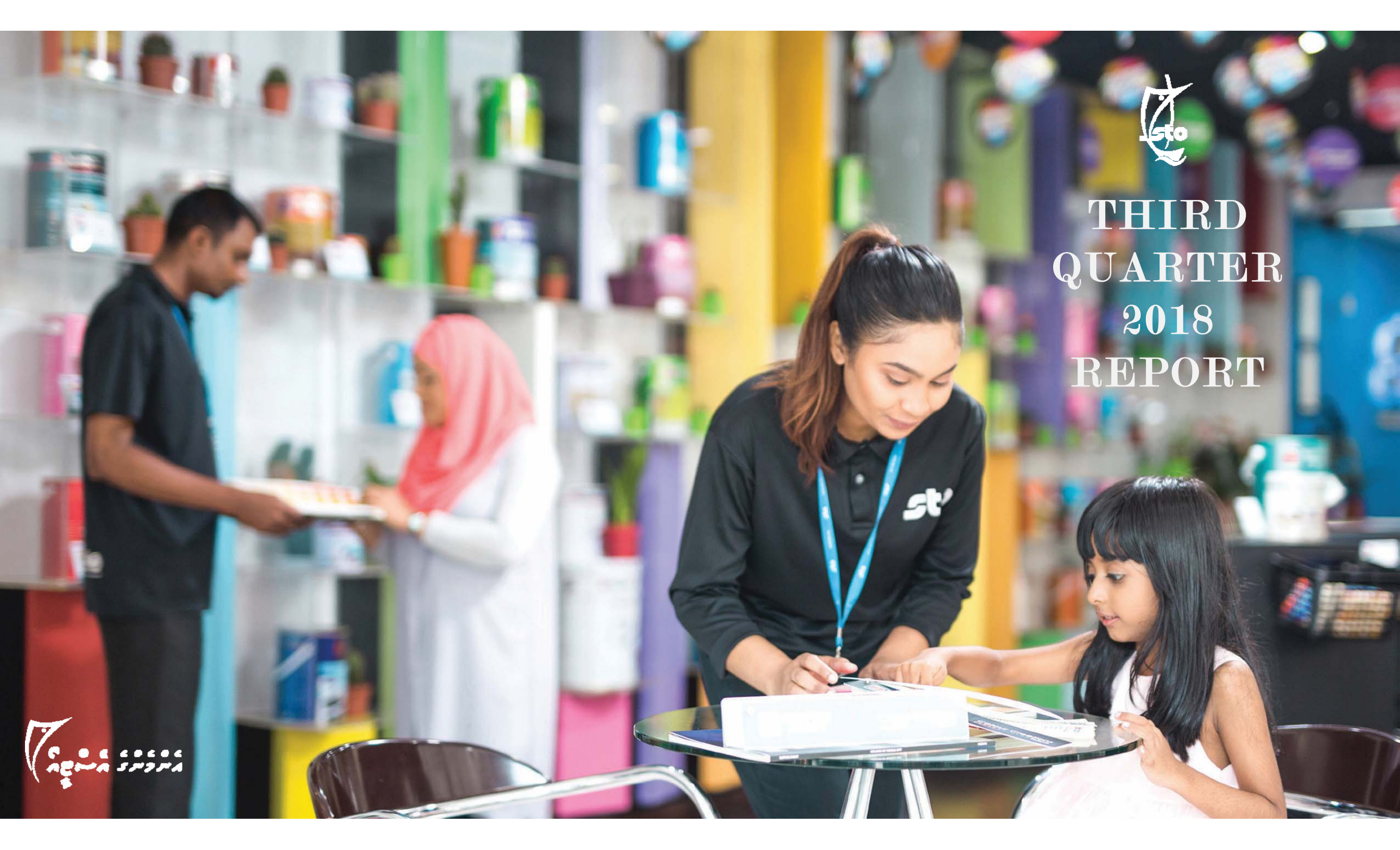




THIRD QUARTER 2018 REPORT



Third Quarter Report

Reporting Principles



This is the third quarter report of State Trading Organization plc. for the year 2018.

In compiling this report, STO has made its best efforts to adhere to the Listing Rules, the Corporate Governance Code of Capital Market Development Authority and the Continuous Disclosure Obligation of Issuers Regulation 2010.

