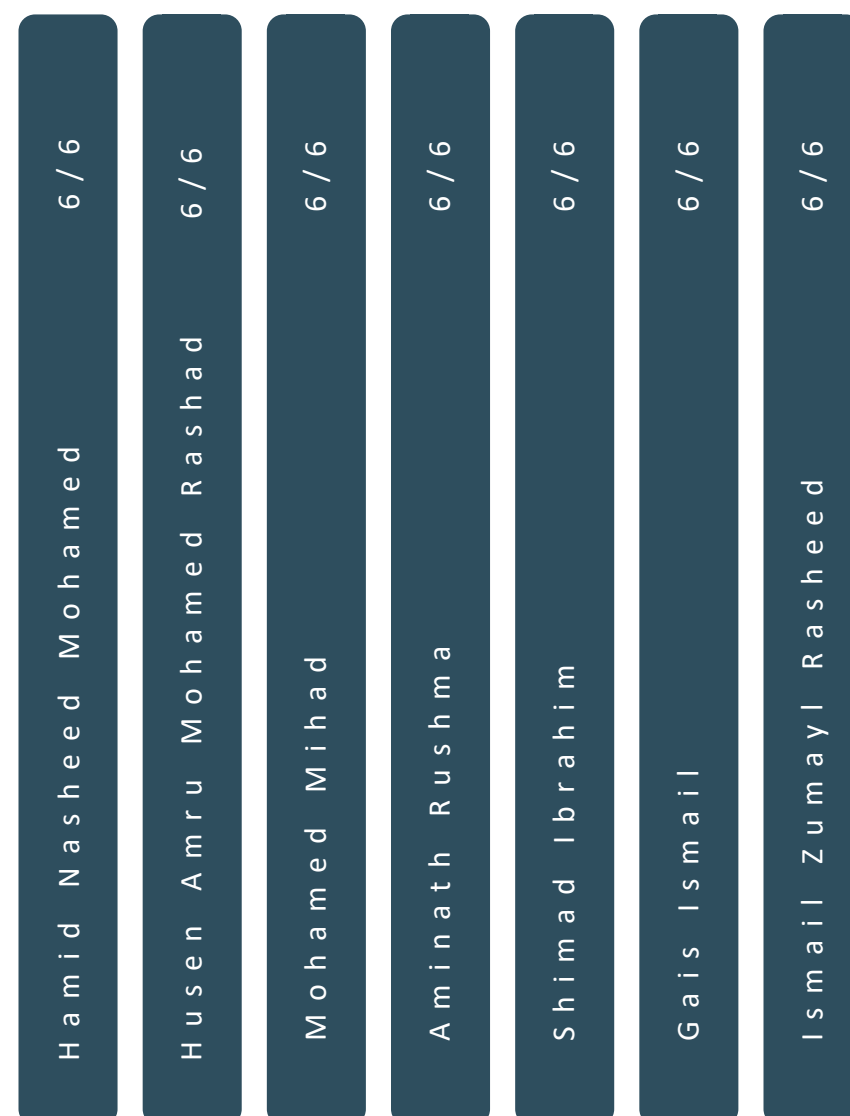
- Approved financials of 2019.
- Approved Annual Report 2019 for publication.
- Approved to propose to the Annual General Meeting to distribute MVR58.00 per share as dividend for the year 2019.
- Held discussions on STO Group resources and talent quality.
- Appointed Mr. Husen Amru Mohamed Rashad for another term as Managing Director and Chief Executive Officer of STO.
- Decided to carry out studies for Data Warehousing Project.
- Approved and distributed staff bonus for the year 2019.
- Appointed new Board Committees.
- Discussed on new drafts for Corporate Gift Policy, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, Blacklisting Policy and Whistleblower Policy for the Group.
- Decided to transfer MT Alihuras to Fuel Supplies Maldives Pvt Ltd (Subsidiary of STO)
- Decided to transfer MV Bonthi to Maldives State Shipping Company Pvt Ltd (Subsidiary of STO)
- Discussed on the Guideline on Administration and Control of STO Group of Companies.



