



ANNUAL REPORT
2015

Expanding and Strengthening





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2015

Expanding and Strengthening



STO
MALDIVES
SINGAPORE



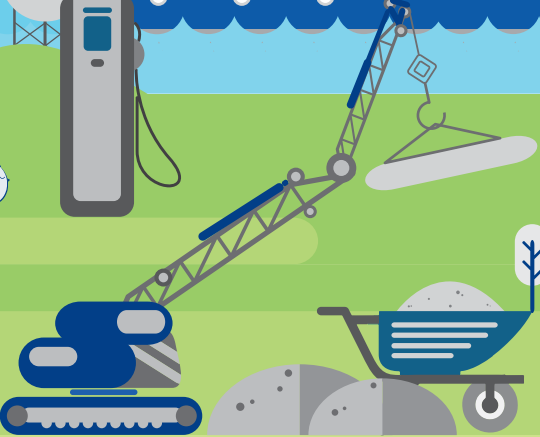
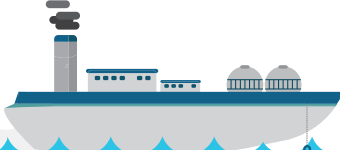
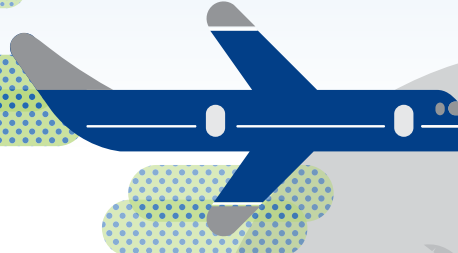
بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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 2015. 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.

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SUPERMART

+ P





PHARMACY +

HOTEL

VISION

Enriching lives through
expansion and accessibility

VALUES

Caring

Accessible

Respectful

Innovative

Progressive

MISSION

Lead through expansion of existing businesses, diversification, exploring new possibilities and entering into new ventures.

Explore beyond our borders, expand our markets and establish ourselves as an international player, respected by the international business community.

Ensure accessibility with our presence nationwide; offer peace of mind and assurance to the public of uninterrupted provision and affordability of essential goods and services and those that contribute to a fulfilling modern lifestyle.

Build a skilled workforce by investing in human development; build our competencies, to achieve sustainable and unhindered growth and fulfill our vision.

EVOLVING WITH YOU

STO is a diversified trading company whose central purpose is to provide products and services essential for economic development and better life. The business operations, trading and marketing activities expand across the Country and South East Asia.

The business is conducted based on the Group's founding principle of providing the country with its basic needs to sustain and prosper including staple foods, medicines, fuel and gas. It allowed the Group to ensure the focus and priority that need to be directed towards fulfilling most basic needs.

Operational Excellence

During the year, STO showed operational excellence in many business segments, benefitting from higher sales volumes, structural growth, improvement in costs and productivity.

STO's success is built on strong values that offers its employees a diverse workplace with safe working environments, training and skill development programs, opportunities for career development and balance between their professional and private life. The Group believes that competent and dedicated employees play a crucial role in creating more value for customers.

Commitment and Competence

The Group's core competency is in the fields of fuel, gas, insurance and medical services. The business concept is to deliver high quality products with affordable prices, in order to meet the customer's long term demand, and create value for shareholders.

The Group has redefined existing businesses by focusing on expansion in all business segments and on its competitive advantage by carefully positioning and investing in resources that promotes growth and sustainable business. The ability to consistently cater basic needs of society has been strengthened over the course of a number of years, measured in terms of presence, availability and service delivery.

Sustainable Growth

The Group's long-term strategy has created stability in earnings development. Product-mix improvements and increased efficiency contributed to the stable earnings development. The Group contributed MVR 435 million in profit for the year. The earnings and working capital changes contributed to the strong operating cash flow. The trend demonstrates that the Group has good control over working capital and the resources, to continue increasing investments for structural growth.

54

DISTRIBUTION CENTRES

187

PHARMACIES

PRESENCE IN ALL

19

ATOLLS

OVER

2500

EMPLOYEES

STO GROUP IN 2015

REVENUE
7,313
MILLION (MVR)

EARNINGS
PER SHARE
382
(MVR)

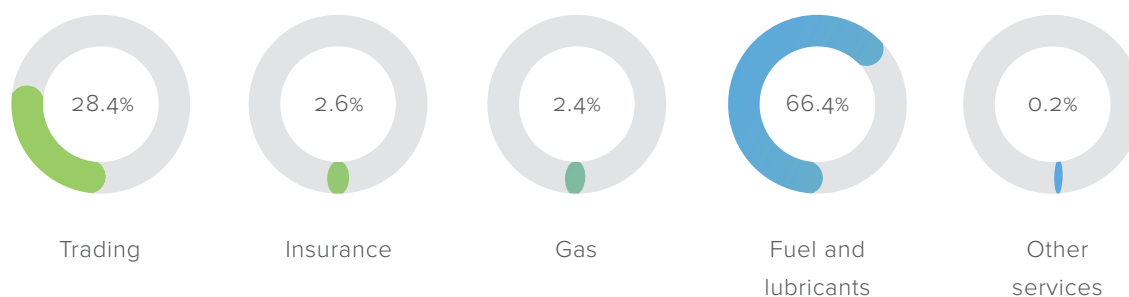
OPERATING
PROFIT
678
MILLION (MVR)

OPERATING
CASH FLOW
381
MILLION (MVR)

PROFIT FOR
THE YEAR
435
MILLION (MVR)

DIVIDEND
PROPOSED
57
(MVR) PER SHARE

Share of Revenue by Segments





LETTER TO SHAREHOLDERS

Dear Shareholders,

It is my pleasure to present the annual report for 2015.

It has been a successful year for STO where our revenues have shown a steady increase and the focus on our core businesses and customer services have shown good progress for the Company.

STO has evolved in the past half century from a traditional business, importing products to meet the primary necessities of the country into a pioneer of industries, a company competing on multiple fronts and contributing to the long term development of the Country.

The current business environment is fierce, where the markets in which we operate are volatile. We are however committed to being the preferred business partner to all our customers, and to do so, we are wholeheartedly committed to constantly improve our processes, products and services we provide to our markets.

Commitment from the Team

Being in existence for 51 years is by no means a small feat. In a globalized world where competitive advantage is determined only by minute factors, the Board's proficiency has been of even higher importance. The focus on Board training in 2015 has equipped the Board with much needed skills to perform its duties.

Past decisions have allowed competition to enter into markets previously a stronghold of STO. We currently have a strong Board comprised of a diverse, yet the right set of skills, industry experience and knowledge required to guide our Company forward. The Board has made strategic decisions to safeguard the businesses in which we operate and guided the management to newer areas of focus. This has meant refining of our operational activities and divestments of assets and operations that no longer contribute to our long term plans.

Guided by Governance

STO's commitment to corporate governance is unparalleled in the Country and continues to set benchmarks for public listed companies. Our belief is that this commitment is critical to the long term success of the Company. Governance allows transparency in our processes, which helps strengthen the relations with our stakeholders by building trust. We strive to meet the governance codes of the Country and have set sight on even higher standards. In 2015, we have worked on managing our risks by working towards a risk mitigation initiative which will be realized in the coming year.

I am proud to state that corporate governance continues and will remain an integral component of the way we do business. Good governance standards will enable accountability of operations, competing more effectively in our markets, sustaining our competitive edge and drive our capacity to increase the value for our Shareholders.

Future of Possibilities

Maldives is evolving. From a small island nation listed in the least developed countries, into a dynamic economy looking to provide a wealth of opportunities to its citizens and investors alike.

As proven in the proud history of our Company, this provides us with greater opportunity to step up and be relied upon. Working on newer markets, enabling vital support to industries that are drastically growing such as the construction industry.

The company can only be strong as the Board and management behind it. We are fortunate to have a highly experienced, knowledgeable and dynamic team moving us toward the existing opportunities for growth. We are optimistic and excited about the future. Our nationwide presence, unrivaled products, involvement in vital sectors which the public rely on, giving back to the communities and commitment to enhancing our customer experience will all allow STO to be positioned for successful growth in the future.

On behalf of the Board, thank you to the shareholders for entrusting us with taking STO into the future of possibilities. Finally thank you to the management and employees for their valued contributions for a brighter future.



Ahmed Niyaz
Chairman



MD'S MESSAGE

EXPANDING AND STRENGTHENING

2015 was a rewarding year for STO in terms of revenue and milestones achieved. Completion of the ambitious 'all island pharmacy project' was undeniably among the top highlights of the year. With this and other large-scale efforts in the healthcare sector, STO has expanded its involvement in this area. Being a resourceful national business leader, our involvement goes a long way in ensuring the reach of quality medicine and Aasandha coverage to every citizen of this geographically scattered nation.

Expansion of Supermart was completed in June. Structure of the new Umar Shopping Arcade building was completed this year and is on schedule to open in the 2nd Quarter of 2016. Our project to supply ready-mix concrete progressed well in preparation for launch early in 2016.

I remain confident that with the contributions of our management team and our valuable employees we are on path to achieve what we have planned for 2016 and beyond.

Social Responsibility

Corporate Social Responsibility (CSR) has always been and will remain a top priority for STO. We have developed strong CSR initiatives over the years. With the new CSR policy that came into effect the previous year, our CSR efforts in 2015 had been more organized and balanced across regions and sectors. One of our more well-known CSR efforts is market price stabilization of food items during the Holy Month of Ramadan. Our operation has become wider yet more organized year to year and 2015 was remarkable in this regard.

We are proud to partner long-term with NGOs that do exceptional work in community empowerment as well as helping the less fortunate and people with disability. This includes, for example, providing office space and sponsoring trained specialists that work in very specific areas related to improving the lives of people with special needs. We have continued to provide donations to deserving efforts from numerous NGOs that specialize in different areas of social work. Our evaluation of sponsorship proposals routinely weighs the CSR aspect in addition to marketing opportunity.

Healthcare

When we embarked on the 'all island pharmacy project' many shareholders raised concern over the potential cost and complexity of the project. However, we were able to execute this project with efficiency and beat the deadline by weeks. In October, we opened the last of the 177 pharmacies planned under the project. This project has created more than 500 new jobs in the atolls and trained over 400 new pharmacists.

Seeing the potential to make a huge impact to the quality of healthcare in the atolls, STO started a project to supply 50 paramedic ambulances to the Ministry of Health for use in the atolls. We also imported and completed installation of the very first Magnetic Resonance Imaging (MRI) machine at IGMH. Parental Nutrition is another area STO embarked to advance in association with IGMH. We started a special project to build an efficient network for the supply of medical equipment, consumables and pharmaceuticals to the entire population as a significant step for the transformation of healthcare across the nation.

Infrastructure

In 2015 we developed plans for infrastructure development. It is an important step in supporting our strategies for growth of our current businesses. It is crucial for our planned new ventures as well. 2016 is the year these efforts will begin to materialize. We have planned big investments in areas such as fuel transportation and storage, food repacking, and real estate.

New Businesses

While we maintain ongoing efforts to strengthen our core businesses, we are busy working to enter new areas of business where we see ourselves making a difference that will benefit stakeholders and the public. In 2015 we made strides in our plan to enter real estate. This is an area with immense potential due to land scarcity especially in the greater Malé area. Housing is also a space where we can make a significant social impact as it is directly related to a pressing need of the general public.

Additionally, we have been working on feasibility studies and research into repacking and distribution of selected products. This is an area where we have actually made huge success in the past and even spun off subsidiaries or formed partnerships.

Next Two Decades

We celebrated our 51st anniversary in 2015. Being part of this prestigious organization with its remarkable history for the past two decades has been a great honor. The organization has achieved several major milestones during its lifespan and it is arguably the most successful and trusted business organization in the Country. I do not doubt the next two decades will see the organization grow far beyond its national boundaries.

Key Message

As a public company we cannot be focused solely on the bottom line. Our core vision is to serve the public. Making essential goods and services accessible is an important aspect of what we do. However, we keep all our stakeholders interests at heart and continue to make utmost effort with our business strategies and streamlining operations in order to maximize the benefits realized by our stakeholders.



Ahmed Shaheer
Managing Director



DEVONDALE
AUSTRALIA'S NO.1 DAIRY COMPANY

Full
cream
milk
% PURE

EASY OPEN 1-STEP GAP

DEVONDALE



BUSINESS ENVIRONMENT

The Economy

According to International Monetary Fund (IMF), the global GDP increased by 3.1% in 2015, compared with 3.5% in 2014. The economic activity remained subdued. In the emerging economies, average growth rates are likely to remain depressed for the fifth consecutive year, while a modest recovery continued in advanced economies.

In 2015, the political and economic situation of Maldives was observed to be relatively stable, compared with recent years. A number of positive trends have developed and have had a significant bearing on the economic performance and prospects of the country, that play a major role in creating conducive business environment.

The real GDP growth for 2015 is expected to decrease to 4.8% from 6.5% in 2014, according to National Bureau of Statistics. Tourism sector experienced a further marked slowdown in 2015, with growth of only 1.3% compared with 11.5% in 2014, despite upbeat tourist arrivals globally and in Asia. While growth is expected to pick up modestly in the Europe and Japan, may help offset the effects of Chinese arrival slowdown in recent years.

The economy is expected to strengthen in 2016, with real GDP growth picking up to around 6.4%, mainly driven by continued construction sector growth stemming from large infrastructure projects now underway.

Average inflation in Male', the capital, remained low at less than 2%, aided by the continued decline in global food and oil prices and low domestic fish prices during the year.

Global oil prices have declined markedly since the third quarter of 2015, reflecting sustained increase in production by the members of the Organization of the Petroleum Exporting Countries (OPEC).

Focus on core business

We monitor opportunities and challenges in each business segment and respond decisively to strengthen our position for long-term success. Sales of fuel and lubricants is the core business of STO group, contributing approximately 66% of revenue. During the year, revenue growth was negatively impacted by the sharp fall in oil prices, but improvement in sales volume and cost efficacy helped to maintain operating margin.

With changes in economic conditions and government policies, we are focusing to expand our markets in both local and international markets, while strengthening our operational and infrastructural capabilities to raise sales volumes as demand grows.

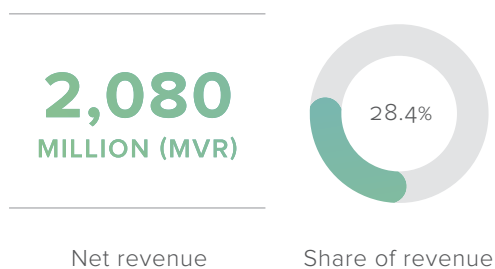
OUR BUSINESSES

Segment Performance

In 2015, STO Group continued to grow in all business segments. Although market conditions varied between the business segments, net revenue improved significantly in all segments except for fuel and lubricants. Sales growth in fuel and lubricants was negatively impacted by the fall in oil prices.

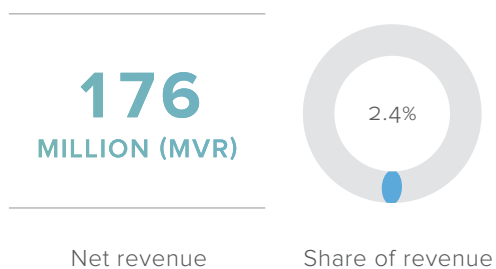
Trading

Trading is the largest business segment in terms of its offering under different product groups. These include food and beverages, home improvement, construction materials, regional sales and medical services.



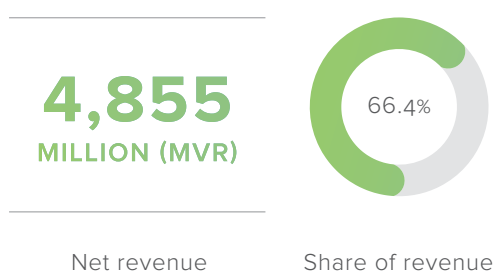
Gas

This segment provides its customers with LPG for households and medical gas solution, essential to healthcare industry. Maldives Gas is the industry leader in gas supply and distribution solutions across multiple sectors, including resorts and restaurants.



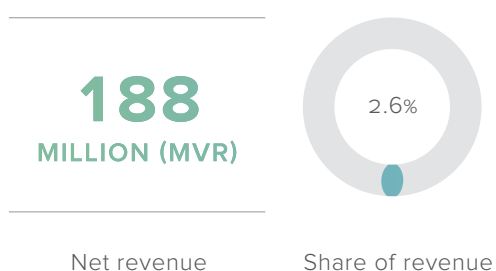
Fuel and Lubricants

This segment comprises selling, distribution and marketing of petroleum products. The aim is to provide clean and reliable petroleum products to its customers both in domestic and international market.



Insurance

Allied Insurance Company provides a wide range of insurance coverage, specially designed to meet the challenges of each market. This includes life insurance and general insurance plans along with health, diving, travel, accident and third party motor insurance.



TRADING



For many years, STO's development strategy has been founded on creating long-term value. This long-term performance is based on constant growth of its businesses, a solid economic model and sustainable strategy of development.

We expand our businesses, with its central purpose 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.

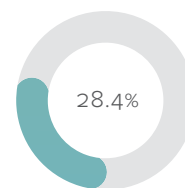
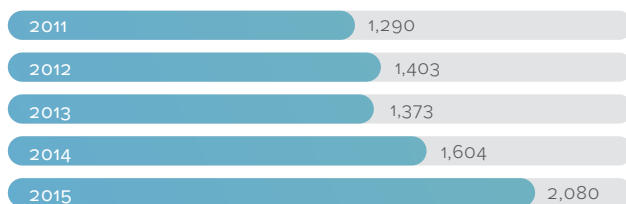
Trading is the largest business segment in terms of its offering under different product groups. These include food and beverage, home improvement, construction materials, regional sales and medical services.

Continuing to Strengthen Growth

In order to reach sales targets, the Group continues to strengthen its position in the trading segment, expand in its high margin product categories, develop service, and increase the offering of quality products.

The total revenue for trading segment increased by 30% to approximately MVR 2.1 billion, with significant improvement in medical services. Revenue for medical services rose to 90%, mainly driven by greater presence in each island and high value equipment sales to medical sector in 2015.

Net revenue (MVR), millions



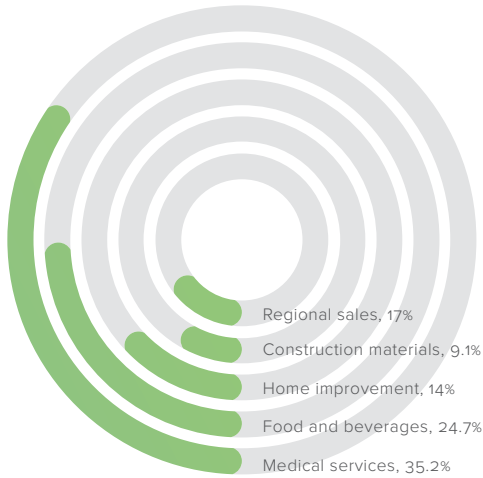
Share of revenue

Cost Savings

Measures were implemented to accelerate the customer services and streamline business process in across all the business units especially in Supermarket and Home improvement. All business units achieved significant improvements in terms of sales volume, income and operational reliability.

During the year, strong emphasis was made on creating customer value and reduce costs. An extensive cost-reduction program was implemented across all business units. The efficiency program at home improvement and supermarket has led to significant improvements in areas including sales volume, cost savings, efficiency and customer service. The cost saving and employee productivity program will continue in 2016 with a strong focus on further reduction of inventory, handling and transfer costs thereby reducing working capital requirement.

Share of Trading Revenue



CONSTRUCTION MATERIALS

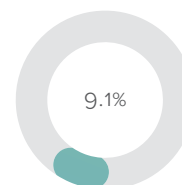
Through its construction business, STO designs and develops solution for construction industry. Its supply of quality materials, roofing sheets and cement solution enables customers to optimize the use of their resources.

We have chosen to concentrate on high-growth regions and products where the Group has the best conditions for achieving growth and profitability. We are continuously striving for leading positions throughout the country.

The construction materials segment revenue amounted to MVR 189 million in 2015. The year was characterized by highly competitive sales activities, where the Group market position was strengthened. In addition, new and potential areas to generate sales were identified, including resort development and government infra-structure development projects. The Group has maintained strong operational focus and work intensively to structure and develop existing operations and to ensure the efficiency in the organization.

189
MILLION (MVR)

Net revenue



Share of revenue

Powermix Concrete

In December 2015, a whole new concrete mixing solution was launched under the brand 'Powermix' concrete. Introduction of specially designed mixing vehicles enables to deliver ready mix concrete to customer's site. Concrete pumps, testing mechanism and chemicals required are also provided as a part of solution to mixing operation.

The operation is designed to have positive impact on environment by reducing exposure to hazardous dust and fumes generated, since there is no requirement to handle cement and raw material at customer site. The initiative to introduce solutions and expansion in market segments will contribute to positive sales growth in the coming years and ahead.

Roofing Materials

Roofing materials produced by Maldives Structural Products has a great reputation for manufacturing quality, durability among consumers, especially with premium products such as Colorbond and Zinalume. The new strategic direction was set to reach out to potential clients and consumers, giving priority to customer specific solution. The enhanced operation and marketing aspect upgraded the Kuladek material to BlueScope materials and quality thickness from 0.38mm to 0.40mm and rebranded it as Duradek.



HOME IMPROVEMENT

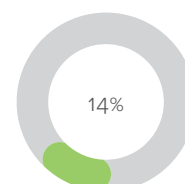
STO is one of the leading providers of home and electronic appliances, holds a strong position in Maldives, and offers a range of products for households, professional and business users.

The Group continued to increase sales by launching new, innovative products in several price segments and under well-known brands. In addition to this the Group interacted with and developed close relationships with customers and business partners. This enabled to generate a revenue of MVR 292 million which accounted to 14 % of trading revenue.

During the year, the Group has supplied and supported several government and corporate projects, including installation of VRF air-condition system in Dharubaruge and Hanimaadhoo International Airport.

292
MILLION (MVR)

Net revenue



Share of revenue

Brand and Product Launches

With growing middle class income group, leads to increasing demand for products with innovative design and performance. The focus is on the high volume product categories and introduction of global brands in order to improve our long-term competitive business model.

During the year, Samsung brand was launched, with market leading smart TV's and mobile phones. STO now commands a strong position throughout the country, particularly for our well-established brands of Hitachi, Philips, Nippon and Makita. The objective is to consistently deliver high-quality products and service that increase our customers' productivity and competitiveness.

Operational Excellence

Home Improvement is constantly seeking to improve its operations by connecting business to customers, shortening waiting time at stores and speeding up delivery while making it more reliable. The long-standing focus on efficiency and cost control benefited to achieve financial performance.

A more strategic approach to marketing has been in place, thus improving sales and achieving sustainable competitive advantage. The range of Hitachi air-conditioners showed its highest market share in recent years with 70 % sales growth, while Nippon paint was the second best-selling with 53% growth in sales. The commitment to customers and keeping promises help always strive to exceed high expectation and growth.

The service and maintenance performed by skilled technicians is an integral part of the offer. Service centers located both in Male' and South region has the responsibility to service products, and provide technical support as well as service delivery and follow-up.

In 2015, we have introduced customer feedback mechanism at Home Improvement and Service Centre. Customers are often engaged in discussions about their feedback in order to solve problems and to improve products and services. A number of key performance indicators have been established and are continuously followed up to ensure that customer satisfaction improves.

We believe customer satisfaction and contribute to strengthening customer relations, the brand, as well as financial performance.



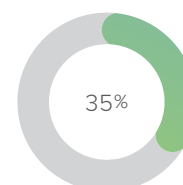
MEDICAL SERVICES

As recognized leader in supplying essential drugs, healthcare equipment's, STO provides best products and services to the pharmacies and hospitals in the Maldives. In 2015, through strong performance and strategic actions, we aimed to help improve people's lives, through better healthcare.

Beyond producing results, the Group engage more on constant optimization of operations. Through well-established pharmacies and stores in the country, the objective is to constantly deliver essential drugs and other specialty products to customers. This is ensured through efficient and enhanced process integration, leading to continuous improvement of our service offer.

731
MILLION (MVR)

Net revenue



Share of revenue

Solid Growth and Improved Services

For the year 2015, medical services business unit revenue grew by 90% in 2015 to exceed MVR 731 million, as expected, mainly driven by increased number of pharmacy stores and high value equipment sales to healthcare sector under different projects.

The organizational structure was strengthened by creating a separate business unit to focus and facilitate regional pharmacies operation and drive efficiency and productivity. It is believed that structural changes are important to create solid founder for future growth.

In addition during the year, the Group took a strong step in a new direction, adding a major new dimension to our competitive capability. It is an achievement that, our services has been certified under ISO 9001:2008, which is an assurance and confidence to customer on improved quality services.

Expanding its presence

During the year, The Group took several actions in established pharmaceuticals business by building its geographic presence, strengthening its product portfolio, and increasing its focus on availability of products.

'All Island Pharmacy' project started in June 2014 has been completed successfully by October 2015, well ahead of its target date. With 177 additional pharmacies, the Group expects this segment to whiteness extra ordinary services, through the establishment of pharmacy in all islands and provide opportunities to better healthcare for all.

