

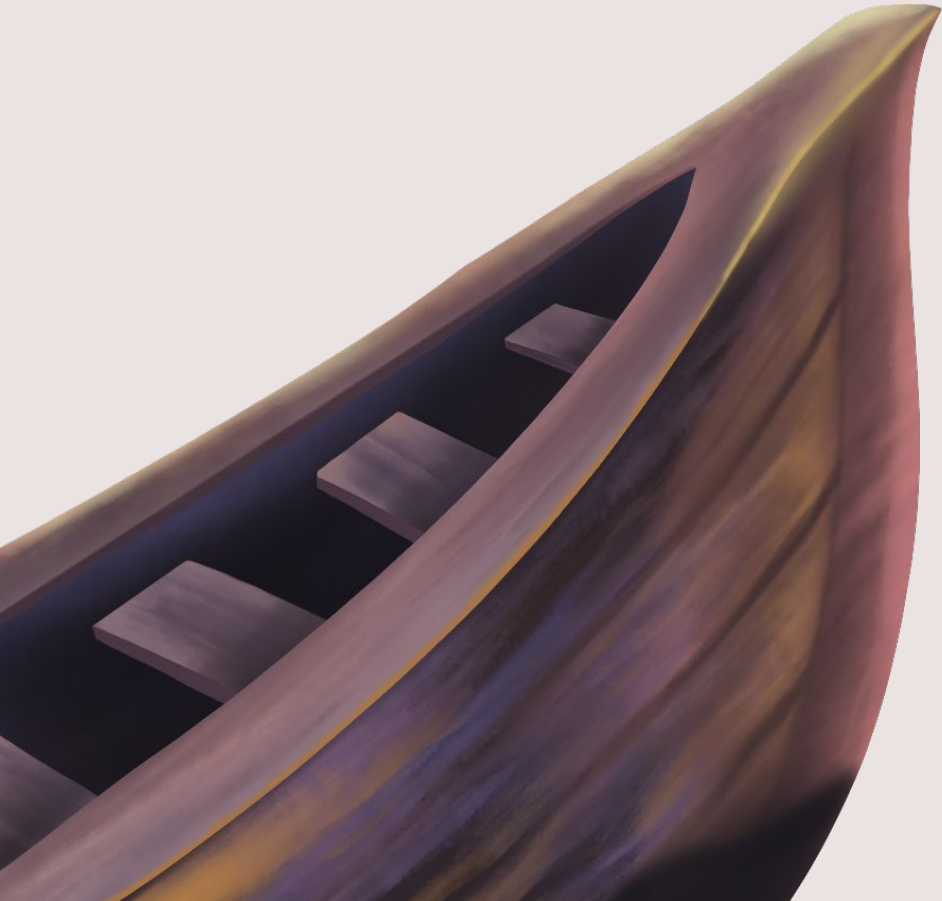
Annual Report

2021



State Trading Organization plc



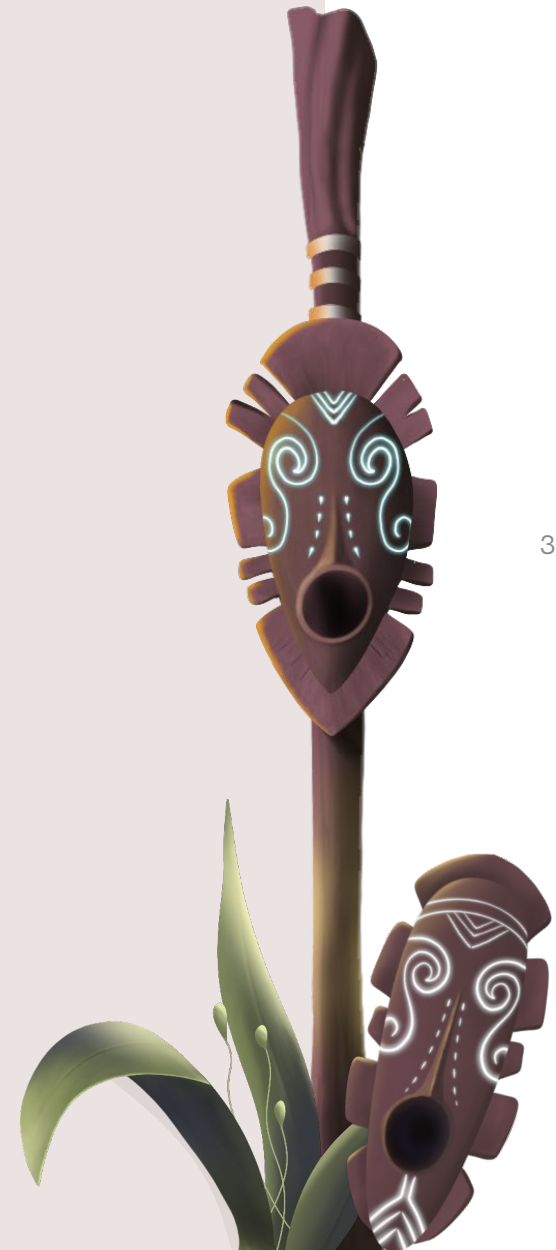


This report comprises the Annual Report of State Trading Organization plc prepared in accordance with the Companies Act of the Republic of Maldives (10/96), Listing Rules of Maldives Stock Exchange, Maldives Securities Act (02/2006), Securities (Continuing Disclosure and Obligations of Issuers) Regulation (R-1050/2019) 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 2021. In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date. This Annual Report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and STO plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. STO cannot guarantee future results, levels of activity, performance or achievements.

Contents

Page

5	Group Financial Highlights
6	My Fellow Shareholders, Partners & Employees
7	Investing in the Future
9-23	Our Business Report & Financial Review
24-25	Our Growth and Value Strategies
27-55	Governance Report
29-32	Board of Directors Profile
42-43	Audit & Risk Committee Report
44-45	Risk Report
46	Corporate Governance and Compliance Committee Report
47	Nomination & Remuneration Committee Report
48-54	Remuneration Report
55	Our People, Our Pride
56-58	Sustainability at STO
59-70	Independent Auditors Report & Financial Statements
71-75	Management Committee Members Profiles
76-80	General Information



Vision

Enriching lives through expansion and accessibility

Values

Progressive
Respectful
Innovative
Accessible
Caring



Mission

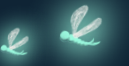
Lead through expansion of existing businesses, diversification, exploring new possibilities and entering into new ventures.

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.

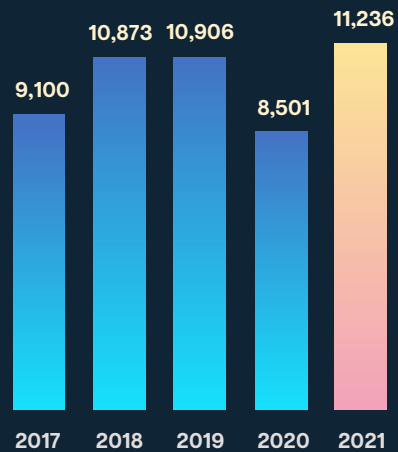
Build a skilled workforce by investing in human development; build our competencies, to achieve sustainable and unhindered growth and fulfil our vision.

Group Financial Highlights



Total Revenue

MVR, in millions

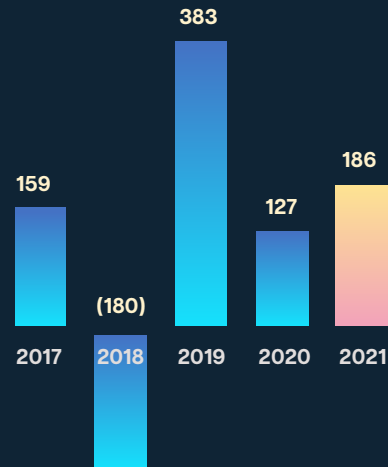


+32%

Revenue Growth

Profit for the year

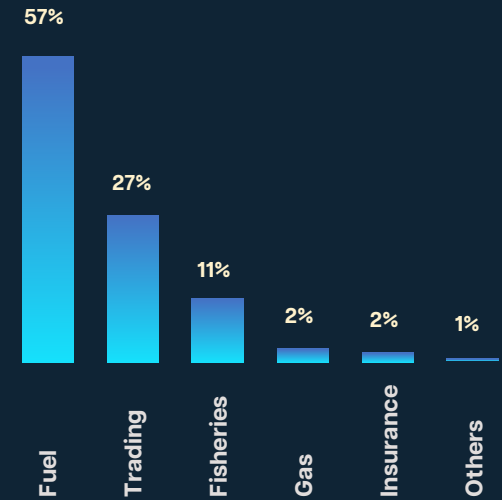
MVR, in millions



+47%

Profit Growth

Share of Revenue by Segment



Gross Profit

MVR, in millions

1,917

2020: 1,784

Operating Profit

MVR, in millions

451

2020: 401

Operating Cash Flow

MVR, in millions

436

2020: 588

Dividend Proposed

MVR, in millions

65

2020: 60

My fellow shareholders, partners & employees



This year, STO celebrates its 20th anniversary of listing on the Maldives Stock Exchange and its 57th anniversary of its founding. Our people, who are honored to be part of STO today, appreciate the courage and passion of those who have paved the way and laid the foundation for this great company. Today's unprecedented speed and scale of change demands no less and hence, in order to achieve our current and future on strategic goals, our Company and its people, are determined to challenge conventions, seek new directions, recognize opportunities, and take calculated risks.

With the Covid-19 pandemic still in place, 2021 was not a straightforward year for the business and the country's economy in common. Despite the circumstance, the Company has managed to have done extraordinarily well. We are grateful for the professionalism shown by our skillful employees and the certainty and trust our clients, customers, suppliers and other accomplices had put in us. On behalf of the Company, Board, Management and myself, I would like to extend my most sincere thanks to everyone.

Our incomes surpassed 11.2 billion, gross profit increased by 8% and net profit expanded by nearly 47%, compared to previous year. Our strategy, in this unpredictable economic circumstance, is to maintain growth while working to provide competitive levels of profitability for our Shareholders. My heartfelt appreciation to our Shareholders for standing by the Company throughout these times.

I take this opportunity to thank my fellow Directors and especially the Managing Director Husen Amr Mohamed Rashad for the dedication and time he and his team have given on Company's activities. 2021 has been a year of change, challenge and opportunities that required constant engagement and contribution of our members time, on many matters.

The Covid-19 situation has made us realize and work towards further betterment of our business, strategizing to bring a difference whereby we could structure our operations to continue, even in the most uncertain of times. As such we are pleased to have invested in procuring vessels to our subsidiary, Maldives State Shipping Company, in order to ensure smooth transfer of goods, invest in establishing a flour mill in the Country with the aim to further strengthen the mandate of ensuring food security and the investment in our people through revising the salary structure of the Company.

Our recently reviewed strategic direction, together with our long-term relationships with our fellow shareholders, partners, employees and other accomplices, that we have built over time, empower us to see 2022 with confidence.

A handwritten signature in black ink, appearing to read 'Hamid', is positioned above the printed name.

Hamid Nasheed Mohamed

Chairman



Investing in the Future

2021 was a profoundly encouraging year, both in terms of financial and operating performance for STO and the Group. Our teams are dynamic and enthusiastic, and their potential is further enhanced by solid, strong strategies which aid in taking the company to further heights.

The financial performance improved with record sales and earnings. The Group revenue for the period amounted to MVR 11.2 billion (2020: MVR 8.5 billion) and increase of 32%. The profit for the year amounted to MVR 186 million (2020: MVR 127 million). The profit growth was 47%. While many factors have contributed to our positive growth and performance, and especially driving the new strategic direction to invest and innovate, I would like to highlight the ability of our employees to adapt quickly and smoothly to a changing environment and seek creative solutions to challenges as most instrumental to our success.

The past year has taught us significant lessons from many perspectives. The Covid 19 pandemic, the shifts in world economy and the ongoing war in Ukraine, has presented new and pressing challenges and concerns. Maldives, being heavily reliant on imports, has had to reconsider the existing resources of income for the country and how our large dependency on import could affect the country's growth and its sustainability. The lessons we learnt have called for the government, the businesses and the individual citizens overall, to responsibly act in shaping of the country's future, by acting now.

At STO, as one of the country's largest trading companies that import such commodities, we decided to reexamine our business continuity plans, especially for the mandate of ensuring food security. During the pandemic, we have experienced immense difficulties in ensuring continuity of food, fuel and medicine at affordable prices, as was the case all over the world. Nevertheless, we believe we have managed to fulfil this mandate well without causing our people much strife, especially given our challenges.



With our main focus being on food security, our team has worked day and night to come up with plans that could not only ensure steadiness of our businesses, but the sustainability of certain security at national level. As such, it gives me great pleasure to announce here, of the upcoming investments we have strategized.

We plan to establish a flour mill in the north, where we could process 160 tons per day. This is enough for the annual use of our country's population. Our aim is to ensure long term durability of the raw material and produced product, while also ensuring cost efficiency and quality.

Although the sea is our country's main natural resource, we make little use of it, compared to what actually can be done. At STO we understand the importance of protecting our fragile environment, while also reaping benefits of our natural blessings. We are currently researching on the possibility of producing natural salt that would be rich in minerals, excellent in its quality and marketed on our country's highly reputable and marketable name. Our plans are to initiate later this year (2022), as our final reports are completed. Further to this, we are also exploring the possibilities of producing sugar in the country.

We are fully committed to finding avenues to decrease our dependability on imports and increase our self reliance and self sustainability with regards to food security. Throughout STO's 57 years of service, many of Company's Board and Management have worked immensely towards the same goal, yet our dependency has increased over time. We hope to change this, as we strive to attain our vision towards ensuring food security through sustainability.

Our investments in the shipping industry continue to increase in parallel with the demand for the services of the shipping line. We are fortunate that we have been able to demonstrate that we can be relied on to provide the service in a timely and efficient manner, ensuring that goods arrive in good condition within the scheduled dates. We hope to further strengthen this business by investing further into this industry as we expand the fleet this year, by introducing the largest vessel to sail under the flagship of the country, within May 2022. An additional container vessel will join the fleet in June 2022.

As the main provider of fuel in the country, our top priority is to ensure the country's safety and to mitigate any risks that are associated with it. As such, we have plans to strengthen the security and invest in strategies to minimize risks. Blessed to be part of the 8-degree channel, we also have plans to introduce bunkering services in north for passerby ships and other vessels. This project is also to initiate soon, during 2022.

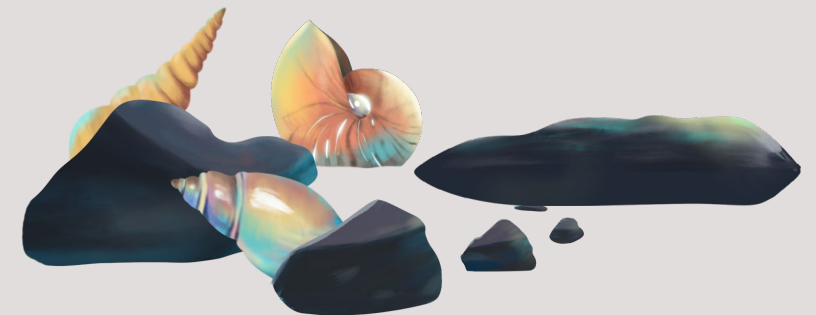
With the above being our major investments, we have other projects pipelined for the upcoming years. We believe, our investments would open up better opportunities to shape a better economy, a sustainable livelihood and elevated income for the country. In short, we are investing for a better future. We act Now.

I am confident that we are taking the right steps for our growth and accomplishments. I would like to take this opportunity to thank all our stakeholders, past and present, who have been and are part of this journey, and I reaffirm our commitment to deliver 'strategic progress' for all stakeholders, in the years to come.



Husen Amr Mohamed Rashad

Chief Executive Officer and Managing Director



Our
**Business Report &
Financial Review**



Our Businesses

“Enriching lives through expansion and accessibility”

Trading

Net Revenue

3,067

Y2020 MVR 3,091

MVR millions

Fuel & Lubricant

Net Revenue

6,394

Y2020 : MVR 3,923

MVR millions

Gas

Net Revenue

205

Y2020 : MVR 197

MVR millions

Insurance

Net Revenue

166

Y2020 : MVR 179

MVR millions

Fisheries

Net Revenue

1,244

Y2020 : MVR 1,062

MVR millions

Other

Net Revenue

161

Y2020 : MVR 48

MVR millions

Trading

The Group delivered a robust performance in 2021, even with the challenges brought by the Covid-19. The Group remained committed to provide continued supply of essential goods and services throughout the nation.

In this report, we look at the performance for 2021 and the outlook for 2022, of the individual business segments.

Following are the segments classified under the “Trading” segment.

Construction Solutions – Provides competitive solutions in providing construction materials such as cement, river sand, deformed bars, plywood, timber, and roofing materials while aiming to stabilize the market prices in the industry

Medical Services - Committed to improve health and well-being of the people through provision of pharmaceuticals, hospital consumables and equipment, with the aim of improving the health and well-being of the society

People’s Choice

Supermart: Ensures market availability of essential items at affordable prices.

Home Improvement: Focuses on improving living standards through quality appliances.

Staple foods: Focuses on accessibility and availability of staple foods.

Regional outlets: Ensures quality products at affordable prices across the country

Performance

In 2021, Trading segment generated a revenue of MVR 3,067 million, with Medical Services contributing highest. However, in overall, it was Construction Solutions that improved most which even offset the reductions in revenue from Medical Services and Peoples Choice, within the year.

Furthermore, the Pandemic followed by disruptions in the global supply chain system had its toll on the segment’s performance. As such, the revenue from Trading segment reduced by 1%, with comparison to previous year.

-1%

Revenue declined

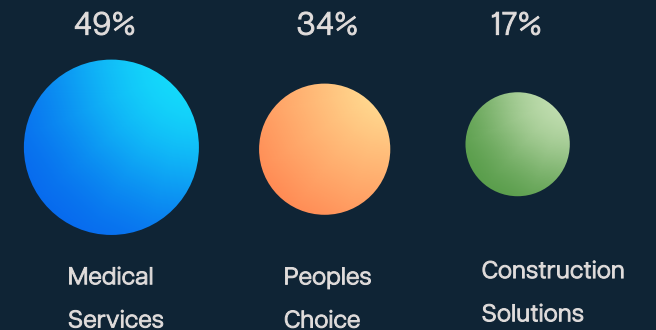
Net Revenue



MVR millions

Share of Trading segment revenue

MVR, million



Construction Solutions

Performance

Despite the challenges faced during the first half of the year due to the surge in Covid-19 cases, followed by supply chain headwinds and high freight rates, the Group was able to overcome the challenges and improve its performance during the second half of the year. Thus, revenue for the year increased by MVR119 million compared to previous year.

Strategic developments

In 2021, appointment of Construction Agents was a major initiative launched by Construction Solutions to improve its sales and accessibility. This initiative helped reach our regional customers and to provide necessary materials and services to home and infrastructure development.

The segment continued to enter key strategic partnerships with well-established industry players across the Country. This assisted to better distribute Maldives Cement and construction materials to a wider market.

Being the authorized distributors of KONE lifts already, the introduction of KONE Escalator range to the distributorship portfolio, was another milestone for the segment in 2021.

Furthermore, the segment introduced KONE DX class elevators and Touchless COP, which redefined the elevator experience with built-in connectivity for improved people flow and user experience. The Touchless COP, further demonstrates advanced technology and convenience.

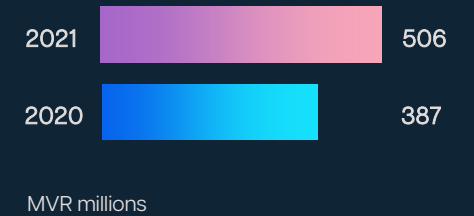
Outlook

2022 is projected to be a brighter year for Construction Solutions. With many projects resuming and new projects in the pipeline, the industry is expected to rebound faster, post Covid-19 Pandemic.

