

Quarterly Report

02-2021

State Trading Organization plc





This is the second quarter report of State Trading Organization plc. for the year 2021.

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

This report includes events for the period from 01st April 2021 to 30th June 2021.

This report was published on 29th July 2021.



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Vision

Enriching lives through expansion and accessibility

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.

Values

Progressive

Respectful

Innovative

Accessible

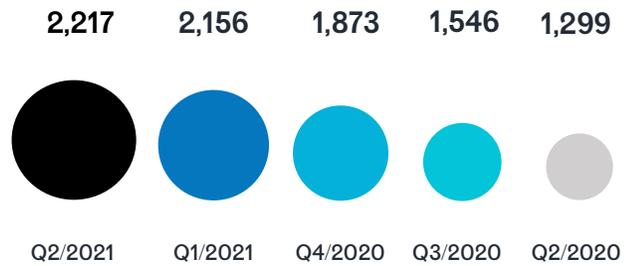
Caring



Key Financial Figures

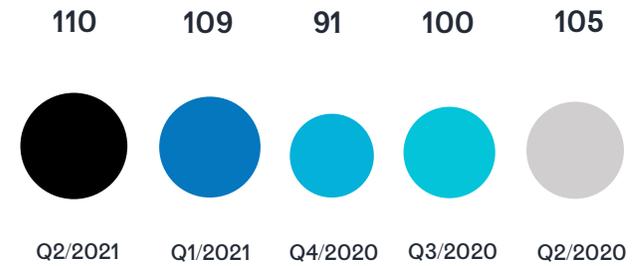
Total Revenue

In Millions, MVR



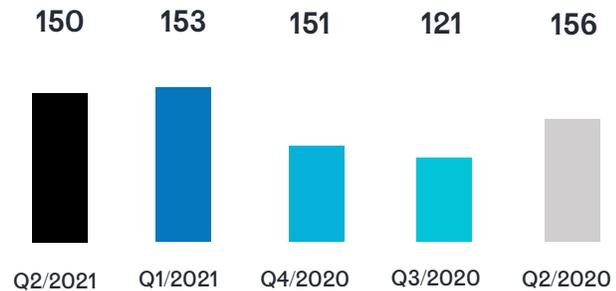
Net Profit

In Millions, MVR



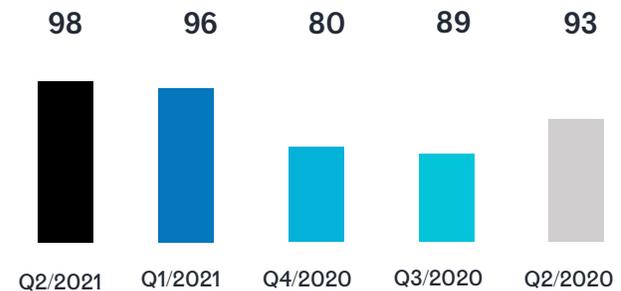
Operating Profit

In Millions, MVR



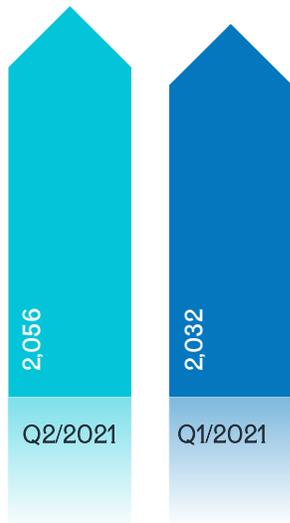
Earning per Share

In MVR

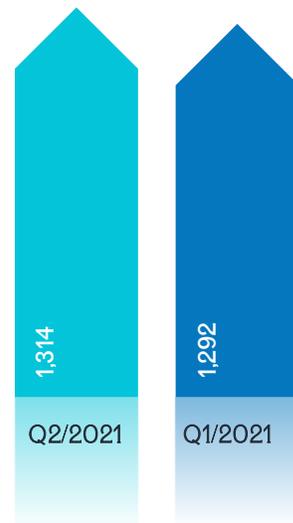


Our People, Our Pride

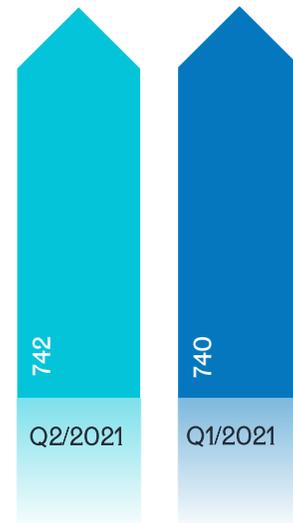
Total Employees



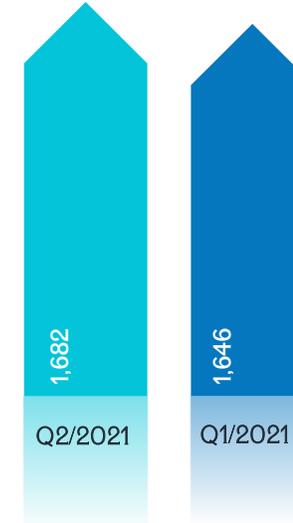
Male Employees



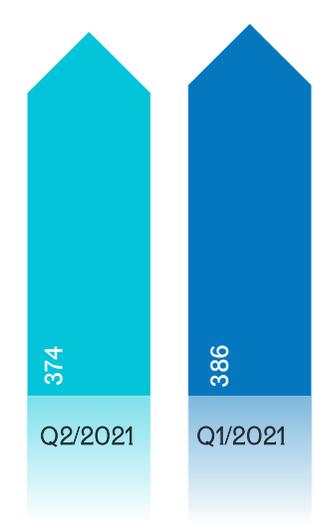
Female Employees



Local Employees



Foreign Employees



Corporate Events

STO AGM 2020

On 31st May 2021, STO held its Annual General Meeting 2020 via Microsoft Teams. This meeting was attended by a total of 682 shareholders who represented an accumulated total of the Company's 941,842 shares.



Introducing Green Concrete

On 5th June 2021, STO introduced 'Green Concrete' which reduces Carbon dioxide emissions by 30% compared to normal concrete. This green initiative is a step towards the Company's efforts to reduce carbon footprint.



Appointment of STO Construction Agents