Offering New Products and Services

During the year, the Group started to offer a broad range of innovative diagnostic instrument systems and solutions for hospitals, laboratories and clinics. It managed to supply a total of 54 ambulances to the health sector, under an MoU signed between STO and Ministry of Health. Supply and installation of MRI machine in IGM Hospital was another milestone achieved for the development of healthcare sector. This enabled public access to contemporary service, completely covered under national insurance 'Aasandha'.

STO offers a broad range of pharmaceutical products under different brands and is the strong market player. To further increase market share, the Group improved its offering by exclusive distributor agreements with leading pharmaceutical companies including Dr. Reddy's Laboratories, Merck, Galderma and IPCA.



FOOD AND BEVERAGE

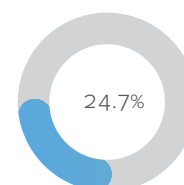
STO Supermart is determined to maximize its sales by retaining customers and providing wide varieties of products, at an affordable price in a favorable working environment for a healthy business in terms of customer services.

The Group focus on serving customers by understanding and reaching out and helping to deliver best value. We provide varieties of high quality merchandise ranging from toiletries, canned foods, frozen foods, household items and a number of other essential items and consumer goods. In the year 2015, we have provided good quality and internationally recognized brands for our customers.

Supermarket sales including staple foods for 2015 amounted to MVR 514 million. This reflects the opening of modern and spacious supermarket giving customer a whole new shopping experience. Innovations that create value for people and the environment while remaining cost efficient are key factors when it comes to differentiating our offering, creating growth and improving profitability.

514
MILLION (MVR)

Net revenue



Share of revenue

Strengthening the Products Mix

Through introduction of new brands, and with effective marketing campaigns, STO is well positioned to leverage the growth potential existing in mature and emergent markets. The Group's aim is to grow and strengthen its positions in both markets by, for example, broadening its offering of product categories, product ranges and services. During the year, the Group introduced well-known brands, including Quickbury, Ariya, El-Sabah, B&W and Thai Choice, which helps to penetrate and capture new markets.

Customer Surveys as a Tool for Improvement

Customer feedback is important to be able to offer better products and solutions and STO Supermart has methods to investigate customer satisfaction. A feedback survey conducted in 2015 shows that, store attributes, convenience, merchandise assortments, employee behavior are most important factors in determining choice along with price. It concludes that, the emergence of supermarket segment, changes consumer behavior of Maldivians.

Furthermore, marketing strategies were based on market research focusing on achieving reasonable profit and sustaining in the market. The marketing campaigns were focused mostly on peak seasons like Ramadan and year-end which provides opportunity to maximize sales growth.

The Group's operations interact with numerous different customers, markets and needs. We monitor the market opportunities and challenges in each product to determine how best to position the company to long-term success.

REGIONAL SALES

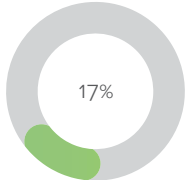
Regional sales business unit aims to distribute products and services to the customers in atolls. At present, there are 13 stores which operates under regional sales department. In 2015, we drive our regional business forward by strategies set to focus on each atoll rather than individual islands.

Despite the challenges and setbacks, this sector revenue totaled MVR 354 million. Sales trips conducted to islands helped to introduce new products, give information and conduct marketing campaigns.

This segment is organized to serve regional market needs in the best possible way. Focus was on containing costs and strengthening our regional business, in order to improve sales and profitability. In addition, the Group was able to deliver goods and services at competitive prices, particularly high growth markets of construction and home improvement. A special importance was given to uninterrupted supply of much needed staple food stock and supermarket items in the regions.

354
MILLION (MVR)

Net revenue



Share of revenue







FUEL AND LUBRICANTS



The fuel and lubricants comprises selling, distribution and marketing of petroleum products. The focus is to provide clean and reliable petroleum products to customers. The Group continued to cater growing demand of domestic and international market.

Over the years, the Group has developed distinctive capabilities in fully-integrated fuel and lubricants business and have built a strong reputation as a trusted partner and reliable supplier. The Group has earned loyalty of many strategic business customers including, State Electric Company and Maldives Airports Company, whom we have been serving for several years successfully.

Performance

Fuel and lubricants reported a 33% decrease in revenue for 2015, driven by decrease in fuel price.

Global fuel prices have been on the lowest in four years and December saw fuel prices dip to its lowest. The current market trend is expected to continue as some oil majors continue to pump more into the supply stream. In November 2015, the average production of OPEC had increased to 31.70 million barrels per day while global economic growth remains still.

Distribution Network

Fuel Supplies Maldives (FSM) is the Group's marketing and distribution arm for petroleum products. The company's strategy for fuel distribution was reconsidered to enable large volume local distributors to engage in further expanding the network. The aim is to expand the network to reach the smaller volume consumers through local distributors. In addition, the retail business drives the sales of total fuel segment of the Group, providing easy fill convenience that delivers exceptional customer experience at FSM stations.

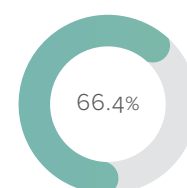
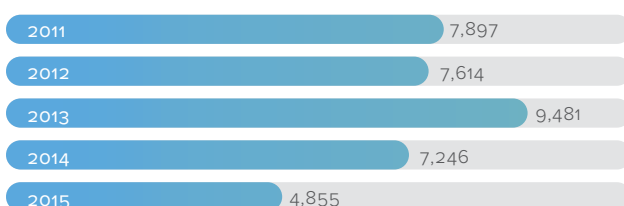
Infrastructure Development

Despite challenging market situation, we continue to strive for growth, primarily by way of investments to achieve effective market positioning and continuous improvement to offering services. K. Funadhoo oil terminal expansion project started during the year would expand the storage capacity by 28,000 tons. The project is designed to improve ancillary infrastructure to accommodate bigger tankers. Additionally, the Group is in the process of acquiring a new oil tanker, which is expected to be available for service by the time, expansion project is complete in 2017.

With the initiative to improve operational safety and mitigate risks, designing a whole new fire protection system for the terminal incorporating the latest industry standards and technology is a priority. The ambition is to become the safest terminal in the region.

Completion of Thilafushi Boat Yard Slipway project by FSM was a remarkable achievement in 2015. This will not only contribute to maintain the vessels and fleets in good condition, but it is a major step towards providing full-fledged commercial boat yard services.

Net revenue (MVR), millions



Share of revenue

GAS



The Gas segment provides its customers with LPG for households and medical gas solution essential to healthcare industry that deliver performance and energy efficiency. Its unmatched networks of distribution units and authorized agents throughout the country enable the Group to supply gases to almost all the islands and guarantee customers maximum reliability and uninterrupted supply of gas over the long term.

Maldives Gas has emerged as an industry leader in gas supply and distribution solutions across multiple sectors, including resorts and restaurants. The Group delivers customer satisfaction based on close relationship and mutual trust reflected through its commitment to moving forward. The distribution network covers more than 95% of hospitals in the country. Other gases supplied across the Maldives, are Industrial Oxygen, Acetylene, Argon, Helium, Carbon dioxide and Nitrous Oxide.

To deliver customer expectations, the Group introduce innovation and technological advances in products and services, and brought new addition to the market, supplying LPG cylinders of various sizes named 'Luifulhi', - a non-explosive, light weighted and sophisticated gas cylinder.

Performance

Year 2015, has been a cost-effective, efficient year for Gas segment. The Group reported revenue of MVR 176 million, an 6% increase compared to previous year. While the marketing activities increased with economic conditions improving and business confidence growing, the segment concentrated its effort in improving the market share, building the corporate image and brand identity. The Group formulates strategic business plan that drives operating performance, competitiveness and optimize return to shareholders.

Distribution

The Group currently owns and operates total 4 distribution terminals located in Male' region. K. Thilafushi terminal is the filling facility and main gas provider across the Maldives and also functions as the manufacturing facility for oxygen. The distribution unit ensures the door step delivery to every customer. In order to cater the growing corporate market, the Group has constructed a four-storey building which will soon be the business front office of the company.

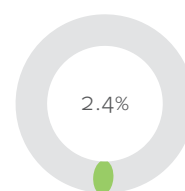
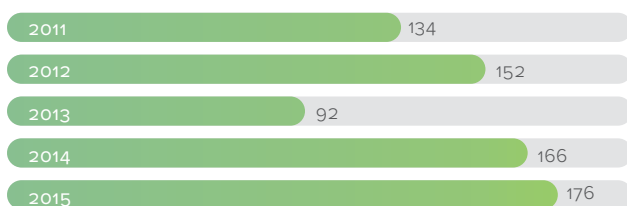
K. Villimale' distribution unit, established during the year was to ensure constant supply to every household with no disputes.

Growth and Development

Focus and continuous improvement is vital to growth strategy. The Group believe in improving operational efficiency and competitiveness for growth in gas revenue and market position. To develop an effective risk management plan, the Group has initiated a study to mobilize storage expansion project to Southern atolls with addition to 1500 MT capacity.

During the year, the Group started installation of oxygen plants in IGM Hospital and K. Hulhumale' Hospital. The preservation and functioning of these plants will be looked after by Maldives Gas.

Net revenue (MVR), millions



Share of revenue





INSURANCE



The strength and success of insurance segment is the result of experience, innovative products and excellent service. The target customer range is diverse and well spread across the country, from small fishing boats to multinational resort operators.

Over the years, the Group has offered several innovative products and superior services to cater diverse and dynamic markets in the Maldives.

The Group provides a wide range of insurance coverage, specially designed to meet the challenges of each market that varies into many categories, mainly life insurance and general insurance plans including health, diving, travel, accident and third party motor insurance.

Allied Insurance Company is among the largest financial institutions and the best insurance brand in the country with a 100% local management. The insurance industry of the Maldives is an oligopoly, where few large firms dominate the market and owns almost 60% of the total market share.

Performance

The Group insurance revenue increased by 31.5% to MVR 188 million in 2015. Aggressive marketing and selling techniques used during the year made positive contribution to the revenue trend. In 2015, the Group successfully entered into several business contracts and activities including new resorts. The Group signed an MoU with Maldives Immigration to exclusively provide expatriate insurance to all expatriates working in the Maldives.

Meeting Challenges

The external environment of the year 2015 was appeared to be quite challenging, reflecting specific political, regulatory and economic conditions. Difficult market conditions and global economic growth slowdown may materially and adversely affect earnings, and financial conditions. Improved profitability for insurance sector is somewhat subdued as many challenges remain, for example low investment returns and weak regulatory environment.

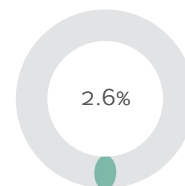
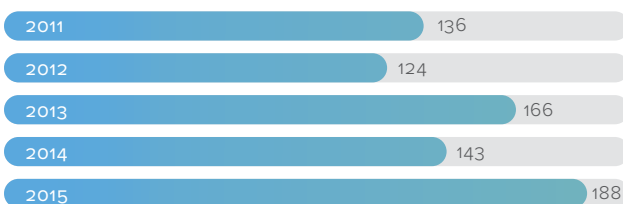
The Group carefully engage challenges and create opportunities by providing awareness on insurance products, differentiate markets, reaching people in the atolls and providing

assistance to government, regulatory and law enforcement authorities.

Prospective opportunities in the vicinity along with respective laws mandating insurance of risks such as fire, natural perils, theft, and burglary are related to buildings and marine vessels.

The Group will continue initiatives to modernize technology and infrastructure, implement best practices to improve speed and quality of services.

Net revenue (MVR), millions



Share of revenue



GROUP FINANCIAL REVIEW

Revenue

Revenue for the Group declined by 20.3% in 2015 amounted to MVR 7,313 million, as against MVR 9,171 million in the previous year. Revenue were adversely impacted by lower fuel prices, while improved revenue from trading, insurance and gas had a positive impact.

Fuel and lubricants as the Group's main business continued to show a decline in revenue due to a fall in fuel prices. Fuel revenue declined by 33%, trading in wholesales and retails improved by 30%, insurance improved by 31.5% and gas improved by 6%. The improvement was mainly a result of new products, and intense marketing and promotion activities.

Gross Profit and Operating Profit

Gross profit for 2015 increased to MVR 1,505 million (2014: MVR 1,390 million), corresponding to 21% of revenue. Improved sourcing, lower purchase cost for products and cost efficiency measures contributed to the improvement in gross profit.

Operating profit amounted to MVR 678 million (MVR 761 million), decrease was as expected due to increase in employee cost attributable to medical segment expansion and decrease in other operating income as compared to 2014.

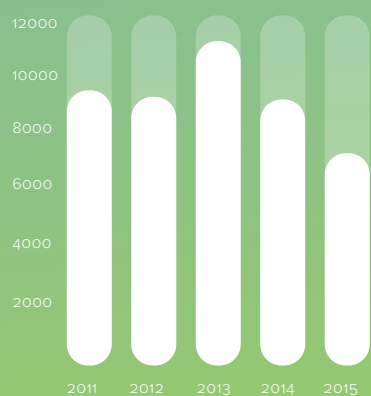
Profit before tax for fuel & lubricants, Insurance and gas contributed strongly to the Group results for 2015, while trading segment reported a positive development.

Profit for the Year and Earnings Per Share

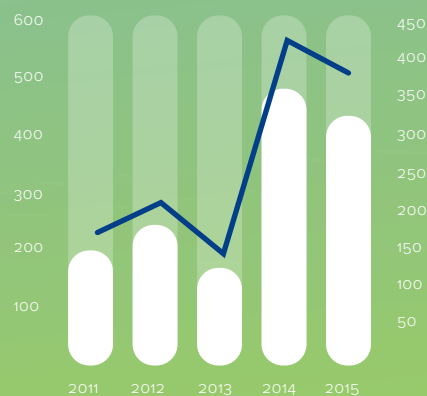
Profit for the year amounted to MVR 435 million (2014: MVR 480 million), corresponding to MVR 382 (2014: MVR 424) in earnings per share.

Group Key figures

MVR, million	2015	2014
Revenue	7,313	9,171
Gross profit	1,505	1,390
Operating profit	678	761
Profit before tax	520	573
Profit for the year	435	480
Earnings per share, MVR	382	424
Net asset per share, MVR	2,693	2,009
Net cash flow from operating activities	381	19
Return on equity, %	21.4	29.2
Net debt/equity ratio	1.3	1.6
Dividend per share, MVR	57	76
Interest cover ratio	3.6	3.4



● Revenue in million (MVR)



● Profit for the year in million (MVR)

■ Earnings per share (MVR)

Net Finance Cost

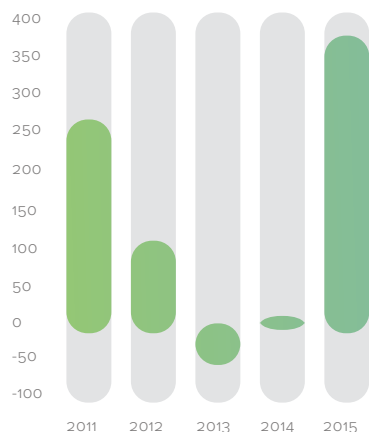
Net finance cost for 2015 decreased to MVR 167 million (2014: MVR 196 million). The improvement is mainly due to lower interest rate on borrowing and restructure of bank overdraft facilities and loans held by the Group and reduction in exchange loss for the year.

Taxes

Total income tax expense for 2015 amounted to MVR 84.6 million (2014: MVR 92.6 million), corresponding to an effective tax rate of 16.3% (2014: 16.2%). In addition, the Group paid GST and withholding tax as part of tax related expenses. The Group also paid other taxes and levies, such as royalties, lease rent and fees that are required by statutory laws and regulations.

Cash Flow

Net cash generated in operating activities in 2015 increased by MVR 362 million to MVR 381 million (2014: MVR 19 million). The strong cash flow generated was due to improvement in working capital changes, mainly driven by improved debt recovery. Trade payables and inventories developed steadily in relation to net revenue.



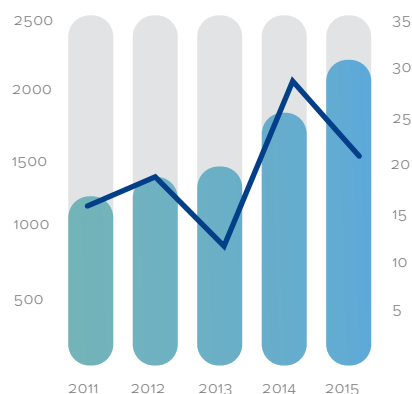
● Net operating cash flow in million (MVR)

Cash used in investing activities increased to MVR 281 million (2014: MVR -77 million). This was primarily for additions to property, plant and equipment, mainly due to ongoing Radisson hotel construction project and construction of former Umar Shopping Arcade building. Cash generated from financing activities decreased to MVR 169 million (2014: MVR 179 million)

Financial Position

In 2015, group equity increased to MVR 2,211 million, (2014: MVR 1,860 million), which corresponds to Earnings Per Share of MVR 382 (2014: MVR 424). Return on equity was 21.4% (2014: 29.2%) Net debt amounted to MVR 2,804 million (2014: MVR 2,931 million), representing gearing of 55.9% (2014: 61.2%). The decreasing gearing ratio of the Group resulted primarily due to increase in equity by virtue of profit generated in the current year.

During the year, MVR 1,063 million in loans and borrowings were repaid and new loans and borrowings including corporate bond were raised with MVR 1,256 million. The bond issued amounted to MVR 539.7 million with a maturity period of 8 years, carrying interest of 5.25% per annum. At year-end, the average interest rate for the group's total interest-bearing borrowings was 7.93% (2014: 8.21%).



● Equity in million (MVR)
■ Return on equity (%)

SHARE PERFORMANCE

Ownership structure

The share capital structure of the Company remained unchanged. The majority of the share capital as of December 2015 is owned by Government of Maldives amounting to 81.6%. The remaining 18.4% share is owned by the general public.

No single party other than the Government directly or indirectly, owned more than 5% of the shares of the Company. The nominal value of the share is MVR 50 and each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend.

Dividend

During the year, MVR 85.6 million was paid as dividend for the year 2014, where dividend per share was MVR 76.00 (2013: 24 per share, MVR 27 million), and the same was approved by the shareholders in the Annual General Meeting held on 29th May 2015.

The Board of Directors proposes a dividend of MVR 57 per share for 2015. This is equivalent to a total dividend payment of MVR 64.2 million.

The reasonable level of dividend reflects, the Board's confidence in the Groups business and is consistent with the objective to have disciplined balance between availability of capital to invest and return to shareholders.

The Annual General Meeting for 2015 will be held on 04th June 2016 at Kurumba Maldives.

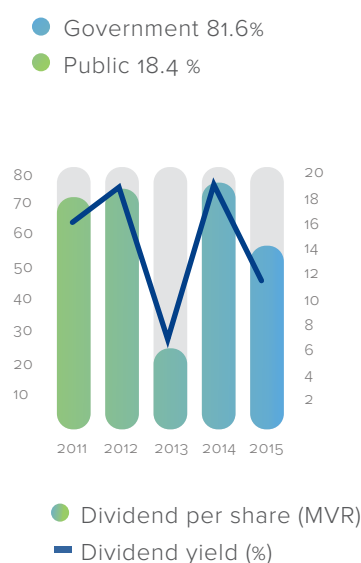
Trading Volume

The STO share is listed on Maldives Stock Exchange (MSE). During 2015, a total 547 shares were traded compared to 292 during 2014. The highest price quoted was MVR 980.00 while the lowest was MVR 400.00, and the weighted average of MVR 472.00. The market capitalization at year-end 2015 was MVR 563.5 million.

Share trading data:

MVR	2015	2014	2013	2012	2011
Highest	980	550	510	450	450
Lowest	400	400	360	350	300
Weighted average	472	451	411	387	390
No. of trades	58	9	41	17	14
No. of shares traded	547	292	520	346	192
Last trading price	500	400	380	400	450
No of shares issued	1126910	1126910	1126910	1126910	1126910
Market capitalization (million)	563.5	450.8	428.2	450.8	507.1

ownership structure





Price tags for the top shelf: \$7.00, \$7.00, \$7.00, \$7.00, \$7.00



Price tags for the second shelf: \$20.00, \$20.00, \$25.00, \$25.00



Price tags for the third shelf: \$25.00, \$27.00, \$25.00, \$40.00



CORPORATE GOVERNANCE REPORT

State Trading Organization Plc. and its subsidiaries are committed to maintaining a high standard in complying with the Corporate Governance Code of Capital Market Development Authority (CMDA). STO as a group has complied with most of principles and guidelines set out in the Corporate Governance Code. Where there have been exceptions, it has been explained further in this report.

Throughout the year the Board focused on instilling the governance principles not only in the parent company, but also a high emphasis was given to instill the good governance principles across the Group. Hence, this report describes the corporate governance practices that were in place throughout the financial year ended 31st December 2015.

The Board

The primary function of the Board of Directors is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. Throughout the year 2015, the Board oversaw the business affairs of the Group. This included the overall responsibility of reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major fundings, investment proposals, financial performance reviews, and governance practices.

All the Non-Executive Directors on the Board are considered by the Nomination and Remuneration Committee of the Board, to be independent directors. No director has held directorship in more than three public listed companies over the year. This ensured that all directors devoted sufficient time and efforts to their duties.

None of the directors have served on the Board for a period exceeding six years from the date of their appointment. However the Board also recognizes that most of the current Board of Directors have worked together in previous terms. This meant that the directors had developed a significant insight into the Group's business and operations, thus providing significant contribution to the Board as a whole.

Board Composition and Guidance

The Board comprises of seven directors as of 31st December 2015. Excluding the Managing Director and Mr. Ibrahim Ziyath, all directors are non-executive members. This also includes the Chairman of the Board. All the Non-Executive Directors are believed to fit the independent directors requirements described in the CMDA CG code where neither a Director nor his/her immediate family members during the past year has held a key position in the Company and none of their immediate family members have had any substantial finance dealings with the Company. Each year, the Nomination and Remuneration Committee reviews the size and composition of the Board and committees, and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender exists. The Board considers that its directors possess the necessary competencies and knowledge to lead and govern the Group effectively. The Board also believes that the current size provides sufficient diversity for efficient decision making. The directors' academic and professional qualifications are presented in pages 61 to 62 of the annual report.

Board Committees

As suggested by the Nomination and Remuneration Committee and by mutual consent of the Board, a new committee was formed under the name of Risk Committee. Risk committee was formed with the prime purpose of assisting the Board in its oversight and management of key risks as well as establishing the frameworks, guidelines, policies and process for identifying, monitoring and mitigating risks. Though risk management was addressed earlier by the Audit Committee, the Board decided to create a separate risk committee in order to give more importance to this area of governance.

The Board has 4 board committees with the newly formed Risk Committee. The other committees include Audit Committee, Nomination and Remuneration Committee and Corporate Governance and Compliance Committee. The membership, responsibilities and activities of each of these committees are further described in this report. Since Risk Committee is a newly formed committee, a separate report for risk committee is not included in this report. The remuneration report of the Nomination and Remuneration Committee is available on page 43.

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. Each committee has a set of guidelines in the form of charters, approved by the Board and signed by the members.

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

Chairman and Managing Director

The Chairman and the Managing Director roles in the Company are assumed by different individuals. The Chairman, Mr. Ahmed Niyaz, is an independent Non-Executive Director, while the Managing Director, Mr. Ahmed Shaheer is an Executive Director.

There is a clear division of responsibilities between the Chairman and the Managing Director, which ensures a balance of power and authority at the top of the Company.

The Chairman:

Is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, board committees and individual directors.

Takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, company secretary and management.

Approves the agenda for the Board meeting and ensures sufficient allocation of time for thorough discussion of agenda items.

Promotes an open environment for debates and ensures Non-Executive Directors are able to speak freely and contribute effectively.

Exercises control over the quality, quantity and timeliness of information flow between the Board and management.

Provides close oversight, guidance, advice and leadership to the Managing Director and management.

Plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management at AGMs and other shareholder meetings.

The Managing Director is the highest ranking executive officer of the Group. The Managing Director is responsible for:

Running the day-to-day business of the Company, within the authorities delegated to him by the Board.

Ensuring implementation of policies and strategy across the Group as set by the Board.

Day-to-day management of the executive and senior management team.

Leading the development of senior management within the Group with the aim of assisting the training and development of suitable individuals for succession

Ensuring that the Chairman is kept apprised in a timely manner, of issues faced by the Group and of any important events and developments.

Leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

Role of the Non-Executive Directors

The Board and management fully appreciate an effective and robust board, whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance.

For this to happen, the Board and Non-Executive Directors in particular, must be kept well informed of the Group's businesses and be knowledgeable about the industries the Group operates in.

To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, they have sufficient access to management information. The Board has also adopted processes to ensure that Non-Executive Directors have sufficient time and resources to perform their functions effectively.

Process of Re-election and Appointment of New Directors

The Board, in particular the Nomination and Remuneration Committee has put in place a formal process for the selection of new directors to increase the transparency of the nomination process in identifying and evaluating nominees for directors. The process is summarized as below:

Both the majority shareholder (the Government) and the minority shareholders are given 21 days of notice to submit their candidates.

The nominees for public share representatives are then evaluated according to the Directors Evaluation Policy. The prime purpose of this evaluation is to identify the skills, knowledge and experience of the candidates and to see how it would strengthen the existing Board.