This report includes events for the period from 01st July 2018 to 30th September 2018.

Report was published on 30th October 2018.

KEY FACTS



This Year So Far



03 February 2018

Inaugurated
STO Electronics



27 February 2018

STO Hiyaa
foundation laid



30 May 2018

STO Annual General
Meeting 2017



01 July 2018

STO Hulhumale'
Batching plant



9 July 2018

STO Hiyaa Housing
scheme Launched



22 February 2018

Received CSR
Campaign of the year
award by Corporate
Maldives



28 February 2018

Maiden Voyage of MT
Alimas



07 June 2018

STO Easy Fill
Thinadhoo opened



03 July 2018

2 Landing crafts
introduced to STO fleet



10 July 2018

STO Express
opened

Third Quarter Report

Financial Highlights

MVR
2,398m

Q1/2018 – 2,224m

Q2/2018 – 2,215m

REVENUE

MVR
81m

Q1/2018 – 88m

Q2/2018 – 93m

OPERATING PROFIT

MVR
47m

Q1/2018 – 47m

Q2/2018 – 47.3m

NET PROFIT AFTER TAX

MVR
42

Q1/2018 – 41

Q2/2018 – 42

EPS

Human Resources



2,157

Q2/2018 – 2,113

Q1/2018 – 2,076

EMPLOYEES



35%_F, 65%_M

Q2/2018 F– 35%, M-65%

Q1/2018 F– 36%, M-64%

* **GENDER**

82%_{LOCAL}

18%_{FOREIGN}

Q2/2018 83% Local, 17% Foreign

Q1/2018 83% Local, 17% Foreign

LOCAL/FOREIGN EMPLOYEES

* F – Female, M – Male'

Events of this Quarter



1 1st July 2018
STO Hulhumale' Batching Plant

Two new landing crafts were introduced to STO fleet.



2 3rd July 2018
“ITHAA” & “AILA”

Two new landing crafts were introduced to STO fleet.



3 9th July 2018
STO HiYaa Scheme

STO HiYaa Scheme was launched by Chairman Mr. Hussain Salim Mohamed.

Events of this Quarter



4 10th July 2018 STO Mini-Mart

STO Supermart's mini-mart "STO Express" was opened.



5 2nd August 2018 Signing with Maldives Business Awards

STO signed as the title sponsor of Maldives Business Awards 2018.



6 5th September 2018 STO-GE Healthcare Institute

STO partnered with GE Healthcare to develop STO - GE Healthcare Institute in Maldives.

Third Quarter Report

CSR



2nd April 2018

STO sponsored Dh. Rinbudhoo council's initiative to promote healthy mouth rehabilitation in living in their community, with Devondale.



15th May 2018

Held a 2-day intensive workshop on healthy mouth rehabilitation in collaboration with STO Medicals & Quayle Dental.



17th July 2018

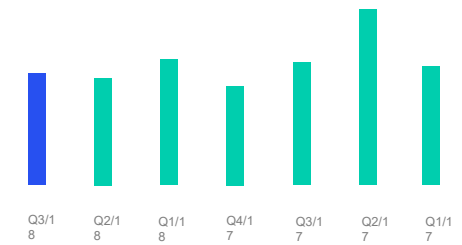
STO Top Achievers Award 2017 was held on 17th July 2018. This is the 7th year that STO has supported this event.



11th August 2018

STO facilitated "chat with a local dietician Ms. Asiya Abdul Rahman", for STO Supermart customers.

