



SECOND  
QUARTER  
2018  
REPORT

Second Quarter Report

# Reporting Principles



This is the second 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> April 2018 to 30<sup>th</sup> June 2018.

Report was published on 30<sup>th</sup> July 2018.



# KEY FACTS



# Financial Highlights

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**MVR**  
**2,215m**

Q1/2018 – 2,224m

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**REVENUE**

**MVR**  
**93m**

Q1/2018 – 88m

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**OPERATING PROFIT**

**MVR**  
**47.3m**

Q1/2018 – 47m

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**NET PROFIT AFTER TAX**

**MVR**  
**42**

Q1/2018 – 41

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**EPS**

# 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



**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



# Events of this Quarter

Cont.....



## 4 30th May 2018 Annual General Meeting 2017

STO held its 2017 Annual General Meeting at Dharubaaruge. 82% shareholding was represented by 121 shareholders at the meeting.



## 5 7th June 2018 FSM EasyFill Thinadhoo

“FSM EasyFill Thinadhoo” was officially opened by STO MD.



## 6 18th June 2018 Associate Sponsor of PSM's

STO partnered with PSM's FIFA World Cup Coverage 2018.



# CSR

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2nd April 2018

STO celebrated World Autism Day 2018.



15th May 2018

STO donated 'Roadha Hadhiya' to K. Guraidhoo Home for People with Special Needs.



12th June 2018

STO donated a blood culture and identification automation machine to IGMH. This is the first of its kind to be placed at IGMH.

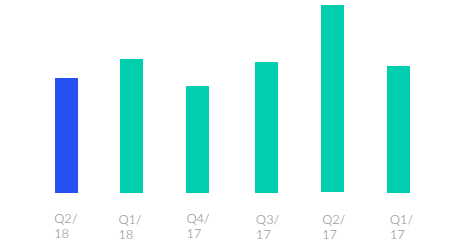


12th June 2018

STO donated projectors to local clubs on the occasion of FIFA World Cup 2018.



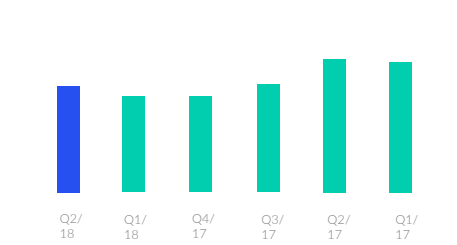
# Share Performance



**430**<sub>MVR</sub>

**HIGHEST TRADE PRICE**

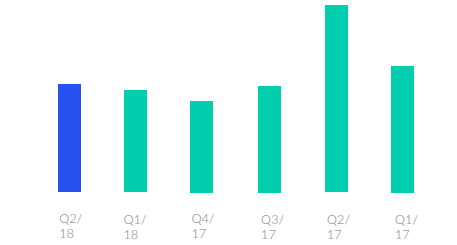
Q1/2018 – MVR500



**390**<sub>MVR</sub>

**LOWEST TRADE PRICE**

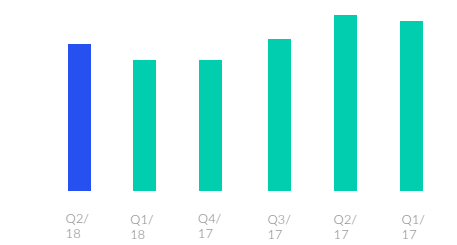
Q1/2018 – MVR350



**420**<sub>MVR</sub>

**LAST TRADE PRICE**

Q1/2018 – MVR390



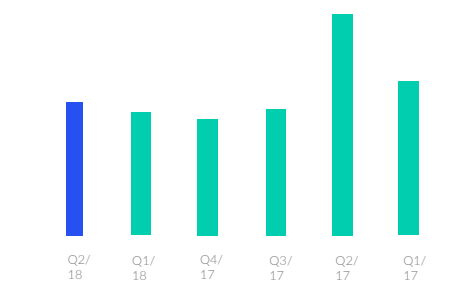
**416**<sub>MVR</sub>

**WATP**

Q1/2018 – MVR373

# Share Performance

Cont....

