



ANNUAL REPORT 2014



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Attention

This report comprises the annual report of state trading organization plc prepared in accordance with the companies act of the republic of maldives (10/96), listing rules of maldives stock exchange, the securities act of the republic of maldives (2/2006), securities continuing disclosure obligations of issuers regulation 2010 of capital market development authority and corporate governance code of capital market development authority requirements. Unless otherwise stated in this annual report, the terms 'STO', the 'group', 'we', 'us' and 'our' refer to state trading organization plc and its subsidiaries, associates and joint ventures collectively. The term 'company' refers to STO and/or its subsidiaries. STO prepares its financial statements in accordance with international financial reporting standards (IFRS). References to a year in this report are, unless otherwise indicated, references to the Company's financial year ending 31st december 2014. In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date. This annual report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and STO plans and objectives, to differ materially from those expressed or implied in the forward looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. STO cannot guarantee future results, levels of activity, performance or achievements.

CONTENTS

OUR STORY	2
PERFORMANCE	4
LETTER TO OUR SHAREHOLDERS	6
INTERVIEW WITH AHMED SHAHEER, MD	8
BUSINESS REVIEW 2014	12
SUSTAINABILITY REPORT	28
BOARD OF DIRECTORS	32
EXECUTIVE MANAGEMENT	34
CORPORATE GOVERNANCE REPORT	36
CORPORATE GOVERNANCE COMMITTEE REPORT	42
NOMINATION AND REMUNERATION COMMITTEE REPORT	44
AUDIT AND RISK COMMITTEE REPORT	48
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS	52
FINANCIAL STATEMENTS	53
COMPANY INFORMATION	100
OUR GROUP	102
STO DIRECTORY	104

2012
Hotels & Resorts

2011
Addu International
Airport



2003
Maldives
National Oil
Company



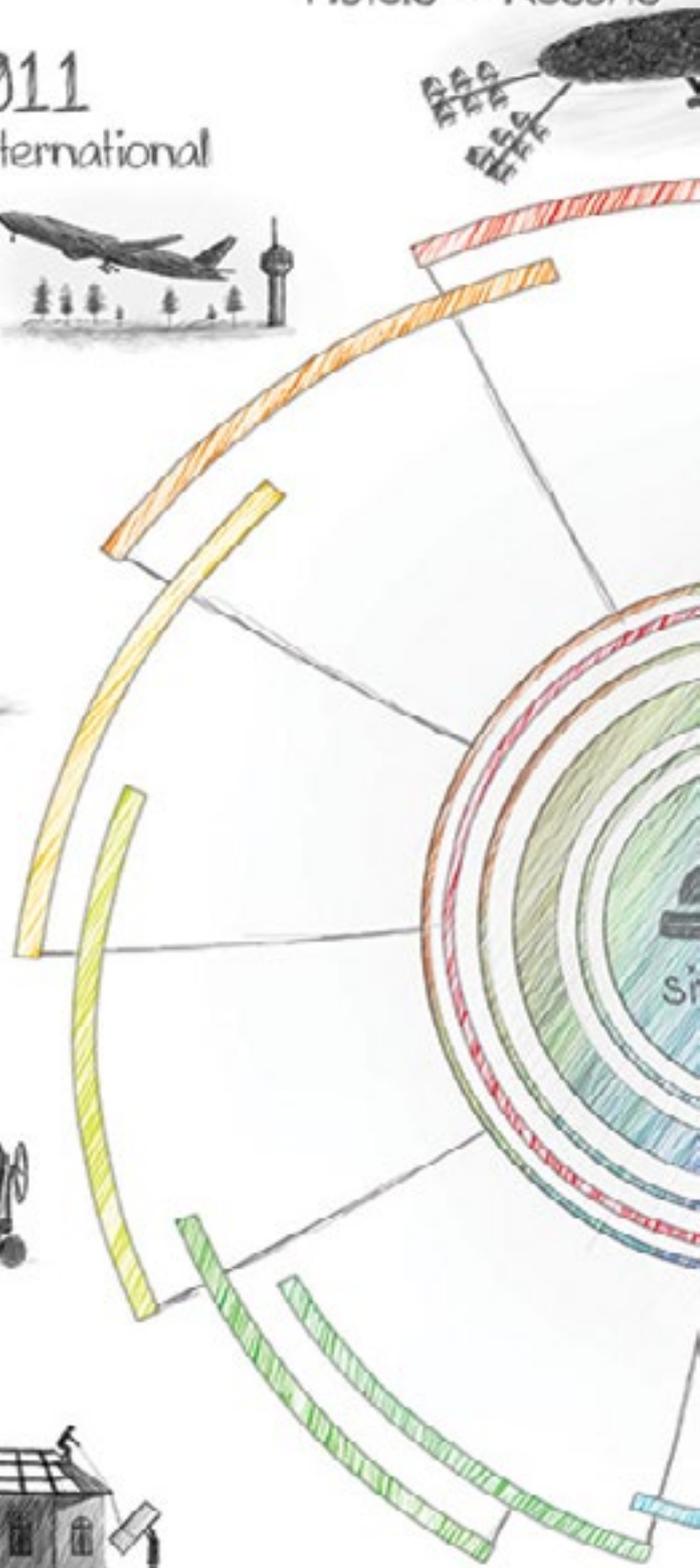
2002
Cement Factory



2000
Roofing Materials



2000
Fuel Supplies



2014
All Island Pharmacy
Project (with Asantha Services)



1985
Allied Insurance



1988
Construction
Materials



1992
Supermart



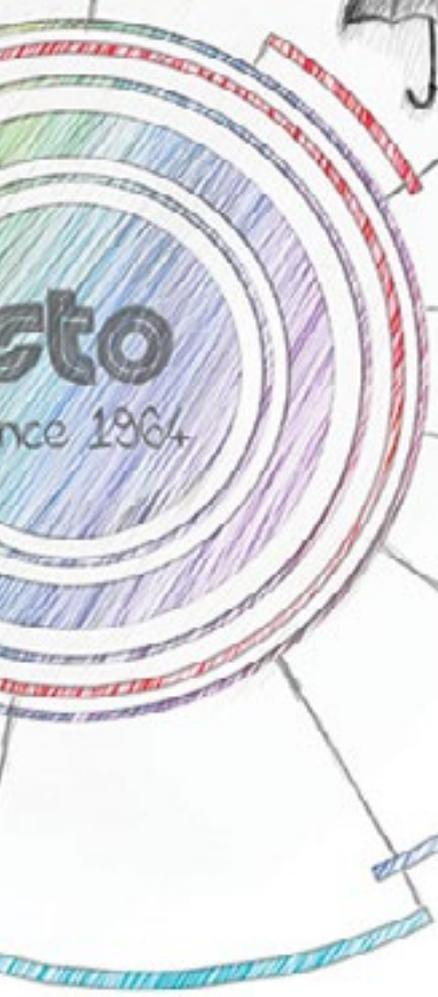
1995
Pharmacy



1997
STO (Singapore)



1999
Maldivé Gas



PERFORMANCE

GROUP HIGHLIGHTS FOR 2014

9,171

MILLION (MVR)
REVENUE

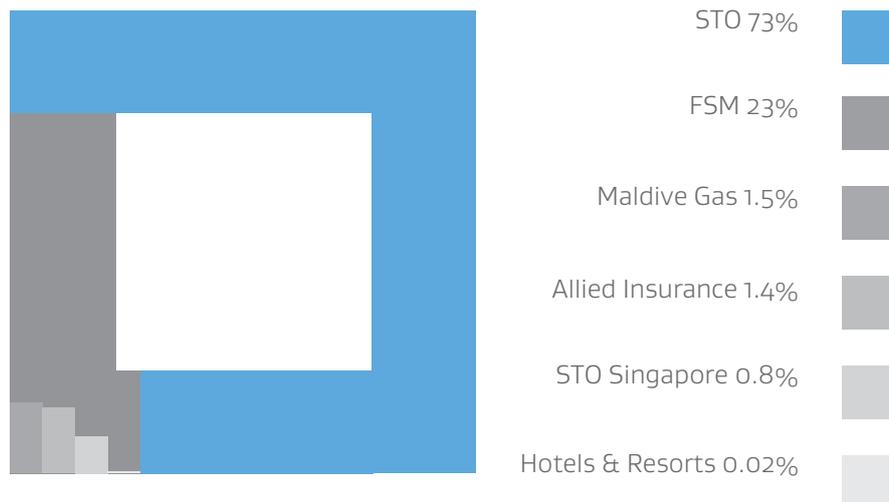
480

MILLION (MVR)
NET PROFIT

424

(MVR)
EARNINGS PER SHARE

Revenue by Group Companies



Group companies revenue before adjusting intercompany transactions

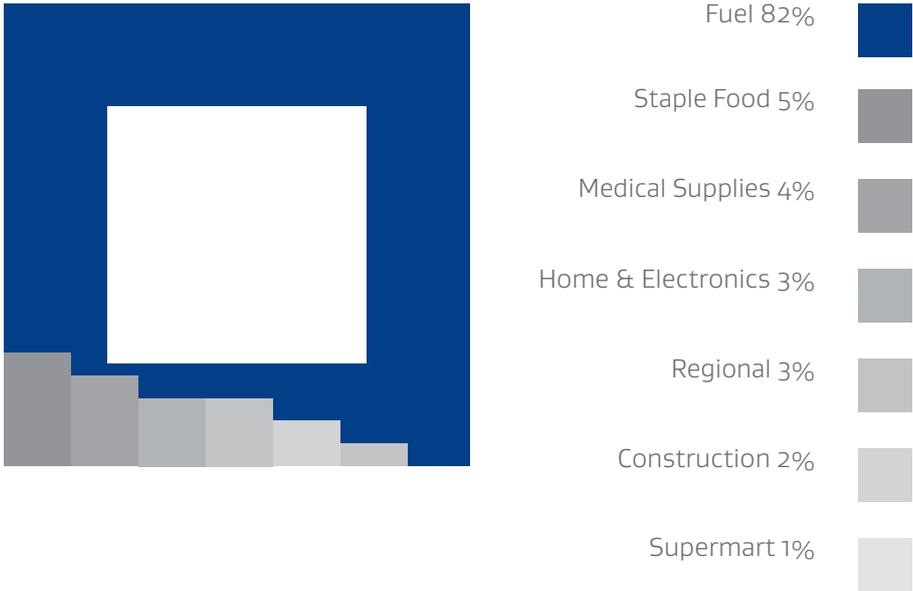
COMPANY HIGHLIGHTS FOR 2014

8,923
MILLION (MVR)
REVENUE

470
MILLION (MVR)
NET PROFIT

417
(MVR)
EARNINGS PER SHARE

Revenue by Company Business Units





LETTER TO OUR SHAREHOLDERS

STO has lead the Country's trade industry for the past half century – not because we are perfect – but because we make progress. This was another such year in which STO made huge progress. Progress for STO is about getting better, being better and doing better. As an organization we served our customers better, we performed better and we strived to make our employees better. As investors, you can expect us to listen, learn, adapt and change so that we take the right steps to lead this industry.

STO made record profit in 2014. Though this reflects to the improvement that STO expects, 2014 was much more than that. STO's commitment to progress meant that a lot of other steps

were taken for the betterment of the Company. Starting at the very top of the organization – the Board.

Board Training & Performance

Over the past year high importance was given on training the Board Directors. Trainings on areas such as Strategic decision making meant that the Directors had the right decision making skills to move the Company forward. The training on corporate governance for directors resulted in STO being revered as exemplary among other public listed companies in the Country in terms of good governance. From the very beginning it has been a custom for the Board to have

frequent meetings to perform their duties. However in light of the trainings gained, it is a target of the Board to minimize the number of Board meetings as suggested by international best practices, to six to ten meetings per year. Work is currently on going to change the policies so that the management is more empowered to take the necessary actions and to minimize Board level involvement in managerial decisions. At the same time work is in progress to provide a solution for the Board in adopting technology to empower the Directors with information.

New Business Plan

Another important step towards progress was the newly structured business plan. Since the very beginning STO has continued some main businesses such as fuel, medical and staple foods which are mainly tied to the citizens as a service. The new business plan was completed with the intention of improving and ensuring the continuity of these activities while at the same time to identify new potential areas of investment so that we can focus on the diversification and growth of STO. Projects such as expansion of oil trade and shipping line not only puts us in new lines of businesses but also strengthens our foothold in our existing businesses. Without a proper plan for such large investments the management would face difficulties in funding and proper execution. Hence the idea of the business plan was to prepare a map so that STO can go where the shareholders envision it to be.

Working as One

Over the years the sister companies of STO has worked very independently to its parent company, most of the time as a total separate entity. Though this has its merit we have found that this is not the best approach for a group of companies. The different practices and standards followed by the companies sometimes resulted in outcome not aligned with our expectation. Hence this prompted the Board to revise the approach in managing the group of companies. The new approach widens the role of the parent company to set guidelines for the subsidiaries to ensure that corporate governance guidelines and international best practices are met. Under this new approach the subsidiaries will regularly share their performance with STO's Board of Directors which gives the insight,

opportunity and mechanism to closely monitor the performance of our Group. This would also ensure that the group board follows the exemplary governance principles of the parent company.

Dividend

Over the years the Company has been providing dividend to shareholders based on a dividend policy. The policy specifies that a certain percentage of the profit be allocated as dividend. However the policy does not take the cash flow and the financial strength of the Company into consideration when declaring the dividend percentage. The Board has decided to address these shortcomings in the policy so that dividend is declared based on cash flow position, financial performance ratios and international best practices. The Board is determined to protect our dividend to shareholders by focusing on increasing free cash flow from operational efficiency and cash-saving initiatives. The new approach would ensure that higher sustainable free cash flow is generated for dividend declaration in the future. The new approach would further explain to our shareholders how and basis on which the dividend was declared.

Based on this financial approach to dividend declaration, the Board has recommended a final dividend of 76 MVR per share. I hope that this strengthens the belief of our shareholders towards the Company and give confidence in the business and its ability to provide returns to them. The main objective for the Board is to ensure that the dividend to our shareholders grows along with the growth that the Company is seeing today.

50 Years – STO

It is an honor and a privilege to serve as the Chairman of STO as it passes the 50th milestone – the Golden Jubilee. I feel happy to serve a company which has done so much for the country. I feel proud to know that so many great individuals has lead this company as the Chairmen. As we pass the 50th year, what makes us all so proud is that we are seen as the exemplary organization among all across the country. Our joy is the trust that the citizens of the country put in us. Our happiness is to hear that they can depend on us for their needs. What we hope is that we learn from the experiences of this 50 years so that we can improve our services for the next 50 years. What we promise is that we would strive to serve the nation and protect the interest of our shareholders. We as a company would strive to be exemplary in terms of operations, services, governance and transparency. We would not take the trust bestowed on us for granted, but rather work hard to sustain it and to ensure that STO remain as one of the best companies in the country.

I would like to thank each and every one who served STO over the past 50 years. Without the valuable contribution from each and every one of you, STO will not be here as we see it today. It is the trust in employees such as you that makes me feel very confident about the next 50 years ahead of us.



Ahmed Niyaz
Chairman



INTERVIEW WITH AHMED SHAHEER, MD

Consecutive record profits were made in each of the quarters in the past year. What is your assessment of the past year? And what is behind this success?

We have managed to keep focus on our core businesses by optimizing performance in order to add value to the Company and its stakeholders. The Management kept steering the course set in its business plans as well as the remarkable efforts made by our most valuable asset – the employees.

Our main shareholder the Government of the Maldives

backed us invaluablely by supporting us with the foreign exchange required to maintain our imports and cash flows.

In spite of the challenges we faced during the year we were able to strengthen the current infrastructure as well as make plans for our future expansions and investments, in order to add more value to our stakeholders.

With a sense of urgency, STO launched various initiatives to cut cost and save on running expenses (Save 50 Million, Cool at 25). How do you think these programs have affected the organization and how successful has it been?

These initiatives were launched in order to begin a program of savings in our operational expenditure. By the efficient planning and execution of the Import and clearance process we were able to cut unplanned and un-warranted costs to our inventory. The staff were also made aware of the importance of saving on costs, which was

well received and we were able to achieve the set goals of these programs.

The most striking expenditure we were facing for a number of years was the cost of financing due to the in-availability of foreign exchange. With the support received from the Government as well as the commercial banks we were able to overcome this hurdle and reduce the finance cost significantly.

Our participation in "It's Cool at 25" campaign initiated by the Ministry of Environment and Energy, the Company was able to save energy costs by creating awareness among employees.

A new business plan was made during the last year. Please outline the action steps taken to align this business plan to the business strategies? Which of the major projects have been the focus of the investment under the new business plan? (growth strategy)

With the direction from the government, we have formulated a new business plan last year to affirm our strategic direction for the future. In which four core areas of businesses in fuel, medical, construction and staple will be concentrated along with foreign trade.

Despite the various line of businesses we are in, at the moment we are relying too much on fuel sector. Our new plan will help us to diversify the business into four key sectors, creating more sustainable model for the Company to operate in the future. Thus, we will strengthen our footprint beyond the boarder of the country.

The start of 'All Island Pharmacy' project has been well received by most of the citizens. How does this enormous project go in line with the business plan of the Company?

As said, it is a very successful project with 114 pharmacies established so far. With Allah's grace, we are opening pharmacies on schedule as planned and the currently established pharmacies are considered to be a huge success. Hence, it is estimated that we would be able to open all the pharmacies in all inhabited islands and successfully complete this project before the forecasted deadline. Apart from that, we are continuing the replenishment and supply of pharmaceuticals and health care products as per the requirements of the health industry.

Recently some stakeholders raise concern over the progress of the line of businesses STO is in. What are your thoughts on the current businesses of STO?

Overall we are doing well in the lines of businesses we are currently in. STO is the only company in the Maldives that ensures security in Staple Food and Energy to its citizens. We are the leaders in the sector of fuel by importing and distributing higher quality products at a reasonable price, which ensures that this does not have a direct impact on the inflation of the country, which is vital for the growth of the Maldivian economy.

We have never failed in the distribution of staple food throughout the country through careful planning and forecasting. Our electronics, paints and home improvement products are among the favorites in the market, due to its better quality and reliability. We have successfully stabilized the price of essential food items through our super market and regional outlets. We are re-establishing our growth in the construction industry. Last but not least, we are growing faster in the sector of medical, especially due to the "All Pharmacy Project" that we are implementing in collaboration with the Government.

Recently you have been appointed as the Managing Director of STO. What are the major challenges lie ahead for STO?

With regards to the challenges, currently the biggest challenge for STO is to improve the financial status of the organization and raising funds for all the projects that have been planned. We currently have substantial investments planned to start within this year. In order to expand our fuel business, we had to double our storage capacity. Furthermore, to achieve economy of scale, we have to acquire a bigger oil tanker which would also be a challenging investment. In the medical services sector, procurement, supplying and replenishment of pharmaceuticals, health care products and consumable nation-wide is another tough assignment for us.

When looking into staples sector, we do not have enough warehousing facility to distribute nationwide. The warehousing facilities in Male' is very limited and is running short of storage capacity. It is the main staples warehousing facility. We need to establish more regional warehousing facilities to maintain adequate amount of stock to cater to the growing needs in various regions of the country.

Hence, huge capital cost is required to initiate and implement these projects without delay and interruptions.

In addition to this, maintaining a healthy net profit margin for some line of businesses and regional outlets, without increasing the price of the products is a challenge for the Company.

Would STO venture into a new line of business while expanding to existing line of businesses and trade activities?

In context of new lines of businesses, apart from the core businesses, we are very interested in venturing into the real estate market too. Maldives is a country that has limited land due to the geography of the country and hence has a high demand for housing for its ever increasing population. Since catering to the needs of the general public is our core vision, we plan to venture into this area of business.

In addition, with the aim of tax subsidizing, STO has previously and are currently continuing repacking and distribution of certain products such as LPG gas, Lafarge cement and steel roofing products. Hence in the future, we aim to repack and distribute food products as well. We are already conducting a study on penetrating into this venture.

Identification and communication of clear vision is one of the most important element of success in an organization. Can you elaborate on the long term vision of the company?

The long term vision is to improve and expand our core lines of businesses. Maldivian economy is booming and comparatively the market has grown rapidly. Hence, increasing the fuel storage, acquisition of bigger tanker, strengthening fuel distribution network and penetration into the bunker market will be the key part our vision. Meanwhile, we are working on regaining market share in the construction industry by providing total solution for the end user. As such, we are working on introducing new technologies such as batching plant for the first time in Maldives. Moreover, expansion of business across the border will be the main focus for the Company.

STO has its overseas presence too. What actions are being taken to strengthen STO business in the international market?

Previously, STO Singapore held a strong base in representing STO and its trade activities in foreign markets. Over the years, the progress and performance of STO Singapore declined. However, the situation has changed in recent years and STO Singapore has started to show signs of prosperity and improvement in its performance again. In conjunction, STO Singapore Maldives is also allocating more effort to gradually expand commodity trading. Hence, these are the main current international trade and investments conducted.

How proud are you to be leading STO as the company passes the historic milestone of 50 years? Where do you see the company in the next 50 years?

It is a great achievement and I am privileged to be the Managing Director of the Company. Personally, I have been a part of this great organization for over 20 years.

Within the last 50 years, STO has been one of the most reliable and successful companies but we only resident within the boundaries of the Maldives. So the main objective for the next 50 years is to strengthen and grow our core lines of businesses and to have a global foot print by expanding globally.

What message you like to convey to employees, shareholders and investors?

STO is and has always been a company of the public, the general population. Our core vision is to serve the public and provide the necessary goods and services at a competitive price for the public. As for shareholders and investors, STO, as an organization would strive for the betterment of the shareholders interest and would put our utmost effort to improve the benefits realized by the shareholders at the same time.



Ahmed Shaheer
Managing Director

BUSINESS REVIEW 2014

1,390

MILLION (MVR)
GROSS PROFIT

480

MILLION (MVR)
NET PROFIT

1,860

MILLION (MVR)
SHAREHOLDER'S FUND

Economy

Financial year 2014 commenced with stable economic and political environment and it remained so for the most part of the year. However the new business environment presented its own challenges. There was considerable growth in competition from certain business segments. Hence, STO needed to re-evaluate and drastically change its strategy of such business segments.

Though the economy grew, the key structural problems did not show major improvements. The foreign exchange situation which hindered operations of STO for the past 4 years remained, albeit at a much reduced scale than the previous years. Despite the structural economic problems, the stable and improving economy coupled with reduced foreign exchange cost enabled STO Group to close the year with much better performance than previous years.

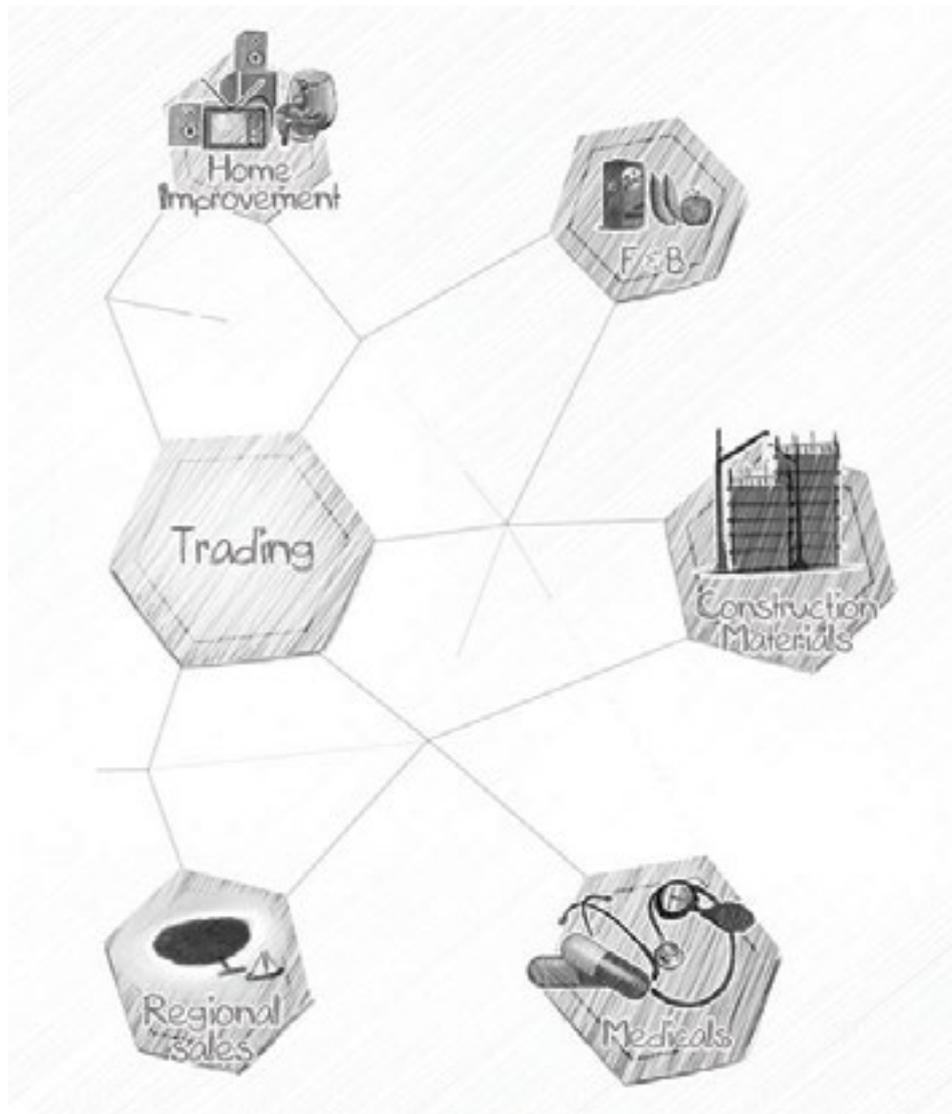
However, the economic growth that continued from year 2013 was stagnated in the last quarter of 2014. During the last quarter of 2014 a fall in the performance of both Tourism and Fishing industry was observed.

Overall the Maldivian economy expanded in the year 2014, mainly due to significant growth in the tourism

sector. Apart from tourism, other major sectors such as construction, transport, communication and real estate also posted reasonable growth rates during the year.

The year 2014 also presented stabilization of the inflation rate in the economy. The Maldives Monetary Authority (MMA) reported an inflation rate of 1.2% for the month of December 2014. The prices of goods in the market have remained constant compared to previous years. The planned changes in import duty is likely to lead to an increase in prices during the year 2015.





Trading

STO is a company with incredible purpose. Everyday, our employees work tirelessly to provide the necessary products and services required by our nation. We are providing critically important services for our nation by catering to the growing demands of the population. Our reputation for leadership extends well beyond the market leading products in each of our trading sectors.

Revenue from trading activities increased from MVR 1,382 million in 2013 to MVR 1,615 million in 2014. The positive contribution is mainly due to improved performance from Home Improvement and Medical segment.

Home Improvement

Growth in our Home Improvement business accelerated during 2014, and was reflected from 51% increase in revenue for the year. Home improvement business was robust with sustainable demand for our brands such as Philips, Hitachi and Makita, which contributed better quality life to our customers.

The Home Improvement interior was refurbished and redesigned during the year. This had led to an increase in capacity and improved the shopping experience for our customers.

Food and Beverage

Our Supermart revenue had a positive growth of 5% in 2014. This is mainly due to introduction of new product lines and on-going promotional activities held throughout the year.

Our Supermart expansion project, which is expected to add double capacity is on schedule and expected to be completed during the second quarter of 2015.

The total revenue of Staple Food amounted to 390 million, which is an increase of 7% compared with the previous year. This was largely attributable to increase in sales across the regional atolls. This segment is subsidized by the government of Maldives.

Construction Materials

The Construction Materials revenue grew by 19% during the year. The increase was mainly related to the improved performance of construction industry and is expected to grow further.