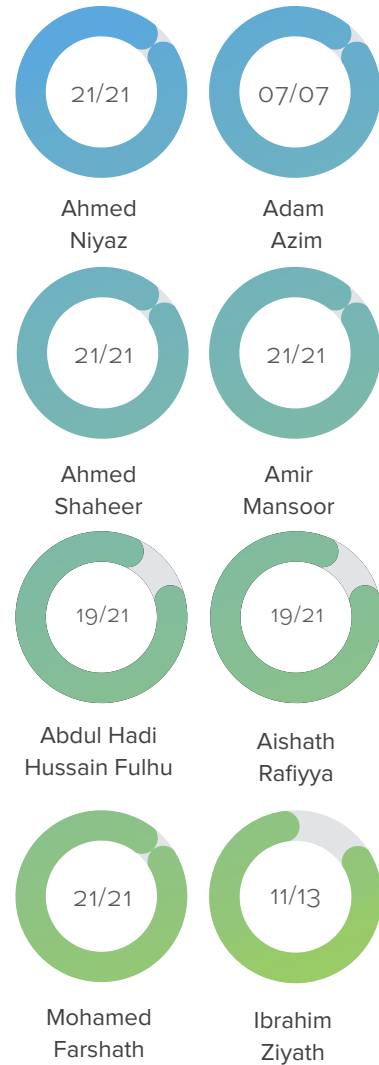
Nomination and Remuneration Committee also meets with the shortlisted candidates to assess and to further evaluate the candidate.

Nomination and Remuneration Committee recommends the candidates who meets the required criteria to the Board.

In 2015, 5 candidates from the public shareholders submitted their name for directorship. Out of which Nomination and Remuneration Committee shortlisted 4 candidates who met the required criteria. As such these names were announced during the AGM and voting took place to elect the member for the seat of public shareholder.

Board Meetings

The Board of Directors held 21 meetings during the year 2015. In addition, the committees altogether held 23 committee meetings. The chart indicates director's attendance to the meetings:



The Board is confident that the directors made adequate time available to give sufficient attention to the board discussions. Attendance is expressed as the number of meetings attended out of the number eligible to attend.

Access to Information

Management recognizes the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis, to enable them to make informed decisions and discharge their duties and responsibilities.

The Company Secretariat takes the responsibility in ensuring that this information is passed to the directors. The Company Secretariat also assists the Chairman in ensuring good information flows within the Board, its board committees and between management and the Non-Executive Directors.

To allow sufficient time to prepare for the meetings, all Board and board committee papers are distributed to directors well in advance of the meeting via email to director's company email addresses. Any additional material or information requested by the directors are promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

In order to keep directors abreast on the Group's performance, management also shares management reports with the Board. These reports include budgets, forecasts, quarterly financial reports and monthly management accounts.

In addition, the Chief Internal Auditor also provides the Audit Committee, and where necessary to the Board, with audit reports. These reports include, annual audit plans, fraud risk assessments and findings from such audits.

The management continuously puts an effort to improve the information flow to the Directors. As such a web based portal has recently been developed to be used among the directors to facilitate an easy mechanism to share and access information in a secure environment.

Board Performance

The Board carries out an annual evaluation for assessing the effectiveness of the Board as a whole, its committees and the contribution by each individual director to the effectiveness of the Board.

The Board continuously looks at various reports and evaluation results to see and measure its performance level. The CMDA Corporate Governance guideline is one such benchmark which is referred when improving the performance of the Board. During the year 2015, Corporate Governance Committee also discussed on the steps being taken to implement the recommendations given in the corporate governance audit conducted by Columbus Circle Governance (an independent firm based in Malaysia). While the Board and the management has adhered to many recommendations suggested, deadlines have already been set on meeting the rest of the suggested recommendations.

On top of such group audits, a high emphasis is also given to individual director's evaluation. As such, every director is evaluated and the results are discussed and endorsed by the Board.

Director Remuneration

Details on director remuneration is provided in the remuneration report of Nomination and Remuneration Committee. Refer to page 43 for this information.

Board Development

Though no new director was appointed in the past year, the Company has a comprehensive orientation program designed for newly appointed directors to familiarize them with the business and governance policies. The orientation program gives directors an understanding of the Group's business to enable them to assimilate into their new roles. The program also allows the new director to get acquainted with senior management, thereby facilitating board interactions and independent access to them. As part of the Company's continuing education for directors, a total of 26 different training programs were attended. These trainings focused on areas such as corporate risk management, corporate governance, business continuity, strategic planning, leadership and corporate finance.

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 2015 is as follows:

	Direct
Ahmed Niyaz	1
Ahmed Shaheer	50
Ibrahim Ziyath	0
Amir Mansoor	0
Mohamed Farshath	50
Abdul Hadi Hussain Fulhu	60
Aishath Rafiyya	0
	Indirect
Ahmed Niyaz	0
Ahmed Shaheer	125
Ibrahim Ziyath	0
Amir Mansoor	0
Mohamed Farshath	0
Abdul Hadi Hussain Fulhu	220
Aishath Rafiyya	0

Board Activities

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

Strategic

Discussed the Board Directive Action Plan

Discussed on the directives provided by His Excellency President Abdulla Yameen Abdul Gayyoom at the Company's 50th Anniversary function

Approved to establish STO Bio-medical Service Center

Approved "Power Mix Concrete" batching project

Approved to open an electronics showroom in the new building coming up at former Umar Shopping Arcade site

Approved the expansion project for fuel operation

Governance and Risk

Approved company's monthly, quarterly and annual results

Approved the budget for the year 2015

Proposed and approved the dividend for the year 2014

Reviewed and approved structural changes to both management and the Board composition

A Board Risk Committee was formed

Formed a Code of Conduct on Governance for the Group companies

Performance Monitoring

Board performance results were discussed and endorsed by the Board

A Group companies meeting was held to brainstorm and discuss on the ways to strengthen business as a group

Decided to evaluate the performance of subsidiary boards

Reviewed compliance on the Code of Conduct for Group companies

Accountability, Financial and Audit

The Group recognizes the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive timely financial and business reports from management. Such reports keep the Board members informed on the Group's performance, position and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax profit and budget variances.

The Board reviews and approves both the quarterly reports and annual results before it is released to the public. In presenting these results, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of these reports.

The Board also reviews legislations and regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements. This includes CMDA Corporate Governance Code, Listing Rules, Securities Act, CDOI Regulation and the Company's Act.

For the financial year under review, the Managing Director and the Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements for the Company and the Group. The Board, to the best of its knowledge, confirms that the financial statements for the period from 1st January to 31st December 2015 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.

Internal Controls

The company has a well-established in-house audit function. The internal audit is an independent function within the Group. The Head of Internal Audit (Chief Internal Auditor) reports directly to the Audit Committee and administratively to the Managing Director.

The primary role of internal audit function is to assist the Board and senior management to meet the strategic and operational objectives by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The Company's internal audit approach is aligned with the risk management framework by focusing on key financial, operational, compliance and information technology risks. As such, 2015 audit plan was reviewed and approved by the Audit Committee. A number of process audits, special audits and surprise audits were conducted throughout the year. Quarterly meetings were conducted by the Audit Committee where the Chief Internal Auditor presents the internal audit findings to the Board. The Audit Committee together with the management, always ensures that internal auditors have unfettered access to all the Group's documents, records, properties and personnel. Furthermore, the Chief Financial Officer also reported on the Financials and other related information, to the Audit Committee.

The Board is confident that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in its current business environment, including financial, operational, compliance and information technology risks.

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

Annual General Meeting (AGM)

The Annual General Meeting of shareholders (AGM) reviews the annual report and decides on the adoption of the financial statements and the dividend proposal, as well as the discharge and appointment of members to the Board.

The AGM is convened by public notice. The AGM agenda, the notes to the agenda and the procedure for attendance – including the event date and the procedure for granting a proxy to a third party – are published in advance and on the Company's website.

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.

The AGM for 2014 was held on 29th May 2015 at Hotel Jen.

Independent Audit

The external auditor is appointed by the shareholders, during the AGM on proposal of the Board. The appointment of the external auditor is reviewed every year by the Audit Committee. The Audit Committee advises the Board on the results of the management letter. The Board of Directors welcomes the impartial opinion and recommendations of the appointed independent auditor and strive to improve the findings pointed out in the auditor's report.

Dividend

The Board declared MVR 76 per share for 2014 and the same was approved in the Annual General Meeting held in the year 2015.

Future Outlook

The Board is confident that it has the right mix to provide the necessary support to the management to implement the strategic and business objectives of the Group. Hence the Board is highly optimistic on what the future holds for this valuable company. There is no doubt that the Board will continue to strive to pursue the long term vision of the Company.

On behalf of the Board of Directors:



Ahmed Niyaz
Chairman



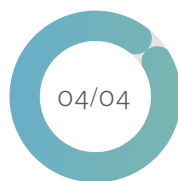
Ahmed Shaheer
Managing Director

CORPORATE GOVERNANCE & COMPLIANCE COMMITTEE REPORT

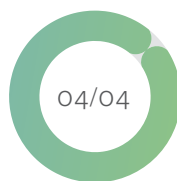
The Corporate Governance Committee consisted of 3 Non-Executive members and was chaired by Mr. Mohamed Farshath. On 17th November 2015 board committees were restructured, and Mr. Abdul Hadi Hussain Fulhu was appointed as a 4th member to the committee. All the members of the committee are deemed to be independent. The committee held 4 meetings in 2015. The attendance record of the members is shown below.



Mohamed Farshath



Amir Mansoor



Aishath Rafiyya



Abdul Hadi Hussain Fulhu

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 by and signed by the Directors. The Committee Chairman reports the outcomes of the meeting to the Board, regularly. The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

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 directors 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 regulatory bodies in the Company

Main Activities of 2015

Developed a Group Corporate Governance guideline for the first time in the Company’s history. Attended the queries submitted by the Group on the Code of conduct

Discussed the CMDA CG compliance form

Discussed the outcome of Corporate Governance Audit Report

Director Training Policy was revised

Discussions were made on the Directorship Evaluation Policy – to include a section on Board Diversity and recommendations were given to NR Committee

Discussed on the steps being taken to implement the recommendations given in the Corporate Governance Audit conducted by Columbus Circle Governance and Internal Audit

Discussed on the form drafted to evaluate compliance by subsidiary boards on the Group Companies Code of Conduct enforced on them by STO Board

Discussed on the form drafted for the evaluation of subsidiary boards and its members.

The Corporate Governance Committee focused on further strengthening the governance aspects of the Group. Unlike previous years a high importance was given to pass down the same good governance practices of the parent company to its subsidiary companies as well. The Committee also discussed the outcomes by both the audits conducted throughout the year and took actions to adopt the suggested recommendations.

Conclusion

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

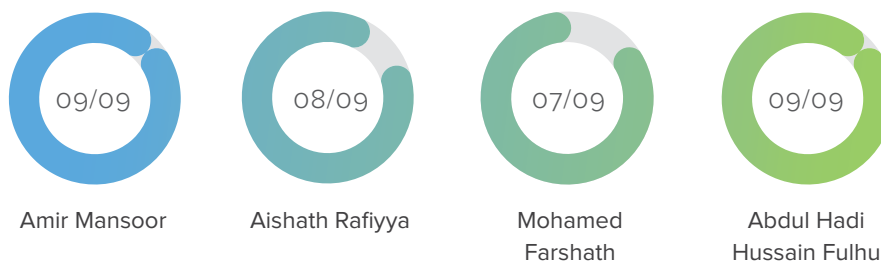
On behalf of the Corporate Governance and Compliance Committee:



Mohamed Farshath
Chairman

NOMINATION & REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee consisted of 4 non-executive members and was chaired by Mr. Amir Mansoor. On 17th November 2015, with the changes to the board committees, Ms. Aishath Rafiyya was appointed as the Chairperson. All the members of the committee are deemed to be independent. The committee held 9 meetings in 2015. The attendance record of the members of the committee is shown below.



*Mr. Mohamed Farshath neither participated in the two (2) meetings held to interview the directorship candidates nor did he participate in any of its discussions

Key Duties

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 by and signed by the Directors. The Committee Chairman reports the outcomes of the meeting to the Board, regularly. The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

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 requirement, 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 of such 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 and relevant regulators 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, the skills and expertise needed for the Board and management in the future

Be responsible for identifying candidates to fill board vacancies and nominate them for the approval of the Board 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 processes from time to time

Major Activities of 2015

Discussed and approved HR policy for Board presentation

Discussed on changes to Travel policy

Evaluated, interviewed and made recommendations on public directorship candidates to the Board

Changes to the Executive structure and the management were discussed and approved

Review discussions were held on the Remuneration Policy

Review discussions were held on the Directorship Evaluation Policy to include a section on Board Diversity in the Policy

Conclusion

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

On behalf of the Nomination & Remuneration Committee:



Aishath Rafiyya
Chairperson

REMUNERATION REPORT

Pursuant to applicable regulations, this report which is approved by the Board of Directors at the proposal of the Nomination and Remuneration Committee, defines and illustrates:

Policy adopted by the organization for the remuneration of Directors, indicating the guidelines of the Remuneration Policy

The remuneration paid in 2015 for the Board of Directors

The Company's Remuneration Policy is established in line with the most recent edition of the Governance Code for listed companies. 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 Directors is set by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

Remuneration Policy

The remuneration policy contains the following Guidelines:

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 membership 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 caliber 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, i.e. fixed and performance based components

The Company has a systematic evaluation methodology to evaluate each employees performance annually, which assesses 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. 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 work 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 months remuneration was paid to former Managing Director Mr. Adam Azim upon his removal from office on 9th March 2015

Notice periods – No notice periods were provided to any existing Directors

Subsidiary directorships and fees entitled to - Managing Director Mr. Ahmed Shaheer sits in the Board of STO Maldives (Singapore) Pte Ltd, Maldives National Oil Company (MNOC) Ltd, STO Hotels & Resorts Pvt Ltd and Addu International Airport (AIA) Pvt Ltd. He received a monthly board remuneration of MVR 2,500.00 and a sitting fee of MVR 300.00 from both STO Maldives (Singapore) and MNOC combined. He also received a monthly board remuneration of MVR 5000.00 and sitting fee of MVR 300.00 from AIA. He does not receive any remuneration from STO Hotels & Resorts. Executive Director Mr. Ibrahim Ziyath sits on the Board of Fuel Supplies Maldives (FSM) Pvt Ltd. He receives a monthly salary of MVR 5000.00 and sitting fee of MVR 300.00 from FSM

Any changes to these benefits are approved only after discussion in NR committee and by 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 board remuneration 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 Charter which indicates that the Board is appointed from one Annual General Meeting to the next. However, the Government holds the right to change its appointees as per Articles of Association, at any given time

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 Directors

Notice periods – no notice periods were provided to any existing Directors

Subsidiary directorships and fees entitled to – Non-Executive Directors do not sit in any Group company boards

The following table shows remuneration paid to Board of Directors for the year 2015. In 2015, a total of MVR 1,058,367 was paid to Directors as remuneration while a total of MVR 10,311,400 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 any other member of top management, during the year.

Ahmed Niyaz Chairman	262,500
Adam Azim Former MD	25,081
Ahmed Shaheer MD	130,500
Ibrahim Ziyath Director	85,367
Amir Mansoor Director	141,500
Abdul Hadi Hussain Fulhu Director	140,000
Mohamed Farshath Director	142,000
Aishath Rafiyya Director	134,000

AUDIT & RISK COMMITTEE

The Audit and Risk Committee consisted of 3 Non-Executive Directors and was chaired by Mr. Abdul Hadi Hussain Fulhu. On 17th November 2015, the Board committees were restructured to form a separate Risk Committee and hence the audit and risk duties were segregated accordingly. All the members of the committee are deemed to be independent. The committee held 10 meetings in 2015. The attendance record of the members of the committee is shown below.



Abdul Hadi Hussain Fulhu



Amir Mansoor



Mohamed Farshath

The Audit & Risk Committee assists the Board in overseeing the quality and integrity of the accounting, reporting, risk management and internal control practices of the Company. The Committee also ensures the Company's compliance with legal and regulatory requirements, the qualifications, performance and independence of the external auditor and the performance of the Internal Audit function.

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 by and signed by the Directors. The Committee Chairman reports the outcomes of the meeting to the Board, regularly. The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

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 recommendations to the 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

Major Activities of 2015

Quarterly financial reports were approved

Audit report on governance was discussed and approved

Discussed on the proposals received by Audit firms for the conduct of 2015 external audit

Discussions were made on Risk Committee Charter

Discussed on a Fraud Risk Assessment

Internal Audit Plans were approved

Different Audit reports were discussed and recommendations were suggested

Management Letters of Subsidiary companies were discussed by the Committee.

Conclusion

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

On behalf of the Audit & Risk Committee

Abdul Hadi Hussain Fulhu
Chairman

RISK REPORT

STO Group faces varied risks which could affect its ability to meet objectives, create value, preserve assets, business reputation and goodwill. The Board recognizes that it has a responsibility for promoting good risk management as a mean of protecting the Group from these risks, and is fully committed to being proactive in managing these diverse risks.

Risk management is viewed by the Board as both a set of vital policies and procedures to protect the Group from existing risks and also as a mean of ensuring that future risks and uncertainties are properly prepared for, as far as practical. Overall Board policy for risk management is communicated to the Management of the Group for implementation, through a formal Risk Management Policy of the Board.

Leading in Risk Governance - Establishment of Risk Management Committee

In 2015, as a reflection of the importance that the Board places on the need for risk management, STO established a Risk Management Committee (RMC) of the Board and also approved the establishment of a dedicated Risk Management Department (RMD), in order to drive the Group's risk management processes towards international standards.

STO is the first company in Maldives to establish a dedicated risk management department in order to strengthen its risk governance structure in its ongoing efforts to elevate risk management in the Group to international best practices.

The RMC has recently initiated the identification and training of Risk Management focal staff within the Group. These are senior staff members who in conjunction with the RMD, will ensure the continued dissemination of risk management information, education and cross fertilization of ideas at every level of the Group. As such, there are 22 Risk Management Focal Staff appointed.

Focus on Major Risks

Strategic and Investment Risks

In line with the fast moving industries in which STO Group operates, the Board must make appropriate strategic decisions and adjustments throughout the year. However, the Board is very much aware that each business strategy has a unique set of risks which could prevent the benefits of the strategy being achieved. For this reason, all significant strategic risks are evaluated by the Executive Committee of Management and by the Board before embarking on a new or changed strategy.

Where investments are strategic or above a certain value of internal review thresholds, the investments and the associated risks are assessed by the Board.

Financial Risks

Core to our management of financial risks, is our comprehensive system of budgeting and management reporting for both capital expenditure and annual operations. The Company also have policies and processes in place to manage and monitor its exposure to liquidity risk in both Rufiyaa and foreign currencies, credit risk and capital management risks.

Operational Risks and Management systems

In the normal course of business, the Group is subject to many diverse risks relating to its activities such as the products it deals in, counter-party relationships, and possible shortcomings or failures in the systems or employees.

These operational risks that the Group is exposed to are managed through a number of management frameworks and processes, within the Group.

The Company's management systems, structures, processes, standards and codes of conduct together, form a system of internal control that governs how it conduct the business and manages associated risks. These processes and controls are contained in standard operating procedures and wherever possible, appropriate risk management techniques are embedded into internal control systems and standard operating procedures.

Market and Supply Risks

As a diverse company with a base in trading, STO Group are subject to the international availability and price volatilities related to commodities and products that it deals in such as fuel, and also the related risks such as interest rates, currency rates, insurance costs and freight rates.

The Company minimizes these risks by monitoring fluctuations and where appropriate by entering into long term supply arrangements. The ownership of an own fuel tanker, provides a partial cushion against increases in fuel freight costs. The Company continually evaluates its supplier base, logistics and supply chain while implementing improvements on an on-going basis.

Political Challenges

The diverse locations of Group operations around the Country and the international nature of its supply chain exposes STO Group to a wide range of political developments and consequent changes to the economic and operating environment.

The Group seek to manage this risk actively through the development and maintenance of relationships with stakeholders in each region.

Physical Security

In common with all other establishments, the business is open to physical calamities such as natural disasters, fire, storm and accidents. It is also at risk from hostile acts such as terrorism or piracy which could harm our people, disrupt our operations and destroy our assets. Hence, the Company monitors for emerging threats and vulnerabilities to manage its physical security.

Physical security threats tend to vary geographically and by type of business. The Emergency, Health and Safety Committee together with regional sales team of STO provides guidance and support to conduct assurance with respect to the management of security risks affecting the people and operations. The Company also maintains disaster recovery, crisis and business continuity management plans in the subsidiaries.

Cyber Security

The threats to the security of the Company's digital infrastructure continue to evolve and, like many other global organizations, its reliance on computers and network technology is increasing. A cyber security breach could have a significant impact on business operations.

STO seeks 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 Group. The Company also maintains ICT disaster recovery management plans.

Compliance and Control Risks

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

The Company keeps abreast of new regulations and legislation and plans adequate responses to them. Employees are further provided with a range of compliance training and monitoring programmes. STO Group is open to feedback and listens to its employees, contractors and other stakeholders, closely.



SUSTAINABILITY

Nation. People. Environment. Society



STO as a group continues to strengthen its businesses by creating more value for its stakeholders through its social responsibility to the nation, people and environment. In addition, the business practices across the network have embraced good governance, protection of environment, timely risk management and comprehensive strategic planning. The Group of Companies inspire economic development while improving the quality of life of its employees, as well as the local community and society at large. This report focuses on steps and actions taken to meet its sustainability objectives.

Nation

STO businesses has always been catered to serve the best interest of the Nation.

People

STO provides all employees a quality work environment and the opportunity to develop their career path.

Environment

The Groups environment belief advocates promotion of eco-friendly technology, utilization of resources more efficiently, minimizing wastage and promoting cleanliness.

Society

STO Group believes that the trust and good will carried along with core business of the company can only be strengthened by its commitment to social responsibility.

Contribution to the Nation

STO's businesses has always been catered to serve the best interest of the Nation. The following highlights the activities on this aspect.

Introduced new concrete mixing solution under the brand "Power Mix" to improve durability and sustainability of services.

Improving Products and Services

From day one, STO is reputed for offering a wide range of quality, reliable and resource efficient products for its customers. In 2015, the trend continued with successful introduction of Samsung products, Thai choice, Ariya, etc

C-Purlin was introduced to improve performance and regain market share in the construction sector.

Allied introduced Islamic window - Ayady Takaful, "Hajj and Umrah Takaful" in partnership with Maldives Hajj Corporation which covers the medical expenses and financial losses that could arise while on the journey of Hajj or Umrah.

Allied Insurance introduced Online Cargo Insurance service thus enabling easier and speedy services to the customer.

Maldivian Gas introduced industrial Nitrogen and Carbon dioxide (CO₂) to the market.

Maldivian Gas started a database for regular customers that enable the Company to respond queries faster, ensure timely service and faster payment processes.

To speed up delivery process of LPG cylinder to the customers, tracking devices were also installed on delivery vehicles in the Malé region, enabling provision of real time information on the location of the vehicle.

Medical Sector Developments

STO Medical Services obtained ISO 9001:2008 quality certification which is an assurance and confidence to customers on improved quality services.

"All island pharmacy project" which started on June 2014 was completed successfully by October 2015, after opening 177 pharmacies across the country.

To connect all pharmacies and manage its operation centrally, a new integrated software was developed internally. The point of sale system is fully integrated with Aasandha – national medical insurance scheme.

Delivered 54 ambulances to various islands across the nation as agreed with Ministry of Health.

Supplied and installed MRI machine at IGM Hospital in collaboration with Ministry of Health.

Introduced new pharmaceutical products under exclusive distributorship agreements with leading brands such as Dr. Reddy's Laboratories, Galderma, Kalbe Pharma, Merck Ltd & Merck Serono and Kotra Pharma.

To support and take initiative in training medical professionals STO sponsored 12 local doctors in the year 2015 for international conferences as part of the CSR program.

Infrastructure Developments

In 2015, STO completed ground work for expansion of its oil storage and distribution facilities to cater to the growing market demand of petroleum products and facilitate re-exporting and bunkering in the South Asia region. This project is believed to strengthen the existing berth facilities with double the capacity.

Considerable resources were invested on re-building and upgrading organizational infrastructure including purchase of new vessels and strengthening the existing stores, warehouses, vessels, engineering and boatyard services.

Ongoing construction of a 10 storey building at the former Umar Shopping Arcade site, is to be completed by mid of 2016. This building would provide space for offices and shopping outlets for STO and other interested parties.

Contribution to the People

STO provides all employees a quality work environment and the opportunity to develop their career path. Staff development priority is to continuously invest in building a strong and diverse workforce capable of making informed decisions and deliver best services to the customers.

Staff Excellence

STO staff successfully rolled-out SAP ERP system to Fuel Supplies Maldives. This enables real time integration to the parent company under one platform.

A new point of sale programme was developed by STO ICT staff to integrate with the central ERP System, especially for the “all island pharmacy project”.

Training and Development

Short term trainings: Staff were provided opportunities of trainings in team building, service enhancement, inventory and finance, leadership, demand & forecast and pharmaceutical specified trainings.

Long term scholarships: Staff were sponsored for long term development courses both locally and abroad in areas such as business management, psychology, technical and vocational trainings.



