

ANNUAL REPORT 2022



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01.

Our Company

1.1 About Us

1.2 Customer Information

1.3 Key Milestones

1.4 Chairman's Message

1.5 Managing Director's Message



01. Our Company

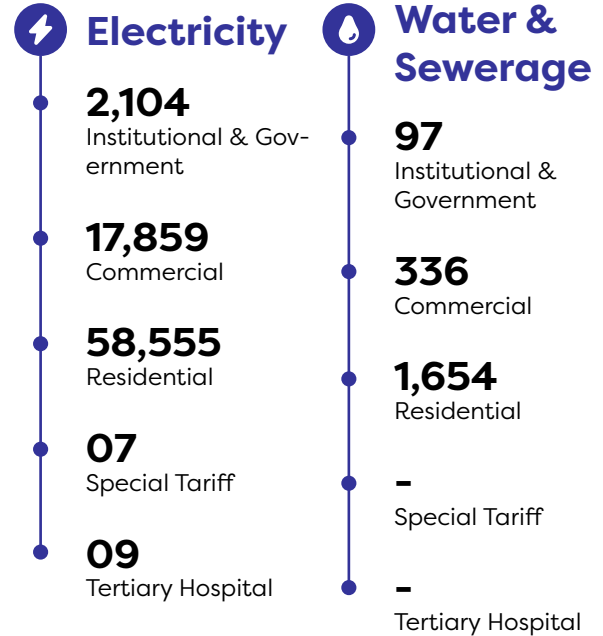
1.1 About us

Our history dates back to 1949, with the introduction of electricity services to government institutions and public buildings. The service had been provided under different names, until incorporation as a State Owned Enterprise and was named State Electric Company Limited (STELCO) in 1997.

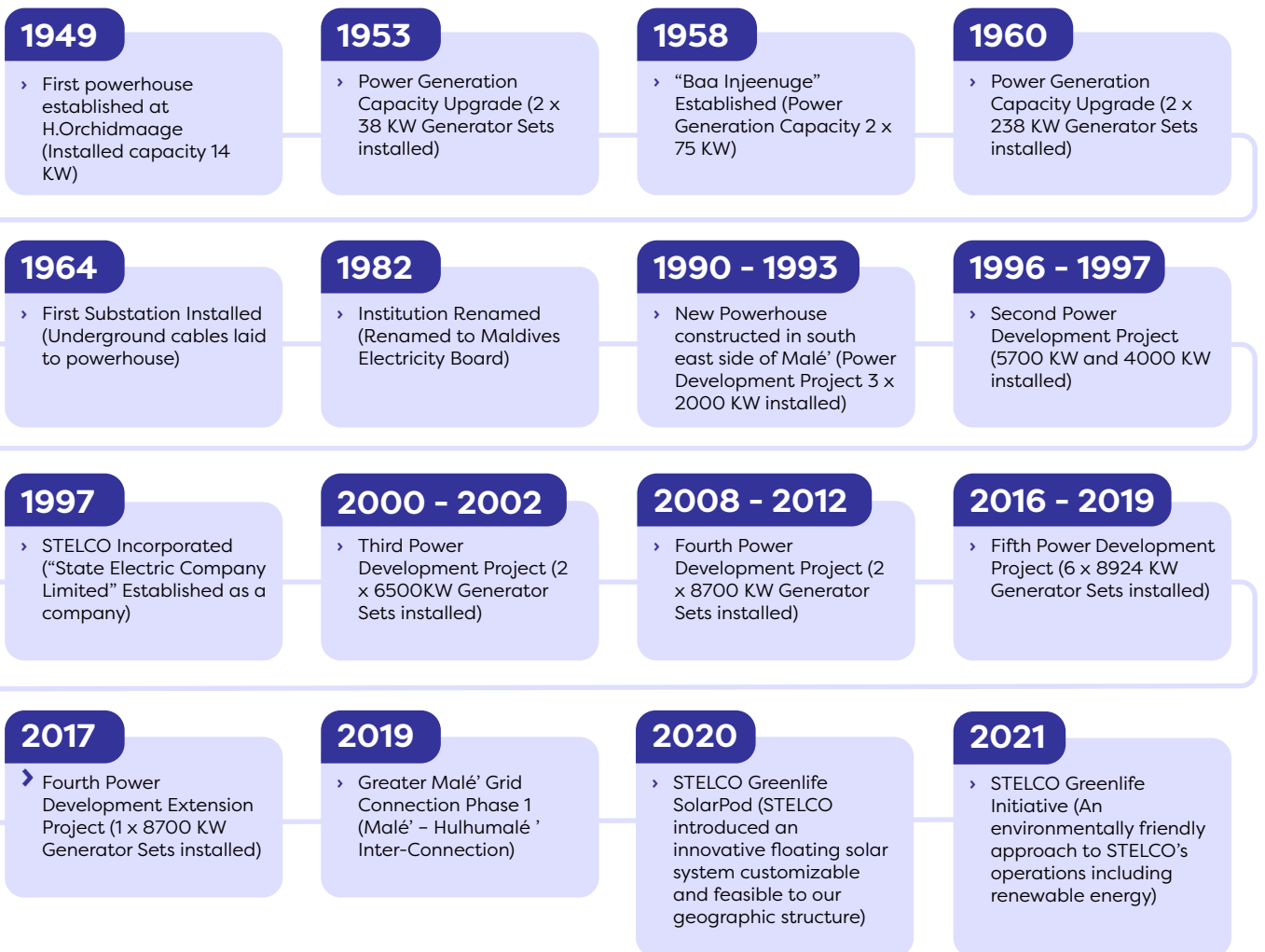
We are currently responsible for the electricity generation, transmission, distribution and retailing of electricity in Kaafu Atoll, Ari Atoll and Vaavu Atoll.

Today STELCO is an integrated utility service provider with power generations facilities, transmission networks, water and sewerage facilities. We serve over 80,973 customers through 35 independent power plants and 7 water desalination plants as well as 5 sewerage networks on different islands.

1.2 Customer information



1.3 Key Milestones



1.4 Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors, it is a great pleasure in presenting to you the Annual Report of State Electric Company (STELCO) for the financial year ending 31st December 2022.

We (STELCO), being the leading provider of essential utility service to the greater Malé area, have demonstrated that we are a key driving factor in the heart of our economic security. Despite turbulent global economic security environment, our utmost priority has been providing reliable and continuous provision of electricity. Backed by our financial resilience, once again we have proven our operational and financial capabilities. We have catered to our customers' financial challenges whilst ensuring our services remain uninterrupted and uncompromised. I am proud to announce that our revenue surpassed 2,283m for the year 2022, with net profit of MVR 106 million.

Through the exploration of multiple renewable energy options and increasing implementation of solar energy projects; STELCO's future vision strategically involves matching our energy supply with growing demand in Greater Malé area and maximizing renewable energy penetration which will eventually drive our nation towards carbon neutral targets.

I take this opportunity to thank the management, fellow board members, and all our stakeholders, who helped to make 2022 a successful year despite several challenges.

With our recent revised focus on consumers and staff-oriented approach, and through corporate social responsibility assistance to society we operate in, we have improved contribution to our nation and enhanced trust between consumers and the company. We are in a strong position to have better impact on community as a provider of various utility services.

A handwritten signature in black ink, appearing to read 'Ibrahim Mohamed Didi'.

Brigadier General (Rtd)
Ibrahim Mohamed Didi
Chairman

1.5 Managing Director's Message



As the year 2022 was the first year of STELCO under my management, various changes were made to operations with emphasis given on sustaining profitability and improving customer-oriented approach as the main pillar of our services to customers.

Upon my appointment as Managing Director, the company's focus has now been changed towards becoming a more task based and results oriented company. Several managerial changes have also been brought to ensure the smooth operations of the company's functions. Further, I am keen to implement modern solutions in carrying out the operations of the company, with the help of technology. And I am pleased that STELCO has sustained its financial performance recording of MVR 106 million in profit for the financial year ending 2022.

Turbulent global economic markets have left an extra economic burden on company financials and our household consumers. Hence, we were committed to supporting our consumers and staff by providing convenient service options and extra benefits.

Additionally, during the year 2022, significant importance was given to improve island powerhouses and ramping up the generation capacity of each island under STELCO's mandate. At the same time, mega projects are being planned at Greater Malé area to cater for ever growing energy consumption in this region. Overall, 2022 has been a successful year. Our achievements in 2022 could not have been possible without the guidance of the Board of Directors and the commitment of the company's Senior Management. I would like to thank the Board of Directors, Senior Management team and most importantly, the beloved employees of the company for their remarkable work ethic and great dedication. I thank Almighty Allah for our success and pray that STELCO continue to be blessed with prosperous years ahead.

A handwritten signature in black ink, appearing to read 'Ahmed Shareef'. The signature is stylized and cursive.

Ahmed Shareef
Managing Director



2021
2020
2019

CAPITAL INVESTMENT



STELCO
SINAI ELECTRIC COMPANY LIMITED

02.

Corporate Governance

2.1 Board Members

2.2 Executive Team information

02. Corporate Governance

During the year 2022 new initiatives were brought to enhance corporate governance by ensuring STELCO's operations are in line with changes in rules and regulations through greater accountability and transparency, improved Boardroom practices, internal controls and internal risk management and compliance.

In this regard, our governance practices are underpinned by the principles of good corporate governance set out for us in the Code of Corporate Governance for State Owned Enterprises by the Privatization & Corporatization Board of the Ministry of Finance.

Board of Directors

The Board composition is governed by the Privatization and Corporatization Board (PCB) under the Ministry of Finance. During 2022, the Board comprised of total of 5 members including the Chairman, (Brigadier General (Rtd) Ibrahim Mohamed Didi), two independent directors (Mr. Ahmed Latheef and Major (Rtd) Tholhath Hassan) who were appointed by the government and two executive directors (Ahmed Shareef and Dr Ali Azwar). Hence, the Board had an appropriate balance of Executive and Non-Executive directors, ensuring a diversified board with members from multiple backgrounds.



2.1 Board of Directors



Brigadier General (RTD) Ibrahim Mohamed Didi
Chairman

Brigadier General (Rtd) Ibrahim Mohamed Didi was appointed as the Chairman and Director of the Board of State Electric Company Ltd (STELCO) on 14th June 2022.

After completing his high school education in 1976 Mr. Ibrahim trained as a wireless and radio telephone operation and continued on to serve in the field. The next step in an eventful career was being enlisted to Maldives National Security Services in 1979 where he was promoted to a lance corporal and served as a non commissioned officer.

During his time he has achieved various accolades in the pursuit of knowledge relevant to national security. Mr. Ibrahim has a deep array of knowledge ranging from a M. Phil Degree in Defence and Strategic Studies to an Enlisted Specialization Course in Communication Electronics.

He continued to serve the nation and held a number of ranks throughout his service duration at the Maldives National Defence Force. He achieved a Medal for Exceptional Bravery (Huravee Ran Medal) from National Security Service during 1989 for the successful accomplishment for a critical mission during the surprise attack by Peoples Liberation of Tamil Eelam. He was promoted Brigadier General in 2009 and retired from MNDF in 2012.

He had been the elected MP for Addu City Hithadhoo centre constitution from 2014 May to 2019 April. He was a member of 241 committee (Security Services oversight committee) and chair of 18th Parliament National Security committee member.

Ahmed Shareef
Managing Director,
Executive Director



Ahmed Shareef was appointed as the Managing Director and Executive Director of the Board of State Electric Company Ltd (STELCO) on 01st March 2022.

Ahmed Shareef began his career in the field of education and went on to hold several Managerial & executive posts including Member of Parliament, Deputy Minister of Education, Chairman of Elections Commission and Managing Director at FENAKA Corporation Limited. He has previously held Board Directors position at Maldives Marketing & Public Relations Corporation; and with over 20 years of experience in multiple industries/sectors, he brings valuable input to STELCO.

Mr. Shareef brings diversified academic and technical knowledge and holds a first Degree in Comparative literature and Arabic Language from Imam Muhammad Ibn Suad Islam University, Saudi Arabia and Post Graduate Diploma in Educational Administration from Nanyang Technological University, National Institute of Education, Singapore.

Ahmed Latheef
Non-Executive
Director



Ahmed Latheef was appointed as a Director of the Board on 18th March 2020. Over the past decade, he has held various managerial positions in different private sector businesses. As a result, he brings a diverse range of skills and knowledge to the Board including a solid understanding of private sector perspectives on business issues.



Dr. Ali Azwar
Deputy Managing
Director, Executive
Director



Dr. Ali Azwar joined STELCO in 1997, and currently is the Deputy Managing Director of STELCO and Director of the Board. He has held various executive posts in the company including the posts of Chief Operating Officer, Head of Customer Services Department, Head of Business Development Department. He has also worked in the Projects Department and Regional Department.

Dr. Azwar holds a Doctorate in Public Policy specializing in Renewable Energy Policy from Victoria University of Wellington, New Zealand, Master's Degree in Public Policy from National University of Singapore and a Bachelor's Degree in Business Studies from University of Sheffield, United Kingdom.

**Major (RTD)
Tholhath Hassan**
Non-Executive
Director



Major (Rtd) Tholhath Hassan was appointed as a Director of the Board on 13th July 2020. He has served over 21 years in Maldives National Defence Force (MNDF). During his tenure at MNDF he was the Officer In-charge of Communications and Marine Electronics Department. He holds a Master's in Engineering with Electrical Specialization from INS Valsura, India.

Ihusaan Mohamed
Company
Secretary



Mr. Ihusaan Mohamed joined STELCO in March 2020 and led financial accounts unit of Finance & Accounts Department before being made permanent company secretary in August 2022. With over 7 years of experience in the field of finance, Mr. Ihusaan Mohamed holds a Bachelor of Science (Hons) in Accounting and Finance at Sunway University, Malaysia.

2.2 Executive & Senior Management Team

Ahmed Shareef
Managing Director,



Ahmed Shareef was appointed as the Managing Director and Executive Director of the Board of State Electric Company Ltd (STELCO) on 01st March 2022.

Ahmed Shareef began his career in the field of education and went on to hold several Managerial & executive posts including Member of Parliament, Deputy Minister of Education, Chairman of Elections Commission and Managing Director at FENAKA Corporation Limited. He has previously held Board Directors position at Maldives Marketing & Public Relations Corporation; and with over 20 years of experience in multiple industries/sectors, he brings valuable input to STELCO.

Mr. Shareef brings diversified academic and technical knowledge and holds a first Degree in Comparative literature and Arabic Language from Imam Muhammad Ibn Suad Islam University, Saudi Arabia and Post Graduate Diploma in Educational Administration from Nanyang Technological University, National Institute of Education, Singapore.

Mohamed Latheef
Temporary Chief
Human Resources
Officer



Mohamed Latheef joined STELCO in 1989 and currently holds the position of Deputy Managing Director of the Company. He has held various executive posts including the posts of Head of Projects, Planning & Information Technology Department, Strategy & Development Department and Transport & Maintenance Department. He also served as the Company Secretary of STELCO from 2001 to 2008. Mr. Latheef holds a Bachelor of Multi-disciplinary Science Degree from Curtin University of Technology, Australia.

Dr. Ali Azwar
Deputy Managing
Director



Dr. Ali Azwar joined STELCO in 1997, and currently is the Deputy Managing Director of STELCO and Director of the Board. He has held various executive posts in the company including the posts of Chief Operating Officer, Head of Customer Services Department, Head of Business Development Department. He has also worked in the Projects Department and Regional Department.

Dr. Azwar holds a Doctorate in Public Policy specializing in Renewable Energy Policy from Victoria University of Wellington, New Zealand, Master's Degree in Public Policy from National University of Singapore and a Bachelor's Degree in Business Studies from University of Sheffield, United Kingdom.

Ahmed Iqbal
Chief Technical
Officer



Ahmed Iqbal Joined STELCO in 1991 and currently holds the position of Chief Technical Officer. He has held various executive posts including the posts of Head of Island Powerhouses, Engineering and Mechanical Department, Greater Malé' Region and Regional Department.

Iqbal hold a Bachelor of Mechanical Engineering degree from University of Leicester, United Kingdom and an Associate Diploma in Electrical Engineering from South Australian Institute of Vocational Education, South Australia.

Fathmath Leena
Chief Financial
Officer



Fathmath Leena joined STELCO in May 2022 and currently holds the position of Chief Financial Officer. Previously, she held the position as Manager and the head of Accounts Unit. Leena holds a Masters in Science in Accounting and Finance from the University of West of England and a Member of the Association of Chartered Certified Accountants. Leena has been a great addition to the team and is a key figure of the updates being brought to the company.