STO Construction Agents were appointed on 24th June 2021. STO Construction Agent Scheme will be a pathway for local businesses and SME's to strengthen themselves in the market, while providing construction solutions to residents in all islands at affordable prices.



Corporate Social Responsibility

Scholarship to students under Therapeutic Sector

An agreement was signed between Ministry of Higher Education and STO to sponsor three students under Therapeutic Sector on 22nd April 2021.



Donation of Medical Consumables to Atoll Councils

During the second quarter of 2021, STO donated medical consumables to all Atoll Councils and City Councils. This donation was made as an aid to the islands under monitoring status by HPA during the Pandemic.



Donation of food items and medical consumables to GA.Dhaandhoo

Staples, supermarket items and medical consumables were donated to GA.Dhaandhoo on 7th June 2021 as aid, following the rise in Covid19 cases in the island.



Renovation of Zikura Mosque for Ramadan

STO donated construction materials for the renovation of Zikura Mosque, for the month of Ramadan 2021.



Marketing Events

Philips Airfryer Contest

“Philips Airfryer contest” was conducted by STO Home Improvement on 1st June 2021. Participants submitted recipes they created using Philips Airfryer.



Europhoria TV Promotion

On 10th June, with the commencement of UEFA EURO 2020, STO Home Improvement launched Europhoria TV promotion for its customers. This promotion offered special discounts on TVs and Soundbars.



“Magey Hiya” Promotion

“Magey Hiya” Promotion was launched by STO Home Improvement on 24th June 2021. This promotion provides wide range of product packages for Government housing flat owners.



