



FOURTH  
QUARTER  
2018  
REPORT

Fourth Quarter Report

# Reporting Principles



This is the fourth 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 01<sup>st</sup> October 2018 to 31<sup>st</sup> December 2018.

Report was published on 30<sup>th</sup> January 2019.

# KEY FACTS



# This Year So Far



**03 February 2018**

Inaugurated STO  
Electronics



**27 February 2018**

STO Hiyaa foundation  
laid



**30 May 2018**

Annual General  
Meeting 2017



**01 July 2018**

Hulhumale' Batching  
plant inaugurated



**9 July 2018**

STO Hiyaa Housing  
scheme Launched



**12 December 2018**

Campaign against  
single-use plastic



**22 February 2018**

Received CSR  
Campaign of the year  
award by Corporate  
Maldives



**28 February 2018**

Maiden Voyage of MT  
Alimas



**07 June 2018**

Easy Fill Thinadhoo  
opened



**03 July 2018**

2 Landing crafts introduced  
to fleet



**10 July 2018**

STO Express  
opened



**20 December 2018**

Celebrated 54<sup>th</sup>  
Anniversary

# Financial Highlights

---

**MVR**

**2,566m**

Q1/2018 - 2,224m

Q2/2018 - 2,215m

Q3/2018 - 2,398m

---

**REVENUE**

**MVR**

**119m**

Q1/2018 - 88m

Q2/2018 - 93m

Q3/2018 - 81m

---

**OPERATING PROFIT**

**MVR**

**66m**

Q1/2018 - 47m

Q2/2018 - 47m

Q3/2018 - 47m

---

**NET PROFIT AFTER TAX**

**MVR**

**58**

Q1/2018 - 41

Q2/2018 - 42

Q3/2018 - 42

---

**EPS**

# Human Resources

---



**2,164**

Q1/2018 – 2,076

Q2/2018 – 2,113

Q3/2018 – 2,157

---

**EMPLOYEES**



**35%<sub>F</sub>, 65%<sub>M</sub>**

Q1/2018 F– 36%, M-64%

Q2/2018 F– 35%, M-65%

Q3/2018 F– 35%, M-65%

---

**\* GENDER**

**82%<sub>LOCAL</sub>**

**18%<sub>FOREIGN</sub>**

Q1/2018 83% Local, 17% Foreign

Q2/2018 83% Local, 17% Foreign

Q3/2018 82% Local, 18% Foreign

---

**LOCAL/FOREIGN EMPLOYEES**

\* F – Female, M – Male

# Events of this Quarter

---



## 1 02<sup>nd</sup> October 2018 Introduced Danone Products

Danone products were introduced to the market by STO Supermart, including Aptamil Infant Milk and Protinex Mama.



## 2 08<sup>th</sup> December 2018 Saaf Raaje cleaning day

STO participated in the Saafu Raaje cleaning day activities organized by Ministry of Environment.



## 3 12<sup>th</sup> December 2018 Campaign against single-use plastic

STO inaugurated a campaign against single-use plastic in the Company. As such all staff were given reusable water bottles to use at office.



## 4 20<sup>th</sup> December 2018 54<sup>th</sup> Anniversary

STO celebrated 54 successful years of service.

## Fourth Quarter Report

# CSR

---



STO sponsored and participated in the 2<sup>nd</sup> Annual Conference organized by Asian Society of Mastology.



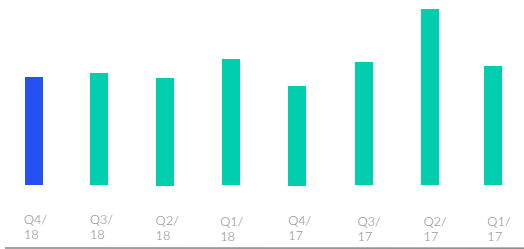
STO provided useful necessities to the families affected by flooding in Male'.



STO donated useful necessities to children at Fiyavathi Orphanage.