We continue to focus on the development of our existing facilities through further improvement of warehouse capacity and with additional investment in heavy equipment.

Our Construction Materials segment is further contributed by Maldives Structural Products (MSP) and Lafarge Maldives Cement (Lafarge). MSP being the leader in roofing sheet, provide customers with products designed to meet the demands in a wide variety of colors. In broadening its offer to product range, the company has extended its leadership across the entire field of roofing materials.

MSP continue to improve its performance from previous year. The Company reported an increase in revenue of 12% in the year 2014. In addition to that, the Company's gross profit increased by MVR 2 million in year 2014 compared with 2013.

Likewise, our associate company Lafarge reported another successful year from its operation. The Company increased its revenue by 10% in the year 2014 compared with 2013 revenue. Furthermore, the Company also reported a higher gross profit for 2014.

Real estate development remains a key priority for STO's diversification strategy. Proficient use and development of our existing land coupled with opportunities through joint ventures and acquisitions are long term plans for the company. Development of commercial and residential buildings are areas of focus in this industry.

Medical Supplies

Medical business unit, which accounts for nearly 24% of trading revenue, posted solid growth of 33%, boosted by additional pharmacies established in the country under 'All Island Pharmacy' project. Medical sales volume increased throughout the country, particularly in regional atolls.

We continued to support the medical sector of the country by providing quality products and services in this field. Today, we are a recognized leader in supplying essential drugs and healthcare equipments. Moreover, we deliver medically prescribed healthcare specialist supplies for hospital treatments and patients suffering from chronic illnesses.

In 2014, STO in collaboration with the Government initiated 'All Island Pharmacy Project' to establish a pharmacy in every inhabited island of the Maldives. Being a small and geographically dispersed country, operating a pharmacy in each island is a challenge.

Regional Sales

We continued to distribute our products and services through our regional outlets around the country. Our network reaches over 13 regions excluding pharmacies. Despite the challenges faced in this segment, the company maintained its revenue in the year 2014, contributing to 18% of trading revenue.



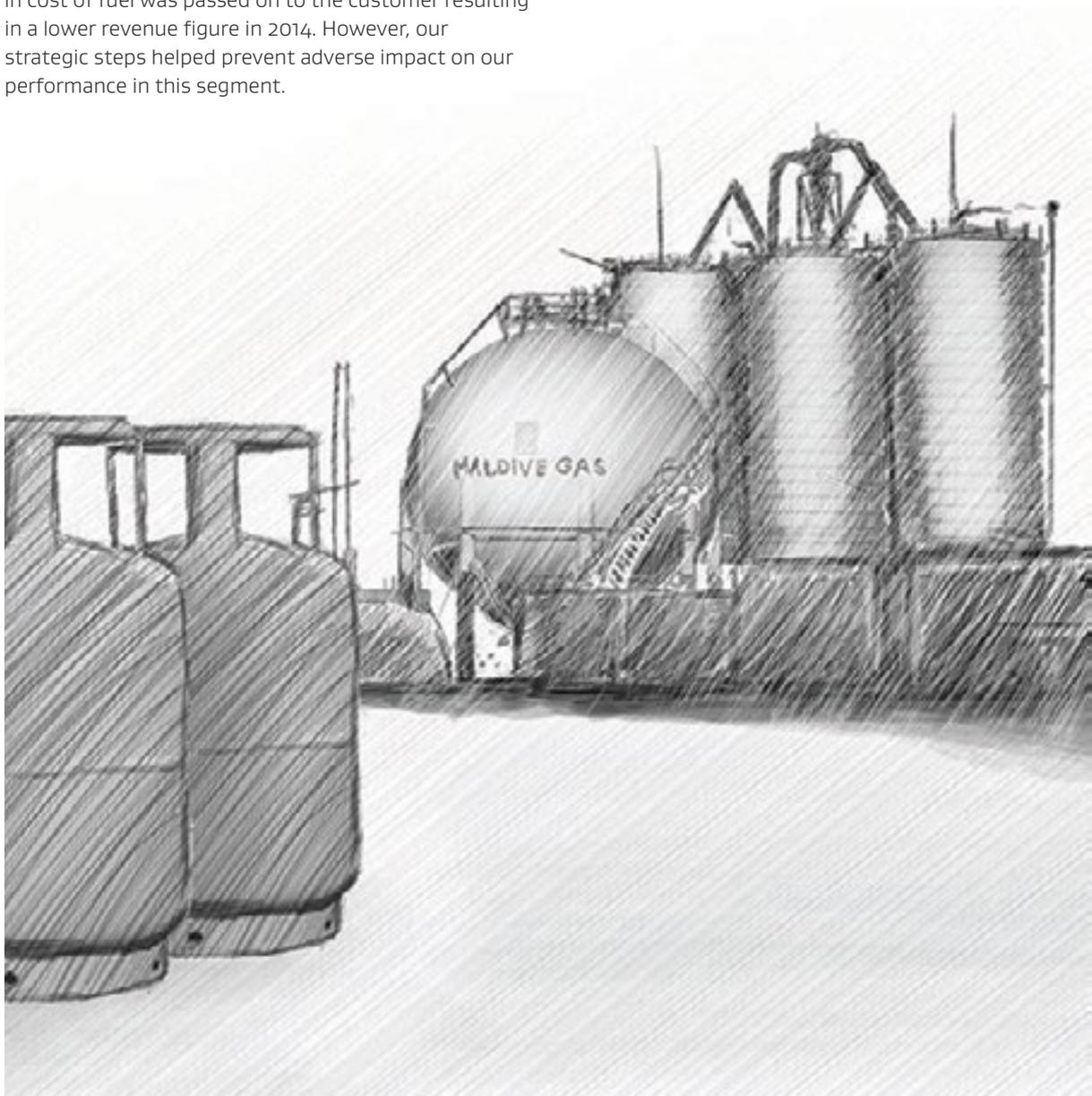


Fuel and Gas

STO is the leader in fuel and gas industry. Our vision is to expand this business to cater the growing demand of the Country and the South Asian region. As such, the Company is to increase its infrastructure by expanding our storage facilities. In addition to this, we plan to strengthen our distribution network to benefit from economies of scale.

We continue to supply to strategically important businesses in the Maldives, such as Maldives Airports Company Limited, State Electric Company Limited and Fenaka Corporation Limited. We also provide to a large percentage of the private sector.

Revenue from our fuel & gas segment reported a decrease in revenue of 23%, mainly due to the falling of fuel prices in the international market. The reduction in cost of fuel was passed on to the customer resulting in a lower revenue figure in 2014. However, our strategic steps helped prevent adverse impact on our performance in this segment.



Our fuel and gas segment is contributed by Fuel Supplies Maldives (FSM), STO Maldives (Singapore), Maldives National Oil Company (MNOC) and Maldivian Gas (MGPL).

As a key subsidiary of STO, FSM plays a vital role in contributing to the group's profitability. FSM seeks opportunities to strengthen the financial position of the Company. The Company also started expanding its distribution network by adding new vessels and storage tanks. This is believed to reduce occurrence of reactive maintenance and operating costs as well as optimize asset/equipment performance.

Our fuel distribution arm FSM continued its strong performance in the year 2014. The Company increased its revenue in year 2014 compare with previous year. FSM contributed to 28% revenue of this segment.

The foremost strategic project of MNOC and STO Singapore is to embark on the ambitious oil and gas exploration in the Maldives with the support of global leaders in the industry and under initiation of the Government of Maldives. The Company commenced preliminary work to undertake the project and is also focusing on oil infrastructure developments such as international oil storage and terminal facilities in the Special Economic Zone of the Maldives together with the full effort of developing international trade.

STO Maldives (Singapore) operations improved in 2014. The revenue for the year increased to MVR 104 million from MVR 0.8 million in the year 2013 and gross profit increased to MVR 1 million in 2014 from MVR 0.1 million in the year 2013.

MGPL is our supplier and distributor of industrial, process and specialty gases. The lack of storage capacity has always been a challenge to the Company. Despite this, we lead the domestic household sector with over 75 percent of the market and with more than 300 agents located throughout the Maldives; the Company has the largest distribution network in the country. However, the Company has yet to maximize its reach across the nation.

The year 2014 proved to be a successful year for the Company, both in terms of its infrastructure and projects launched. As the Company's first clear priority is to run safe and reliable operations, whilst nurturing a productive and open working environment, the focus was on enhancing operating efficiency and process optimization by establishing infrastructure and mechanisms by which this could be achieved. As such, the Company introduced its premium range of cylinders under the brand 'Lui fulhi' in 2014. Further to this, in order to address customer concerns over productivity and delivery time, a sales automation project was launched.

The year 2014 was another successful year for MGPL. Revenue from operations increased from MVR 176 million in year 2013 to MVR 188 million in the year 2014. The Company made a profit after tax of MVR 20 million from its operations while it contributed to 2.2% of revenue in this segment.





Insurance

Year 2014 proved to be a challenging for our insurance company - Allied Insurance Company of the Maldives Pvt. Ltd. (Allied Insurance) - in some aspect due to fluctuations in the market. To mitigate these effects, the Company adopted an aggressive marketing and selling technique allowing us to maintain a steady growth in all lines of our business.

Geographical limitations of Maldives contributed to the struggle of Allied Insurance trying to reach the people living in remote islands. This has been one of the challenges for the Company in creating public awareness on insurance and insurance products.

As a part of the continuous effort to reach the Company's corporate vision to be the 'the preferred market – responsive insurer, providing diversified services in the Maldives and beyond' Allied has invested in several new businesses and has introduced new products to the existing product portfolio, during the years.

Introduction of an Islamic Takaful Window called 'Ayady Takaful', 'Select Gold' Health Insurance Plan; the widest insurance coverage in Maldives and Inbound Travel Insurance Plan are the additional products added during 2014. Allied was the first ever company to provide travel insurance in Maldives targeting to the tourists visiting the country. In addition to this a MoU was signed between the Ministry of Fisheries and Agriculture in order to develop a new insurance scheme for farmers and fishermen. A tripartite MoU was also signed between Ministry of Health, National Social Protection Agency (NSPA) and Allied Insurance to develop a General Practitioner Registration and Patient Records Archiving System. Furthermore, our authorized share capital was increased to MVR 50 million and paid up capital to MVR 30 million.

Allied Insurance improved its performance in the year 2014. The Company reported a revenue of MVR 167 million for the year 2014, which is 49% more than year 2013. The profit for the year 2014 is MVR 62 million, while in 2013 it was recorded as MVR 48 million.

Note: Revenue figures to the group are given before adjusting intercompany transactions





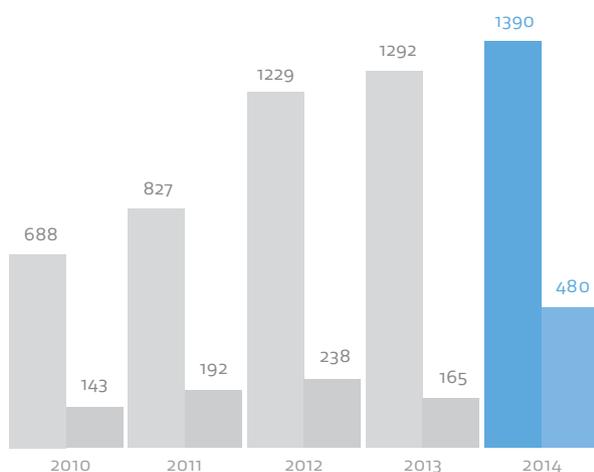
Financial Performance

STO aims to remain a sustainable and responsible business while providing a reasonable return for the shareholders. The year 2014 was a successful year for the Group as it was able to earn a profit of more than MVR 400 million, most of which was contributed by the fuel segment.

STO being a majority Government owned enterprise the Company remained committed to securing basic imports of the country, which STO believes is its founding objective. Balancing the Company's social objectives and national interest with business objectives has always remained a challenge for STO. However the Company believes that it has reasonably discharged its obligation towards all its stakeholders during the year 2014.

GROUP KEY FINANCIAL FIGURES (MVR, IN MILLIONS)

	2014	2013
Revenue	9,171	11,130
Gross profit	1,390	1,292
Operating profit	761	686
Profit before tax	573	178
Net profit	480	165
Earnings per share (MVR)	424	144
Net assets per share (MVR)	1651	1267
Net cash flow used in operating activities	(19)	(61)
Return on capital employed (%)	34	42
Debt / equity ratio	1.9	2.8
Dividend per share (MVR)	n/a	24
Interest cover ratio	3.9	1.3
Interest yield	7.5	11.3



GROUP ■ GROSS PROFIT & ■ NET PROFIT (MVR, MILLIONS)

Revenue

STO Group as a whole faced a decline in sales due to revision of fuel prices during the latter part of the year, coupled with reduction of foreign sales made through STO Singapore.

The fuel prices were hugely affected by a combination of market forces in 2014. The prices of crude oil dropped below USD 50 for the first time in many years. This led to a decrease in fuel purchase cost to STO. As a result, overall revenue from the fuel segment decreased compared to 2013.

Revenue from other operations declined from MVR 11,130 million in 2013 to MVR 9,171 million in 2014 and this is a decrease of 18% compared with the previous year.

Profit Analysis

In 2014, STO Group reported the highest gross profit and operating profit to date. In the year 2014 the reported gross profit amounted to MVR 1,390 million compared to MVR 1,292 in 2013. Profit before taxation showed major improvement from MVR 178 million to MVR 573 million.

Gross profit margin for 2014 is 15% while for 2013 it was 12%. This improvement was also reflected in net profit margin as it improved from 1.5 % in the year 2013 to 5.2% in the year 2014.

A key reason for the improvement in the profitability of the Company was reduction in finance cost during 2014.

Finance Cost

Net Finance cost of the Group decreased by a staggering 62% in the year 2014. This was mainly due to the facilitation of foreign currency by the Government through Maldives Monetary Authority. This led to a reduction in cost of foreign currency purchase (commission on foreign exchange) for the Group. This saving is reflected in the annual profit of the Group.

Gearing of the Group decreased from 71% in 2013 to 61% in 2014 due to reduction in net debt. Interest rate on cost of borrowing remained consistent over the year.

Taxation

Taxation payable on profit for the year 2014 amounted to MVR 73 million. In addition, STO Group paid GST and Withholding Tax as part of tax related expenses. Moreover, STO Group paid non tax expenses such as royalties, lease rent and other fees that are required by laws and regulations.

Cash Flow

Net Cash flow from operating activities improved from negative MVR 61 million in 2013 to a positive MVR 18 million in 2014. Major improvements were made in inventory control of the business. Further, interest paid on borrowing also declined during the year 2014.

Net cash generated from investing activities continued to be negative in the year 2014. However, the net cash generated from investing activities increased by 46%. Our Group continues to invest in fixed assets required for its operation. Moreover, net cash generated from financing activities improved to MVR 179 million in the year 2014 from a negative MVR 30 million in 2013.

Overall, net cash and cash equivalent increased by MVR 121 million during the financial year. At the end of the year we had MVR 348 million cash and cash equivalent. The performance in cash flow indicates that the business has improved compared to the year 2013.

Balance Sheet

During the year, shareholders fund increased from MVR 1,428 million in 2013 to MVR 1,860 million in 2014. The improvement was mainly due to increase in retained earnings.

In addition, liquidity position of the Group improved as current ratio increased from MVR 0.92 in 2013 to MVR 1.1 in 2014. This improvement was also reflected in quick ratio as it improved from MVR 0.71 to MVR 0.88 in the year 2014.

Our borrowings increased from MVR 919 million to MVR 1,110 million in 2014. This was due to our continued expansion of the business resulting in increase in long term borrowings of the Company.

Share Performance

Share capital structure of the Company remained unchanged with 1,126,910 shares of which the Government owned 81.6% and the remaining 18.4% owned by the general public. No single party other than the Government directly or indirectly own more than 5% shares of the Company. The nominal value of the share is MVR 50 and each share entitles the holder to 1 vote at the Annual General Meeting.

During the year 2014, a total of 292 shares were traded. The highest reported sales price is MVR 550 and the lowest in the year 2014 was MVR 400 per share. Weighted average share price was 451 for the year. The Company's market capitalization, calculated using the closing price of MVR 400 per share is 450.8 million.

Dividend

The Group's performance improved considerably compared with previous year with an increase in net profit margin from 1.5% to 5.2% in the year 2014. During the year the Company paid a total dividend of MVR 27 million. This is MVR 24 per share. The Company has been consecutively paying dividend since 2002. The Board has proposed a dividend payout of MVR 76 per share for approval at the Annual General Meeting 2014.

SHARE PERFORMANCE

MVR	2014	2013	2012	2011	2010
Highest	550	510	450	450	600
Lowest	400	360	350	300	400
Weighted average	451	411	387	390	429
No. of trades	9	41	17	14	12
No. of share traded	292	520	346	192	931
Last trading price	400	380	400	450	489
No. of shares issued	1,126,910	1,126,910	1,126,910	1,126,910	1,126,910
Market capitalization (millions)	450.8	428.2	450.8	507.1	551.1





SUSTAINABILITY REPORT

Today the world expects much from us. Focusing only on maximizing return at the cost of other stakeholders does not create a sustainable model for managing businesses. Ethics and corporate social responsibility play a vital role in the success of any organization.

As such STO is one of the leading Companies in complying with the 10 universally accepted principles of UN Global Compact in the areas of human rights, labour, environment and anti-corruption.

In this sustainability report, we attempt to inform and elaborate on the measures we have adopted to address the issues engaged and managed in the reporting period.

Value Creation

For over five decades, we at STO have been in the forefront of our nation's drive for wealth creation. Our business practices across our network have embraced good governance, protection of environment, timely risk management and comprehensive strategic planning. We have made our mark as a dependable, well managed entrepreneur while concentrating on creating value for all our stakeholders.

We inspire economic development while improving the quality of life of our employees as well as of the local community and society at large.

For investor and shareholders, we strive to deliver high returns on their capital in a consistent manner. For the customer, it entails acquiring products and providing services that customers find consistently useful, particularly a reliable supply of basic commodities in fuel, medicals, staple foods and construction materials at affordable price.

STO group believes that the trust and goodwill carried along with the core business of the Company can only be strengthened by our commitment to corporate

social responsibility. We believe that connecting with the community and various stakeholders is not just a business concept, but an obligation.

Green Future

Our environment policy advocates promotion of eco-friendly technology, utilization of resources more efficiently, minimizing wastage and promoting cleanliness. As such, we import and market eco-friendly products, particularly inverter technology, lead free and ozone free products.

Going forward with our values in 2014, the launching of 'Saafu STO' campaign encouraged cleanliness, recycling and re-using materials, especially paper within the organization.

Furthermore, we participated in global and national level campaigns against global warming and climate change. As such, STO consistently takes part in the Earth Hour Celebration, each year.

Similarly, on the occasion of world energy day, the campaign 'It's cool at 25', initiated by the Ministry of Environment and Energy was launched in STO.

STO Group provided logistical assistance to Cadet Association of Maldives and Maldives National Defense Force (MNDF) in collecting empty water bottles, post the Male' water crisis in December 2014. Approximately 6 million empty water bottles were collected within one week.

Youth Development

We believe, a supportive and participatory environment significantly contributes to youth development. Likewise, education empowers youth with the much needed skills and innovation to drive this country forward. In this regard, we have granted financial assistance to accomplish numerous educational events in schools and colleges throughout the country.

Similarly, we have helped and supported youth in the development of the sport sector in the country. Our aim is to promote community's well-being through facilitating sports. Thus, we worked hand in hand with MNDF in the construction of futsal arenas in Vili-Male, Fuvahmulah, Kulhudhuffushi and Addu City. Moreover, we are proud to have been the main sponsor of the Carom World Cup in 2014.

Community Well-being

At STO we firmly believe in being a steadfast partner in enriching our communities.

Apart from the financial assistance that we provided during the water crisis in Male', STO provided its full support 24/7 to MNDF by providing logistics, man power and other resources. STO staff volunteered in various operations while giving a special consideration in the distribution of water to special needs people.

Allied Insurance Company of the Maldives sponsored the Coca-Cola Long Run conducted by the Total Fitness Group. This event was held in May 2014 at Hulhumale'. The aim here was to promote a healthy life style community while contributing to many other key causes in the society.

Similarly, Allied in collaboration with the Maldives Police Services, launched the 'Rahkkaa – Drive Safe, Save Lives', Road Safety Campaign in November 2014. The campaign was instigated to promote safe roads for the people of Male' City, aiming to minimize the possibilities of accidents by creating community awareness on negative impact of road accidents.

Moreover, one of our founding purposes of assisting the nation in providing necessities and stabilizing the market, across the country continued with much effort. As such, the Ministry of Economic Development defined 27 essential food items were made available in the Supermarket throughout the year.

In-house Software Development

Throughout the years we have managed to develop and successfully implement many in-house developed softwares to cater the various different business sectors of our Group.

As such in 2014, we developed our own software, to enhance our pharmacy services while integrating it with 'Aasandha'. This has greatly contributed to speed up the process and reduction in cost due to streamlining of operations.

Responsible Entrepreneur

We play a significant role as an entrepreneur and an investor, in creating wealth in key sectors in the economy. With our huge network and scale of operations, we create opportunities for smaller enterprises to do business with us. As part of this, we purchase some general consumables and supermarket items, from local traders, which help them to grow with us simultaneously.

We have successfully implemented our procurement policies to ensure a fair, equitable and transparent procurement process for our business partners.

To move further, we support foreign investment in the Country and have actively participated while financially assisting the Maldives Investment Forum 2014 in Singapore.

Employees - Most Important Asset

Dedicated staff and outstanding leaders are crucial for STO Group to achieve its mission and vision. As such, we strive to attract and retain the best, to bring STO to the next level. Our main focus on human resources component of the Company includes workforce planning, staffing, training, organizational development, performance management and employee retention.

Improvement of Organizational Structure

We always aim to have a balanced organizational structure with a good mix of employee categories- operational staff, managers and executives which gives a firm platform to translate decision making into action.

Thus, in 2014, our structure was thoughtfully amended to suite the changes that occurred both in internal and external environment.

Acquisition of Best Talent

Our recruitment is well structured and transparent. It is designed in such a way that we select the best talent from the market in consideration of qualifications, skills, expertise, experience, personality traits and attitude.

Welcoming New Employees

We have in place a simple induction program to brief our vision, mission, policies, procedures and guideline for new recruits. In addition to that, we give them an overview of our group operations in different sectors to enable their quick onboard to the Company.

Training and Development

This is an essential element of our company success. We have continuously invested over the years to enhance job required skills, talents, attitude, personality and professionalism of our employees. In this on-going process, due consideration is given to align employees aspiration with corporate goals of the Group.

During the year, we sponsored long-term study programs to expedite development of a better work force for the future and to smooth out succession planning when it arises.

Meanwhile, various in-house training programs were also conducted. Some of the trainings included customer care trainings, management trainings, Dhivehi Language workshops, inventory trainings,

technical trainings, etc. Staff for these programs were selected on need basis.

Similarly, staffs were sent abroad to attend seminars, workshops and short term trainings to bolster much needed skills and knowledge from technical areas.

STO Smile Campaign

STO launched its Smile Campaign on 24th August 2014. The purpose of this campaign is to remind staff on the importance of greeting and servicing colleagues and customers, with a smile. To retain the campaign and to encourage staff to serve with a smile, a training program 'service with a smile' was held for targeted employees. It was decided to continue the training until we achieve the required outcome.

Career Day

In order to exhibit the opportunities we have here within STO 'Our Guidance, Your future' fair was held in Dharubaruge on 14th November 2014. It was a successful interactive fair with several positive feedback from attendees. Apart from career guidance, several training opportunities were also given to the registered visitors.

Recognition and Rewarding

Our process of rewarding and recognition is based on the performance and the commitment of the employees throughout his/her career. On an annual basis, we do evaluate performance of all staff and reward them accordingly. The process is constantly reviewed from time to time, to ensure that it is participative, unbiased and transparent.

Apart from this, the performance management process was reviewed and fine-tuned in consultation with BDO Partners, Sri Lanka. Our aim is to re-design the whole process to derive maximum benefit by earning employees trust while also motivating them to work for the long-term success of the Company.

Rewarding Performance

To support employee development and measure performance, our group companies have implemented different performance appraisal systems that best suit their nature of work.

In the year 2014, we continuously strived to offer our employees challenging jobs, development, training opportunities and interesting career paths. A competitive and market-driven compensation structure supports our vision to become the employer of choice in the market, ensuring that we can retain and motivate our skilled professionals and attract new talents.

Strengthening Security Through Need Base Training

It's been a priority of STO Group to enhance the skills, technical thinking and opening new frontiers for the staff to maximize their daily work and to understand their work environment. As such trainings were fabricated to relevant departments to meet their training needs.

In 2014 STO had made a broad attempt to ensure that staff are up to date, highly trained and with proper motivation to complete their daily task with ease.

Special trainings were conducted in collaboration with MNDF, to security staff of STO. Namely security awareness, fitness, first aid and firefighting trainings.

Development of Skill for Health Sector

'Dhasvaru Program' organized by Ministry of Education in collaboration with STO, was commenced in training pharmacy assistants. Ministry of Education and STO recognized the need to increase the number of Maldivians in the technical and vocational sector in the field of pharmaceuticals and medicine.

'Dhasvaru Program' is an apprenticeship program with 700 hours of training (within 8 months approximately). The program is targeted for students who complete secondary school education in order to provide them with the opportunity to experience the work environment, specifically in the area of pharmacy operations. This approach of training is an exciting development for those looking for careers in this field. A combination of on-the-job and off-the-job trainings enable the trainees to obtain extensive necessary skills.



Recreation Club Activities

Unity. Leadership. Discipline. This is what State Trading Organization Recreation Club (STORC) represents and what it strives to achieve. Year 2014 was of no difference in such that STORC organized and conducted various activities.

Sign Language Training

A sign language learning program was held at STO, in collaboration with Deaf Association of Maldives.

STO Family Day

We value togetherness and team work at STO. As such, we organized a Family Day evening at STO Head office for past and present staff, along with their families and loved ones in the month of February 2014.

Futsal Fiesta

One of the annual event which attract maximum support from our staff is futsal tournaments. Thus, a Futsal Fiesta was organized by STORC Futsal Club. The Tournament was held in FAM Turf Ground, with the objective of creating togetherness and unity among staff.

Ramazan Cricket Carnival

STO participated in the Ramazan Cricket Carnival, a highly popular sport among our foreign staff. We claimed the runners up position in the tournament.

STORC Mas Race

The annual fishing tournament was held this year as well, to foster employee engagement. In the tournament, awards were presented to team who scored the best catch.

STORC One Day Volley Ball Tournament

This event was held at Indoor Volley court, Social Centre to give an opportunity for staff to show their skills in this sport. The tournament was well received with 28 teams taking part.

Club Maldives Cup

When it comes to futsal in Maldives, STO is the team to beat for any opponent. It is a privilege to declare that we are the champion of Club Maldives in the year 2014.



Abdul Hadi Hussain Fulhu

Non-Executive,
Independent Director

Hadi was appointed as an independent, non-executive Director by the majority shareholder (Government), in May 2012.

Amir Mansoor

Non-Executive, Non-
Independent Director

Amir was appointed to the Board as an independent, non-executive Director in May 2012 by the majority shareholder (Government).

Ahmed Niyaz

Chairman
Non-Executive,
Independent Director

Niyaz was initially appointed to the Board on May 2012 and as the Chairman on 19th December 2013 by the majority shareholder (Government).



Ahmed Shaheer

Managing Director,
Executive Director

Shaheer was appointed to the Board on 25th December 2013. He was appointed as the Managing Director of the Company on 09th March 2015.

Mohamed Farshath

Non-Executive,
Independent Director

Farshath was appointed to the Board as an independent non-executive director at the 2012 Annual General Meeting, as the only Director elected by the public shareholders.