Ibrahim Haneef
Chief Service
Officer



Ibrahim Haneef joined STELCO in 2022 and is currently the Chief Service Officer of the Company. Prior to that, Haneef has held the position of Head of Procurement Department. He holds a Master of Business Administration and a Bachelors Degree of Education Management.

Ahmed Shafeeu
Head of Water,
Sewerage and Waste
Management



Ahmed Shafeeu joined STELCO in 1991 and currently is the Head of Water, Sewerage and Waste Management Department of the Company. He has held various executive posts including the posts of head of Transmission & Distribution Department, Business Development Department, Billing Services Department, Greater Malé' Region Department, Regional Department, Customer Services & Information Technology Department and Chief Electrical Engineer of Hulhumalé ' Powerhouse. Mr. Shafeeu holds a Post Graduate Diploma in Electrical Power Systems from Norwegian University of Science and Technology, Norway and a Bachelor of Science Degree in Electrical and Electronic Engineering from Islamic Institute of Technology, Bangladesh.

Ahmed Saif
Head of Transmission
and Distribution



Ahmed Saif joined STELCO in 1997 and currently is the Head of Transmission and Distribution Department of the Company, He has held various executive posts including the Posts of Head of Engineering Service Center, Customer Services Department, Procurement & Inventory Management Department, Project, Planning & Development Department and Electrical, Instrumentation & Control Department. Mr.Saif holds a Bachelor of Electrical and Electronic Engineering Degree from University of Leicester, United Kingdom.

Ibrahim Nizam
Head of
Renewable Energy



Ibrahim Nizam joined STELCO in 1997 and is currently the Head of Renewable Energy Department. He has also held various executive posts including Head of Transmission & Distribution Department, Customer Services & Billing Department, Power Generation Department, Business Development Department, Water Production Department and Hulhumalé ' Powerhouse. Mr. Nizam holds a Master of Science degree in Electrical Power Engineering from the University of Manchester, England and a Bachelor of Engineering Degree with Honor's in Electronic and Electrical Engineering (Power Engineering) from University of Strathclyde, Scotland.

Ahmed Sharneez
Head of Hulhumalé
Powerhouse



Ahmed Sharneez joined STELCO in 1997 and currently is the Head of Hulhumalé ' Powerhouse. He has also held various executive posts including the head of the Regional Department and Water Production Department. Mr. Sharneez holds a Bachelor of Mechanical Engineering Degree from University of Bradford, United Kingdom.

Ibrahim Nashid
Head of Service
Centre



Ibrahim Nashid joined STELCO in 2000 and is currently the Head of Service Centre of the Company. He has held various executive posts including the posts of Head of Information Technology & Software Engineering Department, Transmission & Distribution Department, and Electrical Instrumentation & Controls Department. Mr. Nashid holds a Bachelor of Electrical and Electronic Engineering Degree from University of Hertfordshire, United Kingdom.

Abdulla Nazir
Head of Corporate
Affairs



Abdulla Nazir joined STELCO in 2001 and currently is the Head of the Corporate Affairs Department. Prior to this, he has held the positions as Head of STELCO Bureau and temporary positions as Head of Human Resource and Training Department and Head of Public Relations and Media Department. He served as the Company Secretary from 2010 to 2014. Mr. Nazir holds a Bachelor of Arts Degree in Business Administration from University of East London, United Kingdom.

Aishath Muzna
Head of Legal



Aishath Muzna joined STELCO in 2000 and currently is the head of the Legal Department. She has previously held executive positions including head of STELCO Bureau, Business Development, Procurement & Inventory Management Department, Information Technology, Corporate & Legal Affairs and Customer Services and Billing Department. She has also served as the Company Secretary from August 2017 to 31-July 2022. Ms. Muzna holds a Bachelor of Arts Degree in Accounting and Finance from University of East London, United Kingdom.

Mohamed Saleem
Head of Customer
Services & Billing



Mohamed Saleem joined STELCO in 2002 and is currently the head of the Customer Services & Billing Department of the Company. He has held various executive posts including Head of Procurement Department, Finance & Accounts Department, Internal Audit and In-Charge of Ha. Hoarafushi Powerhouse. Mr. Saleem holds a Master of Business Administration Degree from University of Wales, United Kingdom.

Hussain Fahmy
Head of STELCO
Fen



Hussain Fahmy joined STELCO in 1998 and currently is the Head of STELCO Fen. He has held various executive posts in his years of service including the posts of Head of Customer Services & Billing Department, Procurement & Inventory Management Department, and Business Development Department. Mr. Fahmy holds a Master of Arts in Accountancy from University of Aberdeen, United Kingdom and Master of Business Administration from University of East London, United Kingdom.

Abdul Gafoor
Head of Malé'
Powerhouse



Abdul Gafoor joined STELCO in 1994 and currently is the Head of Malé' Powerhouse. Previously, he worked as Chief Mechanical Engineer of Malé' Powerhouse. He also worked in Power Generation Department, Greater Malé' Region Department as well as Mechanical Department. Abdul Gafoor holds a Diploma in Mechanical Engineering from INTI College, Malaysia.

Abdul Malik Thoufeeg

Head of Project,
Planning and
Development



Abdul Malik Thoufeeg joined STELCO in 1999 and currently is the Head of Project, Planning and Development Department. Prior to that, he served as Head of the Procurement Department and Internal Audit of the Company. He also worked in the Electrical Department and Customer Service Department. Mr. Malik Holds a Master of Business Administration Degree from Ritsumeikan Asia Pacific University, Japan and Bachelor of Electrical & Electronic Engineering Degree from University of Hertfordshire, United Kingdom.

Enas Ahmed

Head of Finance
and Accounts



Enas Ahmed joined STELCO in 1999 and currently is the Head of Finance and Accounts Department. Prior to that, she held the post of Unit Head of Finance & Accounts Department. Enas is a Chartered Management Accountant and a member of Chartered Institute of Management Association (CIMA), United Kingdom. She also holds a Master's in Business Administration Degree from Anglia Ruskin University, United Kingdom.

Hussain Faruhad

Head of Human
Resources and
Training



Hussain Faruhad joined STELCO in 2021 and is currently the Head of Human Resources and Training Department of the Company. He has brought his expertise to the company and has been a great addition to the Executive Team. Mr. Faruhad holds a Master of Business Administration and Strategic Management.

Ahmed Akram

Head of Business
Development and
Marketing



Ahmed Akram joined STELCO in 2022 and is currently the head of Business Development Department of the Company. Prior to that, Akram held the position as head of Sales Centre. Mr. Akram has been a great addition to the team and is a key figure in the important upgrades that are being brought to the Company. He holds a Master of Business Administration.

Hussain Zahid

Head of Information
Technology and
Software Engineering



Hussain Zahid joined STELCO in 2022 and currently is the Head of Information Technology and Software Engineering. He holds a Bachelor of Science and has brought his expertise into the Company. Although relatively young to the company he has shown innovation and creativity and added to the value of the company through his contributions.

Ibrahim Rushdhy

Head of Regional
Administration



Ibrahim Rushdhy joined STELCO in 2022 and is currently the Head of Regional Administration of the Company. He has also held the position of Head of Business Development. Mr. Rushdhy holds a Doctorate in Business Administration.

Ihusaan Mohamed
Head of STELCO Bureau



Ihusaan Mohamed joined STELCO in 2020 and is currently the head of Stelco Bureau and also the permanent Company Secretary. Prior to this, he led the Financial Accounts unit of the Finance and Accounts Department. He holds a Bachelor of Science (Hons) in Accounting and Finance at Sunway University of Malaysia.

Hussain Waheed
Head of Transport, Logistics and Construction



Hussain Waheed joined STELCO in 2023 as a General Manager and is the Head of Transport, Logistics and Construction Department. He holds a Bachelor's in Business Management. Hussain has been a great addition to the team and is a key figure in the important upgrades that are being brought to the company.

Mohamed Shamil Abdul Sattar
Head of Internal Audit



Mohamed Shamil Abdul Sattar joined STELCO in 2019 and provisionally holds the responsibility of Chief Internal Auditor. Prior to joining STELCO, he has worked in the field of Internal Audit in various organizations including Deloitte Touché Tohmatsu Limited (Philippines), KPMG (Maldives), State Trading Organization PLC (STO) and as well in the private sector. Mohamed Shamil Abdul Sattar is a member of Institute of Internal Auditors (IIA) and holds a Bachelor's of Science Degree in Business Administration, Major in Internal Auditing (BSBA-IA) from Far Eastern University Philippines.

Asfa Hussain
Head of Procurement



Asfa Hussain joined STELCO in 2011 and currently serves as the Head of the Procurement Department. Prior to that, she held the position of Senior Manager as Unit Head of the Tendering and Sourcing Unit within the Procurement Department, as well as assuming the role of Secretary of the Tender Evaluation Committee. Asfa Hussain worked in STELCO's Finance and Accounts Department from 2011 to 2017. Her educational qualifications include a Bachelor of Commerce from the University of Mysore, and a Masters in Business Administration from Open University Malaysia.



› Composition of the Board

The composition of the Board helps effective corporate governance, productive and constructive discussions to enable most lucrative decisions for the company.

All members of the Board are individuals of integrity who can bring a blend of knowledge, expertise, skills, objectivity, experience, and commitment to the Board. All Board members have equivalent legal responsibilities. The Board has an appropriate balance of Executive and Non-Executive Directors to ensure unbiased and diverse advice is brought to the company and that Board's decisions are not conflicted to one individual or a small group of individuals.

› Composition of the Board of Directors as of 31st December 2022

Name	Designation	Executive/ Non-executive
Brigadier General (Rtd) Ibrahim Mohamed Didi	Chairman	Non-Executive
Ahmed Shareef	Managing Director	Executive
Dr. Ali Azwar	Board Director	Executive
Ahmed Latheef	Board Director	Non-Executive
Major (RTD) Tholhath Hassan	Board Director	Non-Executive

Changes to the Board of Directors during 2022

Mr. Ahmed Shareef was appointed as the Managing Director of the company on 01st March 2022 after Mr. Hassan Mughnee.

Brigadier General (Rtd) Ibrahim Mohamed Didi was appointed as the Chairman and Director of the Board on 14th June 2022.

Attendance of Directors at Board Meetings 2022

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Brigadier General (Rtd) Ibrahim Mohamed Didi	Chairman	24	24
Mr. Ahmed Shareef	Managing Director	34	32
Dr. Ali Azwar	Board Director	37	37
Mr. Ahmed Latheef	Board Director	37	35
Major (Rtd) Tholhath Hassan	Board Director	37	36



› Director's Independence

The majority of the board consists of non-executive and independent members, with 3 out of the total 5 members are non-executive. This determination considers, the relevant provisions of the Code of Corporate Governance for State Owned Enterprises regarding directors' independence such as character, judgment and the absence of relationships or circumstances which could compromise directors' independence. In the light of these factors, the Board is satisfied of the independence of the directors.

› Board Diversity

The Board directors bring a diverse range of skills, knowledge and independence to the Board's work and the work of its committees. The board collectively possess knowledge and experience in the fields of public policy, private sector business, corporate strategy and engineering and renewable energy.

These specific skills, expertise and experience of the Board members allow the Board to deliberate on major strategic and operational issues.

› The Board

The Board conducts regular and frequent meetings and has a formal schedule of matters specifically reserved to it for decision. The principal matters reserved to the Board include:

- Approval of annual budgets
- Approval and review of audited financial statements
- Reviewing operational and financial performance
- Review company policies and procedures
- Approval of major capital expenditure
- Reviewing of the company's internal controls and risk management
- Review and discuss progress of major projects

The Board has delegated authority to management for normal course of business operations and decisions within defined limits and thresholds.

› Meetings of the Board of Directors

The Board schedules meetings on need basis, with emphasis given to have a minimum of one meeting in each quarter to adhere with requirements CG Code for SOEs. Along with the Board Papers and supporting documents for each agenda item, the agenda of each board meeting is shared with all directors ahead of a scheduled meeting.

The Board meetings are held pursuant to the Articles of Association of the company and the Code of Corporate Governance for State Owned Enterprises. The directors

are highly encouraged to attend to Board meetings in person but if this is not possible, then the directors can participate via online meeting. During situations where physical board meetings are not possible, either a virtual meeting is set, or board papers are circulated among members for approval.

› The Chairperson

Brigadier General (Rtd) Ibrahim Mohamed Didi was appointed as the Chairman and Director of Board of State Electric Company Ltd (STELCO) on the 14th of June 2022. As mentioned in the Articles of Association and the Code of Corporate Governance for State Owned Enterprises, the roles and responsibilities of the Chairman are separate from that of the Managing Director.

The responsibilities of the Chairman include leading the Board, determining its agenda, facilitating full participation by each Board member and ensuring the board's effectiveness and satisfactory performance.

› Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board of directors on all matters relating to his/her duties as an officer of the Company. The Company Secretary reports to the Managing Director on all executive or administrative matters. All Directors have access to the Company Secretary.

The responsibilities of company secretary in relation to proper functioning of the board includes:

- Facilitating the efficient administration of Board meetings
- Ensuring that the conduct of the general meetings is consistent with the law (PCB regulations and Company's articles)
- Supporting effective Board administration and serving as liaison between the Directors and Management
- Providing the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company
- Assisting and advising the Chairperson of the Board and reporting to the Board on the Company's compliance with the corporate governance requirements,
- Monitoring and arranging procedures for compliance with relevant regulatory and legal requirements
- Ensuring timely, accessible and accurate filing of corporate statutory records

› Induction & Training of Board Directors

Induction

An induction programme is in place to familiarize new Board members regarding the responsibilities expected of them as a Board director, the roles and responsibilities of the Board as a whole, and the operations of the company.

New Board members are provided with an 'induction pack' that contains the company's Memorandum and Articles of Association, Code of Corporate Governance for State Owned Enterprises, most recently published Annual Report and documents containing key information regarding the strategic and operational functions of the company.

Trainings

Board Members are required to complete the Directors Training conducted by Capital Market Development Authority within 6 months of being appointed to the Board. As such, STELCO's Board of Directors has completed this training within 6 months of being appointed to the board. Besides Directors Training, the Board Directors are also provided with opportunities to participate in trainings related to finance, risk management, business relations, etc.

Process of Appointing New Directors

STELCO being a 100% state owned company, members are appointed and removed from STELCO's Board at the discretion of the Privatization and Corporatization Board (PCB) who act on behalf of the government.

Conflict of Interest

In 2022, STELCO had no cases of conflict of interest. If such a case were to arise, then the Board director would refrain from participating in the discussion and voting of the relevant matter. This applies to both definitive and potential conflict of interest.

The company secretary maintains a Register of Interests that contain details of shareholding in other businesses by directors and their immediate family, details of director's major assets and current and past employment of directors and their immediate family members. This register is updated regularly.

Remuneration of Board Members

The Board members' remuneration package is determined by the Ministry of Finance's Policy on "Categorization of State-Owned Enterprises and Remuneration of Board Members" which defines the basic salary and allowances to be provided to the Chairman, Executive and Non-Executive Directors. STELCO does not provide Board Members any additional allowances outside of this policy.

Internal controls

The Board is in charge of overseeing the company's internal control system, determining its effectiveness. The Board is satisfied with the system of internal control established within the company and understand that it can provide reasonable but not

complete assurance against financial loss.

STELCO has established the following in order to strengthen its system of internal controls:

- Established an organisational structure with clear operating and reporting procedures, segregation of duties, lines of responsibility and authorisation limits.
- Annual budget requires approval of the Board.
- A comprehensive system of financial reporting is established.
- Large capital expenditure requires approval of the Board and is closely monitored on an ongoing basis.
- All procurement activities require a 3 step approval process. Furthermore, Board approval is required for all procurement activities that are above MVR. 3,000,000 (Three Million) including foreign procurement.
- Whistleblowing mechanism is in place to report fraud or ethical concerns confidentially and anonymously.

Good Governance Policies, Procedures and Guidelines

The company has established a Conflict of Interests Policy, Procurement Policy, CSR Policy, Whistleblowing Policy, Marketing and Promotion Policy and Employment Policy over the recent years.

These policies are implemented to ensure that the company has an effective 'checks and balance' system in place. In addition to this, these policies clearly set out the roles and responsibilities entrusted to staff and prevent both intentional and unintentional misconduct.