STORC

Unity.Leadership.Discipline. This is what State Trading Organizations Recreation Club (STORC) represents and what it strives to achieve. STO believes that sports and recreation plays an important role in improving the relationship between staff along with promoting a healthy life style. As such, some of the major activities carried out throughout the year include;

Opening a fully equipped, modern and exclusive staff gym

Inter-department and inter-company futsal tournaments

Certified diving courses

Inter-office badminton tournament

Participation in the Club Maldives Cup 2015 and with much hard work and unity, STO won the trophy of Club Maldives Futsal Cup, for the second consecutive year.

Inter-department volleyball tournament

Promoting Healthy Living

STO cares for the well-being of the society including that of staff and believes that awareness and promotion of healthy living is significant in shaping a healthier community.

STO Group is always a catalyst in developing the community through its generous contributions. STO recognizes investment in the development of the society as its responsibility towards the people. As such considerable assistance in terms of financial, sponsors, donations and materials were provided to the Community, in different means.

Some of the major contributions include;

Continuously contributed to the construction of futsal pitches across the country

Coca-Cola Long Run 2015 – was sponsored by Allied Insurance Company

Maldivian Gas donated to the development of a children’s park at Maldives Centre for Social Education (MCSE).

STO and its Group of Companies took initiatives in strengthening its commitment to safety standards in the work place and the surrounding environment.

Allied Insurance held Rakkaa Road Safety awareness event in Addu City, in collaboration with Maldives Police Service.

Allied Insurance Company organized fire awareness evening in the name of “GiniFest 2015” in partnership with MNDP Fire and Rescue Services to promote and create awareness on the significance of safety measures that has for be taken to prevention of fire.

Contribution to the Environment

STO Group's environment belief advocates promotion of eco-friendly technology, utilization of resources more efficiently, minimizing wastage and promoting cleanliness. some significant contributions towards environment include:

Import and market eco-friendly products, particularly invertor technology, lead free and ozone free products.

STO and Allied Insurance were the main sponsors of the event called "One Nation Coral Revival" - An event held to promote awareness on the importance of cleanliness and safe keeping of beaches and reefs in Maldives.

STO in association with 4 NGOs have conducted a reef cleaning event (North of Local Market) to define its commitment to a green and sustainable environment.

STO has actively participated in the Tree Planting Event organized by Ministry of Environment and Energy in Hulhumale'.

"Power Mix Concrete" proved to be an eco-friendly method as it lessens the requirement for stacking concrete raw materials on or near the construction site, which consequent results in hazardous pollution in the work site. Meanwhile, it also prevents road blocking due to the compact size of the specialized mixing vehicles, which is a huge relief for the local community.

Commitment to Society

STO Group believes that the trust and goodwill carried along with core business of the Company can only be strengthened by its commitment to social responsibility. Connecting with the community and various stakeholders is not just a business concept but an obligation.

Donation to mus'haf maldheefi publication fund.

"Kudakudhinge Hiya" staff salary sponsor.

Visit to Beautiful Eyes- down syndrome association with educational gifts.

Main sponsor of one nation coral revival program.

Sponsor of salary for a speech therapist in Beautiful Eyes down syndrome association.

Donation to K.Guraidhoo people with special needs.

Main sponsor of National Anti-Corruption Day 2015 event.

Participated in "Minivan 50" Float Parade.

Actively participated in dengue prevention program.

Main sponsor of top achievers' award 2014.

Participated in tree planting event at Hulhumale' organized by Ministry of Environment and Energy.

STO together with 4 NGOs; Nine Star Diving, Dive Club Maldives, Damage Control and Save the Beach, conducted a reef cleaning event (North of Local Market).

STO in association with Child Advocacy Network of Disability Organization (CANDO) conducted a children's evening.





ROJAH

A group of women, dressed in black hijabs and long-sleeved dresses, are kneeling on a cobblestone floor at night. They are holding large, glowing neon letters that spell out the word 'ROJAH'. The letters are illuminated from within, creating a bright, warm glow. The woman on the far left is holding the letter 'R', the woman in the center is holding 'O', the woman to her right is holding 'J', and the woman on the far right is holding 'H'. The background shows a building with large glass windows and a doorway, with some interior lights visible. The overall scene is a public display or protest.

5 YEAR GROUP FINANCIAL REVIEW

MVR, million	2015	2014	2013	2012	2011
Earnings					
Revenue	7,313	9,171	11,130	9,293	9,465
Gross profit	1,505	1,390	1,292	1,182	828
Operating profit	678	761	686	620	304
Profit before tax	520	573	178	266	208
Profit for the year	435	480	165	239	192

Share Data

Price per share, at year end, MVR	500	400	380	400	450
Earnings per share, MVR	382	424	144	211	171
Dividend per share, MVR*	57	76	24	75	72
Equity per share, MVR	1,962	1,651	1,267	1,203	1,086
Net assets per share, MVR	2,693	2,009	1,466	1,290	1,189
No. of shares	1126910	1126910	1126910	1126910	1126910

Key Ratios

Return on equity, %	21.4	29.2	11.9	18.5	16.4
Return on capital employed (ROCE)	13.5	15.9	14.0	12.8	6.7
Return on net assets, %	25.6	38.9	44.2	44.4	24.7
Equity/asset ratio, %	38.7	34.1	26.3	23.7	22.3
Net debt/equity ratio	1.27	1.58	2.43	2.58	2.71
Interest coverage ratio	3.6	3.4	1.3	1.5	2.2
Dividend yield ,at year end, %	11.40	19.00	6.32	18.75	16.00

Financial Position and Cash flow

Total assets	5,712	5,461	5,430	5,724	5,490
Net assets	3,035	2,264	1,652	1,454	1,340
Equity	2,211	1,860	1,428	1,356	1,224
Non-current liabilities	825	404	224	98	140
Trade and other receivables	567	589	687	806	1,802
Inventories	706	706	794	595	785
Trade and other payables	1,587	1,633	2,461	2,766	2,522
Net debt	2,804	2,930	3,475	3,499	3,322
Capital Employed	5,015	4,790	4,902	4,855	4,546
Net Operating cash flow	381	19	-61	100	259

BOARD OF DIRECTORS



Ahmed Niyaz

Chairman
Non-Executive, Independent Director

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



Ahmed Shaheer

Managing Director

Shaheer was appointed to the Board in December 2013 and as the Managing Director of the Company on 09th March 2015 by the majority shareholder (Government).



Amir Mansoor

Non-Executive, Independent Director

Amir was appointed to the Board in May 2012 by the majority shareholder (Government).



Aishath Rafiyya

Non-Executive, Independent Director

Rafiyya was appointed to the Board in August 2014 by the majority shareholder (Government).



Abdul Hadi Hussain Fulhu

Non-Executive, Independent Director

Hadi was appointed to the Board in May 2012 by the majority shareholder (Government), and served the Board till 28th March 2016.



Mohamed Farshath

Non-Executive, Independent Director

Farshath was initially appointed to the Board at the 2012 Annual General Meeting by the Public Shareholders and has held this position for the past 4 years.

Ibrahim Ziyath

Executive Director

Ziyath was appointed to the Board in April 2014 by the majority shareholder (Government), and served the Board till 28th March 2016.



Mohamed Mihad

Executive Director

Mihad was appointed to the Board in March 2016 by the majority shareholder (Government).



Aishath Rayaheen Shareef

Non-Executive, Independent Director

Rayaheen was appointed to the Board in March 2016 by the majority shareholder (Government),



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 Acting Managing Director and as an Executive Director of the Board, where he provides expertise on strategic planning, project management, financial analysis, policy implementation, governance 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 Master of Business Administration from the Cardiff Metropolitan University, UK and a Bachelor of Arts in Economics, Sociology and Political Science from the University of Mysore, India. He also holds an Executive Diploma in Directorship from Singapore Management University, Singapore and has gained further knowledge in fields such as corporate governance, business continuity and effective leadership through trainings, over the year.

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.

Ibrahim Ziyath

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 of Home Improvement and the Chairman of Fuel Supplies Maldives Pvt. Ltd. He served in the STO Board as an Executive Director from 20th April 2015 till 28th March 2016. Ziyath has also served as the Deputy Managing Director and acting Managing Director of Fuel Supplies Maldives Pvt. Ltd. He had also

served as a Board Director in Lafarge Maldives Pvt. Ltd. and as the Chairman of Maldives Structural Products Pvt. Ltd. Ziyath holds a Master's Degree in Business Administration from the University of Ballarat, Australia and a Bachelor's Degree of Business (Major in Management and Marketing) from Edith Cowan University, 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 and served in Board till 28th March 2016.

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. Hadi holds 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. He too holds an Executive Diploma in Directorship from Singapore Management University, Singapore.

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.

Rafiyya started her career at the Bank of the Maldives, served at the Ministry of Foreign Affairs and

High Commission of Maldives in Dhaka as DCM of Mission. Rafiyya is also the Head of Chairman's Bureau of Sun Siyam Group of Companies, a multinational & a leading hospitality group in the Maldives.

Rafiyya is a Deputy Leader and a founding member 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. She is a member of Women Development Committee of Male' City and chairperson of Business & Finance sub-committee of WDC. She is also the Founder and President of Regional Alliance for Fostering Youth (RAFY) – the first international NGO established in the Maldives.

Rafiyya is a Doctorate Researcher focused on Women Empowerment and holds MBA (Major in HRM) and BSC (Hons) in Business Information Systems from University of East London, a Graduate Diploma in Business Management and International Diploma in Computer Studies (NCC, UK). She is the first Maldivian fellow and currently the Honorary President of Royal Institute of Public Administrators of Royal Institution Singapore, and holds professional memberships of Institute of Directors-UK, Institute of Directors-India and Board Director Training Institute of Japan.

Rafiyya has received recognitions, such as 'International Award of Distinction' from Royal Institution Singapore for research titled 'Challenges faced by women leadership in the Maldives', 'Outstanding Women Leadership Achievement Award' at the World Women Leadership Congress, 'Young Women Achiever Award' for Outstanding Contributions, Significant Achievements and Sustained Excellence in the field of HRM - VIWA 2016 and 'Golden Globe Tiger Outstanding Women Leadership Award' at the Golden Globe Summit, Malaysia.

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 serves MTDC as a Board Director, is a member of College Council for Clique College 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 the Executive Diploma in Directorship from Singapore Management University, Singapore.

Following Directors were appointed in 2016

Mohamed Mihad

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 was recently appointed an Executive Director of the Board on 28th March 2016.

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.

Aishath Rayaheen Shareef

Aishath Rayaheen Shareef was appointed as an Independent, Non-Executive Director by the majority shareholder (Government), on 28th March 2016.

Rayaheen has experience and knowledge in the fields such as commercial banking, accounting, economic, research and analysis and anti-money laundering from her 14 years of service in the financial sector. In the past she has worked at Maldives Monetary Authority and Hong Kong and Shanghai Banking Corporation Limited (HSBC Maldives). Currently she serves at the Maldives Finance Leasing Company Pvt Ltd as the Assistant Manager – Consumer Finance where she is presently involved in developing and expanding consumer finance unit.

Rayaheen holds a Bachelors in Business Administration (Honors) from the Open University of Malaysia and has studied Advanced Diploma in Applied Statistics, from Maldives College of Higher Education.

EXECUTIVE MANAGEMENT



Ahmed
Shaheer



Mohamed
Mihad



Ibrahim
Ziyath



Dr. Ibrahim
Mahfooz



Fathimath
Ashan



Ahmed
Shifan



Aishath
Shaffana
Rasheed



Musthafa
Azmy



Mariyam
Nuzla



Mohamed
Murad



Hussain
Sobah



Ramzee
Aboobakuru



Abdul Wahid
Moosa



Muslih
Maseeh



Ahmed Kurik
Riza



Mohamed
Shujau

Ahmed Shaheer
(Managing Director)

(See page 61 for a detailed profile)

Mohamed Mihad
(Executive Director / Chief
Financial Officer)

(See page 62 for a detailed profile)

Ibrahim Ziyath

(See page 61 for a detailed profile)

Dr. Ibrahim Mahfooz

(Chief Internal Auditor)

Dr. Ibrahim Mahfooz joined STO in 1996 and worked in Accounting and Finance until 1999. From then, he moved to Internal Audit 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. From mid-2003 to mid-2004, he worked at Ernst and Young where he worked at various assignments at different companies in the Maldives and in Sri Lanka. 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 the Managing Director of 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.

Ahmed Shifan

(Senior 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 Maldivian Gas Pvt. Ltd. and is Board Advisor for the SAP Asia Pacific Japan Regional Services Board, since January 2013. He is also the Chairman of the STO Recreation Club (STORC) since 2014. 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 & Communications
Technology)

Musthafa Azmy joined STO in the year of 1994 and is currently the Chief Information Officer and the Head of Department for Information & Communications and Technology. He played a key role in the successful migration from the legacy systems to SAP ERP. He also designed and developed a new system to integrate the pharmacy project with Aasanda recently. Azmy also played a key role in the SAP role out deployment project in Fuel Supplies Maldives Pvt. Ltd during the year. Azmy served in the Board of Directors of Allied Insurance Company Pvt. Ltd and is currently the Chairman of Maldivian 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 Maldivian Gas Pvt. Ltd. Nuzla holds a Masters in Business from the Cardiff Metropolitan University, UK and a Bachelor of Business (Marketing and Management) from Edith Cowan University, Australia.

Mohamed Murad

(General Manager – Medical Services - Regional)

Mohamed Murad joined STO in the year of 1999 and has hence acquired substantial knowledge and experience in strategic leadership and operational knowledge with over 15 years of experience in the Company. He currently serves as the Head of Department for Medical Services - Regional. 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 Sobah

(General Manager – Medical Services - Male')

Hussain Sobah 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. Sobah currently serves as the Head of Department for Medical Services. Sobah is also a Board Director representing STO at Lafarge Maldives Cement Pvt. Ltd. Sobah holds a Bachelor's Degree in Business (Marketing and Management) from the Edith Cowan University, Australia.

Ramzee Aboobakuru

(General Manager – Energy and Construction Materials)

Ramzee Aboobakuru joined STO in the year 2007 and is 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

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

Muslih Maseeh joined the Company in the year 2008 and is the current Head of Department for Business Development and Public Relations. He had previously served in the Ministry of Planning and National Development, Faunu Travels Pvt Ltd and Stern' Textiles Australia, gaining experience in the public sector, tourism industry and operations management. 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, UK and a Bachelor's Degree (Hons) in International Business (First Class) from the University of East London, UK.

Ahmed Kurik Riza

(General Manager – Procurement (General Goods))

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.

Mohamed Shujau

(Assistant General Manager – Procurement (Essentials))

Mohamed Shujau joined the Company in the year of 1998 and is the current Head of Department for Procurement Essentials. He had previously served in the Information & Communications Technology Department for 18 years. Shujau is currently a Board Director of Maldivian Gas Pvt. Ltd. and a member of the British Computer Society (MBCS) since 2005. He also played a key role in the successful migration from the legacy systems to SAP ERP. Shujau holds a Master of Technology Management from Staffordshire University, UK and a Bachelor of Science (Hons) Computer Systems Engineering (Networking) from Nottingham Trent University, UK.

GENERAL INFORMATION



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, MD
Mohamed Mihad
Amir Mansoor
Aishath Rafiyya
Aishath Rayaheen Shareef
Mohamed Farshath

Audit Committee

Amir Mansoor (Chairman)
Mohamed Farshath
Aishath Rayaheen Shareef

Risk Committee

Amir Mansoor (Chairman)
Mohamed Farshath
Aishath Rafiyya

Corporate Governance and Compliance Committee

Aishath Rayaheen Shareef (Chairperson)
Mohamed Farshath
Aishath Rafiyya

Nomination and Remuneration Committee

Aishath Rafiyya (Chairperson)
Aishath Rayaheen Shareef
Amir Mansoor

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
Soci t  General Bank, Singapore
State Bank of India, Male'

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

Share details	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	

1984
1ST NOVEMBER



**ALLIED
INSURANCE
COMPANY OF
THE MALDIVES
PVT. LTD.**

Insurance
Company

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 99.9%
● MGPL 0.01 %

1997
30TH NOVEMBER



**STO MALDIVES
(SINGAPORE)
PTE. LTD.**

Trading
Company

Incorporated
& operated in
Singapore

Share % as at 31/dec/2015



● STO 100%

1999
3RD OCTOBER



**MALDIVE GAS
PVT. LTD.**

Gas
Distributor

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 90%
● Champa Oil & Gas 10 %

2000
23RD OCTOBER



**MALDIVES
STUCTURAL
PRODUCTS PVT.
LTD.***

Roofing Sheet
Manufacturer

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 50%
● Rainbow Investment 50 %

2000

18TH DECEMBER



**FUEL SUPPLIES
MALDIVES PVT.
LTD.**

Fuel
Distributor

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 99.9%
● MNOC 0.01 %

2002

7TH JANUARY



**LAFARGE
MALDIVES
CEMENT PVT.
LTD.****

Cement
Distributor

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 25%
● Lafarge (Zurich) 75 %

2003

6TH OCTOBER



**MALDIVE
NATIONAL OIL
COMPANY LTD.**

Fuel
Trader

Incorporated
in Maldives &
operated in
Singapore

Share % as at 31/dec/2015



● STO 99.9%
● Allied 0.01 %

2012

7TH FEBRUARY



**STO HOTELS &
RESORTS PVT.
LTD.**

Tourism
Sector

Incorporated
& operated in
Maldives

Share % as at 31/dec/2015



● STO 99.9%
● FSM 0.01 %

Associate Company ** Joint Venture *

STO DIRECTORY



+960 334 4333



info@stomaldives.net



www.sto.mv

Regional Sales

Ha. Hoarafushi Store

Hdh. Kulhudhufushi Store

B. Eydhafushi Store

K. Hulhumale' Store

K. Villimale' Store

L. Fonadhoo Store

Ga. Villingili Store

Gdh. Thinadhoo Store

S. Hithadhoo Store

S. Feydhoo Store

S. Maradhoo Feydhoo Store

S. Hulhumeedhoo Store

Food and Beverages

STO Supermart

STO Supermart Warehouse

STO Staples

Internal Audit**Information
Communication
Technology****Company Secretariat****Administration and
Human Resources****Energy and Construction
Materials**

Construction Materials Office

Fuel & Lubricants

STO Construction Materials, K.
Thilafushi Warehouse

Construction Materials 158

STO Construction Materials
Warehouse**Medical Service - Male'**

Medical Store

Medical Warehouse

STO IGMH Pharmacy

STO IGMH - Warehouse

**Medical Services -
Regional**

Ha.Thuraakunu Pharmacy

Ha.Uligamu Pharmacy

Ha.Molhadhoo Pharmacy

Ha.Hoarafushi Pharmacy

Ha.Ihavandhoo Pharmacy

Ha.Kelaa Pharmacy

Ha.Vashafaru Pharmacy

Ha.Dhihdhoo Pharmacy

Ha.Filladhoo Pharmacy

Ha.Maarandhoo Pharmacy

Ha.Thakandhoo Pharmacy

Ha.Muraidhoo Pharmacy

Ha.Utheemu Pharmacy

Ha.Baarah Pharmacy

Hdh.Makunudhoo Pharmacy

Hdh.Vaikaradhoo Pharmacy

Hdh.Neykurendhoo Pharmacy

Hdh.Kumundhoo Pharmacy

Hdh.Kulhudhufushi Pharmacy

Hdh.Kurinbi Pharmacy

Hdh.Nolhivaram Pharmacy

Hdh.Nellaidhoo Pharmacy

Hdh.Nolhivaranfaru Pharmacy

Hdh.Hirimaradhoo Pharmacy

Hdh.Naivaadhoo Pharmacy

Hdh.Finey Pharmacy

Hdh.Hanimaadhoo Pharmacy

Sh.Milandhoo Pharmacy

Sh.Funadhoo Pharmacy

Sh.Maaungoodhoo Pharmacy

Sh.Komandoo Pharmacy

Sh.Lhaimagu Pharmacy

Sh.Maroshi Pharmacy

Sh.Narudhoo Pharmacy

Sh.Foakaidhoo Pharmacy

Sh.Bileffahi Pharmacy

Sh.Feevah Pharmacy

Sh.Feydhoo Pharmacy

Sh.Goidhoo Pharmacy

Sh.Noomaraa Pharmacy

Sh.Kanditheemu Pharmacy

N.Velidhoo Pharmacy

N.Foddhoo Pharmacy

N.Holhudhoo Pharmacy

N.Manadhoo Pharmacy

N.Magoodhoo Pharmacy

N.Miladhoo Pharmacy

N.Lhohi Pharmacy

N.Maafaru Pharmacy

N.Landhoo Pharmacy

N.Kudafaree Pharmacy

N.Maalhendhoo Pharmacy

N.Kendhikolhudhoo Pharmacy

N.Henbandhoo Pharmacy

R.Dhuvaafaru Pharmacy

R.Hulhudhuffaar Pharmacy

R.Kinolhas Pharmacy

R.Meedhoo Pharmacy

R.Fainu Pharmacy

R.Inguraidhoo Pharmacy

R.Maduvvaree Pharmacy

R.Innamaadhoo Pharmacy

R.Rasmaadhoo Pharmacy

R.Maakurathu Pharmacy

R.Ungoofaar Pharmacy

R.Angolhitheemu Pharmacy	Aa.Bodufulhadhoo Pharmacy	Dh.Hulhudheli Pharmacy
R.Rasgetheemu Pharmacy	Aa.Mathiveri Pharmacy	Dh.Rinbudhoo Pharmacy
R.Vaadhoo Pharmacy	Aa.Ukulhas Pharmacy	Dh.Bandidhoo Pharmacy
R.Alifushi Pharmacy	Aa.Rasdhoo Pharmacy	Dh.Meedhoo Pharmacy
B.Goidhoo Pharmacy	Aa.Thoddoo Pharmacy	Th.Omadhoo Pharmacy
B.Fehendhoo Pharmacy	Adh.Maamingili Pharmacy	Th.Kinbidhoo Pharmacy
B.Fulhadhoo Pharmacy	Adh.Dhiddhoo Pharmacy	Th.Veymandoo Pharmacy
B.Hithaadhoo Pharmacy	Adh.Fenfushi Pharmacy	Th.Thimarafushi Pharmacy
B.Thulhaadhoo Pharmacy	Adh.Dhigurah Pharmacy	Th.Gaadhiffushi Pharmacy
B.Eydhafushi Pharmacy	Adh.Dhangethi Pharmacy	Th.Hirilandhoo Pharmacy
B.Maalhos Pharmacy	Adh.Mandhoo Pharmacy	Th.Vandhoo Pharmacy
B.Dharavandhoo Pharmacy	Adh.Mahibadhoo Pharmacy	Th.Kandoodhoo Pharmacy
B.Dhonfanu Pharmacy	Adh.Kunburudhoo Pharmacy	Th.Guraidhoo Pharmacy
B.Kihaadhoo Pharmacy	Adh.Omadhoo Pharmacy	Th.Dhiyamingili Pharmacy
B.Kendhoo Pharmacy	Adh.Haggaameedhoo Pharmacy	Th.Madifushi Pharmacy
B.Kamadhoo Pharmacy	V.Rakeedhoo Pharmacy	Th.Vilufushi Pharmacy
B.Kudarikilu Pharmacy	V.Keyodhoo Pharmacy	Th.Burunee Pharmacy
Lh.Olhuvelifushi Pharmacy	V.Felidhoo Pharmacy	L.Kunahandhoo Pharmacy
Lh.Kurendhoo Pharmacy	V.Thinadhoo Pharmacy	L.Hithadhoo Pharmacy
Lh.Naifaru Pharmacy	V.Fulidhoo Pharmacy	L.Maamendhoo Pharmacy
Lh.Hinnavaru Pharmacy	M.Maduvaree Pharmacy	L.Gaadhoo Pharmacy
K.Guraidhoo Pharmacy	M.Dhiggaru Pharmacy	L.Fonadhoo Pharmacy
K.Maafushi Pharmacy	M.Kolhufushi Pharmacy	L.Maavah Pharmacy
K.Gulhi Pharmacy	M.Naalaafushi Pharmacy	L.Gan Pharmacy
K.Himmafushi Pharmacy	M.Muli Pharmacy	L.Mundoo Pharmacy
K.Huraa Pharmacy	M.Mulah Pharmacy	L.Maabaidhoo Pharmacy
K.Thulusdhoo Pharmacy	M.Veyvah Pharmacy	L.Dhanbidhoo Pharmacy
K.Dhiffushi Pharmacy	M.Raimmandhoo Pharmacy	L.Isdhoo Pharmacy
K.Gaafaru Pharmacy	F.Nilandhoo Pharmacy	Ga.Kanduhulhudhoo Pharmacy
K.Kaashidhoo Pharmacy	F.Dharanboodhoo Pharmacy	Ga.Gemanafushi Pharmacy
K.Vilimale Pharmacy	F.Magoodhoo Pharmacy	Ga.Kondey Pharmacy
K.Hulhumale' Pharmacy	F.Bileddhoo Pharmacy	Ga.Dhevvdhoo Pharmacy
Aa.Himandhoo Pharmacy	F.Feeali Pharmacy	Ga.Dhaandhoo Pharmacy
Aa.Maalhos Pharmacy	Dh.Kudahuvadhoo Pharmacy	Ga.Nilandhoo Pharmacy
Aa.Feridhoo Pharmacy	Dh.Maaenboodhoo Pharmacy	Ga.Maamendhoo Pharmacy

Ga.Viillingili Pharmacy	Group Companies	<p>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</p> <p>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</p> <p>Lafarge Maldives Cement Pvt Ltd, 01-01 STO Trade Centre, Orchid Magu T: +960 3315313 F: +960 3315316 E: mimcgm@dhivehinet.net.mv</p> <p>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</p> <p>Maldives Structural Products Pvt Ltd G.Marline Spike Building, 2/10 Alikilegefaanu Magu T: +960 3337720 F: +960 3337721 E: msroof@dhivehinet.net.mv</p> <p>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</p> <p>Maldives 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</p> <p>STO Maldives (Singapore) Pte Ltd 10, Anson Road,, #39-10 International Plaza,, Singapore 079903, T: (65) 6324 4668 E: stosing@stomaldives.com.sg</p>
Ga.Kolamaafushi Pharmacy		
Gdh.Thinadhoo Pharmacy		
Gdh.FaresMaathodaa Pharmacy		
Gdh.Fiyoaree Pharmacy		
Gdh.Vaadhoo Pharmacy		
Gdh.Gaddhoo Pharmacy		
Gdh.Rathafandhoo Pharmacy		
Gdh.Nadella Pharmacy		
Gdh.Hoandeddhoo Pharmacy		
Gdh.Madaveli Pharmacy		
Gn.Fuvahmulah Pharmacy		
S.Feydhoo Pharmacy		
S.Maradhoo Pharmacy		
S.Hulhumeedhoo Pharmacy		
S.Hithadhoo Pharmacy		
Home Improvement and Service Centre		
Transport		
Corporate and Legal Affairs		
Finance		
Procurement – Essential Goods		
Procurement – General Goods		
Business Development and Public Relations		

INDEPENDENT
AUDITOR'S
REPORT &
FINANCIAL
STATEMENTS

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

FOR THE YEAR ENDED 31ST DECEMBER 2015

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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 2015, and the consolidated statements of profit or loss and other 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 3 to 54.