Aishath Rafiyya

Non-Executive, Independent
Director

Rafiyya was appointed to the Board in August 2014 as an independent, non-executive Director by the majority shareholder (Government).

EXECUTIVE MANAGEMENT



Fathimath Ashan

Senior General Manager – Regional Sales, Food and Beverages

Ahmed Shaheer
Managing Director



Ibrahim Ziyath

Executive Director / General Manager – Procurement (Essential Goods)



Mohamed Mihad

Chief Financial Officer

Ibrahim Ziyath

Executive Director / General Manager – Procurement (Essential Goods)



Dr. Ibrahim Mahfooz
Chief Internal Auditor



Ahmed Shifan

General Manager – Administration and Human Resources

Dr. Ibrahim Mahfooz
Chief Internal Auditor



Aishath Shaffana Rasheed
Company Secretary

Musthafa Azmy

Chief Information Officer – Information, Communication & Technology



Ramzee Aboobakuru

General Manager – Energy and Construction Materials



Mariyam Nuzla

General Manager – Corporate & Legal Affairs



Abdul Wahid Moosa

General Manager – Transport



Mohamed Murad

General Manager – Home Improvement and Service Center



Muslih Maseeh

Assistant General Manager / Media Coordinator
Business Development & Public Relations



Hussain Sobaah

General Manager – Medical Services



Ahmed Kurik Riza

Assistant General Manager – Procurement (General Goods)



Detailed profiles available on page 110 and 111

CORPORATE GOVERNANCE REPORT

Compliance with the Capital Market Development Authority Corporate Governance Code (CMDA CG Code)

The Company adheres to the governance principles set out in the CMDA CG Code. We believe that throughout the year 2014, the Company applied to the main principles of this Code. However, where there have been exceptions, it has been explained further in this report.

The Board

The Board is collectively accountable to the shareholders of the Company. The Board directs and supervises the Company's affairs to promote long-term success. The Directors devoted sufficient time and efforts to their duties. No Director held Directorship in more than 2 public listed companies. The Directors had disclosed their interests in accordance with the Conflict of Interest Policy of the Company. There is no Director exceeding a term of 6 years in Directorship, in the Company.

Board Diversity

The Company recognizes the importance of diversity, including gender diversity, at all levels of the Company as well as the Board. The Company is committed to increasing diversity across its operations to support and develop gender diversity. Further to this the Board Director evaluation policy encourages Board Directors to be in balance with skills, knowledge and experience.

Every year the Nomination and Remuneration Committee of the Board discuss and recommend their opinion on the current board diversity, where it is further discussed and actions identified.

Composition of the Board

As of 31st December 2014, the Board comprised of 7 Directors. However, the Board operated with 6 Directors earlier during the year, until the appointment of a 7th Director in August 2014. On 9th March 2015, Managing Director Adam Azim was replaced by Ahmed Shaheer as the new Managing Director of the Company. With this change the Board consisted of 6 Directors until the appointment of an executive director on 20th April 2015.

All Non-Executive Directors except Amir Mansoor are believed to fit the independent director requirements described in the CMDA CG Code where neither a Director nor his/her immediate family members during

the past 1 year has held a key position in the Company and non of their immediate family members have had any substantial financial dealings with the Company.

Other than a provision of service done between Grape Expectations - a company where Amir Mansoor holds shares - and STO, there were no other significant contracts or provisions for services which a Board Director had any direct or indirect material interest in regard to the Company or any of its subsidiaries.

Chairman

Ahmed Niyaz

Executive Directors

Adam Azim
(Managing Director till 9th March 2015)

Ahmed Shaheer
(Senior General Manager till 9th March 2015, Managing Director from then on)

Ibrahim Ziyath
(appointed on 20th April 2015)

Non-Executive Directors

Amir Mansoor

Abdul Hadi Hussain Fulhu

Aishath Rafiyya
(appointed on 7th August 2014)

Mohamed Farshath
(public shareholder representative)

Biographical and related information about the Directors is set out on page 108 and page 109.

Chairman and Managing Director

The Chairman and Managing Director are separate persons and their roles and responsibilities are clearly established in writing and agreed by the Board through the separate charters approved for both the functions. The Chairman is responsible for leading the Board while ensuring its effectiveness and setting its agenda. The Managing Director is responsible for leading and managing the day-to-day operations of the business and for the implementation of board strategy and policy within the authorities delegated to the management by the Board.

The Executive Directors

As stated earlier, with the appointment of Ahmed Shaheer as Managing Director, the Board comprised of just one executive director until the appointment of Ibrahim Ziyath to the Board. Relevant authorities were notified of a second director's appointment and its importance, hence appointed on 20th April 2015.

It is the key responsibility of executive directors to ensure that the Board strategies and policies are implemented and followed through for effective running of the business.

The Non-Executive Directors

The Non-Executive Directors of the Company are experienced, educated and well versed individuals in the business industry, enabling them to make significant contributions in decision-making. They provide entrepreneurial leadership, set strategic aims, and provide direction to the management.

Management

The management constitutes of the Managing Director, Executive Team and the Managers. Profiles of the members of the Executive Team are provided on pages 110 to 111.

The responsibilities of the Board and the Management are defined in the Articles of Association and the Governance Codes of the Company.

Directors Charters

No individual or group dominates the Board's decision-making and all Directors promote good governance in their actions. All Directors upon appointment has signed the Directors Charter agreeing to their roles and responsibilities set out in the document.

Re-election / Nomination of Directors

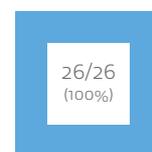
According to the Articles of Association of the Company, the Board must consist of 6 Directors to represent the Government (Majority Shareholder) and 1 Director to represent the public shareholders (Minority Shareholder). As such, the Nomination and Remuneration Committee provided adequate notices to both group of shareholders on the appointment of Directors. Both group of shareholders were given a 21 day notice period to nominate their candidates. The nominees for public share representative Directors were then evaluated against the Directors Evaluation Policy of the Company and interviewed. Recommendations by the Committee were then provided for Board approval.

In 2014, only 1 nominee from the public shareholders submitted his interest to apply for directorship in the Company. As such, a vote was taken at the AGM where he was elected with the vote of majority of shareholders present.

Board Meeting

The Board had 26 meetings during the year.

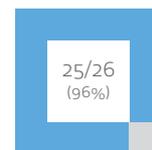
The attendance of the Directors to the meetings is shown below.



Ahmed Niyaz

Initial appointment date:
07 May 2012

Last appointment date:
17 February 2015

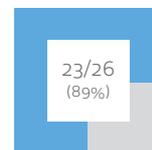


Adam Azim

Initial appointment date:
18 November 2013

Last appointment date:
17 February 2015

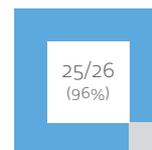
Removed date:
09 March 2015



Ahmed Shaheer

Initial appointment date:
25 December 2013

Last appointment date:
09 March 2015



Amir Mansoor

Initial appointment date:
07 May 2012

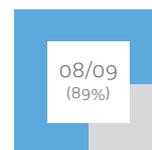
Last appointment date:
17 February 2015



Abdul Hadi Hussain Fulhu

Initial appointment date:
07 May 2012

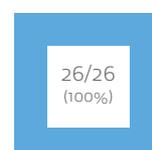
Last appointment date:
17 February 2015



Aishath Rafiyya

Initial appointment date:
21 August 2014

Last appointment date:
17 February 2015



Mohamed Farshath

Initial appointment date:
14 June 2012

Last appointment date:
22 May 2014

The senior executives were invited to make presentation to the Board on matters included in agenda for both strategic and operational issues. Papers for the meeting are provided to the board members electronically and are sent at least 2 days prior to the meeting, along with the notice or as allowed by the Articles of Association.

The Directors are also regularly provided information on the financial performance and board decisions status updates. Any additional information may be requested by any Director as and when required.

Board Committees

The Board has 3 board committees. These are Audit and Risk Committee, Nomination and Remuneration Committee and the Corporate Governance and Compliance Committee. The membership, responsibilities and activities of each of these committees are further described in this report. Furthermore, the remuneration report of the Nomination and Remuneration Committee is available on page 46. The Nomination and Remuneration Committee is combined for the purpose of expediency, since majority of same Directors are entrusted with the functions of both committees. Membership and performance of these committees are reviewed annually. However, in 2014, the membership of the committees were reviewed twice, once after the AGM and once after the appointment of the 7th Director to the Board. Each committee has a set of guidelines in the form of charters, approved by the Board and signed by the members.

Information Flow

The Company Secretary acts as the mean to provide information to the Board at appropriate times, in consultation with the Chairman and the Managing Director. Apart from formal meetings, the Chairman and Managing Director maintain regular contact with each other and on occasions with the Executives. As such, there was 1 Non-Executive Directors meetings held during the year. All Directors have separate company email accounts and are further provided with iPad/laptop to encourage easier access to board papers and company affairs.

The Company is further working on a Board Portal enabling Directors to access board papers, board calendar, board evaluation, updates on board decisions compliance list, company information, company calendar and events, online. It is planned to implement this programme within the first quarter of 2015.

Conflict of Interest Procedure

The Company has a Board approved Conflict of Interest Policy for the Directors. As part of this process, the Directors must disclose any company, association or other affiliation where he/she and his/her immediate family members hold a significant interest. This information is reviewed and tallied by the Registrar of Companies to confirm the information provided.

There were no known substantial or material third party transactions made by the Directors or the Management, during the year.

Directors Shareholding

The Directors have the right to subscribe for securities in the Company. However, they do not have the right to subscribe for securities of the subsidiaries.

Director's shareholding as at 31st December 2014 is;

Direct securities held	
Ahmed Niyaz	0
Adam Azim	25
Ahmed Shaheer	50
Amir Mansoor	0
Abdul Hadi Hussain Fulhu	60
Aishath Rafiyya	0
Mohamed Farshath	50

Indirect securities held	
Ahmed Niyaz	0
Adam Azim	0
Ahmed Shaheer	125
Amir Mansoor	0
Abdul Hadi Hussain Fulhu	220
Aishath Rafiyya	0
Mohamed Farshath	0

Board Activities

During the year, key activities and decisions made by the Board of Directors include;

Strategy

- Held meetings to develop a 5 year strategic business plan
- Provided strategic directions to the subsidiary boards

Governance and Risk

- Approved company's monthly, quarterly and annual results
- Decided on the dividend for the year 2013
- Participated and held board performance evaluation for the year 2013 - held in early 2014
- Participated and held board performance evaluation for the year 2014 – held in early 2015
- Reviewed the composition and size of board committees
- Reviewed regulatory matters periodically

Performance Monitoring

- Reports on directors trainings and share market were sent to Chairman and Managing Director
- Board Decisions update and compliance list is emailed to all directors weekly for their review
- Regular presentations were made to the Board on policies, regulations and other relevant information by management
- Approved the financial budget for 2015/16
- Approved write off documents for the year 2014

- Reviewed feedback received on management meetings with the majority shareholder
- Received and reviewed reports from board committees
- Reviewed 6 month performance reports of group companies twice the year

AGM

- Reviewed the preparations for the holding of AGM and subsequently discussed issues arising from the meeting

Board Performance Evaluation

An evaluation was carried out on the performance of the Company, Chairman, Managing Director, Individual Directors, Committees and the Company Secretary. This evaluation is carried out annually with the aim of improving the effectiveness of the Board and its members and the performance of the group. The current board evaluation procedure and form was reviewed by an external party (BDO Partners, Sri Lanka) during the year and their recommendations were accepted to the procedure.

Performance evaluation of Directors for the year 2014 was carried out in February 2015. The results were tabulated and discussed in the Board.

Apart from this, a Corporate Governance Audit was carried out by an independent party, the Columbus Circle Governance, an independent firm based in Malaysia. This audit focused on the Company's adherence to and implementation of good governance within business.

Based on this audit and the result of 2014 evaluation, the Directors believe that the Board is functioning effectively and that the Board's principle committees were also continuing to function efficiently. Furthermore, all Directors were believed to have made a valuable contribution, including time, to their respective roles.

Based on the list of recommended actions raised from the evaluation and the audit, areas identified for action from 2014 evaluation include;

Policy Gap

- To develop a policy and procedure development framework while identifying the policy gaps

Group-wide Board Responsibility

- Group wide objectives need to be articulated and practiced in all areas

Risk Management Committee

- The importance of separation of Audit and Risk functions both in Board and Management was identified

Internal Control Assessment

- To strengthen monitoring of internal controls group wide

Director Remuneration

Details on director remuneration is provided in the remuneration report of Nomination and Remuneration Committee. Refer page 47 for this information.

Board Development

The Chairman, with the support of the Company Secretary is responsible for the induction of new directors and their continuous development. Training and development is provided to all Directors. During the year, 4 Non-Executive Directors; Ahmed Niyaz, Abdul Hadi Hussain Fulhu, Mohamed Farshath and Amir Mansoor attended the Singapore Management University – Singapore Institute of Directors Diploma on Directorship programme. All 4 Directors participated and have successfully completed all modules of this programme. Furthermore, all Directors of the Board have completed the Institute for Corporate Directors and Secretaries, Maldives - Directorship programme.

Some trainings attended

Leadership, Critical Thinking and Innovation: Igniting creativity for work place excellence

Institute: GLOMACS

Budgeting, Forecasting and the Planning Process

Institute: GLOMACS

Professional Leader

Institute: GLOMACS

SID-SMU Directorship Program

Institute: Singapore Institute of Directors - Singapore Management University

Financial Analysis, Planning and Control

Institute: GLOMACS

Advanced Financial Statement Analysis

Institute: GLOMACS

Master class for Directors

Institute: Institute of Directors

Engaging with Shareholders

The Board works to ensure effective liaison with the Company's shareholders so that both its objectives and those of shareholders are understood.

The Company discloses its achievements and prospects to shareholders through quarterly reports, monthly financials, annual reports, announcements, press releases and other postings on the Company's website. Furthermore, the Chairman, the Managing Director, the Executive Director and the Chief Financial Officer have met the majority shareholder, occasionally, to discuss the business strategy and current performance.

The Company Secretary acts as a focal point for communications on matters of corporate governance while the Head of Department for Business Development and Public Relations act as the focal point for communications on matters of corporate social responsibility.

Annual General Meeting (AGM)

The AGM will be held on 29th May 2015 at 2100 hours at the Hotel Jen. The notice of the meeting was announced on media and is also available in the Investors section on the Company's website. All attendees through proxy is advised to fill in their proxy forms and provide to the Secretariat before 24 hours of the meeting. No individual can represent shares exceeding 100 shares when attending through proxy.

All resolutions passed at the meeting will be through show of hands, unless 10% of the shareholders of the Company request for a poll vote.

Media Releases

The Company ensures that media releases are made to the media on all significant corporate developments and business initiatives through its Business Development and Public Relations Department.

Company Website

Information on the Company's performance, financial information, press releases, annual reports, all relevant announcements, related information and other corporate information are available on the Company's website at www.sto.mv.

Systems for Raising Concern

Appropriate mechanisms are in place to enable employees, management or other stakeholders to raise any concerns, whether on a confidential basis or otherwise of any non-compliance or fraud or other misdemeanor within or to the Company. STO has implemented a Fraud Response Policy and a Whistleblower Policy. The Company has established a whistleblower facility for the employees through the intranet and a 'Raise your concern' facility for other stakeholders through our website.

In addition, the Company has also implemented a Disciplinary and Grievance Committee that looks into concerns and grievances raised by the staff.

Accountability, Financials and Audit

We confirm that, to the best of our knowledge, the financial statements for the period from 1st January to 31st December 2014 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the Group and the Company's consolidated and separate assets, liabilities, financial position and results of operations. The Annual Report provides a true and fair view of the development and performance of the business and the position of the Group / Company together with the a description of the key risks and uncertainty factors that we face.

The Board of Directors, Executives and Staff exerted a tremendous effort to manage the Group within the principles of the Corporate Governance Code, Listing rules, Securities Act, CDOI Regulations and the Company's Act. The Board of Director has complied with the recommendations by CMDA and has declared where it has not complied and the reason behind it.

Every effort was made to bring success to the Group while ensuring transparency, fairness and diligence in all respects with the ultimate purpose of protecting and promoting shareholder interests.

The consolidated and separate financial statements consists of the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Shareholder Equity and Notes to the Consolidated and Separate Financial Statements. The Consolidated and Separate Financial Statements of the year ended 31st December 2014 have been prepared;

- In accordance with the International Financial Reporting Standards
- Conforming to applicable laws and regulations
- To provide information that are true and fair
- Certified by the Managing Director and Chief Financial Officer, and approved by the Board of Directors

Internal Controls

The Board of Directors are pleased and are constantly reviewing on the adequacy of the internal controls including financial, operational, compliance controls and the risk management systems implemented in the Organization.

In order to protect the resources and interests of the shareholders, a pragmatic system of internal controls have been maintained. The Board relies on the Audit and Risk Committee and the Internal Audit Department in discharging its responsibility to establish internal controls are operating as prescribed within the Company.

A number of process audits, special audits and surprise audits were conducted during the year. The Management has taken satisfactory measures to mitigate the issues identified in the report.

Independent Audit

The Board of Directors welcomes the impartial opinion and recommendations of the appointed independent auditors and will strive to improve any findings pointed out in the auditor's report.

Dividend

In accordance with the dividend policy of the Company, the Board has declared MVR 76 per share for shareholders' approval in the upcoming Annual General Meeting 2014.

Future Outlook

The Board has reviewed the strategic plans and business plans of the Company and the Directors are confident that the Company possesses the resources to continue the business as a going concern and pursue the objectives set forth in the plans.

On behalf of the Board of Directors



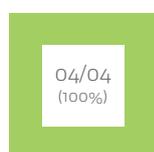
Ahmed Niyaz
Chairman



Ahmed Shaheer
Managing Director

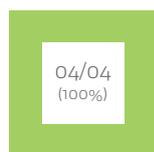
CORPORATE GOVERNANCE COMMITTEE REPORT

Members & their Attendance



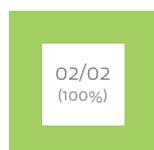
**Mohamed Farshath
Chairman**

Period of service (in 2014):
Till date



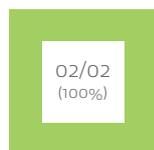
**Amir Mansoor
Member**

Period of service (in 2014):
Till date



**Abdul Hadi
Hussain Fulhu
Member**

Period of service (in 2014):
01 January 2014 till 02
September 2014



**Aishath Rafiyya
Member**

Period of service (in 2014):
02 September 2014 till
date

Key Duties

- Develop and monitor the Company's overall approach to corporate governance issues, implement, administer, and continue to develop a system of corporate governance within the Company
- Undertake an annual review of corporate governance issues and practices for the Company and make recommendations for improvements where necessary
- Advise the Board or any of its committees on corporate governance issues
- Develop and implement an orientation and educational program for new recruits to the Board
- Develop a process for assessing the effectiveness of the Company, Board, individual Directors and its committees and ensure that the Board conducts these evaluations annually
- Ensure that Board and its committees review its Charters, annually
- Develop and ensure implementation of a conflict of interest disclosure policy for the Directors and employees of the Company
- Ensure that an appropriate business code of ethics is established and reviewed necessarily for the Company
- Ensure that appropriate methods are being established for the stakeholders to submit their recommendations and inquiries to the necessary established regulatory bodies in the Company

Governance

The Committee comprises of 3 non-executive members, with majority being independent. Executive Directors, members of the Management and other parties are invited to attend the meetings as appropriate.

The Committee has the authority to take independent professional advice on matters covered by its terms of reference at the Company's expense.

The Committee Charter is annually reviewed and signed by the Directors.

The Committee Chairman reports the outcomes of the meetings to the Board, regularly.

The Committees effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

Meetings

The Committee had 4 meetings during the year under review.

Committee Activities During the Year

Some of the major committee decisions made during the year include;

- Reviewed committee decisions list and charter compliance
- Discussed on the feedback report of Corporate Governance Campaign
- Reviewed changes brought to the CMDA Corporate Governance Code
- Reviewed the comments received to the Board Evaluation procedure provided by the Independent HR Consultants (BDO Partners, Sri Lanka) and decided to adopt the suggestions
- Developed a code of conduct for the group companies of STO

Conclusion

The Committee is satisfied with the activities carried out during the year.

On behalf of the Corporate Governance and Compliance Committee



Mohamed Farshath
Chairman

NOMINATION AND REMUNERATION COMMITTEE REPORT

Members & their Attendance



Amir Mansoor
Chairman

Period of service (in 2014):
Till date



Mohamed Farshath
Member

Period of service (in 2014):
Till date



Abdul Hadi Hussain Fulhu
Member

Period of service (in 2014):
Till date



Aishath Rafiyya
Member

Period of service (in 2014):
02 September 2014 till date

Key Duties

- Develop a policy on employee remuneration and fixing the structure and the amount of remuneration packages of individual directors and general employees of the Company. When setting this policy and structure, no director or manager is involved in any decisions as to their own remuneration. In determining such policy, the committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the CMDA CG Code and associated guidelines
- Review the ongoing appropriateness and relevance of the remuneration policy
- Approve the design of and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes
- Determine the policy for, and scope of, pension arrangements for the Company as required by law
- Ensure that contractual terms of termination and any payments made are fair to the individuals and the Company
- Oversee any major changes in employee benefit structures throughout the Company
- Regularly review the structure, size and composition (including the skills, knowledge experience and diversity) of the board and make recommendations to the board with regard to any changes
- Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and management in the future
- Be responsible for identifying and nomination for the approval of the Board, candidates to fill board vacancies as and when they arise
- Ensure that all directors disclose any business interests that may result in a conflict of interest with the Company
- Review the Board performance evaluation process from time to time

Governance

The Committee comprises of 4 non-executive members, with majority being independent. Executive Directors, members of the Management and other parties may be invited to attend the meetings as appropriate.

The Committee has the authority to take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Charter is annually reviewed and signed by the Directors.

The Committee Chairman reports the outcomes of the meetings to the Board, regularly.

The Committees effectiveness is reviewed on an annual basis as part of the board's performance evaluation process.

Meetings

The Committee had 5 meetings during the year under review.

Committee Activities During the Year

Some of the major committee decisions made during the year include;

- Reviewed retirement policy
- Reviewed bonus policy
- Reviewed conflict of interest and disclosure policy
- Discussed and approved board directorship announcements, interviewed candidates and made recommendations to the Board on eligible candidates from public shareholders
- Discussed and recommended board on board diversity, structure and size
- Reviewed committee decisions list and charter compliance
- Sent letter to Privatization and Corporatization Board recommending on nominating Directors to represent majority shareholder
- Discussed and recommended board on some structural changes

Conclusion

The Committee is satisfied with the activities carried out during the year.

On behalf of the Nomination and Remuneration Committee



Amir Mansoor
Chairman

REMUNERATION REPORT

This section reports on the remuneration of both Executive and Non-Executive Directors. The remuneration of the Executive Directors is set in accordance with the salary structure inspected by the Nomination and Remuneration Committee and approved by the Board of Directors. The Committee had further last made its recommendations to the salary structure of the Managing Director in 2013. No changes to the package has been brought since then.

The remuneration of the Non-Executive Directors is set by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

The Remuneration policy of the Company indicates that;

- At least half the board should comprise of non-executive directors with majority of such directors being independent
- Non-executive directors shall be remunerated by way of fees paid, including fees paid in recognition of their memberships on the Board and its sub-committees
- The executive directors should be paid the same fee as that received by the non-executive directors, for their board membership
- Executive directors shall also receive variable salaries in addition to the Board membership fees. This salary must be a market median of companies comparable in, market segment, business complexity and international scope. The executive's personal performance is also considered where performance is related to the fulfillment of various improvement targets and attainment of certain financial objective
- The Company's remuneration policy is formulated to attract and retain high calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimize long term shareholder value creation.
- All employee remuneration comprises of 2 basic principles - fixed and performance based components
- The Company has a systematic evaluation methodology to evaluate each employees performance annually, which accesses the degree to which each employee is satisfying the requirement of their role and performance objectives
- (a) Executive Directors
 - Salary – no changes were brought to the salary structure of the executive directors during the year. The amount of salary and other payments are decided on the basis of educational qualifications and experience. Apart from this, the Executive Directors are also provided with the same remuneration as the Non-Executive Directors for their works on the Board
 - Service contracts – there are no specific service contracts agreed between the Company and the executive directors other than the employment contract for the job
 - Other benefits – are provided as per the benefits list approved by the Board. This include transportation, insurance and discount benefits from the Company
- Annual bonus – All executive directors are eligible for an annual bonus. The overall company bonus was based on the equal disbursement of a specific percentage of the net profit among all employees. As such, the executive directors received their bonus in accordance with the bonus policy of the Company
- Deferred bonus – no deferred bonus was provided to the Directors
- Share / stock options – no share options were provided to the Directors
- Pension – the Executive Directors receive pension as per the Company policies
- Severance fee – A severance fee of three month remuneration was paid to the former Managing Director Adam Azim, upon removal from his post on 9th March 2015
- Notice periods – No notice periods were provided to any existing Director or previous Directors
- Subsidiary directorships and fees entitled to – Former Managing Director Adam Azim sat in the Board of Directors of STO Maldives (Singapore) Pte Ltd, Maldives National Oil Company Ltd, STO Hotels & Resorts Pvt Ltd and Addu International Airport Ltd. He received a monthly salary of MVR2,500.00 and a sitting fee of MVR300.00 per meeting from both STO Maldives (Singapore) Pte Ltd and Maldives National Oil Company Ltd. He also received a monthly salary of MVR5,000.00 and a sitting fee of MVR300.00 per meeting from Addu International Airport Pvt Ltd. He does not receive any

remuneration from STO Hotels & Resorts Pvt Ltd. The Current Managing Director Ahmed Shaheer, sits on the same boards and receives the same remuneration

Any changes to these benefits are approved only after discussion in N&R committee and approval of the Board. Change is further subject to the results of board evaluation.

(b) Non-Executive Directors

- Salary – no changes were brought to the salary structure of Non-Executive Directors during the year. The remuneration and sitting fee has been approved at the Annual General Meeting, in accordance with the Articles of Association of the Company. As such, the Directors receive a monthly allowance of MVR10,000.00 and a sitting fee of MVR500.00 per meeting. A further remuneration of MVR10,000.00 is provided to Chairman for his responsibilities for being the chairman and the highest authority in office
- Service contracts – there are no specific service contracts agreed between the Company and the Non-Executive Directors other than the Director Charters which indicates that the Board is appointed from one Annual General Meeting to the next. However, the Government holds the right to change its appointments as per Articles of Association at any given time they prefer
- Other benefits – are provided as per the benefits list approved by the Board. This include transportation, insurance and discount benefits from the Company

- Annual bonus – Non - Executive Directors are not entitled to receive annual bonus
- Deferred bonus – no deferred bonus was provided to the Directors
- Share / stock options – no share options were provided to the Directors
- Pension – the Directors do not receive any pension on their service
- Severance fee – No severance fee was provided to any existing Director or previous Directors
- Notice periods – No notice periods were provided to any existing Director or previous Directors
- Subsidiary directorships and fees entitled to – Non-Executive Directors do not sit in any group company boards

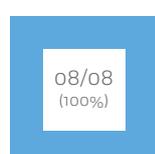
In 2014, MVR964,124.80 was paid to Directors as remuneration while a total of MVR10,479,043.23 was paid to the top management as basic salary and allowance. Due to salary disparities in the current employment market, the Board of Directors has chosen not to disclose the individual remuneration and package of top management.

There were no service contracts, notice periods, severance fees or stock options given to the Top Management during the year.