Management Review and Responsibility

The Board has delegated the leadership and control of the company to the Managing Director and his Senior Management team for normal course of business operations and decisions within pre-defined authorisation limits and boundaries.

The Managing Director appoints staff to Senior Management based on qualification, experience and capability. Senior Management members are assigned roles and responsibilities, and their performance is evaluated annually.



› Remuneration Committee

Function

The main functions of the Remuneration Committee are:

- Develop policies on employee remuneration and welfare.
- Determining the adequacy of the company's organizational structure.
- Review remuneration packages company Staff.

Roles and Responsibilities:

- Review the suitability and importance of the existing remuneration policy.
- Ensure the payments made to employees upon termination from employment as agreed in the employment contract are fair to the employee terminated, and the Company.
- Oversee any major changes in employee benefit structures throughout the Company and make recommendations to the Board with regard to any changes.
- Identify and submit to the Board for approval, candidates to fill Board vacancies as and when they arise.
- Develop and implement a conflict of interest policy applicable to Directors, executives and employees of the company.
- Ensure that Directors disclose personal business interests that may give rise to conflict of interests with the company.

Members of the Committee as of 31st December 2022

Name	Designation	Appointed Date
Mr. Ahmed Latheef	Committee Member	26 May 2020
Major (Rtd) Tholhath Hassan	Committee Member	14 July 2020

Conclusion

The Remuneration Committee is satisfied with the activities carried out in 2022



On behalf of the Remuneration Committee:

Ahmed Latheef
Chairman, Remuneration Committee

› Audit committee

The Audit Committee plays an important role in providing independent oversight of the company's governance, risk management and internal controls. All members of the Audit Committee are Independent, Non-Executive Directors who possess the capacity to undertake the responsibilities of the Committee.

The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, information dissemination, and internal control practices. The committee also assists in the management of key risks as well as the frameworks, guidelines, policies and processes for identifying, monitoring and mitigating risks of the Company.

The STELCO Audit Committee comprises of 02 Non-Executive, Independent directors.

Attendance of members to committee meetings

Name	Designation	Attendance
Major (Rtd) Tholhath Hassan	Committee Chairman	6/6
Ahmed Latheef	Member	6/6

Roles and Responsibilities:

The Audit Committee identifies and makes recommendations and reports to the Board with respect to the following tasks and responsibilities;


- Oversee the internal audit function
- Reviewing and monitoring the effectiveness of the Company's internal controls to ensure that adequate measures are taken to safeguard the Company's assets
- 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
- Review reports on selected risk topics as the Committee deems appropriate from time to time
- Receive and discuss the external auditor report, including any issues and recommendations raised by the external auditor on internal control weaknesses
- Review the reliability and accuracy of the financial information provided by the management to the Board and other users of financial information
- Oversee and review policies and procedures for identifying monitoring and mitigating risks

Major Activities of 2022:

- Completion of company's Enterprise Risk Management (ERM) project.
- Endorsement of ERM Charter.
- Endorsement of ERM Policy.
- Completion of process audit engagements in 27 Island Powerhouses.
- Discussion of Internal Audit Reports, recommendations given to the management and implementation status of action plans.
- Presentation and discussion of External Audit Report and implementation status of action plans.
- Presentation of Special Audit Reports.
- Discussion and approval of Risk Based Internal Audit Annual Plan for the year 2023.
- Approval of Internal Audit Function's Budget for the year 2023.

Conclusion

In reliance to the activities referred to above, the Audit Committee is satisfied with the Internal Audit Function and the activities carried out during the year.


On behalf of the Audit Committee:
Major (Rtd) Tholhath Hassan
Chairman, Remuneration Committee





03.

Our Footprint

3.1 Map of our Footprint

3.2 Island Powerhouses

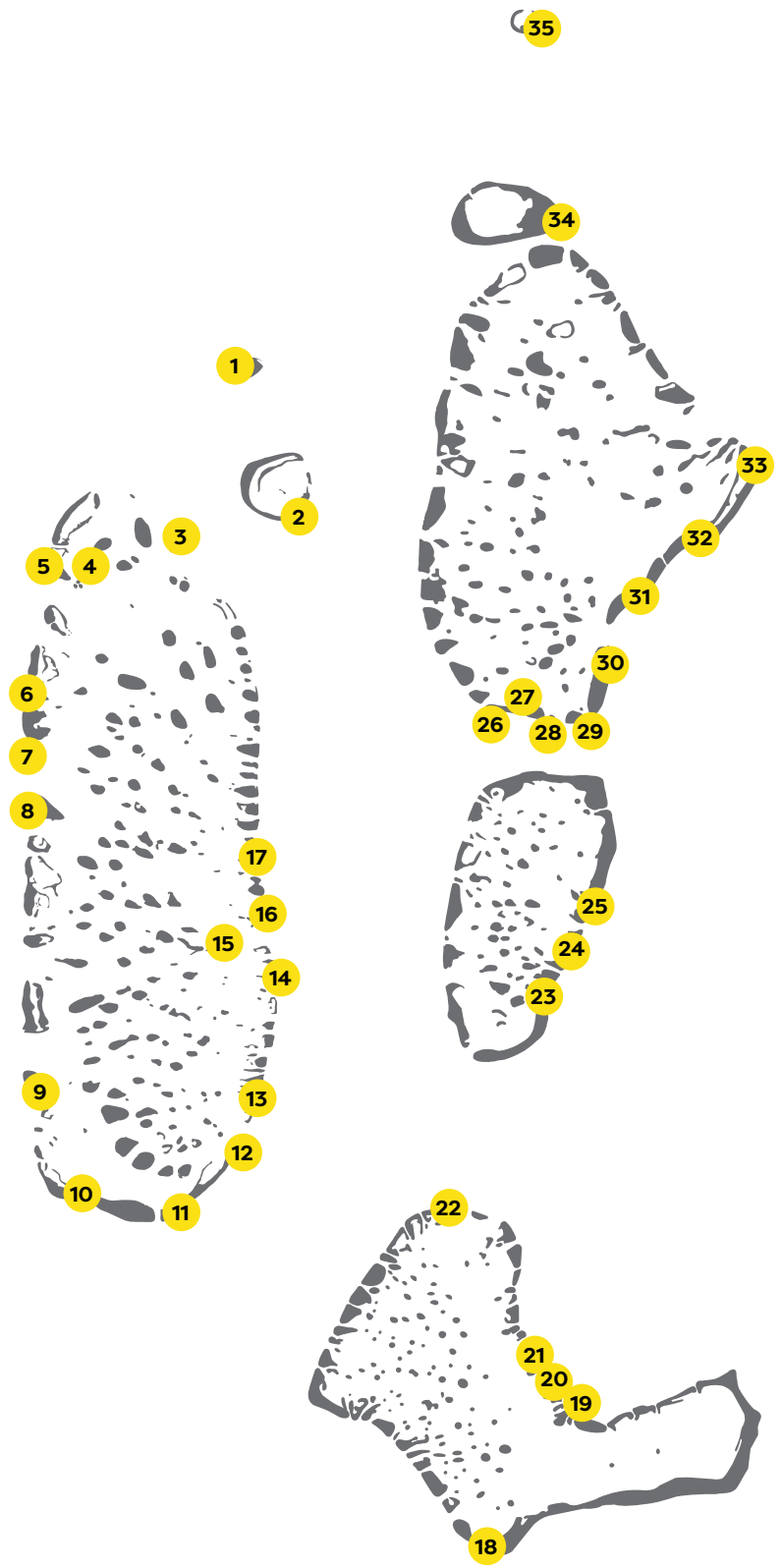
03. Our Footprint

3.1 | Map of our footprint

Legends:

- Powerhouses
- Water Desalination Plants
- Sewerage Systems

- ○ 1. AA. Thoddoo
- ● ● 2. AA. Rasdhoo
- ● ● 3. AA. Ukulhas
- ○ ○ 4. AA. Bodufolhudhoo
- ○ ○ 5. AA. Mathiveri
- ○ ○ 6. AA. Feridhoo
- ○ ○ 7. AA. Maalhos
- ○ ○ 8. AA. Himandhoo
- ● ● 9. ADH. Mandhoo
- ○ ○ 10. ADH. Fenfushi
- ○ ○ 11. ADH. Dhindhoo
- ○ ○ 12. ADH. Dhigurah
- ○ ○ 13. ADH. Dhangethi
- ● ○ 14. ADH. Mahibadhoo
- ○ ○ 15. ADH. Kumburudhoo
- ○ ● 16. ADH. Omadhoo
- ● ● 17. ADH. Hangnaamedhoo
- ○ ○ 18. V. Rakeedhoo
- ○ ○ 19. V. Keyodhoo
- ○ ○ 20. V. Felidhoo
- ○ ○ 21. V. Thinadhoo
- ○ ○ 22. V. Fulidhoo
- ● ● 23. K. Guraidhoo
- ○ ○ 24. K. Maafushi
- ● ● 25. K. Gulhi
- ○ ○ 26. K. Thilafushi
- ○ ○ 27. K. Gulhifalhu
- ○ ○ 28. Villimalé
- ○ ○ 29. Malé
- ○ ○ 30. Hulhumalé
- ○ ● 31. K. Himmafushi
- ○ ● 32. K. Thulusdhoo
- ○ ○ 33. K. Dhiffushi
- ○ ○ 34. K. Gaafaru
- ○ ● 35. K. Kaashidhoo



3.2 | Our Powerhouses

Island	Customers	Usage (Avg Monthly)	Installed Capacity	Max.Peak Load
AA. Ukulhas	446	3,254,472 kWh	1568 kW	813 kW
AA. Thoddoo	713	3,806,727 kWh	1704 kW	954 kW
AA. Bodufolhudhoo	223	1,242,424 kWh	738 kW	289 kW
AA. Rasdhoo	449	3,520,973 kWh	1920 kW	751 kW
AA.Maalhos	179	885,864 kWh	679 kW	223 kW
AA. Mathiveri	262	1,765,017 kWh	936 kW	416 kW
AA. Himandhoo	260	1,491,248 kWh	822 kW	377 kW
AA. Feridhoo	190	1,001,280.52 kWh	476 kW	234 kW
ADh. Dhindhoo	80	345,788.80 kWh	296 kW	87 kW
ADh. Fenfushi	337	1,646,188 kWh	828 kW	362 kW
ADh. Dhigurah	318	2,115,740 kWh	1528 kW	520 kW
ADh. Mahibadhoo	693	4,608,723 kWh	2728 kW	969 kW
ADh. Dhangethi	399	2,095,346 kWh	960 kW	491 kW
ADh. Kumburudhoo	137	871,232.9 kWh	424.6 kW	193 kW
ADH. Hangnaameedhoo	216	484621.75 kWh	740 kW	222 kW
ADH. Mandhoo	128	266,101.35 kWh	488 kW	143 kW
ADH. Omadhoo	315	728,089.75 kWh	726 kW	312 kW
V. Felidhoo	227	1,330,796.6 kWh	834 kW	328 kW
V. Fulidhoo	174	1,087,565 kWh	779 kW	300 kW
V. Thinadhoo	100	1,066,541 kWh	1144 kW	306 kW
V. Rakeedhoo	64	164,464 kWh	213.2 kW	70 kW
V. Keyodhoo	252	1,274,001 kWh	760 kW	377 kW
K. Malé	47,234	307,202,354 kWh	60,968 kW	66014 kW
K. Gulhifalhu	98	906,552 kWh	2001 kW	285 kW
K. Thilafushi	330	7,829,610 kWh	2960 kW	1639 kW
K. Kaashidhoo	633	4,032,156 kWh	1728 kW	951 kW
K. Hulhumalé	17,985	11,246,706 kWh	53,544 kW	22867 kW
K. Guraidhoo	625	4,327,468.39 kWh	1950 kW	885 kW
K. Himmafushi	524	3,940,547 kWh	1490 kW	786 kW
K. Villingili	2,344	14,193,193 kWh	4000 kW	2398 kW
K. Dhiffushi	509	2,559,831 kWh	2104 kW	714 kW
K. Gaafaru	385	2,284,228 kWh	1300 kW	559 kW
K. Thulusdhoo	501	3,778,758 kWh	2648 kW	1025 kW
K. Gulhi	232	151,282.80 kWh	1184 kW	460 kW
K. Maafushi	879	11,549,545 kWh	6678 kW	2732 kW



04.

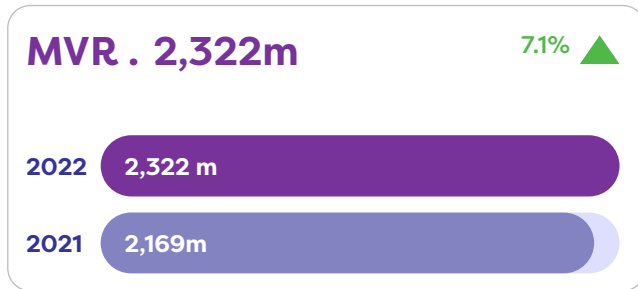
Highlights of 2022

- 4.1** Financial Highlights
- 4.2** Our Staff
- 4.3** 2022 Highlights
- 4.4** Hulhumalé Powerhouses
- 4.5** Malé Powerhouses
- 4.6** Business Development
- 4.7** Our Network

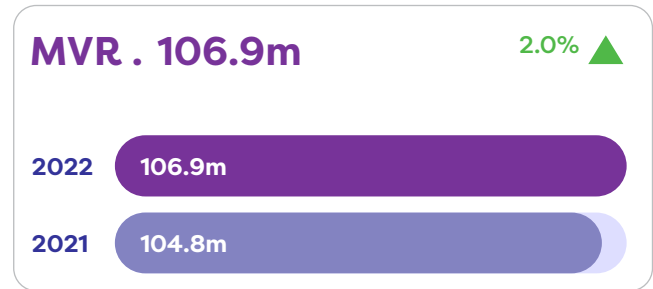
04. Highlights of 2022

4.1 Financial Highlights

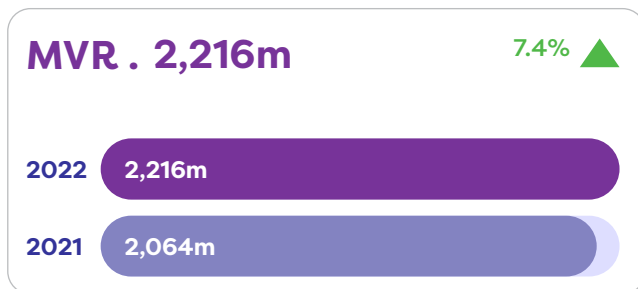
Revenue:



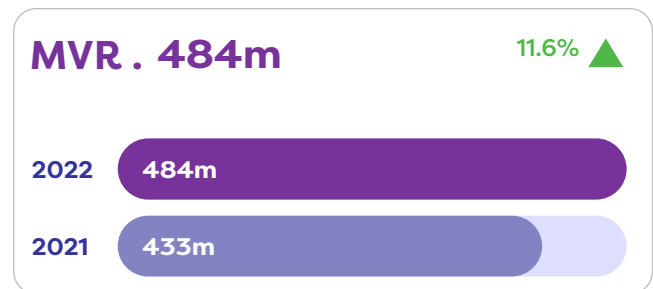
Profit After Tax:



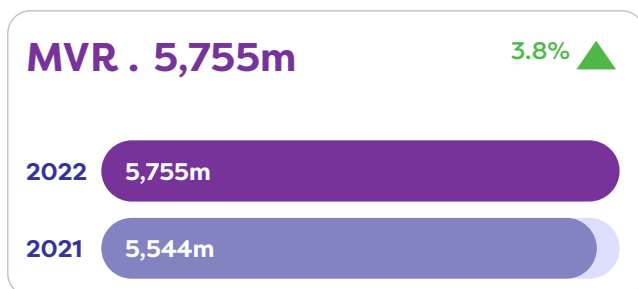
Expenses:



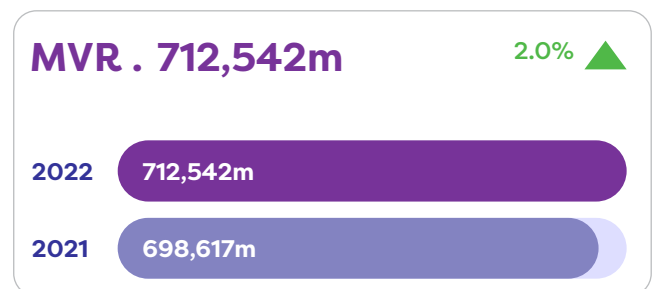
EBITDA:



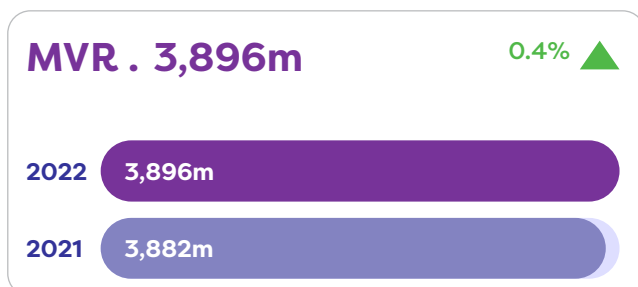
Total Assets:



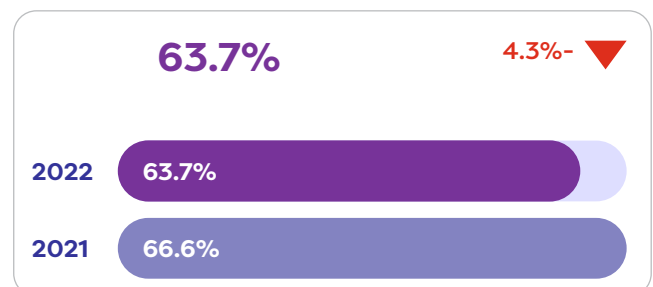
Earnings Per Share [EPS]:



Total Liability:

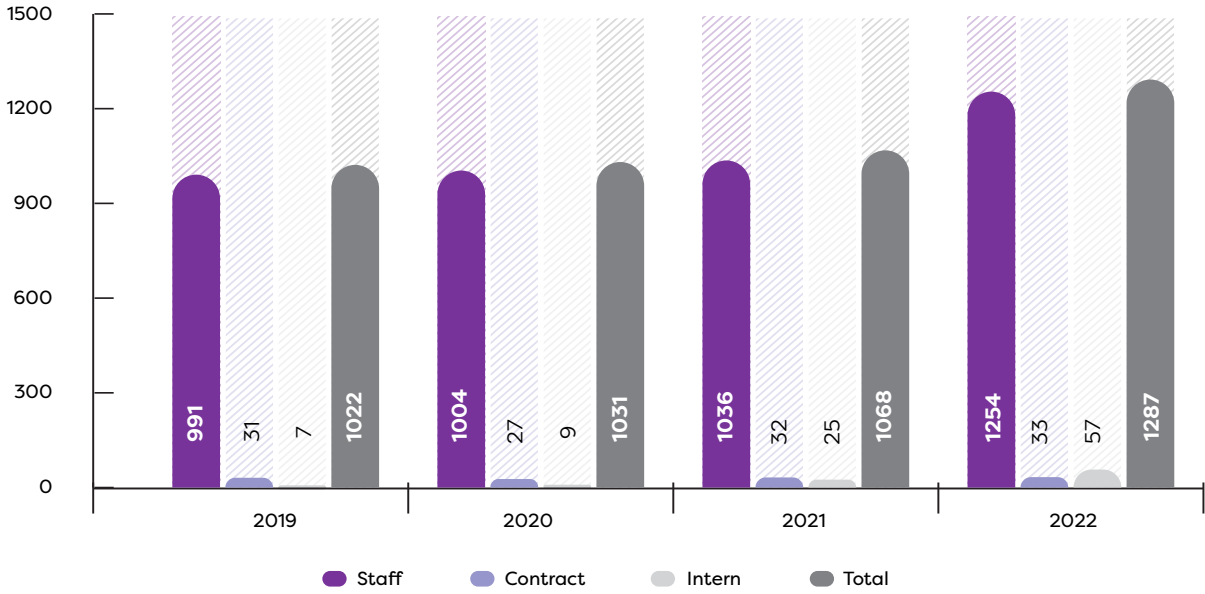


Gearing Level:

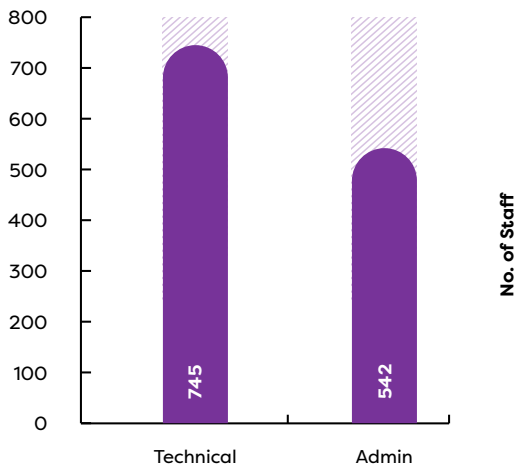


4.2 Our Staff

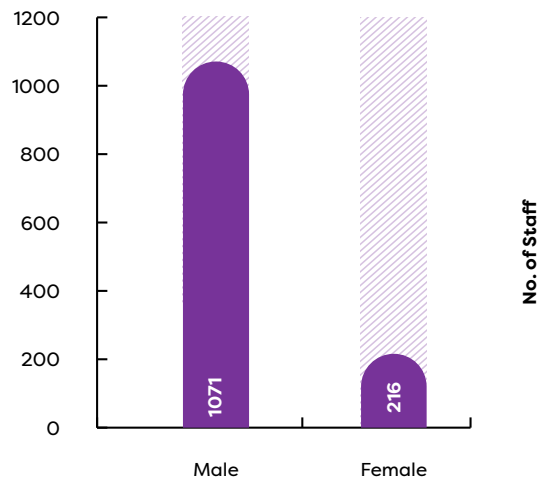
› Staff Increase



› Field Statistics



› Gender



› Recruitment

Year	Staff Count	Average	Termination	Turnover
2019	991	946	31	3.28%
2020	1004	998	22	2.21%
2021	1036	1020	30	3.92%
2022	1254	1145	26	2.27%

› Summary of Health Benefit:

In 2022, staff were Provided Health benefit under Allied Health Benefit Scheme



March 2022 to March 2023



› Summary of Internal Awards:

Awards Given	Count
Department Merit Award	63
Team Player Award	5
Unsung Hero	5
Safety Star	3
Employee of the year	2
Top Newcomer	2
Manager of the year	4
Station Manager of the year	2
Innovation Award	10
Long Service (20 Years)	7
Long Service (30 Years)	5
Long Service (40 Years)	3
Excellence in Customer Care	5
Recognition of Achievement Award	13
Outstanding Service Legacy Award	1
Total	129



Station Manager of the year
Ahmed Yasir (K.Gulhi)



Manager of the year
Ismail Nishar (Engineer)



Manager of the year
Aminath Neela (Senior Manager)



Manager of the year
Abdulla Shimaaz (Engineer)



Employee of the year
Aishath Fazla (Senior Manager)



Employee of the year
Ibrahim Shajeeu Abdul Shaheed (Engineer)



MD's award for excellence
Abdulla Nazir (General Manager)



MD's award for excellence
Ahmed Saif (General Manager)



Outstanding Service Legacy Award
Mohamed Latheef (Deputy Managing Director)

› **Summary of Training:**

Type of Training	Total No. of Staff	Total trainings
Local	1038	104
Overseas	116	39
online	12	7
Total:	1053	150

› **Managerial Development Training:**

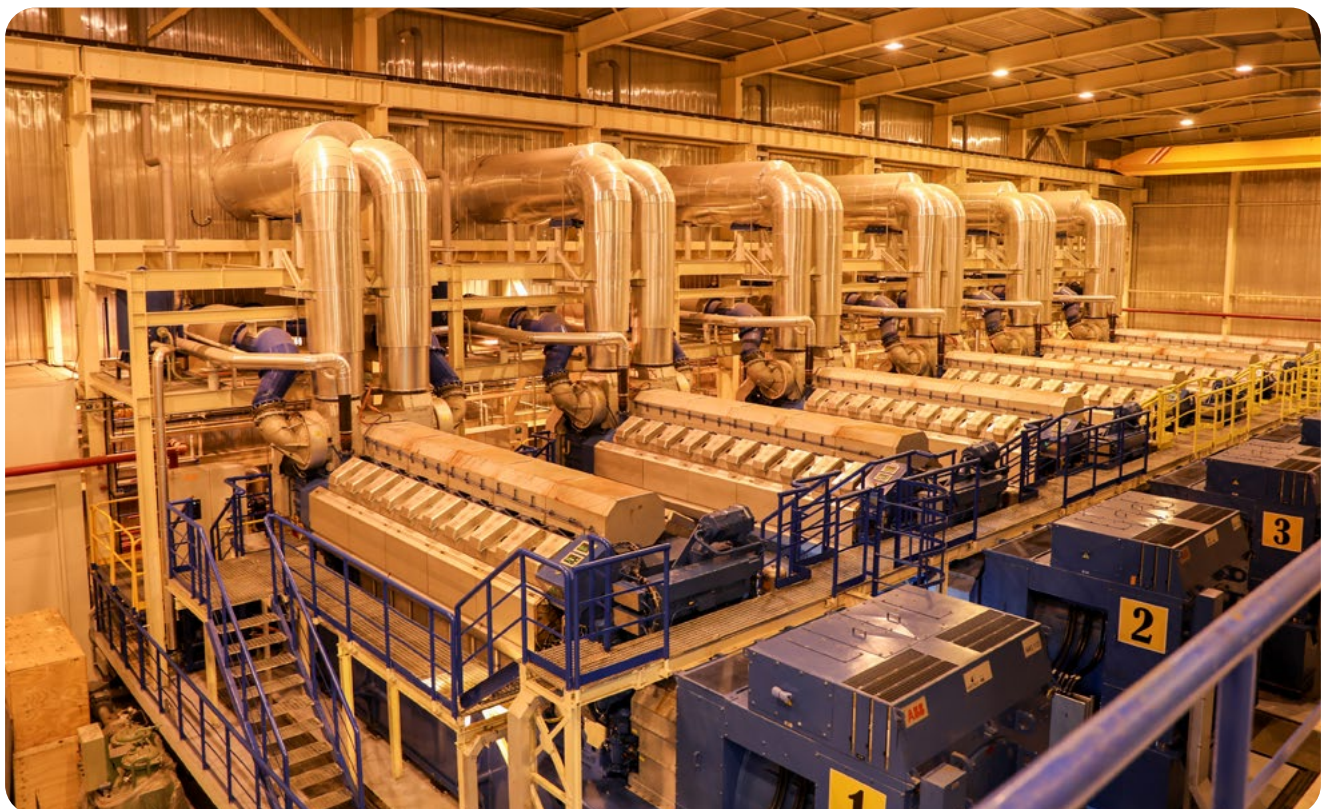
In the year 2022, 150 different trainings were held in total, where 871 staff were trained in technical and non-technical area. Within these 150 trainings conducted in 2022, the majority total of 104 trainings were conducted in Maldives while 39 trainings were out of the country and 11 online trainings. We also have built a culture, where the staff who have expertise knowledge and skills in the area must provide training to their subordinates. To improve the training skills of our staff and encourage them on educating their subordinates we have conducted licensed ‘Train the trainer’ program.

During the Induction trainings senior staff share their knowledge, and experiences to the newcomers in order to familiar them to the products & services, policies, operations, rules and regulations of the company. Moreover, when compared to the past years and previous year of 2021, the trainings conducted in 2022 has increased by 183 percent.



4.3. 2022 Highlights

Location/Work	Project	Start Date	End Date	Status
Adh. Dhigurah	Fuel Storage Tank (40,000 L)	21-Feb-21	4-Jan-22	Completed
AA. Mathiveri	Fuel Storage Tank (40,000 L)	28-Mar-21	26-Feb-22	Completed
Adh. Hangameedhoo	Fuel Storage Tank (40,000 L)	22-Mar-21	30-Mar-22	Completed
AA. Thoddoo	Fuel Storage Tank (40,000 L)	2-Jul-21	12-Apr-22	Completed
K. Himmafushi	Panel room construction	10-2-22	20-5-22	Completed
V. Felidhoo	Fuel Storage Tank (40,000 L)	1-Aug-21	4-Jun-22	Completed
Adh. Mandhoo	Fuel Storage Tank (40,000 L)	6-Apr-21	9-Jun-22	Completed
AA. Ukulhas	Powerhouse Construction	1-Jul-21	11-Sep-22	Completed
V. Felidhoo	Powerhouse Construction	3-Jul-21	15-Nov-22	Completed
K. Dhiffushi	03 substation Construction	28-Aug-22	1-Dec-22	Completed
K. Kudagiri	Development project	24-May-22	4-Dec-22	Completed
Hulhumalé Phase 02	132kV/11kV Consultancy Service to Urbanco	27-9-20	-	Ongoing
Peak Handling 2023	(Relocation of Standby Gensets to Hulhumalé Old Powerhouse Facility)	23-Oct-22	-	Ongoing
K. Guraidhoo	RO plant	18-Sep-22	-	Ongoing
Malé	Installation of 09 MaadTV Structure and Foundation	28-Aug-22	-	Ongoing
Malé City	6th Power Development Project	-	-	Ongoing
AA. Himandhoo	Powerhouse Construction	29-Jun-21	-	Ongoing
Adh. Mahibadhoo	Powerhouse Construction	28-Jun-21	-	Ongoing
AA. Rasdhoo	Powerhouse Construction	7-May-21	-	Ongoing
AA. Thoddoo	Powerhouse Construction	6-Jul-21	-	Ongoing



4.4. Hulhumalé Powerhouses

› Major Works carried out in 2022:

January	Installation of delta Cleaner in DG03 and DG04
	Card Access system installed in engine room doors
	Rectification work of fire hydrants
February	DG06 Port filter installation work
	Backwash filter design and modification (PHE Modification)
	Rah Fehi 4 - STELCO Tree Planting program 2022
	Energy Saving campaign
	Assembling and installing fuel unloading pump
	Transporting redundant Black-start Generators from Malé powerhouse to Hulhumalé powerhouse
March	Ransomware recovery work
	Re-painting of day tanks
	Modification work of seawater intake area (Installing silt curtains)
	Modification work of 50MW Black-start unit battery system
April	Redundant Black-start engine installation work
	Installation of fire pump running status indication light in control room
May	Workshop shutter door modification and installation
	Madhiri control campaign (cleaning event)
	STELCO Cleaning Event (Biodiversity Day 2022)
	HR training: Staff Induction program
	Electrical Online Training on faults and troubleshooting
June	Powerhouse Gate-05 installation work
	Rehendhi school student visit to Powerhouse (Grade 6: 255 students)
	Alternator service of redundant Black-start genset HCG 02 and HCG 03
	Independence Day 2022 float work
	HR Training: Supervisor's Training
	Powerhouse lighting for STELCO Anniversary
	Cummins container gensets installation work
	Malé Hukuru Miskiy Munnaaru Cleaning & re-painting
	Wartsila decarbonization plan data collection
	Oversea Training: Customized Engine W32 Operation & Practical Training
July	Fabricate new gate to replace existing Gate-04
	Fuel booster pumps Servicing
	Installing barbed wire over the boundary wall
August	Update and finalize fuel unloading SOP
	Wartsila Engineer visit - Rectifying the electrical issues
	Condition monitoring system startup work
	Cummins engine SCADA set-up
	Powerhouse tour for student studying in Malaysia
	Installing new CCTV - fuel farm area
	De-rusting & re-painting of diesel main storage tank 4
	Wartsila engineer visit & tour
	Preparing ISO 9001 documents
	Replacing faulty CCTV camera

September	Training - Safety Training for environment and equipment
	Installing decorative lights to celebrate Patient safety day and Alzemia day
	Redundant Black-start engine - HCG 02 and HCG 03 engine and load testing
	Protection coordination study documentation work
	In-house Training; Wartsila Engine operation and Maintenance (theory) training
	Oversea Training: Engineering Station
October	Ghaazee school student visit to Powerhouse (Grade 10: 58 students)
	Installing new CCTV - cable yard area
	Preparing Peak handling 2023 Specification documents
	Lube oil separator heater modification work for DG06,05,04
	STELCO Staff induction program
	Hulhumalé annex interconnection switchgear cubical survey
	Testing VFD connected submersible pump for desilting the seawater intake catch basin
	DATA sharing session on automation and control with WARTSILA
	2023 Budget discussion (Capital & Training)
	Testing the diesel pump to remove silt from the seawater intake catch basin
	Powerhouse SOP's revising
	Cummins genset brought from gaakoshi 3 installation work
	Staff Induction program
	In-house Training: Deepsea and operator training
	Dengue ijaaba cleaning event
	Train the trainer
	Discussion to install distribution SCADA relays
	Dispatch Operations and powerhouse maintenance plans discussion and implementation
Repeater system coverage test with IT and delta service	
Assembling kWh panel	
November	Bright way school student visit to Powerhouse (Grade 10: 46 students)
	Laying fiber cable to project site from 132kV substation IT room
	In-house Training: Deepsea and operator training
	Installing Decorative lights for Victory day
	Installation of distribution SCADA relay's
	Powerhouse equipment's labelling
	Wartsila decarbonization results discussion
	Relay protection setting calculation review & energization study for Hulhumalé power system
	Seawater intake protection cage panel cleaning & installing (DIVING)
	Meeting arrangement with technical study team from India for power trading
	DG-04, DG-05 & DG-06 Lube oil separator heater pipe insulating
	Powerhouse Gate-03 fabrication
	Installing distribution SCADA relay
	Powerhouse Gate-06 fabrication & modification
Wartsila engine DG03 - ABB turbocharger servicing	
December	Installing relay in distribution SCADA setup
	Installing WIFI routers in powerhouse areas
	Day Tank inspection for collected sludge
	74 years of electrical service event presentation
	Lube oil separator heater installation work
	World bank staff powerhouse visit
	Installing decorative lights to celebrate 74 years of electrical service
	Laying sewerage pipeline to staff building
	On-Site: GEA lube oil separator training

4.5. Malé Powerhouses

In 2022, the Malé powerhouse department initiated a series of strategic initiatives highlighting our focus on operational excellence and innovation. Notably, significant overhaul efforts were directed towards DG6, DG7, and DG9 engines, along with precise damper servicing for DG9, reinforcing the dependability and longevity of our critical assets.