# Meetings and Attendance

6

Board Meetings



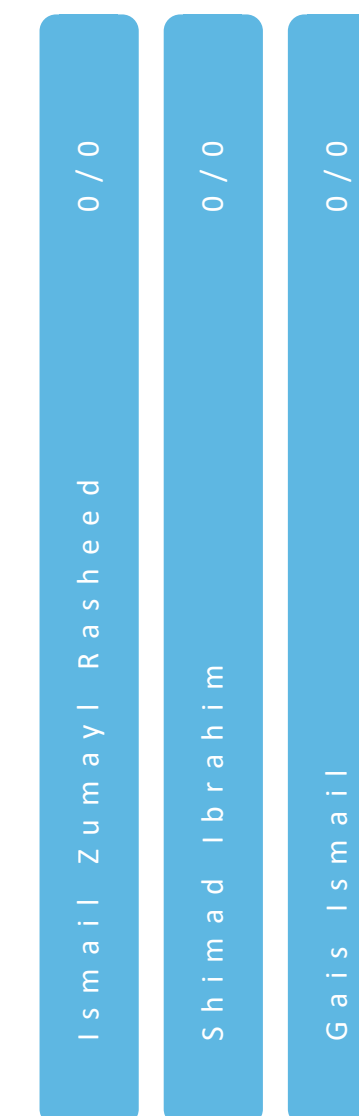
1

Audit & Risk Committee



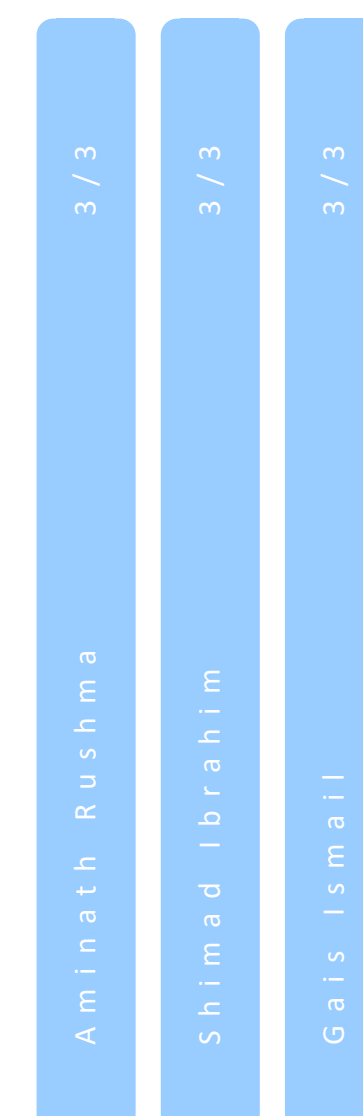
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Nomination & Remuneration Committee



3

Corporate Governance & Compliance Committee



# Compliance

## Compliance to Corporate Governance

**STO's Board of Directors and Management strongly support the principles of good corporate governance and are committed to embed such principles into the operations and management of STO and its Group.**

STO believes that the governance arrangements adopted by STO Group are reflective of a high performing, well governed organization. These arrangements enable the Board and Management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture and behaviors. STO also believes that leading governance practices is essential for the long-term sustainability of our businesses.

The Board regularly reviews the Company's corporate governance framework, policies and practices to ensure at a minimum that they meet the expectations of our shareholders and evolve in line with the Corporate Governance Code of Capital Market Development Authority and our own internal processes and practices.

## Reporting Compliance

This report has been prepared in compliance with the Capital Market Development Authority's Minimum Criteria for Periodic Reporting for Listed Companies.

There were no fines due on Company with regard to any regulations, during the Quarter.