In order to overcome one of the biggest hurdles the segment had faced in 2021 on the rise of freight rates, the Group has projected to acquire a bulk carrier vessel in 2022.

Further to this, many key initiatives have been planned to strengthen its business, in order to achieve their key objectives.

Net Revenue



Segments key objectives 2022

- Increase accessibility and market share by appointing STO agents in all islands
- Conduct, research and develop on important strategic investments
- Improve supply chain management by improving resources
- Improve customer experience by introducing new and where possible eco-friendly products / services

Medical Services

Performance

Medical Services stood strong with the vision to continuously make available, quality, up-to-date and essential drugs and equipment to the Country's health sector.

A revenue decrease was observed from MVR1,626 million in 2020 to MVR1,508 million in 2021. The 2020 exceptional growth in revenue was due to the sale of Covid-19 related products and the supply of medical equipment for Government's Tertiary Hospital Project.

Strategic developments

The segment contributed to the overall strategic development of the health care industry by ensuring supply of better products and services to the industry.

In collaboration with GE, the segment installed CT Machine and Dental OPG and Chair at R. Ungoofaaru Hospital and provided necessary trainings on operation of these machines, to the staff of Hospital. The segment also

installed and setup CSSD Autoclave and MRI machine at Kulhudhuffushi Regional Hospital.

An additional pharmacy was opened at the Covid Triage Facility in the Faculty of Science Building, for the convenience of Covid patients visiting the facility.

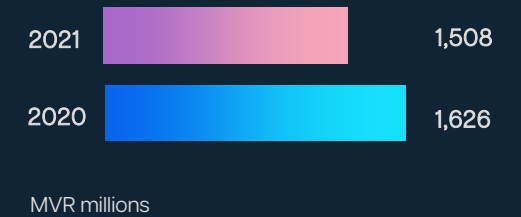
Further to this, the segment conducted trainings, awareness programs, symposium and workshops for the healthcare professionals. This include inauguration of "Diploma in Radiology course" in association with Ministry of Education, Ministry of Health and GE and the STO fully sponsored "Online Pharmacy course", conducted through Villa College.

Outlook

The segment is focused on addressing the challenges faced by healthcare sector and work with healthcare providers to ensure efficient and effective services are provided to the people. In order to strengthen the healthcare system of remote islands and ensure prompt services during emergencies, the segment is expected to complete supply of 96 Ambulances to regional islands by April 2022.

Further to this, many key initiatives have been planned to strengthen its business and contribute to the improvement of health and well-being in health care industry, in order to achieve their key objectives.

Net Revenue



Segments key objectives 2022

- Increase accessibility and market share by strengthening presence
- Improve brand image
- Improve supply chain management by implementing a better warehouse management system and efficiency in overall operations
- Improve customer experience by ensuring medicine availability in all pharmacies and by introducing new products and prompt response

People's Choice

Performance

The key mandate of this segment remained same, as to providing staple food, household appliances, essential food, supermart items etc., while assuring affordability and accessibility and better customer experience.

Sales declined by 2% when compared to the year 2020. While, with the eases brought to Covid restrictions, the demand for home improvement products increased, the demand for essential food items which were heightened during the Covid-19 Pandemic, declined thereby reducing the overall revenue of the segment by 2%.

Strategic developments

The segments' offer ranges of both low and high-end brands, which were improved by increasing the varieties and overall product portfolio. To ensure this, vendor and supplier relations were strengthened, and shelf and rack leasing services were re-introduced.

Timely distribution of staple food was ensured through the STO Agent model, where our agents continued to maintain

sufficient stock at all islands.

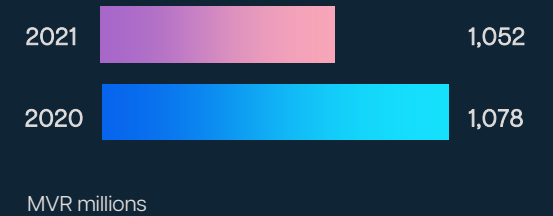
With the vision to provide services through differentiation, the aftersales services were further strengthened, and the pricing and quality assurance strategies were re-considered.

Outlook

In order to ensure improved customer well-being and lifestyle, work is in progress to establish the first-ever hypermarket concept convenient store in Maldives. This store will showcase a wide variety of products and assortments under one roof where we encourage family-oriented atmosphere for shopping. This also ensures development of Small and Medium Enterprises (SMEs) as more shelves and space will be leased, empowering SMEs and providing new opportunities to expand their businesses. This store is subject for opening early 2022.

Further to this, many key initiatives have been planned to strengthen its business and contribute to the improvement of overall customer experience.

Net Revenue



Segments key objectives 2022

- Increase accessibility and customer experience by strengthening the product portfolio
- Improve supply chain management by strengthening internal controls and inventory management
- Plan out brand improving activities together with MARCOM
- Improve efficiency and profitability through differentiation of services and products

Fuel & Lubricants

As the market leader in petroleum products and Jet Fuel, our objective is to ensure quality and reliability. We remained committed in promoting and supplying our products and services to our customers; the Government, the local and international clients.

Performance

The segment achieved a revenue growth of 63% compared to previous year. As such, a revenue of MVR6.4 billion was recorded. Its performance mainly increased when the Country opened its operations after the Covid-19 restriction, coupled with the increase in global fuel prices.

26%

Sales quantity growth

Strategic Developments

With the main objective to improve internal controls and risk management, the Group invested on measures to ensure these. To ensure customer confidence in the quantity supplied, barges were equipped with TCS digital meters which can eliminate air and record near to accurate fuel transfer data. Further to this, the Group invested in the Funadhoo Fireline Project and Coastal area improvement Project.

The segment also provided technical expertise and consultancy services on areas such as tank cleaning, pipeline modification and meter calibration to its customers, as an additional service. This has in turn helped to retain existing customers and attract new customers.

An agreement was signed with Ministry of National Planning, Housing and Infrastructure to develop a large-scale fueling station at the Male' Industrial Village with innovative solutions.

Furthermore, in order to minimize the challenges faced due to limited storage capacity at Thilafushi Jetty, petrol storage capacity was increased from 6,500 Liters to 20,000 Liters.

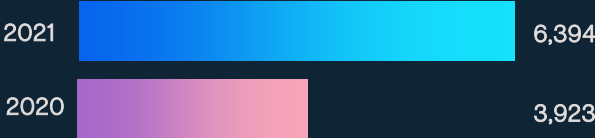
Outlook

The Group is working on to establish the first ever fuel testing laboratory in Maldives, during early 2022. This laboratory will assist the Group to check and certify the quality of fuel we provide. The Group is having negotiations with Geo Chem Middle East, on independently operating this service.

Additionally, we aim to initiate international bunkering services in the Country. As such, studies are being conducted as we write this year's report.

The Group has also signed an agreement with Island Aviation Services to supply 9m Liters of jet fuel annually, for their Maafaru International Airport operations.

Net Revenue



MVR millions

Gas

Maldives Gas Pvt Ltd is the leading supplier of gas and the sole distributor of medical oxygen essential to the healthcare industry. With agents located strategically across the nation, Maldives gas ensures all inhabited islands and resort customers are continuously supplied with LPG.

Performance

Despite the challenges faced due to Covid-19, this segment increased in revenues by achieving MVR 205 million while also elevating the nationwide market share to 58%.

The Group has successfully acquired 21 new resorts, appointed 10 new Food and Beverage Services and 55 new agents during the year 2021.

4%

Revenue Growth

Strategic growth and developments

- Installation of LPG centralized gas system in Hiyaa and SIFCO flats at Hulhumale'
- Installation of Argon ISO tank and filling station in Thilafushi
- Commissioning of a nitrogen plant in Thilafushi
- Installation of medical oxygen pipeline in Orange Hiyaa, Medical facility at Hulhumale
- Installation of a 52 metric ton medical oxygen plant at Thilafushi

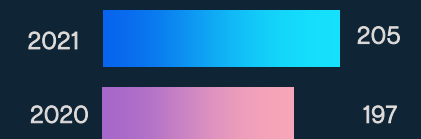
Outlook

The segment is committed to ensure continuous delivery of LPG services across the nation. Hence, Maldives Gas is working on building a Gas storage facility at GDh.Thinadhoo which is expected to be complete by 2022.

Furthermore, a new distribution facility will be developed at Ga.Dhandhoo. The segment will also commence to distribute Argon filling at Thilafushi terminal.

Additionally, the segment plans to invest in additional 20,000 composite cylinders (luifulhi) in our drive to phase out metal cylinders.

Net Revenue



MVR millions

Insurance

Allied insurance is one of the leading and largest insurance service providers offering total solutions with a comprehensive range of general, life, fire, third party liability and health takaful services throughout the Maldives. The Group strive to ensure that customers evolving needs and expectations are met through strong reinsurance support and tailor-made covers, to protect livelihoods through innovative digital insurance solutions in order to deliver an enhance portfolio of smarter, more competitive products to our customers.

Performance

Similar to other businesses, insurance segment also had an adverse impact due to the Pandemic. As such, the segment generated a revenue of MVR 166 million for the year. That is a 7% decrease compared to previous year.

-7%

Revenue Decline

Strategic developments

The segment introduced a home protection plan 'Ahareng Hiyaa' for hiya flat recipients which ensures security in terms of theft, burglary, fire and inevitable incidents.

"Allied Inbound" was expanded to safari boats which was previously covered for stays at resort hotels, guesthouses, and city hotels.

The new and improved "Expatriate Plus Insurance" has been made available during 2021. This offers better and comprehensive coverage in relevance to the medical expenses of expatriates living in the Maldives. It now ensures inpatient and outpatient services, surgical procedures, medical diagnostic tests as well as prescription of medicines up to the limits of the policy.

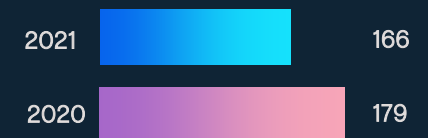
Allied Insurance has brought numerous digital solutions especially in the pandemic, allowing customers to stay home safe and sound. By exploring new ways for customer ease, the segment introduced "Smart Quote" on Allied customer portal; MyAllied.mv, which enables anyone to check the estimated premium for a Hull Insurance or Takaful Plan.

Allied Insurance and Aasandha have signed an MOU that offers a salary deduction scheme for employees of Aasandha who have taken or will take Family Takaful (Islamic Life Insurance)/ Life Insurance plans from Allied Insurance.

Outlook

The Group is committed to keep Allied Insurance at the forefront of the insurance revolution, bringing the benefits of the best possible spectrum of personal business and Islamic risk management solutions to significantly increase the value for our customers, employees and shareholders.

Net Revenue



MVR millions

Fisheries

Maldives Industrial Fisheries Company (MIFCO) conducts the largest fish processing operation in the Country. MIFCO is engaged in the processing and exploration of tuna, tuna products, reef fish and other fishery products.

Performance

Revenue from fisheries segment increased to 1,244 million from 1,062 million in 2020, which is an increase of 17%. 2021 was a productive year for the segment as the segment achieved several milestones. In 2021, the segment further achieved the milestone of highest fish collection of 58,250 MT and highest fish export of 47,393MT, in its history. Hence, also achieving the highest foreign income generated for a year. With the increase in fish collection and exports, the segment was able to contribute positively to Company's gross profit. However, the profit was offset with the significantly high net losses incurred during the first half of the year.

17%
Revenue Growth

Strategic developments

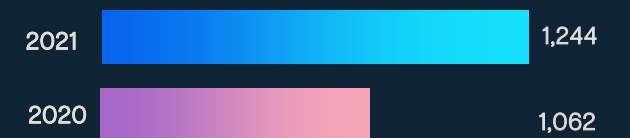
The Group worked to achieve better supply chain management by acquiring two vessels to the fleet. This included a cargo carrier with freezing capacity of 2500 MT and a mother vessel with freezing capacity of 100 MT.

In addition to this, 4 ice-plants were completed which included of a 25 MT Ice-Plant with 50 Ton storage at R.Maduvvaree, Ha.Hoarafushi, K.Gaafaru and Felivaru Fisheries Complex.

Outlook

The management is committed to improve the financial stability of the segment and contribute to development of fisheries industry of the country. The segment has planned to increase the storage capacity of Felivaru Fisheries Complex and Kooddoo Fisheries Complex to 4000 MT with developed fisherman's harbour and increase storage capacity in other regional fisheries complexes.

Net Revenue



MVR millions

Shipping

Maldives State Shipping (MSS) continued to serve as the national shipping liner, with the constant aim to set up an efficient supply chain transport system in the Country.

Performance

Since the commencement of Maldives State Shipping, the Group was able to expand and grow shipping services to be established as a reliable shipping liner in the nation. This was evident as revenue increased significantly, achieving a revenue of MVR 141 million for the year 2021.

331%

Revenue Growth

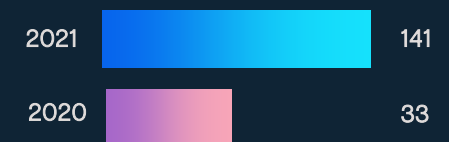
Strategic Development

- Maldives State Shipping purchased its first vessel MV MSS Galena with a cargo capacity of 680 containers, which enabled to stabilize the supply of goods and facilitate local businesses.
- Operated a 3700T general cargo vessel to Seenu Atoll and Kulhudhufushi which ensured consistent supply of goods to regional islands.
- Maldives Industrial Fisheries Company (MIFCO) and Maldives State Shipping (MSS), joined together to export fish to the international market which resulted in higher exports.

Outlook

The liner services of the Group will be the gateway for efficient shipping solution in the Country. The Group is focused on providing regular and reliable operation of shipping services which will lead to reduce costs, thereby lowering the prices of overall goods and services. The Group is committed to revolutionize the shipping industry of the nation and hence plans to digitalize cargo operations and purchase a second container vessel during 2022.

Net Revenue



MVR millions

Financial Review

- **STO Group had concluded a challenging, yet a successful financial year with a record revenue of MVR 11.24 billion and an operating profit of MVR 451 million. Main reason being the remarkable performance of STO as the Company achieved its highest ever profit.**
- **Shareholders' equity increased by 4% to MVR 2.5 billion and the Group increased its financial investments to MVR 610 million (MVR 281 million in 2020).**
- **A dividend of MVR 65 per share was proposed by the Board of Directors of STO plc.**

Revenue

The Group posted a revenue of MVR 11,236 million, an increase of 32% compared to previous year. This momentous growth in revenue is an evidence that the Group is moving towards its pre-covid performance and is growing beyond its boundaries.

Fuel

The notable growth in revenue was achieved mainly from Fuel segment, as revenue for fuel increased by 63% compared to previous year. Apart from increase in fuel prices (due to increase in purchase price), a significant growth was achieved from the increase in the quantity sold as Maldives Tourism started bouncing back.

Fisheries

The segment was another notable contributor to the revenue growth, with an increase of 17% during the year. In 2021, the segment achieved the milestone of highest fish collection and exports in its history, generating revenue of MVR 1.2 billion.

Shipping

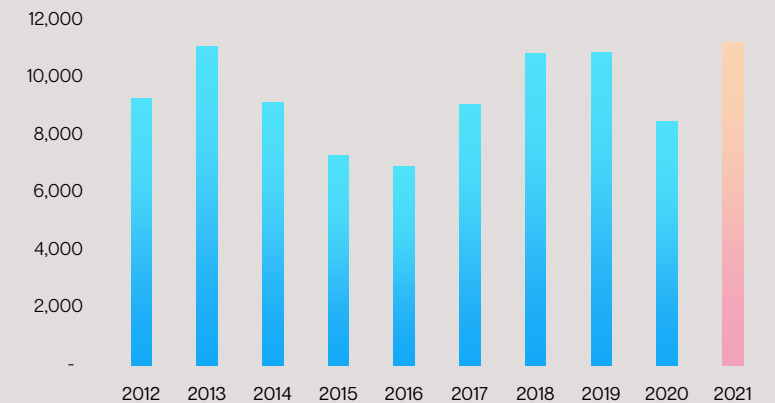
Though this was a new venture trying to penetrate the market, a remarkable growth was seen with a revenue of MVR 141 million for the year. The business has already achieved operational break-even, and the Group has a long-term vision with more investments to the segment.

Others

Revenue from Gas segment increased by 4%, while Trading and Insurance revenue decreased by 1% and 7%, respectively due to closure of outlets during Covid surges and reduction in demand.

Group Revenue

MVR millions



32%

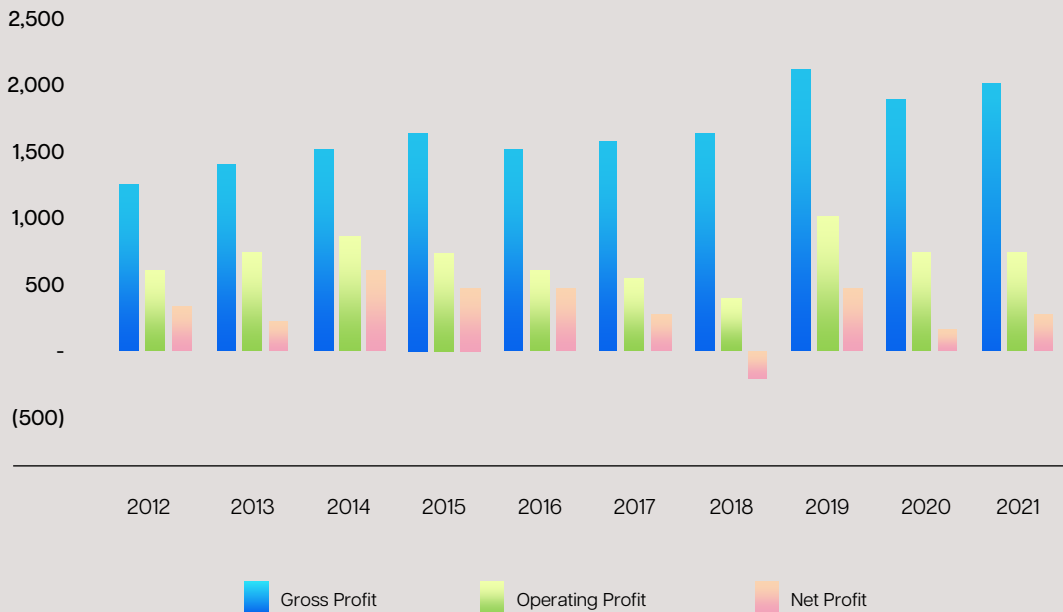
Revenue Growth

Gross Profit

STO Group generated a gross profit of MVR 1.92 billion compared to MVR 1.78 billion in 2020. An exceptional growth in gross profit was seen in fisheries segment as the segment turned around from a gross loss (in 2020) to a gross profit.

Fuel segment remained a prominent contributor for higher gross profit due to growth in sales volume. However, gross profit has not increased in line with revenue as prices were maintained without fully passing to end customers to reduce the impact of higher fuel prices on the economy. Further, prices of gas were maintained despite the volatility of gas prices in international markets which had an adverse impact on gross profit. Though gross profit was subsided by these, the increase in quantity growth of fuel resulted in an overall growth of gross profit.

8%
GP Growth



Operating Profit

The Group posted an operating profit of MVR 451 million (MVR 401 million in 2020), an increase of 12% compared to previous year. Operating profit mainly increased corresponding to higher revenues from fuel segment but had a negative impact from Fisheries segment with high operating expenses in the absence of Government grants and lower profits from Gas segment. Though operating expenses increased, higher gross profit combined with lower impairment on receivables increased the overall operating profit for the year.