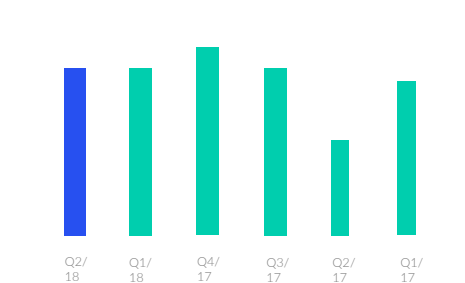


**473** MVR

**MARKET CAPITALIZATION**

Q1/2018 – MVR440

(All amounts in million MVR)

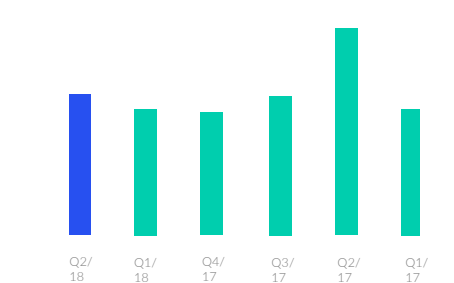


**13**%

**DIVIDEND YIELD**

Q1/2018 – 13%

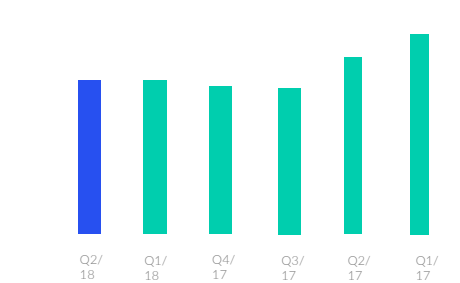
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**10**

**PRICE EARNING RATIO**

Q1/2018 – 9



**42** MVR

**EPS**

Q1/2018 – MVR41

\* 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**

Managing Director and CEO

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

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

# Board Activities

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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.

The Board of Directors were submitted for appointment at the Annual General Meeting held on 30<sup>th</sup> May 2018. There were no changes to the members representing Government in the Board. The public share representative Director Mr. Mohamed Farshath was replaced with Ms. Aishath Fazeena. Mr. Mohamed Farshath completed his 6<sup>th</sup> year in directorship at STO this year.

With this appointment, 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.

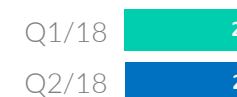
## Frequency of Meetings

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### Board Meeting



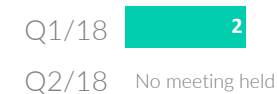
### Audit and Risk Committee



### NR Committee



### Corporate Governance Committee



# Major Decisions of Board and its Committees

- Approved financials of 2017
- Approved to submit recommendations made by Audit and Risk Committee on the appointment of Auditors for 2018, to the Annual General Meeting
- Approved to submit the recommendations made by Nomination and Remuneration Committee on the eligible candidates for directorship (for 2018-19 term), to the Annual General Meeting
- Approved to propose changes to Articles of Association at the Annual General Meeting
- Approved Annual Report for publication
- Approved books close date for 2017 dividend
- Approved first quarter financials for publication
- Approved to purchase new vehicles for company requirements
- Approved credit KPI's for departments
- Audit recommendation implementation status for the quarter was presented by Management
- Approved to proposed MVR55.00 per dividend for distribution, at Annual General Meeting
- Approved other documents related to Annual General Meeting
- Approved to hold Annual General Meeting on 30 May 2018
- Mr. Ahmed Shaheer was appointed as the Managing Director of the Company for yet another term
- Appointed members to Board Committees



# Annual General Meeting 2017

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STO held its Annual General Meeting for 2017 on 30th May 2018 at Dharubaaruge, Male'. A total of 121 members participated in the meeting. The following items were resolved at the meeting;

- Approved the minutes of previous Annual General Meeting
- Approved the Directors Report and Audited Financial Statements for 2017
- Approved to distribute MVR55.00 per share as dividend
- Appointed KPMG as Auditors for 2018
- Appointed and elected Directors to the Board
- Approved proposed changes to the Articles of Association

Meeting adjourned after attending the queries and questions of shareholders.



# Compliance

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## 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



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# Income Statement

	Q2/2018	Q1/2018
Revenue	2,215,151,304	2,224,652,636
Cost of Sales	(1,919,987,488)	(1,955,569,185)
<b>Gross Profit</b>	<b>295,163,816</b>	<b>269,083,451</b>
Other Operating Income	11,860,456	8,684,006
	307,024,271	277,767,458
Selling and Marketing Costs	(54,549,966)	(48,194,401)
Administrative Costs	(157,924,279)	(140,843,115)
Other Operating Expenses	(1,132,152)	(800,507)
<b>Operating Profit</b>	<b>93,417,874</b>	<b>87,929,435</b>
Finance Costs	(38,172,963)	(30,640,618)
<b>Profit Before Tax</b>	<b>55,244,911</b>	<b>57,288,817</b>
Business Profit Tax Expense	(7,965,619)	(10,671,604)
<b>Profit After Tax</b>	<b>47,279,292</b>	<b>46,617,213</b>
<b>Attributable to</b>		
Equity Holders of the Parent	<b>47,279,292</b>	<b>46,617,213</b>
Non-Controlling Interest		
Earnings per share Attributable to Equity holders of the Parent	<b>41.95</b>	<b>41.37</b>