# FINANCIAL PERFORMANCE



# Financial Highlights

1,546

(in millions) MVR  
Q2/2020 MVR1,299m  
Q1/2020 MVR2,492m

**Total Revenue**

235

(in millions) MVR  
Q2/2020 MVR200m  
Q1/2020 MVR211m

**Total Expenses**

100

(in millions) MVR  
Q2/2020 MVR105m  
Q1/2020 MVR114m

**Net Profit**

89

in MVR  
Q2/2020 MVR93  
Q1/2020 MVR101

**Earning Per Share**

2,195

in MVR  
Q2/2020 MVR2,164  
Q1/2020 MVR2,076

**Net Asset Per Share**

148

in MVR  
Q2/2020 MVR490  
Q1/2020 MVR2

**Cashflow Per Share**

2.38

Q2/2020 2.27  
Q1/2020 2

**Asset Cover Available**

1.59

Q2/2020 1.62  
Q1/2020 1.52

**Debt Equity Ratio**

0.99

Q2/2020 1.07  
Q1/2020 1.51

**Debt Service Cover Ratio**

3.88

Q2/2020 5.12  
Q1/2020 5.12

**Interest Service Cover Ratio**

2,390

(in millions) MVR  
Q2/2020 MVR2,355  
Q1/2020 MVR2,255

**Reserves**

2,474

(in millions) MVR  
Q2/2020 MVR2,439  
Q1/2020 MVR2,339

**Net Worth**

# Debt Securities

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
Previous due date for the payment of interest/dividend	31.08.2020	31.05.2020	29.02.2020	30.11.2019	31.08.2019
Repayment of principal	22,250,610	21,962,355	21,677,833	21,396,997	21,119,800
Interest	4,110,357	4,398,613	4,683,135	4,963,970	5,241,168
The amounts and where the same has been paid or not	Paid	Paid	Paid	Paid	Paid
Next due date for the payment of interest/dividend	30.11.2020	31.08.2020	31.05.2020	29.02.2020	30.11.2019
The extent and nature of collateral created and maintained with respect of principal	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee
Breach of any covenants under the terms of debt securities	No	No	No	No	No

# Income Statement

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
Fuel Revenue	818,626,012	629,287,318	1,718,104,140	1,661,674,729	1,586,941,963
Non-Fuel Revenue	727,025,764	669,907,815	773,492,915	688,966,806	659,970,143
<b>Total Revenue</b>	<b>1,545,651,776</b>	<b>1,299,195,133</b>	<b>2,491,597,055</b>	<b>2,350,641,535</b>	<b>2,246,912,106</b>
Cost of Sales	(1,203,026,825)	(953,801,401)	(2,134,037,047)	(2,021,392,945)	(1,906,210,218)
<b>Gross Profit</b>	<b>342,624,951</b>	<b>345,393,733</b>	<b>357,560,008</b>	<b>329,248,590</b>	<b>340,701,888</b>
Other Operating Income	12,793,939	10,383,332	13,121,125	17,509,588	21,168,751
	<b>355,418,890</b>	<b>355,777,065</b>	<b>370,681,133</b>	<b>346,758,178</b>	<b>361,870,639</b>
Selling and Marketing Costs	(76,515,994)	(42,203,289)	(48,337,885)	(68,613,471)	(43,918,313)
Administrative Costs	(158,255,640)	(157,051,425)	(161,969,950)	(179,265,721)	(166,378,965)
Other Operating Expenses	(28,969)	(291,168)	(547,950)	(159,992)	(167,602)
<b>Operating Profit</b>	<b>120,618,286</b>	<b>156,231,183</b>	<b>159,825,347</b>	<b>98,718,994</b>	<b>151,405,759</b>
Finance Costs	(861,743)	(29,604,302)	(21,572,426)	(6,985,023)	(38,880,582)
<b>Profit Before Tax</b>	<b>119,756,543</b>	<b>126,626,881</b>	<b>138,252,921</b>	<b>91,733,971</b>	<b>112,525,177</b>
Business Profit Tax Expense	(19,494,805)	(21,702,656)	(24,060,449)	(9,357,967)	(17,614,901)
<b>Profit After Tax</b>	<b>100,261,738</b>	<b>104,924,225</b>	<b>114,192,472</b>	<b>82,376,004</b>	<b>94,910,276</b>
<b>Attributable to</b>					
Equity Holders of the Parent	<b>100,261,738</b>	<b>104,924,225</b>	<b>114,192,472</b>	<b>82,376,004</b>	<b>94,910,276</b>
Non-Controlling Interest					
Earnings per share Attributable to Equity holders of the Parent	<b>89</b>	<b>93</b>	<b>101</b>	<b>73</b>	<b>84</b>