12%
Operating profit Growth

Profit after tax and earnings per share

The bottom line of the Group had a positive impact from higher revenues and gross profit generated during the year. Despite the challenges faced, the Group was able to earn a Profit after tax of MVR 186 million compared to MVR 127 million in 2020. A notable contributor for Net profit was the profit generated from the parent Company, STO as the Company achieved a milestone by generating a Net profit after tax of MVR 487 million.

47%
Net Profit after Tax growth

Financial Position

As the uncertainties and challenges posed by Covid Pandemic eased, the Group restarted investing in viable projects and expected to reap benefits for the Group and for the nation as a whole. The Group focuses on maintaining a sound asset base with strengthened financial position. Hence, total assets of both Group and the Company increased by an average of about 26% by the end of the year.

During the year, the Group made investments amounting MVR 645 million – mainly on Property plant and equipment. Additionally, the Group made remarkable investments in term deposits, which is expected to yield higher returns in the future.

Since STO Group has a mandate for managing the national reserve of essential products, the Group has invested in inventories of essential products to safeguard the Country from potential supply chain disruption and cater to growing demand, which in turn resulted in 18% increase in Group inventories.

Liquidity

The Group's trade and related party receivable increased by 25% compared to previous year. With the increases in receivables, the Group has given priority to conserve adequate cash reserve to meet the operational requirements and debt obligations. Both the Group and the Company closed the year with significantly higher "cash and cash equivalents" of MVR 539 million and 741 million, respectively. The balances were in multiple folds compared to the previous year.

The Group's total liabilities increased by 34% as a result of increase in international oil prices and growth in fuel volume which triggered a higher number of payables. Since the cost of debt is reasonably lower than the cost of equity, some of the investment and trade finance was funded through bank facilities, resulting in an increase in liabilities. As usual, the Group continues to maintain its commitment to its financiers and are confident with prompt settlement of debt services. Even though the group liquidity position deteriorated slightly, the Company closed the year with a sound liquid position of current ratio and quick cash ratio of 1.2:1 and 0.98:1, respectively.

Net worth of the Group increased by 4% while the same for the company increased remarkably by 16% to MVR 2.93 billion.

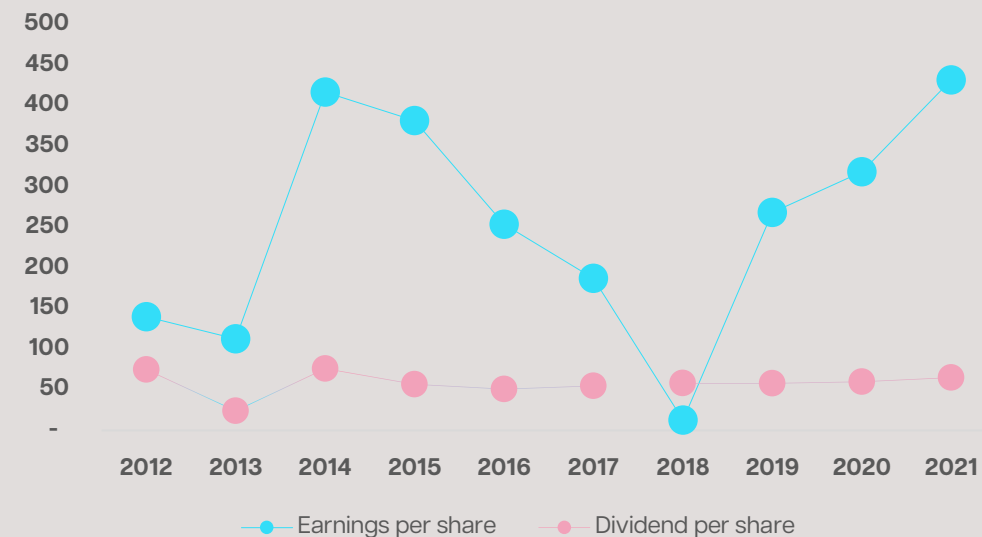


Creating Shareholder Value

A dividend of MVR 65 per share for 2021 for STO plc was proposed by its board of directors. The company has a policy to maintain constant dividend growth and makes its strategic business decision to keep the factor in mind..

EPS and DPS - Company

MVR millions



Key Trading Highlights

The shares held by the public have been traded as follows:

	2017	2018	2019	2020	2021
Last traded price (MVR)	350	400	500	455	581
Highest traded price (MVR)	700	500	500	700	700
Lowest traded price (MVR)	350	300	400	455	550
Weighted Average Traded Price (MVR)	418	305	472	480	600
Number of shares traded	6,505	12,185	893	1,057	97
Number of trades	63	24	38	14	6
Market Capitalization (MVR)	394	451	564	513	655

Outlook

Despite the challenges, the sales and profit growth momentum is expected to continue throughout 2022. With the positive outlook, the Group made significant investments during the year 2021 and expects to yield returns and maximize the returns to shareholders. As uncertainties remain to some extent, we continuously evaluate our businesses and operational strategies to cope with any unforeseen challenges, focusing on feasible investments and leverage expertise on sound strategies to expedite Group's performance.

Our Growth & Value Strategies



Investing in the Future

Our strategy for investing in the future is based on the accessibility to our products that drive the development of our customer experience in different sectors. **Developing our people, innovation and achieving efficiency through digitalization and automation in all businesses** are our key drivers for operational excellence and sustainable growth.

The Board of Directors have been particularly focused on rolling out strategic objectives across the Group. However, there were challenges to deliver key decisions due to some restriction of Covid-19. In 2021, we focused in particular, on reducing the impacts that the Covid-19 pandemic had on the Group. Measures were taken to protect the health of employees, continued supply and delivery of essential products to all the regions, development of infrastructure decisions while performance being analyzed and improved.

Major Key Targets 2022



Gross Profit Growth

>8%



Return on Equity

>13%



Sales Growth

>6%



Set Targets to reduce carbon footprint

by 2030



Initiate digital transformation plan to complete plan by 2023

100%



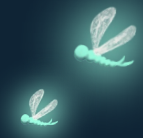
Initiate International Fuel trade

by end of 2022



Enhance Company's e-commerce platforms

by end of 2022



“Making better choices for our growth and value”

Our core businesses are our key businesses. By investing to improve our core businesses, we are optimistic to add better value to our businesses and its growth.

We seek to establish and achieve strategic partnerships with our suppliers and vendors, in order to create long term benefits for both parties.

Our Purpose

Enriching lives through expansion and accessibility

As one of the largest conglomerate, we believe that it is our duty to responsibly invest in every potential sector. This is not only for the growth of the business but for being a good corporate citizen, by establishing opportunities for jobs, businesses and other prospects for the society.

We are committed to make better choices for our growth and value addition. Our goal is to create a better return for our shareholders in the long run.

As our vision stipulates, our goal is to enrich and enhance the lives of our customers through expansion and accessibility. As such, we are committed to make our products and services made available nationwide.

Our people are our pride. While our aim is to attract the best talent, we also hope to work to retain the best by investing in them. We understand they are the future of our Company.

We are defined by our customers. With the drastic changes that are shaping the shopping industries today, we are committed to facilitate a better customer experience for our customers.

We believe sustainability is the key to a healthier future. As such, we are committed to explore the most viable sources for setting a sustainable future. Being a fuel trading Company, this is a big challenge, we are yet committed to achieve.

Our Key Strategies

Explore and invest in potential sectors



Improve infrastructure of our core businesses



Ensure sustainable growth



Our Key Focus

Ensure nationwide availability of our products



Invest in potential businesses



Attract and retain talent



Facilitate better customer experience



Partner with our suppliers and vendors for better opportunities



Explore sustainable energy sources



Our Core Strategic Pillars

Operational Efficiency

Digitalization & Automation

Innovation

People Development

Governance Report



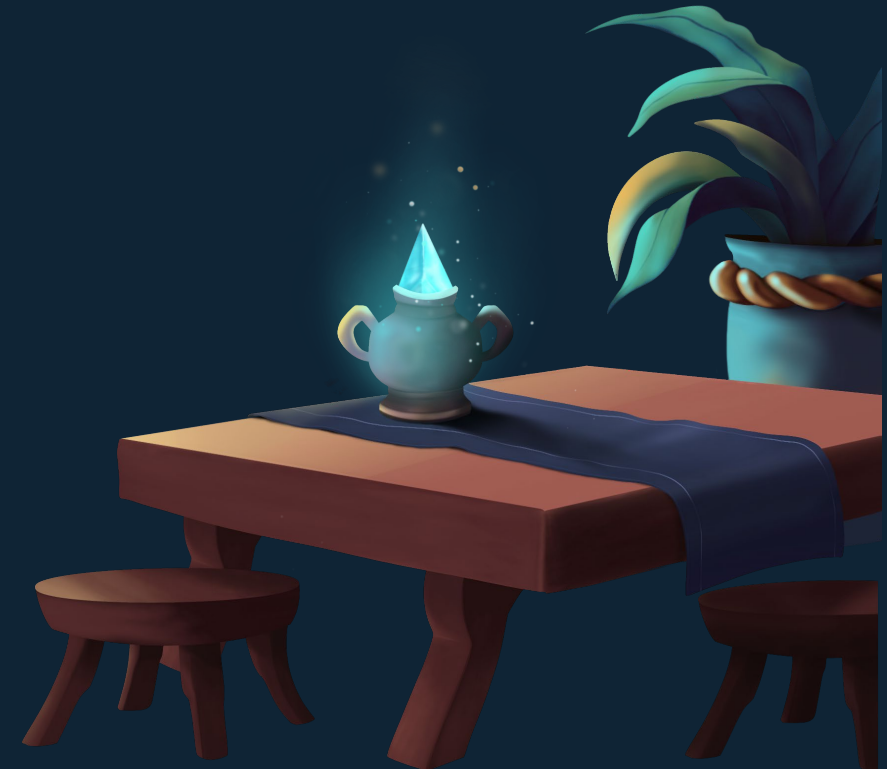
Governance Report

Our business practices are conducted in good faith, in the interest of the Group and all our stakeholders, with due observance of the principles of good Corporate Governance.

STO is a Public, limited liability Company and complies to the Companies Act of the Republic of Maldives 10/96, the Corporate Governance Principles of the Corporate Governance Code (Code) of the Capital Market Development Authority (CMDA). Compliance with the rules and recommendations of the Securities Act (02/2006), the Listing Rules of the Maldives Stock Exchange Pvt. Ltd. (MSE) and Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 were also followed, where applicable.

During the year, STO was committed to maintain high standards in compliance with all regulations described above. Any deviations are explained through the “comply” or “explain” principle in this report.

Board of Directors	29
Corporate Governance Report	33
Audit & Risk Committee Report	42
Risk Report	44
Corporate Governance & Compliance Committee Report	46
Nomination & Remuneration Committee Report	47
Remuneration Report	48



Members of the Board of Directors

“Together we deliver solutions for our stakeholders and society”



Hamid Nasheed Mohamed

Chairman
Non-Executive Director

Appointed to the Board

16 May 2019

Independent

Yes

Qualifications

Major in Computer Studies, Adelaide
TAFE, South Australia

Positions held in the Board

Chairman of the Board

Other Board memberships held

No

Principle work experience and other information

Vice -Chairperson of Maldives Association of Physical Disables (MAPD), a member of Disabled Peoples International Asia -Pacific (DPI/AP), a member of the foundation of Asia Pacific Development on Disability (APCD). He has further, immensely contributed to the development of the national policy on disability in Maldives. He is also the Vice Chairman of Maldives Paralympic Committee.



Husen Amr Mohamed Rashad

CEO & MD
Executive Director

Appointed to the Board

30 November 2018

Independent

No

Qualifications

MBA from IIU, Malaysia and a BSC in Computer Science from University of Sunderland, through Binary College Malaysia.

Positions held in the Board

Managing Director of the Company

Other Board memberships held

Chairman of Maldives Industrial Fisheries Company Ltd, and Raysut Maldives Cement Pvt Ltd.

Principle work experience and other information

Amr has previously held the position of Chief Executive Officer of MTCC, from September 2010 till February 2012. He has also served as Deputy Under-Secretary heading the Economic Development Unit at the President's Office and was a member of the Privatization Committee formed by the President's Decree in 2009.

Amr has also played an active role in the political sphere, as a National Council member of the Maldivian Democratic Party. He has been instrumental in formulating manifestos of the party and the current Government as Chairperson of the Policy Committee and a member of the Economic Committee.

Furthermore, he has been a successful entrepreneur engaged in the private sector for several years.



Mohamed Nizam

CFO
Executive Director

Appointed to the Board

18 March 2021

Independent

No

Qualifications

MBA, specialized in Financial Management from University of Ballarat, Australia, a BA (Honours) in Finance and Accounting from University of East London, UK

Positions held in the Board

Executive Director

Other Board memberships held

Chairman of the Board of Directors of Allied Insurance Company of the Maldives Pvt Ltd and a Board Director at Maldives Industrial Fisheries Company Ltd and Maldives State Shipping Company Pvt Ltd.

A former Director of Fuel Supplies Maldives Ltd and Maldives Stock Exchange and the Maldives Securities Depository.

Principle work experience and other information

Nizam joined STO in the year 2010 and is currently the Chief Financial Officer. Prior to this, he has worked in key positions of the Company that include the Procurement HOD, Finance Manager, the Chief Risk Officer and as a Senior Information System Manager of the ICT department.

Nizam is a professional member of the Institute of Enterprise Risk Practitioners (IERP) and a certified Enterprise Risk Advisor (ERA). Nizam is also a certified associate consultant in SAP Finance and Controlling.



Shimad Ibrahim

Non -Executive Director

Appointed to the Board

16 May 2019

Independent

Yes

Qualifications

A Chartered Global Management Accountant and Bachelor of Accounting (Honors) Degree from the IIU of Malaysia.

Positions held in the Board

Board Member

Chairman of Audit & Risk Committee

Member of Corporate Governance & Compliance Committee

Other Board memberships held

Board Director at LISA Maldives

A former Director at Islamic Bank, Maldives Tourism Development Corporation plc (MTDC), Thilafushi Corporation Limited and Upper South Utilities Limited.

Principle work experience and other information

At present, he works as the Managing Director of SFG Corporate Services. He also worked as the Chief Financial Officer at Villa Group, Head of Finance at Maldives Islamic Bank and as the Chief Finance Executive at Ministry of Finance and Treasury. He has over 20 years of experience in this field.

He also served the nation as a member of the National Debt Management Committee.



Gais Ismail

Non -Executive Director

Appointed to the Board

16 May 2019

Independent

Yes

Qualifications

Bachelor's Degree (Hons) in Management and Finance from the University of Northumbria, UK, Diploma in Management from the University of Leicester, UK, Higher Diploma in Management Accounting from the Chartered Institute of Management Accountants, Post Graduate Diploma in Commercial Law from the University of West England, UK. Certified Expert in Renewable Energy Finance from Frankfurt School of Finance & Management

Positions held in the Board

Board Member

Chairman of Nomination & Remuneration Committee

Member of Audit & Risk Committee

Member of Corporate Governance & Compliance Committee

Other Board memberships held

A former Board Director at Upper South Health Corporation Ltd.

Principle work experience and other information

Gais has worked as an audit junior at KPMG Maldives and as an auditor at HuvafenFushi Maldives – one of the luxurious resorts in the Country.

He has also worked at Centex Group as a Human Resources Manager and as a General Manager at Fortune Capital Management Limited.

Further to this, he has handled a project of 32 island water system as a Manager of project operation at Water Engineering FZE-Dubai.

Currently he works as a General Manager at Adept Maldives Pvt Ltd.



Ismail Zumayl Rasheed

Non -Executive Director

Appointed to the Board

16 May 2019

Independent

Yes

Qualifications

Masters of International Business from Hult International Business School, Boston (USA), and a Bachelor's of Business from LaTrobe University, Melbourne (Australia).

Positions held in the Board

Board Member

Chairman of Nomination and Remuneration Committee until 15 June 2021 and a member afterwards

Member of Audit & Risk Committee

Other Board memberships held

No

Principle work experience and other information

Finance Manager at INK Investment Maldives Pvt Ltd and a member of Football Association of Maldives (FAM) Disciplinary Committee. Served as a Trade Representative of Maldives Chamber of Commerce and Industry (MNCCI) to Hong Kong.



Aminath Rushma

Non -Executive Director

Elected to the Board

16 May 2019

Independent

Yes

Qualifications

Master's Degree in Managerial Psychology from HELP University, Malaysia, and a BA Honors in Human Resource Management from UCTI, Malaysia.

Positions held in the Board

Board Member

Chairman Corporate Governance & Compliance Committee

Member of Audit & Risk Committee

Member of Nomination & Remuneration Committee

Other Board memberships held

No

Principle work experience and other information

Currently works at Maldives Airports Company Limited as the General Manager of Employee Experience and Performance Management. Earlier to this, she worked at Civil Service Training Institute as a Senior Training Coordinator, in human resources and in public relations.

Governance Report

1.1. Board Director's Charter

This Charter provides guidelines for Directors on their responsibilities, authorities, composition, meetings, appointments, trainings, evaluation and disclosure.

The roles and responsibilities of Board include;

- Developing the corporate vision, mission and strategies
- Developing business plans and budgets
- Identifying operational risks and its mitigation strategies
- Monitoring the financial performance and asset management
- Establishing the right technology direction
- Overseeing the general business of STO Group
- Deciding on the dividend policy
- Publishing the required reports for shareholders
- Framing an appropriate Governance outline for the Company

1.2. Tenure

The existing Directors are fulfilling a term of between 3 to 4 years. The last change to the Board was in 2020 when the then Chief Financial Officer and Executive Director Mohamed Mihad resigned, and the current Chief Financial Officer Mohamed Nizam was appointed to Board as an Executive Director. No Director has served the Board for more than 6 years.

1.3. Diversity

The merits for directorship of the Company include knowledge of the business, its markets and the industry, ability to interpret financials and sustainability, business background, skills, experience, expertise, personal quality and integrity. The merits for an effective Board further include age and gender diversity. STO Board comprises of a mix of all such merits, in terms of age, gender, experience and knowledge. The Board had 6 male Directors and 1 female Director during the year.

1.4. Board Composition

In accordance with the Company's Articles of Association (AOA), the Board comprises of 7 members, of whom 6 are appointed and 1 is elected for a term of one year. Of these 7 members, 5 are Non-Executive Members and 2 are Executive Members.

	Date of initial appointment	Date of last appointment
Hamid Nasheed Mohamed	16-05-2019	31-05-2021
Husen Amr Mohamed Rashad	30-11-2018	31-05-2021
Mohamed Nizam	18-03-2021	31-05-2021
Gais Ismail	16-05-2019	31-05-2021
Shimad Ibrahim	16-05-2019	31-05-2021
Ismail Zumayl Rasheed	16-05-2019	31-05-2021
Aminath Rushma	16-05-2019	31-05-2021

1.5. Independence

All Directors have a duty to act with independence of mind, in the best interest of the Company. The Board believes that the Independent, Non-Executive Directors are of the appropriate caliber, diversity and number, for their views to carry significant weight in the Board's deliberations and decisions.

The AOA further indicates that most of the Board members shall be independent of the Company. The independence of these members is determined upon the criteria described in the Code of CMDA, where neither a Director nor his or her immediate family members during the past year, has held a key position in the Company, and the Director or none of their immediate family members has had any substantial finance dealings with the Company. Considering these factors, all Non-Executive Members of the Board were deemed independent in the past year.

1.6. Process of Re-Election and Appointment Of New Directors

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 and election process, in identifying and evaluating nominees for the Board.