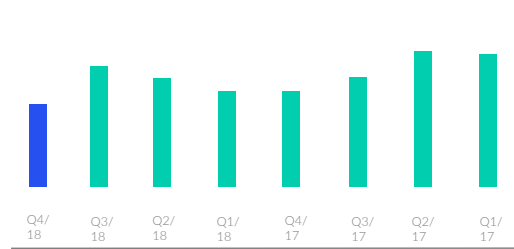
# Share Performance



**429**<sub>MVR</sub>

**HIGHEST TRADE PRICE**

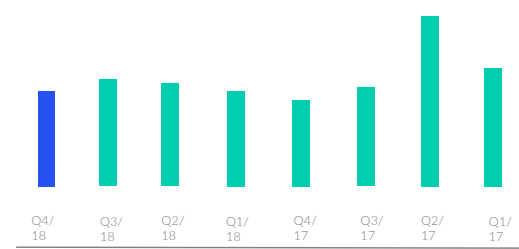
Q1/2018 – MVR500  
Q2/2018 – MVR430  
Q3/2018 – MVR450



**300**<sub>MVR</sub>

**LOWEST TRADE PRICE**

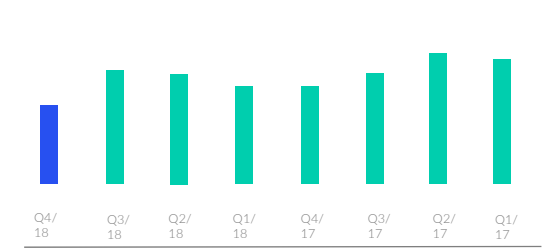
Q1/2018 – MVR350  
Q2/2018 – MVR390  
Q3/2018 – MVR429



**400**<sub>MVR</sub>

**LAST TRADE PRICE**

Q1/2018 – MVR390  
Q2/2018 – MVR420  
Q3/2018 – MVR429



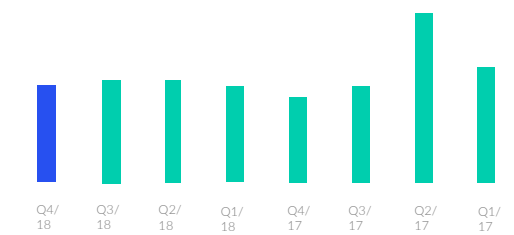
**302**<sub>MVR</sub>

**WATP**

Q1/2018 – MVR373  
Q2/2018 – MVR416  
Q3/2018 – MVR431

# Share Performance

Cont.....



**451**<sub>M V R</sub>

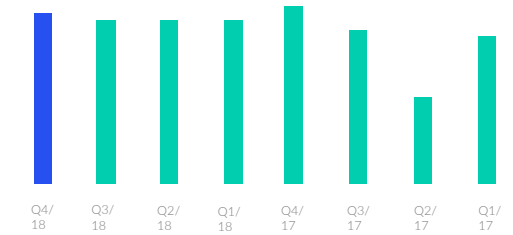
## MARKET CAPITALIZATION

Q1/2018 – MVR440

Q2/2018 – MVR473

Q3/2018 – MVR483

(All amounts in million MVR)