Director	Total board remuneration received in 2014(in MVR)
Ahmed Niyaz (Chairman)	256,435.56
Adam Azim (Former MD)	135,580.65
Ahmed Shaheer (MD)	133,162.90
Amir Mansoor	114,965.49
Abdul Hadi Hussain Fulhu	135,300.00
Aishath Rafiyya	49,300.21
Mohamed Farshath	138,900.00

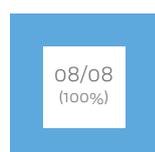
AUDIT AND RISK COMMITTEE REPORT

Members & their Attendance



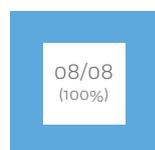
Abdul Hadi Hussain Fulhu
Chairman

Period of service (in 2014):
Till date



Amir Mansoor
Member

Period of service (in 2014):
Till date



Mohamed Farshath
Member

Period of service (in 2014):
Till date

Key Duties

- Monitoring the integrity of the annual and interim financial statements, accompanying reports to shareholders and corporate governance statements
- Reviewing and monitoring the effectiveness of the Company's internal control to ensure that adequate measures are taken to safeguard Company's assets
- Overseeing the Company's relations with the external auditors
- Making recommendation to Board on the appointment, retention and removal of the external auditors
- Ensure the independence and credentials of independent auditors
- Review performance of the internal audit function and independent auditors
- Approving the terms of reference and plans of the internal audit function
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on effectiveness of the internal control system
- Ensuring compliance to statutory requirements and ethical standards

Governance

The Committee comprises of 3 non-executive members, with majority being independent. The Committee Chairman is a graduate in Finance and all members are believed to have adequate experience and knowledge in the business field. Executive Directors, members of the Management and other parties are invited to attend the meetings as appropriate. Meetings of this Committee is further facilitated by either the Chief Internal Auditor and/or the Chief Financial Officer.

The Committee has the authority to take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Charter is annually reviewed and signed by the Directors.

The Committee Chairman reports the outcomes of the meetings to the Board, regularly.

The Committees effectiveness is reviewed on an annual basis as part of the board's performance evaluation process.

Meetings

The Committee had 8 meetings during the year under review.

Committee Activities During the Year

Some of the major committee decisions made during the year include;

- Reviewed committee decisions list and charter compliance
- Discussed on the internal audit work plans and its progress from time to time
- Discussed on the internal audit department, functions and its budget
- Discussed on the planned audit reports and special audit reports conducted
- Discussed on the management letter
- Evaluated the Chief Internal Auditor
- Discussed and presented recommendations to Board on Budget 2015
- Discussed on the self-review of internal audit department and made recommendations for action
- Reviewed and made recommendations to Board and Management on the whistleblowers received

External Audit

The Audit and Risk Committee reviewed the External Audit plan including the scope and the fee for the annual audit and also had discussions with the external auditors prior to the year-end audit to discuss their audit approach and procedures, including matters relating to the scope of the audit.

The Committee reviewed the results of external audit and the recommendations contained in the Management Letters arising from the audit and annual financial statements. They further ensured that appropriate follow up actions were taken.

The independence and objectivity of the external auditors were reviewed by the Committee, which held the view that the services outside scope of the statutory audit provided by the external auditors have not impaired their independence. The Committee recommended to Board, to change external auditors to KPMG for the financial year 2014 and the Committee further recommended to the Board to re-appoint the same auditors for the year 2015.

Internal Audit

The Audit and Risk Committee is supported by the Internal Audit Department, which is headed by Dr. Ibrahim Mahfooz, the Chief Internal Auditor who directly reports to the Audit and Risk Committee. The Department has staff experienced and qualified in the fields of finance, sales & marketing and auditing.

The Departments audit plans are reviewed and approved by the Audit and Risk Committee. The performance of Internal Audit Department is appraised by the Committee on an annual basis against the audit plan and pre-determined key performance indicators. Key issues were highlighted and recommendations were made for management actions in the audit reports.

Conclusion

Throughout the year, Audit and Risk Committee gave key importance to address the issues related to audit and risk as recommended by the auditors. Audit Committee is satisfied with the activities carried out by the Committee during the year.

On behalf of the Committee



Abdul Hadi Hussain Fulhu
Chairman

RISK REPORT

Our management systems, structures, processes, standards and codes of conduct together form a system of internal control that governs how we conduct the business and manage associated risks.

Our audit team provides independent assurance to the management and board through Audit and Risk Committee, on the effectiveness of the system of internal controls.

The Company's risk governance and oversight functions are further disbursed on the following authorities within the Company.

- Executive team meeting – for strategic, financial, trading and commercial risks
- Emergency, Organization Health & Safety Committee – for health, safety, security, environment and operations integrity risks
- Bonus, Staff Evaluation, Remuneration and Scholarship Committee – for employee risks
- Investment Review Committee – for risks related to investment decisions
- STO Board of Directors
- Audit & Risk Committee
- Corporate Governance Compliance Committee
- Nomination and Remuneration Committee

Strategic and Commercial Risks

Save MVR 50M Plan

In 2014 the Company set out a save MVR50M plan to address efficient management of operating expenditure, investments and timely delivery of projects. The plan also focused on ensuring employee accountability and reducing other means of wastage in resources.

Political Challenges

The diverse locations of our operations around the Country expose us to a wide range of political developments and consequent changes to the economic and operating environment. We seek to manage this risk actively through the development and maintenance of relationships with government and stakeholders in each region.

Cyber Security

The threats to the security of our digital infrastructure continue to evolve and, like many other global organizations, our reliance on computers and network technology is increasing. A cyber security breach could have a significant impact on business operations. We seek to manage this risk through adhering to cyber security's best standards, ongoing monitoring of threats, close co-operation with authorities and awareness initiatives throughout the Company. We also maintain disaster recovery, crisis and business continuity management plans.

Compliance and Control Risks

Ethical Misconduct and Legal or Regulatory Non-compliance

Ethical misconduct or breaches of applicable laws or regulations could damage our reputation, adversely affect operational results and shareholder value. This compliance is assured by an effective team of legal and compliance in the Company.

Additionally, we have adopted the UN global compact requirements covering areas such as anti-bribery and corruption, anti-money laundering, competition/anti-trust law and trade sanctions. We keep abreast of new regulations and legislation and plan our response to them. We also provide a range of compliance training and monitoring programmes for our employees. Our company is open to feedback and listens to its employees, contractors and other stakeholders, closely.

Business Process Compliance

In the normal course of business, we are subject to risks around our trading activities which could arise from shortcomings or failures in our systems, risk management methodology, internal control processes or employees. We have specific operating standards and control processes to address these risks. As such the effective implementation of SAP has been a development in the management of risks and control in standard of businesses.

Safety and Operational Risks

Process Safety, Personal Safety and Environmental Risks

The nature of the group's operations exposes us to a wide range of significant health, safety and environmental risks such as incidents associated with releases of chemicals while operating in the oil and gas industry, cement manufacturing and other similar operations. We apply our operating management system (OMS) and the best practices in engineering techniques to address these risks. Activities include inspection, maintenance, testing, business continuity and crisis response planning, and competency development for our employees and third parties.

Security

Hostile acts such as terrorism or piracy could harm our people and disrupt our operations. We monitor for emerging threats and vulnerabilities to manage our physical and digital security. Physical security threats tend to vary geographically and by type of business. Our emergency, health and safety committee together with regional sales team provides guidance and support to conduct assurance with respect to the management of security risks affecting our people and operations. We also maintain disaster recovery, crisis and business continuity management plans in the subsidiaries.



KPMG
 (Chartered Accountants)
 2nd Floor, H. Mialani
 Sosun Magu,
 Male',
 Republic of Maldives.

Tel : +960 3310 420
 +960 3310 421
 +960 3310 422
 +960 3323 393
 Fax : +960 3323 175
 E-mail : kpmgmv@kpmg.com

**Independent Auditors' Report
 To the Shareholders of
 State Trading Organization PLC**

We have audited the accompanying consolidated financial statements of State Trading Organization PLC (the "Company") and its subsidiaries (together with the "Group"), which comprise the consolidated statement of financial position as at 31st December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information set out in page 53 to 99.

We have audited the accompanying separate financial statements of State Trading Organization PLC (the "Company"), which comprise the separate statement of financial position as at 31st December 2014, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information set out in page 53 to 99.

Management's Responsibility for the consolidated and separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated and separate financial statements 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Opinion - Company

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31st December 2014 and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31st December 2013 were audited by another auditor who expressed unmodified opinions on those consolidated and separate financial statements on 29th April 2014.

Chartered Accountants

13th May 2015
 Male''

KPMG in the Maldives is a Partnership registered in the Republic of Maldives, a foreign branch of KPMG, the Sri Lankan member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
 T.J.S. Rajakarier FCA
 Ms. S.M.B. Jayasekara ACA
 M.N.M. Shameel ACA
 P.Y.S. Perera FCA
 W.W.J.C. Perera FCA
 W.K.D.C. Abeyrathne ACA
 C.P. Jayatilake FCA
 Ms. S. Joseph FCA
 S.T.D.L. Perera FCA
 Principal - S.R.I. Perera ACMA, LLB, Attorney-at-Law.

FINANCIAL STATEMENTS

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

FOR THE YEAR ENDED 31ST DECEMBER	Note	Group		Company	
		2014 MVR	2013 MVR (Restated)	2014 MVR	2013 MVR
Revenue	7	9,171,144,489	11,129,746,585	8,923,127,481	10,782,422,632
Cost of Sales		(7,780,961,195)	(9,838,240,213)	(7,637,448,604)	(9,665,528,712)
Gross Profit		1,390,183,294	1,291,506,372	1,285,678,877	1,116,893,920
Other Income	8	127,368,484	113,944,912	70,598,442	53,125,665
Administrative Expenses		(408,068,784)	(343,814,018)	(256,091,539)	(211,539,452)
Selling & Marketing Expenses		(328,929,247)	(372,303,243)	(399,089,224)	(364,203,950)
Other Operating Expenses		(19,724,353)	(3,589,975)	(10,453,148)	(1,735,609)
Operating Profit		760,829,394	685,744,048	690,643,408	592,540,574
Finance Income	9	36,014,744	45,152,742	73,920,021	83,727,726
Finance Costs	9	(231,626,174)	(559,291,544)	(222,833,869)	(552,146,183)
Net Finance Costs	9	(195,611,430)	(514,138,802)	(148,913,848)	(468,418,457)
Share of profit of equity accounted investees - net of tax		7,358,535	6,502,556	-	-
Profit Before Tax	10	572,576,499	178,107,802	541,729,560	124,122,117
Income Tax Expense	11	(92,648,821)	(13,465,424)	(71,979,768)	2,798,643
Profit for the Year		479,927,678	164,642,378	469,749,792	126,920,760
Other Comprehensive Income					
Items that are or may be reclassified to profit or loss					
Available-for-Sale financial assets - net change in fair value	19	(1,250,000)	(7,999,810)	-	(7,999,810)
Foreign operations - foreign currency translation differences		(311,826)	400,072	-	-
Total Other Comprehensive Income		(1,561,826)	(7,599,738)	-	(7,999,810)
Total Comprehensive Income for the Year		478,365,852	157,042,640	469,749,792	118,920,950
Profit attributable to:					
Owners of the Company		478,301,743	162,599,008	469,749,792	126,920,760
Non - Controlling Interest		1,625,935	2,043,370	-	-
		479,927,678	164,642,378	469,749,792	126,920,760
Total Comprehensive Income attributable to:					
Owners of the Company		476,739,917	154,999,270	469,749,792	118,920,950
Non Controlling Interest		1,625,935	2,043,370	-	-
Total Comprehensive Income for the Year		478,365,852	157,042,640	469,749,792	118,920,950
Basic and Diluted Earnings Per Share	12	424	144	417	113

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 59 to 99. The Report of the Independent Auditors is given on pages 52.

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

AS AT 31ST DECEMBER	Note	Group				Company			
		2014 MVR	2013 MVR (Restated)	2012 MVR (Restated)	2014 MVR	2013 MVR (Restated)	2012 MVR (Restated)	2012 MVR (Restated)	
ASSETS									
Non-Current Assets									
Property, Plant and Equipment	13	1,693,073,062	1,528,954,327	1,427,017,213	1,418,826,165	1,261,697,136	1,154,189,946		
Investment properties	14	11,820,687	7,693,488	9,678,433	11,820,687	7,693,488	9,678,433		
Intangible Asset	15	31,582,994	42,597,618	44,685,656	20,731,587	33,559,686	37,612,935		
Prepaid Lease Rent	16	38,382,822	40,697,364	43,011,905	38,382,822	40,697,364	43,011,905		
Investment in Subsidiaries	17	-	-	-	-	117,249,835	117,249,835		
Equity Accounted Investees	18	40,943,142	43,584,606	45,261,345	15,267,267	15,267,267	25,267,267		
Investment Available for Sale	19	27,490,800	176,222,400	172,653,410	12,740,800	160,222,400	156,653,410		
Receivables from Related Parties	22	28,558,305	48,087,048	57,291,033	28,558,305	48,087,048	57,291,033		
Deferred Tax Assets	11.3	61,150,173	59,503,822	27,191,151	57,574,769	56,325,127	26,026,724		
Total Non-Current Assets		1,933,001,985	1,947,340,673	1,826,790,146	1,721,152,237	1,740,799,351	1,626,981,488		
Current Assets									
Inventories	20	706,352,275	794,072,037	595,366,749	636,086,651	749,386,120	507,580,657		
Trade and Other Receivables	21	1,138,185,913	687,079,364	805,908,062	298,111,212	157,492,817	205,925,000		
Prepaid Lease Rent	16	2,314,542	2,314,542	2,314,542	2,314,542	2,314,542	2,314,542		
Loan granted to related parties	23	-	-	-	-	10,986,414	14,068,923		
Amount Due from Related Parties	22	690,687,709	1,252,685,206	1,463,007,469	1,575,338,170	1,708,305,231	2,138,495,681		
Reinsurance Contracts	24	203,516,065	156,266,299	92,493,780	-	-	-		
Investment Held to Maturity	25	90,684,601	62,643,934	70,684,817	-	-	-		
Cash and Cash Equivalents	26	670,429,290	527,377,480	867,188,153	521,412,962	354,575,477	753,499,927		
Total Current Assets		3,502,170,395	3,482,438,862	3,896,963,572	3,033,263,537	2,983,060,601	3,621,884,730		
Total Assets		5,435,172,380	5,429,779,535	5,723,753,718	4,754,415,774	4,723,859,952	5,248,866,218		

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

FOR THE YEAR ENDED 31ST DECEMBER 2014
GROUP

	Attributable to Equity holders									
	Share Capital MVR	Share Premium MVR	Claim Equalization Reserve MVR	Currency Translation Reserve MVR	General Reserve MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR	Non-Controlling Interest MVR	Total Equity MVR
As at 1st January 2013 as Previously Stated	56,345,500	27,814,500	17,465,979	246,165	373,969,167	27,112,898	885,444,856	1,388,399,065	6,668,110	1,395,067,175
Impact of Restatements (Note 45 a)	-	-	-	-	-	-	(39,530,040)	(39,530,040)	-	(39,530,040)
Restated balance as at 1st January 2013	56,345,500	27,814,500	17,465,979	246,165	373,969,167	27,112,898	845,914,816	1,348,869,025	6,668,110	1,355,537,135
Restated Profit for the Year	-	-	-	-	-	-	162,599,008	162,599,008	2,043,370	164,642,378
Other comprehensive income										
Net change in fair value of available-for-sale financial assets (Note 19)	-	-	-	-	-	(7,999,810)	-	(7,999,810)	-	(7,999,810)
Foreign operations - foreign currency translation differences	-	-	-	400,072	-	-	-	400,072	-	400,072
Total comprehensive income for the year	-	-	-	400,072	-	(7,999,810)	162,599,008	154,999,270	2,043,370	157,042,640
Transfer to / (from) during the year										
- general reserve	-	-	-	-	27,381,046	-	(27,381,046)	-	-	-
- claim equalization reserve	-	-	6,029,466	-	-	-	(6,029,466)	-	-	-
Transactions with owners of the Company										
Dividends	-	-	-	-	-	-	(84,518,250)	(84,518,250)	(266,252)	(84,784,502)
Total transaction with owners of the Company	-	-	-	-	-	-	(84,518,250)	(84,518,250)	(266,252)	(84,784,502)
As at 31st December 2013	56,345,500	27,814,500	23,495,445	646,237	401,350,213	19,113,088	890,585,062	1,419,350,045	8,445,228	1,427,795,273
As at 1st January 2014	56,345,500	27,814,500	23,495,445	646,237	401,350,213	19,113,088	890,585,062	1,419,350,045	8,445,228	1,427,795,273
Profit for the Year	-	-	-	-	-	-	478,301,743	478,301,743	1,625,935	479,927,678
Other comprehensive income										
Net change in fair value of available-for-sale financial assets (Note 19)	-	-	-	-	-	(1,250,000)	-	(1,250,000)	-	(1,250,000)
Foreign operations - foreign currency translation differences	-	-	-	(311,826)	-	-	-	(311,826)	-	(311,826)
Total comprehensive income for the year	-	-	-	(311,826)	-	(1,250,000)	478,301,743	476,739,917	1,625,935	478,365,852
Transfer to / (from) during the year										
- fair value reserve	-	-	-	-	-	(19,113,088)	-	(19,113,088)	-	(19,113,088)
- general reserve	-	-	-	-	97,628,024	-	(97,628,024)	-	-	-
- claim equalization reserve	-	-	5,532,609	-	-	-	(5,532,609)	-	-	-
Transactions with owners of the Company										
- Dividends	-	-	-	-	-	-	(27,045,840)	(27,045,840)	-	(27,045,840)
Total transaction with owners of the Company	-	-	-	-	-	-	(27,045,840)	(27,045,840)	-	(27,045,840)
As at 31st December 2014	56,345,500	27,814,500	29,028,054	334,411	498,978,237	(1,250,000)	1,238,680,332	1,849,931,034	10,071,163	1,860,002,197

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 59 to 99. The Report of the Independent Auditors is given on page 52.

FOR THE YEAR ENDED 31ST DECEMBER 2014

COMPANY

	Share Capital MVR	Share Premium MVR	General Reserve MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total Equity MVR
As at 1st January 2013	56,345,500	27,814,500	373,969,167	27,112,898	608,931,325	1,094,173,390
Profit for the Year	-	-	-	-	126,920,760	126,920,760
Other comprehensive income						
Net change in fair value of available-for-sale financial assets (Note 19)	-	-	-	(7,999,810)	-	(7,999,810)
Total comprehensive income for the year	-	-	-	(7,999,810)	126,920,760	118,920,950
Transfer to / (from) during the year						
- general reserve	-	-	25,384,152	-	(25,384,152)	-
Transactions with owners of the Company						
Dividends	-	-	-	-	(84,518,250)	(84,518,250)
Total transaction with owners of the Company	-	-	-	-	(84,518,250)	(84,518,250)
As at 31st December 2013	56,345,500	27,814,500	399,353,319	19,113,088	625,949,683	1,128,576,090
As at 1st January 2014	56,345,500	27,814,500	399,353,319	19,113,088	625,949,683	1,128,576,090
Profit for the Year	-	-	-	-	469,749,792	469,749,792
Total comprehensive income for the year	-	-	-	-	469,749,792	469,749,792
Transfer to / (from) during the year						
- fair value reserve	-	-	-	(19,113,088)	-	(19,113,088)
- general reserve	-	-	93,949,958	-	(93,949,958)	-
Transactions with owners of the Company						
Dividends	-	-	-	-	(27,045,840)	(27,045,840)
Total transaction with owners of the Company	-	-	-	-	(27,045,840)	(27,045,840)
As at 31st December 2014	56,345,500	27,814,500	493,303,277	-	974,703,677	1,552,166,954

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 53 to 99. The Report of the Independent Auditors is given on page 52.

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

FOR THE YEAR ENDED 31ST DECEMBER	Note	Group		Company	
		2014 MVR	2013 MVR	2014 MVR	2013 MVR
Cash Flows from Operating Activities					
Profit Before Tax		572,576,499	178,107,802	541,729,560	124,122,117
Adjustments for:					
Depreciation on Property, Plant and Equipment	13	75,206,723	82,066,963	46,708,525	51,754,259
Depreciation on Investment Properties	14	1,268,102	2,854,648	1,268,102	2,854,648
Amortization of Intangible Asset	15	14,620,957	11,735,538	12,828,099	10,804,372
Gain on Disposal of Property, Plant and Equipment	8	(35,302)	(18,939)	(35,302)	(3,026)
Gain on Disposal of available-for-sale investments	8	(29,346,841)	-	(29,346,841)	-
Provision for impairment of receivables	10	5,974,762	120,983,920	9,901,089	111,326,410
Provision for slow and non moving inventories	20	2,523,771	4,540,835	(2,410,653)	4,439,996
Provision for impairment of assets	13	-	671,375	-	671,375
Receivable written off		179,041	64,366	179,042	64,366
Gain on dilution of significant influence	8	-	(9,820,705)	-	-
Share of profit of equity - accounted investees, net of tax		(7,358,535)	(6,502,556)	-	-
Currency translation differences		(311,987)	393,210	-	-
Interest Expense	9	169,847,721	211,819,445	161,055,713	205,066,594
Interest Income	9	(19,226,265)	(20,771,830)	(19,448,301)	(20,410,252)
Dividend Income	9	(3,738,483)	(11,223,702)	(54,471,721)	(63,317,475)
Operating profit before working capital changes		782,180,163	564,900,370	667,957,312	427,373,384
Working capital changes					
Change in Inventories		85,195,991	(203,246,124)	115,710,122	(246,245,458)
Change in Trade and Other Receivables		(433,933,205)	147,362,145	(127,371,377)	99,243,094
Change in Amount due from Related Parties		558,199,091	59,017,247	129,168,655	278,885,434
Changes in Reinsurance Contracts		(47,249,766)	(54,872,344)	-	-
Changes in Deferred Revenue		6,741,731	1,538,003	-	-
Change in Amount due to Related Parties		87,662,028	(16,677,112)	201,975,370	(30,899,172)
Change in Trade and Other Payables		(892,983,321)	(368,534,851)	(902,301,330)	(348,982,443)
Changes in Insurance Contracts		74,462,406	88,958,506	-	-
Cash Generated from Operating Activities		220,275,118	218,445,840	85,138,753	179,374,839
Interest Paid	9	(159,292,235)	(225,048,814)	(150,500,221)	(218,295,963)
Income Tax Paid	34	(42,210,845)	(54,727,494)	(25,357,938)	(31,564,998)
Net Cash generated from / (used in) Operating Activities		18,772,038	(61,330,469)	(90,719,406)	(70,486,122)
Cash Flows from Investing Activities					
Purchase and Construction of Property, Plant and Equipment	13	(233,169,939)	(176,548,197)	(203,459,496)	(151,624,265)
Purchase and Construction of Investment Properties	14	(5,395,301)	(869,703)	(5,395,301)	(869,703)
Purchase of Intangible Assets	15	(3,606,333)	(9,272,706)	-	(6,376,329)
Proceeds from sales of property, Plant and Equipment		2,595,987	239,798	1,971,788	35,712
Proceeds from sales of available-for-sale investments		158,090,353	-	158,090,353	-
Loan repayment received from related party	23	-	-	10,986,414	3,082,509
Purchase of available for sale financial assets	19	(375,000)	(1,568,800)	(375,000)	(1,568,800)
Purchase of held to maturity financial assets	25	(362,314,336)	(618,547,548)	-	-
Proceeds from sale of held to maturity financial assets	25	334,273,669	626,588,431	-	-
Interest received		19,226,265	19,079,144	19,448,301	18,717,566
Dividend Received		13,738,483	19,223,702	54,471,721	63,317,475
Net Cash (used in) / generated from Investing Activities		(76,936,152)	(141,675,879)	35,738,780	(75,285,835)
Cash Flows from Financing activities					
Loans and borrowings obtained	29	641,268,319	708,574,327	591,268,319	558,574,327
Repayments of Borrowings	29	(450,126,592)	(716,285,514)	(372,945,312)	(676,285,514)
Net payment made for currency SWAPs	32	(7,878,932)	(7,796,975)	(7,878,932)	(7,796,975)
Dividend paid		(4,357,923)	(14,216,565)	(4,357,923)	(13,950,313)
Net Cash generated from / (used in) Financing Activities		178,904,872	(29,724,727)	206,086,152	(139,458,475)
Net increase / (decrease) in cash and cash equivalents		120,740,758	(232,731,075)	151,105,525	(285,230,432)
Cash and Cash Equivalents at beginning of the Year		227,364,550	460,095,625	65,656,750	350,887,182
Cash and Cash Equivalents at end of the Year	26	348,105,308	227,364,550	216,762,275	65,656,750

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 59 to 99. The Report of the Independent Auditors is given on page 52.

1. REPORTING ENTITY

1.1 Parent Company

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 Boduthakurufaanu Magu, Maafannu, Male' 20345, Republic of Maldives.

The main business of the Company is importing and trading of various types of consumable and industrial goods

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

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

Items	Measurement basis
Derivative Financial instrument at fair value through profit or loss	Fair value
Non- Derivative Financial instrument at fair value through profit or loss	Fair Value
Available for sale financial Assets	Fair Value

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are included in the respective notes.

2.1 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 arise is tested for 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.

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

(iii) Interests in equity – accounted investees

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

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

Interest in the associates and the joint venture are accounted for using the equity method. It is recognized initially at cost, which include transaction costs. Subsequently to initial recognition, the consolidated financial statement include the Group's share of the profit or loss and 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.

(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 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.

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, and have been applied consistently 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.

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.

However, foreign currency differences arising from the translation of the following items are recognised on OCI:

Available – for –Sale equity investments (excepts on impairment, in

which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss)

(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 OCI and accumulated in the translation reserve, except to the extent that the translation differences is allocated to NCI.

When a foreign operation is disposed of in its entirety 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 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 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-derivative)

The Group and Company initially recognizes trade and other receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group and Company becomes a party to the contractual provisions of the instrument.

The Group and Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group and Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and 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 and Company has the following financial assets (non-derivative):

- Available for Sale Financial Assets
- Loan and Receivables
- Cash and Cash equivalents
- Held – to – Maturity Financial Assets

Available for Sale Financial Assets

The Group's investment in equity securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at cost less impairment loss since the fair value cannot be ascertained using the appropriate valuation techniques.

Loans and Receivables

Loans and Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables, loans given to related parties, amounts due from related parties.

Trade and other receivables and Amounts due from Related Parties are initially 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.

Cash and Cash equivalents

Cash and cash equivalents comprise cash at banks and cash in hand. For the purpose of cash flows, the cash and cash equivalent is shown net of bank overdraft.

Held – to – Maturity Financial Assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(ii) Financial liabilities (Non-derivative)

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group 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 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 has non-derivative financial liabilities such as Loans and borrowings, Amounts due to related parties, Insurance contracts, Derivative financial instrument, trade and other payables. These 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.

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 its probable that the future economic benefits embodied with the item will flow to the 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 will obtain ownership by the end of the lease term.

**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)**

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

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

All the assets except leasehold buildings are depreciated over the following estimated useful lives.

Leasehold Buildings	Over the lease period	
Freehold buildings	5 - 20	Years
Vessels and Fleet	5 - 15	Years
Motor vehicles	4 - 5	Years
Plant and Machinery	3 - 20	Years
Air Conditioners	3 - 4	Years
Office Equipment	3 - 5	Years
Furniture and Fixtures	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 subsequent 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 put into 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 properties 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 initial recognition and subsequently cost less accumulated depreciation. However, if there is 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.