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 2015, and the separate statements of profit or loss and other 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 3 to 54.

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 from 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 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.



Independent Auditors' Report to the Shareholders of
State Trading Organization PLC (Continued)

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 2015 and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'KPMG'.

Chartered Accountants

19th May 2016
Male''

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

FOR THE YEAR ENDED 31ST DECEMBER	Note	Group		Company	
		2015 MVR	2014 MVR	2015 MVR	2014 MVR
Revenue	7	7,313,248,218	9,171,144,489	7,132,380,488	8,923,127,481
Cost of sales		(5,807,900,492)	(7,780,961,195)	(5,850,728,837)	(7,639,859,257)
Gross profit		1,505,347,726	1,390,183,294	1,281,651,651	1,283,268,224
Other income	8	66,507,428	127,368,484	48,540,886	73,009,095
Administrative expenses		(465,923,183)	(408,068,784)	(288,300,511)	(256,091,539)
Selling and marketing expenses		(420,814,821)	(328,929,247)	(432,288,492)	(399,089,224)
Other operating expenses		(7,159,030)	(19,724,353)	(4,641,909)	(10,453,148)
Operating profit		677,958,120	760,829,394	604,961,625	690,643,408
Finance income	9	29,550,031	36,014,744	66,547,082	73,920,021
Finance costs	9	(196,031,435)	(231,626,174)	(187,914,931)	(222,833,869)
Net finance costs	9	(166,481,404)	(195,611,430)	(121,367,849)	(148,913,848)
Share of profit of equity accounted investees - net of tax		8,468,119	7,358,535	-	-
Profit before tax	10	519,944,835	572,576,499	483,593,776	541,729,560
Income tax expense	11	(84,595,598)	(92,648,821)	(53,255,922)	(71,979,768)
Profit for the year		435,349,237	479,927,678	430,337,854	469,749,792
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	1,500,000	(1,250,000)	-	-
Foreign operations - foreign currency translation differences		-	(311,826)	-	-
Total other comprehensive income - net of tax		1,500,000	(1,561,826)	-	-
Total comprehensive income for the year		436,849,237	478,365,851	430,337,854	469,749,792
Profit attributable to:					
Owners of the Company		430,484,964	478,301,743	430,337,854	469,749,792
Non - controlling interest		4,864,273	1,625,935	-	-
		435,349,237	479,927,678	430,337,854	469,749,792
Total comprehensive income attributable to:					
Owners of the Company		431,984,964	476,739,916	430,337,854	469,749,792
Non controlling interest		4,864,273	1,625,935	-	-
Total comprehensive income for the year		436,849,237	478,365,851	430,337,854	469,749,792
Basic and diluted earnings per share	12	382	424	382	417

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 8 to 54. The Report of the Independent Auditors is given on pages 1 and 2.

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

AS AT 31ST DECEMBER	Note	Group		Company	
		2015 MVR	2014 MVR	2015 MVR	2014 MVR
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,213,093,827	1,693,073,062	1,059,715,178	1,418,826,165
Investment properties	14	581,444,662	11,820,687	581,444,662	11,820,687
Intangible assets	15	18,456,818	31,582,994	8,588,191	20,731,587
Prepaid lease rent	16	36,068,280	38,382,822	36,068,280	38,382,822
Investment in subsidiaries	17	-	-	117,249,835	117,249,835
Interest in equity accounted investees	18	37,411,260	40,943,141	15,267,267	15,267,267
Investments available for sale	19	22,990,800	27,490,800	12,740,800	12,740,800
Amounts due from related parties	22	7,727,213	28,558,305	7,727,213	28,558,305
Deferred tax assets	11	65,157,731	61,150,173	61,165,267	57,574,769
Total non-current assets		1,982,350,591	1,933,001,984	1,899,965,693	1,721,152,237
Current assets					
Inventories	20	706,376,537	706,352,275	664,568,753	636,086,651
Trade and other receivables	21	567,371,937	588,970,384	207,577,938	267,271,212
Prepaid lease rent	16	2,314,542	2,314,542	2,314,542	2,314,542
Amounts due from related parties	22	1,371,153,584	1,239,903,238	1,558,361,016	1,606,178,170
Reinsurance contracts	23	284,044,597	229,245,633	-	-
Investments held to maturity	24	101,096,852	90,684,601	-	-
Cash and cash equivalents	25	697,711,840	670,429,290	479,943,117	521,412,962
Total current assets		3,730,069,889	3,527,899,963	2,912,765,366	3,033,263,537
Total assets		5,712,420,480	5,460,901,947	4,812,732,059	4,754,415,774
EQUITY AND LIABILITIES					
Equity					
Share capital	26	56,345,500	56,345,500	56,345,500	56,345,500
Share premium	26	27,814,500	27,814,500	27,814,500	27,814,500
Claim equalization reserve	26	33,212,779	29,028,054	-	-
Currency translation reserve	26	334,411	334,411	-	-
General reserve	26	588,652,658	498,978,237	579,370,848	493,303,277
Fair value reserve	26	250,000	(1,250,000)	-	-
Retained earnings		1,489,660,990	1,238,680,332	1,233,328,800	974,703,677
Total equity attributable to owners of the parent Company		2,196,270,838	1,849,931,034	1,896,859,648	1,552,166,954
Non-controlling interest	27	14,374,371	10,071,163	-	-
Total equity		2,210,645,209	1,860,002,197	1,896,859,648	1,552,166,954
LIABILITIES					
Non-current liabilities					
Loans and borrowings	28	811,480,567	391,859,569	811,480,567	391,859,569
Deferred revenue	30	10,959,625	8,899,504	-	-
Deferred tax liability	11	2,736,724	2,992,637	-	-
Total non-current liabilities		825,176,916	403,751,710	811,480,567	391,859,569
Current liabilities					
Loans and borrowings	28	490,729,031	717,898,010	450,709,996	635,079,290
Trade and other payables	29	1,586,766,445	1,633,154,157	1,412,512,196	1,545,837,843
Deferred revenue	30	4,543,816	3,929,482	-	-
Derivative financial instruments	31	2,633,377	10,011,577	2,633,377	10,011,577
Insurance contracts	32	368,919,466	319,062,091	-	-
Income tax payable	33	47,902,844	72,994,284	27,850,170	60,541,458
Amounts due to related parties	34	94,458,840	117,774,457	151,302,437	254,268,396
Bank overdraft	25	80,644,536	322,323,982	59,383,668	304,650,687
Total current liabilities		2,676,598,355	3,197,148,040	2,104,391,844	2,810,389,251
Total liabilities		3,501,775,271	3,600,899,750	2,915,872,411	3,202,248,820
Total equity and liabilities		5,712,420,480	5,460,901,947	4,812,732,059	4,754,415,774

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 8 to 54. The Report of the Independent Auditors is given on pages 1 and 2.

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

Name of the Director
 Mohamed Mihad
 Ahmed Shaheer
 Ahmed Niqaz
 Mohamed Farshath

Signature


19th May 2016

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

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Attributable to owners of the Company										Non-controlling interest	Total equity
	Share capital	Share premium	Claim equalization reserve	Currency translation reserve	General reserve	Fair value reserve	Retained earnings	Total				
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
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)		(1,250,000)
Foreign operations - foreign currency translation differences	-	-	-	(311,826)	-	-	-	(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)		(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)		(27,045,840)
Total transaction with owners of the Company	-	-	-	-	-	-	(27,045,840)	(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	498,878,237	(1,250,000)	1,238,680,332	1,849,931,034	10,071,163	1,860,002,197		
As at 1st January 2015	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		
Profit for the year	-	-	-	-	-	-	430,484,964	430,484,964	4,864,273	435,349,237		
Other comprehensive income												
Net change in fair value of available-for-sale financial assets (Note 19)	-	-	-	-	-	1,500,000	-	1,500,000	-	1,500,000		1,500,000
Foreign operations - foreign currency translation differences	-	-	-	-	-	-	-	-	-	-		-
Total comprehensive income for the year	-	-	-	-	-	1,500,000	430,484,964	431,984,964	4,864,273	436,849,237		
Transfer to / (from) during the year												
- general reserve	-	-	-	-	89,674,421	-	(89,674,421)	-	-	-		-
- claim equalization reserve	-	-	4,184,725	-	-	-	(4,184,725)	-	-	-		-
Transactions with owners of the Company												
- Dividends	-	-	-	-	-	-	(85,645,160)	(85,645,160)	(561,065)	(86,206,225)		(86,206,225)
Total transaction with owners of the Company	-	-	-	-	-	-	(85,645,160)	(85,645,160)	(561,065)	(86,206,225)		(86,206,225)
As at 31st December 2015	56,345,500	27,814,500	33,212,779	334,411	588,652,658	250,000	1,489,660,990	2,196,270,838	14,374,371	2,210,645,209		

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 8 to 54. The Report of the Independent Auditors is given on pages 1 and 2.

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

FOR THE YEAR ENDED 31ST DECEMBER 2015

COMPANY	Share capital MVR	Share premium MVR	General reserve MVR	Fair Value reserve MVR	Retained earnings MVR	Total equity MVR
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	<u>56,345,500</u>	<u>27,814,500</u>	<u>493,303,277</u>	<u>-</u>	<u>974,703,677</u>	<u>1,552,166,954</u>
As at 1st January 2015	56,345,500	27,814,500	493,303,277	-	974,703,677	1,552,166,954
Profit for the year	-	-	-	-	430,337,854	430,337,854
Total comprehensive income for the year	-	-	-	-	430,337,854	430,337,854
Transfer to / (from) during the year						
- general reserve	-	-	86,067,571	-	(86,067,571)	-
Transactions with owners of the Company						
Dividends	-	-	-	-	(85,645,160)	(85,645,160)
Total transaction with owners of the Company	-	-	-	-	(85,645,160)	(85,645,160)
As at 31st December 2015	<u>56,345,500</u>	<u>27,814,500</u>	<u>579,370,848</u>	<u>-</u>	<u>1,233,328,800</u>	<u>1,896,859,648</u>

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 8 to 54. The Report of the Independent Auditors is given on pages 1 and 2.

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	
		2015 MVR	2014 MVR	2015 MVR	2014 MVR
Cash flows from operating activities					
Profit before tax		519,944,835	572,576,498	483,593,776	541,729,560
<i>Adjustments for:</i>					
Depreciation on property, plant and equipment	13	67,779,920	75,206,723	44,004,593	46,708,525
Depreciation on investment properties	14	1,276,529	1,268,102	1,276,529	1,268,102
Amortization of intangible assets	15	14,047,175	14,620,957	12,143,396	12,828,099
Gain on disposal of property, plant and equipment	8	(871,608)	(35,302)	(871,608)	(35,302)
Gain on disposal of available-for-sale investments	8	(1,600,000)	(29,346,841)	-	(29,346,841)
Loss on disposal of intangible assets		671,293	-	-	-
Loss on disposal of airport operations	10	27,097,105	-	-	-
Provision for impairment of receivables	10	16,019,369	5,974,762	10,328,575	9,901,089
Provision / reversal of impairment for slow and non moving inventories	20	(17,175,098)	2,523,771	(10,184,633)	(2,410,653)
Receivable written off		-	179,042	-	179,042
Share of profit of equity - accounted investees, net of tax		(8,468,119)	(7,358,535)	-	-
Currency translation differences		-	(311,987)	-	-
Interest expense	9	150,061,709	169,847,721	141,945,205	161,055,713
Interest income	9	(10,763,743)	(19,226,265)	(10,763,743)	(19,448,300)
Dividend income	9	(1,195,000)	(3,738,483)	(53,949,343)	(54,471,721)
Operating profit before working capital changes		756,824,367	782,180,163	617,522,747	667,957,313
Working capital changes					
Change in inventories		17,150,836	85,195,991	(18,297,469)	115,710,122
Change in trade and other receivables		(19,884,405)	(433,933,205)	23,901,216	(127,371,377)
Change in amount due from related parties		32,698,828	558,199,091	94,111,729	129,168,655
Changes in reinsurance contracts		(54,798,964)	(47,249,766)	-	-
Changes in deferred revenue		2,674,455	6,741,731	-	-
Change in amount due to related parties		(23,315,617)	87,662,028	(102,965,959)	201,975,369
Change in trade and other payables		(116,502,814)	(892,983,321)	(203,440,749)	(902,301,330)
Changes in insurance contracts		49,857,375	74,462,406	-	-
Cash generated from operating activities		644,704,061	220,275,118	410,831,515	85,138,752
Interest paid		(150,061,709)	(159,292,235)	(141,945,205)	(150,500,221)
Income tax paid	33	(113,950,509)	(42,210,845)	(89,537,708)	(25,357,938)
Net cash generated from / (used in) operating activities		380,691,843	18,772,038	179,348,602	(90,719,407)
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	13	(299,878,951)	(233,169,939)	(248,022,560)	(203,459,496)
Purchase and construction of investment properties	14	(6,922,841)	(5,395,301)	(6,922,841)	(5,395,301)
Purchase of intangible assets	15	(1,592,292)	(3,606,333)	-	-
Proceeds from sales of property, plant and equipment		6,535,049	2,595,987	2,337,441	1,971,788
Proceeds from sales of available-for-sale investments		7,600,000	158,090,353	-	158,090,353
Loan repayment received from related party		-	-	-	10,986,414
Purchase of available for sale financial assets	19	-	(375,000)	-	(375,000)
Purchase of held to maturity financial assets	24	(581,207,636)	(362,314,336)	(320,456,280)	-
Proceeds from sale of held to maturity financial assets	24	570,795,385	334,273,669	320,456,280	-
Interest received		10,763,743	19,226,265	10,763,743	19,448,301
Dividend received		13,195,000	13,738,483	53,949,343	54,471,721
Net cash (used in) / generated from investing activities		(280,712,543)	(76,936,152)	(187,894,874)	35,738,780
Cash flows from financing activities					
Loans and borrowings obtained	28	1,255,625,784	641,268,319	1,245,447,848	591,268,319
Repayments of borrowings	28	(1,063,173,765)	(450,126,592)	(1,010,196,144)	(372,945,312)
Net payment made for currency swap	31	(7,378,200)	(7,878,932)	(7,378,200)	(7,878,932)
Dividend paid		(16,091,123)	(4,357,923)	(15,530,058)	(4,357,923)
Net cash generated from financing activities		168,982,696	178,904,872	212,343,446	206,086,152
Net increase in cash and cash equivalents		268,961,996	120,740,758	203,797,174	151,105,525
Cash and cash equivalents at beginning of the year		348,105,308	227,364,550	216,762,275	65,656,750
Cash and cash equivalents at end of the year	25	617,067,304	348,105,308	420,559,449	216,762,275

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 8 to 54. The Report of the Independent Auditors is given on pages 1 and 2.

**STATE TRADING ORGANIZATION PLC
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

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 fuel and various types of consumable and industrial goods.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 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.

2.4 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.

**STATE TRADING ORGANIZATION PLC
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation

(i) Business combinations

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

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

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

(ii) Subsidiaries

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

(iii) Interests in equity accounted investees

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

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

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

(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.

**STATE TRADING ORGANIZATION PLC
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2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

(v) Non-controlling interest

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

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

(vi) Common control transactions

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

(vii) Loss of control

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

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 other comprehensive income (OCI).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Foreign currency (continued)

(i) Transactions in foreign currencies (continued)

Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income (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 other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation differences is allocated to non-controlling income (NCI).

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

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

3.2 Financial instruments

(i) Financial assets (non-derivative)

The Group and the 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 the 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.

**STATE TRADING ORGANIZATION PLC
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(i) Financial assets (non-derivative) (continued)

The Group and Company has the following financial assets (non-derivative):

- Available for sale financial assets
- Loans 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, re-insurance contracts and amounts due from related parties.

Trade and other receivables, re-insurance contracts and amounts due from related parties are initially recognized at the fair value of the consideration received or receivable. Subsequent to initial recognition, they 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 and the Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group / Company becomes a party to the contractual provisions of the instrument. The Group / Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

**STATE TRADING ORGANIZATION PLC
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(ii) Financial liabilities (non-derivative) (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group / 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 / Company has non-derivative financial liabilities such as loans and borrowings, amounts due to related parties, insurance contracts, derivative financial instruments, trade and other payables and bank overdraft. 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 it's probable that the future economic benefits embodied with the item will flow to the Group/ Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

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

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 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 properties

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 on initial recognition and subsequently cost less accumulated depreciation. However, if there is an impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline.

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investment properties (continued)

Leasehold buildings and structures 20 to 25 years

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

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

3.6 Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group / 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
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(iv) Capital work in progress

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 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 / Company 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 / Company's non-financial assets and inventories 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (continued)

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

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, require contracts written by insurer to be classified as either “Insurance” or “Investment” depending on the level of insurance risk transferred.

Product classification

Insurance contracts

Insurance contracts are contracts under which the Group (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits. Insurance contracts can also transfer financial risk. The classification of contracts identifies both the insurance contracts that the Group issues and reinsurance contracts that the Group holds. Insurance contracts can also transfer financial risk.

Subsequent classification

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

Product portfolio of the Group

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

3.10 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 Group/ 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 separate financial statements where necessary.

3.12 Liabilities and provision

A provision is recognized in the reporting date when the Group / 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Insurance contract liabilities (continued)

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

Measurement (continued)

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized.

At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS.

(iii) Reserve for unearned premiums (UPR)

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

3.14 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 recognized on the date on which the policy commences. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross written premium.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue (continued)

3.14.3 Gross written premium (GWP) (Continued)

(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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue (continued)

3.14.3 Gross written premium (GWP) (Continued)

(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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Operating expenses

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

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

3.18 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Tax expense (continued)

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Deferred expenses (continued)

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.

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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.

(ii) Financial liabilities (non-derivative)

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

5. NEW STANDARDS AND INTERPRETATIONS

5.1 Newly adopted standard by the Group and Company

The Group / Company has adopted the following improvements to standards effective from 1st of January 2015.

- Annual improvements to IFRSs 2010 – 2012 Cycle – various standards.
- Annual improvements to IFRSs 2011 – 2013 Cycle – various standards.

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 2016. The Group / Company is currently in the process of evaluating the potential impact these standards and interpretation may have on the Group's and Company's consolidated and separate financial statements.

- IFRS 15 – Revenue from contracts with customers.
- IFRS 16 – Leases.
- IFRS 9 – Financial instruments.
- Annual improvements of IFRSs 2012-2014 Cycle - various standards.
- Amendments to IAS 16 and IAS 38 – classification of acceptable methods of depreciation and amortization.
- Disclosure initiative (amendments to IAS 1)

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

6 OPERATING SEGMENTS

FOR THE YEAR ENDED 31 ST DECEMBER 2015

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 segments.

The following summary describe the operations of each reportable segment.

Reportable segments	operations
Trading	Buying and selling of consumable goods, construction material, home improvement, electronic goods and medical related supplies
Gas	Buying and selling of 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 2015 and 2014.

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

B. Information about reportable segments

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

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Reportable segments					Other segments	Total
	Trading	Gas	Insurance service	Fuel, lubricant & crude Oil	Total reportable segments		
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
External revenue	2,099,576,904	193,915,428	211,656,503	7,317,183,304	9,822,332,139	13,859,183	9,836,191,322
Inter-segment revenue	(19,256,982)	(17,588,376)	(24,121,086)	(2,461,976,660)	(2,522,943,104)	-	(2,522,943,104)
Segment revenue	2,080,319,922	176,327,052	187,535,417	4,855,206,644	7,299,389,035	13,859,183	7,313,248,218
Segment profit before tax	3,935,419	58,888,999	58,410,004	448,157,241	569,391,663	(49,446,828)	519,944,835
Interest income	12,593,104	-	9,446,995	-	22,040,099	4,635	22,044,734
Interest expense	(5,717,758)	(1,538,600)	-	(144,477,589)	(151,733,947)	-	(151,733,947)
Depreciation & amortization	(48,617,156)	(10,115,994)	(4,819,989)	(15,715,638)	(79,268,777)	(3,834,847)	(83,103,624)
Share of loss of associate	(1,774,763)	-	-	-	(1,774,763)	-	(1,774,763)
Share of profit of joint venture	10,242,882	-	-	-	10,242,882	-	10,242,882
Segment assets	933,163,852	210,107,269	669,343,791	3,131,064,689	4,943,679,601	731,329,619	5,675,009,220
Equity accounted investees	37,411,260	-	-	-	37,411,260	-	37,411,260
Capital expenditure	112,013,529	25,664,595	7,736,523	36,634,451	182,049,098	126,344,986	308,394,084
Segment liabilities	(278,482,610)	(65,519,325)	(465,583,558)	(2,314,643,488)	(3,124,228,981)	(377,546,290)	(3,501,775,271)

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6 OPERATING SEGMENTS (CONTINUED)

B. Information about reportable segments (continued)

FOR THE YEAR ENDED 31 ST DECEMBER 2014

	Reportable segments				Total reportable segments MVR	Other segments MVR	Total MVR
	Trading	Gas	Insurance service	Fuel, lubricant & crude Oil			
	MVR	MVR	MVR	MVR			
External revenue	1,614,687,980	180,146,324	166,672,188	10,320,530,307	12,282,036,799	11,242,004	12,293,278,803
Inter-segment revenue	(10,523,750)	(13,698,337)	(23,325,567)	(3,074,586,660)	(3,122,134,314)	-	(3,122,134,314)
Segment revenue	1,604,164,230	166,447,987	143,346,621	7,245,943,647	9,159,902,485	11,242,004	9,171,144,489
Segment profit / (loss) before tax	(51,940,447)	19,211,322	49,004,954	591,344,346	607,620,175	(35,043,676)	572,576,499
Interest income	16,589,163	-	8,105,833	2,545,952	27,240,948	-	27,240,948
Interest expense	(18,246,846)	(2,674,410)	-	(149,758,693)	(170,679,949)	-	(170,679,949)
Depreciation & amortization	(53,742,523)	(6,310,107)	(6,297,113)	(15,384,405)	(81,734,148)	(9,361,635)	(91,095,783)
Share of profit of associate	567,281	-	-	-	567,281	-	567,281
Share of profit of joint venture	6,791,255	-	-	-	6,791,255	-	6,791,255
Segment assets	647,460,795	151,356,027	580,834,298	3,457,317,746	4,836,968,866	582,989,940	5,419,958,806
Equity accounted investees	40,943,141	-	-	-	40,943,141	-	40,943,141
Capital expenditure	56,003,897	20,480,494	4,747,565	19,310,477	100,542,433	141,629,140	242,171,573
Segment liabilities	(559,232,848)	(50,664,397)	(391,181,701)	(2,548,068,826)	(3,549,147,772)	(51,751,978)	(3,600,899,750)

C. Reconciliations of information on reportable segment to IFRS measures

	2015 MVR	2014 MVR
i Revenue		
Total revenue for reportable segments	9,822,332,139	12,282,036,799
Revenue for other segments	13,859,183	11,242,004
Elimination of inter - segment revenue	(2,522,943,104)	(3,122,134,314)
Consolidated revenue	7,313,248,218	9,171,144,489
ii Profit before tax		
Total profit before tax for reportable segments	569,391,663	607,620,175
Profit / (loss) before tax for other segments	(49,446,828)	(35,043,676)
Elimination of inter-segment profit	3,531,881	2,641,465
Dividend received from joint venture	(12,000,000)	(10,000,000)
Share of profit of equity - accounted investees	8,468,119	7,358,535
Consolidated profit before tax from continuing operations	519,944,835	572,576,499
iii Assets		
Total assets for reportable segment	4,943,679,601	4,836,968,866
Assets for other segments	731,329,619	582,989,940
Equity -accounted investees	37,411,260	40,943,141
Consolidated total assets	5,712,420,480	5,460,901,947
iv Liabilities		
Total liabilities for reportable segment	3,124,228,981	3,549,147,772
Liabilities for other segments	377,546,290	51,751,978
Consolidated total liabilities	3,501,775,271	3,600,899,750

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6 OPERATING SEGMENTS (CONTINUED)

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

v. Other material items

FOR THE YEAR ENDED 31 ST DECEMBER 2015

	Reportable segment totals MVR	Adjustment MVR	Consolidated totals MVR
Interest income	22,040,099	(1,672,238)	20,367,861
Interest expense	(151,733,947)	1,672,238	(150,061,709)
Capital expenditure	182,049,098	-	182,049,098
Depreciation and amortization	(79,268,777)	-	(79,268,777)
Impairment losses on non - financial assets	(17,175,098)	-	(17,175,098)
	<u>(44,088,625)</u>	<u>-</u>	<u>(44,088,625)</u>

FOR THE YEAR ENDED 31 ST DECEMBER 2014

Interest income	27,240,948	(832,228)	26,408,720
Interest expense	(170,679,949)	832,228	(169,847,721)
Capital expenditure	100,542,433	-	100,542,433
Depreciation and amortization	(81,734,148)	-	(81,734,148)
Impairment losses on non - financial assets	(2,523,771)	-	(2,523,771)
	<u>(127,154,487)</u>	<u>-</u>	<u>(127,154,487)</u>

D. Geographic information

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

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

	2015 MVR	2014 MVR
i. Revenue		
Male	7,684,213,182	8,757,943,153
Thilafushi	84,541,059	133,786,559
Hulhumale'	101,654,748	55,774,685
Other Islands	1,725,703,996	2,244,736,510
Singapore	240,078,339	1,101,037,896
Less : Inter-company transactions	(2,522,943,106)	(3,122,134,314)
	<u>7,313,248,218</u>	<u>9,171,144,489</u>
	2015 MVR	2014 MVR
ii. Non - current assets		
Male	1,306,592,730	1,298,473,526
Thilafushi	30,579,454	13,445,862
Hulhumale'	613,465,605	478,809,757
Other Islands	31,667,143	142,189,525
Singapore	45,659	83,314
	<u>1,982,350,591</u>	<u>1,933,001,984</u>

E. Major customer

Revenue from one customer of the Fuel, lubricant and crude oil segment represented approximately MVR 1,222,600,000 (2014: MVR 1,802,800,322) of the Group's total revenues.