**14**%

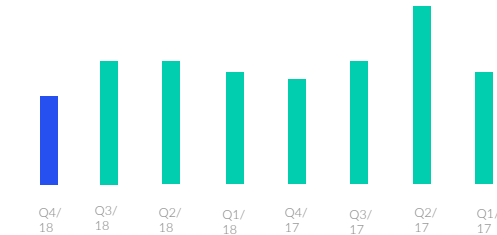
## DIVIDEND YIELD

Q1/2018 – 13%

Q2/2018 – 13%

Q3/2018 – 13%

\*



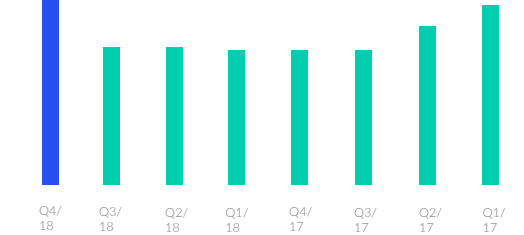
**7**

## PRICE EARNING RATIO

Q1/2018 – 9

Q2/2018 – 10

Q3/2018 – 10



**58**<sub>M V R</sub>

## EPS

Q1/2018 – MVR41

Q2/2018 – MVR42

Q3/2018 – 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**

Former Chairman

Non-Executive, Independent Director  
Appointed on 06<sup>th</sup> December 2016  
Resigned on 21<sup>st</sup> January 2019



**Ahmed Shaheer**

Former Chief Executive Officer and Managing Director

Appointed to Board on 25<sup>th</sup> December 2013  
Appointed as CEO/MD on 09<sup>th</sup> March 2015  
Resigned on 15<sup>th</sup> November 2018



**Husen Amru Mohamed Rashad**

Chief Executive Officer and Managing Director

Appointed on 30<sup>th</sup> November 2018



**Mohamed Mihad**

Chief Financial Officer

Executive Director  
Appointed to Board on 28<sup>th</sup> March 2016



**Amir Mansoor**

Non-Executive, Independent Director

Chairman of A&R Committee  
Appointed on 07<sup>th</sup> May 2012



**Aishath Rafiyya**

Non-Executive, Independent Director

Chairperson of NR Committee  
Member of CG Committee and A&R Committee  
Appointed on 21<sup>st</sup> August 2014



**Mariyam Zaahiya**

Non-Executive, Independent Director

Member of CG Committee and A&R Committee  
23<sup>rd</sup> January 2018



**Aishath Fazeena**

Non-Executive, Independent Director

Chairperson of CG Committee  
Member of NR and A&R Committee  
Appointed on 30<sup>th</sup> May 2018

\* NR – Nomination and Remuneration Committee, CG – Corporate Governance and Compliance Committee, A&R – Audit and Risk Committee

# Board Activities and Major Decisions of Board and Committees

According to Articles of Association, STO must have seven directors in the Board. This include of five non-executive, independent members and two executive members.

Following the resignation of Ahmed Shaheer from his post as the Chief Executive Officer and Managing Director of STO, Husen Amru Mohamed Rashad was appointed to the post on 30<sup>th</sup> November 2018. On 21<sup>st</sup> January 2019, Hussain Salim Mohamed resigned from the Chairman’s post.

With these changes, currently there are 6 members in the Board with three female and three male directors. All non-executive members of the Board are deemed independent.

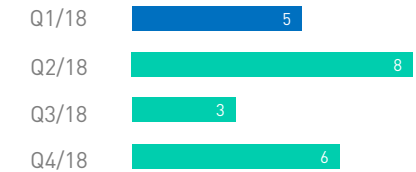
There were no changes to the shareholding structure of the Company during the Quarter. As such the Government of Maldives represents 81.63% shares while the public represent 18.37% of shares in the Company.

Major Board and Committee decision made during the quarter include;

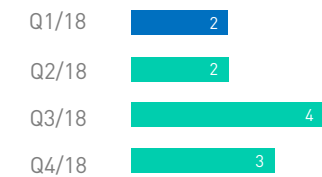
- Review subsidiary board evaluations
- Audit report Implementation report was presented to Board
- Board Committee reports were presented
- Due to resignation of CEO/MD Ahmed Shaheer, operations were delegated to Executive Director / CFO Mohamed Mihad
- Appointed Husen Amru Mohamed Rashad as CEO/MD of STO
- Subsidiary Board of Directors were reviewed and changed
- Budget 2019 was approved