# Balance Sheet

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property Plant and Equipment	1,798,899,532	1,814,412,453	1,813,319,242	2,005,279,812	2,021,602,127
Investment in Subsidiaries	104,944,380	104,944,380	104,944,380	104,944,380	112,288,081
Investment in Associates	10,567,267	10,567,267	10,567,267	10,567,267	10,567,267
Investment in Joint Venture	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Available-for-sale Financial Assets	2,240,800	2,240,800	2,240,800	4,820,026	4,820,026
Investments	5,675,926	7,346,463	9,038,454	10,730,445	12,422,436
Deferred Tax Asset	80,207,242	80,207,242	103,024,421	115,928,722	115,928,722
Right-of-use Assets	154,232,501	154,232,501	154,232,501	-	-
<b>Total Non-Current Assets</b>	<b>2,161,467,648</b>	<b>2,178,651,105</b>	<b>2,202,067,065</b>	<b>2,256,970,652</b>	<b>2,282,328,659</b>
<b>CURRENT ASSETS</b>					
Inventories	1,050,440,791	865,838,467	766,197,008	911,471,653	606,330,958
Trade and Other Receivables	2,953,893,063	3,133,203,701	2,865,914,751	3,052,205,881	3,004,652,251
Cash and Cash Equivalents	250,396,466	201,462,498	50,884,554	114,720,571	90,584,308
<b>Total Current Assets</b>	<b>4,254,730,319</b>	<b>4,200,504,665</b>	<b>3,682,996,313</b>	<b>4,078,398,104</b>	<b>3,701,567,518</b>
<b>Total Assets</b>	<b>6,416,197,967</b>	<b>6,379,155,771</b>	<b>5,885,063,378</b>	<b>6,335,368,756</b>	<b>5,983,896,177</b>
<b>EQUITY</b>					
Share Capital	56,345,500	56,345,500	56,345,500	56,345,500	56,345,500
Share Premium	27,814,500	27,814,500	27,814,500	27,814,500	27,814,500
General Reserve	804,073,923	784,021,576	763,036,730	740,198,236	723,723,035
Retained Earnings	1,585,795,889	1,570,947,278	1,492,211,447	1,451,737,971	1,392,421,059
<b>Total Equity</b>	<b>2,474,029,812</b>	<b>2,439,128,854</b>	<b>2,339,408,178</b>	<b>2,276,096,207</b>	<b>2,200,304,094</b>

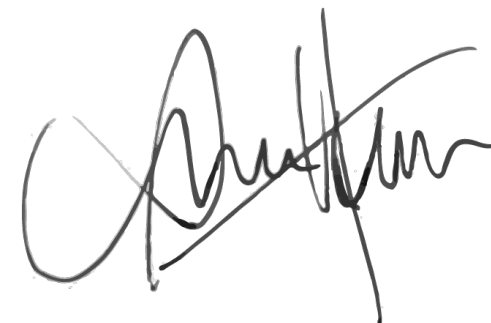
# Balance Sheet

Cont.....

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Loans and Borrowings	184,225,554	210,288,198	259,181,443	284,332,965	309,188,614
<b>Current Liabilities</b>					
Current Tax Liabilities	32,274,983	67,338,005	45,640,848	43,813,922	34,455,955
Lease Liabilities	159,087,803	159,087,803	159,087,803	-	
Trade and Other Payables	2,021,536,121	1,860,471,936	1,094,527,692	1,672,634,193	1,451,696,059
Borrowings	1,545,043,694	1,642,840,975	1,987,217,415	2,058,491,468	1,988,251,454
<b>Total Current Liabilities</b>	<b>3,757,942,601</b>	<b>3,729,738,719</b>	<b>3,286,473,758</b>	<b>3,774,939,584</b>	<b>3,474,403,469</b>
<b>Total Liabilities</b>	<b>3,942,168,155</b>	<b>3,940,026,917</b>	<b>3,545,655,200</b>	<b>4,059,272,549</b>	<b>3,783,592,083</b>
<b>Total Equity and Liabilities</b>	<b>6,416,197,967</b>	<b>6,379,155,771</b>	<b>5,885,063,378</b>	<b>6,335,368,756</b>	<b>5,983,896,177</b>



Mohamed Mihad  
CFO / Executive Director



Husen Amru Mohamed Rashad  
CEO and Managing Director



Shimad Ibrahim  
Chairman  
Audit & Risk Committee



# Cash Flow Statement

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
Profit before business profit tax	119,756,543	126,626,881	138,252,921	91,733,971	112,525,177
Adjustments for:					
- Depreciation & amortization	29,226,790	28,974,541	28,626,705	31,577,699	31,054,379
- Interest income	(665,336)	(751,013)	(841,285)	(894,258)	(970,962)
- Interest expense	31,091,866	30,486,302	31,210,455	61,365,384	39,705,879
- Dividend income	(29,900,867)	-	(8,000,000)	(54,999,700)	
- Provision for impairment of receivables	26,618,540	6,107,272	4,315,687	6,137,007	(2,324,458)
- Provision for slow and nonmoving inventories	5,746,326	4,192,025	1,191,544	(2,602,863)	(6,434,671)
- Profit on disposal of property, plant and equipment			(124,240)	(41,080)	
Changes in working capital:					
- Inventories	(190,348,650)	(103,833,484)	150,683,789	(302,537,831)	132,551,392
- Trade and other receivables	154,362,635	(227,704,231)	55,076,128	25,101,355	(18,547,281)
- Trade and other payables	106,044,522	718,858,609	(345,403,905)	255,864,745	(257,084,855)
	<b>251,932,369</b>	<b>582,956,903</b>	<b>54,987,800</b>	<b>110,704,429</b>	<b>30,474,602</b>
<b>Cash flows from operating activities</b>					
Interest paid	(31,091,866)	(30,486,302)	(31,210,455)	(61,365,384)	(39,705,879)
Business profit tax paid	(54,557,827)	-	(21,500,964)	-	(20,030,560)
<i>Net cash generated from / (used in) operating activities</i>	<b>166,282,677</b>	<b>552,470,600</b>	<b>2,276,381</b>	<b>49,339,045</b>	<b>(29,261,838)</b>