STO Europhoria Contest

On 28th June 2021, during UEFA EURO 2021, STO Home Improvement conducted a social media contest for participants to guess the Champion Team of UEFA EURO 2020 and win amazing prizes.



Share Performance

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Lowest Trading Price (MVR)	550	700	455	515	700	600
Highest Trading Price (MVR)	552	700	700	520	700	500
Last Trading Price (MVR)	550	700	455	520	700	510
No. of Trades	2	2	4	2	1	7
No. of Securities Traded	50	28	726	150	1	180
Value of Securities Traded	27,560.00	19,600	335,450	77,750	700	93,335
Weighted Average Trade Price (WATP)	551	700	462	518	700	518
Market Capitalization (MVR in millions)	620	789	513	586	789	610
Dividend Yield %	11	8	13	11	8	11
Earnings Per Share (EPS in MVR)	98	96	80	89	93	104
Price Earning Ratio	5.63	7.26	5.66	5.84	7.52	5.03

* Dividend yield has been calculated based on dividend value of MVR60.00, approved by the shareholders at the last Annual General Meeting.

** (Last Trade on 24/06/2021)

The Board of Directors

* Members were last appointed to the Board, at the Annual General Meeting held on 31/05/2021.

* Members were re-elected to Board Committees on 15/06/2021.



Hamid Nasheed Mohamed
Chairman,
Non-Executive, Independent Director



Husen Amru Mohamed Rashad
Chief Executive Officer & Managing Director
Executive Director



Mohamed Nizam
Chief Financial Officer
Executive Director



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



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



Ismail Zumayl Rasheed
Non-Executive, Independent Director
Member of NR Committee
Member of AR Committee



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

Board Committees

Audit & Risk Committee



Shimad Ibrahim
Chairman

Nomination & Remuneration Committee



Gais Ismail
Chairman

Corporate Governance & Compliance Committee



Aminath Rushma
Chairperson



Aminath Rushma
Member



Ismail Zumayl Rasheed
Member



Gais Ismail
Member



Aminath Rushma
Member



Ismail Zumayl Rasheed
Member



Shimad Ibrahim
Member



Gais Ismail
Member

Board Activities

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

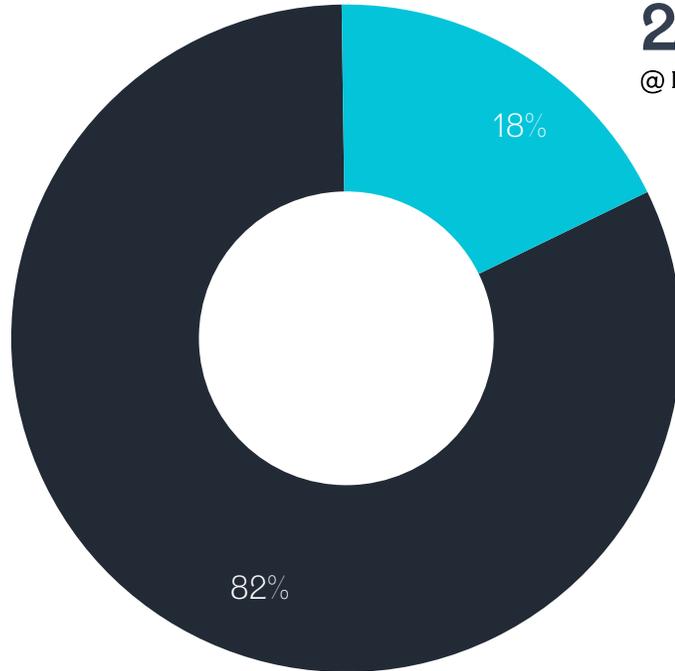
At the Annual General Meeting held on 31st May 2021, the Government appointed 6 members to the Board of Directors, while the public shareholders elected 1 member. Appointed directors and their positions are given on page 11. Further to this, PWC was appointed for yet another term as the External Auditors and MVR60/- per share was approved as dividend for 2020.