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FOR THE YEAR ENDED 31ST DECEMBER 2015

7 REVENUE	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Retail and wholesale	2,080,319,922	1,604,164,230	2,095,626,608	1,613,187,702
Insurance	187,535,417	143,346,621	-	-
Gas	176,327,052	166,447,987	-	-
Fuel and lubricants	4,855,206,644	7,245,943,647	5,023,398,496	7,300,599,760
Other services	13,859,183	11,242,004	13,355,384	9,340,019
	<u>7,313,248,218</u>	<u>9,171,144,489</u>	<u>7,132,380,488</u>	<u>8,923,127,481</u>
8 OTHER INCOME	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Profit on disposal of property, plant and equipment	871,608	35,302	871,608	35,302
Profit on disposal of investments	1,600,000	29,346,841	-	29,346,841
Income from vessels and fleets	2,050,005	1,149,114	2,050,005	1,149,114
Fines and claims received	14,321,421	16,784,951	14,004,347	16,485,215
Rent income	14,282,523	15,905,748	17,791,837	20,901,239
Discounts received	1,157,613	432,714	622,543	432,714
Administration fee income from Aasandha	8,250,000	49,500,000	-	-
Reversal of provision for impairment of inventories	17,175,098	-	10,184,633	2,410,653
Miscellaneous income	6,799,160	14,213,814	3,015,913	2,248,017
	<u>66,507,428</u>	<u>127,368,484</u>	<u>48,540,886</u>	<u>73,009,095</u>
9 NET FINANCE COSTS	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Finance income				
Interest income on loans granted	-	91,150	-	717,606
Interest income on Government credit scheme	10,716,843	11,349,337	10,716,843	11,349,337
Interest income on fixed deposits	46,900	7,785,778	46,900	7,381,357
Foreign exchange gain	76,303	-	-	-
Dividends on investments	1,195,000	3,738,483	53,949,343	54,471,721
Discounts on treasury bills	9,608,753	7,182,455	1,833,996	-
Other Finance income	7,906,232	5,867,541	-	-
	<u>29,550,031</u>	<u>36,014,744</u>	<u>66,547,082</u>	<u>73,920,021</u>
Finance costs				
Interest on bank borrowings	(49,634,646)	(49,635,961)	(49,634,646)	(42,059,679)
Interest on bank overdrafts	(18,059,660)	(46,088,405)	(16,521,060)	(43,413,995)
Interest on other borrowings	(82,367,403)	(74,123,355)	(75,789,499)	(75,582,039)
Net exchange loss	(45,969,726)	(61,778,453)	(45,969,726)	(61,778,156)
	<u>(196,031,435)</u>	<u>(231,626,174)</u>	<u>(187,914,931)</u>	<u>(222,833,869)</u>
Net finance costs	<u>(166,481,404)</u>	<u>(195,611,430)</u>	<u>(121,367,849)</u>	<u>(148,913,848)</u>

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10 PROFIT BEFORE TAX	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Profit before tax is stated after charging all the expenses including the following:				
Depreciation on property, plant and equipment	67,779,920	75,206,723	44,004,593	46,708,525
Depreciation on investment properties	1,276,529	1,268,102	1,276,529	1,268,102
Amortization of intangible assets	14,047,175	14,620,957	12,143,396	12,828,099
Rental expenses	15,490,633	18,545,451	9,274,873	11,192,812
Directors' remuneration	4,559,470	4,006,332	1,145,447	1,045,625
Provision for impairment of trade, other and related party receivable	16,019,369	5,974,762	10,328,575	9,901,089
Loss on disposal of airport operations (Note 10.1)	27,097,105	-	-	-
Bank charges	12,608,476	12,172,393	11,831,714	11,154,103
Repair and maintenance	68,014,931	51,500,138	46,207,545	37,117,652
Personnel costs (Note 10.2)	396,711,743	335,542,537	288,389,749	226,238,967

10.1 Loss on disposal of airport operations

The leasehold right and the operations of the Fuvahmulah Airport has been transferred to Regional Airport with effect from 28th February 2015. The Ministry of Tourism has confirmed that they will provide the lease hold right of Ekuhivaru island in Noonu Atoll as the consideration for the transfer of lease hold right of the Fuvahmulah Airport and the operations of the Airport. Accordingly the disposal proceed has been recognized up to the value of the lease hold right which amounts to US\$ 7,630,000 as at the reporting date.

10.2 Personnel costs

Salaries and wages	160,856,962	139,724,129	103,831,777	80,256,573
Staff welfare	19,622,007	8,028,107	13,613,976	6,710,934
Employer's contribution to government pension fund	8,015,818	8,575,501	6,589,811	5,090,149
Bonus, overtime and allowances	186,950,766	156,683,147	149,501,234	116,206,056
Employee redundancy expenses	906,926	1,881,306	906,926	1,881,306
Staff training expenses	7,721,790	11,665,311	7,255,008	11,130,507
Other staff related expenses	12,637,474	8,985,035	6,691,017	4,963,442
	<u>396,711,743</u>	<u>335,542,536</u>	<u>288,389,749</u>	<u>226,238,967</u>

11 INCOME TAX EXPENSE

11.1 Current tax expense	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Current tax expense (Note 11.2)	90,129,871	95,712,093	58,117,222	73,937,861
Over provision in respect of prior years	(1,270,802)	(1,062,963)	(1,270,802)	(708,451)
	<u>88,859,069</u>	<u>94,649,130</u>	<u>56,846,420</u>	<u>73,229,410</u>
Deferred tax expense				
Deferred tax asset recognized (Note 11.3)	(4,007,558)	(1,646,351)	(3,590,498)	(1,249,642)
Deferred tax liability reversed (Note 11.4)	(255,913)	(353,958)	-	-
Income tax expense	<u>84,595,598</u>	<u>92,648,821</u>	<u>53,255,922</u>	<u>71,979,768</u>

11.2 Reconciliation between accounting profit and taxable income:

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Profit before tax	519,944,835	572,576,498	483,593,776	541,729,560
Loss of subsidiary which is not subject to tax	59,489,160	3,347,821	-	-
Result of associates reported net of tax	1,774,763	(567,281)	-	-
Result of joint venture reported net of tax	(10,242,882)	(6,791,255)	-	-
Aggregate disallowable items	337,637,256	307,407,773	231,737,841	169,566,827
Aggregate allowable items	(307,451,608)	(237,607,223)	(284,468,952)	(190,852,568)
Loss of subsidiary claimed during the year	-	-	(43,343,091)	(27,453,319)
Tax free allowance	(285,716)	(285,716)	(71,429)	(71,429)
Total taxable income	<u>600,865,808</u>	<u>638,080,617</u>	<u>387,448,145</u>	<u>492,919,071</u>
Income Tax @ 15%	<u>90,129,871</u>	<u>95,712,093</u>	<u>58,117,222</u>	<u>73,937,861</u>

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	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	61,150,173	59,503,822	57,574,769	56,325,127
Deferred tax asset recognized during the year	4,007,558	1,646,351	3,590,498	1,249,642
Closing balance	<u>65,157,731</u>	<u>61,150,173</u>	<u>61,165,267</u>	<u>57,574,769</u>

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11 TAX EXPENSE (CONTINUED)

11.4 Deferred tax liability

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	2,992,637	3,346,595	-	-
Deferred tax liability reversed during the year	(255,913)	(353,958)	-	-
Closing balance	2,736,724	2,992,637	-	-

11.5 Deferred tax asset is attributable to the following:

	Group			
	2015		2014	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	248,266,202	37,239,930	244,332,961	36,649,944
Intangible assets	(5,030,971)	(754,646)	(12,586,740)	(1,888,011)
Specific provisions on trade, other and related party receivable	191,149,643	28,672,446	175,921,602	26,388,240
	434,384,874	65,157,730	407,667,823	61,150,173

11.6 Deferred tax asset is attributable to the following:

	Company			
	2015		2014	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	221,146,833	33,172,025	218,692,191	32,803,829
Intangible assets	(4,528,025)	(679,204)	(10,781,997)	(1,617,300)
Specific provisions on trade, other and related party receivable	191,149,643	28,672,446	175,921,602	26,388,240
	407,768,451	61,165,267	383,831,796	57,574,769

11.7 Deferred tax liability is attributable to the following:

	Group			
	2015		2014	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	18,244,824	2,736,724	19,950,913	2,992,637

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	
	2015	2014	2015	2014
Profit for the year attributable to the ordinary shareholders - MVR	430,484,964	478,301,743	430,337,854	469,749,792
Weighted average number of ordinary shares	1,126,910	1,126,910	1,126,910	1,126,910
Basic and diluted earnings per share - MVR	382	424	382	417

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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	
											2015 MVR	2014 MVR
Cost												
Opening balance	767,354,400	521,822,088	40,365,436	148,107,514	237,208,911	75,997,528	9,025,799	88,579,392	15,127,381	66,982,764	1,970,571,213	1,896,432,774
Additions during the year	-	16,600,691	5,000	10,819,054	267,966	39,231,985	2,847,828	18,438,297	2,047,634	14,966,681	105,225,136	63,332,557
Disposal during the year	-	(168,985,718)	-	(18,635,511)	(314,725)	(2,064,442)	(3,563,698)	(24,638,992)	(3,893,876)	(4,716,214)	(226,813,176)	(3,087,038)
Transferred from capital work in progress:	-	16,264,160	9,098,552	-	-	1,952,405	56,972	362,430	268,379	262,794	28,265,692	13,337,878
Exchange loss	-	-	-	-	-	-	-	-	-	-	-	1,483
Adjustment for unrealized profit	-	(58,402)	(19,672)	-	623,252	8,381	-	-	-	-	553,559	553,559
Closing balance	767,354,400	385,642,819	49,449,316	140,291,057	237,785,404	115,125,857	8,366,901	82,741,127	13,549,518	77,496,025	1,877,802,424	1,970,571,213
Accumulated depreciation												
Opening balance	-	279,202,469	25,356,026	101,754,992	201,188,101	43,121,366	6,192,549	63,796,259	10,520,165	38,831,866	769,963,793	695,924,073
Charge for the year	-	15,360,155	2,351,552	7,563,883	6,428,484	11,484,801	1,350,720	13,707,021	1,431,126	8,102,178	67,779,920	75,206,723
Disposals during the year	-	(34,420,480)	-	(8,940,499)	(314,725)	(2,038,431)	(3,468,802)	(19,189,383)	(3,309,497)	(4,716,214)	(76,398,031)	(1,721,884)
Adjustment for unrealized profit	-	(58,402)	(19,672)	-	-	8,381	-	-	-	-	553,559	553,559
Exchange loss	-	-	-	-	-	-	-	-	-	-	-	1,322
Closing balance	-	260,083,742	27,687,906	100,378,376	207,925,112	52,576,117	4,074,467	58,313,897	8,641,794	42,217,830	761,899,241	769,963,793
Net carrying value												
As at 31st December 2015	767,354,400	125,559,077	21,761,410	39,912,681	29,860,292	62,549,740	4,292,434	24,427,230	4,907,724	35,278,195	1,115,903,183	
As at 31st December 2014	767,354,400	242,619,619	15,009,410	46,352,522	36,020,810	32,876,162	2,833,250	24,783,133	4,607,216	28,150,898		1,200,607,420
Capital work in progress (Note 13.1.1)											97,190,644	492,465,642
Total											<u>1,213,093,827</u>	<u>1,693,073,062</u>
13.1.1 Capital work in progress												
Opening balance											492,465,642	328,445,626
Additions during the year											196,968,357	178,553,425
Disposals during the year											-	(1,195,531)
Transferred to property, plant and equipment											(28,265,692)	(13,337,878)
Transferred to Investment Property (CWIP)											(563,977,663)	-
Closing balance											<u>97,190,644</u>	<u>492,465,642</u>
13.1.2 Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Bank of Ceylon are secured on STO Trade Center building, super market warehouse and staple food warehouse of the Company, respectively.												
13.1.3 During the year, the group has capitalised borrowing costs amounting to MVR 18,282,179 (2014: MVR 16,839,745) on qualifying assets. Borrowing costs were capitalised at the rate of 7.5%.												
13.1.4 The tourist hotel built on Hulhumale Island, which was secured for the loan from Thai Exim Bank, has been transferred to Investment Property as per IAS 40 in 2015.												

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13.2 Company	Freehold land		Buildings		Plant and machinery		Vessels and fleet		Motor vehicles		Air conditioners		Furniture and fixtures		Other assets		Total	
	MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR		MVR	
Cost	767,354,400	362,885,175	65,041,594	138,842,419	64,025,634	7,987,972	66,155,446	7,309,221	11,911,041	1,491,512,902	1,442,562,908							
Opening balance	-	14,861,346	5,424,072	200,332	37,520,635	2,348,651	12,433,227	638,386	3,320,576	76,747,225	46,759,033							
Additions during the year	-	(10,323,698)	(5,283,643)	(314,725)	(2,032,072)	(3,229,252)	(14,119,291)	(2,959,485)	(4,696,435)	(42,958,601)	(893,651)							
Disposals during the year	-	14,419,224	-	-	-	56,972	362,430	-	42,952	14,881,578	3,084,612							
Transferred from capital work in progress	-	-	-	-	-	-	-	-	-	-	-							
Closing balance	767,354,400	381,842,047	65,182,023	138,728,026	99,514,197	7,164,343	64,831,812	4,988,122	10,578,134	1,540,183,104	1,491,512,902							
Accumulated depreciation																		
Opening balance	-	255,339,153	59,622,165	133,888,591	34,142,502	5,334,601	44,396,342	5,905,288	11,911,041	550,539,683	503,983,856							
Charge for the year	-	13,985,581	2,964,296	1,191,912	9,638,279	1,202,380	10,812,258	846,359	3,363,528	44,004,593	46,708,525							
Disposals during the year	-	(10,315,858)	(5,278,004)	(314,725)	(2,032,072)	(3,177,420)	(12,729,594)	(2,948,660)	(4,696,435)	(41,492,768)	(152,698)							
Closing balance	-	259,008,876	57,308,457	134,765,778	41,748,709	3,359,561	42,479,006	3,802,987	10,578,134	553,051,508	550,539,683							
Net carrying value																		
As at 31st December 2015	767,354,400	122,833,171	7,873,566	3,962,248	57,765,488	3,804,782	22,352,806	1,185,135	-	987,131,596								
As at 31st December 2014	767,354,400	107,546,022	5,419,429	4,953,828	29,883,132	2,653,371	21,759,104	1,403,933	-									
Capital work in progress (Note 13.2.1)																		
Total										72,583,582	940,973,219							
										<u>1,059,715,178</u>	<u>1,418,826,165</u>							
13.2.1 Capital work in progress																		
Opening balance										477,852,946	323,118,084							
Additions during the year										173,589,877	159,015,005							
Disposals during the year										-	(1,195,531)							
Transferred to property, plant and equipment										(14,881,578)	(3,084,612)							
Transferred to Investment Property (CWIP)										(563,977,663)	-							
Closing balance										<u>72,583,582</u>	<u>477,852,946</u>							
13.2.2 Borrowings from Nations Trust Bank Plc, Bank of Maldives Plc and Bank of Ceylon are secured on STO Trade Center building, super market warehouse and staple food warehouse of the Company, respectively.																		
13.2.3 During the year, the company has capitalised borrowing costs amounting to MVR 18,282,179 (2014: MVR 16,839,745) on qualifying assets. Borrowing costs were capitalised at the rate of 7.5%.																		
13.2.4 The tourist hotel built on Hulhumale Island, which was secured for the loan from Thai Exim Bank, has been transferred to Investment Property as per IAS 40 in 2015.																		

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14 INVESTMENT PROPERTY

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Cost				
Opening balance	56,165,491	56,165,491	56,165,491	56,165,491
Transferred from capital work in progress	63,200	-	63,200	-
Closing balance	56,228,691	56,165,491	56,228,691	56,165,491
Accumulated depreciation				
Opening balance	52,361,185	51,093,083	52,361,185	51,093,083
Depreciation for the year	1,276,529	1,268,102	1,276,529	1,268,102
Closing balance	53,637,714	52,361,185	53,637,714	52,361,185
Net carrying value	2,590,977	3,804,306	2,590,977	3,804,306
Capital work in progress (Note 14.1)	578,853,685	8,016,381	578,853,685	8,016,381
Total	581,444,662	11,820,687	581,444,662	11,820,687

14.1 Capital work in progress (Note 14.4)

Opening balance	8,016,381	2,621,080	8,016,381	2,621,080
Additions during the year	6,922,841	5,395,301	6,922,841	5,395,301
Transferred from property, plant and equipment (CWIP)	563,977,663	-	563,977,663	-
Transfers to Investment Property	(63,200)	-	(63,200)	-
Closing balance	578,853,685	8,016,381	578,853,685	8,016,381

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

14.3 The fair value of the Investment Properties are derived based on the recent market data available and is estimated at MVR 53,092,800 as at 31st December 2015 (2014: MVR 52,567,129). The fair value of the investment properties which are classified under capital work in progress is a reasonable approximation to their carrying amounts.

14.4 Capital work in progress includes the construction of a shopping and office complex in Male' as well as a tourist hotel in Hulhumale Island which is secured for the loan from Thai Exim Bank.

14.5 Income earned from Investment Properties

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

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Rent income	14,282,523	15,905,748	17,791,837	20,901,239
Direct expenses	(7,057,214)	(9,477,757)	(7,057,214)	(9,477,757)

15 INTANGIBLE ASSETS

15.1 GROUP

	Goodwill	Computer software	Total	Total
	MVR	MVR	2015 MVR	2014 MVR
Cost				
Opening balance	3,155,217	79,500,444	82,655,661	78,993,624
Additions during the year	-	866,308	866,308	887,995
Transferred from capital work In progress (Note 15.3)	-	676,162	676,162	2,774,042
Disposals during the year	-	(2,385,612)	(2,385,612)	-
Closing balance	3,155,217	78,657,302	81,812,519	82,655,661
Accumulated amortization				
Opening balance	-	51,562,204	51,562,204	36,941,247
Amortization during the year	-	14,047,175	14,047,175	14,620,957
Disposals during the year	-	(1,714,319)	(1,714,319)	-
Closing balance	-	63,895,060	63,895,060	51,562,204
Net carrying value	3,155,217	14,762,242	17,917,459	31,093,457
Capital working progress (Note 15.3)			539,359	489,537
Total			18,456,818	31,582,994

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15 INTANGIBLE ASSETS (CONTINUED)

15.2 Company	Computer software	
	2015 MVR	2014 MVR
Cost		
Opening balance	63,847,243	63,847,243
Closing balance	63,847,243	63,847,243
Accumulated amortization		
Opening balance	43,115,656	30,287,557
Amortization during the year	12,143,396	12,828,099
Closing balance	55,259,052	43,115,656
Net carrying value	8,588,191	20,731,587

15.3 Capital working progress	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	489,537	545,241	-	-
Additions during the year	725,984	2,718,338	-	-
Transferred to intangible asset	(676,162)	(2,774,042)	-	-
Closing balance	539,359	489,537	-	-

15.4 Impairment test of goodwill

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

	2015	2014
Business growth	17.80%	16.00%
Inflation	1.00%	2.10%
Discount rate	10.00%	9.00%
Margin	2.87%	1.97%

16 PREPAID LEASE RENT

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	40,697,364	43,011,906	40,697,364	43,011,906
Amortization during the year	(2,314,542)	(2,314,542)	(2,314,542)	(2,314,542)
Closing balance	38,382,822	40,697,364	38,382,822	40,697,364
Analysis of lease rent				
Current	2,314,542	2,314,542	2,314,542	2,314,542
Non-current	36,068,280	38,382,822	36,068,280	38,382,822
	38,382,822	40,697,364	38,382,822	40,697,364

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

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2015 MVR	2014 MVR
Maldivo Gas Private Limited	61,200,000	61,200,000
Allied Insurance Company of the Maldives Private Limited	807,000	807,000
STO Maldives (Singapore) Private Limited	1,459,750	1,459,750
Fuel Supplies Maldives Private Limited	42,783,185	42,783,185
Maldives National Oil Company Limited	10,000,000	10,000,000
STO Hotels & Resorts Private Limited	999,900	999,900
	117,249,835	117,249,835

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18 EQUITY - ACCOUNTED INVESTEEES	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Interest in associates (Note 18.1)	6,634,536	8,409,299	10,567,267	10,567,267
Interest in joint venture (Note 18.3)	30,776,724	32,533,842	4,700,000	4,700,000
	<u>37,411,260</u>	<u>40,943,141</u>	<u>15,267,267</u>	<u>15,267,267</u>

18.1 Investment in Associates	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Balance as at 1 st January	8,409,299	7,842,018	10,567,267	10,567,267
Share of (loss) / profit	(1,774,763)	567,281	-	-
Balance as at 31 st December	<u>6,634,536</u>	<u>8,409,299</u>	<u>10,567,267</u>	<u>10,567,267</u>

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 the Republic of Maldives and unlisted, is as follows.

	Lafarge Maldives Cement Private Limited	
	2015	2014
Percentage of ownership	25%	25%
Non current assets	29,202,135	19,531,759
Current assets	56,091,582	59,748,915
Current liabilities	(58,755,574)	(45,643,478)
Net assets (100%)	<u>26,538,143</u>	<u>33,637,196</u>
Group's share of net assets	<u>6,634,536</u>	<u>8,409,299</u>
Carrying amount of interest in associates	6,634,536	8,409,299
Revenue	105,464,697	101,315,719
(Loss) / Profit and other comprehensive income	(7,099,052)	2,269,123
Group's share of (loss) / profit and other comprehensive income	<u>(1,774,763)</u>	<u>567,281</u>

18.3 Investment in joint venture	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Balance as at 1st January	32,533,842	35,742,588	4,700,000	4,700,000
Share of profit	10,242,882	6,791,254	-	-
Dividend received	(12,000,000)	(10,000,000)	-	-
Balance as at 31st December	<u>30,776,724</u>	<u>32,533,842</u>	<u>4,700,000</u>	<u>4,700,000</u>

Maldives Structural Products Private Limited

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

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18 EQUITY - ACCOUNTED INVESTEEES (CONTINUED)

18.3 INVESTMENTS IN JOINT VENTURE

	2015 MVR	2014 MVR
Percentage of ownership	50%	50%
Non current assets	26,978,687	36,072,382
Current assets	47,920,973	39,066,136
Current liabilities	(13,346,212)	(10,070,834)
Net assets (100%)	61,553,448	65,067,684
Group's share of net assets	30,776,724	32,533,842
Carrying amount of interest in joint venture	30,776,724	32,533,842
Revenue	84,273,308	63,606,350
Depreciation and amortization	(216,417)	(244,268)
Interest expense	(1,499,270)	(2,282,417)
Income tax expense	(3,552,234)	(2,313,338)
Profit and other comprehensive income	20,485,764	13,582,509
Group's share of profit and other comprehensive income	10,242,882	6,791,255
Dividend received by the Group	(12,000,000)	(10,000,000)

19 INVESTMENTS AVAILABLE FOR SALE

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Balance as at 1st January	27,490,800	176,222,400	12,740,800	160,222,400
Investments made during the year	-	375,000	-	375,000
Net change in fair value transferred to equity	1,500,000	(1,250,000)	-	-
Disposal of investments available-for-sale	(6,000,000)	(147,856,600)	-	(147,856,600)
Balance as at 31st December	22,990,800	27,490,800	12,740,800	12,740,800

Marketable equity securities are measured at fair value annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock exchange quoted bid prices. Other investments (unlisted securities) are measured at fair value based on the adjusted net assets of the investee company. 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. During the year, the Group has disposed the investments in Aasandha Private Limited amounting to MVR 6,000,000.