3.6 Intangible Assets

(i) Recognition and Measurement

Intangible assets that are acquired by 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 Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programmer beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

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

(iii) Amortization

Amortisation 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

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 Maldivian Gas Private Limited, which is on first-in-first-out

method 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 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss, including an interest in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The carrying amounts of the Group's non-financial assets and inventories (Refer Note 3.7) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

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

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

3.9 Insurance and investment contracts

IFRS 4 – Insurance contracts, required contracts writing 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 Company issues and reinsurance contracts that the Company 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 expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

3.10 Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

3.11 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 consolidated and separate financial statements where necessary.

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.

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. 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 Company 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 Revenue

3.14.1 Sale of Goods

Revenue from the sale of goods is recognized in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.14.2 Revenue from Service Rendered

Revenue from services rendered is recognized by reference to the time of services rendered.

3.14.3 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 recognised 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.

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

(iii) 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.

(iv) Reinsurance premiums

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.

(v) 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.

(vi) 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.

(vii) 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.

3.15 Benefits, Claims and Expenses recognition

3.15.1 Gross benefits and claims

a. Non - Life Insurance

Gross claims expense include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims. Gross claims expense includes gross claims expense reported but not yet paid, incurred but not reported claims (IBNR). The provision in respect of IBNR is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis. While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

b. Life Insurance

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

3.15.2 Reinsurance claims

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

3.16 Acquisition cost

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

3.17 Operating Expense

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.

3.18 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.

3.19 Borrowing Costs

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

3.20 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.

3.21 Lease Payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

At inception of an arrangement, the Group determines whether such an arrangement is or contains lease. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

3.22 Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognized initially at fair value. Any directly attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

3.23 Deferred Expenses

(i) Deferred Acquisition Costs (DAC)

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

accounted for by changing the amortization period and are treated as a change in an accounting estimate.

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

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

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

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

3.24 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.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance are recognized in the income statement immediately at the date of purchase and are not amortized.

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

3.25 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. The carrying value of premium receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Any loss is recorded in the income statement. Premium receivables are derecognized when the de-recognition criteria for financial assets have been met.

4. DETERMINATION OF FAIR VALUES

A number of the Group'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.

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.

5. NEW STANDARDS AND INTERPRETATIONS

5.1 Newly Adopted Standard by the Group and Company

The Company has adopted the following new standard effective from 1st of January 2014.

Title	Description
IAS 32 "Financial Instruments Presentation"	Amendment to this IFRS clarify the offsetting criteria by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

5.2 New Standards and Interpretations not yet Adopted by the Group and Company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2015. The Group is currently in the process of evaluating the potential impact these standards and interpretation may have on the Group's Consolidated and Separate financial statements.

- IFRS 15 – Revenue from contracts with customers.
- IFRS 9 – Financial Instruments.
- Annual Improvements of IFRSs 2011-2013 Cycle.
- Amendments to IAS 16 and IAS 38 – Classification of Acceptable methods of Depreciation and Amortization.

6. OPERATING SEGMENT

FOR THE YEAR ENDED 31ST DECEMBER 2014

A. Basis of Segmentation

The group has the following four 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 segment. 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 Liquefied Petroleum Gas (LPG) and Medical and Industrial oxygen production
Insurance Service	Providing General & Life Insurance Services
Fuel, Lubricant & crude oil	Importing & selling of petroleum 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 resort, airport operation, tourism related and other services. This segments does not meet the quantitative thresholds for a reportable segment in 2014 and 2013.

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.

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014	Trading	Gas	Insurance Service	Fuel, Lubricant & Crude Oil	Other Services	Group Total
	MVR	MVR	MVR	MVR	MVR	MVR
External Revenue	1,614,687,980	180,146,324	166,672,188	10,309,498,180	22,274,131	12,293,278,803
Inter-Segment Revenue	(11,909,120)	(17,554,810)	(23,325,567)	(3,069,344,817)	-	(3,122,134,314)
Segment Revenue	1,602,778,860	162,591,514	143,346,621	7,240,153,363	22,274,131	9,171,144,489
Segment profit / (loss) before Tax	(203,202,803)	21,207,377	76,059,824	707,819,183	(29,307,082)	572,576,499
Interest Income	16,589,163	-	91,150	2,545,952	-	19,226,265
Interest Expense	(17,414,618)	(2,674,410)	-	(149,758,693)	-	(169,847,721)
Depreciation & Amortization	(53,742,523)	(6,310,107)	(6,297,113)	(15,384,405)	(9,361,635)	(91,095,783)
Share of Profit of Associate	567,281	-	-	-	-	567,281
Share of Profit of Joint Venture	6,791,255	-	-	-	-	6,791,255
Segment Assets	743,871,492	147,964,327	503,028,875	3,457,317,746	582,989,940	5,435,172,380
Equity accounted investees	40,943,142	-	-	-	-	40,943,142
Capital Expenditure	62,405,398	20,480,494	4,747,565	19,310,477	143,943,682	250,887,616
Segment Liabilities	559,332,181	50,565,066	365,452,132	2,548,068,826	51,751,978	3,575,170,183

FOR THE YEAR ENDED 31ST DECEMBER 2013	Trading	Gas	Insurance Service	Fuel, Lubricant & Crude Oil	Other Services	Group Total
	MVR	MVR	MVR	MVR	MVR	MVR
External Revenue	1,381,937,292	173,023,490	112,304,819	11,954,702,006	17,846,987	13,639,814,594
Inter-Segment Revenue	(8,558,622)	(7,404,408)	(20,221,171)	(2,473,883,808)	-	(2,510,068,009)
Segment Revenue	1,373,378,670	165,619,082	92,083,648	9,480,818,198	17,846,987	11,129,746,585
Segment profit / (loss) before Tax	(234,925,442)	20,390,253	39,633,635	365,701,650	(12,692,294)	178,107,802
Interest Income	19,305,330	-	568,393	898,107	-	20,771,830
Interest Expense	(16,454,747)	(1,121,147)	-	(194,243,551)	-	(211,819,445)
Depreciation & Amortization	(58,947,817)	(9,168,407)	(5,794,006)	(13,910,938)	(8,835,981)	(96,657,149)
Share of Profit of Associate	1,033,455	-	-	-	-	1,033,455
Share of Profit of Joint Venture	5,469,101	-	-	-	-	5,469,101
Segment Assets	794,457,972	127,572,399	438,495,247	3,619,197,429	450,056,488	5,429,779,535
Equity accounted investees	43,584,606	-	-	-	-	43,584,606
Capital Expenditure	44,169,410	3,114,659	5,881,253	19,321,413	122,919,915	195,406,650
Segment Liability	653,215,208	48,159,939	282,593,470	2,975,758,161	42,257,484	4,001,984,262

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

C. Reconciliations of information on reportable segment to IFRS measures

	2014 MVR	2013 MVR
i. Revenue		
Total revenue for reportable segments	12,271,004,672	13,621,967,607
Revenue for other Segments	22,274,131	17,846,987
Elimination of Inter - Segment Revenue	(3,122,134,314)	(2,510,068,009)
Consolidated Revenue	9,171,144,489	11,129,746,585
ii. Profit before tax		
Total profit / (loss) before tax for reportable segments	687,670,336	226,006,539
Profit / (loss) before tax for other segments	(29,307,082)	(12,692,294)
Elimination of inter-segment profit	(82,542,290)	(33,708,999)
Dividend received from joint venture	(10,000,000)	(8,000,000)
Share of profit of equity - accounted investees	7,358,535	6,502,556
Consolidated profit before tax from continuing operations	572,576,499	178,107,802
iii. Assets		
Total assets for reportable segment	4,808,084,081	4,932,983,225
Assets for other segments	582,989,940	450,056,488
Equity - accounted investees	40,943,142	43,584,606
Other unallocated amounts	3,155,217	3,155,217
Consolidated total assets	5,435,172,380	5,429,779,535
iv. Liabilities		
Total Liabilities for reportable segment	3,523,418,205	3,959,726,778
Liabilities for other segments	51,751,978	42,257,484
Consolidated total liabilities	3,575,170,183	4,001,984,262

v. Other Material items

FOR THE YEAR ENDED 31 ST DECEMBER 2014

	Reportable Segment totals MVR	Adjustment MVR	Consolidated totals MVR
Interest Income	20,684,949	(1,458,684)	19,226,265
Interest Expense	(171,306,405)	1,458,684	(169,847,721)
Capital Expenditure	106,943,934	-	106,943,934
Depreciation and Amortization	(81,180,589)	(553,559)	(81,734,148)
Impairment losses on non - financial assets	(4,934,424)	-	(4,934,424)
Reversal of Impairment losses on non - financial assets	2,410,653	-	2,410,653
	(127,381,882)	(553,559)	(127,935,441)

FOR THE YEAR ENDED 31 ST DECEMBER 2013

Interest Income	21,876,751	(1,104,921)	20,771,830
Interest Expense	(212,924,366)	1,104,921	(211,819,445)
Capital Expenditure	72,486,735	-	72,486,735
Depreciation and Amortization	(86,639,591)	(1,181,577)	(87,821,168)
Impairment losses on non - financial assets	5,212,210	-	5,212,210
	(199,988,261)	(1,181,577)	(201,169,838)

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

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 Company's different operating geographical areas. In presenting the following information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2014 MVR	2013 MVR
i. Revenue		
Male	11,706,306,677	13,213,809,961
Thilafushi	128,174,680	95,621,422
Hulhumale'	53,952,124	53,087,668
Other Islands	300,822,958	273,677,596
Singapore	104,022,364	3,617,947
Less : Inter-company transactions	(3,122,134,314)	(2,510,068,009)
	9,171,144,489	11,129,746,585

	2014 MVR	2013 MVR
ii. Non - Current Assets		
Male	1,250,335,452	1,401,116,375
Thilafushi	37,404,788	37,356,613
Hulhumale'	438,580,720	298,021,323
Other Islands	206,597,711	210,808,867
Singapore	83,314	37,495
	1,933,001,985	1,947,340,673

e. Major Customer

Revenue from one customer of the Fuel, lubricant and crude oil segment represented approximately MVR 1,802,800,322 (2013: MVR 2,225,039,348) of the Group's total revenues.

7. REVENUE

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Retail and wholesale	1,602,778,860	1,373,378,670	1,613,187,702	1,379,940,530
Insurance	143,346,621	92,083,648	-	-
Gas	162,591,514	165,619,082	-	-
Fuel and lubricants	7,240,153,363	9,480,818,198	7,300,599,760	9,396,914,736
Other services	22,274,131	17,846,987	9,340,019	5,567,366
	9,171,144,489	11,129,746,585	8,923,127,481	10,782,422,632

8. OTHER INCOME

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Profit on disposal of property, plant and equipment	35,302	18,939	35,302	3,026
Profit on disposal of investments	29,346,841	-	29,346,841	-
Gain on dilution of significant influence	-	9,820,705	-	-
Income from vessels and fleets	1,149,114	2,710,496	1,149,114	2,710,496
Fines and claims received	16,784,951	25,760,254	16,485,215	25,283,294
Rent income	15,905,748	17,240,614	20,901,239	21,507,206
Discounts received	432,714	2,809,430	432,714	21,358
Administration fee income - Aasandha	49,500,000	44,018,507	-	-
Miscellaneous Income	14,213,814	11,565,967	2,248,017	3,600,285
	<u>127,368,484</u>	<u>113,944,912</u>	<u>70,598,442</u>	<u>53,125,665</u>

9. NET FINANCE COSTS

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Finance income				
Interest income on loans granted	91,150	568,393	717,606	1,104,921
Interest income on Government credit scheme	11,349,337	13,101,519	11,349,337	13,101,519
Interest income on fixed deposits	7,785,778	7,101,918	7,381,357	6,203,811
Dividends on investments	3,738,483	11,223,702	54,471,721	63,317,475
Discounts on treasury bills	7,182,455	5,933,692	-	-
Other finance income	5,867,541	7,223,518	-	-
	<u>36,014,744</u>	<u>45,152,742</u>	<u>73,920,021</u>	<u>83,727,726</u>
Finance costs				
Interest on bank borrowings	(49,635,961)	(47,373,462)	(42,059,679)	(41,741,757)
Interest on bank overdrafts	(46,088,405)	(30,943,824)	(43,413,995)	(28,717,756)
Interest on other borrowings	(74,123,355)	(133,502,159)	(75,582,039)	(134,607,081)
Exchange Loss	(61,778,453)	(347,472,099)	(61,778,156)	(347,079,589)
	<u>(231,626,174)</u>	<u>(559,291,544)</u>	<u>(222,833,869)</u>	<u>(552,146,183)</u>
Net finance costs	<u>(195,611,430)</u>	<u>(514,138,802)</u>	<u>(148,913,848)</u>	<u>(468,418,457)</u>

10. PROFIT BEFORE TAX

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Profit before tax is stated after charging all the expenses including the following;				
Depreciation of property, plant and equipment	75,206,723	82,066,963	46,708,525	51,754,259
Depreciation of investment properties	1,268,102	2,854,648	1,268,102	2,854,648
Amortization of intangible assets	14,620,957	11,735,538	12,828,099	10,804,372
Rental expenses	18,545,451	15,586,488	11,192,812	8,442,944
Directors' remuneration	4,006,332	4,252,857	1,045,625	1,168,090
Provision for impairment of trade, other and related party receivable	5,974,762	120,983,920	9,901,089	111,326,410
Personnel Costs (Note 10.1)	335,542,537	286,893,403	226,238,967	188,432,801

10.1 Personnel Costs

Salaries and wages	140,738,284	130,641,723	81,270,728	72,210,966
Staff welfare	8,028,107	4,807,096	6,710,934	3,246,757
Employer's contribution to Government pension fund	8,575,501	7,847,418	5,090,149	4,492,267
Bonus, overtime and allowances	155,668,993	129,747,936	115,191,902	96,036,309
Employee redundancy expenses	1,881,306	906,424	1,881,306	906,424
Staff training expenses	11,665,311	9,712,950	11,130,507	9,114,565
Other staff related expenses	8,985,035	3,229,856	4,963,441	2,425,513
	335,542,537	286,893,403	226,238,967	188,432,801

11. INCOME TAX EXPENSE

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
11.1 Current Tax Expense				
Current Tax Expense (Note 11.2)	95,712,093	45,944,837	73,937,861	27,499,760
Adjustment in respect of prior years	(1,062,963)	(36,378)	(708,451)	-
	94,649,130	45,908,459	73,229,410	27,499,760
Deferred Tax Expense				
Deferred tax asset recognised (Note 11.3)	(1,646,351)	(32,312,671)	(1,249,642)	(30,298,403)
Deferred tax liability reversed (Note 11.4)	(353,958)	(130,364)	-	-
Income Tax Expense	92,648,821	13,465,424	71,979,768	(2,798,643)

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

11.2 Reconciliation between Accounting Profit and Taxable Income :

	Group		Company	
	2014 MVR	2013 MVR (Restated)	2014 MVR	2013 MVR
Profit before Tax	572,576,499	178,107,802	541,729,560	124,122,117
Loss of subsidiaries which is not subject to Tax	3,347,821	5,247,146	-	-
Result of associates reported net of tax	(567,281)	(1,033,455)	-	-
Result of joint venture reported net of tax	(6,791,255)	(5,469,101)	-	-
Aggregate Disallowable Items	307,407,773	400,877,221	169,566,827	324,520,959
Aggregate Allowable Items	(237,607,224)	(271,144,987)	(218,305,887)	(265,239,911)
Tax Free Allowance	(285,715)	(285,715)	(71,429)	(71,429)
Total Taxable Income	638,080,618	306,298,911	492,919,071	183,331,736
Income Tax @ 15%	95,712,093	45,944,837	73,937,861	27,499,760

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 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

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Opening Balance	59,503,822	27,191,151	56,325,127	26,026,724
Deferred tax asset recognized during the year	1,646,351	32,312,671	1,249,642	30,298,403
Closing Balance	61,150,173	59,503,822	57,574,769	56,325,127

11.4 Deferred Tax Liability

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Opening Balance	3,346,595	3,476,959	-	-
Deferred tax liability reversed during the year	(353,958)	(130,364)	-	-
Closing Balance	2,992,637	3,346,595	-	-

11.5 Deferred Tax Asset is attributable to the following;

	Group			
	2014		2013	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	244,332,961	36,649,944	267,207,265	40,081,090
Intangible Assets	(12,586,740)	(1,888,011)	(18,610,603)	(2,791,590)
Specific Provisions on Trade and Related Party Receivable	175,921,602	26,388,240	148,095,483	22,214,322
	407,667,823	61,150,173	396,692,145	59,503,822

11.6 Deferred Tax Asset is attributable to the following;

	Company			
	2014		2013	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	218,692,191	32,803,829	243,909,796	36,586,469
Intangible Assets	(10,781,997)	(1,617,300)	(16,504,434)	(2,475,665)
Specific Provisions on Trade and Related Party Receivable	175,921,602	26,388,240	148,095,485	22,214,323
	383,831,796	57,574,769	375,500,847	56,325,127

11.7 Deferred Tax Liability is attributable to the following;

	Group			
	2014		2013	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	19,950,913	2,992,637	22,310,633	3,346,595

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	
	2014	2013	2014	2013
Profit Attributable to the Ordinary Shareholders - MVR	478,301,743	162,599,008	469,749,792	126,920,760
Weighted Average Number of Shares	1,126,910	1,126,910	1,126,910	1,126,910
Basic and Diluted Earnings Per Share - MVR	424	144	417	113

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Group	Freehold Land MVR	Freehold Building MVR	Leasehold Building MVR	Plant and Machinery MVR	Vessels and Fleet MVR	Motor Vehicle MVR	Air Conditioners MVR	Office Equipment MVR	Furniture and Fixtures MVR	Other Assets MVR	Total 2014 MVR	Total 2013 MVR (Restated)
Cost												
Opening Balance	767,354,400	516,307,926	36,347,751	134,492,272	23,117,588	50,796,359	8,811,481	80,384,314	13,456,637	57,306,046	1,896,432,774	1,844,900,034
Additions during the year	-	4,585,944	4,037,357	3,659,191	2,442,797	26,128,677	2,246,944	8,545,860	1,742,560	9,943,227	63,332,557	39,503,859
Disposal during the year	-	-	-	(777,218)	(1,477,198)	(49,800)	-	(434,417)	(71,816)	(276,589)	(3,087,038)	(1,072,501)
Transferred from Capital Work In Progress	-	986,620	-	7,814,554	4,444,472	-	-	82,152	-	10,080	13,337,878	12,285,555
Transfers to Intangible assets	-	-	-	-	-	-	-	-	-	-	-	(374,794)
Adjustment for unrealized profit	-	(58,402)	(19,672)	-	623,252	8,381	-	-	-	-	553,559	1,181,579
Exchange Gain	-	-	-	-	-	-	-	1,483	-	-	1,483	9,042
Closing Balance	767,354,400	521,822,088	40,365,436	145,188,799	23,720,811	76,883,617	11,058,425	88,579,392	15,127,381	66,982,764	1,970,571,213	1,896,432,774
Accumulated Depreciation												
Opening Balance	-	257,487,787	22,694,079	92,096,122	182,450,146	41,199,755	6,441,059	51,930,046	9,082,472	32,542,607	695,924,073	613,524,995
Charge for the year	-	21,773,084	2,681,619	7,309,549	19,073,672	2,816,749	1,305,397	12,261,038	1,491,367	6,494,248	75,206,723	82,066,963
Disposals during the year	-	-	-	(90,675)	(958,969)	(17,430)	-	(396,147)	(53,674)	(204,989)	(1,721,884)	(851,644)
Adjustment for unrealized profit	-	(58,402)	(19,672)	-	623,252	8,381	-	-	-	-	553,559	1,181,579
Exchange loss	-	-	-	-	-	-	-	1,322	-	-	1,322	2,180
Closing Balance	-	279,202,469	25,356,026	99,314,996	201,188,101	44,007,455	7,746,456	63,796,259	10,520,165	38,831,866	769,963,793	695,924,073
Net Carrying Value												
As at 31st December 2014	767,354,400	242,619,619	15,009,410	45,873,803	36,020,810	32,876,162	3,311,969	24,783,133	4,607,216	28,150,898	1,200,607,420	1,200,508,701
As at 31st December 2013	767,354,400	258,820,139	13,653,672	42,396,150	48,725,442	9,596,604	2,370,422	28,454,268	4,374,165	24,763,439	492,465,642	328,445,626
Capital Work in Progress (Note 13.1.1)											1,693,073,062	1,528,954,327
Total												

13.1.1 Capital Work in Progress

Opening Balance	328,445,626	195,642,174
Additions during the year	178,553,425	145,760,382
Disposals during the year	(1,195,531)	-
Transferred to Property, Plant and Equipment	(13,337,878)	(12,285,555)
Provision for Impairment	-	(671,375)
Closing Balance	492,465,642	328,445,626

13.1.2 The buildings of State Trading Organization PLC have been constructed on lands belonging to the Government of Maldives for which a rental of MVR 3 per square feet per month is paid. There is no lease agreement and accordingly no definite period of lease is identified. Under these circumstances, the Directors have considered it is prudent to provide depreciation in accordance with Accounting Policy 3.4.

13.1.3 State Trading Organization PLC conducts the operation of fuel business on a land (Funadhoo Island) taken on lease from the Government of Maldives. There is no lease agreement and accordingly no definite period of lease is identified. As per a letter sent by the government, the land was given on a rent-free basis for an indefinite period of time. Thus, there is no rental expenses accounted in relation to the lease of land in the financial statements.

13.1.4 Depreciation expense of MVR 28,813,147/- (2013: MVR 33,850,290/-) is included in 'Cost of sales', MVR 20,548,162 (2013: MVR 23,477,886/-) in 'Administrative expenses' and MVR 25,845,414 (2013: MVR 24,738,787/-) in 'Selling and marketing costs' in the income statement.

13.1.5 Borrowings from Nations Trust Bank, Bank of Maldives and Bank of Ceylon are secured on STO trade center building, Super market warehouse and Staple food warehouse of the Company, respectively.

13.1.6 Capital work in progress include Construction of a tourist hotel, which is secured for the loan from Thai Exim Bank, in Hulumale Island, two vessel and other projects.

13.1.7 During the year, the Group has capitalised borrowing costs amounting to MVR 16,839,745 (2013: MVR 779,687) on qualifying assets. Borrowing costs were capitalised at the rate of 7.5%.

14. INVESTMENT PROPERTY

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Cost				
Opening Balance	58,786,571	57,916,868	58,786,571	57,916,868
Addition During the year	5,395,301	869,703	5,395,301	869,703
Closing Balance	64,181,872	58,786,571	64,181,872	58,786,571
Accumulated Depreciation				
Opening Balance	51,093,083	48,238,435	51,093,083	48,238,435
Depreciation for the year	1,268,102	2,854,648	1,268,102	2,854,648
Closing Balance	52,361,185	51,093,083	52,361,185	51,093,083
Net Book Value	11,820,687	7,693,488	11,820,687	7,693,488

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.

Market Value

There was no independent valuation done on the open market value of the above properties as at 31st December 2014 for the group and the Company.

Income earned from Investment Properties

The rental income from and direct expenses of the investment properties are as follows;

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Rent income	16,992,279	17,409,000	16,992,279	17,409,000
Direct expenses	(4,031,275)	(1,660,267)	(4,031,275)	(1,660,267)

15. INTANGIBLE ASSETS

15.1 GROUP

	Goodwill	Computer Software	Total 2014	Total 2013
	Cost			
Opening Balance	3,155,217	75,838,407	78,993,624	63,316,665
Additions During the year	-	887,995	887,995	7,086,240
Transferred from Capital Work In Progress (Note 15.3)	-	2,774,042	2,774,042	8,215,925
Transferred from PPE	-	-	-	374,794
Closing Balance	3,155,217	79,500,444	82,655,661	78,993,624
Accumulated Amortization				
Opening Balance	-	36,941,247	36,941,247	25,205,709
Amortization During the year	-	14,620,957	14,620,957	11,735,538
Closing Balance	-	51,562,204	51,562,204	36,941,247
Net Book Value	3,155,217	27,938,240	31,093,457	42,052,377
Capital Working Progress (Note 15.3)			489,537	545,241
Total			31,582,994	42,597,618

15.2 Company	Computer Software	
	2014	2013
Cost		
Opening Balance	63,847,243	51,212,445
Additions During the year	-	6,376,329
Transferred from Capital Work In Progress (Note 15.3)	-	5,883,675
Transferred from PPE	-	374,794
Closing Balance	63,847,243	63,847,243
Accumulated Amortization		
Opening Balance	30,287,557	19,483,185
Amortization During the year	12,828,099	10,804,372
Closing Balance	43,115,656	30,287,557
Net Book Value	20,731,587	33,559,686

15.3 Capital Working Progress (CWIP)	Group		Company	
Opening Balance	545,241	6,574,700	-	5,883,675
Additions during the year	2,718,338	2,186,466	-	-
Transferred to Intangible Asset	(2,774,042)	(8,215,925)	-	(5,883,675)
Closing Balance	489,537	545,241	-	-

15.4 Impairment test of Goodwill

The recoverable amount of goodwill is determined based on value - in -use calculation. The key assumptions used given below.

	2014	2013
Business Growth	16.00%	19.00%
Inflation	2.47%	4.03%
Discount rate	9.00%	10.75%
Margin	4.61%	5.93%

16. PREPAID LEASE RENT

	Group		Company	
	2014 MVR	2013 MVR (Restated)	2014 MVR	2013 MVR (Restated)
Opening Balance	43,011,906	45,326,447	43,011,906	45,326,447
Amortization during the Year	(2,314,542)	(2,314,541)	(2,314,542)	(2,314,541)
Closing balance	40,697,364	43,011,906	40,697,364	43,011,906
Analysis of Lease Rent				
Current	2,314,542	2,314,542	2,314,542	2,314,542
Non-Current	38,382,822	40,697,364	38,382,822	40,697,364

The Group / the Company has entered in to an agreement on 31st July 2007 with Hulhumale' 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 due for the first ten years. However, as per the second amendment to the initial agreement made on 27th June 2011, the above advanced lease rent had been considered as an acquisition fee and agreed that the amount should not be deducted from future lease payments. Accordingly, the above advanced lease payment has been recognised over the lease period.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 MVR	2013 MVR
Maldiv Gas Private Limited		
Allied Insurance Company of the Maldives Private Limited	61,200,000	61,200,000
STO Maldives (Singapore) Private Limited	807,000	807,000
Fuel Supplies Maldives Private Limited	1,459,750	1,459,750
Maldives National Oil Company Limited	42,783,185	42,783,185
STO Hotels & Resorts Private Limited	10,000,000	10,000,000
	999,900	999,900
	117,249,835	117,249,835

18. EQUITY - ACCOUNTED INVESTEEES

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Interest In Associates (Note 18.1)	8,409,299	7,842,018	10,567,267	10,567,267
Interest In Joint Venture (Note 18.3)	32,533,843	35,742,588	4,700,000	4,700,000
	40,943,142	43,584,606	15,267,267	15,267,267

18.1 Investment in Associates

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Balance as at 1st January	7,842,018	6,987,858	10,567,267	20,567,267
Share of Profit	567,281	1,033,455	-	-
Gain on dilution of significant influence	-	9,820,705	-	-
Investment classified as Available - for-sale financial asset	-	(10,000,000)	-	(10,000,000)
Balance as at 31st December	8,409,299	7,842,018	10,567,267	10,567,267

Lafarge Maldives Cement Private Limited

State Trading Organization PLC has acquired 10,567,267 shares, at the price of MVR 1/- each on 8 of January 2002, in Lafarge Maldives Cement Private Limited which represents 25% of the shareholding of that company. The principal activity of the Company is trading of cement.