Below is the process explained;

- Both the majority shareholder (Government) and the other shareholders (Public) are given 21 days of notice to submit their candidates/interests
- The nominees for public share representatives are then evaluated according to the Board Candidacy Guideline. 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 further evaluate them
- Nomination and Remuneration Committee then makes recommendations to the Board on the most ideal candidates for directorship, who are then submitted to AGM for an election
- The majority shareholder makes appointments to the Board through Privatization and Corporatization Board. However, the Board Candidacy Guideline and the Fit and Proper Guideline of CMDA are passed to them, requesting to consider when making their appointments
- Directors are then elected and appointed for another term at the Annual General Meeting

In 2021, 4 candidates from the public shareholders submitted their names for Directorship. All candidates were interviewed by the Nomination and Remuneration Committee, and it was approved to put forward 3 out of the 4 names. After considering the interview results and other information, the shareholders appointed Ms. Aminath Rushma to STO Board, at the last Annual General Meeting.

1.7. Chairman and Managing Director

The Chairman and Managing Director's role in the Company are assumed by different individuals and their roles and responsibilities are provided in the Board Director's Charter.

Chairman, Hamid Nasheed Mohamed was appointed on 16 May 2019. The Managing Director's role has remained with Husen Amr Mohamed Rashad since his appointment on 30 November 2018.

The Chairman is the leader of the Board. He;

- Ensures the effectiveness of contribution by the Board, Board Committees and individual Directors
- Leads and drives others to achieve and maintain a high standard of Corporate Governance
- Approves the agenda for the board meetings and ensures sufficient allocation of time and information
- Promotes an open environment for debates and ensures that the Non-Executive Directors can speak freely and contribute effectively
- Provides oversight, guidance, advice and leadership to the Managing Director
- Ensures constructive dialogue between shareholders, the Board and management

The Managing Director is the highest-ranking executive officer of the Group. He;

- Runs the day-to-day business of the Group, within the authorities delegated to him by the Board
- Ensures implementation of policies and strategies across the Group as set by the Board
- Provides oversight, guidance, advice and leadership to Group executive and senior management team
- Leads the development of senior management within the Group
- Ensures that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments
- Leads 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

1.8. Board Induction and Continuing Education

The Company has a comprehensive orientation program designed for newly appointed directors to familiarize them with business and governance policies. The orientation program arranged by the Company Secretariat gives Directors an understanding of the Group's business to enable them to assimilate into their new roles.

Effective 2018, the Company provides a training analysis report for Directors upon their appointment, based on their education and experience. This report highlights which areas of development the Director is required to focus on, during his/her tenure.

In 2021, Directors attended a total of 8 different training programs conducted abroad and online. These trainings focused on areas such as strategic leadership, change management, innovation, development and leadership and Finance related trainings.

1.9. Role of the Non-Executive Directors

The Board and management fully agrees that 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 particularly the Non-Executive Directors, must be kept well-informed of the Group's businesses and be knowledgeable about the industries that the Group operates in. To ensure this, Non-Executive Directors are well supported by timely information.

The Board has also adopted processes to ensure that Non-Executive Directors have sufficient time and resources to perform their functions effectively. The roles and responsibilities of Non-Executive Directors are also described in the Board Director's Charter.

1.10. Other Directorships held

No Director has held directorship in any other Public Listed Companies over the year. However, the Executive Directors do practice membership on the Board's of STO Group Companies while some of the Non-Executive Directors are members of private companies and non-profit organizations. Despite this, all Directors devoted enough

time and efforts to their duties as Board Members of the Company. Details on other Directorships held by the Directors are provided in their profiles.

1.11. Board Evaluation

Board continuously monitors and reviews the Board's performance and evaluation framework. Board has laid down a new set of evaluation criteria for the performance review of Chairman, Executive, Non-Executive, Independent Directors, the Board, its Committees and the Company Secretary. This evaluation was carried out through an online questionnaire. This process enabled Directors to review the functioning and effectiveness of the Board and as individuals.

The evaluation helped in identifying possible paths for improvement. The questionnaire included to rate on board composition, skills, strategy, performance, governance, board functioning and the effectiveness of the whole board, its various committees and the Company Secretary. The evaluation for the year 2021 was completed in March 2022 and areas for improvement were identified and discussed.

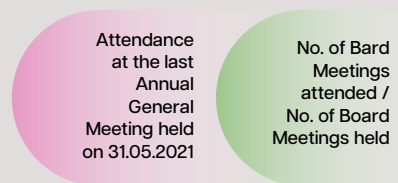
1.12. Board Remuneration

Details on Director remuneration is provided in the Remuneration Report of the Nomination and Remuneration Committee. Refer to page 48-54 for this information.

1.13. Board Meetings

There were 20 Board Meetings held during the year. In addition to this, the Committees altogether held 15 meetings.

The Company Secretary drafts the agenda for each meeting in consultation with the Chairman and the Managing Director. The Directors are given notice as per the Articles of Association and are authorized to suggest the inclusion of additional items in the agenda, where necessary.



Hamid Nasheed Mohamed	Present	20/20
Husen Amr Mohamed Rashad	Present	20/20
Mohamed Nizam	Present	17/17
Gais Ismail	Present	18/20
Shimad Ibrahim	Present	20/20
Ismail Zumayl Rasheed	Present	20/20
Aminath Rushma	Present	*19/20

* Aminath Rushma did not participate in the meeting held on board directorship nominees related discussion.

The Board is confident that the Directors made adequate time available to give sufficient attention to the Board meetings.

1.14. Board Proceeds and Major Decisions

Board sets strategies and provide directions to the organization. Board has access to all company related information. At Board meetings, executive team members and managers who can provide additional insights into the items being discussed, are invited.

Board agenda and papers are provided well in advance of the meeting via Boardpaq., which is an international software, that centralizes all board documents and information. This application makes it easier to provide information to the Directors, promptly and securely. Further to this, an idea generation and discussion platform is accommodated for Directors through MS Team.

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 and recommendations.

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

In addition, the Chief Audit Executive, also provides the Audit and Risk Committee and where necessary to the Board, information on key business risks and control issues within the company. The CAE provides consulting services to add value and improve the company's operations.

Some of the major Board decisions taken during the year include;

- Approved to purchase a container vessel for Maldives State Shipping
- Reviewed Board Charter
- Approved 2020 financials for publication
- Reviewed all relevant policies, procedure and guidelines
- Revised the salary structure of the Company
- Appointed Hawwa Nafia as the Chief Audit Executive of the Company, following the resignation of former Chief Internal Auditor Dr. Ibrahim Mahfooz
- Approved to purchase a bulk carrier for Maldives State Shipping
- Approved to apply for license to operate a digital bank – EVOLV
- Approved to research and establish a flour mill in the country
- Approved to establish a Superstore at STO Trade Center by combining supermarket and home improvement products
- Approved to establish a fuel quality testing lab in Maldives
- Approved to purchase and adopt TEAMMATE – one of the leading audit software's in the world, in order to enhance audit function
- Formed an alliance with Hulhumale Development Corporation to sell STO Hulhumale' Hotel
- Adopted the salaries under the Minimum Wage Regulation of the Government
- Approved the new Strategic Plan and initiatives for 2021

1.15. Non-Executive Directors Meeting

As per the Board Director's Charter and Corporate Governance Policy of STO and the Code of CMDA, the Non-Executive Directors held one meeting in the absence of Executive Members of the Board. The purpose of this meeting was to review the performance of the Executive Members, the management team and the Board as a whole, while assessing the quality, quantity and timeliness of the information passed between management and the Board.

1.16. Committees

The Board's work is supported through its Committees – the Audit and Risk Committee, the Nomination and Remuneration Committee and the Corporate Governance and Compliance Committee. The Chairman and members of the Committees are appointed, and their performance is reviewed by the Board annually.

The membership, responsibilities and activities of each of these Committees are described further in this report through the individual committee reports. Each Committee has a set of guideline in the form of charters, approved by the Board and signed by the members.

The Nomination and Remuneration Committee is combined for the purpose of expediency, since the majority of the same Directors are entrusted with the functions of both Committees.

The Committee Chairperson and the Company Secretary determines the frequency and duration of the Committee meetings. All Committees are required to meet at least twice a year. Recommendations of the Committees are then submitted to the entire Board for approval before management is assigned the work for implementation.

1.17. Conflict of Interest and Materially Significant, Related Party Transactions

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 where required, tallied by the Registrar of Companies to confirm the information provided.

All known substantial or material third party transactions, monetary transactions or relationships between the Company and its Directors, the Management, Subsidiaries or relatives have been disclosed in the note 45 of audited financials.

1.18. Good Governance, Policies, Procedures and Guidelines

Over the years, the Board has developed and reviewed the Company's Corporate Governance Principles to help fulfil its corporate responsibility towards the stakeholders. These principles ensure that the Board has the necessary authority and processes to review and evaluate the operations when required. Furthermore, these guidelines allow the Board to make decisions that are independent of the Management.

STO first established its Governance Guideline in 2006. Thereon, the Company has reviewed and made changes to it, considering the various amendments brought to the relevant legislations and the international codes. The Company further established its first Code for the Group in 2014. This Code was last revised in 2019.

STO has in place, policies and procedures to govern its subsidiary companies and major commercial activities, a manual for Board Directors and a Code of Ethics for Directors. Furthermore, STO has timely reviewed the Board and its Committee Charters and Corporate Governance Guidelines. STO also, has in effect a guideline on holding Annual General Meetings and preparation of Annual Reports for its Group Companies. These policies, procedures and guidelines are believed to provide the Group with guidance and emphasize the importance of proper governance within the Companies.

1.19. Company Secretary

All Directors have access to the services and advice of the Company Secretary. The Company Secretary supports the Board and its individual Directors, by providing guidance as to how to fulfil their responsibilities as directors in the best interests of the Company. The Company Secretary regularly refreshes her knowledge of developments in Corporate Governance best practice and regulation.

The Board remains satisfied with the competency and experience of the Company Secretary.

1.20. Management Review and Responsibility

The Company's vision is to enrich the lives of its stakeholders; the customers, employees and shareholders, through expansion of its services while being accessible to all.

Through sustainable growth, innovative products under strong brands, operational excellence and dedicated employees, STO creates the condition to reach its vision. The objective is to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their everyday lives.

The operations of the Company are divided into Energy, Supermart, Home Improvement items, Staple Foods, Construction Materials and Medical Service & Pharmacy Management. These businesses are catered in Male' and in many of the Atolls, while the Company has its

presence through its pharmacies in every inhabited island.

These six business areas are supported by Finance, People Operations, Business Research and Property Management, Procurement, Information Technology, Marketing Communications and Logistics Department. Apart from these, STO has in place an Internal Audit, Risk Management and a Corporate Affairs function.

STO Group has its businesses established in fields such as insurance, fuel distribution, commodity trade, gas distribution, shipping, fish canning and production of fish products and manufacture of roofing sheets. These businesses are administered as Subsidiary Companies governed by STO.

STO has over 4500 staff in its Group, serving the community and the Country.

The Nomination and Remuneration Committee reviews and recommends to the Board, on the compensation and benefits of all Executive Board Members. The Managing Director reviews, evaluates and promotes the members of the Executive Team, in accordance with the salary and benefits structure approved by the Board and the Executive Team does the same for other employees of the Company.

The Managing Director, the Chief Financial Officer and the Head of Marketing Communications, represent the Company in interactions with investors, the media and the Government. The individual Executives and Head of People Operations, interacts with employees while individual Executives deal with their clients.

1.21. Group Management

The Board of Directors have entrusted the Managing Director of STO with the function of overseeing its Group of Companies. As such, many measures have been taken to establish good governance practices within the Group. The Company has in place a Board Manual and a Code of Ethics approved for its Group of Companies.

As of 2020, there are 6 subsidiaries of STO; where STO holds more than 90% of shares. STO also has 1 Joint Venture Company with equal share distribution with Rainbow Investments and holds less than or equal to 25% shares in 3 other Companies. Details of STO Shares held in these Companies as required by the SCDOI Regulations 2019 is provided on page 79.

1.22. Internal Audit

The Internal Audit function is responsible for independent, objective assurance and consulting activity designed to add value and improve the company's operations, in order to systematically providing and proposing improvements for more effective management, governance and internal control processes.

The Company has a well-established in-house audit function. The Internal Audit is an independent function. The Chief Audit Executive reports functionally to the Chairman of the Audit and Risk Committee and administratively to the Managing Director.

1.23 External Audit

Appointment of an External Auditor is reviewed annually by the Audit and Risk Committee. The Committee advises the Board on the results of this assessment which is then submitted to the Annual General Meeting for shareholders' approval. The Board of Directors welcome the impartial opinion and recommendations of the appointed Independent Auditors and strives to improve the findings pointed out in the Auditor's Report.

The shareholders appointed PWC as the External Auditors for 2021. The Auditors have provided an audit opinion regarding STO and the Consolidated Financial Statements of STO Group. The Audit was conducted in accordance with International Standards on Auditing. These standards ensure that the auditors 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.

1.24. Internal Controls

The process of Internal Control and Risk Management Framework provides reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting. STO's control environment determines the individual and collective behavior. It is defined by

policies and procedures, manuals and codes, IT generated controls and is enforced by the organizational structure with clear responsibility and authority based on collective values.

The Board of Directors is responsible for establishing accountability for company management and assuring reasonable internal controls through independent third-party reviews of the company.

The Audit and Risk Committee assists the Board in overseeing the adequacy of relevant manuals, policies and important accounting principles applied.

The limits of authorities and responsibilities are given in instructions for delegation of authority, manuals, policies, procedures and codes, including the code of conduct and, employee handbook. Together with laws and external regulations, these internal guidelines form the control environment.

All entities within STO Group are required to maintain adequate controls. Monitoring and testing of control activities is performed periodically to ensure the adequacy of these controls and to ensure that the risks are properly mitigated. The level of effectiveness of control activities is monitored by the Internal Audit and Risk Department at Group level, business areas level, functional level and process level, which is reported to the Audit and Risk Committee and the Management. Controls that have failed are remediated, by establishing and implementing actions to correct the weaknesses.

The Board is confident that the system of Risk Management and Internal Controls in place within the Company is adequate and effective in addressing the material risks in the Company, in its current business environment including material, financial, operational, compliance and information technology risks.

1.25. Risk Management

The Company has an integrated approach to managing risks in various aspects of the business. The Risk Management Report forms part of this Annual Report on page 44-45.

1.26. Shares and Shareholders

STO's shares are listed at the Maldives Stock Exchange (MSE). STO has over 4,000 active shareholders in the shareholder's register and of the total share capital, 81.6% is owned by the Government of Maldives, while the rest of the 18.4% is owned by the General Public.

None of the individual shareholders (other than the Government) hold shares of more than 5% of the Company.

1.27. Voting Rights

The share capital of STO includes ordinary shares only. Each share entitles holders to the same proportion of assets and earnings and carries equal rights in terms of dividend.

According to the Articles of Association, each share accounts to one vote each. Voting is based on show of hands, where the vote is counted as 1 vote per member, unless 10% shareholders or their proxies present, request for a poll where voting will be counted on shares represented.

1.28. Communication with Shareholders

The Quarterly Report, along with additional information and official news releases, are posted on the Company's website, sto.mv. The proceedings of the Annual General Meeting and the voting rights are also stated in the Company's website.

In addition to this, the Company has set up a communication facility for the shareholders through the website http://sto.mv/Investor_Relations.aspx.

All complaints or messages received through this facility are delivered directly to the Chairman and the Company Secretary. The Chairman then submits to and recommends for actions, at the earliest Board meeting. Furthermore, Board members hold and facilitate meetings with the shareholders as required.

1.29 Certification of Financials

The Board has reviewed and approved the financial results of the Company. In presenting these results, the Board has aimed to provide shareholders with a balanced and clear assessment of the Group's position and prospects.

As required by the Code of CMDA and SCDOL, the MD, Audit Committee Chairman and CFO certifications on the financials are provided with this report. The Board, to the best of their knowledge, confirms that the Financial Statements for the period from 1st January to 31st December 2021 have been prepared in accordance with the applicable accounting standards (i.e., International Financial Reporting Standards or IFRS) 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.

1.30. Prevention of Insider Trading

The Company has in place a guideline on trading in Company's Securities, to regulate, monitor and report trading by insiders. This guideline also includes practices and procedures for the disclosure of price-sensitive information and other continual disclosure. It also includes penalties for not adhering to the guideline.

1.31. System for Raising Concerns

Appropriate mechanisms are in place to enable employees, management or other stakeholders to raise any concerns, whether on a confidential basis or otherwise, about any non-compliance or fraud or other misdemeanor within or to the Company.

STO has implemented a Fraud Response Policy and a Whistleblower Policy. The Company has established a whistleblower facility for the employees through the Intranet and a "Raise Your Concern" facility for other stakeholders through our website.

In addition, the Company has also implemented a Disciplinary, Grievance and Gender Equality Committee and a Sexual Harassment Prevention Committee that looks into concerns and grievances raised by the staff in this regard.

In 2019 the Company has also put in place a "Raise Your Concern" facility that is directly passed to the Managing Director.

1.32. Annual General Meeting

The decision-making rights of shareholders are exercised at the General Meetings. The Annual General Meeting of STO is held during the first half of the year.

Extraordinary General Meetings (EGM) may be held at the discretion of the Board or, if requested by the auditors or by the shareholders who owns at least 10% of all shares in the Company.

Participation in decision-making requires the shareholder's presence either personally or through a proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must register for the meeting in the manner prescribed.

Decisions at the meeting are usually taken based on simple majority.

The 2019 Annual General Meeting was held online on 31 May 2021. A total of 682 shareholders representing a total of 84% of the share capital were represented at the Annual General Meeting.

Major decisions made at the Annual General Meeting 2020 include;

- Dividend payment of MVR60 per share
- Election of Directors to the Board
- Approval of Annual Report and Balance Sheet
- Appointment of PWC as External Auditors for a fee of USD 57,876

1.33. Remote E-Voting and Ballot Voting at The AGM

To allow the shareholders to vote on the resolutions proposed at the Annual General Meeting, the Company has developed and arranged for an e-voting facility. This facility has made managing the meetings easier and quicker. This facility was developed by STO ICT Department staff, and the Company has used the facility in the past 3 Annual General Meetings, successfully.

1.34. Dividend

STO targets for the dividend to correspond to at least 10% of profit for the period. However, for several years, the dividend level has been considerably higher.

In accordance with the Dividend Policy of the Company, the Board has declared MVR65 per share for shareholder's approval in the upcoming Annual General Meeting 2021.

1.35. Details of Non-Compliance

No penalty has been imposed by MSE, CMDA or the Registrar of Companies, nor has there been any instance of non-compliance with any legal requirements, on matters relating to the capital market, in the year 2021.

1.36. Going Concern Declaration and Future Outlook

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

Hereby, we confirm that the Company can carry on its activities, implement its proposed plans and achieve its forecast results, satisfactorily.



Hamid Nasheed Mohamed

Chairman



Husen Amr Mohamed Rashad

Chief Executive Officer and Managing Director

Audit & Risk Committee Report



Composition

The Audit and Risk Committee (ARC) was established in accordance with the requirements of Corporate Governance Code ("CG Code") issued by the Capital Market Development Authority of the Maldives. The Committee comprises of 4 (four) members, all of whom are Non-Executive Directors.

There were no changes to the members of the Committee, during 2021.

A total of 9 meetings were held in 2021 and the below table indicates attendance of members to the meetings;

Name	Attendance
Shimad Ibrahim	9/9
Gais Ismail	7/9
Ismail Zumayl Rasheed	9/9
Aminath Rushma	9/9

Terms of Reference

The Committee assists the Board in overseeing the quality and integrity of the accounting, reporting, information dissemination, internal control practices and the management of key risks as well as the frameworks, guidelines, policies and processes for identifying, monitoring and mitigating risks of the Company.

The Committee also ensures independence and objectivity of the internal and external audit functions.