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
G.Dh Atoll Rayyithunge Cooperative Society	4,500,000	4,500,000	4,500,000	4,500,000
Maldives Stock Exchange Company Private Limited	3,840,800	3,840,800	3,840,800	3,840,800
Madivaru Holdings Private Limited	709,148	709,148	709,148	709,148
Maldives Security Depository	500,000	500,000	500,000	500,000
Dhivehi Raajjeyge Gulhun PLC (Dhiraagu)	10,250,000	8,750,000	-	-
Aasandha Private Limited	-	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)
	22,990,800	27,490,800	12,740,800	12,740,800

20 INVENTORIES

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Food stock	52,178,896	42,879,875	52,178,896	42,879,875
Fuel and lubricants	117,743,752	107,267,729	86,970,213	37,068,706
Home improvement and electronics	58,045,158	74,141,020	56,701,179	74,141,020
Construction materials	64,056,943	52,667,155	64,056,943	52,667,155
Pharmaceuticals	282,327,487	184,202,841	282,327,487	184,202,841
Spare parts	26,696,255	16,903,260	16,701,904	9,218,366
Retail shops	78,264,286	53,836,583	78,264,286	53,836,583
Others	20,039,775	19,825,556	19,698,384	19,807,908
Goods in transit	44,550,482	209,329,851	44,550,482	209,329,851
Less: provision for slow and non moving inventories (Note - 20.1)	(37,526,497)	(54,701,595)	(36,881,021)	(47,065,654)
	706,376,537	706,352,275	664,568,753	636,086,651

20.1 Provision for slow moving and non moving inventories

Opening balance	54,701,595	52,177,824	47,065,654	49,476,307
(reversal) / provision made during the year	(17,175,098)	2,523,771	(10,184,633)	(2,410,653)
Closing balance	37,526,497	54,701,595	36,881,021	47,065,654

In 2015, inventories of MVR 5,835,267,544 (2014: MVR 7,620,661,980) were recognized as an expense during the period and included in 'cost of sales' of the Company.

In 2015, inventories of MVR 5,706,214,837 (2014: MVR 7,646,219,192) were recognized as an expense during the period and included in 'cost of sales' of the Group.

The Company reversed MVR 10,184,633 of a previous inventory provision in December 2015. 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 'other income' in the statement of profit or loss.

The inventories of the Group and the Company are partly secured against the loans obtained from Nations Trust Bank PLC and the Hongkong & Shanghai Banking Corporation - Maldives branch.

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21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Trade receivables	463,263,081	437,400,176	167,283,184	155,464,105
Due from policyholders	61,455,783	57,781,845	-	-
Less : provision for impairment loss (Note 21.1)	(161,562,053)	(129,666,863)	(96,357,002)	(69,478,783)
	363,156,811	365,515,158	70,926,182	85,985,322
Advances, prepayments and deposits	119,727,360	153,981,054	63,844,690	111,404,955
Government employee credit scheme	68,019,443	55,656,899	68,019,443	55,656,899
Staff advances and other loans	6,172,474	6,211,660	6,172,474	6,211,660
Advances paid for custom duty	10,676,238	15,197,213	10,676,238	15,197,213
Miscellaneous receivable	49,890,771	32,667,690	34,315,921	29,854,126
Less : unmatured interest	(4,049,972)	(3,625,764)	(4,049,972)	(3,625,764)
Less : provision for impairment loss (Note 21.2)	(46,221,188)	(36,633,526)	(42,327,038)	(33,413,199)
	204,215,126	223,455,226	136,651,756	181,285,890
Total trade and other receivable	567,371,937	588,970,384	207,577,938	267,271,212

21.1 Provision for Impairment of trade receivables

Opening balance	129,666,863	130,019,532	69,478,783	66,803,884
Provision made / (reversed) during the year	31,895,190	(352,669)	26,878,219	2,674,899
Closing balance	161,562,053	129,666,863	96,357,002	69,478,783

21.2 Provision for impairment of other receivables

Opening balance	36,633,526	53,633,244	33,413,199	49,514,158
Provision made / (reversed) during the year	9,587,662	(16,999,718)	8,913,839	(16,100,959)
Closing balance	46,221,188	36,633,526	42,327,038	33,413,199

22 AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
STO Maldives (Singapore) Private Limited	-	-	15,460,010	15,347,002
Maldivian Gas Private Limited	-	-	194,637	11,162
Fuel Supplies Maldives Private Limited	-	-	455,923,416	694,150,655
Allied Insurance Company of the Maldives Private Limited	-	-	413,163	873,808
Rainbow Enterprises Private Limited	530,522	-	530,522	-
Maldives National Oil Company Limited	-	-	297,027	241,260
G.Dh Atoll Rayyithunge Cooperative Society	831,492	831,492	831,492	831,492
Maldives Industrials Fisheries Company Limited	142,191,921	94,212,615	32,160,374	31,929,347
Ministry of Health	140,856,593	38,475,626	140,856,593	38,475,626
Ministry of Finance and Treasury	71,300,199	67,895,533	71,300,199	67,895,533
State Electric Company (STELCO)	109,414,682	121,216,043	109,414,682	121,216,043
Feneka Corporation	345,037,172	544,462,161	88,369,900	88,369,900
Indira Gahandi Memorial Hospital	113,309,272	224,885,323	113,309,272	224,885,323
Lafarge Maldives Cement Private Limited	9,645	9,570	920	1,070
Maldives Structural Product Private Limited	-	38,825	-	-
Addu International Airport Private Limited	158,867,035	123,610,553	157,184,035	123,610,553
Aasandha Private Limited	116,244,056	79,737,730	116,244,056	60,530,802
Champa Oil and Gas Company Private Limited	93,638	111,055	-	-
Maldives Airport Company Limited	475,403	42,823	475,403	42,823
STO Hotels & Resorts Private Limited	-	-	201,057,736	193,391,882
Rasheed Carpentry Private Limited	369,495	-	369,495	-
E-Biz Maldives Private Limited	4,447	4,447	4,447	4,447
Ministry of Housing and Infrastructure	45,054,896	28,017,299	45,054,896	28,017,299
Ministry of Tourism	117,654,599	-	-	-
Other Government entities	121,923,389	78,963,880	121,923,613	78,963,880
	1,484,168,456	1,402,514,975	1,671,375,888	1,768,789,907
Less : provision for impairment loss (Note 22.1)	(103,197,957)	(128,661,440)	(103,197,957)	(128,661,440)
Less : unmatured interest	(2,089,702)	(5,391,992)	(2,089,702)	(5,391,992)
Total amount due from related parties	1,378,880,797	1,268,461,543	1,566,088,229	1,634,736,475
Non - current	7,727,213	28,558,305	7,727,213	28,558,305
Current	1,371,153,584	1,239,903,238	1,558,361,016	1,606,178,170
	1,378,880,797	1,268,461,543	1,566,088,229	1,634,736,475

22.1 Provision for impairment of amounts due from related parties

Opening balance	128,661,440	105,334,291	128,661,440	105,334,291
Provision (reversed) / made during the year	(25,463,483)	23,327,149	(25,463,483)	23,327,149
Closing balance	103,197,957	128,661,440	103,197,957	128,661,440

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23 REINSURANCE CONTRACTS	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR	MVR	MVR	MVR
Reinsurers' share of insurance liabilities	101,114,112	114,349,359	-	-
Reinsurance share of paid claim and prepaid reinsurance	92,242,837	43,294,355	-	-
Reinsurance share of incurred but not reported claims	7,601,005	7,763,392	-	-
Unearned premium	83,086,643	63,838,527	-	-
	<u>284,044,597</u>	<u>229,245,633</u>	<u>-</u>	<u>-</u>

24 INVESTMENTS HELD TO MATURITY	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR	MVR	MVR	MVR
Investment in treasury bills	80,676,852	90,684,601	-	-
Investment in term deposit	20,420,000	-	-	-
	<u>101,096,852</u>	<u>90,684,601</u>	<u>-</u>	<u>-</u>
Opening balance	90,684,601	62,643,934	-	-
Purchased during the year	581,207,636	362,314,336	320,456,280	-
Matured during the year	(570,795,385)	(334,273,669)	(320,456,280)	-
Closing balance	<u>101,096,852</u>	<u>90,684,601</u>	<u>-</u>	<u>-</u>

The Group has invested MVR 80,676,852 (2014: MVR 90,684,600) in treasury bills issued by the Maldives Monetary Authority for a maturity value of MVR 85,000,000 (2014: MVR 95,500,000) at the rate of interest ranging from 3.5% to 9% per annum (2014: 7.98% to 8.98% per annum) with the maturity period of 91 days to 364 days (2014: 91 days to 364 days).

The Group has made an investment of MVR 20,420,000 in a term deposit at a rate of interest ranging from 3% to 5% with a maturity period of one year.

25 CASH AND CASH EQUIVALENTS	Group		Company	
	31/12/2015	31/12/2015	31/12/2015	31/12/2015
	MVR	MVR	MVR	MVR
Favorable balances				
Cash in hand	40,468,955	41,951,427	38,858,446	35,700,555
Balances at banks	649,125,221	619,223,442	433,352,507	477,999,986
Fixed deposits	8,117,664	9,254,421	7,732,164	7,712,421
	<u>697,711,840</u>	<u>670,429,290</u>	<u>479,943,117</u>	<u>521,412,962</u>
Unfavorable balances				
Bank overdrafts	(80,644,536)	(322,323,982)	(59,383,668)	(304,650,687)
Cash and cash equivalents for the purpose of cash flow statement	<u>617,067,304</u>	<u>348,105,308</u>	<u>420,559,449</u>	<u>216,762,275</u>

26 SHARE CAPITAL AND RESERVES

A. SHARE CAPITAL AND SHARE PREMIUM

26.1 Authorized

The authorized share capital comprises 2,000,000 (2014 : 2,000,000) ordinary shares of par value of MVR 50 per share.

Issued and fully paid

The issued and fully paid share capital comprises 1,126,910 (2014: 1,126,910) ordinary shares at a par value of MVR 50 per share.(2014: MVR 50 per shares)

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

26.2 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.

26.3 Dividends per share

At the Annual General Meeting held on 29th May 2015, a dividend in respect of 2014 of MVR 76 per share (2014: declared dividend MVR 24 per share in respect of 2013) amounting to a total of MVR 85,645,160 (2014: declared MVR 27,045,840) 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 2015.

B. RESERVES

26.4 General reserve

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

26.5 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.

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26 SHARE CAPITAL AND RESERVES (CONTINUED)

26.6 Claim equalization reserve

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

26.7 Currency translation reserve

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

27 NON CONTROLLING INTEREST

	Group	
	2015 MVR	2014 MVR
Opening balance	10,071,163	8,445,228
Share of profit of subsidiary	4,864,273	1,625,935
Dividend paid to non controlling interest	(561,065)	-
Closing balance	14,374,371	10,071,163

28 LOANS AND BORROWINGS

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	1,109,757,579	918,615,852	1,026,938,859	808,615,852
Loans obtained during the Year	1,255,625,784	641,268,319	1,245,447,848	591,268,319
Repayments during the year	(1,063,173,765)	(450,126,592)	(1,010,196,144)	(372,945,312)
Closing balance	1,302,209,598	1,109,757,579	1,262,190,563	1,026,938,859

28.1 Sources of Finance

Secured loans	522,490,563	876,938,859	522,490,563	876,938,859
Unsecured loans	240,019,035	232,818,720	200,000,000	150,000,000
Corporate bond (Note 28.8)	539,700,000	-	539,700,000	-
	1,302,209,598	1,109,757,579	1,262,190,563	1,026,938,859

28.2 Non - Current

Bank borrowings	271,780,567	391,859,569	271,780,567	391,859,569
Corporate bond	539,700,000	-	539,700,000	-
	811,480,567	391,859,569	811,480,567	391,859,569

28.3 Current

Bank borrowings	490,729,031	717,898,010	450,709,996	635,079,290
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28.4 Terms and repayment schedule

Source of finance	Nominal interest rate	Year of maturity	Security	Group		Company	
				Carrying value		Carrying value	
				31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Nation Trust Bank PLC	7.50%	Revolving	Trade center building	19,778,457	13,827,392	19,778,457	13,827,392
Hongkong & Shanghai Banking C	9.25%	Revolving	Government guarantee	-	154,200,000	-	154,200,000
Bank of Ceylon	7.25%	2016	Staple food godown land	79,926,104	154,200,000	79,926,104	154,200,000
Bank of Maldives PLC	7.50%	2020	Backed by STO's assets	14,689,709	14,689,709	14,689,709	14,689,709
Thai Exim Bank	7.50%	2020	Backed by STO's assets	132,207,379	132,207,379	132,207,379	132,207,379
Habib Bank Limited	8.50%	Revolving	Backed by MVR	30,839,980	53,969,938	30,839,980	53,969,938
Maldives Islamic Bank	Profit Share 70 : 30	2016	Un-secured.	150,000,000	150,000,000	150,000,000	150,000,000
Ministry of Finance	Profit Share 30 : 70	2016	Un-secured.	50,000,000	-	50,000,000	-
				135,399,856	161,678,700	135,399,856	161,678,700
Bank of Maldives PLC	10.00%	2019	Backed by STO's assets				
Bank of Maldives PLC	6.50%	2017	Backed by MVR	109,649,078	192,165,741	109,649,078	192,165,741
Maldives Islamic Bank	Profit Share 90 : 10	2015	Un-secured.	-	32,818,720	-	-
Maldives Hajj Corporation	Profit Share 60 : 40	2016	Un-secured.	40,019,035	50,000,000	-	-
Listed corporate bond	5.25%	2023	N/A	539,700,000	-	539,700,000	-
				1,302,209,598	1,109,757,579	1,262,190,563	1,026,938,859

28.5 Bank borrowings of the Group / Company will mature by August 2023 and bear an average interest rate of 7.93% annually (2014: 8.21% annually).

28.6 Bank borrowings of the Group / Company are secured by deposits in Maldivian Rufiyaa, inventories, receivables, buildings (STO trade center building, super market warehouse and staple food warehouse) and guarantee from the Government of Maldives.

28.7 As at the reporting date the Group / Company has pledged MVR 275,888,935 (2014: MVR 415,845,209) as collateral for the US\$ loans taken from banks.

28.8 During the year 2015, the Company issued listed corporate bonds amounting to MVR 539,700,000 with a maturity period of 8 years, carrying interest of 5.25% per annum.

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29 TRADE AND OTHER PAYABLES

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Trade payables	1,079,485,629	1,294,689,553	1,017,000,554	1,244,091,427
Accrued expenses	63,245,531	25,656,808	28,063,918	11,698,916
Lease rent accrual	44,355,967	36,343,014	34,863,126	36,343,015
Dividend payable	267,944,509	197,829,407	267,944,509	197,829,407
Other payable	131,734,809	78,635,375	64,640,089	55,875,078
	<u>1,586,766,445</u>	<u>1,633,154,157</u>	<u>1,412,512,196</u>	<u>1,545,837,843</u>

30 DEFERRED INCOME

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Opening balance	12,828,986	6,087,255	-	-
Received during the year	6,744,821	9,288,180	-	-
Recognized during the year	(4,070,366)	(2,546,449)	-	-
	<u>15,503,441</u>	<u>12,828,986</u>	-	-
Analysis of deferred income				
Realization within one year	4,543,816	3,929,482	-	-
Realization After one year	10,959,625	8,899,504	-	-
	<u>15,503,441</u>	<u>12,828,986</u>	-	-

30.1 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 profit or loss as revenue on a straight line basis over 5 years.

31 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
As at 1st January	10,011,577	17,890,509	10,011,577	17,890,509
Fair value realized during the year	(7,378,200)	(7,878,932)	(7,378,200)	(7,878,932)
As at 31st December	<u>2,633,377</u>	<u>10,011,577</u>	<u>2,633,377</u>	<u>10,011,577</u>

The fair value of the currency SWAP is determined by multiplying the Maldivian Rufiyaa (MVR) exchange rate as at 31 December 2015 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 2015 was MVR 285,740,423 (2014: MVR 253,758,579).

32 INSURANCE CONTRACTS

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Claims reported and loss adjustment	170,794,018	162,552,527	-	-
Claim incurred but not reported (IBNR)	9,774,298	9,128,870	-	-
Provision for unearned premiums	162,227,424	124,691,774	-	-
Unappropriated policyholders fund	624,815	791,758	-	-
Provision for unearned reinsurance commission	25,498,911	21,897,162	-	-
Total insurance liabilities, gross	<u>368,919,466</u>	<u>319,062,091</u>	-	-

33 CURRENT TAX LIABILITIES

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Opening balance	72,994,284	20,556,000	60,541,458	12,669,986
Tax provision for the year	90,129,871	95,712,092	58,117,222	73,937,861
Tax paid during the year	(113,950,509)	(42,210,845)	(89,537,708)	(25,357,938)
Adjustment in respect of prior years	(1,270,802)	(1,062,963)	(1,270,802)	(708,451)
Closing balance	<u>47,902,844</u>	<u>72,994,284</u>	<u>27,850,170</u>	<u>60,541,458</u>

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34 AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Lafarge Maldives Cement Private Limited	16,810,350	12,499,024	16,810,350	12,499,024
Maldives Structural Product Private Limited	13,670,523	6,883,197	13,670,523	6,883,197
Allied Insurance Company of the Maldives Private Limited	-	-	54,597,474	51,062,006
Maldives National Oil Company Limited	-	-	365,172	507,001
STO Maldives (Singapore) Private Limited	-	-	-	2,004,360
Rainbow Enterprises Private Limited	9,270	6,084	9,270	6,084
Fuel Supplies Maldives Private Limited	-	-	168,200	89,509,493
National Social Protection Agency	8,533,997	8,888,340	-	-
Addu International Airport Private Limited	49,807	249,469	49,807	249,469
Maldivian Gas Private Limited	-	-	10,065,902	2,299,419
Rasheed Carpentry Private Limited	-	529,542	-	529,542
STO Hotels & Resorts Private Limited	-	-	180,846	-
Ministry of Housing and Infrastructure	299,932	-	299,932	-
Maldives Pension Administration Office	25,150,198	12,000,000	25,150,198	12,000,000
Fenaka Corporation Limited	4,757	-	4,757	-
Other Government entities	29,930,006	76,718,801	29,930,006	76,718,801
	<u>94,458,840</u>	<u>117,774,457</u>	<u>151,302,437</u>	<u>254,268,396</u>

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 liabilities.

35 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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings, trade and other payables 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	
	31/12/2015 MVR	31/12/2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Total liabilities	3,501,775,271	3,600,899,750	2,915,872,411	3,202,248,820
Less: Cash and cash equivalent	(697,711,840)	(670,429,290)	(479,943,117)	(521,412,962)
Net debt	2,804,063,431	2,930,470,460	2,435,929,294	2,680,835,858
Total equity	2,210,645,209	1,860,002,197	1,896,859,648	1,552,166,954
Total capital employed	<u>5,014,708,640</u>	<u>4,790,472,657</u>	<u>4,332,788,942</u>	<u>4,233,002,812</u>
Gearing	55.92%	61.17%	56.22%	63.33%

The decrease in the gearing ratio of the Group during the 2015 resulted primarily due to reduction in net debt and increase in equity by virtue of the profit generated in the current year.

36 COMMITMENTS

36.1 Capital commitments

	Group		Company	
	2015 MVR	2014 MVR	2015 MVR	2014 MVR
Capital expenditure contracted as of the reporting date but not yet incurred	336,866,868	421,812,095	336,866,868	421,812,095
Shares subscribed as of the reporting date but not yet paid	10,000,000	10,000,000	10,000,000	10,000,000
	<u>346,866,868</u>	<u>431,812,095</u>	<u>346,866,868</u>	<u>431,812,095</u>

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

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36 COMMITMENTS (CONTINUED)

36.2 Operating Leases

Leases as lessee

The Group / 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.

Future minimum lease payment

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR	MVR	MVR	MVR
Non-cancellable operating lease rentals payable for future years are as follows;				
Less than one year	16,315,897	16,315,897	12,363,393	12,363,393
1 to 5 years	84,076,949	84,076,949	83,820,635	83,820,635
More than 5 years	70,258,071	86,573,968	72,882,027	85,245,420
	<u>170,650,917</u>	<u>186,966,814</u>	<u>169,066,055</u>	<u>181,429,448</u>

Amount recognized in profit or loss

	Group		Company	
	2015	2014	2015	2014
	MVR	MVR	MVR	MVR
Lease expense	34,371,496	36,289,435	9,274,873	11,192,812

Leases as lessor

The Group / Company leases out some properties which have been obtained under operating leases.

Future minimum lease rent receivable

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR	MVR	MVR	MVR
Non-cancellable operating lease rentals receivable for future years are as follows;				
Less than one year	12,959,023	13,426,534	17,954,514	18,422,025
1 to 5 years	38,877,069	40,279,602	71,818,057	55,266,075
	<u>51,836,092</u>	<u>53,706,136</u>	<u>89,772,571</u>	<u>73,688,100</u>

Amount recognized in profit or loss

	Group		Company	
	2015	2014	2015	2014
	MVR	MVR	MVR	MVR
Rent income	12,796,346	15,905,748	17,791,837	20,901,239

37 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.

	2015	2014
	MVR	MVR
Type of facilities		
- overdraft	3,855,000	3,855,000
- letter of credit	15,420,000	15,420,000
	<u>19,275,000</u>	<u>19,275,000</u>

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

(iii) A customer has filed a suit in Civil Court claiming compensation amounting to MVR 1,980,300 which was not accepted by State Trading Organization PLC. This case is 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 this claim.

(iv) Yacht Tours Maldives Private Limited is claiming an amount of USD 22,784,838 under the insurance policy NO.1000/60/602/2010/4693 from Allied Insurance Company of the Maldives Pvt Ltd. However the Group is vigorously defending this claim and in the lawyers opinion they firmly believe that the Group would prevail in the litigation.

(v) 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.