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

	Lafarge Maldives Cement Private Limited	
	2014	2013
Percentage of Ownership	25%	25%
Non-Current Assets	19,531,759	16,782,130
Current Assets	59,748,915	74,380,708
Current Liabilities	(45,643,478)	(59,794,766)
Net Assets (100%)	33,637,196	31,368,072
Group's share of net Assets	8,409,299	7,842,018
Carrying Amount of interest in associates	8,409,299	7,842,018
Revenue	101,315,719	92,315,469
Profit and total Comprehensive Income	2,269,123	4,133,821
Group's share of profit and total comprehensive income	567,281	1,033,455

18.3 Investment in Joint Venture

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Balance as at 1st January	35,742,588	38,273,487	4,700,000	4,700,000
Share of Profit	6,791,255	5,469,101	-	-
Dividend Received	(10,000,000)	(8,000,000)	-	-
Balance as at 31st December	32,533,843	35,742,588	4,700,000	4,700,000

State Trading Organization Plc has acquired 47,000 shares at the price of MVR 100/- each on 31st December 2001 in Maldives Structural Products Private Limited which represents 50% of the shareholding of the company. Maldives Structural Products Private Limited 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.

	2014 MVR	2013 MVR
Percentage of Ownership	50%	50%
Non Current Assest	36,072,382	45,283,546
Current Assets	39,066,136	36,866,056
Current Liabilities	(10,070,834)	(10,664,427)
Net Assets (100%)	65,067,684	71,485,175
Group's share of net Assets	32,533,842	35,742,588
Carrying Amount of interest in joint Venture	32,533,842	35,742,588
Revenue	63,606,350	56,854,400
Depreciation and Amortization	(244,268)	(584,608)
Interest Expense	(2,282,417)	(4,187,542)
Income Tax Expense	(2,313,338)	(1,846,399)
Profit and Total Comprehensive Income (100 %)	13,582,509	10,938,202
Group's share of profit and total comprehensive income	6,791,255	5,469,101
Dividend Received by the Group	(10,000,000)	(8,000,000)

19. INVESTMENTS AVAILABLE FOR SALE

	Group		Company	
	2014 MVR	2013 MVR (Restated)	2014 MVR	2013 MVR
Balance as at 1st January	176,222,400	172,653,410	160,222,400	156,653,410
Investments made during the year	375,000	1,568,800	375,000	1,568,800
Classified form investment in associates	-	10,000,000	-	10,000,000
Fair value loss transferred to equity	(1,250,000)	(7,999,810)	-	(7,999,810)
Disposal of investments available-for-sale	(147,856,600)	-	(147,856,600)	-
Balance as at 31st December	27,490,800	176,222,400	12,740,800	160,222,400

Marketable equity securities are measured at fair value annually at the close of business on 31st December. For investments traded in active markets, fair value is determined by reference to Stock exchange quoted bid prices. During the year, the Company has disposed the investments in Bank of Maldives PLC and Dhiraagu PLC amounting to MVR 22,856,600 and MVR 125,000,000, respectively (2013: MVR Nil). Other investments (unlisted securities) are stated at cost less impairment since the fair value of those shares cannot be measured reliably. Available-for-sale financial assets 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.

Available-for-sale financial assets consist of the equity securities in the following entities and investment made in G.Dh Atoll Rayyithunge Cooperative Society.

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR (Restated)	31/12/2014 MVR	31/12/2013 MVR
G.Dh Atoll Rayyithunge Cooperative Society	4,500,000	4,500,000	4,500,000	4,500,000
Bank of Maldives PLC	-	22,856,600	-	22,856,600
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	125,000	500,000	125,000
Dhivehi Raajjeyge Gulhun PLC (Dhiraagu)	8,750,000	135,000,000	-	125,000,000
Aasandha Private Limited	6,000,000	6,000,000	-	-
Addu International Airport Private Limited	10,000,000	10,000,000	10,000,000	10,000,000
Less: Provision for impairment	(6,809,148)	(6,809,148)	(6,809,148)	(6,809,148)
	27,490,800	176,222,400	12,740,800	160,222,400

20. INVENTORIES

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Food stock	42,879,875	49,463,905	42,879,875	49,463,905
Fuel and lubricants	107,267,729	129,181,631	37,068,706	89,224,712
Home improvement and electronics	74,141,020	50,624,224	74,141,020	50,624,224
Construction materials	52,667,155	62,187,420	52,667,155	62,187,420
Pharmaceuticals	184,202,841	106,973,812	184,202,841	106,973,812
Spare parts	16,903,260	14,642,040	9,218,366	7,211,525
Retail shops	53,836,583	30,275,992	53,836,583	30,275,992
Others	19,825,556	16,559,551	19,807,908	16,559,551
Goods in transit	209,329,851	386,341,286	209,329,851	386,341,286
Less: provision for slow and non moving inventories (Note 20.1)	(54,701,595)	(52,177,824)	(47,065,654)	(49,476,307)
	706,352,275	794,072,037	636,086,651	749,386,120

20.1 Provision for slow moving and non moving inventories

Opening Balance	52,177,824	47,636,989	49,476,307	45,036,311
Provision made / (reversal) during the year	2,523,771	4,540,835	(2,410,653)	4,439,996
closing balance	54,701,595	52,177,824	47,065,654	49,476,307

Of the Company, the cost of inventories recognized as an expense and included in 'cost of sales' amounted to MVR 7,620,661,980/- (2013: MVR 9,628,470,443/-).

The Company reversed MVR 2,410,652 /- of a previous inventory provision in December 2014. The Company has sold all the goods that were considered for the provision to independent retailers in Maldives. The amount reversed has been included in 'cost of sales' in the statement of income.

The inventories of the Group and the Company are secured against to the loans obtained from Nations Trust Bank.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Trade Receivables	955,775,705	671,481,566	155,464,105	160,220,584
Due from Policyholders	57,781,845	46,581,975	-	-
Less : Provision for Impairment loss (Note 21.1)	(129,666,863)	(130,019,532)	(69,478,783)	(66,803,884)
	883,890,687	588,044,009	85,985,322	93,416,700
Advances, prepayments and deposits	184,821,054	56,093,390	142,244,955	34,868,759
Government employee credit scheme	55,656,899	45,583,673	55,656,899	45,583,673
Staff advances and other loans	6,211,660	4,920,064	6,211,660	4,920,064
Advances paid for custom duty	15,197,213	1,144,024	15,197,213	1,144,024
Miscellaneous receivable	32,667,690	48,137,610	29,854,126	30,283,917
Less : unmaturred interest	(3,625,764)	(3,210,162)	(3,625,764)	(3,210,162)
Less : Provision for Impairment loss (Note 21.2)	(36,633,526)	(53,633,244)	(33,413,199)	(49,514,158)
	254,295,226	99,035,355	212,125,890	64,076,117
Total Trade and Other Receivable	1,138,185,913	687,079,364	298,111,212	157,492,817

21.1 Provision for Impairment of Trade Receivables

Opening Balance	130,019,532	109,184,843	66,803,884	54,490,883
Provision made / (reversal) during the year	(352,669)	20,834,689	2,674,899	12,313,001
Closing balance	129,666,863	130,019,532	69,478,783	66,803,884

21.2 Provision for Impairment of Other Receivables

Opening Balance	53,633,244	43,168,806	49,514,158	40,185,542
Provision made / (reversal) during the year	(16,999,718)	10,464,438	(16,100,959)	9,328,616
Closing balance	36,633,526	53,633,244	33,413,199	49,514,158

22. AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
STO Maldives (Singapore) Private Limited	-	-	15,347,002	9,718,702
Maldivian Gas Private Limited	-	-	11,162	6,135,032
Fuel Supplies Maldives Private Limited	-	-	694,150,655	269,948,828
Allied Insurance Company of the Maldives Private Limited	-	-	873,808	-
Rainbow Enterprises Private Limited	-	422,046	-	422,046
Maldives National Oil Company Limited	-	-	241,260	5,606,501
G.Dh Atoll Rayyithunge Cooperative Society	831,492	831,492	831,492	831,492
Maldives Industrials Fisheries Company Limited	1,061,556	868,056	1,061,556	868,056
Ministry of Finance and Treasury	67,895,533	264,482,587	67,895,533	264,482,587
Koodoo Fisheries Maldives Limited	27,791	17,400	27,791	17,400
Ensis Fisheries Private Limited	-	402,606	-	-
State Electric Company (STELCO)	121,216,043	239,509,283	121,216,043	239,509,283
Indhira Gandhi Memorial Hospital (IGMH)	224,885,323	312,053,736	224,885,323	312,053,736
Lafarge Maldives Cement Private Limited	9,570	9,109	1,070	384
Maldives Structural Product Private Limited	38,825	-	-	-
National Social Protection Agency	-	1,739,837	-	1,739,837
Addu International Airport Private Limited	123,610,553	83,588,417	123,610,553	83,588,417
Aasandha Private Limited	79,737,730	76,862,375	60,530,802	65,542,914
Champa Oil and Gas Company Private Limited	111,055	68,430	-	-
Maldives Airport Company Limited	42,823	122,369,113	42,823	122,369,113
STO Hotels & Resorts Private Limited	-	-	193,391,882	176,010,184
Rasheed Carpentry and Construction Private Limited	-	1,131,257	-	1,131,257
E-Biz Maldives Private Limited	4,447	22,066	4,447	22,066
Other Government entities	233,826,705	311,783,421	233,826,705	311,783,421
	853,299,446	1,416,161,231	1,737,949,907	1,871,781,256
Less : Provision for Impairment loss (Note 22.1)	(128,661,440)	(105,334,291)	(128,661,440)	(105,334,291)
Less : unmaturing interest	(5,391,992)	(10,054,686)	(5,391,992)	(10,054,686)
Total amount due from related party	719,246,014	1,300,772,254	1,603,896,475	1,756,392,279
Non - Current	28,558,305	48,087,048	28,558,305	48,087,048
Current	690,687,709	1,252,685,206	1,575,338,170	1,708,305,231
	719,246,014	1,300,772,254	1,603,896,475	1,756,392,279

22.1 Provision for Impairment of Related Party Receivable

Opening Balance	105,334,291	15,649,498	105,334,291	15,649,498
Provision made during the year	23,327,149	89,684,793	23,327,149	89,684,793
Closing balance	128,661,440	105,334,291	128,661,440	105,334,291

23. LOAN GRANTED TO RELATED PARTIES

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Opening Balance	-	-	10,986,414	14,068,923
Loans repayment received	-	-	(10,986,414)	(3,082,509)
Closing Balance	-	-	-	10,986,414

24. REINSURANCE CONTRACTS

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Reinsurers' share of insurance liabilities	114,349,359	95,312,747	-	-
Reinsurance share of paid claims	17,564,787	8,900,177	-	-
Reinsurance share of incurred but not reported claims	7,763,392	-	-	-
Unearned premium	63,838,527	52,053,375	-	-
	203,516,065	156,266,299	-	-

25. INVESTMENT HELD TO MATURITY

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Opening balance	62,643,934	70,684,817	-	-
Purchased during the year	362,314,336	618,547,548	-	-
Matured during the year	(334,273,669)	(626,588,431)	-	-
Closing Balance	90,684,601	62,643,934	-	-

The Group has invested MVR 90,684,601 (2013: MVR 62,643,934) in treasury bills issued by Maldives Monetary Authority for a maturity value of MVR 95,500,000 (2013: MVR 64,000,000) at the rate of interest ranging from 7.98% to 8.98% per annum (2013: 10.6% to 10.75% per annum) with the maturity period of 91 days to 364 days (2013: 28 days to 364 days).

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Favorable Balances				
Cash in hand	41,951,427	38,111,243	35,700,555	36,603,543
Balances at banks	619,223,442	338,244,446	477,999,986	168,492,143
Fixed deposits	9,254,421	151,021,791	7,712,421	149,479,791
	670,429,290	527,377,480	521,412,962	354,575,477
Unfavorable Balances				
Bank overdrafts used for cash management purpose	(322,323,982)	(300,012,930)	(304,650,687)	(288,918,727)
Cash and Cash equivalents for the purpose of Cash flow statement	348,105,308	227,364,550	216,762,275	65,656,750

27. SHARE CAPITAL AND RESERVES

A. Share Capital and Share Premium

27.1 Authorized

	Number of Shares	Ordinary Shares	Share premium	Total
As at 1 January 2013	1,126,910	56,345,500	27,814,500	84,160,000
As at 31 December 2013	1,126,910	56,345,500	27,814,500	84,160,000
As at 1 January 2014	1,126,910	56,345,500	27,814,500	84,160,000
As at 31 December 2014	1,126,910	56,345,500	27,814,500	84,160,000

The total number of authorised ordinary shares is 2,000,000 (2013: 2,000,000) with a par value of MVR 50 per share (2013: MVR 50 per share). The total number of issued shares is 1,126,910 (2013: 1,126,910). All issued shares are fully paid.

27.2 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 of the Company.

27.3 Dividends per share

At the Annual General Meeting held on 22 May 2014, a dividend in respect of 2013 of MVR 24 per share (2013: declared dividend MVR 75 per share in respect of 2012) amounting to a total of MVR 27,045,840 (2013: declared MVR 84,518,250) was declared and approved by the shareholders and accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 December 2014.

B. RESERVES

27.4 General Reserve

General reserve balance will be utilized for any purpose decided by the board of directors.

27.5 Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired.

27.6 Claim equalization Reserve

Reserve for claim equalization represents 12% of the operating profit of the 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 claims in future by the Group.

27.7 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	
	2014 MVR	2013 MVR
Opening balance	8,445,228	6,668,110
Share of net result of the subsidiaries	1,625,935	2,043,370
Dividend paid	-	(266,252)
	10,071,163	8,445,228

29. LOANS AND BORROWINGS

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Opening balance	918,615,852	926,327,039	808,615,852	926,327,039
Loans obtained during the Year	641,268,319	708,574,327	591,268,319	558,574,327
Repayments during the year	(450,126,592)	(716,285,514)	(372,945,312)	(676,285,514)
	1,109,757,579	918,615,852	1,026,938,859	808,615,852
29.1 Sources of Finance				
Secured loans	876,938,859	658,615,852	876,938,859	658,615,852
Unsecured loans	232,818,720	260,000,000	150,000,000	150,000,000
	1,109,757,579	918,615,852	1,026,938,859	808,615,852
29.2 Non - Current				
Bank Borrowings	391,859,569	217,597,788	391,859,569	217,597,788
29.3 Repayment of non-current liabilities				
More than one year, less than two years	120,079,010	26,278,844	120,079,010	26,278,844
More than two years, less than three years	61,341,654	32,089,910	61,341,654	32,089,910
More than three years, less than four years	73,916,979	39,768,127	73,916,979	39,768,127
More than four years, less than five years	100,648,838	73,916,980	100,648,838	73,916,980
More than five years	35,873,088	45,543,927	35,873,088	45,543,927
	391,859,569	217,597,788	391,859,569	217,597,788
29.4 Current				
Bank borrowings	717,898,010	701,018,064	635,079,290	591,018,064

29.5 Bank borrowings of the Company will mature by April 2020 and bear an average interest rate of 7.93% annually (2013: 8.21% annually).

29.6 Bank Borrowings of the Company are secured by fixed deposit in Maldivian Rufiyaa, inventories, receivables, buildings (STO trade center building, Super market warehouse and Staple food warehouse) and guarantee from the Government of Maldives.

29.7 As at the reporting date the Company has pledged MVR 415,845,209/- (2013: MVR 316,959,782/-) as collateral for the US\$ loans taken from banks.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR (Restated)	31/12/2014 MVR	31/12/2013 MVR (Restated)
Trade Payables	1,268,959,985	2,167,124,031	1,244,091,427	2,149,793,340
Accrued Expenses	25,656,808	23,175,562	11,698,916	13,580,260
Lease Rent Accrual	36,343,015	37,125,245	36,343,015	37,125,245
Dividend Payable	197,829,407	175,141,490	197,829,407	175,141,490
Other Payable	78,635,375	58,196,679	55,875,078	39,255,427
	<u>1,607,424,590</u>	<u>2,460,763,007</u>	<u>1,545,837,843</u>	<u>2,414,895,762</u>

31. DEFERRED INCOME

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Opening Balance	6,087,255	4,549,252	-	-
Received during the year	9,288,180	3,891,420	-	-
Recognised during the year	(2,546,449)	(2,353,417)	-	-
	<u>12,828,986</u>	<u>6,087,255</u>	<u>-</u>	<u>-</u>
Analysis of Deferred Income				
Realization within one year	3,929,482	2,982,755	-	-
Realisation After one year	8,899,504	3,104,500	-	-
	<u>12,828,986</u>	<u>6,087,255</u>	<u>-</u>	<u>-</u>

31.1 Deferred revenues relate to the registration fees received from customers for the initial purchase of gas cylinders. On receipt of the registration fees, they are included in liabilities as deferred revenue and are credited to income statement as revenue on a straight line basis over 5 years.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
As at 1st January	17,890,509	25,687,485	17,890,509	25,687,485
Fair value realized during the year	(7,878,932)	(7,796,976)	(7,878,932)	(7,796,976)
As at 31st December	<u>10,011,577</u>	<u>17,890,509</u>	<u>10,011,577</u>	<u>17,890,509</u>

The fair value of the SWAP currency is determined by multiplying the Maldivian Rufiyaa (MVR) exchange rate as at 31 December 2014 with the outstanding US Dollar (US\$) commitment to Housing Development Finance Corporation Plc with regard to the Currency SWAP agreements signed on 10 February 2009, 31 July 2011, 15 October 2011, 12 February 2012 and 22 September 2014.

The commitment of outstanding forward foreign exchange contracts as at 31 December 2014 was MVR 253,758,579/- (2013: MVR 262,877,596/-).

33. INSURANCE CONTRACTS

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Claims reported and loss adjustment	162,552,527	127,519,159	-	-
Claim incurred but not reported (IBNR)	9,128,870	-	-	-
Provision for unearned premiums	124,691,774	98,157,422	-	-
Unappropriated policyholders fund	791,758	270,257	-	-
Provision for unearned reinsurance commission	21,897,162	18,652,847	-	-
Total insurance liabilities, gross	319,062,091	244,599,685	-	-

34. CURRENT TAX LIABILITIES

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Opening balance	20,556,000	29,375,035	12,669,986	16,735,224
Tax provision for the year	95,712,093	45,944,837	73,937,861	27,499,760
Tax paid during the year	(42,210,845)	(54,727,494)	(25,357,938)	(31,564,998)
Adjustment in respect of prior years	(1,062,963)	(36,378)	(708,451)	-
Closing balance	72,994,284	20,556,000	60,541,458	12,669,986

35. AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Lafarge Maldives Cement Private Limited	12,499,024	3,588,889	12,499,024	3,588,889
Maldives Structural Product Private Limited	6,883,197	1,786,726	6,883,197	1,786,726
Allied Insurance Company of the Maldives Private Limited	-	-	51,062,006	8,175,830
Maldives National Oil Company Limited	-	-	507,001	5,782,655
STO Maldives (Singapore) Private Limited	-	-	2,004,360	327,735
Koodoo Fisheries Maldives Limited	-	10,420,000	-	10,420,000
Rainbow Enterprises Private Limited	6,084	6,466	6,084	6,466
Fuel Supplies Maldives Private Limited	-	-	89,509,493	13,977,095
National Social Protection Agency	8,888,340	10,108,234	-	-
Addu International Airport Private Limited	249,469	251,063	249,469	251,063
Maldivian Gas Pvt Ltd	-	-	2,299,419	4,025,516
Rasheed Carpentry Private Limited	529,542	-	529,542	-
Other Government entities	88,718,801	3,951,051	88,718,801	3,951,051
	117,774,457	30,112,429	254,268,396	52,293,026

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 a current liability.

36. 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 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 and current tax 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 balance sheet plus net debt.

	Group		Company	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Total Liabilities	3,575,170,183	4,001,984,262	3,202,248,820	3,595,283,862
Less: Cash and cash equivalent	(670,429,290)	(527,377,480)	(521,412,962)	(354,575,477)
Net debt	2,904,740,893	3,474,606,782	2,680,835,858	3,240,708,385
Total equity	1,860,002,197	1,427,795,273	1,552,166,954	1,128,576,090
Total Capital Employed	4,764,743,090	4,902,402,055	4,233,002,812	4,369,284,475
Gearing	60.96%	70.88%	63.33%	74.17%

The decrease in the gearing ratio of the Group during the 2014 resulted primarily due to reduction in borrowings and increase in equity by virtue of the profit generated in the current year.

37. COMMITMENTS

	Group		Company	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
37.1 Capital Commitments				
Capital expenditure contracted as of the reporting date but not yet incurred	586,245,351	378,157,534	586,245,351	378,157,534
Shares subscribed as of the reporting date but not yet paid	10,000,000	11,818,000	10,000,000	11,818,000
	596,245,351	389,975,534	596,245,351	389,975,534

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

37.2 Operating Leases

Leases as lessee

The Company has entered into an agreement with Housing Development Corporation Limited on 31st July 2007 for developing, operating and managing a five star tourist hotel in Hulhumale'. The lease rental commitment of the said project has been included in operating lease commitments.

The group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 5 and 25 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

Future minimum lease payment	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	MVR	MVR	MVR	MVR
Non-cancellable operating lease rentals payable for future years are as follows ;				
Less than one year	16,315,897	13,687,370	12,363,393	11,565,000
1 to 5 years	84,076,949	70,889,627	83,820,635	65,535,000
More than 5 years	86,573,968	227,484,478	85,245,420	225,517,500
	186,966,814	312,061,475	181,429,448	302,617,500

Amount recognized in profit or loss	Group		Company	
	2014	2013	2014	2013
	MVR	MVR	MVR	MVR
Lease Expense	36,289,435	15,956,567	11,192,812	8,442,944

Leases as Lessor

The Group leases out some property which have been obtained under operating leases.

Future minimum lease rent receivable	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	MVR	MVR	MVR	MVR
Non-cancellable operating lease rentals receivable for future years are as follows				
Less than one year	13,426,534	15,905,748	18,422,025	20,901,239
1 to 5 years	40,279,602	63,622,992	55,266,075	73,688,100
	53,706,136	79,528,740	73,688,100	94,589,339
Amount recognized in profit or loss	Group		Company	
	2014	2013	2014	2013
	MVR	MVR	MVR	MVR
Rent Income	15,905,748	17,240,614	20,901,239	21,507,206

38. CONTINGENT LIABILITY

(i) State Trading Organization Plc has issued corporate guarantees to Bank of Maldives for the facilities obtained by Maldives Structural Products Private Limited.

	2014	2013
	MVR	MVR
Type of facilities		
<input type="checkbox"/> overdraft	3,855,000	3,855,000
<input type="checkbox"/> letter of credit	15,420,000	15,420,000
	19,275,000	19,275,000

(ii) State Trading Organization Plc has also issued a corporate guarantee to Maldives Hajj Corporation Limited for the facilities of MVR 50,000,000/- obtained by Fuel Supplies Maldives Private Limited.

(iii) Three customers have filed suit in Civil Court claiming compensation of MVR 6,721,210 /- which was not accepted by State Trading Organization PLC. These cases are in progress. In the event the Court holds in favor of the customers, the Group and the Company will need to recognize a liability in respect of these claims.

(iv) Except for the above 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.

39. FINANCIAL INSTRUMENTS 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 2014

Group

	Held for Trading	Designated at fair value	Held to Maturity	Available for Sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Fair Value			
									Level 1	Level 2	Level 3	
Financial Assets measured at fair value												
Investment Available for Sale	-	-	-	27,490,800	-	-	-	27,490,800	-	8,750,000	18,740,800	-
Investment Held to Maturity	-	-	90,684,601	-	-	-	-	90,684,601	-	90,684,601	-	-
	-	-	90,684,601	27,490,800	-	-	-	118,175,401	-	99,434,601	18,740,800	-
Financial Assets not measured at fair value												
Trade and Other Receivable	-	-	-	-	1,141,811,677	-	-	1,141,811,677	-	-	1,141,811,677	-
Amount due from Related Parties	-	-	-	-	724,638,006	-	-	724,638,006	-	-	724,638,006	-
Reinsurance Contracts	-	-	-	-	203,516,065	-	-	203,516,065	-	-	203,516,065	-
Equity Accounted Investees	-	-	-	-	-	40,943,142	-	40,943,142	-	-	40,943,142	-
Cash and Cash Equivalents	-	-	-	-	-	670,429,290	-	670,429,290	-	-	670,429,290	-
	-	-	-	-	2,069,965,748	711,372,432	-	2,781,338,180	-	-	2,781,338,180	-
Financial Liabilities measured at fair value												
Derivative Financial Instruments	-	10,011,577	-	-	-	-	-	10,011,577	-	10,479,367	-	-
	-	10,011,577	-	-	-	-	-	10,011,577	-	10,479,367	-	-
Financial Liabilities not measured at fair value												
Bank Overdraft	-	-	-	-	-	-	322,323,982	322,323,982	-	-	322,323,982	-
Loans and Borrowings	-	-	-	-	-	-	1,109,757,579	1,109,757,579	-	1,107,003,661	-	-
Amount due to related Parties	-	-	-	-	-	-	117,774,457	117,774,457	-	-	117,774,457	-
Deferred Revenue	-	-	-	-	-	-	12,828,986	12,828,986	-	-	12,828,986	-
Insurance Contracts	-	-	-	-	-	-	319,062,091	319,062,091	-	-	319,062,091	-
Trade and Other Payables	-	-	-	-	-	-	1,607,424,590	1,607,424,590	-	-	1,607,424,590	-
	-	-	-	-	-	-	3,489,171,685	3,489,171,685	-	1,107,003,661	2,379,414,106	-

AS AT 31ST DECEMBER 2013

Group

	Carrying Amount							Fair Value			
	Held for Trading	Designated at fair value	Held to Maturity	Available for Sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
Financial Assets measured at fair value											
Investment Available for Sale	-	-	-	176,222,400	-	-	-	176,222,400	-	157,856,600	18,365,800
Investment Held to Maturity	-	-	62,643,934	-	-	-	-	62,643,934	-	62,643,934	-
	-	-	62,643,934	176,222,400	-	-	-	238,866,334	-	220,500,534	18,365,800
Financial Assets not measured at fair value											
Trade and Other Receivable	-	-	-	-	690,289,526	-	-	690,289,526	-	-	690,289,526
Amount due from Related Parties	-	-	-	-	1,310,826,940	-	-	1,310,826,940	-	-	1,310,826,940
Reinsurance Contracts	-	-	-	-	156,266,299	-	-	156,266,299	-	-	156,266,299
Equity Accounted Investees	-	-	-	-	43,584,606	-	-	43,584,606	-	-	43,584,606
Cash and Cash Equivalents	-	-	-	-	527,377,480	-	-	527,377,480	-	-	527,377,480
	-	-	-	-	2,728,344,851	-	-	2,728,344,851	-	-	2,728,344,851
Financial Liabilities measured at fair value											
Derivative Financial Instruments	-	17,890,509	-	-	-	-	-	17,890,509	-	17,890,509	-
	-	17,890,509	-	-	-	-	-	17,890,509	-	17,890,509	-
Financial Liabilities not measured at fair value											
Bank Overdraft	-	-	-	-	-	-	300,012,930	300,012,930	-	-	300,012,930
Loans and Borrowings	-	-	-	-	-	-	918,615,852	918,615,852	-	918,615,852	-
Amount due to related Parties	-	-	-	-	-	-	30,112,429	30,112,429	-	-	30,112,429
Deferred Revenue	-	-	-	-	-	-	6,087,255	6,087,255	-	-	6,087,255
Insurance Contracts	-	-	-	-	-	-	244,599,685	244,599,685	-	-	244,599,685
Trade and Other Payables	-	-	-	-	-	-	2,460,763,007	2,460,763,007	-	-	2,460,763,007
	-	-	-	-	-	-	3,960,191,158	3,960,191,158	-	918,615,852	3,041,575,306

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

AS AT 31ST DECEMBER 2014

Company

	Carrying Amount					Fair Value					
	Held for Trading	Designated at fair value	Held to Maturity	Available for Sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
Financial Assets measured at fair value											
Investment Available for Sale	-	-	-	12,740,800	-	-	-	12,740,800	-	-	12,740,800
Financial Assets not measured at fair value											
Trade and Other Receivable	-	-	-	-	301,736,976	-	-	301,736,976	-	-	298,111,212
Amount due from Related Parties	-	-	-	-	1,609,288,467	-	-	1,609,288,467	-	-	1,603,896,475
Equity Accounted Investees	-	-	-	-	-	15,267,267	-	15,267,267	-	-	15,267,267
Cash and Cash Equivalents	-	-	-	-	-	521,412,962	-	521,412,962	-	-	521,412,962
	-	-	-	-	1,911,025,442	536,680,229	-	2,447,705,671	-	-	2,438,687,915
Financial Liabilities measured at fair value											
Derivative Financial Instruments	-	10,011,577	-	-	-	-	-	10,011,577	-	10,479,367	-
	-	10,011,577	-	-	-	-	-	10,011,577	-	10,479,367	-
Financial Liabilities not measured at fair value											
Bank Overdraft	-	-	-	-	-	-	304,650,687	304,650,687	-	-	304,650,687
Loans and Borrowings	-	-	-	-	-	-	1,026,938,859	1,026,938,859	-	1,024,184,941	-
Amount due to related Parties	-	-	-	-	-	-	254,268,396	254,268,396	-	-	254,268,396
Trade and Other Payables	-	-	-	-	-	-	1,545,837,843	1,545,837,843	-	-	1,545,837,843
	-	-	-	-	-	-	3,131,695,785	3,131,695,785	-	1,024,184,941	2,104,756,926

AS AT 31ST DECEMBER 2013

Company

	Carrying Amount						Fair Value				
	Held for Trading	Designated at fair value	Held to Maturity	Available for Sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
Financial Assets measured at fair value											
Equity Securities	-	-	-	141,109,312	-	-	-	141,109,312	-	147,856,600	12,365,800
Financial Assets not measured at fair value											
Trade and Other Receivable	-	-	-	-	160,702,979	-	-	160,702,979	-	-	157,492,817
Amount due from Related Parties	-	-	-	-	1,766,446,965	-	-	1,766,446,965	-	-	1,756,392,279
Loan Given to Related Parties	-	-	-	-	10,986,414	-	-	10,986,414	-	-	10,986,414
Equity Accounted Investees	-	-	-	-	-	15,267,267	-	15,267,267	-	-	15,267,267
Cash and Cash Equivalents	-	-	-	-	-	54,575,477	-	354,575,477	-	-	354,575,477
Financial Liabilities measured at fair value											
Derivative Financial Instruments	-	17,890,509	-	-	-	-	-	17,890,509	-	17,890,509	-
Financial Liabilities not measured at fair value											
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	288,918,727
Loans and Borrowings	-	-	-	-	-	-	-	808,615,852	-	808,615,852	-
Amount due to related Parties	-	-	-	-	-	-	-	52,293,026	-	-	52,293,026
Trade and Other Payables	-	-	-	-	-	-	-	2,414,895,762	-	-	2,414,895,762
	-	-	-	-	-	-	-	3,564,723,367	-	808,615,852	2,756,107,515

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 Securities	Market approach & Cost approach	Company's own data, i.e. transaction cost less impairment	N/A
Forward exchange contracts	Market approach	Directly observable market inputs other than Level 1 inputs	N/A
Financial Instruments not measured at fair value			
Type	Valuation Techniques	Significant unobservable input	Inter relationship between significant unobservable inputs
Other Financial Liabilities	Cost approach	Company's own 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 and investment in debt securities.