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# Balance Sheet

	Q2/2018	Q1/2018
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property Plant and Equipment	2,226,441,560	2,193,697,180
Investment in Subsidiaries	117,249,835	117,249,835
Investment in Associates	10,567,267	10,567,267
Investment in Joint Venture	4,700,000	4,700,000
Available-for-sale Financial Assets	12,740,800	12,740,800
Deferred Tax Asset	60,325,618	60,325,618
<b>Total Non-Current Assets</b>	<b>2,432,025,080</b>	<b>2,399,280,700</b>
<b>CURRENT ASSETS</b>		
Inventories	676,290,028	665,129,644
Trade and Other Receivables	3,338,505,859	2,926,823,791
Cash and Cash Equivalents	44,903,551	158,871,721
<b>Total Current Assets</b>	<b>4,059,699,438</b>	<b>3,750,825,157</b>
<b>Total Assets</b>	<b>6,491,724,518</b>	<b>6,150,105,857</b>
<b>EQUITY</b>		
Share Capital	56,345,500	56,345,500
Share Premium	27,814,500	27,814,500
General Reserve	697,668,075	679,276,123
Retained Earnings	1,502,745,797	1,489,221,295
<b>Total Equity</b>	<b>2,284,573,871</b>	<b>2,252,657,417</b>

Second Quarter Report

# Balance Sheet

Cont.....

	Q2/2018	Q1/2018
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Loans and Borrowings	402,669,715	490,047,705
<b>Current Liabilities</b>		
Current Tax Liabilities	15,867,825	13,082,671
Trade and Other Payables	2,242,830,339	2,558,260,749
Borrowings	1,545,782,767	836,057,314
<b>Total Current Liabilities</b>	<b>3,804,480,932</b>	<b>3,407,400,735</b>
<b>Total Liabilities</b>	<b>4,207,150,646</b>	<b>3,897,448,440</b>
<b>Total Equity and Liabilities</b>	<b>6,491,724,518</b>	<b>6,150,105,857</b>



Mohamed Mihad  
Chief Financial Officer / Executive Director



Ahmed Shaheer  
Managing Director and CEO

# Cash flow Statement

	Q2/2018	Q1/2018
Profit before business profit tax	55,244,911	57,288,817
Adjustments for:		
- Depreciation & amortization	23,767,359	22,405,721
- Interest income	(1,450,359)	(1,413,242)
- Interest expense	52,147,302	32,396,508
- Dividend income	(13,000,000)	
- Provision for impairment of receivables	4,997,264	5,372,735
- Receivables written off	3,466.2	-
- Provision for slow and non moving inventories	(3,551,942)	(715,928)
- Profit on disposal of property, plant and equipment	19,072	96,982
Changes in working capital:		
- Inventories	(103,319,748)	96,427,234
- trade and other receivables	(116,881,328)	(305,174,205)
- Trade and other payables	(333,885,595)	(34,007,973)
	(435,909,598)	(127,323,352)
<b>Cash flows from operating activities</b>		
Interest paid	(52,147,302)	(32,396,508)
Business profit tax paid		(15,852,069)
Net cash generated from / (used in) operating activities	(488,056,899)	(175,571,929)

# Cash flow Statement

Cont.....

	Q2/2018	Q1/2018
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment - net	(35,234,387)	(43,799,126)
Loan repayments received from related parties		
Interest received	1,450,359	1,413,242
Dividends received	13,000,000	
Net cash generated from / (used in) investing activities	(20,784,028)	(42,385,884)
<b>Cash flows from financing activities</b>		
Net proceeds from / (repayment of) borrowings	357,996,736	264,350,727
Dividends paid to shareholders	(9,344,605)	(172,287)
<b>Net cash generated from / (used in) financing activities</b>	<b>348,652,131</b>	<b>264,178,440</b>
<b>Net increase / (decrease) in cash and cash equivalents</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>205,092,348</b>	<b>158,871,721</b>
<b>Cash, cash equivalents and bank overdrafts at end of the quarter</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.

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 +960 3344333


 [info@stomaldives.net](mailto:info@stomaldives.net)

 Kanbaa Aisa Rani Hingun, Maafannu

 <http://sto.mv>

 @sto\_mkt

 @state trading organization plc

 @state trading organization plc

 @stoplc