Share Performance

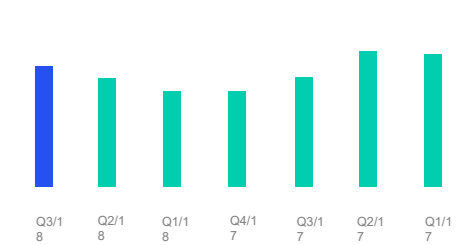


450_{MVR}

HIGHEST TRADE PRICE

Q1/2018 – MVR500

Q2/2018 – MVR430

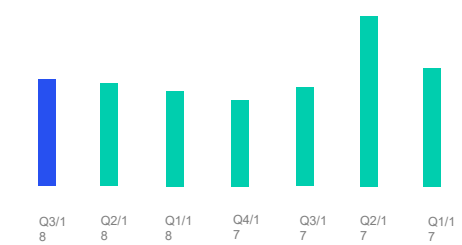


429_{MVR}

LOWEST TRADE PRICE

Q1/2018 – MVR350

Q2/2018 – MVR390

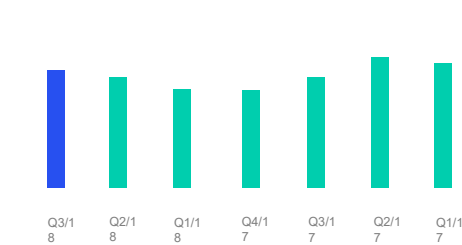


429_{MVR}

LAST TRADE PRICE

Q1/2018 – MVR390

Q2/2018 – MVR420



431_{MVR}

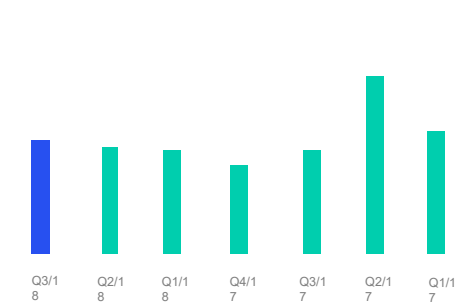
WATP

Q1/2018 – MVR373

Q2/2018 – MVR416

Share Performance

Cont.....



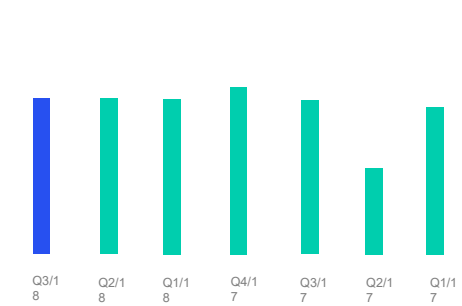
483_{M V R}

MARKET CAPITALIZATION

Q1/2018 – MVR440

Q2/2018 – MVR473

(All amounts in million MVR)



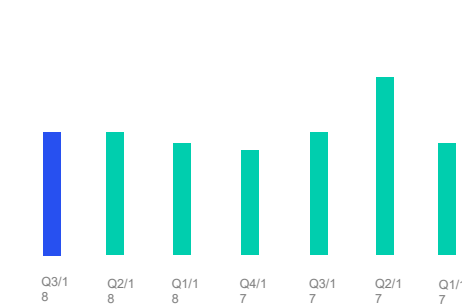
13%

DIVIDEND YIELD

Q1/2018 – 13%

Q2/2018 – 13%

*

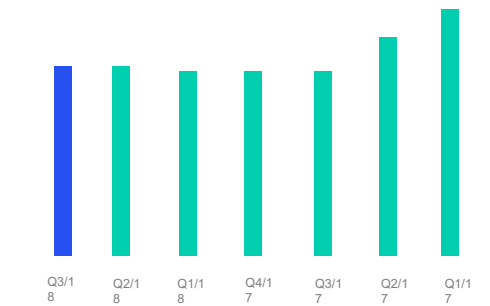


10

PRICE EARNING RATIO

Q1/2018 – 9

Q2/2018 – 10



42_{M V R}

EPS

Q1/2018 – MVR41

Q2/2018 – MVR42

* Dividend yield has been calculated based on dividend value of MVR55.00, approved by the shareholders at 2017 Annual General Meeting.

BOARD ACTIVITIES



Board of Directors



Hussain Salim Mohamed

Chairman

Non-Executive,
Independent Director



Ahmed Shaheer

Chief Executive Officer and Managing Director

Executive Director



Mohamed Mihad

Chief Financial Officer

Executive Director



Amir Mansoor

Non-Executive,
Independent Director

Chairman of AR Committee



Aishath Rafiyya

Non-Executive,
Independent Director

Chairperson of NR Committee
Member of CG Committee and AR Committee



Mariyam Zaahiya

Non-Executive,
Independent Director

Member of CG Committee and AR Committee



Aishath Fazeena

Non-Executive,
Independent Director

Chairperson of CG Committee
Member of NR and AR Committee

* NR – Nomination and Remuneration Committee, CG – Corporate Governance and Compliance Committee, AR – Audit and Risk Committee

Board Activities

STO has seven directors in the Board. This include of five non-executive, independent members and two executive members. All non-executive members of the Board are deemed independent. There were no changes made to the Directors in the Board, during this quarter.