In terms of installations, our commitment to bolstering efficiency and control was apparent in the centralization of the Wartsila control room. This integration encompassed the harmonization of the MAN SCADA system's common alarm audible signal and the Splash oil monitoring system. Technological advancement was showcased through the enhancement of load sharing and synchronizing modules for the Containerized Highspeed gensets, along with the substitution of outdated controllers with Deepsea 8610 MKII.

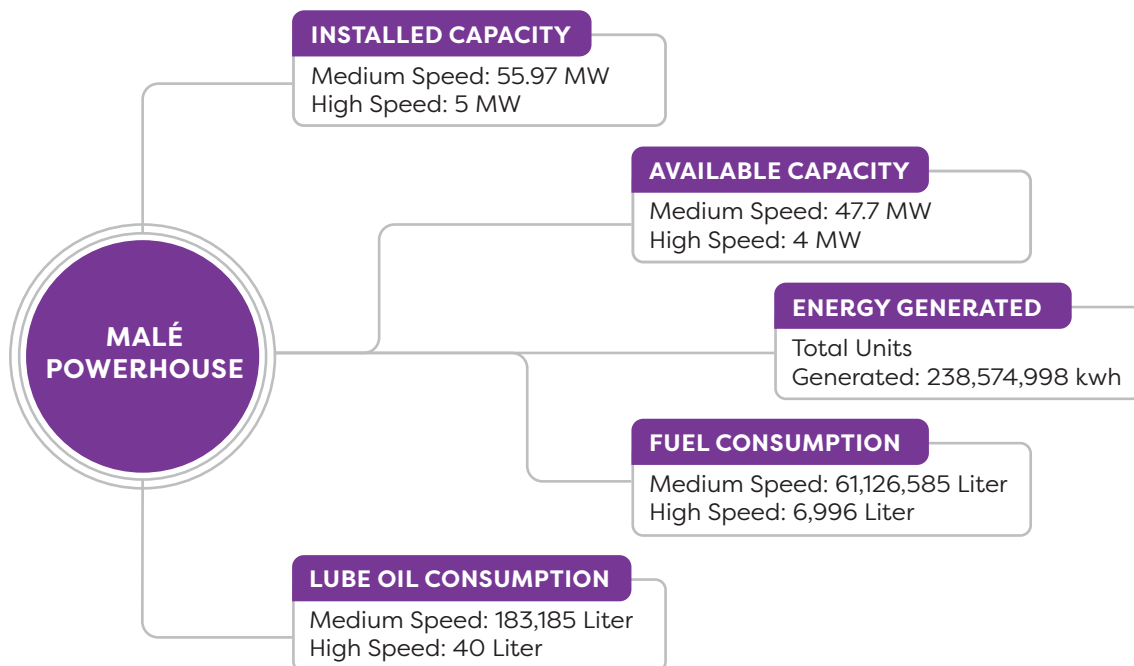
Furthermore, pivotal enhancements were executed, including the introduction of a Chloride 24VDC Dual charger in the Low voltage switchboard, replacement of antiquated charging systems, and the upgrade of DG3 11kV SF6 gas insulated generator breaker to rectify synchronizing challenges. The integration of leakage fuel modules in DG2, DG3, and DG4 further fortified

safety protocols. Notable ventilation fan enhancements were carried out for DG6, involving motor renewal and damper integration, emblematic of our commitment to refining operations.

Facing an adverse fire incident, rapid restoration was achieved for DG7, encompassing the replacement of damaged components and sensors within one week. Elevation of our infrastructure manifested through the transition of the MAN Powerhouse CCTV system to an IP-based high bandwidth camera system, augmenting security measures. Our dedication to power generation was evident through the deployment of BUSBAR voltage monitoring relays and communication devices, streamlining substation load shedding for unwavering service reliability. Additionally, structural concerns were addressed with the erection of a supportive structure to rectify substantial cracks and damages found in intermediate sea water wells.

These accomplishments epitomize our pioneering spirit in advancing solutions that elevate the dependability, efficiency, and safety of Malé powerhouse operations.

KEY STATISTICS MALE' POWERHOUSE



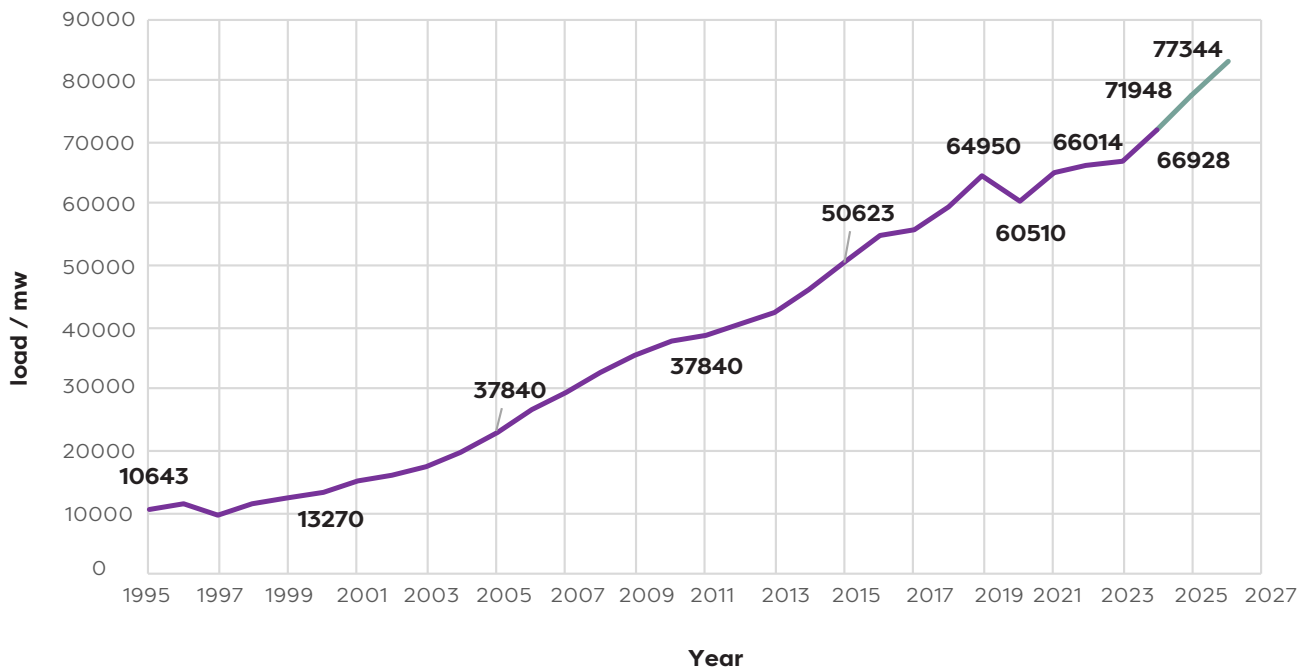
› Overhaul Works

- DG6 Major overhaul
- DG7 Major overhaul
- DG9 Major overhaul and Damper servicing

› Peak Load Data 1991-2026

Year	Peak load demand
1991	4928
1992	5043
1993	4986
1994	7155
1995	10643
1996	11336
1997	9740
1998	11645
1999	12300
2000	13270
2001	15130
2002	16250
2003	17639
2004	19631
2005	23151
2006	26870

Year	Peak load demand
2007	29328
2008	32700
2009	35428
2010	37840
2011	38640
2012	40760
2013	42550
2014	46220
2015	50623
2016	54790
2017	55820
2018	59490
2019	64950
2020	60510
2021	65,202
2022	66014

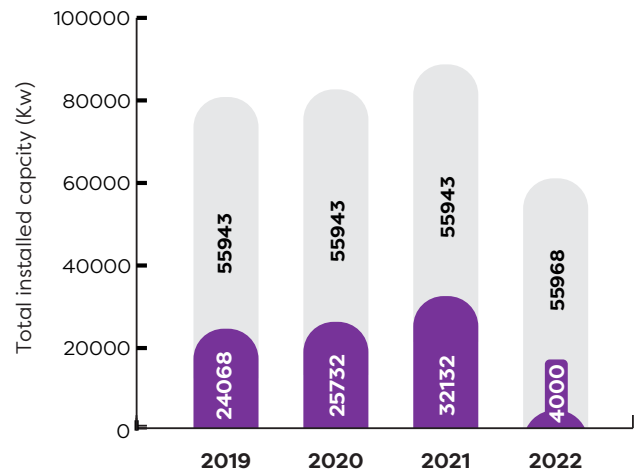


› Installation 2022

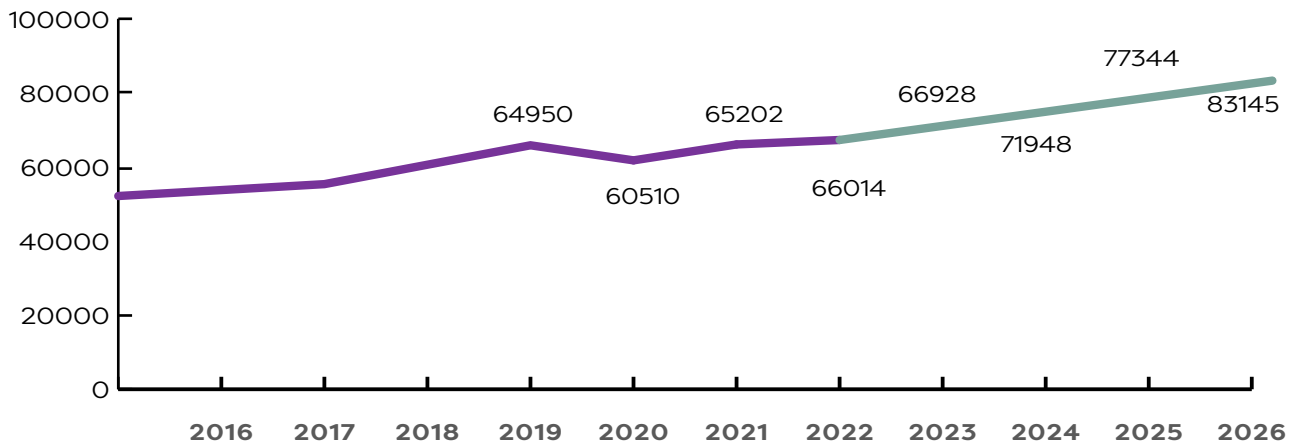
- Centralizing Wartsila control room - MAN SCADA system common alarm audible signal and Splash oil monitoring system was extended to Wartsila control room.
- Containerized Highspeed gensets (CG1 to CG5) load sharing & synchronizing module was upgraded to Deepsea 8610 MKII to phase out existing obsolete GCP-30 genset controllers.
- Chloride 24VDC Dual charger was installed in Switchboard B to replace old charging system.
- DG3 11kV SF6 gas insulated generator breaker was replaced with synchronizing issues.
- ATS was installed to provide backup UPS power to Wartsila SWOIS server rack.
- Leakage fuel modules were designed and installed in DG2, DG3 and DG4.
- DG6 ventilation fans upgrade work: Fan housing and motor replaced with damper. Motor control center control circuit was modified to operate fans with damper.
- DG7 automation control system engine sensors, cable harnesses and engine parts damaged during fire incident were replaced and engine was brought to normal operation within a week
- MAN Powerhouse CCTV system was upgraded to an IP based high bandwidth camera system.
- Distribution SCADA BUSBAR voltage monitoring and communication devices installed in Malé powerhouses for substation load shedding.
- Sea water well maintenance (intermediate wells): Structure was erected to work on Major cracks and damages found on intermediate wells
- Diesel storage tank 3 & 4 was recalibrated.

› Load Forecast for 2023 – 2026

› Malé Powerhouse - Capacity Increase Graph 2019, 2020, 2021 and 2022



Actual Peak Load — Forecasted Peak Load —



› KPI Department Performance in 2022 with Details

Malé powerhouse department objectives & strategies are to increase the reliability of power production in order to provide uninterrupted service to our customers. One of the main targets of Malé power house is to maintain the production cost of electricity from a liter of diesel fuel (units/Liter) above 3.8. This is to achieve our goal of operational reliability and fuel efficiency. Malé' powerhouse-maintained fuel efficiency at 3.9 Units/Liter for year 2022

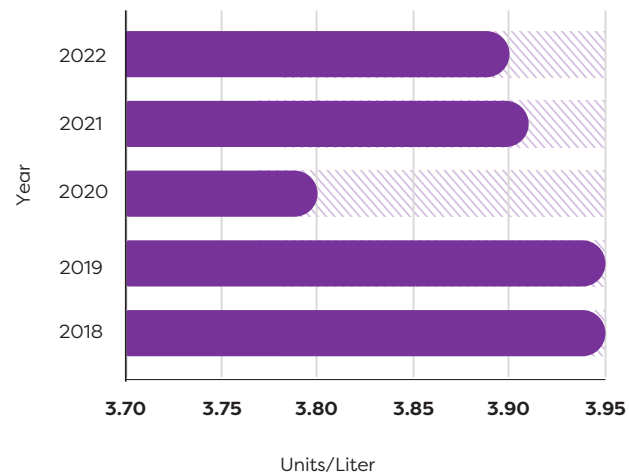
The Malé powerhouse department aims to improve power production reliability for seamless customer service. A primary focus is maintaining electricity production cost per liter of diesel fuel above 3.8 units/liter to ensure operational reliability and fuel efficiency. In 2022, fuel efficiency remained at 3.9 units/liter, aligning with our objectives.