There was no change 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. (Details on page 14)

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



Shareholding Details



Public
207,041 shares
@ MVR50.00 each, amounts to MVR10,352,050

Government
919,869 shares
@ MVR50.00 each, amounts to MVR45,993,450

Authorized Capital	Paid up Capital	Premium
100,000,000	56,345,000	27,814,500

Major Board Decisions

- Husen Amru Mohamed Rashad was reappointed to the Managing Director and Chief Executive Officer's post, for yet another term. He has been fulfilling this post since November 2018.
- Approved to purchase and implement "TeamMate" Audit Software, in the view to strengthen governance in the Company.
- Discussed on increasing fleet to MSS, in order to strengthen the operations of the Company.
- Approved to implement a new and improved stacking process at Staple Food godown.
- Approved the Loan Management Policy, Vehicle Management Policy, Vessel Management Policy and STORC Policy.
- Appointed new Board Committees.
- Reviewed and discussed status on the Flour Mill Project and Digital Banking Project.

Board and Board Committee Attendance

	Board Meeting	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Governance and Compliance Committee
Hamid Nasheed Mohamed Chairman	2/2			
Husen Amru Mohamed Rashad CEO/MD	2/2			
Mohamed Nizam CFO/Executive Director	2/2			
Shimad Ibrahim Board Member Chairman of AR Committee Member of CG Committee	2/2	1/1		
Gais Ismail Board Member Chairman of NR Committee Member of CG Committee Member of AR Committee	2/2	1/1	1/1	-
Ismail Zumayl Rasheed Board Member Member of NR committee Member of AR Committee	2/2	1/1	1/1	-
Aminath Rushma Board Member Chairperson of CG Committee Member of AR Committee Member of NR Committee	2/2	1/1	1/1	-



Compliance

Compliance to Corporate Governance

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

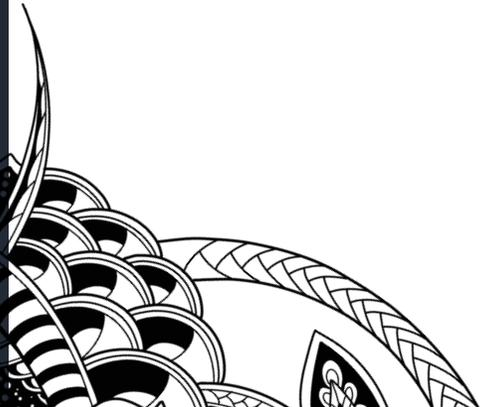
STO believes that the governance arrangements adopted by STO Group are reflective of a high performing, well governed organization. These arrangements enable the Board and Management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture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