## Frequency of Meetings

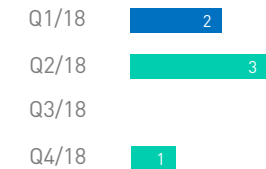
### Board Meeting



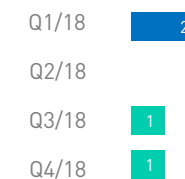
### Audit and Risk Committee



### NR Committee



### Corporate Governance Committee



# 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

Fourth Quarter Report

# Income Statement

	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Revenue	2,566,007,286	2,398,303,260	2,215,151,304	2,224,652,636
Cost of Sales	(2,224,178,842)	(2,105,366,290)	(1,919,987,488)	(1,955,569,185)
<b>Gross Profit</b>	<b>341,828,444</b>	<b>292,936,970</b>	<b>295,163,816</b>	<b>269,083,451</b>
Other Operating Income	19,942,867	3,942,669	11,860,456	8,684,006
	361,771,311	296,879,639	307,024,271	277,767,458
Selling and Marketing Costs	(73,942,208)	(71,194,387)	(54,549,966)	(48,194,401)
Administrative Costs	(168,836,144)	(144,252,209)	(157,924,279)	(140,843,115)
Other Operating Expenses	(343,874)	(174,696)	(1,132,152)	(800,507)
<b>Operating Profit</b>	<b>118,649,086</b>	<b>81,258,347</b>	<b>93,417,874</b>	<b>87,929,435</b>
Finance Costs	(30,621,054)	(25,271,395)	(38,172,963)	(30,640,618)
<b>Profit Before Tax</b>	<b>88,028,032</b>	<b>55,986,952</b>	<b>55,244,911</b>	<b>57,288,817</b>
Business Profit Tax Expense	(22,456,819)	(8,921,960)	(7,965,619)	(10,671,604)
<b>Profit After Tax</b>	<b>65,571,213</b>	<b>47,064,992</b>	<b>47,279,292</b>	<b>46,617,213</b>
<b>Attributable to</b>				
Equity Holders of the Parent	65,571,213	47,064,992	47,279,292	46,617,213
Non-Controlling Interest				
Earnings per share Attributable to Equity holders of the Parent	58.19	41.76	41.95	41.37



Fourth Quarter Report

# Balance Sheet

	Q4/2018	Q3/2018	Q2/2018	Q1/2018
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property Plant and Equipment	2,255,812,130	2,250,332,672	2,226,441,560	2,193,697,180
Investment in Subsidiaries	117,249,835	117,249,835	117,249,835	117,249,835
Investment in Associates	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
Available-for-sale Financial Assets	12,740,800	12,740,800	12,740,800	12,740,800
Investments	14,304,794	-	-	-
Deferred Tax Asset	60,325,618	60,325,618	60,325,618	60,325,618
<b>Total Non-Current Assets</b>	<b>2,475,700,443</b>	<b>2,455,916,192</b>	<b>2,432,025,080</b>	<b>2,399,280,700</b>
<b>CURRENT ASSETS</b>				
Inventories	753,904,033	775,770,774	676,290,028	665,129,644
Trade and Other Receivables	3,407,230,812	3,492,778,360	3,338,505,859	2,926,823,791
Cash and Cash Equivalents	151,957,750	208,178,292	44,903,551	158,871,721
<b>Total Current Assets</b>	<b>4,313,092,596</b>	<b>4,476,727,426</b>	<b>4,059,699,438</b>	<b>3,750,825,157</b>
<b>Total Assets</b>	<b>6,788,793,039</b>	<b>6,932,643,618</b>	<b>6,491,724,518</b>	<b>6,150,105,857</b>
<b>EQUITY</b>				
Share Capital	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
General Reserve	720,195,316	707,081,073	697,668,075	679,276,123
Retained Earnings	1,592,854,761	1,540,397,790	1,502,745,797	1,489,221,295
<b>Total Equity</b>	<b>2,397,210,077</b>	<b>2,331,638,864</b>	<b>2,284,573,871</b>	<b>2,252,657,417</b>

Fourth Quarter Report

# Balance Sheet

Cont.....