› Average Power Interruption Duration in 2022

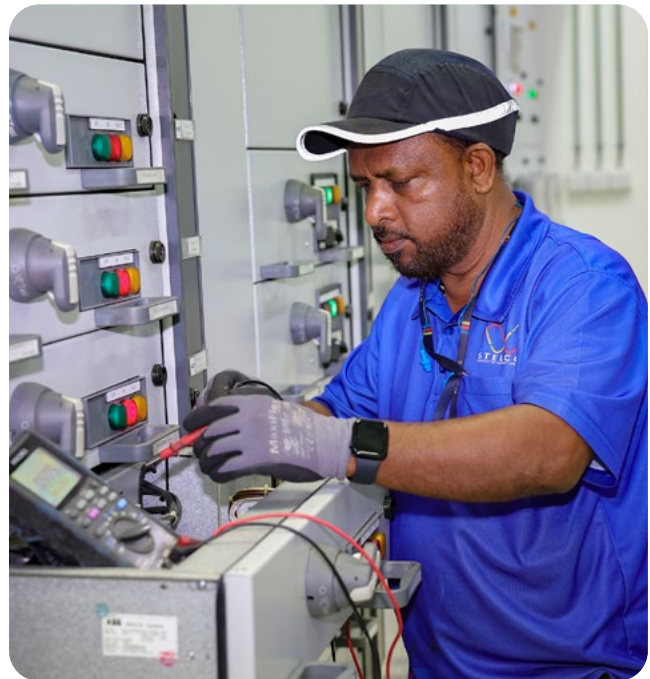
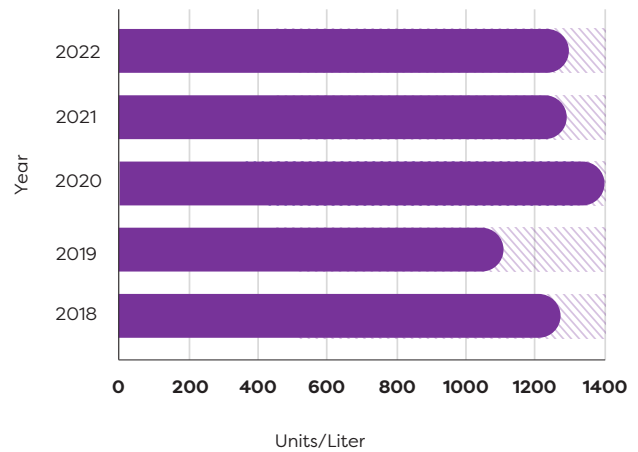
Number service disconnections and Major power failures recorded in 2022 were 5 events. Mean outage time was recorded at 64Mins translates to improved response time and equipment failure rates compared to previous years.

Interruption	Duration
1	1 Hr
2	57 Mins
3	1 Hr 13 Mins
4	1 Hr 58 Mins
5	10 Mins

› Fuel and Lube Oil Efficiency



› Lube Oil Efficiency



› Staff Trainings

1. Certificate 3 in Welding & Sheet Metal Course

In February 2022 Malé power plant maintenance staffs enrolled and passed Certificate 3 in welding and sheet metal course conducted by Polytechnic sponsored by STELCO. This training was imperative for Maintenance staffs to conduct repair and maintenance works of Malé power plant. Certificate level training courses allow staff to develop their skillset and eligibility for promotions.

Number of participants	Total Duration
4	6 Months

2. Basic First Aid & CPR training with the Support of Red crescent of Maldives

First aid is an essential requirement for power plant engineers and operators as they work near high-powered machinery, Hazardous chemicals and high voltage electricity etc. With the help of Maldives red crescent Malé powerhouse staffs completed basic first aid and CPR training.

Number of participants	Total Duration
All duty Staff	6 Months

3. Basic Firefighting training

Number of participants	Total Duration
All duty Staff	9Hrs

4. MAN 18V32/CD Engine Standard and Advanced Training 17/10/2023-30/10/2023 Augsburg, Germany.

This training was arranged for our maintenance staff to carry out 6000 Hour Engine standard maintenance task according to MAN instructions. Furthermore, staff gained and understanding of engine layout, documentation, hydraulic tools and operation requirements.

Number of participants	Total Duration
4	14 Days

5. Tailored Automation Training

Aimed for duty and maintenance staffs directly responsible for the engine and automation system. Participants engine automation system components MCM, ESM, unitrol AVR, siemens PLC, sWOIS and Vamp protection relay.

Number of participants	Total Duration
7	7 Days

› Works Planned for Future

- MAN DG8 engine overhaul
- Wartsila 18V32 LN (DG6 & DG7) Alternator cleaning
- Fuel flow meter installation on DG6, 7 & 9
- Man & Wartsila common synchronizer
- LV switch gear refurbishment
- MV switch gear refurbishment
- Update sWOIS servers





4.6 Business Development

› Business Development and Marketing Department

The inception of the Business Development and Marketing division was driven by the goal to venture into new business horizons and fortify revenue streams. Its core strategic objectives encompass innovative market and product strategy research, curbing historical reliance on utility-based revenue. The marketing division spearheads the organization and execution of various promotional activities in order to boost the image and reputation of the company. Additionally, it conducts comprehensive business research and orchestrates, leads, and executes marketing endeavors to ensure enhanced revenue diversification and strategic market penetration.

› AVIKATHA Roof Rental for Solar Installation

During the commemoration of the company's 25th Anniversary, Vice President Faisal Naseem formally inaugurated the "Avikatha" rooftop rental program, on 19th June 2022 marking a significant stride in our corporate trajectory. This innovative initiative empowers customers to lease their rooftops to STELCO, entailing a fixed monthly rate linked to the number of solar panels incorporated within the leased space. This collaboration seamlessly integrates solar power into STELCO's electrical grid, amplifying our renewable energy capacity resulting in a substantial reduction in carbon emissions.

Building upon our prior "Greenlife Solar" residential solar program introduced in 2020, "Avikatha"

strategically overcomes operational hurdles that encumbered previous efforts, particularly the perceived initial investment impediment. Avikatha's purview extends beyond the residential domain, targeting businesses and governmental entities, unlocking untapped rooftop potential for a steady revenue stream facilitated by STELCO.

The Avikatha initiative has already attracted traction through successful marketing initiatives across two regional islands. Our vision for 2023 encompasses expansion of Avikatha's marketing outreach, encompassing all serviced regional islands. This strategic push aims to cultivate a broader customer base, enticing them to engage in rooftop leasing for solar integration with STELCO, thereby contributing to our sustainable energy journey.

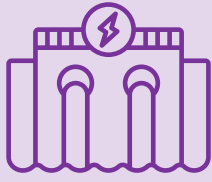
› STELCO View Project

Established in 2014, STELCO MaaTV utilized LED screens for digital advertising, bolstering company revenue. At its launch, it was the largest LED screen in Maldives.

In 2022, STELCO embarked on an expansion of this project, introducing 9 outdoor LED screens in prominent locations within Malé city, alongside an indoor screen for advertising. Branded as the STELCO View project, this expansion facilitates LED screen rentals for digital advertising. Currently, 9 screens are operational.

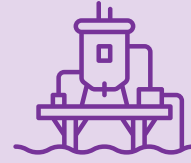
The strategic placement of these LED screens, known for their size and quality, within high-visibility substation sites is anticipated to amplify exposure and advertising efficacy, thus fostering notable revenue augmentation.

4.7 Our Network



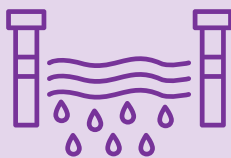
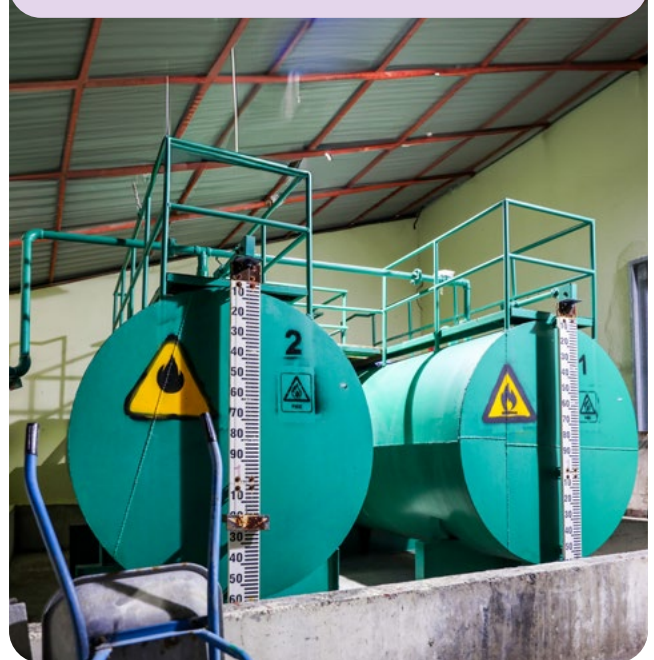
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Powerhouses



05

**Water Desalination
Plants**



05

**Sewerage
Systems**







05.

Performance Review

- 5.1 Transmission and Distribution
- 5.2 Water and Sewerage
- 5.3 Renewable Energy
- 5.4 Customer Service
- 5.5 IT
- 5.6 Major Projects
- 5.7 Ongoing Projects
- 5.8 Financial Review

05. Performance Review

5.1. Transmission and Distribution

	Hulhumalé	Malé	Total
Substations	65	117	182
Transformers	68	160	228

DISTRIBUTION NETWORK	Amount
Distribution box relocation	35
Damaged Distribution box replaced	15
Load Transfer	24

Island	Cable Size	M
Aa. Himandhoo	4C x 120mm ²	550
	4C x 120mm ²	925
	4C x 95mm ²	310
	4C x 70mm ²	376
Aa. Maalhos	4C x 150mm ²	463
	4C x 120mm ²	374
	4C x 95mm ²	32
	4C x 70mm ²	265
Aa. Rasdhoo	4C x 120mm ²	1173
	4C x 95mm ²	1178
	4C x 70mm ²	258
Aa. Thoddoo	4C x 120mm ²	939
	4C x 95mm ²	679
	4C x 70mm ²	1018
	3C x 70mm ²	3147
Aa. Feridhoo	4C x 70mm ²	500
ADh. Dhindhoo	4C x 70mm ²	906
	4C x 50mm ²	489
ADh. Fenfushi	4C x 120mm ²	485
	4C x 95mm ²	324
	4C x 70mm ²	573
ADh. Hangnameedhoo	4C x 150mm ²	275
	4C x 120mm ²	717
	4C x 95mm ²	1249
	4C x 70mm ²	708

Island	Cable Size	M
ADh. Mandhoo	4C x 150mm ²	464
	4C x 120mm ²	216
	4C x 95mm ²	784
ADh. Omadhoo	4C x 95mm ²	500
	4C x 70mm ²	500
K. Gaafaru	4C x 150mm ²	479
	4C x 120mm ²	488
	4C x 95mm ²	422
	4C x 70mm ²	242
K. Gulhi	4C x 120mm ²	347
	4C x 95mm ²	750
	4C x 70mm ²	507
	4C x 50mm ²	80
K. Kaashidhoo	4C x 150mm ²	500
	4C x 120mm ²	1500
	4C x 95mm ²	500
	4C x 70mm ²	500
K. Maafushi	3C x 70mm ²	3400
	4C x 150mm ²	612
K. Thulusdhoo	4C x 120mm ²	500
	4C x 95mm ²	500
	4C x 70mm ²	500
K. Dhifushi	4C x 150mm ²	1291
	4C x 120mm ²	600
	4C x 95mm ²	500
	4C x 70mm ²	775
K. Guraidhoo	4C x 70mm ²	1500
	4C x 120mm ²	212
	4C x 95mm ²	500
V. Keyodhoo	4C x 70mm ²	500
V. Felidhoo	4C x 150mm ²	550
	4C x 120mm ²	1016
	4C x 95mm ²	580
	4C x 70mm ²	500
Total		40728

Total Malé' and Hulhumalé	12,562.00	meters
TOTAL CABLES LAID IN 2022	52,622.00	meters

› Malé KPI Data for 2022

SAIDI 2022		
Month	With Major Power Interruptions (MPI)	Without Major Power Interruptions (MPI)
January	57.29	0.39
February	3.81	3.58
March	3.82	3.76
April	0.56	0.55
May	62.65	4.93
June	22.15	4.64
July	10.73	10.73
August	63.83	0.56
September	0.86	0.85
October	1.55	1.55
November	0.13	0.13
December	9.31	2.05
Average Annual SAIDI:	With MPI 19.72	Without MPI 2.81

SAIFI 2022		
Month	With Major Power Interruptions (MPI)	Without Major Power Interruptions (MPI)
January	0.8243	0.0081
February	0.0426	0.0395
March	0.0644	0.0634
April	0.0144	0.0142
May	1.0694	0.1333
June	0.4657	0.1686
July	0.0117	0.1497
August	0.7929	0.0073
September	0.0078	0.0077
October	0.0189	0.0189
November	0.0046	0.0046
December	0.3136	0.0222
Average Annual SAIFI:	With MPI 0.3025	Without MPI 0.0531

ASAI 2022		
Month	With Major Power Interruptions (MPI)	Without Major Power Interruptions (MPI)
January	99.8735	99.9991
February	99.9916	99.9920
March	99.9916	99.9916
April	99.9988	99.9988
May	99.8618	99.9890
June	99.9512	99.9896
July	99.9760	99.9760
August	99.8585	99.9988
September	99.9981	99.9981
October	99.9965	99.9965
November	99.9997	99.9997
December	99.9791	99.9954
Average Annual ASAI:	With MPI 99.9564	Without MPI 99.9937

5.2. Water and Sewerage

› Water Systems

In 2022, STELCO's water facilities were operational on 7 islands. The primary goal is to operate and maintain these systems efficiently and reliably, as infrastructure construction is primarily handled by the government.

In addition to our expertise in electrical services, STELCO is committed to enhancing the quality of water and sewerage services in the areas under our operation. The focus is on delivering top-tier services to these locations.

Ensuring uninterrupted system availability is crucial in water services, and STELCO has maintained 100% uptime in four islands: K. Guraidhoo, ADh. Mahibadhoo, AA. Ukulhas, and AA. Thoddoo. Furthermore, in late 2022, STELCO expanded water services to include K. Gulhi.

1. AA. Ukulhas (22/11/2014)
2. AA. Thoddoo (24/02/2016)
3. ADh. Mahibadhoo (26/02/2016)
4. K. Guraidhoo (24/06/2018)
5. AA. Rasdhoo (20/10/2021)
6. Gaafaru (Emergency water facility - 10/12/2021)
7. K. Gulhi (30/01/22)



› Sewerage Systems

STELCO is committed to optimizing the efficiency and effectiveness of the sewerage system while maintaining it to prevent future issues. In late 2022, sewer services were expanded to include K. Gulhi, ADh. Omadhoo, ADh. Hangnaameedhoo, and K. Kaashidhoo. In the year 2022, STELCO sewerage facilities have been operational in 9 islands namely:

1. AA. Ukulhas (17-07-2019)
2. K. Guraidhoo (24-06-2018)
3. K. Thulusdhoo (27-02-2020)
4. K. Himmafushi (27-02-2020)
5. AA. Rasdhoo (20-10-2021)
6. K. Gulhi (30-01-2022)
7. ADh. Omadhoo (30-06-22)
8. ADh. Hangnaameedhoo (25-08-22)
9. K. Kaashidhoo (01-11-22)

Additionally, STELCO has been managing the sewer facilities in V. Felidhoo upon completion of the facility rehabilitation project effectively assuming responsibility until the eventual formal handover process is completed.