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

Reporting Compliance

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

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



Financial Highlights of this Quarter

Total Revenue

2,217

(in millions) MVR
Q1/2021 MVR2,156m

Total Expenses

255

(in millions) MVR
Q1/2021 MVR231m

Net Profit

110

(in millions) MVR
Q1/2021 MVR109m

Earning per Share

98

in MVR
Q1/2021 MVR96

Net Asset per Share

2,368

In MVR
Q1/2021 MVR2,357

Cash Flow per Share

249

(in millions) MVR
Q1/2021 MVR13

Asset Cover Available

2.22

Q1/2021 2.03

Debt Equity Ratio

1.54

Q1/2021 1.65

Debt Service Cover Ratio

0.96

Q1/2021 0.55

Interest Service Cover Ratio

5.32

Q1/2021 6.11

Reserves

2,584

(in millions) MVR
Q1/2021 MVR2,572m

Net Worth

2,669

(in millions) MVR
Q1/2021 MVR2,656m

Debt Securities

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Previous due date for the payment of interest/dividend	31.05.2021	28.02.2021	30.11.2020	31.08.2020	31.05.2020	29.02.2020
Repayment of principal	23,138,278	22,838,522	22,542,650	22,250,610	21,962,355	21,677,833
Interest	3,222,690	3,522,446	3,818,318	4,110,357	4,398,613	4,683,135
The amounts and where the same has been paid or not	Paid	Paid	Paid	Paid	Paid	Paid
Next due date for the payment of interest/dividend	31.08.2021	31.05.2021	28.02.2021	30.11.2020	31.08.2020	31.05.2020
The extent and nature of collateral created and maintained with respect of principal	Sovereign guarantee					
Breach of any covenants under the terms of debt securities	No	No	No	No	No	No



Income Statement

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
Fuel Revenue	1,446,517,031	1,448,672,945	972,092,817	818,626,012	629,287,318
Non-Fuel Revenue	770,028,783	706,973,700	900,449,815	727,025,764	669,907,815
Total Revenue	2,216,545,814	2,155,646,645	1,872,542,632	1,545,651,776	1,299,195,133
Cost of Sales	(1,833,384,130)	(1,786,719,175)	(1,494,060,523)	(1,203,026,825)	(953,801,401)
Gross Profit	383,161,685	368,927,470	378,482,109	342,624,951	345,393,733
Other Operating Income	21,821,561	14,720,357	30,062,417	12,793,939	10,383,332
	404,983,246	383,647,827	408,544,526	355,418,890	355,777,065
Selling and Marketing Costs	(72,322,553)	(52,447,698)	(83,987,449)	(76,515,994)	(42,203,289)
Administrative Costs	(180,777,804)	(176,813,142)	(171,770,022)	(158,255,640)	(157,051,425)
Other Operating Expenses	(1,772,888)	(1,593,725)	(1,842,939)	(28,969)	(291,168)
Operating Profit	150,110,001	152,793,261	150,944,116	120,618,286	156,231,183
Finance Costs	(17,048,086)	(22,889,295)	(35,455,514)	(861,743)	(29,604,302)
Profit Before Tax	133,061,915	129,903,967	115,488,602	119,756,543	126,626,881
Business Profit Tax Expense	(22,978,521)	(21,303,714)	(24,873,270)	(19,494,805)	(21,702,656)
Profit After Tax	110,083,394	108,600,253	90,615,332	100,261,738	104,924,225
Earnings per Share	98	96	80	89	93

Balance Sheet

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
ASSETS					
NON-CURRENT ASSETS					
Property Plant and Equipment	1,717,324,724	1,752,774,065	1,757,883,151	1,798,899,532	1,814,412,453
Investment in Subsidiaries	157,107,425	157,107,425	122,639,380	104,944,380	104,944,380
Investment in Associates	10,567,267	10,567,267	10,567,267	10,567,267	10,567,267
Investment in Joint Venture	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Available-for-sale Financial Assets	2,240,800	2,240,800	2,240,800	2,240,800	2,240,800
Investments	4,141,833	5,583,333	7,528,197	5,675,926	7,346,463
Deferred Tax Asset	87,726,148	80,207,242	80,207,242	80,207,242	80,207,242
Right-of-use Assets	164,879,935	164,879,935	154,232,501	154,232,501	154,232,501
Trade and Other Receivables	337,312,500	385,500,000			
Total Non-Current Assets	2,486,000,632	2,563,560,067	2,139,998,538	2,161,467,648	2,178,651,105
CURRENT ASSETS					
Inventories	801,846,333	893,111,984	985,795,528	1,050,440,791	865,838,467
Trade and Other Receivables	3,099,256,643	3,088,440,890	3,169,133,740	2,953,893,063	3,133,203,701
Cash and Cash Equivalents	385,419,358	493,412,942	386,546,500	250,396,466	201,462,498
Total Current Assets	4,286,522,333	4,474,965,817	4,541,475,768	4,254,730,319	4,200,504,665
Total Assets	6,772,522,966	7,038,525,884	6,681,474,306	6,416,197,967	6,379,155,771
EQUITY					
Share Capital	56,345,500	56,345,500	56,345,500	56,345,500	56,345,500
Share Premium	27,814,500	27,814,500	27,814,500	27,814,500	27,814,500
General Reserve	855,794,629	843,917,040	822,196,990	804,073,923	784,021,576
Retained Earnings	1,728,633,876	1,727,822,715	1,658,288,155	1,585,795,889	1,570,947,278
Total Equity	2,668,588,505	2,655,899,755	2,564,645,144	2,474,029,812	2,439,128,854