Key Duties

- Ensure the integrity of the financial reporting and audit process and to oversee the maintenance of sound internal control and risk management systems;
- Reviewing and monitoring the effectiveness of the Company's internal controls to ensure that adequate measures are taken to safeguard the Company's assets;
- Overseeing the Company's relations with the External Auditors;

- Making recommendation to Board on the appointment, retention, and removal of External Auditors;
- Ensuring the independence and credentials of the Independent Auditors;
- Reviewing the performance of the Internal Audit function and Independent Auditors;
- Approving the Internal Audit Plan and reviewing regular reports on the effectiveness of the internal control systems;
- Ensuring compliance to statutory requirements and ethical standards;
- Reviewing and discussing with management, the Company's risk governance structure, risk assessment and risk management practices and the frameworks, guidelines, policies and processes for risk assessment and risk management;
- Monitoring the Risk Management Policy implementation in the Group;
- Reviewing disclosures regarding risks contained in the Company's Annual Report; and
- Reviewing reports on selected risk topics as the Committee deems appropriate from time to time.

Major Activities

- Appointed Hawwa Nafia as the Chief Audit Executive, following the resignation of Chief Internal Auditor Dr. Ibrahim Mahfooz
- Reviewed and approved the Financial Statement of 2021.
- Recommended the dividend of 2021 to the Board.
- Discussed Internal Audit Reports and made recommendations to management on actions to be taken.
- Reviewed Management Letter and recommended management on the measures to be taken regarding issues identified by external auditors.
- Reviewed the Internal Audit Charter
- Decided to remove Risk function from Internal Audit function and to combine it with Legal function.
- Discussed and approved 2021 budget of the company.
- Reviewed the structures of Group Internal Audit functions and took necessary actions to ensure consistency.

External Audit

The shareholders appointed PWC as the External Auditors of the Company for the year 2021. During the year, the firm has not provided any non-audit related services to the Company.

Internal Audit

The Internal Audit Department conducted multiple audits during the year 2021, in line with the approved Internal Audit Plan. The audit reports, along with comments from Management if needed, were presented to the ARC during ARC meetings.

The ARC is satisfied with the performance of the Internal Audit function, its independence and objectivity and the adequacy and effectiveness of the internal controls established.

Conclusion

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

On behalf of the Audit and Risk Committee;



Shimad Ibrahim
Committee Chairman



Risk Management Report

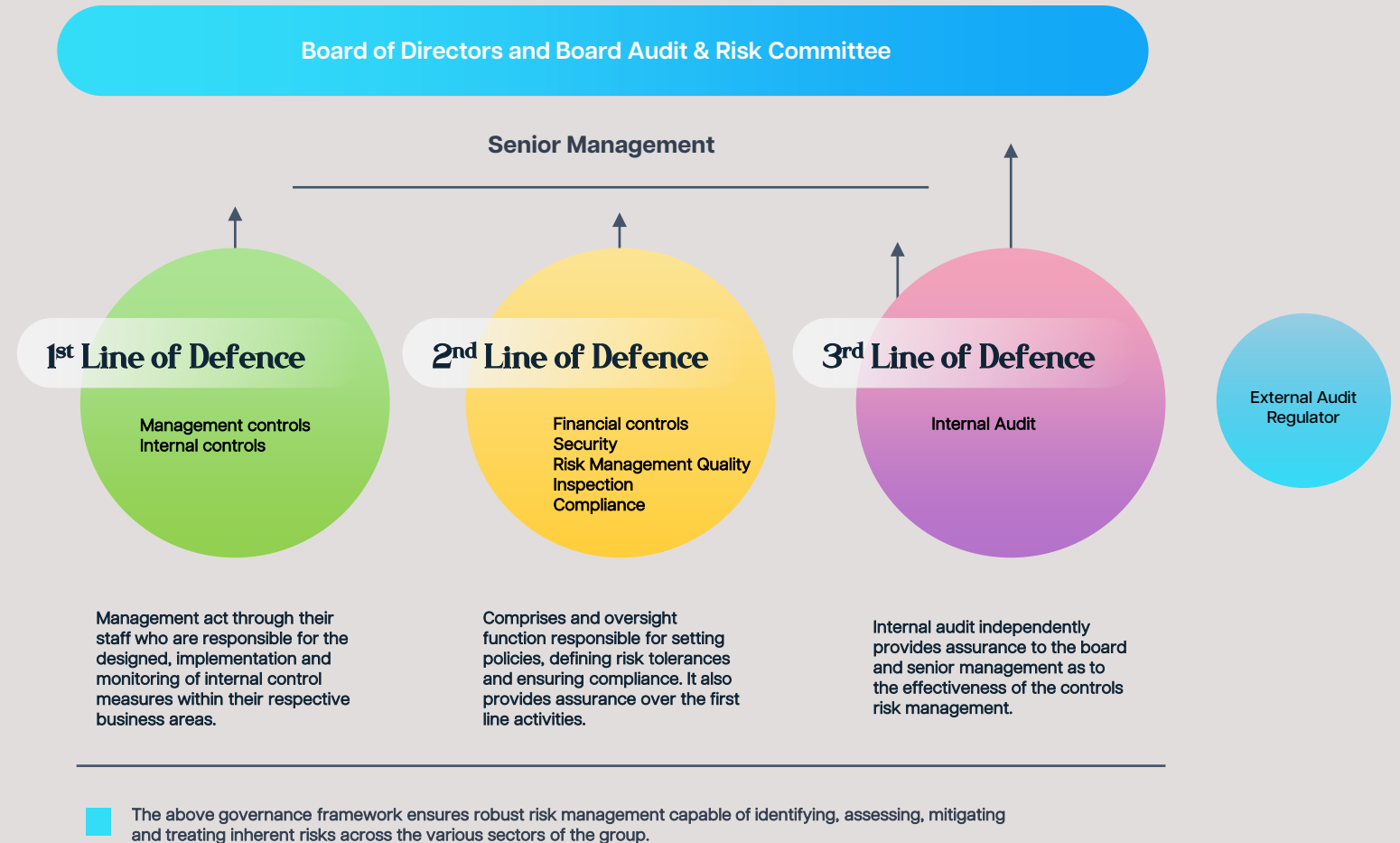
Overview

STO group is a conglomerate with subsidiaries spanning across various industries. Being a conglomerate with interests in various industries and economic and social sectors, exposure to risk is an inherent element to carrying out the business activities of the group. Effective risk management and internal controls are therefore necessary to protect the group from exposure to unnecessary risks and ensure sustainability of the group's business activities.

Overall responsibility for risk management and internal control system of the company lies with the board of directors.

Risk Management Framework

The Group has adopted a three lines of defense risk management framework, as shown below, to provide assurance that appropriate control and mitigation measures are in place for various risks identified.



2021	Description	Potential Impact	Mitigation Measures
Strategic Risks			
Availability of essential products	The business is mandated to ensure sufficient stock of food, fuel and basic medical supplies needed for the country.	Insufficient reserve of fuel, staple food, and medical supplies.	Investments in storage. Supplier relationships. Access to finance.
Market and supply chain disruption	Increased costs, delays and disruptions due to COVID-19.	Negative impact on revenue, cash flow and profit.	Continuous monitoring and evaluation of supplier base. Investment in shipping.
Operational Risks			
Fire, explosion and oil spill	Key products stored in places where unauthorized access were possible.	Casualties, disruption, environmental damage, financial liability, inventory and investment loss.	Safety measure, access control, disaster and fire prevention, regular monitoring, maintenance, training and awareness.
Health and Safety	Risk of accidents causing serious personal injury.	Loss of life. Serious injuries.	Safety standards. Training & supervision.
Operational Risks			
Credit risk	Negative impact of COVID-19 to major customers of the business.	Loss of revenue and profit.	Tight credit management measures.
Plunge in export prices	Significant reduction in world tuna prices.	Reduction of revenue and profit.	Investment in storage. Value addition to improve yield and profit.
Foreign Exchange	Access to foreign currency required for foreign trade transactions.	High exposure to forex. Increase in financial cost. Negative impact on cost of sales and operations,	Attract customers who pay in foreign currency. Partner with foreign currency facilitators.
Operational Risks			
Cyber attacks	Large-scale cyberattacks on information technology infrastructure.	Loss of data and business interruption Failure of information technology systems	Policies and procedures, Internal system security controls and third-party security evaluations, Training and awareness to key staffs and end users.
Data fraud and theft	Unauthorised access to system where data and information are stolen.	Financial loss. Loss of competitive edge. Reputational damage.	Security Controls. Policies and procedures. Awareness and accountability of staff.

Corporate Governance & Compliance Committee Report

Composition

The Corporate Governance and Compliance Committee (CGC) was established in accordance with the requirements of Corporate Governance Code ("CG Code") issued by the Capital Market Development Authority of the Maldives. The Committee comprises of 3 (three) members, all of whom are Non-Executive Directors. There were no changes to the members of the Committee, during 2021.

A total of 3 meetings were held in 2021 and the below table indicates attendance of members to the meetings;

Name	Attendance
Aminath Rushma	3/3
Gais Ismail	2/3
Shimad Ibrahim	3/3

Terms of Reference

This Committee is responsible to monitor and review the Company's overall approach to Corporate Governance issues and implement, administer and continue to develop a system of governance within the Company and where required, within the Group.

Key Duties

- Undertaking an annual review of Corporate Governance issues and practices for the Company and making recommendations for improvements where necessary
- Advising the Board or any of its Committees on corporate governance issues
- Developing and implementing an orientation and educational program for new recruits to the Board
- Developing a process for assessing the effectiveness of the Company, Board, individual Directors and its Committees and ensure that the Board conducts these evaluations annually
- Ensuring that an appropriate Code of Ethics is established and reviewed necessarily for the Company
- Ensuring that appropriate methods are being established for the stakeholders to submit their recommendations and inquiries to the necessary established regulatory bodies in the Company

Major Activities

- Reviewed the Board Evaluation process and questionnaire
- Compiled a Code of Ethics for the Board of Directors
- Reviewed the subsidiaries implementation of the recommendations given in the CG Audit conducted by Audit & Risk Committee

Conclusion

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

On behalf of the Corporate Governance and Compliance Committee;



Aminath Rushma
Committee Chairperson

Nomination & Remuneration Committee Report

Composition

The Nomination and Remuneration Committee (NRC) was established in accordance with the requirements of Corporate Governance Code ("CG Code") issued by the Capital Market Development Authority of the Maldives. The Committee comprises of 3 (three) members, all of whom are Non-Executive Directors.

There were no changes to the members of the Committee, during 2021. However, Gais Ismail was appointed to the Committee Chairman position, effective 15 June 2021.

A total of 3 meetings were held in 2021 and the below table indicates attendance of members to the meetings;

Name	Attendance
Gais Ismail	3/3
Ismail Zumayl Rasheed	3/3
Aminath Rushma	*1/1

* Aminath Rushma did not participate in the 2 meetings held to discuss on board directorship nominees and applicants as she was contesting for the position.

Terms of Reference

The main role of this Committee is to develop and maintain a formal and transparent procedure for making recommendation on Board appointments and re-appointments. Furthermore, the Committee is responsible to assist the Board in developing and administering a fair and transparent procedure for setting policy on the overall human resources strategy of the Company and the remuneration of Directors and senior management of the Company, and for determining their remuneration packages.

Key Duties

- Developing policies on employee remuneration and its changes
- Approving the design of any performance related pay schemes
- Determining the policy for and scope of pension arrangements
- Regularly review the structure, size and composition (including the skills, knowledge experience and diversity) of the Board and make recommendations to the Board and shareholders regarding any changes

Major Activities

- Reviewed the adequacy of the composition of the Board in terms of number of members, qualification, diversity and experience. The Committee found the composition of the Board, adequate for functioning
- Evaluated, interviewed and made recommendations on Public Directorship candidates to the Board

Conclusion

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

On behalf of the Nomination and Remuneration Committee.



Gais Ismail
Committee Chairman

Remuneration Report

Taking Care of our Employees

We try to maximize our employee value proposition. We are committed to provide a competitive pay to all employees and operate various wellness programs.

Gender Diversity and Equality

We support main-streaming diversity in the workplace and develop more robust employment equality plans and targets.

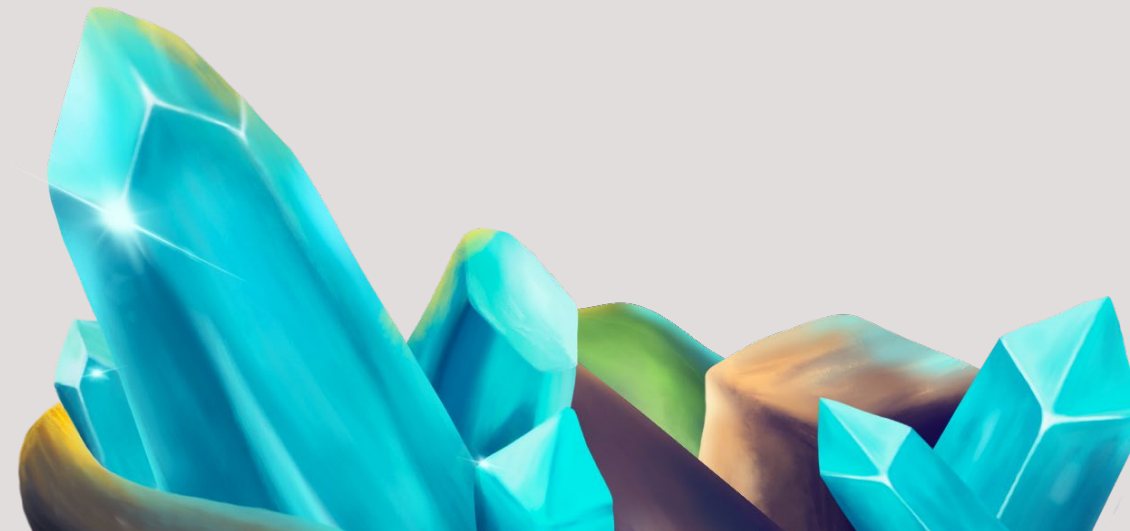
Pay for Performance

We focus on pay-for-performance in the design of our variable pay structure, particularly for sales segments..

Training and Developing Talent

We invest in the development and skills of our employees to maximize learning potential with study assistance, performance management and career development opportunities based on our talent management strategy.

We believe that our strategic objectives can only be delivered with the dedication and hard work of our employees. The Nomination and Remuneration Committee assists the Board by formulating a remuneration strategy that ensures a balance in attracting, motivating and retaining human capital through competitive remuneration practices, while creating shareholder value. This Policy gives effect to the remuneration strategy, supports the business objectives and offers a balance in the remuneration mix to align it with our goals. The remuneration policies for employees and Board Directors are separately stated in this Policy



1.1. Employee Remuneration and Other Incentives

The employee remuneration principles include;

- A systematic role of evaluation shall be developed for each employee to identify their appropriate level of remuneration and placement within the structure
- The remuneration shall comprise of fixed and performance-based components
- The evaluation must be performed annually, and the review must assess the degree to which the employee is satisfying the requirement of his/her role and the degree to which established performance objectives have been achieved
- Fixed remuneration must align with that of comparable industry positions
- Employees are entitled to performance-based incentives including bonuses and other relative allowances
- Employees can trade in Securities of the Company, in accordance with the Trading in Securities Guideline of the Company
- The Company abides by the Regulations of the Maldives Pension Administration Office for pension provision of employees, where the employee provides 7% of his/her basic salary as pension, and the Company provides the same
- Employees are further entitled to retirement, termination and severance payments where applicable
- Employees are also eligible for loans provided by the Company

1.2. Board Director's Remuneration and Other Incentives

The remuneration provided to the Board Directors for serving on the Board are determined and approved by the shareholders at the Annual General Meeting. While the Executive Members of the Board are paid the same, and an additional remuneration for their position in the Company. This information is further disclosed and in the Audited Financial Statements.

The remuneration of the Executive Directors is set in accordance with the principles of employee's remuneration and incentives, inspected by the Nomination and Remuneration Committee and approved by the Board of Directors.

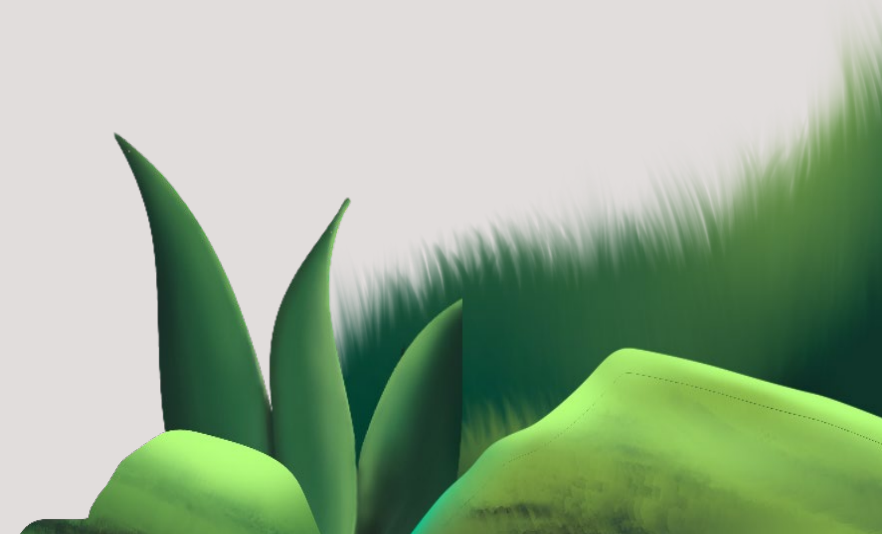
The remuneration of the members of the Board consists of the following elements;

- Monthly remuneration
- A fee for attendance per meeting
- A chairman allowance for the Chairman of the Board

The principles for Board Director remuneration include;

- Non-Executive Director's shall be remunerated by way of 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 performance must also consider fulfilment of various improvement targets and attainment of certain financial objectives
- The Company's Remuneration Policy must be formulated to attract and retain high caliber Executives and motivate them to develop and implement the Company's business strategy to optimize long-term shareholder value creation



1.3. Summary on Remuneration Provided for Executive Directors

	Policy	Implementation
Base Salary	<ul style="list-style-type: none"> Benchmarked against market practices in Maldives with companies that are comparable in size, business and complexity Generally, reflects market median levels based on the role and individual skills and experience 	<ul style="list-style-type: none"> Paid monthly Increments are given as per Company policies
Pension Fund	<ul style="list-style-type: none"> Provided as per Maldives Pension Administration Office regulations 	<ul style="list-style-type: none"> Paid to Maldives Pension Administration monthly 7% of basic salary contributed from employee's salary 7% of basic salary contributed from STO
Health Insurance	<ul style="list-style-type: none"> Allied Insurance Gold package subscribed for Executive Directors 	<ul style="list-style-type: none"> Paid to Allied Insurance yearly Cost is borne by the Company Covers 1 spouse and 2 children of below 18 years of age Cost depends on the age of Director and the dependent Director must bear any insurance for additional dependents
Life Insurance	<ul style="list-style-type: none"> Allied Insurance Life Insurance package subscribed for Executive Directors 	<ul style="list-style-type: none"> Paid MVR180.00 per person per year
Annual & Deferred Bonus and Sales Incentives	<ul style="list-style-type: none"> Bonus for Executive Directors are provided as per the Executive Charter of approved by the Board Bonus is given yearly upon achievement of the annual key ratios and other Key Performance Indicators, determined by the Board, during the approval of the years' budget Bonus is distributed by the Board of Directors, in a manner that reflects the Executives contribution and performance in achieving the years targets 	<ul style="list-style-type: none"> Bonus of the year 2020 was paid in 2021 Board approved to pay 3% of net profit to all eligible employees Both Executive Directors were determined by the Board of Directors to have fulfilled their tasks exceptionally well There was no deferred bonus paid to any of the Executive Directors in 2021 Directors are not eligible for the sales incentive scheme of the Company