# Cash Flow Statement

Cont.....

	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment - net	(13,713,870)	(9,373,985)	(21,074,465)	(15,214,304)	(97,163,080)
Sales / (purchases) of available-for-sale financial assets			-	7,343,701	
Interest received	665,336	751,013	841,285	894,258	970,962
Dividends received	29,900,867		8,000,000	54,999,700	
<i>Net cash generated from / (used in) investing activities</i>	<b>16,852,333</b>	<b>(8,622,972)</b>	<b>(12,233,180)</b>	<b>48,023,355</b>	<b>(96,192,118)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from / (repayment of) borrowings	(123,859,925)	(393,269,684)	(51,209,811)	(72,017,109)	143,669,671
Dividends paid to shareholders	(10,341,117)		(198,428)	(1,209,028)	(1,269,793)
<i>Net cash generated from / (used in) financing activities</i>	<b>(134,201,042)</b>	<b>(393,269,684)</b>	<b>(51,408,239)</b>	<b>(73,226,137)</b>	<b>142,399,878</b>
Net increase / (decrease) in cash and cash equivalents	48,933,968	150,577,944	(61,365,038)	24,136,263	16,945,923
Cash, cash equivalents and bank overdrafts at beginning of the quarter	201,462,498	50,884,554		90,584,308	73,638,386
Adjusted cash, cash equivalents and bank overdrafts at the beginning of the Year			112,249,592		
Cash, cash equivalents and bank overdrafts at end of the quarter	250,396,466	201,462,498	50,884,554	114,720,570	90,584,308

# Statement of Changes in Equity

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Balance as at 1st October 2019	56,345,500	27,814,500	723,723,035	1,392,421,058	2,200,304,094
Profit for the year	-	-	-	82,376,004	82,376,004
Remeasurement of retirement benefit liability (OCI)	-	-	-	(6,583,891)	(6,583,891)
Transfer to general reserve	-	-	16,475,201	(16,475,201)	
<b>Balance as at 31<sup>st</sup> December 2019</b>	<b>56,345,500</b>	<b>27,814,500</b>	<b>740,198,236</b>	<b>1,451,737,971</b>	<b>2,276,096,207</b>
Impact on reported profit due to audit adjustments	-	-	-	(56,084,050)	(56,084,050)
Adjusted balance as at 1 <sup>st</sup> January 2020	56,345,500	27,814,500	740,198,236	1,395,653,921	2,220,012,157
Profit for the year	-	-	-	114,192,472	114,192,472
Transfer to general reserve	-	-	22,838,494	(22,838,494)	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>56,345,500</b>	<b>27,814,500</b>	<b>763,036,730</b>	<b>1,487,007,898</b>	<b>2,334,204,629</b>
Adjusted balances as at 1 <sup>st</sup> April 2020	56,345,500	27,814,500	763,036,730	1,487,007,898	2,334,204,629
Profit for the year	-	-	-	104,924,225	104,924,225
Transfer to general reserve	-	-	20,984,845	(20,984,845)	-
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>56,345,500</b>	<b>27,814,500</b>	<b>784,021,576</b>	<b>1,570,947,278</b>	<b>2,439,128,854</b>
Adjusted balances as at 1 <sup>st</sup> July 2020	56,345,500	27,814,500	784,021,576	1,570,947,278	2,439,128,854
Profit for the year	-	-	-	100,261,738	100,261,738
Transfer to general reserve	-	-	20,052,348	(20,052,348)	-
Dividends	-	-	-	(65,360,780)	(65,360,780)
<b>Balance as at 30<sup>th</sup> September 2020</b>	<b>56,345,500</b>	<b>27,814,500</b>	<b>804,073,923</b>	<b>1,585,795,889</b>	<b>2,474,029,812</b>



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