Balance Sheet continued..

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans and Borrowings	466,160,534	516,661,034	155,538,197	184,225,554	210,288,198
Current Liabilities					
Current Tax Liabilities	61,786,487	46,912,318	57,148,253	32,274,983	67,338,005
Lease Liabilities	179,373,306	179,373,306	159,087,803	159,087,803	159,087,803
Trade and Other Payables	1,752,146,993	1,653,826,670	1,883,964,969	2,021,536,121	1,860,471,936
Borrowings	1,644,467,141	1,985,852,800	1,861,089,940	1,545,043,694	1,642,840,975
Total Current Liabilities	3,637,773,927	3,865,965,095	3,961,290,965	3,757,942,601	3,729,738,719
Total Liabilities	4,103,934,461	4,382,626,129	4,116,829,162	3,942,168,155	3,940,026,917
Total Equity and Liabilities	6,772,522,966	7,038,525,884	6,681,474,306	6,416,197,967	6,379,155,771



Mohamed Nizam
Chief Financial Officer



Husen Amru Mohamed Rashad
Chief Executive Officer & Managing Director



Shimad Ibrahim
Chairman of AR Committee

Cash flow Statement

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
Profit before business profit tax	133,061,915	129,903,967	115,488,602	119,756,543	126,626,881
Adjustments for:					
- Depreciation & amortization	25,265,267	25,140,379	30,992,948	29,226,790	28,974,541
- Interest income	(1,182,983)	(1,137,384)	(680,352)	(665,336)	(751,013)
- Interest expense	28,207,226	25,016,443	35,526,294	31,091,866	30,486,302
- Dividend income	(10,000,000)			(29,900,867)	-
- Provision for impairment of receivables	10,038,796	3,384,557	27,716,377	26,618,540	6,107,272
- Provision for impairment of assets	12,737,508		12,233,788		
- Receivables written off	381,605				
- Provision for slow and nonmoving inventories	5,853,948	4,865,681	(549,667)	5,746,326	4,192,025
- Profit on disposal of property, plant and equipment	(160,132)	(23,625)	(17,691,158)		
Changes in working capital:					
- Inventories	55,533,402	80,169,867	65,194,929	(190,348,650)	(103,833,484)
- Trade and other receivables	28,392,846	(60,185,424)	(244,809,325)	154,362,635	(227,704,231)
- Trade and other payables	20,844,588	(135,521,601)	(137,309,981)	106,044,522	718,858,609
	308,973,985	71,612,859	(113,887,544)	251,932,369	582,956,903
Cash flows from operating activities					
Interest paid	(28,207,226)	(25,016,443)	(35,526,294)	(31,091,866)	(30,486,302)
Business profit tax paid	-	(31,539,649)		(54,557,827)	-
<i>Net cash generated from / (used in) operating activities</i>	280,766,759	15,056,767	(149,413,839)	166,282,677	552,470,600

Cash flow Statement continued..