The Board of Directors now consist of three female directors representing 42% of members in the Board.

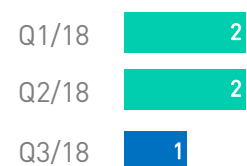
There were no changes to the shareholding structure of the Company. As such the Government of Maldives represents 81.63% shares while the public represent 18.37% of shares in the Company.

Frequency of Meetings

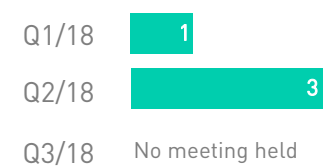
Board Meeting



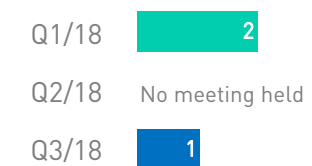
Audit and Risk Committee



NR Committee



Corporate Governance Committee



Major Decisions of Board and its Committees

- The Managing Director Mr. Ahmed Shaheer was appointed to the post of Chief Executive Officer.
- A project consultant was appointed for the development of a multi-storey warehouse at Maldives Industrial Village.
- Approved related documents of STO Hiya project.
- Approved to use Boardpaq – a cloud service app for planning, running and managing paperless board meetings – in providing papers for Board and its Committee meetings at STO.
- Board Committee meeting update reports were presented and discussed.
- 2018 Budget was revised.
- STO Group Board Evaluation results were presented and discussed.
- Major project updates were presented for Board information.
- An overall credit exposure limit was set for STO and individual segments.
- Decided to handover the Renewable Energy Project to Ministry of Environment and Energy.
- A guideline was approved on providing corporate guarantee to subsidiaries.
- Monthly financial reports were presented and discussed.

Compliance

Compliance to Corporate Governance

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

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

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

Reporting Compliance

This report has been prepared in compliance with the Capital Market Development Authority Minimum Quarterly Reporting Requirements for Listed Companies.



FINANCIALS

Third Quarter Report

Income Statement

	Q3/2018	Q2/2018	Q1/2018
Revenue	2,398,303,260	2,215,151,304	2,224,652,636
Cost of Sales	(2,105,366,290)	(1,919,987,488)	(1,955,569,185)
Gross Profit	292,936,970	295,163,816	269,083,451
Other Operating Income	3,942,669	11,860,456	8,684,006
	296,879,639	307,024,271	277,767,458
Selling and Marketing Costs	(71,194,387)	(54,549,966)	(48,194,401)
Administrative Costs	(144,252,209)	(157,924,279)	(140,843,115)
Other Operating Expenses	(174,696)	(1,132,152)	(800,507)
Operating Profit	81,258,347	93,417,874	87,929,435
Finance Costs	(25,271,395)	(38,172,963)	(30,640,618)
Profit Before Tax	55,986,952	55,244,911	57,288,817
Business Profit Tax Expense	(8,921,960)	(7,965,619)	(10,671,604)
Profit After Tax	47,064,992	47,279,292	46,617,213
Attributable to			
Equity Holders of the Parent	47,064,992	47,279,292	46,617,213
Non-Controlling Interest			
Earnings per share Attributable to Equity holders of the Parent	41.76	41.95	41.37

Third Quarter Report

Balance Sheet

	Q3/2018	Q2/2018	Q1/2018
ASSETS			
NON CURRENT ASSETS			
Property Plant and Equipment	2,250,332,672	2,226,441,560	2,193,697,180
Investment in Subsidiaries	117,249,835	117,249,835	117,249,835
Investment in Associates	10,567,267	10,567,267	10,567,267
Investment in Joint Venture	4,700,000	4,700,000	4,700,000
Available-for-sale Financial Assets	12,740,800	12,740,800	12,740,800
Deferred Tax Asset	60,325,618	60,325,618	60,325,618
Total Non-Current Assets	2,455,916,192	2,432,025,080	2,399,280,700
CURRENT ASSETS			
Inventories	775,770,774	676,290,028	665,129,644
Trade and Other Receivables	3,492,778,360	3,338,505,859	2,926,823,791
Cash and Cash Equivalents	81,043,843	44,903,551	158,871,721
Total Current Assets	4,349,592,977	4,059,699,438	3,750,825,157
Total Assets	6,805,509,169	6,491,724,518	6,150,105,857
EQUITY			
Share Capital	56,345,500	56,345,500	56,345,500
Share Premium	27,814,500	27,814,500	27,814,500
General Reserve	707,081,073	697,668,075	679,276,123
Retained Earnings	1,540,397,790	1,502,745,797	1,489,221,295
Total Equity	2,331,638,864	2,284,573,871	2,252,657,417