1.3. Summary on Remuneration Provided for Executive Directors

	Policy	Implementation
Service Contract, Notice Period and Severance Fee	<ul style="list-style-type: none"> All Directors are appointed for a term of one year (i.e., from one Annual General Meeting to another) 	<ul style="list-style-type: none"> The Non-Executive Directors were last appointed to the Board on 31 May 2021 All Directors have signed the Board Charter This Charter indicates the term, roles and responsibilities of the Board and its Directors The Chief Executive Officer and Managing Director, along with the Chief Financial officer have signed service contracts with the Company for the executive position they hold in the Company
Share options and Trading in Securities	<ul style="list-style-type: none"> Directors may hold shares in the Company Share Trading must be made in accordance with relevant policies of the Company 	<ul style="list-style-type: none"> No share options were provided to any Non-Executive Directors Trading in Securities are implemented according to the Trading in Securities Guideline of the Company
Other Benefits		<ul style="list-style-type: none"> Directors are provided additional benefits such as authority to use certain Company vehicles, accept gifts from Company on certain occasions and discount benefits as per the benefits list and policies approved by the Board



1.4. Summary on Remuneration Provided for Non- Executive Directors

	Policy	Implementation
Remuneration and Allowances	<ul style="list-style-type: none"> Approved at the Annual General Meeting by Shareholders Benchmarked against market practices in Maldives with companies that are comparable in size, business and complexity and the guideline issued by the Ministry of Finance on determining Board Directors remuneration Generally, reflects market median levels based on the role and individual skills and experience 	<ul style="list-style-type: none"> Paid monthly No increase or decrease was granted Includes a monthly fee of MVR10,000 and an attendance fee of MVR500 per meeting Chairman was provided an additional fee of MVR10,000 and a phone allowance of MVR1,000 per month No additional remuneration is provided to committee members or its chairpersons
Pension Fund	<ul style="list-style-type: none"> Non-Executive Board Directors are not eligible for this fund 	<ul style="list-style-type: none"> No pension provisions provided for or from Non-Executive Directors
Health Insurance	<ul style="list-style-type: none"> Allied Insurance Gold package subscribed for Directors 	<ul style="list-style-type: none"> Paid to Allied Insurance yearly Cost is borne by the Company Covers 1 spouse and 2 children of below 18 years of age Cost depends on the age of Director and the dependent Director must bear any insurance for additional dependents
Life Insurance	<ul style="list-style-type: none"> Allied Insurance Life Insurance package subscribed for Directors 	<ul style="list-style-type: none"> Paid MVR180.00 per person per year
Annual & Deferred Bonus and Sales Incentives	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> Non-Executive Board Directors are not given a bonus Board Directors are not eligible for performance incentives
Service Contract, Notice Period and Severance Fee	<ul style="list-style-type: none"> All Directors are appointed for a term of one year (i.e., from one annual general meeting to another) All Directors have signed the Board Charter 	<ul style="list-style-type: none"> The Non-Executive Directors were last appointed to Board on 31 May 2021 .No notice period or severance fees were provided to any Non-Executive Director
Share options and Trading in Securities	<ul style="list-style-type: none"> Directors may hold shares in the Company Share Trading must be made in accordance with relevant policies of the Company 	<ul style="list-style-type: none"> No share options were provided to any Non-Executive Directors None of the Directors traded shares within the year
Other Benefits		<ul style="list-style-type: none"> Non-Executive Directors are provided additional benefits such as authority to use certain Company vehicles, accept gifts from Company on certain occasions and discount benefits as per the benefits list and policies approved by the Board

1.5. Paid Remuneration to Board Members

In 2021, a sum of MVR 1,107,516 was paid to the Board of Directors as remuneration in the Board, while MVR 2.4 million was paid to the Executive Directors as remuneration for their executive position in the Company. A total of MVR 11.3 million was paid to the top management, excluding the Executive Directors, as basic salary and allowances.

1.6. Paid Remuneration to Top Management

Due to salary disparities in the employment market, the Board of Directors have chosen not to disclose the individual remuneration package of top management and Executive Directors. The table below indicates the remuneration paid to individual Board of Directors for the year 2021.

Dr. Ibrahim Mahfooz, the former Chief Internal Auditor was provided severance fees in accordance with Company Redundancy Policy.

Members of current management team and their profile will be available on page 71-75.

1.7. Director's shareholding in the company

The Directors have the right to subscribe for securities in the Company, in accordance with the Trading in Securities Guideline of the Company.

However, they do not have the right to subscribe for Securities in the Subsidiaries.

Name	Position in Board	Total Remuneration received for the position in the Board	Direct Shares held	Indirect Shares held
Hamid Nasheed Mohamed	Chairman	MVR 262,500	-	-
Husen Amr Mohamed Rashad	CEO & MD	MVR 130,000	-	-
Mohamed Nizam	CFO	MVR 102,016	-	-
Gais Ismail	Board Director	MVR 134,500	-	-
Ismail Zumayl Rasheed	Board Director	MVR 136,000	-	-
Shimad Ibrahim	Board Director	MVR 135,500	55	-
Aminath Rushma	Board Director	MVR 135,000	1	-

1.8. Director's Membership on Other Boards

According to the Subsidiaries and Major Commercial Activities Policy of the Company, the Executive Directors along with the senior management staff can sit on the Boards of Subsidiary Companies.

According to the Code of CMDA, no Director is permitted to sit in the Board of 3 or more Public Listed Companies.

As such, below table includes any additional remuneration received from their representations in other Boards of STO Group or another Public Listed Company in 2021.

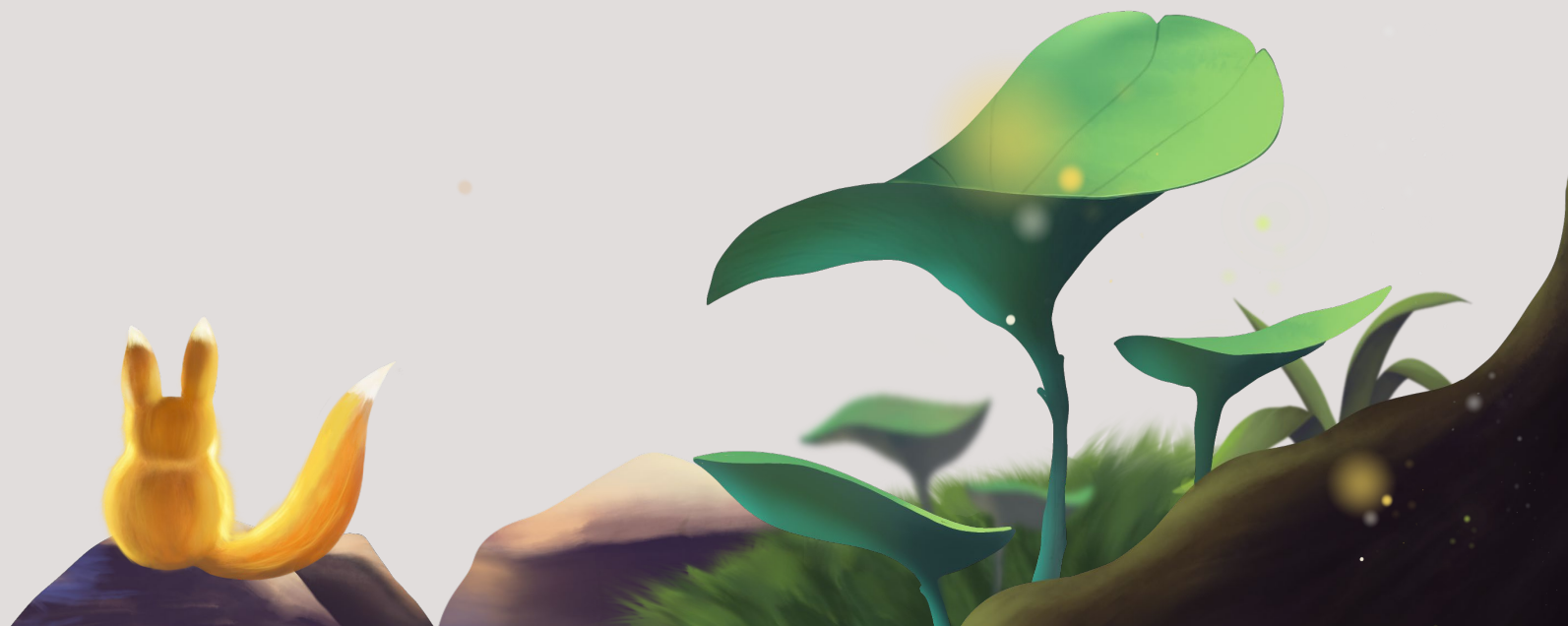
1.9. Declaration

This Remuneration Report was approved by the Board and signed on its behalf by the Chairman of Nomination and Remuneration Committee.



Gais Ismail
Committee Chairman

Name	Other Directorships held	Policy on Remuneration
Husen Amr Mohamed Rashad	Chairman of MIFCO	Monthly MVR5,000 and sitting fee of MVR300 per meeting
	Chairman of Raysut Maldives Cement	Monthly MVR5,000 and sitting fee of MVR300 per meeting
Mohamed Nizam	Chairman of Allied Insurance Company of the Maldives	Monthly MVR5,000 and sitting fee of MVR300 per meeting
	Board Member of MIFCO	Monthly MVR5,000 and sitting fee of MVR300 per meeting
	Board Member of MSS	Monthly MVR5,000 and sitting fee of MVR300 per meeting



Our People, Our Pride

Promising our employees, a comprehensive work experience

Building our workforce

Employee skill requirement in organizations continue to change due to the rapid technological advancement. As this ongoing shift necessitates evolving employee capabilities, our focus was to identify skill gaps and prepare a skill architecture plan. A companywide skill gap analysis was carried out in the year 2021. In the next phase of this plan, an accelerated development plan will be established to upskill and reskill the workforce.

Ensuring work desirability

Establishing a competitive compensation structure is essential for an organization to differentiate themselves from the rest of the market. Redesigning the compensation policy and offering a competitive package to attract and retain higher-caliber and diverse talent was one of our main areas of focus for the year 2021. Hence, a revised compensation policy was implemented in March 2021 with a revised pay structure designed to ensure that jobs are both externally competitive and internally equitable. This policy would establish a competitive edge for recruitment to attract ideal candidates and retain talent across the company.

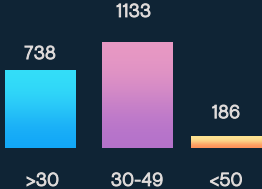
Enhancing employee experience

Personalized and meaningful experiences encourage purposeful work among employees. Boosting staff engagement is one of our priorities which we have planned to achieve by providing such experiences for employees. An Employee Engagement plan was tailored for this purpose; focusing on strengthening employee connection with the company, as we believe it would significantly improve employee retention, productivity, and loyalty. In addition, this would act as a key link to customer satisfaction and accumulating overall stakeholder value. Plan implementation will be carried out in the beginning of the year 2022, promising our employees a comprehensive work experience from the day of joining until the last working day.

No. of Employees



Employee Age Profile



Employees by Gender




MVR 12 Million
Spent on Learning & Development

Sustainability Report



Sustainability at STO

As stated in our vision, our aim is to improve and enhance peoples lives through expansion and accessibility of quality and sustainable products. The 2021 Sustainability Report describes how we have contributed to shape a sustainable future for both the Company and the society through our actions.

Health and Well-being

We believe, good health and hygiene are fundamental to people's well-being throughout life. With the increasing pace of growth in the health industry, we understand the demand to cater to these changes to ensure better health care and quality of life for everyone.

As such, we expanded and broadened our product range by introducing new and improved products. Our solutions for oncology, glucophage, cardiology, flu, antibiotic and mental health helped for people to regain their health and live better, every day.

Apart from this, we engaged with medical health care providers and educated them on our latest products and the developments in the industry. These programs help health care providers to keep abreast with the changes in the industry and help them to provide better services to the society.

During Covid-19, STO played a key role in ensuring uninterrupted services in the health care sector, where we provided Covid-19

essential equipment's such as face masks and sanitizers of worth MVR0.5 million, throughout the country, through our CSR programs. In addition to this, MVR1.8 million was donated to the local communities as Covid-19 relief aid, during the year.

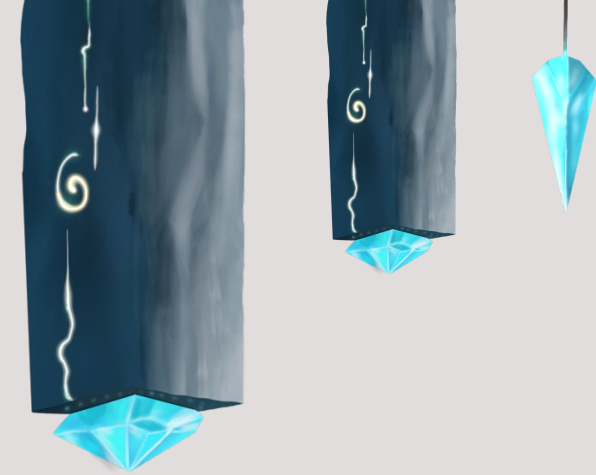
Quality and safe products

Providing quality and safe products to our customers, has always been a top priority. To ensure this, we associate with world renown products and brands. As such, some of our top brands we have partnered with include Siemens, Enraf Nonius, Fresenius Kabi, Zeiss, Philips healthcare, Matachana, Behnk Elektronik, PerkinElmer, Alliance, Comfort, Nihon nohden, Leica, Hitachi, Makita, Kone, Nippon, Huggies, Fragata and Muler.

We adhere to the brands product safety and quality specifications while our internal practices ensure we address customer complaints, feedback and reports timely, as part of our health and safety procedures.

Building a resilient economy

Trade plays a crucial role in economic recovery. With severely disrupted global trade by the pandemic, import and export of goods became extremely costly as we depend on private shipping companies for imports of crucial goods which we are held responsible to provide to the public. Maldives State Shipping Company, which began its operation in 2020, expanded its operation in 2021 as they welcomed their very own vessel, reducing the prices of goods and ensuring the availability of goods. With the aid of our shipping line, we managed to reduce our dependency on foreign and private shipping parties and hence reduces the impact on Maldivian economy by such unfortunate incidents. We adhere to the brands product safety and quality specifications while our internal practices ensure we address customer complaints, feedback and reports timely, as part of our health and safety procedures.



Food Security

In the recent years, ensuring food security in the country has been a challenge. As such our experience during the Covid-19 pandemic has further made us to reconsider our procedures on ensuring food security in the Country.

During the year, our “Kaadu - Agent” model has vastly assisted, in ensuring continued availability of staple products throughout the Country. In addition to this we provided staple products as Covid aid to different islands.

In order to further strengthen our approaches to food security, a study on establishing a flour mill in the Country was carried out with the assistance of international experts. Our aim is to initiate this project in 2022 and make it operational by 2023. This project will help in ensuring affordable, quality and uninterrupted supply of flour, in the country while also create better economic opportunities.

Climate impact

As a company with energy as the main line of business, STO is committed to ensure uninterrupted supply of energy, throughout the country. Even during the Covid-19 pandemic and in other uncertainties, we have successfully managed to deliver continuous supply of energy to the relevant industries. These include the supply of diesel, aviation fuel and Petrol.

Our commitment is to reduce its climate impact through precautionary measures. As such the fuel we supply is of 500ppm (Sulphur content). In addition to this, our fuel terminal and vessels are equipped with efficient measures to address any accidental hazards. Our people are well trained and geared to tackle any such situation.

In order to ensure the quality of fuel supplied within Maldives, we aim to set up and open a fuel testing lab in association with GeoChem, Dubai during mid-2022.

In addition to this, we hold annual events for reef cleaning, by our staff in our Dive Club.

Anti-Corruption

STO has rules on anti-bribery and corruption in the Company’s code of conduct and Employee Handbook. All parties dealing from and with the company are required to abide these guidelines. Through these guidelines, our aim is to ensure fair and transparent means of business transactions, that are beneficial to the Company in the long run.

In addition to these rules, we have in place an anti-corruption and anti-bribery policy for the STO Group of Companies.

Sustainable Development Goals

STO stood strong in making contributions to the SGD goals this year as well. As such the Company has provided MVR2.6 million, to enhance the different sectors in the Country.



● Sports & Recreation	53%
● Education	19%
● Health	16%
● Community Development	5%
● Religious Activities	4%
● Tourism	2%
● Arts & Culture	1%

Independent Auditors Report & Audited Financial Statements





Independent auditor's report

To the Shareholders of State Trading organization PLC

Our opinion

In our opinion, the financial statements of State Trading organization PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

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

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

PricewaterhouseCoopers, H. Thandiraimage, 3rd Floor, Roshanee Magu, Malé, Republic of Maldives

Tel: +960 3318342, 3336046, Fax: +960 3314601, www.pwc.com/lk

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

Resident Partner Jatindra Bhattray FCA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity



Key audit matter	How our audit addressed the Key audit matter
<p>The Company:</p> <p>Recognition of revenue from retail and wholesale business</p> <p>(Refer to the significant accounting policy Note 3.18 and Note 7 to the consolidated financial statements)</p> <p>During the year ended 31 December 2021, the Company has recognized revenue from retail and wholesale business amounting to MVR 10,173,799,455.</p> <p>Revenue from retail and wholesale business represent 99.9% of the Company’s revenue for the year ended 31 December 2021 and is material to the financial statements.</p> <p>We focused on this area as determining revenue from retail and wholesale business involves risk due to:</p> <ul style="list-style-type: none">• revenue being generated from several geographical locations in the Maldives; and• revenue being captured and processed by automated systems involving large volumes of transactions.	<p>Our audit approach included both control testing and substantive procedures performed as follows:</p> <ol style="list-style-type: none">i. Understanding and evaluating the design, implementation and operating effectiveness of key controls over initiating, recording, processing and reporting of revenue transactions across all significant revenue streams in relation to retail and wholesale business;ii. Identified the relevant IT systems installed and operated for capturing and processing revenue transactions and evaluated the effectiveness of ITGCs and IT application controls over revenue recognition with the assistance of our IT specialists;iii. Tested significant wholesale revenue transactions on a sample basis during the year, to ensure that revenue had been recognised in accordance with the contractual terms in the correct accounting period and the requirements of the relevant accounting standard;iv. Performed reconciliations of the Point of Sales (“POS”) records of retail revenue to the general ledger;v. Tested significant retail revenue transactions on a sample basis during the year, to ensure that revenue had been recognised in the correct accounting period and in accordance with the requirements of the relevant accounting standard;vi. Examined material manual journal entries and other adjustments processed to revenue; andvii. Assessed the adequacy of the disclosures made in the consolidated financial statements in relation to revenue from retail and wholesale business. <p>Based on the work performed we found that revenue had been recognized in line with the requirements of the relevant accounting standard and the Company’s revenue recognition policies.</p>



Key audit matter

How our audit addressed the Key audit matter

The Group:

Impairment review of property, plant and equipment of a subsidiary company (MIFCO)

(Refer to Note 13.1 to the consolidated financial statements)

Maldives Industrial Fisheries Company Limited (“MIFCO”) a subsidiary company of the Group had property, plant and equipment with a carrying value of MVR 405,446,332 as at 31 December 2021. MIFCO had been incurring operating losses for several years due to price control by Government on purchase of fish and fluctuating selling prices in the market although sold in a competitive market resulting in MIFCO not being able to recover cost.

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

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

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

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

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

Valuation of insurance contract liabilities

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

As at 31 December 2021 the Group has reserved insurance contract liabilities of MVR 590,483,356, MRV 85,386,343 and MVR 48,952,716 for Non-life insurance, Life insurance and Takaful insurance respectively.