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
Cash flows from investing activities					
Purchases of property, plant and equipment - net	(2,393,302)	(8,437,587)	15,480,803	(13,713,870)	(9,373,985)
Sales / (purchases) of available-for-sale financial assets			(17,695,000)		
(Purchases of) / Proceeds from held-to-maturity financial assets	159,571,562	(159,571,562)			
Interest received	1,182,983	1,137,384	680,352	665,336	751,013
Dividends received	10,000,000			29,900,867	
Net cash generated from / (used in) investing activities	168,361,243	(166,871,765)	(1,533,845)	16,852,333	(8,622,972)
Cash flows from financing activities					
Net proceeds from / (repayment of) borrowings	(386,290,334)	99,192,738	287,358,889	(123,859,925)	(393,269,684)
Dividends paid to shareholders	(11,259,690)	(88,387)	(261,171)	(10,341,117)	
Net cash generated from / (used in) financing activities	(397,550,024)	99,104,351	287,097,718	(134,201,042)	(393,269,684)
Net increase / (decrease) in cash and cash equivalents	51,577,977	(52,710,647)	136,150,034	48,933,968	150,577,944
Cash, cash equivalents and bank overdrafts at beginning of the quarter	333,841,381		250,396,466	201,462,498	50,884,554
Adjusted cash, cash equivalents and bank overdrafts at beginning of the quarter		386,552,028			
Cash, cash equivalents and bank overdrafts at end of the quarter	385,419,358	333,841,381	386,546,500	250,396,466	201,462,498

Statement of Equity

	Share Capital	Share Premium	General Reserve	Retained Earnings	Total
Adjusted balances as at 1st April 2020	56,345,500	27,814,500	763,036,730	1,487,007,898	2,334,204,629
Profit for the year	-	-	-	104,924,225	104,924,225
Transfer to general reserve	-	-	20,984,845	(20,984,845)	-
Balance as at 30th June 2020	56,345,500	27,814,500	784,021,576	1,570,947,278	2,439,128,854
Balances as at 1st July 2020	56,345,500	27,814,500	784,021,576	1,570,947,278	2,439,128,854
Profit for the year	-	-	-	100,261,738	100,261,738
Transfer to general reserve	-	-	20,052,348	(20,052,348)	-
Dividends	-	-	-	(65,360,780)	(65,360,780)
Balance as at 30th September 2020	56,345,500	27,814,500	804,073,923	1,585,795,889	2,474,029,812
Balances as at 1st October 2020	56,345,500	27,814,500	804,073,923	1,585,795,889	2,474,029,812
Profit for the year	-	-	-	90,615,332	90,615,332
Remeasurement of retirement benefit liability (OCI)	-	-	-	-	-
Transfer to general reserve	-	-	18,123,066	(18,123,066)	-
Dividends	-	-	-	-	-
Balance as at 31st December 2020	56,345,500	27,814,500	822,196,990	1,658,288,154	2,564,645,144
Impact on reported profit due to audit adjustments	-	-	-	(17,345,642)	(17,345,642)
Adjusted balances as at 1st January 2021	56,345,500	27,814,500	822,196,990	1,640,942,513	2,547,299,503
Profit for the year	-	-	-	108,600,253	108,600,253
Transfer to general reserve	-	-	21,720,051	(21,720,051)	-
Dividends	-	-	-	-	-
Balance as at 31st March 2021	56,345,500	27,814,500	843,917,040	1,727,822,715	2,655,899,755
Impact on reported profit due to audit adjustments	-	-	(10,139,090)	(19,640,954)	(29,780,044)
Adjusted balances as at 1st April 2021	56,345,500	27,814,500	833,777,950	1,708,181,761	2,626,119,711
Profit for the year	-	-	-	110,083,394	110,083,394
Remeasurement of retirement benefit liability (OCI)	-	-	-	-	-
Transfer to general reserve	-	-	22,016,679	(22,016,679)	-
Dividends	-	-	-	(67,614,600)	(67,614,600)
Balance as at 30th June 2021	56,345,500	27,814,500	855,794,629	1,728,633,876	2,668,588,505

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



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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 more sustainable Community.

Together, lets continue to enhance our lives.



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 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.