› Production Capacity

Island	RO capacity (m ³ /day)	RO Storage Capacity (m ³)
K. Guraidhoo	160	523
K. Gulhi	100	523
ADh. Mahibadhoo	160	700
AA. Thoddoo	90	544
AA. Rasdhoo	70	480
AA. Ukulhas	200	1350
Total:	780	4120

› Major Projects of Water and Sewerage Department in 2022

Island	Description
AA. Thoddoo	1. Network extension
AA. Ukulhas	1. Installation of Additional storage tank
	2. AA. Ukulhas Cemetery Excavation, Backfilling and Boundary Wall Construction for RO tank installation (currently on hold)
	3. Jetting Machine with Vehicle ordered
	4. Sewer control panel modifications done to allow for larger pumps.
AA. Rasdhoo	1. Jetting Machine with Vehicle ordered
K. Guraidhoo	1. RO plant new building construction
	2. Borehole drilling
	3. 100-ton RO plant installation
	4. Water kiosk installation
K. Thulusdhoo	1. Network expansion for sewer connections in newly inhabited areas.
K. Gulhi	1. Jetting Machine Vehicle ordered
	2. Sewer and Water Operations started
	3. Water kiosk installation
K. Kaashidhoo	1. Signed agreement with Ministry of National Planning, Housing and Infrastructure for sewerage system repair works
	2. Sewer operations started
V. Felidhoo	1. Signed agreement with Ministry of National Planning, Housing and Infrastructure for sewerage system repair works

Island	Description
ADh. Mahibadhoo	5. Additional storage tank upgrade and land allocation works for the tank
ADh. Hangnameedhoo	1. Jetting Machine with Vehicle ordered
	2. Sewer Operations started
ADh. Omadhoo	1. Jetting Machine with Vehicle ordered
	2. Sewer Operations started
ADh. Dhangethi	1. Signed agreement with Ministry of National Planning, Housing and Infrastructure for water system repair works
	2. 60x2 RO plant installation after demolition of the existing plant

› Future Plans of the Department in 2023/2024/2025

- Water network extension in AA. Thoddoo
- RO capacity expansion in AA. Ukulhas
- Borehole drilling works with training in K. Gulhi, AA. Rasdhoo, and AA. Thoddoo
- Installation of 100ton RO plant at AA. Rasdhoo
- Laboratory upgrade at K. Gaafaru, K. Gulhi, K. Guraidhoo, AA. Rasdhoo, AA. Ukulhas, ADh. Dhangethi
- Rainwater harvesting projects in 5 islands namely, AA. Mathiveri, AA. Bodufolhudhoo, AA. Himandhoo, ADh. Kunburudhoo, ADh. Dhigurah
- Takeover of the sewerage system at ADh. Mandhoo, V. Felidhoo
- Takeover of the water system at ADh. Hangnaameedhoo, ADh. Mandhoo, and AA. Mathiveri and ADh. Dhangethi.
- Sewer control panel modifications or new control panels for all pump stations in Thulusdhoo and Himmafushi. This will be the uniform standard for all islands in operation under STELCO.
- New pumps for AA. Ukulhas, K. Himmafushi and K. Thulusdhoo

› ADh. Dhangethi RO System Repair Project Work



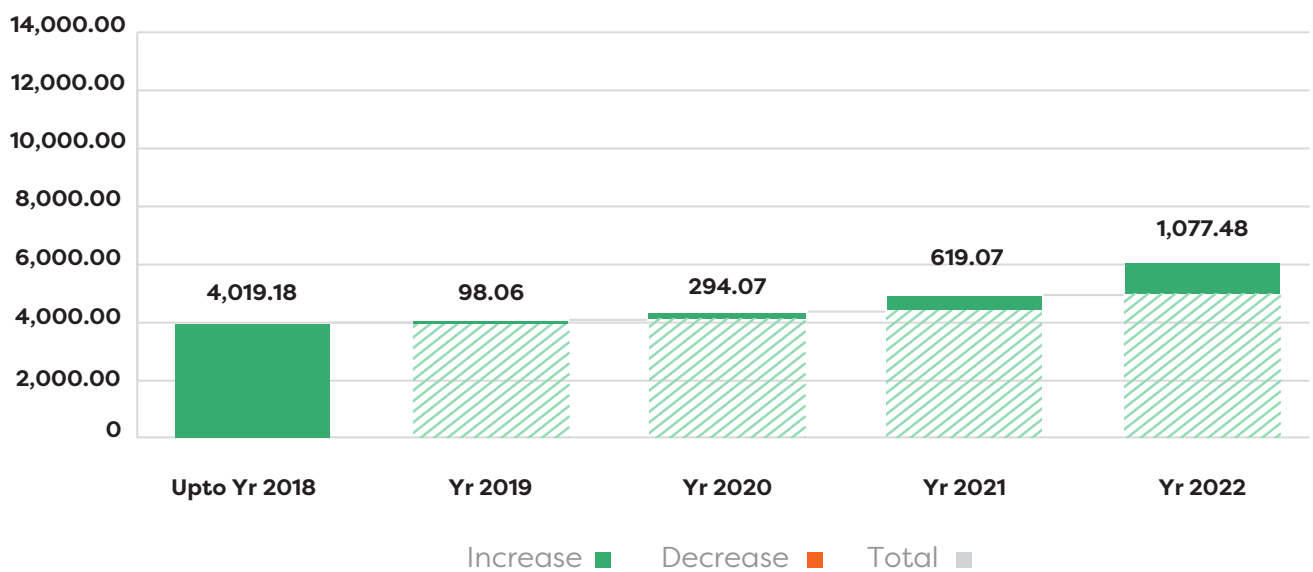
› Rehabilitation of V. Felidhoo Sewerage System



5.3. Renewable Energy

› Total Installed Capacity - STELCO Islands

Year	Upto Yr 2018	Yr 2019	Yr 2020	Yr 2021	Yr 2022	Total
Net-metering	294.72	98.06	219.95	166.81	273.67	1053.21
Greenlife - Installed by STELCO	-	-	27.92	31.80	64.52	124.24
Powerhouse - Installed by STELCO / STELCO Own Financing	135.74	-	46.20	420.46	739.29	1341.69
Power Purchasing Agreement (PPA)	655.77	1,530	-	-	-	2185.77
JICA - Grant Project / Now handed over to STELCO	740.00	-	-	-	-	740.00
Total	4,019.18	98.06	294.07	619.07	1,077.48	5,444.91



Note:

Marked in Yellow is the ongoing installation of 5.6MWp Solar PV at Link Road.



List of Upcoming Solar PV Installation

Upcoming Solar PV installation						
Site	Atoll	Island	Scheme	Upcoming		
				Yr 2023	Yr 2024	
50 MW Powerhouse	K	Hulhumalé	STELCO PV	209.43	-	
Paid Parking			STELCO PV	138.50	-	
Hulhumalé Old Powerhouse site			STELCO PV	56	-	
HMLE Phase2 Walkway			STELCO PV	-	1,200.00	
EVO Warehouse		Malé'	Avikatha	-	59.52	
WhiteHouse PowerGen			STELCO PV	9.30	-	
Wartsila Powerhouse			STELCO PV	-	81.84	
Gulhi Powerhouse		Gulhi	STELCO PV	22.32		
Thilafushi Powerhouse		Thilafushi	STELCO PV	102.99		
Maafushi Prision		Maafushi	Avikatha	42.16	-	
Maalhos Powerhouse		AA	Maalhos	STELCO PV	42.16	
Himandhoo Powerhouse			Himandhoo	STELCO PV	-	29.00
Rasdhoo Powerhouse			Rasdhoo	STELCO PV	-	29.00
Thoddoo Powerhouse	Thoddoo		STELCO PV	42.78	29.00	
Ukulhas Powerhouse	Ukulhas				29.00	
Dhangethi Powerhouse	ADh	Dhangethi	STELCO PV	-	29.00	
Dhihdhoo Powerhouse		Dhihdhoo	STELCO PV	-	29.00	
Mahibadhoo Powerhouse		Mahibadhoo	STELCO PV	-	50.00	
Felidhoo Powerhouse	V	Felidhoo	STELCO PV	-	29.00	
Keyodhoo Powerhouse		Keyodhoo	STELCO PV	-	29.00	
				1250.30	1720.08	

Note:

This excludes Net-Metering, Greenlife Installations. All the figure in the table is given in kWp (Kilo Watt Peak)

5.4. Customer Service

› Customer Service and Billing Department 2022

At the heart of our core values lies a commitment to customer centricity. Our pursuit of excellence consists of optimizing performance and value in the face of challenges whilst still upholding our dedication to customer wellbeing. It is paramount to focus on consumer needs and deliver unparalleled customer service, which aligns with our objectives of driving heightened energy consumption and fostering economic prosperity. The ever-evolving technological landscape has presented novel avenues for addressing customer requirements.

A core part of our strategy is the provision of transparent and concise billing statements, complemented by seamless payment methods, access to comprehensive usage history, and expert guidance for optimizing consumption. Commendable

strides were made in 2022, a specially noteworthy accomplishment being the relocation of our contact center to Hulhumalé, a move designed to elevate the caliber of customer interactions. Furthermore, a robust regimen of training initiatives was implemented, enriching our staff's proficiency and impact.





› Customer Service Status

Through focused efforts to enhance service quality for our valued customers, we are pleased to highlight discernible improvements across various service delivery durations.

Service Type	Percentage Improve in Service Delivery (2022 vs 2021)
Cable Service Cost	4%
Damaged Service - Main	35%
Disconnection (Permanent)	58%
New Connection (BTS/ Pole)	138%
New Connection (Existing CT Meter)	300%
New Connection (Metering DB)	14%
New Connection (Panel)	3%
New Connection (SDB/ MDB)	3%
Panel Testing	67%
Relocating Meter	17%
Relocating SDB	4%
Replacing Meter	57%

In its entirety, we have observed a notable 10% improvement in service provision.

› Customer Care and Support and Contact Center

Two newly established units have been incorporated within the department to address both customer complaints and grievances effectively.

At the forefront, the Contact Center concentrates on meticulous recording and documentation of customer

complaints. The dedicated Contact Center Team ensures that customer feedback is not only heard but also directed to the relevant internal functions for prompt and effective resolution.

The challenges posed by the COVID-19 situation in 2020 and 2021 necessitated a focused approach to address a variety of customer grievances. The Customer Care and Support Unit, faced with the responsibility, aimed to develop a streamlined mechanism capable of accommodating diverse customer grievances with minimal impact on the company's cashflow.

Significant internal process enhancements have been implemented to prioritize and address the needs of our customers effectively.

› Service Enhancement

Public Relations

The integration of Public Relations marked a strategic augmentation of our customer service paradigm, intensifying our engagement with clientele. The inclusion of the PR function yielded palpable enhancements in customer relationships and experiences, as the practice of personally welcoming patrons in our lobby became standard practice.

Hiyaa Project

Our collaboration with the Transmission and Distribution Department saw our division seamlessly execute the electrification process for over 300 residential units within two months. Subsequent to the provisioning of electricity to the Blue Ridge Residence flats, our team undertook the registration of the flat owners, culminating the entire project within an expedited timeline of three months.

Upgrades to the Ticketing System

Our ticketing system is undergoing a modernized upgrade, along with the development of an online electricity application portal. Simultaneously, the STELCO app is being enhanced with customer service, billing features, and smart meter integration. The project is in its developmental phase. Another plan in the pipelines includes SMS updates to enhance communication, as well as FAQs and staff manuals for optimized services. We are also improving our public relations approach and expanding service hours for customer convenience.

Redesigning of Customer Service Counters

The redesigning of customer service counters resulted in the creation of a childcare center, making them more accessible. This childcare center prompted the relocation of three out of six counters from the first floor to the ground floor lobby area.

Billing Software and CS mobile Device for all the Island

A billing software was launched and introduced to most STELCO powerhouses in the islands. Mobile devices were provided to respective staff. Trainings were conducted for the staff on the use of the software in order to provide a better service for the customers. Below are the list of islands powerhouses where the Customer Service Module was introduced including the mobile device for CS field staff

A billing system was introduced to most STELCO powerhouses in the islands. Respective staff received mobile devices and staff trainings were conducted regarding the use of the billing software to provide enhanced service to customers. The table below contains a list of island powerhouses where Customer Service Module was introduced including the mobile device for CS field staff.

Through a collaborative effort involving CS, IT, T&D, and the Sales Center, a novel feature has been implemented using mobile devices. This feature focuses on automating the T&D work processes in the field, resulting in significant enhancements to performance and productivity levels. As a direct outcome of this advancement, field personnel now possess the capability to conveniently access essential information via mobile devices. This accessibility has played a pivotal role in elevating work efficiency and bolstering the dependability of data transmission among the diverse stakeholders engaged in the process.

#	Powerhouse	Launched Date
1	K. Thulusdhoo	16th March 2022
2	K. Himmafushi	17th September 2022
3	AA. Maalhos	27th September 2022
4	ADh. Mahibadhoo	8th Oct 2022
5	K. Guraidhoo	22nd Oct 2022
6	AA. Feridhoo	31st Oct 2022
7	K. Thilafushi	17th Dec 2022

Ongoing Projects Smart Metering

STELCO is currently launching a smart metering initiative designed to equip customers with enhanced functionalities. These include real-time usage insights and notifications for usage surpassing average levels. This initiative encompasses advantages such as energy efficiency, prompt detection of meter faults, accurate meter readings, and automation. Moreover, this initiative will facilitate prepared metering for customers needing such services.



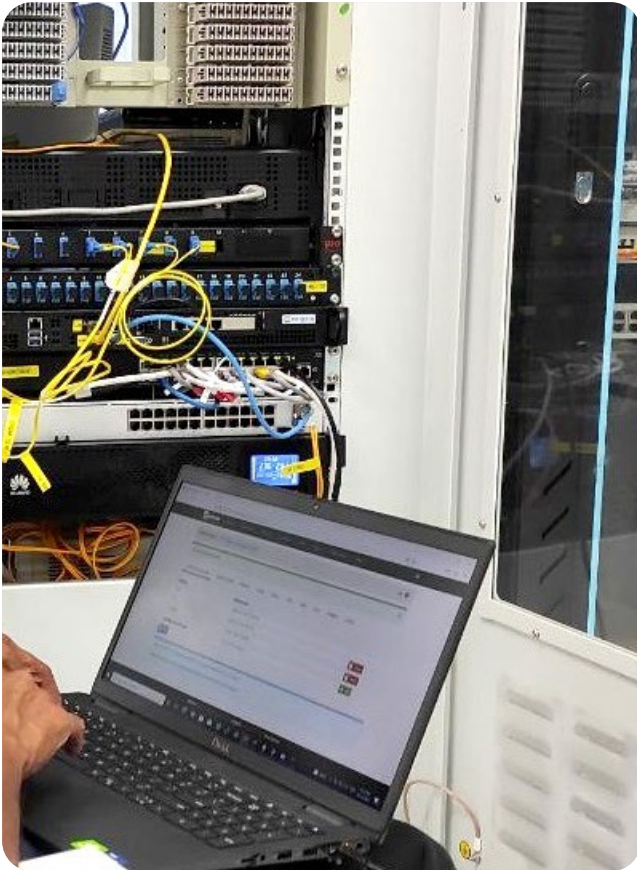
5.5. IT

› Service Enhancement

- A new office (Apollo tower) at Hulhumalé was established to enhance services. Contact center, T&D and CS
- FenKiosk was established to bill for water supply services.
- Blue Ridge application was created to pay apartment rent.

› Easing Internal Operations

- Management information system (MIS) was implemented in all major island powerhouses, this application is used to track power consumption and to maintain logs.
- A centralized file server was setup for island powerhouses
- Fiber connectivity was established between head office and Hulhulé 132KV substation, to enhance speed
- Fiber connectivity was established between head office and Hulhumalé .
- Network alert and monitoring system was established
- Implementation of a new internal telephony communications system
- VHF Communication was extended to Maafannu with the use of a repeater system.
- Head office WiFi devices were upgraded.
- Hulhumalé office WiFi devices were upgraded.