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

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

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



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

Valuation of insurance contract liabilities

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

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

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

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



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

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

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

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

MALE'

For PRICEWATERHOUSECOOPERS

Jatindra Bhatray
Partner

To download full set of Audited Financial Statements with notes, please click this link. <https://r.sto.mv/elCEb>

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	Group		Company	
		2021	2020	2021	2020
Revenue	7	11,235,541,139	8,501,085,171	10,187,009,461	7,208,991,811
Cost of sales	10	(9,318,095,792)	(6,717,476,893)	(8,646,963,654)	(5,836,431,919)
Gross profit		1,917,445,347	1,783,608,278	1,540,045,807	1,372,559,892
Other income	8	82,818,975	64,625,714	85,553,844	70,687,306
Administrative expenses	10	(892,391,248)	(742,508,895)	(378,050,595)	(325,517,956)
Selling and marketing expenses	10	(603,923,873)	(570,542,819)	(575,346,015)	(490,107,489)
Impairment loss on trade, other and related party receivables	22	(22,704,191)	(107,403,312)	(24,528,192)	(116,566,739)
Other operating expenses	10	(30,367,754)	(26,551,850)	(4,705,129)	(2,657,453)
Operating profit		450,877,256	401,227,116	642,969,719	508,397,561
Finance income		26,902,223	22,556,193	60,421,022	60,839,719
Finance costs		(200,755,980)	(210,415,610)	(126,472,794)	(137,825,704)
Net finance costs	9	(173,853,757)	(187,859,417)	(66,051,772)	(76,985,985)
Share of profit of equity accounted investees - net of tax	18	11,061,930	9,696,528	-	-
Profit before tax		288,085,429	223,064,227	576,917,947	431,411,576
Income tax expense	11	(102,421,680)	(96,388,141)	(90,090,596)	(72,113,257)
Profit after tax		185,663,749	126,676,086	486,827,351	359,298,319

	Note	Group		Company	
		2021	2020	2021	2020
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	31	(10,882,941)	13,790,211	(9,597,542)	5,964,428
Tax related to remeasurement of defined benefit liability		1,665,715	(737,436)	1,439,631	(894,664)
Equity investment at FVOCI - net change in fair value	19	(8,250,000)	14,875,000	-	10,000,000
Tax related to equity investments at FVOCI - net change in fair value	11.3	1,237,500	(2,231,250)	-	(1,500,000)
Total other comprehensive (loss)/income - net of tax		(16,229,725)	25,696,525	(8,157,911)	13,569,764
Total comprehensive income for the year		169,434,024	152,372,611	478,669,441	372,868,083
Profit attributable to:					
Owners of the Company		185,725,534	123,358,223	486,827,351	359,298,319
Non - controlling interests	28	(61,785)	3,317,863	-	-
		185,663,749	126,676,086	486,827,351	359,298,319
Total comprehensive income attributable to:					
Owners of the Company		169,476,156	149,124,957	478,669,441	372,868,083
Non - controlling interests		(42,132)	3,247,654	-	-
		169,434,024	152,372,611	478,669,441	372,868,083
Basic and diluted earnings per share	12	165	109	432	319

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79 of Audited Financial Statements. The report of the Independent Auditors is given on pages 59-65 of this report and page 1 to 6 of Audited Financial Statements.

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	Group		Company	
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,224,799,114	2,086,008,356	1,326,348,897	1,405,274,477
Investment property	14	364,321,624	370,473,349	364,321,624	370,473,349
Intangible assets	15	21,477,248	22,277,031	986,880	1,233,600
Investment in subsidiaries	17	-	-	284,900,650	157,107,425
Equity accounted investees	18	35,557,370	34,495,440	15,267,267	15,267,267
Equity securities at FVOCI	19	48,761,800	56,240,800	2,240,800	2,240,800
Amounts due from related parties	23	240,937,500	-	240,937,500	-
Right-of-use assets	20	483,883,816	516,552,870	147,140,712	164,879,935
Other financial investments	25	195,663,091	35,033,993	19,275,000	-
Deferred tax assets	11.3	133,519,144	122,681,114	94,197,449	87,726,148
Total non-current assets		3,748,920,707	3,243,762,953	2,495,616,779	2,204,203,001
Current asset					
Inventories	21	1,555,693,560	1,314,404,330	1,128,610,913	935,531,894
Trade and other receivables	22	807,385,853	683,711,477	368,664,478	248,005,320
Amounts due from related parties	23	2,359,247,453	2,033,369,401	3,381,839,446	2,860,475,306
Reinsurance contracts	24	626,303,546	375,565,718	-	-
Other financial investments	25	414,106,517	246,395,658	163,000,000	-
Cash and cash equivalents	26	1,138,722,825	585,270,947	878,646,085	366,331,483
Total current assets		6,901,459,754	5,238,717,531	5,920,760,922	4,410,344,003
Total assets		10,650,380,461	8,482,480,484	8,416,377,701	6,614,547,004
EQUITY AND LIABILITIES					
Equity					
Share capital	27	56,345,500	56,345,500	56,345,500	56,345,500
Share premium	27	27,814,500	27,814,500	27,814,500	27,814,500
Claim equalization reserve	27	66,566,984	59,471,109	-	-
Currency translation reserve	27	334,411	334,411	-	-
General reserve	27	921,271,128	823,905,658	911,989,318	814,623,848
Fair value reserve	27	(2,346,648)	4,665,852	(7,234,148)	(7,234,148)
Retained earnings		1,429,488,047	1,425,075,336	1,939,659,130	1,625,969,760
Equity attributable to owners of the Company		2,499,473,922	2,397,612,366	2,928,574,300	2,517,519,460
Non-controlling interests	28	24,228,269	25,370,201	-	-
Total equity		2,523,702,191	2,422,982,567	2,928,574,300	2,517,519,460

		Group		Company	
		2021	2020	2021	2020
LIABILITIES					
Non-current liabilities					
Loans and borrowings	29.2	525,254,461	208,707,516	368,582,041	181,912,554
Deferred income	33	35,938,536	38,360,046	45,875,798	47,806,652
Deferred tax liability	11.4	1,102,967	1,075,108	-	-
Lease liabilities	30	398,071,220	424,254,006	147,013,852	160,227,981
Defined benefit obligation	31	128,975,526	110,569,873	50,354,123	37,320,592
Total non-current liabilities		1,089,342,710	782,966,549	611,825,814	427,267,779
Current liabilities					
Loans and borrowings	29.3	2,472,362,241	2,023,483,639	1,925,131,947	1,507,740,378
Trade and other payables	32	2,942,743,473	1,848,649,501	2,491,589,168	1,534,938,058
Lease liabilities	30	88,494,528	67,361,350	18,631,561	19,145,324
Deferred income	33	8,913,713	8,951,011	1,930,854	1,930,854
Insurance contracts	34	724,822,415	562,682,956	-	-
Current tax liabilities	35	54,934,394	55,778,411	54,942,475	49,043,901
Amounts due to related parties	36	145,166,036	135,278,871	246,244,988	214,071,016
Bank overdrafts	26	599,898,760	574,345,629	137,506,594	342,890,234
Total current liabilities		7,037,335,560	5,276,531,368	4,875,977,587	3,669,759,765
Total liabilities		8,126,678,270	6,059,497,917	5,487,803,401	4,097,027,544
Total equity and liabilities		10,650,380,461	8,482,480,484	8,416,377,701	6,614,547,004

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79 of Audited Financial Statements. The report of the Independent Auditors is given on pages 59-65 of this report and page 1 to 6 of Audited Financial Statements.

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



Mohamed Nizam
CFO



Husen Amru Mohamed Rashad
CEO & MD



Shimad Ibrahim
Audit & Risk Committee
Chairman



Hamid Nasheed Mohamed
Board Chairman



Aminath Rushma
Director representing
Public Shareholders

15th May 2022

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

GROUP

Attributable to owners of the Company

	Share capital	Share premium	Claim equalization reserve	Currency translation reserve	General reserve	Faire value reserve	Retained earnings	Total	Non-Controlling Interest	Total
Balance as at 1 January 2020	56,345,500	27,814,500	51,709,518	334,411	752,045,994	(7,977,898)	1,443,576,164	2,323,848,189	23,222,547	2,347,070,736
Profit for the year	-	-	-	-	-	-	123,358,223	123,358,223	3,317,863	126,676,086
Net change in fair value of Equity Investments at FVOCI - net of tax	-	-	-	-	-	12,643,750	(10,000,000)	2,643,750	-	2,643,750
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	13,122,983	13,122,983	(70,209)	13,052,775
Total comprehensive income for the year						12,643,750	126,481,206	139,124,956	3,247,655	142,372,611
Transfer to / (from) during the year										
- general reserve	-	-	-	-	71,859,664	-	(71,859,664)	-	-	-
- claim equalization reserve	-	-	7,761,591	-	-	-	(7,761,591)	-	-	-
Transactions with owners of the Company										
Dividends (Note 27.4)	-	-	-	-	-	-	(65,360,780)	(65,360,780)	(1,100,000)	(66,460,780)
Total transactions with owners of the Company	-	-	-	-	-	-	(65,360,780)	(65,360,780)	(1,100,000)	(66,460,780)
As at 31 December 2020	56,345,500	27,814,500	59,471,109	334,411	823,905,658	4,665,852	1,425,075,336	2,397,612,366	25,370,201	2,422,982,567
Balance at 1 January 2021	56,345,500	27,814,500	59,471,109	334,411	823,905,658	4,665,852	1,425,075,336	2,397,612,366	25,370,201	2,422,982,567
Profit for the year	-	-	-	-	-	-	185,725,534	185,725,534	(61,785)	185,663,749
Net change in fair value of Equity Investments at FVOCI - net of tax	-	-	-	-	-	(7,012,500)	-	(7,012,500)	-	(7,012,500)
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(9,236,878)	(9,236,878)	19,653	(9,217,225)
Total comprehensive income for the year						(7,012,500)	176,488,656	169,476,156	(42,132)	169,434,024
Transfer to / (from) during the year										
- general reserve	-	-	-	-	97,365,470	-	(97,365,470)	-	-	-
- claim equalization reserve	-	-	7,095,875	-	-	-	(7,095,875)	-	-	-
Transactions with owners of the Company										
Redeemable preference shares	-	-	-	-	-	-	-	-	200	200
Dividends (Note 27.4)	-	-	-	-	-	-	(67,614,600)	(67,614,600)	(1,100,000)	(68,714,600)
Total transactions with owners of the Company	-	-	-	-	-	-	(67,614,600)	(67,614,600)	(1,099,800)	(68,714,400)
As at 31 December 2021	56,345,500	27,814,500	66,566,984	334,411	921,271,128	(2,346,648)	1,429,488,047	2,499,473,922	24,228,269	2,523,702,191

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79 of Audited Financial Statements. The report of the Independent Auditors is given on pages 59-65 of this report and page 1 to 6 of Audited Financial Statements.

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

COMPANY	Share capital MVR	Share premium MVR	General reserve MVR	Fair Value reserve MVR	Retained earnings MVR	Total MVR
Balance at 1st January 2020	56,345,500	27,814,500	742,764,184	(15,734,148)	1,408,822,122	2,220,012,158
Profit for the year	-	-	-	-	359,298,319	359,298,319
Other comprehensive income, net of tax	-	-	-	8,500,000	(4,930,236)	3,569,764
Total comprehensive income for the year	-	-	-	8,500,000	354,368,083	362,868,083
Transfer to / (from) during the year						
- general reserve	-	-	71,859,664	-	(71,859,664)	-
Transactions with owners of the Company						
- Dividends (Note 27.4)	-	-	-	-	(65,360,780)	(65,360,780)
Total transaction with owners of the Company	-	-	-	-	(65,360,780)	(65,360,780)
As at 31st December 2020	56,345,500	27,814,500	814,623,848	(7,234,148)	1,625,969,760	2,517,519,460
Balance at 1st January 2021	56,345,500	27,814,500	814,623,848	(7,234,148)	1,625,969,760	2,517,519,460
Profit for the year	-	-	-	-	486,827,351	486,827,351
Other comprehensive income, net of tax	-	-	-	-	(8,157,911)	(8,157,911)
Total comprehensive income for the year	-	-	-	-	478,669,441	478,669,441
Transfer to / (from) during the year						
- general reserve	-	-	97,365,470	-	(97,365,470)	-
Transactions with owners of the Company						
- Dividends (Note 27.4)	-	-	-	-	(67,614,600)	(67,614,600)
Total transaction with owners of the Company	-	-	-	-	(67,614,600)	(67,614,600)
As at 31st December 2021	56,345,500	27,814,500	911,989,318	(7,234,148)	1,939,659,130	2,928,574,300

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79 of Audited Financial Statements. The report of the Independent Auditors is given on pages 59-65 of this report and page 1 to 6 of Audited Financial Statements.

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

To download full set of Audited Financial Statements with notes, please click this link. <https://r.sto.mv/eLCEb>

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

Note	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Cash flows from operating activities				
Profit before tax	288,085,429	223,064,227	576,917,947	431,411,576
Adjustments for:				
Depreciation on property, plant and equipment	13 181,393,332	195,571,141	101,077,638	115,673,027
Depreciation on investment properties	14 6,151,725	6,155,939	6,151,725	6,155,939
Amortization on right-of-use assets	20 41,831,309	38,382,244	25,804,093	23,784,745
Interest on lease liabilities	9 39,190,896	40,328,406	15,984,170	16,657,559
Amortization of intangible assets	15 9,249,858	5,623,572	246,720	-
Opening lease expense adjustment	-	5,891,787	-	4,353,854
Gain on derecognition of right of use assets	(5,016)	-	(5,016)	-
Capital work-in progress written off – Intangible assets	15.3 -	136,850	-	-
Capital work-in progress written off – Property, Plant & Equipment	13 179,686	1,131,933	-	1,047,370
Gain on disposal of property, plant and equipment	8 (243,615)	(715,679)	(243,615)	(17,858,050)
Provision for impairment of capital work-in progress	10 12,737,508	-	12,737,508	-
Provision for impairment of trade, other and related party receivable	10 22,704,191	107,403,312	24,528,192	116,566,739
Provision of impairment for slow moving inventories	21.1 47,622,011	60,773,879	46,318,368	53,529,234
Provision for defined benefit obligation	31 11,685,367	60,955,584	4,541,865	4,032,354
Receivable written off	10 3,055,755	147,460	381,605	-
Share of profit of equity - accounted investees, net of tax	18 (11,061,930)	(9,696,528)	-	-
Interest expense	9 161,772,391	170,069,284	110,488,623	121,150,225
Interest income	9 (10,064,849)	(6,032,070)	(3,958,554)	(2,937,986)
Dividend income	9 (5,265,500)	(5,891,437)	(54,900,767)	(57,901,733)
Operating profit before working capital changes	799,018,549	893,299,901	866,070,503	815,664,853
Working capital changes				
Change in inventories	(288,911,241)	(174,811,827)	(239,397,387)	(77,683,323)
Change in trade and other receivables	(185,170,853)	(139,187,650)	(148,632,510)	7,667,411
Change in amount due from related parties	(566,815,552)	(158,931,492)	(789,311,614)	(240,264,174)
Changes in reinsurance contracts	(250,737,828)	(67,080,904)	-	-
Changes in deferred revenue	(2,458,807)	159,636	(1,930,854)	(1,930,854)
Change in amount due to related parties	9,887,165	23,251,914	32,173,972	34,476,906
Change in trade and other payables	1,039,156,335	404,109,235	901,713,473	259,369,593
Changes in insurance contracts	162,139,459	84,776,675	-	-
Cash generated from operating activities	716,107,227	865,585,488	620,685,583	797,300,412
Interest paid	(165,226,745)	(156,996,065)	(114,960,207)	(122,867,016)
Gratuity paid	(4,162,655)	(3,265,883)	(1,105,876)	(2,645,300)
Income tax paid	35 (111,172,655)	(117,225,999)	(89,223,692)	(76,058,790)
Net cash generated from operating activities	435,545,172	588,097,541	415,395,808	595,729,306

Note	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Cash flows from investing activities				
Purchase and construction of property, plant and equipment	13 (333,816,728)	(159,451,716)	(34,923,684)	(47,730,311)
Purchase of intangible assets	15 (8,067,900)	(9,850,055)	-	-
Proceeds from sales of property, plant and equipment	576,884	771,934	277,732	17,902,050
Investment in subsidiaries	17 -	-	(127,793,225)	(52,163,045)
Investment in associates	(771,000)	-	-	-
Purchase of other financial instruments	25 (476,396,022)	(176,051,489)	(182,275,000)	-
Proceeds from sales of other financial instruments	25 148,056,065	103,369,654	-	-
Interest received	10,064,849	6,032,070	3,519,598	2,937,986
Dividend received	15,265,500	13,891,437	73,900,667	77,902,600
Net cash used in investing activities	(645,088,353)	(221,288,165)	(267,293,912)	(1,150,720)
Cash flows from financing activities				
Loans and borrowings obtained	29 176,447,117	242,324,844	25,782,237	226,897,134
Repayments of borrowings	29 (313,768,803)	(78,951,237)	(324,468,408)	(88,433,447)
Loans and borrowings obtained for working capital	29 4,617,534,087	3,455,293,181	4,617,534,087	3,455,293,181
Principal lease payments	30 (14,206,850)	(9,030,603)	(21,787,746)	(18,500,531)
Repayments of working capital loans and borrowings	29 (3,714,786,860)	(4,036,361,318)	(3,714,786,860)	(4,036,361,318)
Proceeds from shares issued	28 200	-	-	-
Dividend paid	(13,776,963)	(11,900,716)	(12,676,963)	(10,800,716)
Net cash generated from / (used in) financing activities	737,441,928	(438,625,849)	569,596,347	(471,905,697)
Net increase / (decrease) in cash and cash equivalents	527,898,747	(71,816,474)	717,698,243	122,672,889
Cash and cash equivalents at beginning of the year	10,925,318	82,741,792	23,441,248	(99,231,640)
Cash and cash equivalents at end of the year	26 538,824,065	10,925,318	741,139,491	23,441,249

Figures in brackets indicate deductions.

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the consolidated financial statements of the Group and separate financial statements of the Company set out on pages 12 to 79 of Audited Financial Statements. The report of the Independent Auditors is given on pages 59-65 of this report and page 1 to 6 of Audited Financial Statements.

Management Committee Members Profiles





Husen Amr Mohamed Rashad

CEO & MD

Husen Amr Mohamed Rashad took on the roles of Chief Executive Officer and Managing Director, on 30th November 2018.

He holds a Master of Business Administration from International Islamic University, Malaysia and has a Bachelor of Science in Computer Science from University of Sunderland, through Binary College Malaysia.

Amr has previously held the position of Chief Executive Officer of MTCC, from September 2010 till February 2012. He has also served as Deputy Under-Secretary heading the Economic Development Unit at the President's Office and was a member of the Privatization Committee formed by the President's Decree in 2009. He serves as the Chairman of Maldives Industrial Fisheries Company Ltd, Maldives National Oil Company Ltd and Lafarge Maldives Cement Pvt Ltd.

Amr has also played an active role in the political sphere as a National Council member of the Maldivian Democratic Party. He has been instrumental in formulating manifestos of the party and current government as Chairperson of the Policy Committee, member of the Economic Committee. Furthermore, he has been a successful entrepreneur engaged in the private sector for several years.



Mohamed Nizam

Chief Financial Officer
Executive, Non-Independent Director

Mohamed Nizam joined STO in the year 2010 and is currently Chief Financial Officer. Prior to this, he has worked in key positions of the Company that include the Procurement HOD, the Senior Finance Manager, the Chief Risk Officer and as a Senior Information System Manager of the ICT department.