Third Quarter Report

Balance Sheet

Cont.....

	Q3/2018	Q2/2018	Q1/2018
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and Borrowings	366,694,915	402,669,715	490,047,705
Current Liabilities			
Current Tax Liabilities	10,895,678	15,867,825	13,082,671
Trade and Other Payables	2,387,179,740	2,242,830,339	2,558,260,749
Borrowings	1,709,099,971	1,545,782,767	836,057,314
Total Current Liabilities	4,107,175,390	3,804,480,932	3,407,400,735
Total Liabilities	4,473,870,305	4,207,150,646	3,897,448,440
Total Equity and Liabilities	6,805,509,169	6,491,724,518	6,150,105,857



Mohamed Mihad
Chief Financial Officer / Executive Director



Ahmed Shaheer
Chief Executive Officer and Managing Director

Cash flow Statement

	Q3/2018	Q2/2018	Q1/2018
Profit before business profit tax	55,986,952	55,244,911	57,288,817
Adjustments for:			
- Depreciation & amortization	26,170,536	23,767,359	22,405,721
- Interest income	(1,362,874)	(1,450,359)	(1,413,242)
- Interest expense	46,271,208	52,147,302	32,396,508
- Dividend income	(20,099,866)	(13,000,000)	
- Provision for impairment of receivables	12,192,968	4,997,264	5,372,735
- Receivables written off		3,466.2	-
- Provision for slow and non moving inventories	(2,356,260)	(3,551,942)	(715,928)
- Profit on disposal of property, plant and equipment	9,706,472	19,072	96,982
Changes in working capital:			
- Inventories	(97,124,485)	(103,319,748)	96,427,234
- trade and other receivables	(166,465,469)	(116,881,328)	(305,174,205)
- Trade and other payables	144,891,580	(333,885,595)	(34,007,973)
	7,810,761	(435,909,598)	(127,323,352)
Cash flows from operating activities			
Interest paid	(46,271,208)	(52,147,302)	(32,396,508)
Business profit tax paid	(13,894,107)		(15,852,069)
Net cash generated from / (used in) operating activities	(52,354,554)	(488,056,899)	(175,571,929)

Cash flow Statement


Cont.....

	Q3/2018	Q2/2018	Q1/2018
Cash flows from investing activities			
Purchases of property, plant and equipment - net	(59,768,120)	(35,234,387)	(43,799,126)
Loan repayments received from related parties			
Interest received	1,362,874	1,450,359	1,413,242
Dividends received	20,099,866	13,000,000	
Net cash generated from / (used in) investing activities	(38,305,380)	(20,784,028)	(42,385,884)
Cash flows from financing activities			
Net proceeds from / (repayment of) borrowings	127,342,405	357,996,736	264,350,727
Dividends paid to shareholders	(542,179)	(9,344,605)	(172,287)
Net cash generated from / (used in) financing activities	126,800,226	348,652,131	264,178,440
Net increase / (decrease) in cash and cash equivalents	36,140,292	(160,188,797)	46,220,627
Cash, cash equivalents and bank overdrafts at beginning of the quarter	44,903,551	205,092,348	158,871,721
Cash, cash equivalents and bank overdrafts at end of the quarter	81,043,843	44,903,551	205,092,348


Get Connected

We welcome your feedback, comments and queries.
Contact us via any of the following.




 +960 3344333


 info@stomaldives.net

 Kanbaa Aisa Rani Hingun, Maafannu

 <http://sto.mv>

 @sto_mkt

 @state trading organization plc

 @state trading organization plc

 @stopl