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

	Group Carrying Amount		Company Carrying Amount	
	31/12/2014 MVR	31/12/2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Trade and Other Receivables	1,138,185,913	687,079,364	298,111,212	157,492,817
Amounts Due from Related Parties	719,246,014	1,300,772,254	1,603,896,475	1,756,392,279
Loan Given to Related Parties	-	-	-	10,986,414
Held to Maturity Investment	90,684,601	62,643,934	-	-
Balances with Banks and Short Term Deposits	628,477,863	489,266,237	485,712,407	317,971,934
	2,576,594,391	2,539,761,789	2,387,720,094	2,242,843,444

Trade and other receivables

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

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

Impairment Losses

Group	2014		2013	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
The aging of trade, other receivables and related party receivables at the reporting date was:				
Not Past Due	560,404,263	168,386	554,075,636	1,631,607
Past Due 31-90 days	359,487,299	1,605,836	393,470,108	309,297
Past Due 91-180 days	390,392,997	1,890,780	178,589,940	383,267
Past Due 181-365 days	329,373,820	1,241,490	151,203,418	1,081,119
Past Due more than 365 days	521,753,132	290,055,335	1,012,764,452	285,581,778
	2,161,411,511	294,961,827	2,290,103,554	288,987,068

Impairment Losses

Company	2014		2013	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
The aging of trade, other receivables and related party receivables at the reporting date was:				
Not Past Due	599,980,246	-	583,511,486	-
Past Due 31-90 days	552,959,256	1,192,039	337,125,967	-
Past Due 91-180 days	185,001,727	1,411,879	160,529,086	-
Past Due 181-365 days	223,517,477	166,917	169,454,706	-
Past Due more than 365 days	581,120,158	228,782,586	898,181,033	221,652,334
	2,142,578,864	231,553,421	2,148,802,278	221,652,334

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

Provision for impairment in respect of trade, other receivables and related party is given in Note 21 and 22 to consolidated / Separate financial statements.

The Group / the Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the group believes that, apart from the above, no provision for impairment is necessary.

Held to Maturity Investment

The group / the Company limit 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 31 December 2014, the Company has issued a corporate guarantees to Bank of Maldives for the facilities obtained by Maldives Structural Products Private Limited. The details of corporate guarantees are disclosed in note 38.

(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 2014	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR
Group				
Financial Liabilities (Non- Derivative)				
Trade and Other Payables	1,607,424,590	1,607,424,590	-	-
Loans and Borrowings	1,109,757,579	717,898,010	120,079,010	235,907,471
Amounts Due to Related Parties	117,774,457	117,774,457	-	-
Insurance Contracts	319,062,091	319,062,091	-	-
Deferred Revenue	12,828,986	3,929,482	3,929,482	4,970,022
Current Tax Liabilities	72,994,284	72,994,284	-	-
Bank Overdrafts	322,323,982	322,323,982	-	-
	3,562,165,969	3,161,406,896	124,008,492	240,877,493
Financial Liabilities (Derivative)				
Forward Exchange Contract	10,011,577	10,011,577	-	-
Total	3,572,177,546	3,171,418,473	124,008,492	240,877,493
31st December 2013				
Group				
Financial Liabilities (Non- Derivative)				
Trade and Other Payables	2,460,763,007	2,460,763,007	-	-
Loans and Borrowings	918,615,852	701,018,064	26,278,844	145,775,018
Amounts Due to Related Parties	30,112,429	30,112,429	-	-
Insurance Contracts	244,599,685	234,095,685	-	-
Deferred Revenue	6,087,255	2,982,755	2,982,755	121,745
Current Tax Liabilities	20,556,000	20,556,000	-	-
Bank Overdrafts	300,012,930	300,012,930	-	-
	3,980,747,158	3,749,540,870	29,261,599	145,896,763
Financial Liabilities (Derivative)				
Forward Exchange Contract	17,890,509	17,890,509	-	-
Total	3,998,637,667	3,767,431,379	29,261,599	145,896,763

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

31st December 2014	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR
Company				
Financial Liabilities (Non- Derivative)				
Trade and Other Payables	1,545,837,843	1,545,837,843	-	-
Loans and Borrowings	1,026,938,859	635,079,290	120,079,010	235,907,471
Amounts Due to Related Parties	254,268,396	254,268,396	-	-
Current Tax Liabilities	60,541,458	60,541,458	-	-
Bank Overdrafts	304,650,687	304,650,687	-	-
	3,192,237,243	2,800,377,674	120,079,010	235,907,471
Financial Liabilities (Derivative)				
Forward Exchange Contract	10,011,577	10,011,577	-	-
Total	3,202,248,820	2,810,389,251	120,079,010	235,907,471
31st December 2013				
Company				
Financial Liabilities (Non- Derivative)				
Trade and Other Payables	2,414,895,762	2,414,895,762	-	-
Loans and Borrowings	808,615,852	591,018,064	26,278,844	145,775,018
Amounts Due to Related Parties	52,293,026	52,293,026	-	-
Current Tax Liabilities	12,669,986	12,669,986	-	-
Bank Overdrafts	288,918,727	288,918,727	-	-
	3,577,393,353	3,359,795,565	26,278,844	145,775,018
Financial Liabilities (Derivative)				
Forward Exchange Contract	17,890,509	17,890,509	-	-
Total	3,595,283,862	3,377,686,074	26,278,844	145,775,018

(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 was:

	Group Carrying Amount		Company Carrying Amount	
	2014 MVR	2013 MVR	2014 MVR	2013 MVR
Variable Rate Instruments				
Financial Liabilities	(839,418,795)	(321,421,382)	(738,927,036)	(200,327,179)
Fixed Rate Instruments				
Financial Assets	223,930,075	254,497,236	131,703,474	191,853,302
Financial Liabilities	(1,621,582,033)	(2,893,708,722)	(1,669,701,743)	(2,893,708,722)
	(1,397,651,958)	(2,639,211,486)	(1,537,998,269)	(2,701,855,420)

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 2014				
Variable Rate Instrument	(8,394,188)	8,394,188	(7,135,060)	7,135,060
31 st December 2013				
Variable Rate Instrument	(3,214,214)	3,214,214	(2,732,082)	2,732,082

COMPANY	Profit or Loss		Equity, net of Tax	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
31 st December 2014				
Variable Rate Instrument	(7,389,270)	7,389,270	(6,280,880)	6,280,880
31 st December 2013				
Variable Rate financial liabilities	(2,003,272)	2,003,272	(1,702,781)	1,702,781

(b) Currency Risk

Exposure to currency risk

Group

The Group's / the Company's exposure to foreign currency risk was as follows based on notional amounts:

	2014		
	US\$	Euro	SGD
Cash and Cash Equivalents	4,840,656	10,353	40,674
Trade, Amount due from related parties and other receivables	28,555,589	6,198	29,818
Reinsurance Contracts	13,198,188	-	-
Trade, Amount due to related parties and Other Payables	(81,739,861)	(85,173)	(793,458)
Loans and Borrowings	(56,870,224)	-	-
Derivative financial instruments	(649,259)	-	-
Bank Overdrafts	(20,902,965)	-	-
Net currency exposure	(113,567,876)	(68,622)	(722,966)

Group

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2013		
	US\$	Euro	SGD
Cash and Cash Equivalents	7,920,315	9,057	21,406
Trade, Amount due from related parties and Other Receivables	20,530,940	5,917	135,395
Reinsurance Contracts	10,134,001	-	-
Trade, Amount due from to parties and Other Payables	(145,061,315)	(110,915)	(1,224,517)
Loans and Borrowings	(42,063,285)	-	-
Derivative financial instruments	(1,160,215)	-	-
Bank Overdrafts	(18,736,623)	-	-
Net currency exposure	(168,436,181)	(95,941)	(1,067,716)

Company

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2014		
	US\$	Euro	SGD
Cash and Cash Equivalents	1,427,060	3,897	-
Trade, Amount due from related parties and Other Receivables	15,374,297	224,497	5,638
Trade, Amount due to related parties and Other Payables	(83,714,131)	(85,173)	(737,737)
Loans and Borrowings	(56,870,224)	-	-
Derivative financial instruments	(649,259)	-	-
Bank Overdrafts	(19,756,854)	-	-
Net currency exposure	(144,189,110)	143,221	(732,100)

Company

	2013		
	US\$	Euro	SGD
Cash and Cash Equivalents	2,792,025	4,097	-
Trade, Amount due from related parties and Other Receivables	18,477,601	218,717	126,360
Trade, Amount due to related parties and Other Payables	(143,272,421)	(110,915)	(1,173,438)
Loans and Borrowings	(42,063,285)	-	-
Derivative financial instruments	(1,160,215)	-	-
Bank Overdrafts	(18,736,623)	-	-
Net currency exposure	(183,962,917)	111,898	(1,047,079)

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

The following significant exchange rate were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2014	2013	31/12/2014	31/12/2013
1 US\$: MVR	15.42	15.42	15.42	15.42
1 Euro : MVR	19.85	20.79	18.50	21.20
1 SGD : MVR	11.88	12.39	11.59	12.16

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.

31 st December 2014

GROUP	Profit or Loss	
	Strengthening	Weakening
USD 5% Movement	(87,560,832)	87,560,832
EURO 5% Movement	(63,475)	63,475
SGD 5% Movement	(418,959)	418,959
	(88,043,267)	88,043,267

31 st December 2013

GROUP	Strengthening	Weakening
USD 5% Movement	(129,864,296)	129,864,296
EURO 5% Movement	(101,697)	101,697
SGD 5% Movement	(649,171)	649,171
	(130,615,165)	130,615,165

31 st December 2014

COMPANY	Strengthening	Weakening
USD 5% Movement	(111,169,804)	111,169,804
EURO 5% Movement	132,479	(132,479)
SGD 5% Movement	(424,252)	424,252
	(111,461,576)	111,461,576

31 st December 2013

COMPANY	Strengthening	Weakening
USD 5% Movement	(141,835,409)	141,835,409
EURO 5% Movement	118,612	(118,612)
SGD 5% Movement	(636,624)	636,624
	(142,353,421)	142,353,421

40. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company has proposed a final dividend of MVR 76/- per share (total: MVR 85,645,160/-) which is to be approved at the meeting of shareholders.

Except for the above no circumstances have arisen since reporting date which require adjustments to / or disclosure in the consolidated / Separate financial statements.

41. 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.

42. INVESTMENT IN SUBSIDIARIES

The Company is the parent company for the following subsidiary companies

	Country of Incorporation	No of Shares		Shareholding	
		2014	2013	2014	2013
Maldivo Gas Private Limited (Note 42.1)	Republic of Maldives	61,200	61,200	90.00%	90.00%
Allied Insurance Company of the Maldives Private Limited (43.2)	Republic of Maldives	299,998	149,999	99.99%	99.99%
STO Maldives (Singapore) Private Limited (Note 42.3)	Singapore	200,000	199,999	100.00%	100.00%
Fuel Supplies Maldives Private Limited (Note 42.4)	Republic of Maldives	15,299	15,299	99.99%	99.99%
Maldives National Oil Company Limited (Note 42.5)	Republic of Maldives	99,999	99,999	99.99%	99.99%
STO Hotels & Resorts Private Limited (Note 42.1)	Republic of Maldives	9,999	9,999	99.99%	99.99%

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

42.1 Maldive Gas Private Limited

The main business activity of the Company is distributing Liquid Petroleum Gas (LPG), Medical and Industrial oxygen production.

42.2 Allied Insurance Company of the Maldives Private Limited

The Company's main business activity is providing the General & Life insurance service.

42.3 STO Maldives (Singapore) Private Limited

The main business activity of the Company is trading Oil & Gas.

42.4 Fuel Supplies Maldives Private Limited

The main business activity of the Company is distributing Oil which are imported by STO.

42.5 Maldives National Oil Company Limited

The main business activity of the Company is developing of Oil and Gas exploration processes in the Maldives.

42.6 STO Hotels & Resorts Private Limited

The Company is engaged in the operation of an airport.

43. COMPARATIVE FIGURES

Comparative figures of the consolidated / the Separate financial statements have been reclassified / restated wherever appropriate to conform with current year's presentation.

44. RELATED PARTY TRANSACTIONS

44.1 GROUP

Name of the Related Party	Relationship	Nature of the Transaction	Amount		Balance Outstanding Due from / (to)	
			2014 MVR	2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Koodoo Fisheries	Affiliate	Sale of Goods	1,042,561	1,588,885	27,791	(10,402,600)
Maldives Limited	Company	Service Obtained	-	(17,375)	-	-
		Purchase of foreign currency	(236,538,000)	(89,436,000)	-	-
Felivaru Fisheries	Affiliate	Sales of Goods	138,276	136,758	(204,475)	(2,288,316)
	Company	Purchase of goods	(24,583,371)	(20,378,310)	-	-
		Purchase of foreign currency	(1,002,300)	-	-	-
Maldives Structural	Joint Venture	Sale of Goods	41,528	50,852	(6,844,372)	(1,786,726)
Product Private Limited	Company	Purchase of Goods	(34,091,687)	(29,569,854)	-	-
		Dividend Received	10,000,000	8,000,000	-	-
Lafarge Maldives	Associate Company	Purchase of Goods	(66,360,086)	(59,703,405)	(12,489,454)	(3,579,780)
Cement Private Limited		Sale of Goods	1,052,180	1,201,478	-	-
		Rent Received	190,453	209,160	-	-
Maldives Industrials Fisheries Company Limited	Affiliate Company	Sale of Goods	11,735,616	2,945,522	1,061,556	868,056
	Company	Purchase of Goods	-	(188,450)	-	-
		Purchase of foreign currency	(22,513,200)	(2,313,000)	-	-
Ministry of Finance and Treasury	Majority Shareholder	Food subsidy income	332,825,065	297,142,544	17,895,533	264,482,587
	Shareholder	Sale of goods	2,375,234	34,391,526	-	-
		Advance Received	(50,000,000)	-	-	-
State Electric Company (STELCO)	Affiliate Company	Service Obtained	(16,353,677)	(18,892,150)	119,685,483	238,496,840
	Company	Sale of Goods	1,285,007,036	1,232,683,680	-	-
Indhira Gandhi Memorial Hospital (IGMH)	Affiliate Company	Sale of Goods	214,201,631	165,466,058	224,885,323	312,053,736
Rainbow Enterprises Private Limited	Affiliate Company	Purchase of Goods	(287,793)	(34,508)	(6,084)	415,580
Grape Expectations Private Limited	Affiliate Company	Purchase of foreign currency	9,252,000	15,420,000	-	-
	Company	Commision paid	453,000	1,700,000	-	-
		Settlements	(9,705,000)	(17,120,000)	-	-
Rasheed Carpentry and Construction Private Limited	Affiliate Company	Sale of Goods	2,498,525	2,766,514	(529,542)	1,131,257
	Company	Purchase of Goods	(150,000)	(324,740)	-	-
		Service Obtained	(760,964)	-	-	-
		Settlements	253,340	853,189	-	-
		Payment received	(3,501,700)	(3,164,313)	-	-

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

E-Biz Maldives Private Limited	Affiliate	Rent Received	-	71,430	4,447	22,066
	Company	Services provided	8,256	2,838	-	-
		Payment received	(25,876)	(82,530)	-	-
Aasandha Private Limited	Affiliate	Sales of Goods	146,671,183	146,491,522	79,737,730	76,862,375
	Company	Services provided	53,422,381	-	-	-
		Payment received	(197,238,209)	(35,980,527)	-	-

44.1.1 Transactions with Key Management Personnel

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

	2014 MVR	2013 MVR
Short Term Employee benefits	8,941,047	8,173,750
	8,941,047	8,173,750

44.1.2 Collectively, but not individually, significant transactions.

Government of Maldives is the major shareholder of the parent Company. The Company 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 Company 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.

44.2 COMPANY

Name of the Related Party	Relationship	Nature of the Transaction	Amount		Balance Outstanding Due from / (to)	
			2014 MVR	2013 MVR	31/12/2014 MVR	31/12/2013 MVR
Allied Insurance Company of the Maldives Private Limited	Subsidiary	Sale of goods	2,177,557	56,630	(50,188,198)	(8,175,830)
		Service Obtained	(21,782,731)	(17,717,749)	-	-
		Advance Received	(48,119,710)	-	-	-
		Interest paid	(741,078)	-	-	-
		Rent Received	2,292,823	2,231,885	-	-
		Dividend Received	35,250,000	33,900,000	-	-
Maldives National Oil Company Limited	Subsidiary	Sale of goods	-	1,446	(265,741)	(176,154)
		Advanced Received	-	(3,084,000)	-	-
Maldivian Gas Private Limited	Subsidiary	Sale of goods	962,622	376,938	(2,288,257)	13,095,930
		Purchase of goods	(17,178,594)	(7,090,462)	-	-
		Dividend Received	-	2,396,272	-	-
		Rent Received	1,033,433	533,353	-	-
		Interest on Advance	717,606	1,104,921	-	-
Fuel Supplies Maldives Private Limited	Subsidiary	Sale of Fuel	2,947,356,652	2,452,608,748	604,641,162	255,971,733
		Purchases of Fuel	(17,907,552)	(20,565,492)	-	-
		Dividend Received	6,761,988	8,415,000	-	-
		Rent Received	1,669,235	1,501,355	-	-
		Rebate paid on fuel sales	(114,238,407)	(34,794,516)	-	-
		Transportation charges paid	(8,398,331)	(8,087,177)	-	-
STO Maldives (Singapore) Private Limited	Subsidiary	Purchases of Fuel	(103,369,625)	-	13,342,642	9,390,967
		Service Obtained	(370,610)	(36,431)	-	-
		Advance Given	5,165,700	-	-	-
Koodoo Fisheries Maldives Limited	Affiliate Company	Sale of Goods	1,042,561	1,588,885	27,791	(10,402,600)
		Service Obtained	-	(17,375)	-	-
		Purchase of foreign currency	(236,538,000)	(89,436,000)	-	-

**STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)**

Felivaru Fisheries	Affiliate	Sales of Goods	138,276	136,758	(204,475)	(2,288,316)
	Company	Purchase of goods	(24,583,371)	(20,378,310)	-	-
		Purchase of foreign currency	(1,002,300)	-	-	-
Maldives Structural Products Private Limited	Joint Venture	Sale of Goods	2,703	8,902	(6,883,197)	(1,786,726)
	Company	Purchase of Goods	(34,091,687)	(29,569,854)	-	-
		Dividend Received	10,000,000	8,000,000	-	-
Lafarge Maldives Cement Private Limited	Associate	Purchase of Goods	(66,360,086)	(59,703,405)	(12,497,954)	(3,588,505)
		Rent Received	190,453	209,160	-	-
Maldives Industrial Fisheries Company Limited	Affiliate	Sale of Goods	11,735,616	2,945,522	1,061,556	868,056
	Company	Purchase of Goods	-	(188,450)	-	-
		Purchase of foreign currency	(22,513,200)	(2,313,000)	-	-
Ministry of Finance and Treasury	Majority Shareholder	Food subsidy income	332,825,065	297,142,544	17,895,533	264,482,587
		Sale of goods	2,375,234	34,391,526	-	-
		Advance Received	(50,000,000)	-	-	-
State Electric Company (STELCO)	Affiliate	Service Obtained	(16,353,677)	(18,892,150)	119,685,483	238,496,840
	Company	Sale of Goods	1,285,007,036	1,232,683,680	-	-
Indhira Gandhi Memorial Hospital (IGMH)	Affiliate	Sale of Goods	214,201,631	165,466,058	224,885,323	312,053,736
	Company					
Rainbow Enterprises Private Limited	Affiliate Company	Purchase of Goods	(287,793)	(34,508)	(6,084)	415,580
Grape Expectations Private Limited	Affiliate	Purchase of foreign currency	9,252,000	15,420,000	-	-
	Company	Commission paid	453,000	1,700,000	-	-
		Settlements	(9,705,000)	(17,120,000)	-	-
Rasheed Carpentry and Constructions Private Limited	Affiliate	Sale of Goods	2,498,525	2,766,514	(529,542)	1,131,257
	Company	Purchase of Goods	(150,000)	(324,740)	-	-
		Service Obtained	(760,964)	-	-	-
		Settlements	253,340	853,189	-	-
		Payment received	(3,501,700)	(3,164,313)	-	-
E-Biz Maldives Private Limited	Affiliate	Rent Received	-	71,430	4,447	22,066
	Company	Services provided	8,256	2,838	-	-
		Payment received	(25,876)	(82,530)	-	-
Aasandha Private Limited	Affiliate	Sales of Goods	146,671,184	79,191,534	60,530,802	65,542,914
	Company	Payment received	(151,683,296)	-	-	-

44.2.1 Transactions with Key Management Personnel

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

	2014 MVR	2013 MVR
Short Term Employee benefits	3,138,180	3,969,200
	3,138,180	3,969,200

44.2.2 Collectively, but not individually, significant transactions.

Government of Maldives is the major shareholder of the parent Company. The Company 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 Company 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. RESTATEMENT OF ERRORS

(a) Incorrect recognition of Investment

The Group had erroneously recognized the investment made in Aasandha Private limited as an investment in associate and applied equity method of accounting in recognizing the investment. However, the Group does not have either control or significant influence over the investee company. According to the facts and circumstances prevailed from inception, the Group has been a passive investor in Aasandha and the entire operation of the investee company are fully driven by the Government and the Group does not take part in any decision making process despite holding 60% stake and two representatives in the board of the investee company. As a result the board of the Group decided to restate the opening balance in this regard and accordingly, this error has been corrected and comparative figures of the financial statements have been restated accordingly.

The impact arising from the restatement is summarised as follows:

	Group		
	As Previously Stated MVR	Adjustment MVR	As Restated MVR
Statement of financial position			
a) As at 1st January 2013			
Assets			
Investment in associate	52,517,898	(45,530,040)	6,987,858
Available for sale Investment	166,653,410	6,000,000	172,653,410
Total assets	219,171,308	(39,530,040)	179,641,268
Equity			
Retained earnings	885,444,856	(39,530,040)	845,914,816
b) As at 31st December 2013			
Assets			
Investment in associate	118,592,351	(110,750,334)	7,842,017
Available for sale Investment	170,222,400	6,000,000	176,222,400
Total assets	288,814,751	(104,750,334)	184,064,417
Equity			
Retained earnings	995,335,396	(104,750,334)	890,585,062
Statement of comprehensive income			
For the year ended 31st December 2013			
Share of profit of Associate	66,253,748	(65,220,293)	1,033,455

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT (CONTINUED)

(b) Recognition of Land Lease Rent

The Company has erroneously accounted for the lease agreement entered in to on the 31st July 2007 with Hulhumale' Development Corporation Ltd (Corporation) currently named as Housing Development Corporation Limited. The land was leased out for 25 years for the development of a hotel in Hulhumale' for the construction and operation of a five hundred (500) bed five star hotel. The Company has initially paid USD 4,503,000/- as an advanced payment to the lessor, however the Company has not accrued nor paid lease rent as per the agreements and thereby several amendment has been introduced to the initial agreement. Accordingly the second amendment made on 27th June 2011 has stated that the advance payment should be treated as a lease right acquisition fee which could not be reduced for future lease payments and the third amendment has introduced a revised lease rent schedule payable over a period of 10 years commencing 13th June 2013 to 30th July 2023.

As per International Accounting Standards - 17 - "Leases" the Company should have amortized the advance lease payment along with the annual minimum lease rentals payable over the lease period. However the Company has recorded the entire advance lease payment at the time of payment under capital work-in-progress and failed to accrue and amortize the annual minimum lease rentals payable, over the lease period.

During the year the Company has corrected this error by amortizing the advance lease payment along with the annual minimum lease payments payable for 10 years from 13th June 2013 to 30th June 2023 over the lease period as per the third amendment to the initial lease agreement and restated the comparative financial statements to this effect. The Company will reestimate the minimum lease payment once the balance lease rent payable after 2023 is agreed with the lessor.

The hotel is still in the construction phase and the Company has capitalized the annual lease rent as per the International Accounting Standard - 16 - "Property Plant and Equipment".