He is presently the Chairman of the Board of Directors of Allied Insurance Company of the Maldives Pvt Ltd and a Board Director at Maldives Industrial Fisheries Company Ltd and Maldives State Shipping Company Pvt Ltd. Nizam was also a former Director of Fuel Supplies Maldives Ltd and represented STO in the Board of the Maldives Stock Exchange and the Maldives Securities Depository.

Nizam holds a master's degree in Business Administration, specialized in financial management from University of Ballarat, Australia and a Bachelor of Arts (Honours) degree in Finance and Accounting from University of East London, UK. He is a professional member of the Institute of Enterprise Risk Practitioners (IERP) and a certified Enterprise Risk Advisor (ERA). Nizam is also a certified associate consultant in SAP Finance and Controlling.

Nizam is a serene and helpful character. He is known for his crucial ability of critical thinking and problem solving. He is extremely qualified in analyzing and visualizing data in MS Excel. Nizam has an interest in astrophysics and technology.



Hawwa Nafia

Chief Audit Executive

Hawwa Nafia joined STO in the year 2014 as an Accountant and was appointed as the chief Audit Executive in 2021. Currently, she oversees the Internal Audit Department of the company.

Ms. Nafia has over 10 years of experience in the field of Accounting and Auditing. Prior to joining STO she has worked as a Junior Assistant Auditor in Auditor General's Office (S.Hithadhoo Branch), Internal Auditor in Capital Market Development Authority and as an Investigation Officer in Anti-Corruption Commission.

She has also served as a Board Director of Allied Insurance Company of the Maldives and served as a member of both Audit and Risk Management Committee and Corporate Governance and Compliance Committee of the Board.

Ms. Nafia is a member of the Association of Chartered Certified Accountants (ACCA-UK) and holds a Bachelor of Science with first class honours in Applied Accounting awarded by Oxford Brookes University.



Ahmed Shifan

General Manager
Peoples' Choice and Food Security

After serving the nation in the National Security Service (current Maldives National Defense Force) for almost 5 years, Shifan joined STO in 2003 as an Assistant Manager. His dedication and hard work have resulted in him being positioned as a General Manager of the Company today. Currently, he is in-charge of STO People's Choice and Food Security. His mandate is to oversee STO people's Choice, Regional Sales, Service Centre and Staple foods. Previously, he has also served STO, as the head of Medicals, Information Technology, Human Resources, Administrative, Store Operations, Home Improvement, Electronics, and Supermart

He represents STO in Fuel Supplies Maldives as a Board Director. Furthermore, he has served as a member of the Board of Advisors for the SAP Asia Pacific Japan Regional Services Board and represented STO in the Boards of Maldives Gas as its Chairman, in STO Hotel and Resorts as its Managing Director and as a Board Director of Maldives Structural Products Pvt Ltd.

With over 18 years of knowledge and experience in various fields such as management, strategic planning, human resources, sustainability, technology and sales, he holds a Master of Business Administration with Honors from Auckland University of Technology (AUT), New Zealand and a Bachelor of Science with Joint Honors (First Class) in Business Information Systems and Business Studies from Middlesex University, UK. He is also a Fellow of the Global Academy of Finance and Management® (GAFM)®.



Ismail Mifrah

Chief Information Officer
Information Technology

Ismail Mifrah joined STO in 2006 as a Technical Support Engineer. He later worked his way up to a Senior Information Systems Manager where he was responsible for creating organizational level ICT policies and best practices while also overseeing business continuity & development. Mifrah resigned in October 2017 but later rejoined in May 2019 as the Chief Information Officer.

Mifrah also serves as the Chairman of Maldivian Gas Pvt Ltd, Chairman of STO Maldives (Singapore) Pvt Ltd, Chairman of STO Hotels and Resorts and Board Director for Maldives Industrial Fisheries Company Limited, and has previously served in the Board of Fuel Supplies Maldives Pvt Ltd.

Mifrah holds a master's degree in Technology Management from Asia Pacific Institute for Information Technology (APIIT), Malaysia and a Bachelor of Science in Information Technology from Edith Cowan University, Australia. He is also a Microsoft Certified Professional and SAP MM Associate Consultant.



Uz. Mohamed Samah

Chief Legal Officer
Legal Affairs and Risk Management

Mohamed Samah started his career at Company in 2014 as a Lawyer. He is currently the Chief Legal Officer of the Company and oversees the responsibility of the overall functionality of Legal Affairs and Risk Management. Throughout his tenure he has been involved in the legal representation of the company on multiple judicial courts and the provision of legal support in a wide array of commercial activities engaged by the company.

Samah serves as Non-Executive Board Director at Allied Insurance Company of the Maldives. He also serves in the Board of STO Maldives (Singapore) Pte Ltd.

Samah is licensed to practice before the courts of the Maldives including the Supreme Court of the Republic of Maldives. He graduated in Law from the Maldives National University. He also holds a Master of Business Administration from University of Bedfordshire, UK. His professional engagement also extends to the Association of Corporate Counsel (ACC), where he has attained In-house Counsel Certification and membership having met their requirements. He is also a member of the Institute of Enterprise Risk Practitioners (IERP) and a certified Enterprise Risk Advisor (ERA).



Abdul Wahid Moosa

General Manager
Procurement

Abdul Wahid Moosa joined STO at the age of 25, just after completing his bachelor's degree in Business (specialized in Management and Marketing), a degree awarded by the Edith Cowan University, Australia.

He started off at STO with the transport team, working on managing company's fleet. His interests have always been to work in shipping, particularly in the field of technical & operational management of foreign-going ships.

He learned his field by working in one of successful ship management companies in Singapore called Thome Ship Management. He is the Company Security Officer and has been qualified to conduct industry related ship audits and inspections under ISM, ISPS and ISO 9001-2015.

Today, he serves as the head of procurement and has previously served as the head of fuel, logistics and construction department.

Wahid, being the Chairman of Maldives State Shipping Company Ltd, a Company envisioned to play a huge role in cargo and logistics management, linking Maldives with the rest of the world. He is also the Chairman of Fuel Supplies Maldives Pvt Ltd and previously served as a board director of Raysut Maldives Cement Ltd.



Mariyam Nuzla

General Manager
Peoples Operations

Mariyam Nuzla is the Head of Department for People Operations in the State Trade Organization of the Maldives. She started her career in 1999 as a Sales Officer and through perseverance and persistence, climbed the corporate ladder to establish herself as a key figure in the company's future. She is currently serving as a Board Director of Allied Insurance Company of the Maldives Pvt Ltd and Maldives Industrial Fisheries Company Ltd.

Her decorated resume includes terms as the Head of Corporate and Legal Affairs, the Head of Department of Procurement (General), Head of Administration Department and also as the Personal Assistant to the Managing Director. She had previously served as a Board Member at Maldive Gas Pvt Ltd as well.

Nuzla's educational qualification includes a Master's in business from Cardiff Metropolitan University, UK and a Bachelor of Business (Marketing and Management) from Edith Cowan University, Australia.



Mariyam Paruveen Abdul Faththah

General Manager
Marketing Communications

Mariyam Paruveen Abdul Faththah is the Head of Department for Marketing Communications. She oversees the public relations and media of the Company.

She joined STO in the year 1998 after working in the Ministry of Construction and Public Works from 1995 till 1997. She started her career at STO as an Officer, and during her 20 years of service, she went on to Managerial level, and later worked as the Head of Department of STO Supermart, Head of Department of PR and Media, and Head of Department for Managing Directors Bureau.

Paruveen holds a Master's in Business Administration from the University of Wales Trinity Saint David and a BA (Hons) in Business Administration from the University of Hertfordshire, UK.



Aishath Shaffana Rasheed

General Manager / Company Secretary
Corporate Affairs

Aishath Shaffana Rasheed joined STO in 2004. She serves as the Company Secretary of the Company since 2007. Shaffana is also the Head of Department for Corporate Affairs.

She has previously worked in STO Supermart and Marketing Department.

She holds a Master of Law and a Master of Business, both from the Cardiff Metropolitan University, UK and a Bachelor of Business (Marketing and Management) from the Edith Cowan University of Australia.

Shaffana is a member of the Corporate Governance Institute of Ireland and has completed a Diploma in Corporate Governance from the institute.



Mohamed Eman

General Manager
Energy and Construction Solutions

Mohamed Eman joined STO in 2005 and is currently in charge of Energy and Construction Solutions Department. Eman previously held other positions including Senior Manager of Construction Materials Department, Manager of Logistics Department, Enterprise Information System Department & Fuel Department.

He also serves as a Board Director of Raysut Maldives Cement Ltd and Maldivie Gas Pvt Ltd and had previously served in the board of Maldives Structural Products Pvt Ltd.

He holds BA in Economics from JSS College of Arts Commerce & Science, India. Moreover, he is certified as an Associate Consultant in SAP Materials Management.



Ali Nabeeh

General Manager
Logistics

Ali Nabeeh joined STO right after his higher secondary education in 2005. Initially worked in Transport Department as an officer and later he has been working in different senior posts of Transport Department. Today he is the Head of Logistics Department, where he oversees Marine Transport, Distribution Services, and Engineering Services.

Nabeeh is a Board Director of Maldives Gas Pvt Ltd and had previously served in the Board of Fuel Supplies Maldives Pvt Ltd. He holds a Degree in Bachelor of Arts with first class honors in Logistics Management. And also, he has obtained various trainings in the field of international trade and maritime.



Mohamed Ihsan Waheed

General Manager
Business Research & Property Management

Mohamed Ihsan is the Head of Department of Business Research and Property Management. He oversees Research & Infrastructure projects, Property Management, and Administration sections of the company.

Prior to joining STO in the year 2008, he worked in IT administration at Male' Aerated Water Company. He has over 13 years of experience in STO and has worked previously as an officer in Asset Management Department, Contracting Officer in Procurement Department, Delivery Manager in Logistics Department and Senior Manager at Projects Section in Human Resources & Administration Department.

Ihsan represents STO in the Board of Maldives Structural Products Pvt Ltd as its Chairman and he is a Board Director of STO Hotels and Resorts.

He holds a master's degree in business administration from Anglia Ruskin University, UK and a degree in logistics management from USCI University, Malaysia.

General Information

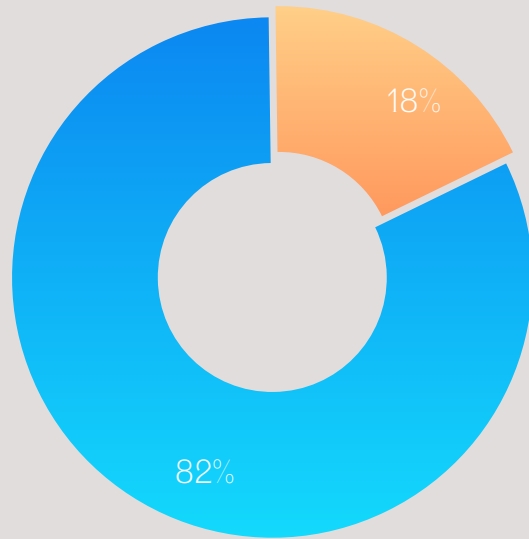


Shareholding Details

Public

207,041 shares

@ MVR50.00 each, amounts to MVR 10,352,050



Government

919,869 shares

@ MVR50.00 each, amounts to MVR 45,993,450

Authorized Capital

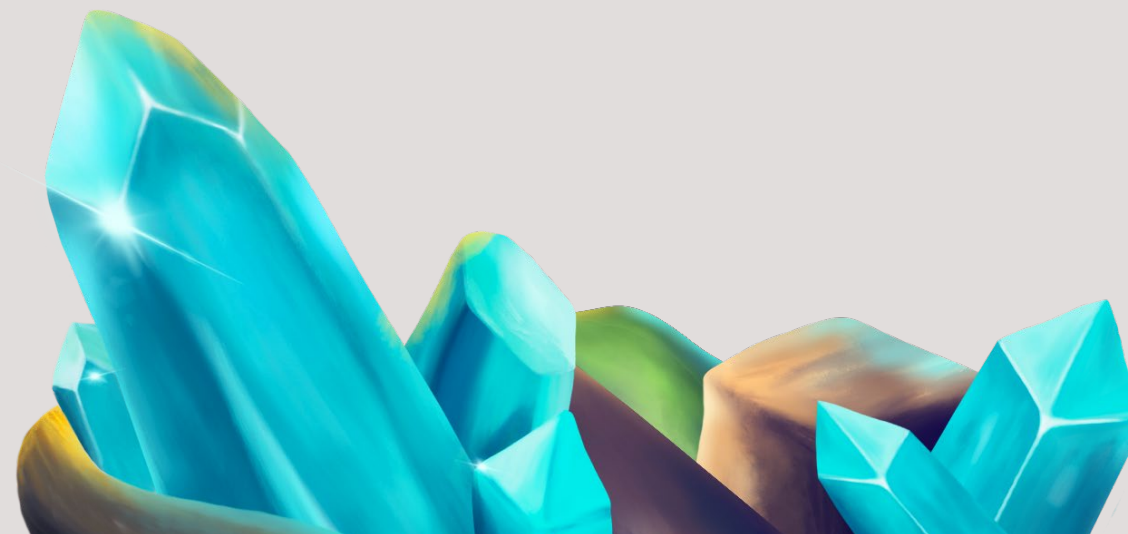
100,000,000

Paid up Capital

56,345,000

Premium

27,814,500



Group of Companies as at 31.12.2021

Allied Insurance Company of the Maldives Pvt Ltd	Maldives Industrial Fisheries Company Ltd	STO Maldives (Singapore) Pte. Ltd.	Maldivian Gas Pvt. Ltd.	Maldives Structural Products Pvt. Ltd.	Fuel Supplies Maldives Pvt. Ltd.	Raysut Maldives Cement Pvt. Ltd.	STO Hotels & Resorts Pvt. Ltd.	Maldives State Shipping Company Pvt. Ltd.
Incorporated date: 01st November 1984	Incorporated date: 01st November 1993	Incorporated date: 30th November 1997	Incorporated date: 03rd October 1999	Incorporated date: 23rd October 2000	Incorporated date: 18th December 2000	Incorporated date: 18th December 2000	Incorporated date: 7 th February 2012 *	Incorporated date: 04th February 2020
Area of business: Insurance	Area of business: Fish canning and its by- product manufacturer	Area of business: Trading	Area of business: Gas distribution	Area of business: Roofing materials manufacturer	Area of business: Fuel distribution	Area of business: Cement manufacturer	Area of business: Tourism sector	Area of business: Shipping
Incorporated in: Maldives	Incorporated in: Maldives	Incorporated in: Singapore	Incorporated in: Maldives	Incorporated in: Maldives	Incorporated in: Maldives	Incorporated in: Maldives	Incorporated in: Maldives	Incorporated in: Maldives
Operated in: Maldives	Operated in: Maldives	Operated in: Singapore	Operated in: Maldives	Operated in: Maldives	Operated in: Maldives	Operated in: Maldives	Operated in: Maldives	Operated in: Maldives
Shareholders: STO 99.99% & MGPL 0.01%	Shareholders: STO 99.99% & Allied 0.01%	Shareholders: STO 100%	Shareholders: STO 90% & Champa Oil and Gas 10%	Shareholders: STO 50% & Rainbow Investment 50%	Shareholders: STO 99.99% & Allied 0.01%	Shareholders: STO 25% & Raysut (Oman) 75%	Shareholders: STO 99.99% & FSM 0.01%	Shareholders: STO 99.99% & FSM 0.01%
Registered Address: City Square, 3rd floor Chaandhane Magu, Malé 20156 Maldives T: +960 3341001 E: 1600@allied.mv Website: www.allied.mv	Registered Address: MIFCO Head Office Building Hilaalee Magu, Malé 389 Maldives T: +960 332 3932 E: info@mifco.mv Website: www.mifco.com.mv	Registered Address: #39-10 International Plaza, 10 Anson Road 079903, Singapore T: (65) 6324 4668 E: stosing@stomaldives. com.sg	Registered Address: Address: #02-21 STO Trade Centre, 2nd Floor, Orchid Magu, Male' 20188 Maldives T: +960 3335614 E: info@maldivesgas.co m	Registered Address: G. Marline Spike Building, 2/10 Alikilegefaanu Magu, Malé 20117 Maldives T: +960 3337720 E: msroof@dhivehinet.ne t.mv	Registered Address: STO Aifaanu Building, Block A, 4th Floor, Boduthakurufaanu Magu, Malé 20026, Maldives T: +(960) 3313881 E: hr@fuelmaldives.net, admin@fuelmaldives.n et Website: www.fuelmaldives.co m	Registered Address: Faamudheyryge, 2nd Floor, 2A Male' 20209 Maldives T: +960 3315314 E: info@raysutmaldives.c om	Registered Address: STO Head office building, 6th Floor, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives Maldives T: +960 3344209 E: hotels@sto.mv Website: www.allied.mv	Registered Address: State Trading Organization plc, Boduthakurufaanu Magu, Maafannu, Republic of Maldives T: +960 3029200 E: info@statshipping.mv Website: https://stateshipping. mv/

5 Year Group Financial Review

2017

2018

2019

2020

2021

(MVR, in millions)

Earnings

Revenue	9,100	10,873	10,906	8,501	11,236
Gross Profit	1,435	1,509	1,969	1,784	1,917
Operating Profit	315	247	842	401	451
Profit before tax	211	(130)	476	223	288
Profit for the year	159	(180)	383	127	186

Share Data

Price per share, at year end, MVR	350	400	500	455	456
Earnings per share, MVR	137	(162)	336	109	165
Dividend per share, MVR	55	58	58	60	* 65
Net assets per share, MVR	2,234	1,806	2,083	2,150	2,239
No. of shares	1,126,910	1,126,910	1,126,910	1,126,910	1,126,910

Key Ratios

Return on equity, %	6.4%	-7.9%	17.5%	5.3%	7.5%
Return on capital employed (ROCE)	4.6%	3.6%	12.2%	5.6%	5.3%
Equity/asset ratio, %	32.5%	26.4%	29.7%	28.6%	23.7%
Net debt/equity ratio	1.69	2.32	1.93	1.94	2.39
Interest coverage ratio	2.30	1.23	3.52	1.91	2.25
Dividend yield, at year end, %	15.7%	14.5%	11.6%	13.2%	14.3%

Financial Position and Cash Flow

Total assets	7,738	7,697	7,899	8,482	10,650
Equity	2,518	2,035	2,347	2,423	2,524
Non-current liabilities	717	623	915	783	1,089
Trade and other receivables	2,918	2,840	2,580	2,717	3,408
Inventories	983	1,084	1,200	1,314	1,556
Trade and other payables	2,668	2,512	1,502	1,984	3,088
Net Operating cash flow	290	(218)	96	588	436

* Proposed dividend for 2021



Thank you to all our employees, customers, shareholders, suppliers and other stakeholders.

We are proud to be working with you to support and build a better Community.

Together, let's continue to enhance our lives.

Name of Company

State Trading Organization plc
Company Registration Number C-186/2001

Legal form

A Public Listed Company with limited liability. Initially incorporated as a Government Company, Athireemaafannu Trading Account (ATA) on 20th December 1964. Renamed as State Trading Organization on 9th June 1979. Changed to a public listed company on 14th August 2001.

Stock exchange listing

Ordinary shares of the Company are listed at the Maldives Stock Exchange Company Pvt. Ltd.

Registered address

State Trading Organization plc.
Kan'baa Aisa Rani Hingun,
Maafannu,
Malé 20345
Republic of Maldives
Call Centre: 1422
Email: info@stomaldives.net
Website: sto.mv





The ideal trade leader in Maldives, contributing to the Health Industry, Consumer Market, Construction Materials Industry, Fuel and logistics Industry, Insurance Industry, Cooking and Medical Gas Industry, Shipping Industry and the manufacturing of Fish and its by-products Industry. Present across the Country with more than 4,000 employees and serving over 250,000 customers, the Company is standing strong, since 1964.