	Q4/2018	Q3/2018	Q2/2018	Q1/2018
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Loans and Borrowings	382,018,413	404,793,563	402,669,715	490,047,705
<b>Current Liabilities</b>				
Current Tax Liabilities	27,845,069	10,895,678	15,867,825	13,082,671
Trade and Other Payables	2,456,973,185	2,387,179,740	2,242,830,339	2,558,260,749
Borrowings	1,524,746,294	1,798,135,772	1,545,782,767	836,057,314
<b>Total Current Liabilities</b>	<b>4,009,564,549</b>	<b>4,196,211,191</b>	<b>3,804,480,932</b>	<b>3,407,400,735</b>
<b>Total Liabilities</b>	<b>4,391,582,962</b>	<b>4,601,004,754</b>	<b>4,207,150,646</b>	<b>3,897,448,440</b>
<b>Total Equity and Liabilities</b>	<b>6,788,793,039</b>	<b>6,932,643,618</b>	<b>6,491,724,518</b>	<b>6,150,105,857</b>



Mohamed Mihad  
Chief Financial Officer / Executive Director



Husen Amru Mohamed Rashad  
Chief Executive Officer and Managing Director

Fourth Quarter Report

# Cash flow Statement

	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Profit before business profit tax	88,028,032	55,986,952	55,244,911	57,288,817
Adjustments for:				
- Depreciation & amortization	31,753,521	26,170,536	23,767,359	22,405,721
- Interest income	(1,360,833)	(1,362,874)	(1,450,359)	(1,413,242)
- Interest expense	40,641,277	46,271,208	52,147,302	32,396,508
- Dividend income	(10,009,967)	(20,099,866)	(13,000,000)	
- Provision for impairment of receivables	14,747,568	12,192,968	4,997,264	5,372,735
- Receivables written off			3,466.2	-
- Provision for slow and non moving inventories	498,045	(2,356,260)	(3,551,942)	(715,928)
- Profit on disposal of property, plant and equipment	15,425	9,706,472	19,072	96,982
Changes in working capital:				
- Inventories	21,368,695	(97,124,485)	(103,319,748)	96,427,234
- trade and other receivables	56,495,186	(166,465,469)	(116,881,328)	(305,174,205)
- Trade and other payables	70,067,144	144,891,580	(333,885,595)	(34,007,973)
	312,244,094	7,810,761	(435,909,598)	(127,323,352)
<b>Cash flows from operating activities</b>				
Interest paid	(40,641,277)	(46,271,208)	(52,147,302)	(32,396,508)
Business profit tax paid	(5,507,428)	(13,894,107)		(15,852,069)
Net cash generated from / (used in) operating activities	266,095,389	(52,354,554)	(488,056,899)	(175,571,929)

# Cash flow Statement

Cont.....

	Q4/2018	Q3/2018	Q2/2018	Q1/2018
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment - net	(37,248,404)	(59,768,120)	(35,234,387)	(43,799,126)
Loan repayments received from related parties				
Interest received	1,360,833	1,362,874	1,450,359	1,413,242
Dividends received	10,009,967	20,099,866	13,000,000	
Net cash generated from / (used in) investing activities	(25,877,604)	(38,305,380)	(20,784,028)	(42,385,884)
<b>Cash flows from financing activities</b>				
Net proceeds from / (repayment of) borrowings	(296,164,628)	254,476,854	357,996,736	264,350,727
Dividends paid to shareholders	(273,699)	(542,179)	(9,344,605)	(172,287)
Net cash generated from / (used in) financing activities	(296,438,327)	253,934,675	348,652,131	264,178,440
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(56,220,542)</b>	<b>163,274,741</b>	<b>(160,188,797)</b>	<b>46,220,627</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of the quarter</b>	<b>208,178,292</b>	<b>44,903,551</b>	<b>205,092,348</b>	<b>158,871,721</b>
<b>Cash, cash equivalents and bank overdrafts at end of the quarter</b>	<b>151,957,750</b>	<b>208,178,292</b>	<b>44,903,551</b>	<b>205,092,348</b>

# 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