The impact arising from the restatement is summarised as follows:

	Group			Company		
	As Previously Stated MVR	Adjustment MVR	As Restated MVR	As Previously Stated MVR	Adjustment MVR	As Restated MVR
Statement of financial position						
a) As at 1st January 2013						
Assets						
Property, Plant and Equipment	1,437,668,865	(10,651,652)	1,427,017,213	1,164,841,598	(10,651,652)	1,154,189,946
Prepaid Lease Rest	-	45,326,447	45,326,447	-	45,326,447	45,326,447
Total assets	1,437,668,865	34,674,795	1,472,343,660	1,164,841,598	34,674,795	1,199,516,393
Liabilities						
Lease Rent Accrual	-	34,674,795	34,674,795	-	34,674,795	34,674,795
b) As at 31st December 2013						
Assets						
Property, Plant and Equipment	1,520,238,284	8,716,043	1,528,954,327	1,252,981,093	8,716,043	1,261,697,136
Prepaid Lease Rest	45,326,448	(2,314,542)	43,011,906	45,326,448	(2,314,542)	43,011,906
Total assets	1,565,564,732	6,401,501	1,571,966,233	1,298,307,541	6,401,501	1,304,709,042
Liabilities						
Lease Rent Accrual	34,674,795	2,450,450	37,125,245	34,674,795	2,450,450	37,125,245
Amount Due to Related Parties	26,161,378	3,951,051	30,112,429	48,341,975	3,951,051	52,293,026
	60,836,173	6,401,501	67,237,674	83,016,770	6,401,501	89,418,271



evolving with you

Name of the Company

State Trading Organization Plc.

Company Registration Number

C186/2001

Legal Form

A Public Listed Company with limited liability. Incorporated as a Government Company, Athirimaafannu Trading Account (ATA), on 20 December 1964 and was renamed as State Trading Organization on 09 June 1979. On 14 August 2001, State Trading Organization PLC became a public limited company.

Stock Exchange Listing

Ordinary shares of the Company are listed in the Maldives Stock Exchange.

Board of Directors

- Ahmed Niyaz, Chairman
- Ahmed Shaheer, Managing Director
- Amir Mansoor
- Abdul Hadi Hussain Fulhu
- Aishath Rafiyya
- Mohamed Farshath
- Ibrahim Ziyath

Audit & Risk Committee

- Abdul Hadi Hussain Fulhu (Chairman)
- Amir Mansoor
- Mohamed Farshath

Corporate Governance Committee

- Mohamed Farshath (Chairman)
- Amir Mansoor
- Aishath Rafiyya

Nomination and Remuneration Committee

- Amir Mansoor (Chairman)
- Abdul Hadi Hussain Fulhu
- Aishath Rafiyya
- Mohamed Farshath

Auditors

KPMG,
Mialani, 2nd Floor, Henveiru
Sosun Magu
Male'
Republic of Maldives

Bankers

- Bank of Ceylon, Male'
- Bank of Maldives Plc. Male'
- BNP Paribas, Singapore
- Habib Bank Limited, Male'
- HSBC, Male'
- HSBC, Hong Kong
- Maldives Islamic Bank, Male'
- Nations Trust Bank, Colombo
- Seylan Bank, Colombo
- Société General Bank,
Singapore
- State Bank of India, Male'

Shareholding structure

	No. of Shares	@MVR. 50/-	%
Government	919,869	45,993,450	81.63
Public	207,041	10,352,050	18.37
Total	1,126,910	56,345,500	100
Unauthorized Capital		100,000,000	
Paid-up Capital		56,345,500	
Premium		27,814,500	

Registered Address

State Trading Organization Plc.
Boduthakurufaanu Magu,
Maafannu,
Male' 20345
Republic of Maldives

Contact Details

Call Centre: +960 334 4333
F: +960 334 4511
info@stomaldives.net
www.sto.mv



**STO MALDIVES
(SINGAPORE)
PTE. LTD.**
TRADING COMPANY
incorporated & operated in
Singapore

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 100% ■



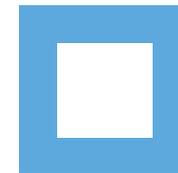
**FUEL SUPPLIES
MALDIVES PVT. LTD.**
FUEL DISTRIBUTOR

incorporated & operated in
Maldives

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



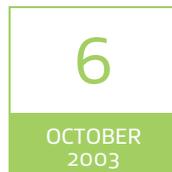
STO 99.99% ■
MNOC 0.01% ■



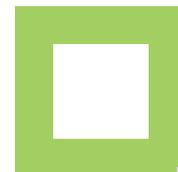
**MALDIVE NATIONAL
OIL COMPANY LTD.**
FUEL TRADER

incorporated in Maldives &
operated in Singapore

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 99.99% ■
Allied 0.01% ■



**ALLIED INSURANCE
COMPANY OF THE
MALDIVES PVT. LTD.**
INSURANCE COMPANY
incorporated & operated in
Maldives

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 99.99% ■
MGPL 0.01% ■



STO HOTELS & RESORTS PVT. LTD.

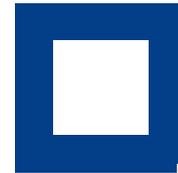
TOURISM SECTOR

incorporated & operated in Maldives

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 99.99%
FSM 0.01%



MALDIVE GAS PVT. LTD.

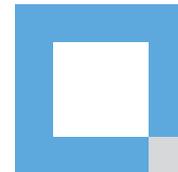
GAS DISTRIBUTER

incorporated & operated in Maldives

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 90%
Champa Oil & Gas 10%

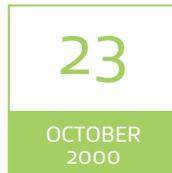


MALDIVES STUCTURAL PRODUCTS PVT. LTD.*

ROOFING SHEET MANUFACTURER

incorporated & operated in Maldives

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 50%
Rainbow Investment 50%



LAFARGE MALDIVES CEMENT PVT. LTD.**

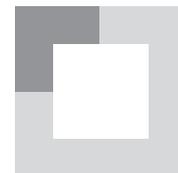
CEMENT DISTRIBUTOR

incorporated in Maldives & operated in Singapore

REGISTERED DATE



SHARE % AS AT 31/DEC/2014



STO 25%
Lafarge (Zurich) 75%

Associate Company** Joint Venture*

STO DIRECTORY



Phone: 3344333



Email: info@stomaldives.net



website: www.sto.mv

Administration and Human Resources

Business Development and Public Relations

Corporate and Legal

Company Secretariat

Energy and Construction Materials

- Construction Materials Office
- Fuel & Lubricants
- STO Construction Materials, K. Thilafushi Warehouse
- Construction Materials 158
- STO Construction Materials Warehouse

Finance

Home Improvement and Service Centre

- STO Home Improvement
- STO Service Center
- STO Home Improvement Warehouse
- Vehicle Garage
- Addu Service Center

Information Communication Technology

Internal Audit

Medical Services

- Medical Store
- Medical Warehouse
- STO IGMH Pharmacy
- STO Villimale Pharmacy
- STO Hulhumale Pharmacy
- STO S. Hithadhoo Pharmacy
- STO S. Hulhumeedhoo Pharmacy
- STO Gdh. Thinadhoo Pharmacy
- STO L. Gan Pharmacy
- STO Hdh. Kulhudhufushi Pharmacy
- STO B. Eydhafushi Pharmacy
- STO K . Himmafushi Pharmacy
- STO Ga. Kolamafushi Pharmacy
- STO Ha. Kelaa Pharmacy
- STO L. Maavah Pharmacy
- STO Ha. Hoarafushi Pharmacy
- STO L. Fonadhoo Pharmacy
- STO Th. Thimarafushi Pharmacy
- STO R. Meedhoo Pharmacy
- STO B. Thulhaadhoo Pharmacy
- STO Ha. Uligam Pharmacy
- STO L. Hithadhoo Pharmacy
- STO Gdh. Gaddhoo Pharmacy
- STO K. Thulusdhoo Pharmacy
- STO Adh. Dhangethi Pharmacy
- STO R. Dhuvaaafaru Pharmacy
- STO Th. Guraidhoo Pharmacy
- STO K. Guraidhoo Pharmacy
- STO Gdh. Vaadhoo Pharmacy
- STO Gdh. Rathafandhoo Pharmacy
- STO N. Manadhoo Pharmacy
- STO Th. Hirilandhoo Pharmacy
- STO F. Dharanboodhoo Pharmacy
- STO Th. Gaadhiffushi Pharmacy
- STO B. Goidhoo Pharmacy
- STO M. Dhiggaru Pharmacy
- STO Ga. Villigili Pharmacy
- STO M. Kolhufushi Pharmacy
- STO Th. Vilifushi Pharmacy
- STO B. Hithaadhoo Pharmacy
- STO R. Inguraidhoo Pharmacy
- STO Ha. Filladhoo Pharmacy
- STO Dh. Meedhoo Pharmacy
- STO K. Dhiffushi Pharmacy
- STO Lh. Naifaru Pharmacy
- STO Hdh. Hanimaadhoo Pharmacy
- STO M. Muli Pharmacy
- STO S. Feydhoo Pharmacy
- STO Adh. Dhigurah Pharmacy
- STO Th. Veymandoo Pharmacy
- STO V. Felidhoo Pharmacy
- STO Ga. Nilandhoo Pharmacy
- STO K. Maafushi Pharmacy
- STO Gn. Fuvahmulah Pharmacy
- STO N. Velidhoo Pharmacy
- STO F. Feeali Pharmacy
- STO M. Maduvvaree Pharmacy
- STO Ga. Konday Pharmacy
- STO R. Ungoofaru Pharmacy
- STO Dh. Kudahuvadhoo Pharmacy
- STO Ga. Dhevvadhoo Pharmacy
- STO L. Maabaidhoo Pharmacy
- STO Sh. Milandhoo Pharmacy
- STO B. Dharavandhoo Pharmacy

- STO Sh. Goidhoo Pharmacy
- STO Th. Madifushi Pharmacy
- STO Lh. Hinnavaru Pharmacy
- STO AA. Feridhoo Pharmacy
- STO Ha. Maarandhoo Pharmacy
- STO Sh. Feydhoo Pharmacy
- STO R. Innamaadhoo Pharmacy
- STO AA. Thoddoo Pharmacy
- STO Ga. Maamendhoo Pharmacy
- STO Dh. Bandidhoo Pharmacy
- STO Sh. Funadhoo Pharmacy
- STO Ga. Kanduhulhudhoo Pharmacy
- STO Ha. Dhiddhoo Pharmacy
- STO I. Mundoo Pharmacy
- STO V. Fulidhoo Pharmacy
- STO Th. Kinbidhoo Pharmacy
- STO K. Kaashidhoo Pharmacy
- STO Gdh. Fiyoaree Pharmacy
- STO Ha. Ihavandhoo Pharmacy
- STO Gdh. Fares Maathodaa Pharmacy
- STO N. Kedhikulhudhoo Pharmacy
- STO N. Kudafari Pharmacy
- STO Sh. Maroshi Pharmacy
- STO Sh. Bilehfahi Pharmacy
- STO Th. Dhiyamigili Pharmacy
- STO Sh. Foakaidhoo Pharmacy
- STO AA. Rasdhoo Pharmacy
- STO AA. Mathiveri Pharmacy
- STO N. Henbadhoo Pharmacy
- STO L. Isdhoo Pharmacy
- STO F. Nilandhoo Pharmacy
- STO F. Magoodhoo Pharmacy
- STO F. Billehdhoo Pharmacy
- STO K. Gaafaru Pharmacy
- STO Dh. Hulhudheli Pharmacy
- STO N. Fodhdhoo Pharmacy
- STO Sh. Kanditheemu Pharmacy
- STO Lh. Olhuvelifushi Pharmacy
- STO R. Rasgatheemu Pharmacy
- STO Adh. Haggnaameedh Pharmacy
- STO Gdh. Hoandeddhoo Pharmacy
- STO Ha. Baarah Pharmacy
- STO AA. Maalhos Pharmacy
- STO L. Kunahandhoo Pharmacy
- STO. M. Mulah Pharmacy
- STO. Hdh. Vaikaradhoo Pharmacy

Procurement – Essential Goods

Procurement – General Goods

Regional Sales / Food and Beverages

- STO Supermart
- STO Supermart Warehouse
- STO Staples
- STO Ha. Hoarafushi Store
- STO S. Feydhoo Store
- STO B. Eydhafushi Store
- STO L. Fonadhoo Store
- STO Gn. Fuvahmulah Store
- STO S. Hithadhoo Store
- STO Gdh. Thinadhoo Store
- STO S. Maradhoo Feydhoo Store
- STO K. Hulhumale' Store
- STO Ga. Villingili Store
- STO S. Hulhumeedhoo Store
- STO Hdh. Kulhudhufushi Store
- STO K. Villimale'

Transport

Group Companies

- Allied Insurance Company of the Maldives Pvt. Ltd. ,Fen Building, 2nd Floor, Ameenee Magu, Male', 20375, Maldives, T: +960 330 0033, F: +960 332 5035, E: info@alliedmaldives.net, Website: www.allied.mv
- Fuel Supplies Maldives Pvt Ltd, Block A, 4th Floor, STO Aifaanu Building, Boduthakurufaanu Magu, Male' 20-05, Maldives, T: +960 3336655 , F: +960 3313881, E: info@fuelmaldives.com, Website: www.fuelmaldives.com
- Lafarge Maldives Cement Pvt Ltd, 01-01 STO Trade Centre, Orchid Magu, T: +960 3315313, F: +960 3315316, E: mimcgm@dhivehinet.net.mv
- Maldivian Gas Pvt Ltd, 2nd Floor, STO Trade Centre, Orchid Magu, T: +960 333 5614, F: +960 3335615, E: info@maldivegas.com, Website: www.maldivegas.com
- Maldives National Oil Company Ltd, Boduthakurufaanu Magu, Maafannu, Male' 20345, Maldives, T: +960 3325635, F: +960 3344533, E: info@mnoc.com.sg, Website: www.mnoc.com.mv
- Maldives Structural Products Pvt Ltd, G.Marline Spike Building, 2/10 Alikilegefaanu Magu, T: +960 3337720, F: +960 3337721, E: msroof@dhivehinet.net.mv
- STO Hotels and Resorts Pvt Ltd, STO Building, 6th Floor, Boduthakurufaanu Magu, Maafannu, T: +960 3344388, +960 3344374, F: +960 3344599, E: hotels@stomaldives.net
- STO Maldives (Singapore) Pte Ltd, 10, Anson Road,, #39-10 International Plaza,, Singapore 079903, T: (65) 6324 4668, E: stosing@stomaldives.com.sg

BOARD OF DIRECTORS

Ahmed Niyaz

Ahmed Niyaz was initially appointed to the Board as the Chairman by the majority shareholder (Government) on 19th December 2013.

Niyaz is a well-known business figure in the Maldivian industry who is currently also serving in the Maldives Tourism Development Corporation (MTDC), as the Operations and Development Manager and as an Executive Director of the Board, where he provides expertise on strategic planning, project management, financial analysis, policy implementation and operations.

With an educational background in economics, sociology and political science, Niyaz has also served as a Headmaster in various regional schools. Niyaz holds a Bachelor of Arts in Economics, Sociology and Political Science from the University of Mysore, India.

Ahmed Shaheer

Ahmed Shaheer was appointed to the Board on 25th December 2013. He was appointed as the Managing Director of the Company on 09th March 2015.

Shaheer was initially appointed as a Manager in the Assets Department of the Company and has since risen through the ranks to be designated as the Managing Director. With over 20 years of experience in the Company, Shaheer currently also serves as the Chairman of the Board of Maldives National Oil Company Ltd. (MNOC), STO Maldives (Singapore) Pte. Ltd. and STO Hotel & Resorts Pvt. Ltd.

Shaheer holds a Master's Degree of Business Administration (International Trade) from the University of Adelaide, Australia and a Bachelors' Degree in Business Administration (Marketing and Management) from the University of Charles Stuart, Australia.

Abdul Hadi Hussain Fulhu

Abdul Hadi Hussain Fulhu was appointed as an Independent, Non-Executive Director by the majority shareholder (Government), in May 2012.

He spent the earlier part of his career serving STO for more than a decade. He rose through the ranks of STO and was a Director when he was released to Fuel Supplies Maldives Pvt. Ltd. in 2003. Hadi has a wealth of knowledge in the financial sector and served as the Head of Accounts Department at STO. In addition, during his time at FSM he served as the Head of Department of Administration, Human Resources and Legal.

Hadi had also represented STO as a Board Member at Maldives Industrial Fisheries Company Pvt. Ltd. Hadi holds a Bachelor in Commerce while Majoring in Accounting.

Mohamed Farshath

Mohamed Farshath was appointed to the Board at the 2012 Annual General Meeting, as the only Director elected by the public shareholders. He is an Independent, Non-Executive Director in the Company.

Farshath currently holds the post of Secretary General of Maldives Media Council. He has also provided his services to the Civil Service Commission as the Financial Controller, Director, and the acting-in-charge of several Divisions.

He also served MTDC as a Board Director and worked as a Certificate Panel Member for Maldives Qualifications Authority. Farshath has also attained experience in various fields working at different Departments of former Ministry of Tourism/Civil Aviation/Arts and Culture, and former Foreign Investment Services Bureau and also at former Clique Training Center.

Farshath has an educational background in Board Directorship, Management, Tourism, Business Administration, and Information Technology.

He holds a Master of Arts in Tourism Management from University of Westminster, London; a Bachelor of Arts (Hons) in Business Administration from Northumbria University, United Kingdom; a Diploma of Higher Education (area of study on Business Information Systems and Business Studies) from Middlesex University, United Kingdom; a Diploma in Information Technology from Wollongong University, Australia; and has completed an Executive Diploma in Directorship from Singapore Management University, Singapore.

Amir Mansoor

Amir Mansoor was appointed to the Board as an Independent, Non-Executive Director in May 2012 by the majority shareholder (Government).

Amir is a well-known business figure who has founded and performed in various large companies. He is currently the Chairman of Carpediem Maldives Pvt. Ltd., the Managing Director of Lily International Pvt. Ltd. and also the Managing Director (owner) of Grape Expectation Pvt. Ltd.

He has been in various business industries for over 25 years and is well versed with the past and present business norms. He is particularly interested in the Enterprise Risk Management and is completing an international training to become a Qualified Risk Director.

Aishath Rafiyya

Aishath Rafiyya was appointed to the Board of Directors as an Independent, Non-Executive Director by the majority shareholder (Government), in August 2014.

Ms. Rafiyya started her career at the Bank of the Maldives at a very young age and served at various key positions. She also served at the Ministry of Foreign Affairs and High Commission of Maldives in Dhaka as a Deputy Chief of Mission.

Rafiyya is an Executive Board member and Chief Operating Officer of Women on Boards (WOB Maldives) – an NGO. She is also the Deputy Leader and Co-founder of the political party Maldives Development Alliance (MDA), the coalition partner of the current government. She was a former council member and President of women's wing of People's Alliance (PA) and is the first elected female Deputy Leader of a political party in Maldivian history by securing 90% of votes in its formation session.

Rafiyya is a Doctorate Researcher of University of Canberra, Australia focused on Women Empowerment through Tourism. She is a graduate of Master of Business Administration (Major in HRM) and BSC (Hons) in Business Information Systems from University of East London. She also holds a Graduate Diploma in Business Management and International Diploma in Computer Studies (NCC, UK). She holds memberships of Institute of Directors UK, Institute of Directors India and Board Director Training Institute of Japan.

EXECUTIVE MANAGEMENT

Ahmed Shaheer

(Managing Director)

(See page 108 for a detailed profile)

Ibrahim Ziyath

(Executive Director / General Manager – Procurement Department (Essential Goods))

Mr. Ibrahim Ziyath joined STO in the year of 1997 and has gained over 16 years of experience in STO and its subsidiary Fuel Supplies Maldives Pvt. Ltd. He is currently the Head of Department for Procurement – Essentials and the Chairman of Fuel Supplies Maldives Pvt. Ltd. Ziyath has also served as the Deputy Managing Director and acting Managing Director of Fuel Supplies Maldives Pvt. Ltd. During the year, he had served as a Board Director in Lafarge Maldives Pvt. Ltd. and also as the Chairman of Maldives Structural Products Pvt. Ltd.

Mr. Ziyath holds a Master's Degree in Business Administration from the University of Ballart, Australia and a Bachelor's Degree of Business (Major in Management and Marketing) from Edith Cowan University, Australia.

Dr. Ibrahim Mahfooz

(Chief Internal Auditor)

Dr. Ibrahim Mahfooz joined STO in 1996 and has been the Chief Internal Auditor of the company since July 2010

Dr. Mahfooz is a member of the Association of Certified Fraud Examiners (CFE) USA, a fellow of the Association of Chartered Certified Accountants (FCCA) UK and a senior member of CPA Maldives. Dr. Mahfooz obtained his Doctorate in Business Administration from the University of Newcastle, Australia, Master of Business Administration from the Charles Stuart University, Australia and Bachelor of Arts with Honors in Accounting and Finance from the Oxford Brookes University, UK.

Fathimath Ashan

(Senior General Manager – Regional Sales, Food and Beverages)

Fathimath Ashan joined STO in the year 1994 and has since served in many key positions of the Company during her 20 years of service. Ashan is now designated as the Head of Department for Regional Sales, Food and Beverages. She had previously served in many key positions of the Company such as the Head of Department for Human Resources and Administration and as the Company Secretary.

She is currently a Board Director of Allied Insurance Company of the Maldives Pvt. Ltd and STO Hotels and Resorts Pvt. Ltd. Ashan is also the Chairman of Lafarge Maldives Cement Pvt. Ltd.

Ashan holds a Master's in Business Administration from University of Lincoln and a Bachelor of Arts with Honors (First Class) in Business and Information Technology from University of Coventry.

Mohamed Mihad

(Chief Financial Officer)

Mohamed Mihad joined STO in the year of 2009 as an accountant continuing onto gaining vast experience and knowledge in the field of finance and audit, resulting in the designation of the post of Chief Financial Officer of the Company. He also played a key role in the ERP implementation project of the Company, acting as a core team lead of the SAP ERP finance module and has also served as a Senior Auditor for 4 years.

Mihad completed the Chartered Institute of Management Accountants (CIMA) examination in the year of 2009 and was inducted as a certified member of the Chartered Institute of Management Accountants (ACMA) in the year of 2013.

Ahmed Shifan

(General Manager – Administration and Human Resource)

Ahmed Shifan joined STO in the year of 2003 and is currently the Head of Administration and Human Resource Department. Prior to this he has served in many key positions of the Company such as the Head of Department for Regional Sales, Home Improvement, Store Operations and ICT. He was also involved in the key role of the SAP HCM implementation project of the Company, as the Project Manager.

He currently serves as the Chairman of STO Subsidiary, Maldivian Gas Pvt. Ltd. and is Board of Advisor for the SAP Asia Pacific Japan Regional Services Board, since January 2013. During the year 2014, he had also served as a Board Director of Maldives Structural Products Pvt. Ltd and prior to this as a Board Director of Fuel Supplies Maldives Pvt. Ltd.

Shifan holds a Master of Business Administration with Honors from Auckland University of Technology, New Zealand and a Bachelor of Science with Joint Honors (First Class) in Business Information Systems and Business Studies from Middlesex University, UK.

Aishath Shaffana Rasheed

(General Manager – Company Secretariat)

Aishath Shaffana Rasheed joined STO in the year of 2004. She serves as the Company Secretary, since 2007. Shaffana is also the Head of Department of Company Secretariat.

Shaffana holds a Masters in Business from the Cardiff Metropolitan University, UK and a Bachelor of Business (Marketing and Management) from Edith Cowan University, Australia.

Musthafa Azmy

(Chief Information Officer – Information, Communication & Technology)

Mr. Musthafa Azmy joined STO in the year of 1994 and is currently the Chief Information Officer and the Head of Department for Information, Communication and Technology. He played a key role in the successful migration from the legacy systems to SAP ERP.

Azmy served in the Board of Directors of Allied Insurance Company Pvt. Ltd and is currently the Chairman of Maldives Structural Products Pvt. Ltd.

Azmy holds a Bachelor of Science (Hons) of Computer Science (First Class) from London Metropolitan University and is also a certified SAP ABAP and HCM Associate Consultant.

Mariyam Nuzla

(General Manager – Corporate & Legal Affairs)

Mariyam Nuzla joined STO in the year of 1999 and has since served the Company in various positions including the role of a Personal Assistant to the Managing Director from 2008 to 2013. She is currently the Head of Department for Corporate & Legal Affairs and is also as a Board Director for Maldives Gas Pvt. Ltd.

Nuzla holds a Bachelor's Degree of Business (Management and Marketing) from Edith Cowan University, Australia.

Mohamed Murad

(General Manager – Home Improvement and Service Center)

Mr. Mohamed Murad joined STO in the year of 1999 and has hence acquired substantial knowledge and experience in strategic leadership and operational knowledge with 15 years of experience in the Company. He currently serves as the Head of Department for Home Improvement and Service Center. Murad also serves as a Board Director for the Allied Insurance Company of the Maldives Pvt. Ltd.

Murad holds a BTEC Higher National Diploma in Spatial Design from the Academy of Design, Northumbria University, UK.

Hussain Sobaah

(General Manager – Medical Services)

Hussain Sobaah joined STO in the year of 2003 and has since excelled in many of the Company's projects involving the pharmaceutical field such as the takeover of IGMH stock in the year of 2010 and the All Island Pharmacy Project in 2014. Sobaah currently serves as the Head of Department for Medical Services and also as a Board Director for Lafarge Maldives Cement Pvt. Ltd. During the year, he has also provided his services to the Board of Maldives Gas Pvt. Ltd. as a Director of the Company.

Sobaah holds a Bachelor's Degree in Business (Marketing and Management) from the Edith Cowan University, Australia.

Ramzee Aboobakuru

(General Manager – Energy and Construction Materials)

Mr. Ramzee Aboobakuru joined STO in the year of 2007 and is now currently serving as the Head of Department for Energy and Construction Materials. He previously served as a Manager in Medical and Marketing & Sales Department. Ramzee is also a Board Director of Fuel Supplies Maldives Pvt. Ltd.

Ramzee holds a Bachelor of Arts (Hons) in Marketing from the University of Hertfordshire, UK.

Abdul Wahid Moosa

(General Manager – Transport)

Abdul Wahid Moosa joined the Company in the year of 2009. He has a vast array of knowledge and experience in the field of maritime studies, chartering and shipping management. Wahid is the current Head of Department for Transport. He also serves as a Board Director for Fuel Supplies Maldives Pvt. Ltd.

Wahid holds a Bachelor's Degree of Business (Management and Marketing) from the Edith Cowan University, Australia. He has also completed various maritime related courses such as the Certificate to conduct ISO 9001:2008 Quality Management System Audit from the Bureau VERITAS, French Classification Society in Singapore.

Muslih Maseeh

(Assistant General Manager / Media Coordinator – Business Development & Public Relations)

Muslih Maseeh joined the Company in the year of 2008 and is the current Head of Department for Business Development and Public Relations. He had previously served in Faunu Travels Pvt. Ltd, Ministry of Planning and National Development and Stern' Textiles - Australia. He is also the current Media Coordinator of STO and a Board Director of Maldives National Oil Company Ltd. and STO Maldives (Singapore) Pte. Ltd.

Muslih holds a Master of Business Administration from University of Nottingham and a Bachelor's Degree (Hons) in International Business from the University of East London, UK.

Ahmed Kurik Riza

(Assistant General Manager – Procurement (General Goods))

Mr. Ahmed Kurik Riza joined the Company in the year of 2003 and is the current Head of Department for Procurement General Goods. He had previously served in various different positions in the Company, including as a Senior Manager in Business Development and in Regional Sales Department. Kurik is currently a Board Director of Allied Insurance Company of the Maldives Pvt. Ltd. and STO Hotel & Resorts Pvt. Ltd.

Kurik has a BTEC Higher National Diploma in Computer Studies from Edexcel, UK.



1964-2014