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38 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 2015

Group

Financial assets measured at fair value	Carrying amount			Fair value					
	Designated at fair value	Held to maturity	Available for sale	Loans and receivables	Other financial liability	Total	Level 1	Level 2	Level 3
Investment available for sale	-	-	22,990,800	-	-	22,990,800	10,250,000	-	12,740,800
Financial assets not measured at fair value	-	-	22,990,800	-	-	22,990,800	10,250,000	-	12,740,800
Investments held to maturity	-	101,096,852	-	-	-	101,096,852	-	-	-
Trade and other receivables	-	-	567,371,937	567,371,937	-	1,378,880,797	-	-	-
Amounts due from related parties	-	-	-	1,378,880,797	-	284,044,597	-	-	-
Reinsurance contracts	-	-	-	284,044,597	-	697,711,840	-	-	-
Cash and cash equivalents	-	-	-	697,711,840	-	2,928,009,171	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	3,029,106,023	-	-	-
Derivative financial instruments	2,633,377	-	-	-	-	2,633,377	-	2,633,377	-
Financial liabilities not measured at fair value	2,633,377	-	-	-	-	2,633,377	-	2,633,377	-
Bank overdraft	-	-	-	-	80,644,536	80,644,536	-	-	-
Loans and borrowings	-	-	-	-	1,302,209,598	1,302,209,598	-	-	-
Amounts due to related Parties	-	-	-	94,458,840	-	368,919,466	-	-	-
Insurance contracts	-	-	-	-	-	1,586,766,445	-	-	-
Trade and other payables	-	-	-	-	3,432,998,885	3,432,998,885	-	-	-

AS AT 31ST DECEMBER 2014

Group

Financial assets measured at fair value	Carrying amount			Fair value					
	Designated at fair value	Held to maturity	Available for sale	Loans and receivables	Other financial liability	Total	Level 1	Level 2	Level 3
Investment available for sale	-	-	27,490,800	-	-	27,490,800	8,750,000	-	18,740,800
Financial assets not measured at fair value	-	-	27,490,800	-	-	27,490,800	8,750,000	-	18,740,800
Investments held to maturity	-	90,684,601	-	-	-	90,684,601	-	-	-
Trade and other receivable	-	-	-	588,970,384	-	1,268,461,543	-	-	-
Amounts due from related parties	-	-	-	1,268,461,543	-	229,245,633	-	-	-
Reinsurance contracts	-	-	-	670,429,290	-	2,757,106,850	-	-	-
Cash and cash equivalents	-	-	-	2,757,106,850	-	2,847,791,451	-	-	-
Financial liabilities measured at fair value	10,011,577	-	-	-	-	10,011,577	-	10,011,577	-
Derivative financial instruments	10,011,577	-	-	-	-	10,011,577	-	10,011,577	-
Financial liabilities not measured at fair value	-	-	-	-	-	322,323,982	-	-	-
Bank overdraft	-	-	-	-	322,323,982	1,109,757,579	-	-	-
Loans and borrowings	-	-	-	-	1,109,757,579	117,774,457	-	-	-
Amounts due to related parties	-	-	-	-	319,062,091	1,633,154,157	-	-	-
Insurance contracts	-	-	-	-	3,502,072,266	3,502,072,266	-	-	-
Trade and other payables	-	-	-	-	-	-	-	-	-

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

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

A. Accounting Classifications and fair values (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.
AS AT 31ST DECEMBER 2015

Company

Financial assets measured at fair value	Designated at fair value	Carrying amount		Total	Fair value		
		Available for sale	Loans and receivables		Other Financial liability	Level 1	Level 2
Investments available for sale	-	12,740,800	-	12,740,800	-	-	12,740,800
	-	12,740,800	-	12,740,800	-	-	12,740,800
Financial assets not measured at fair value							
Trade and other receivables	-	-	207,577,938	207,577,938	-	-	-
Amounts due from related parties	-	-	1,566,088,229	1,566,088,229	-	-	-
Cash and cash equivalents	-	-	479,943,117	479,943,117	-	-	-
	-	-	2,253,609,284	2,253,609,284	-	-	-
Financial liabilities measured at fair value							
Derivative financial instruments	2,633,377	-	-	2,633,377	-	2,633,377	-
	2,633,377	-	-	2,633,377	-	2,633,377	-
Financial liabilities not measured at fair value							
Bank overdraft	-	-	59,383,668	59,383,668	-	-	-
Loans and borrowings	-	-	1,262,190,563	1,262,190,563	-	-	-
Amounts due to related parties	-	-	151,302,437	151,302,437	-	-	-
Trade and other payables	-	-	1,412,512,196	1,412,512,196	-	-	-
	-	-	2,885,388,864	2,885,388,864	-	-	-

AS AT 31ST DECEMBER 2014

Company

Financial assets measured at fair value	Designated at fair value	Carrying amount		Total	Fair value		
		Available for sale	Loans and receivables		Other Financial liability	Level 1	Level 2
Investments available for sale	-	12,740,800	-	12,740,800	-	-	12,740,800
	-	12,740,800	-	12,740,800	-	-	12,740,800
Financial assets not measured at fair value							
Trade and other receivables	-	-	267,271,212	267,271,212	-	-	-
Amounts due from related parties	-	-	1,634,736,475	1,634,736,475	-	-	-
Cash and cash equivalents	-	-	521,412,962	521,412,962	-	-	-
	-	-	2,423,420,649	2,423,420,649	-	-	-
Financial liabilities measured at fair value							
Derivative financial instruments	10,011,577	-	-	10,011,577	-	10,011,577	-
	10,011,577	-	-	10,011,577	-	10,011,577	-
Financial liabilities not measured at fair value							
Bank overdraft	-	-	304,650,687	304,650,687	-	-	-
Loans and borrowings	-	-	1,026,938,859	1,026,938,859	-	-	-
Amounts due to related parties	-	-	254,268,396	254,268,396	-	-	-
Trade and other payables	-	-	1,545,837,843	1,545,837,843	-	-	-
	-	-	3,131,695,785	3,131,695,785	-	-	-

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

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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
Unquoted equity securities	Adjusted net asset method	Investees financial data	N/A
Forward exchange contracts	Market approach	Present value of expected payments	N/A

C. Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

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

(iii) Credit Risk

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

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

	Group		Company	
	Carrying amount		Carrying amount	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	MVR	MVR	MVR	MVR
Trade and other receivables	567,371,937	588,970,384	207,577,938	267,271,212
Amounts due from related party	1,378,880,797	1,268,461,543	1,566,088,229	1,634,736,475
Held to maturity investment	101,096,852	90,684,601	-	-
Balances with banks and short term deposits	657,242,885	628,477,863	441,084,671	485,712,407
	<u>2,704,592,471</u>	<u>2,604,635,058</u>	<u>2,214,750,838</u>	<u>2,387,720,094</u>

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

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 / Company's standard payment and delivery terms and conditions are offered. The Group / Company 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.

Group	31/12/2015		31/12/2014	
	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	918,080,660	46,534	560,404,264	168,388
Past Due 31-90 days	97,712,930	629,008	359,487,299	1,605,836
Past Due 91-180 days	20,674,182	1,444,366	390,392,997	1,890,780
Past Due 181-365 days	280,851,587	4,438,539	329,373,820	1,241,490
Past Due more than 365 days	946,054,247	304,422,751	521,753,132	290,055,335
	<u>2,263,373,606</u>	<u>310,981,198</u>	<u>2,161,411,512</u>	<u>294,961,829</u>

Company	31/12/2015		31/12/2014	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
and related party receivables at the reporting date was:				
Not Past Due	887,067,046	46,534	599,980,247	-
Past Due 31-90 days	66,753,720	629,008	552,959,256	1,192,040
Past Due 91-180 days	14,430,317	948,497	185,001,727	1,411,879
Past Due 181-365 days	181,440,994	2,370,350	223,517,477	166,917
Past Due more than 365 days	871,995,761	237,887,608	581,120,158	228,782,586
	<u>2,021,687,838</u>	<u>241,881,997</u>	<u>2,142,578,865</u>	<u>231,553,422</u>

Provision for impairment in respect of trade, other receivables and related party receivables is given in Note 21 and 22 to the 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 limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating.

Guarantees

The Group / the Company policy is to provide financial guarantees only to subsidiaries, joint venture and associates. As at 31 December 2015, the Company has issued corporate guarantees to Bank of Maldives PLC and Maldives Hajj Corporation for the facilities obtained by Maldives Structural Products Private Limited and Fuel Supplies Maldives Pvt Ltd, respectively. The details of corporate guarantees are disclosed in note 37.

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity risk

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

The followings are the contractual maturities of financial liabilities as at the reporting date.

31st December 2015	Carrying amount MVR	0-12 months MVR	1-2 years MVR	2-5 years MVR	More than 5 years MVR
Group					
Financial liabilities (Non- derivative)					
Trade and other payables	1,586,766,445	1,586,766,445	-	-	-
Loans and borrowings	1,302,209,598	490,729,031	80,619,066	462,484,685	268,376,816
Amounts due to related parties	94,458,840	94,458,840	-	-	-
Insurance contracts	368,919,466	368,919,466	-	-	-
Bank overdrafts	80,644,536	80,644,536	-	-	-
	<u>3,432,998,885</u>	<u>2,621,518,318</u>	<u>80,619,066</u>	<u>462,484,685</u>	<u>268,376,816</u>
Financial liabilities (derivative)					
Forward exchange contract	2,633,377	2,633,377	-	-	-
Total	<u>3,435,632,262</u>	<u>2,624,151,695</u>	<u>80,619,066</u>	<u>462,484,685</u>	<u>268,376,816</u>

31st December 2014	Carrying amount MVR	0-12 months MVR	1-2 years MVR	2-5 years MVR	More than 5 years MVR
Group					
Financial liabilities (Non- derivative)					
Trade and other payables	1,633,154,157	1,633,154,157	-	-	-
Loans and borrowings	1,109,757,579	717,898,010	120,079,010	235,907,471	35,873,088
Amounts due to related parties	117,774,457	117,774,457	-	-	-
Insurance contracts	319,062,091	319,062,091	-	-	-
Bank overdrafts	322,323,982	322,323,982	-	-	-
	<u>3,502,072,266</u>	<u>3,110,212,697</u>	<u>120,079,010</u>	<u>235,907,471</u>	<u>35,873,088</u>
Financial liabilities (Derivative)					
Forward exchange contract	10,011,577	7,378,200	2,633,377	-	35,873,088
Total	<u>3,512,083,843</u>	<u>3,117,590,897</u>	<u>122,712,387</u>	<u>235,907,471</u>	<u>71,746,176</u>

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

31st December 2015	Carrying amount MVR	0-12 months MVR	1-2 years MVR	2-5 years MVR	More than 5 years MVR
Company					
Financial liabilities (Non- derivative)					
Trade and other payables	1,412,512,196	1,412,512,196	-	-	-
Loans and borrowings	1,262,190,563	450,709,996	80,619,066	462,484,685	268,376,816
Amounts due to related parties	151,302,437	151,302,437	-	-	-
Bank overdrafts	59,383,668	59,383,668	-	-	-
	<u>2,885,388,864</u>	<u>2,073,908,297</u>	<u>80,619,066</u>	<u>462,484,685</u>	<u>268,376,816</u>
Financial liabilities (Derivative)					
Forward exchange contract	2,633,377	2,633,377	-	-	-
Total	<u>2,888,022,241</u>	<u>2,076,541,674</u>	<u>80,619,066</u>	<u>462,484,685</u>	<u>268,376,816</u>

31st December 2014	Carrying amount MVR	0-12 months MVR	1-2 years MVR	2-5 years MVR	More than 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	35,873,088
Amounts due to related parties	254,268,396	254,268,396	-	-	-
Bank overdrafts	304,650,687	304,650,687	-	-	-
	<u>3,131,695,785</u>	<u>2,739,836,216</u>	<u>120,079,010</u>	<u>235,907,471</u>	<u>35,873,088</u>
Financial liabilities (Derivative)					
Forward exchange contract	10,011,577	7,378,200	2,633,377	-	-
Total	<u>3,141,707,362</u>	<u>2,747,214,416</u>	<u>122,712,387</u>	<u>235,907,471</u>	<u>35,873,088</u>

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk

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

(a) Interest rate risk

Profile

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

	Group		Company	
	Carrying amount		Carrying amount	
	2015	2014	2015	2014
	MVR	MVR	MVR	MVR
Variable rate instruments				
Financial liabilities	(489,410,000)	(839,418,795)	(449,390,965)	(738,927,036)
Fixed rate instruments				
Financial assets	172,798,487	251,970,742	71,701,635	131,703,474
Financial liabilities	(1,584,899,948)	(1,613,703,101)	(1,611,758,790)	(1,661,822,811)
	<u>(1,412,101,461)</u>	<u>(1,361,732,359)</u>	<u>(1,540,057,155)</u>	<u>(1,530,119,337)</u>

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 2015				
Variable rate instruments	(4,894,100)	4,894,100	(4,159,985)	4,159,985
31 st December 2014				
Variable rate instruments	(8,394,188)	8,394,188	(7,135,060)	7,135,060
COMPANY				
31 st December 2015				
Variable rate instruments	(4,493,910)	4,493,910	(3,819,823)	3,819,823
31 st December 2014				
Variable rate instruments	(7,389,270)	7,389,270	(6,280,880)	6,280,880

(b) Currency Risk

Exposure to currency risk

Group

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

	31/12/2015		
	US\$	Euro	SGD
Cash and cash equivalents	15,602,814	9,444	-
Trade, amount due from related parties and other receivables	17,831,390	-	2,000
Reinsurance contracts	18,420,532	-	-
Trade, amount due to related parties and other payables	(61,935,050)	(33,123)	(887,260)
Loans and borrowings	(60,310,194)	-	-
Derivative financial instruments	(170,777)	-	-
Bank overdrafts	(4,997,192)	-	-
Net currency exposure	<u>(75,558,477)</u>	<u>(23,679)</u>	<u>(885,260)</u>

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38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk (Continued)

Exposure to currency risk (Continued)

Group	31/12/2014		
	US\$	Euro	SGD
The Group's exposure to foreign currency risk was as follows based on notional amounts:			
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	<u>(113,567,876)</u>	<u>(68,622)</u>	<u>(722,966)</u>

Company

Company	31/12/2015		
	US\$	Euro	SGD
The Company's exposure to foreign currency risk was as follows based on notional amounts:			
Cash and cash equivalents	13,388,311	3,727	-
Trade, amount due from related parties and other receivables	11,382,389	218,299	2,000
Trade, amount due to related parties and other payables	(61,929,034)	(33,123)	(887,260)
Loans and borrowings	(60,310,194)	-	-
Derivative financial instruments	(170,777)	-	-
Bank overdrafts	(3,851,081)	-	-
Net currency exposure	<u>(101,490,386)</u>	<u>188,903</u>	<u>(885,260)</u>

Company

Company	31/12/2014		
	US\$	Euro	SGD
The Company's exposure to foreign currency risk was as follows based on notional amounts:			
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	<u>(144,189,111)</u>	<u>143,221</u>	<u>(732,100)</u>

The following significant exchange rate were applied during the year:

	Average Rate		Reporting date spot rate	
	2015	2014	31/12/2015	31/12/2014
1 US\$: MVR	15.42	15.42	15.42	15.42
1 Euro : MVR	17.67	19.85	16.84	18.50
1 SGD : MVR	11.24	11.88	10.89	11.59

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 2015 GROUP	Profit or Loss	
	Strengthening	Weakening
USD 5% movement	(58,255,586)	58,255,586
EURO 5% movement	(19,933)	19,933
SGD 5% movement	(482,078)	482,078
	<u>(58,757,597)</u>	<u>58,757,597</u>
31 st December 2014 GROUP		
USD 5% movement	(87,560,832)	87,560,832
EURO 5% movement	(63,475)	63,475
SGD 5% movement	(418,959)	418,959
	<u>(88,043,266)</u>	<u>88,043,266</u>
31 st December 2015 COMPANY		
USD 5% movement	(78,249,087)	78,249,087
EURO 5% movement	159,019	(159,019)
SGD 5% movement	(482,078)	482,078
	<u>(78,572,147)</u>	<u>78,572,147</u>
31 st December 2014 COMPANY		
USD 5% movement	(111,169,804)	111,169,804
EURO 5% movement	132,479	(132,479)
SGD 5% movement	(424,252)	424,252
	<u>(111,461,577)</u>	<u>111,461,577</u>

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39 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company has proposed a final dividend of MVR 57 per share (total: MVR 64,233,870) which is to be approved at the meeting of the shareholders.

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

40 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.

41 INVESTMENT IN SUBSIDIARIES

The Company is the parent company for the following subsidiary companies

	Country of incorporation	No of shares		Shareholding	
		2015	2014	2015	2014
Maldiv Gas Private Limited (Note 41.1)	Republic of Maldives	61,200	61,200	90.00%	90.00%
Allied Insurance Company of the Maldives Private Limited (41.2)	Republic of Maldives	299,998	299,998	99.99%	99.99%
STO Maldives (Singapore) Private Limited (Note 41.3)	Singapore	200,000	200,000	100.00%	100.00%
Fuel Supplies Maldives Private Limited (Note 41.4)	Republic of Maldives	15,299	15,299	99.99%	99.99%
Maldives National Oil Company Limited (Note 41.5)	Republic of Maldives	99,999	99,999	99.99%	99.99%
STO Hotels & Resorts Private Limited (Note 41.6)	Republic of Maldives	9,999	9,999	99.99%	99.99%

41.1 Maldiv Gas Private Limited

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

41.2 Allied Insurance Company of the Maldives Private Limited

The company's main business activity is providing the general & Life insurance service.

41.3 STO Maldives (Singapore) Private Limited

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

41.4 Fuel Supplies Maldives Private Limited

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

41.5 Maldives National Oil Company Limited

The main business activity of the company is developing of Oil and Gas exploration processes and trading Oil related products.

41.6 STO Hotels & Resorts Private Limited

The company is engaged in the operation of an airport.

42 COMPARATIVE FIGURES

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

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43 RELATED PARTY TRANSACTIONS

43.1 GROUP

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)	
			2015 MVR	2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Maldives Structural Product Private Limited	Joint venture	Sale of goods	34,355	41,528	(13,670,523)	(6,844,372)
		Purchase of goods	(55,597,360)	(34,091,687)		
		Dividend received	12,000,000	10,000,000		
		Payment received	(12,072,244)	(10,019,581)		
		Payment made	48,809,097	29,012,093		
Lafarge Maldives Cement Private Limited	Associate	Purchase of goods	(72,044,613)	(66,360,086)	(16,800,705)	(12,489,454)
		Payment made	67,733,512	57,450,412		
		Sales of goods	3,434	1,052,180		
		Payment received	(190,664)	(1,242,633)		
		Rent received	187,080	190,453		
Maldives Industrial Fisheries Company Limited	Affiliate company	Sale of goods	127,337,257	145,855,441	142,191,921	94,212,615
		Interest	21,976	-		
		Purchase of goods	(13,690,892)	(20,378,310)		
		Payment made	111,661,835	42,891,510		
		Payment received	(79,588,070)	(71,886,556)		
Ministry of Finance and Treasury	Majority shareholder	Purchase of foreign currency	(97,762,800)	(22,513,200)		
		Food subsidy income	312,392,782	332,825,065	71,300,199	67,895,533
Ministry of Health	Affiliate company	Sale of goods	649,801	2,375,234		
		Payment received	(309,637,917)	(531,787,353)		
		Services obtained	(100,000)	-	140,856,593	38,475,626
State Electric Company (STELCO)	Affiliate company	Payment made	100,000	-		
		Service obtained	(12,049,577)	(16,353,677)	109,414,682	121,216,043
		Payment made	13,194,572	16,657,039		
		Payment received	(1,171,569,431)	(1,408,120,705)		
Indira Gandhi Memorial Hospital	Affiliate company	Sale of fuel	1,158,623,075	1,290,536,546		
		Sale of goods	255,666,887	214,211,631	113,309,272	224,885,323
		Payment received	(367,222,572)	(110,146,934)		
		Service obtained (utility bills)	(360,573)	(370,176)		
		Payment Made	340,206	370,176		
Payment received	(487,092)	(287,793)	521,252	(6,084)		
Rainbow Enterprises Private Limited	Affiliate company	Sale of goods	2,159,143	2,081,033		
		Payment made	483,907	288,175		
		Interest	879	17,512		
		Payment received	(1,629,501)	(2,520,591)		
		Payment received	(1,287,943)	(3,501,700)		
Rasheed Carpentry Private Limited	Common directorship of a director	Sale of goods	1,529,153	2,498,525	369,495	(529,542)
		Purchase of goods	(17,808)	(150,000)		
		Service obtained	-	(760,964)		
		Rent paid	(64,000)	-		
		Interest	203	-		
		Payment made	739,432	253,340		
		Payment received	(1,287,943)	(3,501,700)		
Ministry of Housing and Infrastructure	Affiliate company	Sale of goods	48,208,028	28,376,578	44,754,964	28,017,299
		Service obtained	(444,056)	-		
		Payment made	170,000	-		
		Payment received	(31,170,431)	(10,290,293)		
Fenaka Corporation Limited	Affiliate company	Sale of goods	305,015,782	636,396,428	345,032,415	544,462,161
		Payment received	(504,445,527)	(462,578,974)		
Aasandha Private Limited	Affiliate company	Sale of goods	174,706,326	146,671,183	116,244,056	79,737,730
		Services provided	8,250,000	53,422,381		
		Payment received	(146,450,000)	(197,218,209)		

43.1.1 Transactions with Key Management Personnel

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

	2015 MVR	2014 MVR
Short term employee benefits	9,133,121	8,941,047

43.1.2 Collectively, but not individually, significant transactions.

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

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43 RELATED PARTY TRANSACTIONS (CONTINUED)

43.3 COMPANY

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)	
			2015 MVR	2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Allied Insurance Company of the Maldives Private Limited	Subsidiary	Sale of goods	2,869,858	4,357,513	(54,184,311)	(50,188,198)
		Service obtained	(23,233,232)	(22,030,659)		
		Advance received	-	(48,119,710)		
		Interest paid	(1,323,292)	(741,078)		
		Payment made	19,543,669	21,383,356		
		Claims received	1,174,830	24,354,290		
		Payment received	(40,994,767)	(58,758,548)		
		Rent received	1,067,066	2,292,823		
		Dividend received	36,899,754	35,249,645		
Maldiv National Oil Company Limited	Subsidiary	Expense Reimbursement	55,767	78,853	(68,145)	(265,741)
		Payment made	283,658	-		
		Service obtained	(141,829)	(168,440)		
Maldiv Gas Private Limited	Subsidiary	Sale of goods	468,846	931,618	(9,871,265)	(2,288,257)
		Purchase of goods	(16,604,694)	(17,322,493)		
		Dividend received	5,049,589	-		
		Rent received	1,023,913	1,239,889		
		Payment made	8,848,121	2,910,078		
		Payment received	(6,368,783)	(3,860,885)		
		Interest on advance	-	717,606		
Fuel Supplies Maldives Private Limited	Subsidiary	Sale of fuel	2,195,614,782	2,946,956,804	455,755,216	604,641,162
		Purchases of fuel	(241,830,097)	(164,737,175)		
		Payment made	343,852,289	164,542,617		
		Dividend received	-	6,761,988		
		Rent received	1,669,235	1,669,235		
		Rebate paid on fuel sales	(91,611,843)	(114,238,407)		
		Payment received	(2,348,048,276)	(2,483,887,302)		
		Transportation charges paid	(8,532,036)	(8,398,331)		
STO Maldives (Singapore) Private Limited	Subsidiary	Purchases of fuel	-	(103,369,625)	15,460,010	13,342,642
		Service obtained	(5,620,635)	(370,610)		
		Payment made	7,738,003	107,691,910		
Maldives Structural Product Private Limited	Joint venture	Sale of goods	34,355	2,703	(13,670,523)	(6,883,197)
		Purchase of goods	(55,597,360)	(34,091,687)		
		Dividend received	12,000,000	10,000,000		
		Payment received	(12,033,419)	(10,019,581)		
		Payment made	48,809,097	29,012,093		
Lafarge Maldives Cement Private Limited	Associate	Purchase of goods	(72,044,613)	(66,360,086)	(16,809,430)	(12,497,954)
		Payment made	67,733,287	57,450,412		
		Sales of goods	3,434	1,052,180		
		Payment received	(190,664)	(1,242,408)		
		Rent received	187,080	190,453		
Maldives Industrial Fisheries Company Limited	Affiliate company	Sale of goods	1,258,042	11,735,616	32,160,374	31,929,347
		Interest	21,976	-		
		Purchase of goods	(13,690,892)	(20,378,310)		
		Payment made	111,661,835	42,891,510		
		Payment received	(1,257,134)	(12,176,328)		
Ministry of Finance and Treasury	Majority Shareholder	Purchase of foreign currency	(97,762,800)	(22,513,200)		
		Food subsidy income	312,392,782	332,825,065	71,300,199	67,895,533
		Sale of goods	649,801	2,375,234		
		Payment received	(309,637,917)	(531,787,353)		
Ministry of Health	Affiliate company	Sale of goods	256,434,843	23,244,869	140,856,593	38,475,626
		Payment received	(154,053,876)	(3,114,513)		
		Services obtained	(100,000)	-		
		Payment made	100,000	-		
State Electric Company (STELCO)	Affiliate company	Service obtained	(12,049,577)	(16,353,677)	109,414,682	121,216,043
		Payment made	13,194,572	16,657,039		
		Payment received	(1,171,569,431)	(1,408,120,705)		
		Sale of fuels	1,158,623,075	1,290,536,546		

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43 RELATED PARTY TRANSACTIONS (CONTINUED)

43.3 COMPANY (CONTINUED)

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)	
			2015 MVR	2014 MVR	31/12/2015 MVR	31/12/2014 MVR
Indira Gandhi Memorial Hospital	Affiliate company	Sale of goods	255,666,887	214,211,631	113,309,272	224,885,323
		Payment received	(367,222,572)	(110,146,934)		
		Service obtained (utility bills)	(360,573)	(370,176)		
		Payment made	340,206	370,176		
Rainbow Enterprises Private Limited	Affiliate company	Purchase of goods	(487,092)	(287,793)	521,252	(6,084)
		Sale of goods	2,159,143	2,081,033		
		Payment made	483,907	288,175		
		Interest	879	17,512		
		Payment received	(1,629,501)	(2,520,591)		
Rasheed Carpentry Private Limited	Common directorship of a director	Sale of goods	1,529,153	2,498,525	369,495	(529,542)
		Purchase of goods	(17,808)	(150,000)		
		Service obtained	-	(760,964)		
		Rent paid	(64,000)	-		
		Interest	203	-		
		Payment made	739,432	253,340		
		Payment received	(1,287,943)	(3,501,700)		
Ministry of Housing and Infrastructure	Affiliate company	Sale of goods	48,208,028	28,376,578	44,754,964	28,017,299
		Service obtained	(469,932)	-		
		Payment made	170,000	-		
		Payment received	(31,170,431)	(10,290,293)		
Asandha Private Limited	Affiliate company	Sale of goods	193,913,254	146,671,184	116,244,056	60,530,802
		Payment received	(138,200,000)	(151,683,296)		

43.2.1 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.

	2015 MVR	2014 MVR
Short term employee benefits	3,330,254	3,138,180

43.2.2 Collectively, but not individually, significant transactions.

The 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.