› Security Upgrades

- CCTV installation at:
 - K. Gulhifalhu (Powerhouse)
 - K. Thilafushi (Powerhouse)
 - K. Himmafushi (Powerhouse)
 - K. Kaashidhoo (Powerhouse)
 - K. Gaafaru (Powerhouse)
 - K. Dhiffushi (Powerhouse)
 - K. Thulusdhoo (Powerhouse)
 - V. Rakeedhoo (Powerhouse)
 - K. Maafushi (Powerhouse)
 - K. Gulhi (Powerhouse, water plant, new office)
 - V. Fulidhoo (Powerhouse)
 - K. Guraidhoo (Powerhouse)
 - V. Felidhoo (Powerhouse, Sewerage)
 - A.ADh. Mahibadhoo (Water Plant)
 - V. Keyodhoo (Powerhouse)
 - V. Thinadhoo (Powerhouse)
- A new firewall was installed and configured at head office after segregation of services.
- A new firewall was installed and configured at K. Villingili after segregation of services.
- Ransomware attack recovery and patching of servers

› Future Upgrades

- ERP software implementation
- HR software implementation
- Disaster Recovery center implementation
- Data Center enhancement and upgrade
- Implementation of ISMS standards and ISO 27001 certification.
- Minimized the use of paper by implementing digital signature solutions.
- Installation of CCTV at remaining island branches
- Installation of CCTV at head office and Hulhumalé to cover more areas
- Expansion of landline telephony services to island powerhouses
- Setup, configure and install enterprise firewall at Head office and end nodes at island branches
- Upgrade of island powerhouse connectivity



5.6. Major Projects

Projects	Start Date	End Date	Status
K.Himmafushi Panel room construction	10-Feb-22	20-Jun-22	Completed
K.Dhiffushi O3 substation Construction	28-Aug-22	12-Jan-22	Completed
K.Kudagiri Development project	24-May-22	10-Jul-22	Completed
K.Guraidhoo RO plant	18-Sep-22	12-Mar-22	Completed
Installation of 09 MaaTV Structure and Foundation	28-Aug-22	7-Jul-23	Completed
K.Gulhifalhu Construction of Workshop	13-Nov-21	9-Apr-22	Completed
V.Felidhoo Powerhouse Construction	3-Jul-21	15-Nov-22	Completed
AA.Ukulhas Powerhouse Construction	1-Jul-21	11-Sep-22	Completed
ADh.Dhigurah Fuel Storage Tank (40,000 L)	21-Feb-21	4-Jan-22	Completed
Adh.Mahibadhoo Powerhouse Construction	28-Jun-21	3-Mar-23	Completed
AA.Rasdhoo Powerhouse Construction	7-May-21	10-Mar-23	Completed
Adh.Omadhoo Fuel Storage Tank (40,000 L)	13-Jan-21	11-Aug-21	Completed
ADh. Dhangethi Fuel Storage Tank (40,000 L)	30-Jan-21	10-Jul-21	Completed
AA. Rasdhoo Fuel Storage Tank (40,000 L)	7-Mar-21	22-Dec-21	Completed
Adh. Hangameedhoo Fuel Storage Tank (40,000 L)	22-Mar-21	30-Mar-22	Completed
Adh. Mandhoo Fuel Storage Tank (40,000 L)	6-Apr-21	9-Jun-22	Completed
V. Thinadhoo Fuel Storage Tank (40,000 L)	6-Jun-21	5-Oct-21	Completed
AA. Mathiveri Fuel Storage Tank (40,000 L)	28-Mar-21	26-Feb-22	Completed
V. Felidhoo Fuel Storage Tank (40,000 L)	1-Aug-21	4-Jun-22	Completed
AA. Thoddoo Fuel Storage Tank (40,000 L)	2-Jul-21	12-Apr-22	Completed

5.7. Ongoing Projects

Projects
K. Kaashidhoo Powerhouse Construction
K. Dhiffushi Powerhouse Projects
K. Thulusdhoo Powerhouse Construction
Hulhumalé Phase 02 132kV/11kV Consultancy Service to Urbanco
K. Guraidhoo Powerhouse Projects
“Peak Handling 2023 (Relocation of Standby Gensets to Hulhumalé ‘ Old Powerhouse Facility)”
AA. Himandhoo Powerhouse Construction
6th Power Development Project
Construction of 14 Storey Office Complex
AA.Thoddoo Powerhouse Construction
V. Keyodhoo Powerhouse Projects
ADh. Dhangethi Powerhouse Projects
ADh. Fenfushi Powerhouse Projects
ADh. Mandhoo Powerhouse Projects



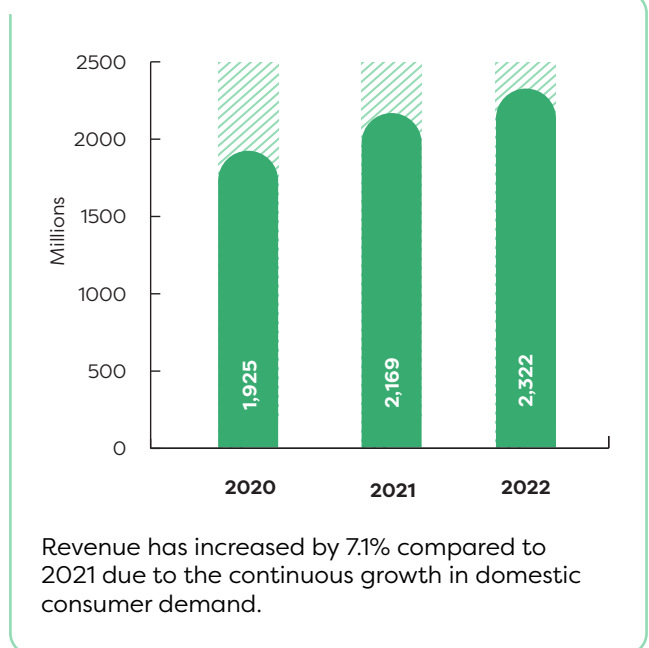
5.8. Financial Review

› Financial Review 2022

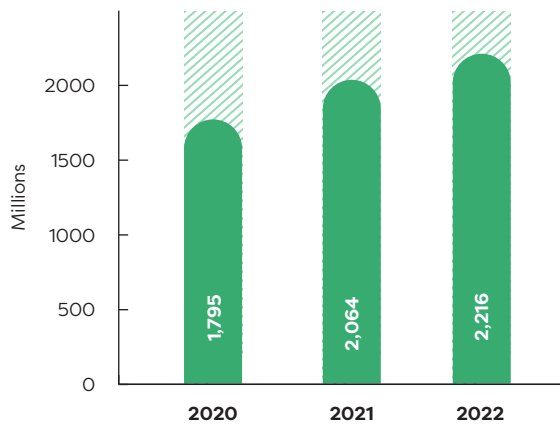
The company was able to sustain revenue growth to cover the increased operational expenses resulting in a profit after tax. Total Asset base of the company improved while repaying the 5th power and grid connection loans leading to a favourable gearing. Despite the challenges, the company was able to maintain profitability above MVR 100 million.



Revenue

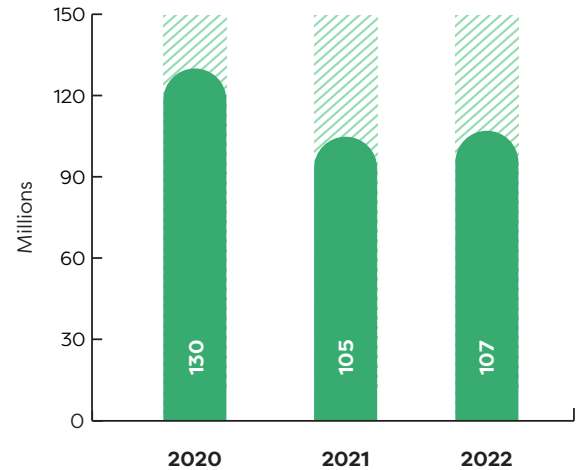


Total Expenses



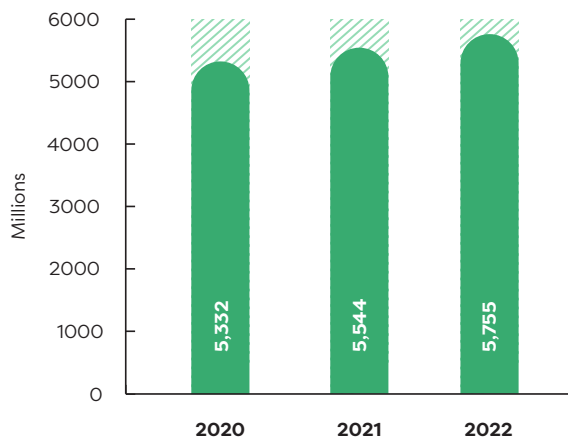
Expenses have increased by 7.4% compared to 2021. Even though expenditure shows an increase of 151m in 2022 compared to 2021, there had been an increase of 269m in 2021 compared to 2020.

Profit after Tax



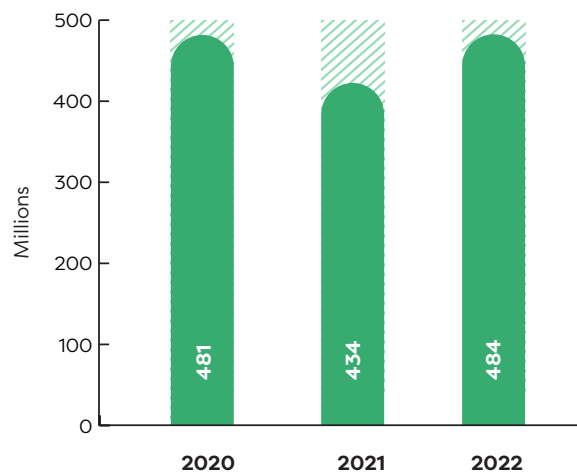
Profit after tax totaled to 106.9m, an increase of 2% (2m) from prior year.

Total Assets



Total asset for the year was recorded at MVR 5.8billion, increased by 211m (3.8%) from 2021. Asset base increased mainly due to an increase in investments to Regional Powerhouses as well as the addition of new lease agreements in 2022.

EBITDA

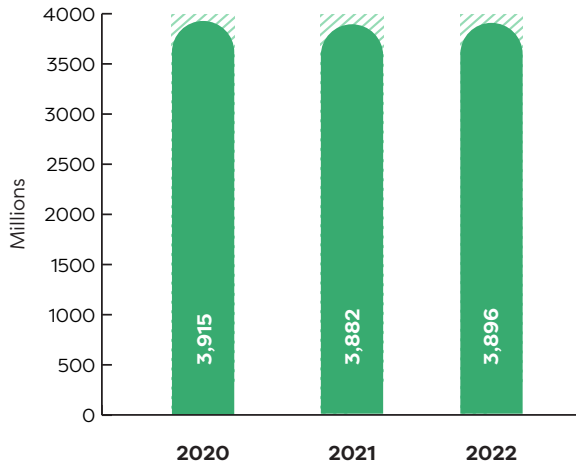


EBITDA has increased by 11.6% (50m) compared to 2021 due to the comparative decrease in cash expenses.

Total Investments

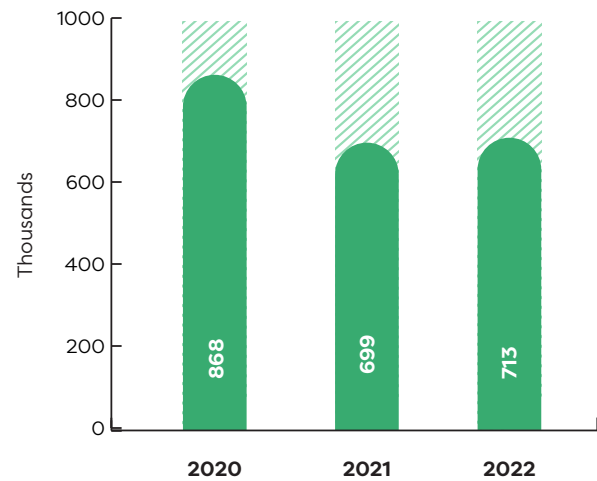
Total investments during the year were MVR 215m compared to MVR 151m in 2021, in which the Covid pandemic continued during the year, and the investments were restricted considering the recession in the economy in 2021. The company invests MVR 150m to MVR 200m for the development of Regional Powerhouses each year.

Total Liabilities



Total Liabilities sums up to MVR 3.9 billion in 2022, an increase of 0.4% compared to 2021. Main reason of this increase is due to an increase in current liabilities.

Earnings Per Share

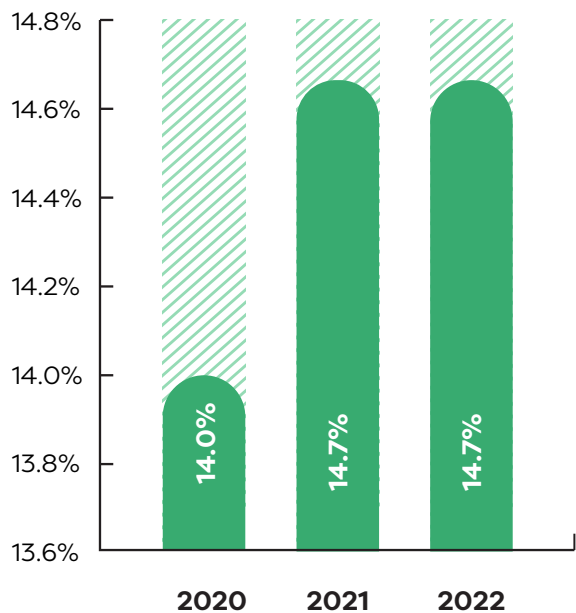


Earnings Per Share has increased by 2% due to the increase in profit after tax.

› Dividends

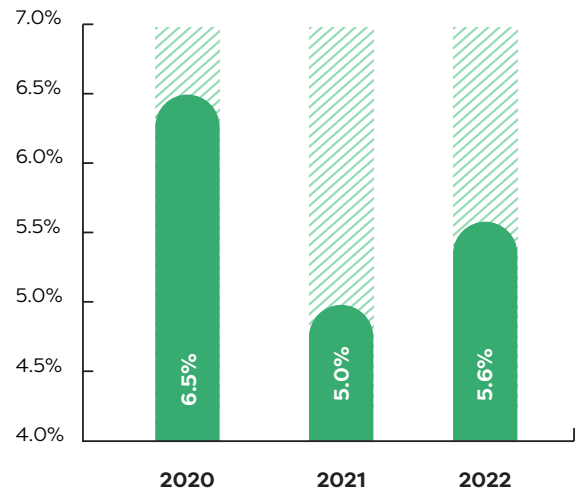
Dividend Yield

Dividend Yield for the past two years:

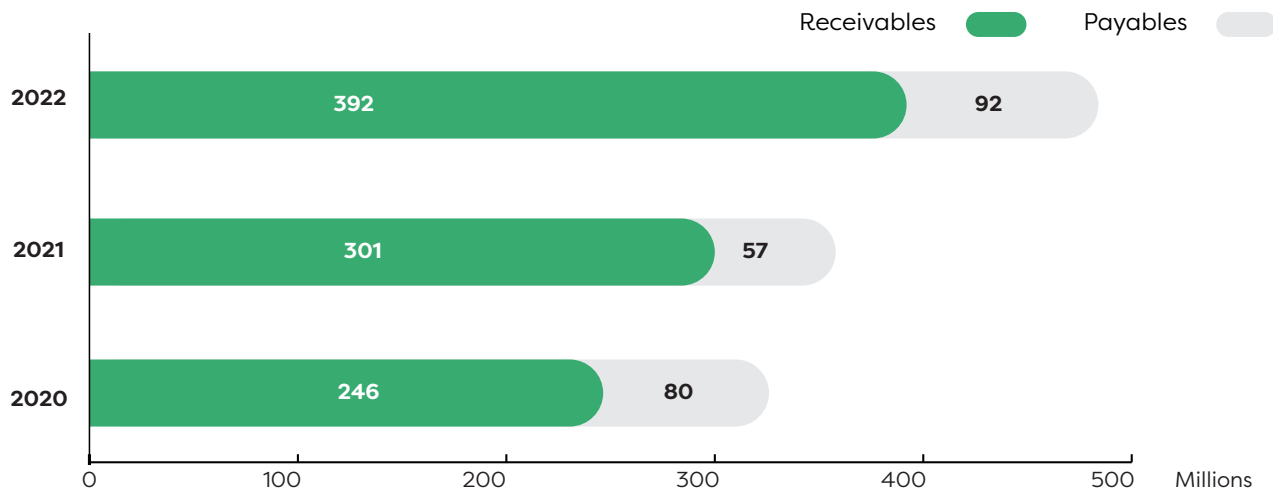


Return on Capital Employed (ROCE)

ROCE increased to 5.6% as at 31st December 2022. This is a 0.6% incline compared to 2021 with ROCE at 5.0%.

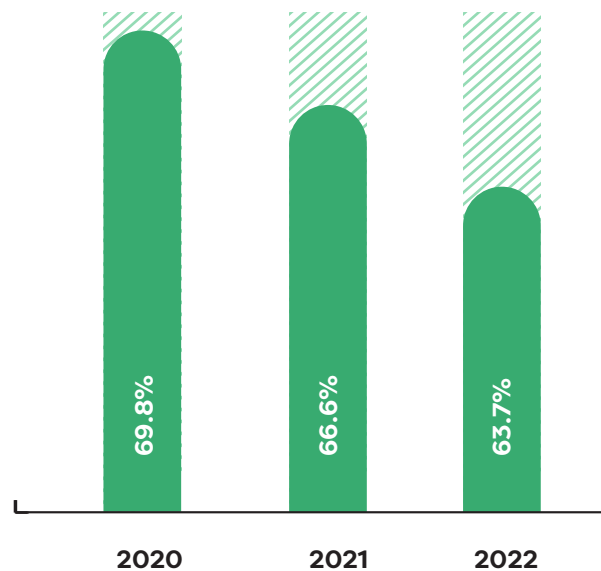


Related Party Transactions



As of 31 December 2022, related party receivables have increased by 30% whilst related party payables increased by 62% compared to 2021. The related party payables have been increased due to the company enjoying the maximum credit limit from the diesel payables of STO.

Gearing Level



Gearing has reduced to 63.7% in 2022 from 66.6% compared with 2021. The gearing level of the company has been dropping for the past consecutive years as a result of no additional loan commitments and timely repayment of existing loans.





06.

Our Future

6.1 Major Projects planned for the future

06. Our Future

6.1. Major Projects planned for the future

1. Male-Thilafushi Interconnection Project

One of the major projects planned for the upcoming future is the interconnection of the electricity networks of Male, Vilimale, Gulhifalhu and Thilafushi. This project is to be commenced upon completion of the Thilamale' bridge. This project will increase the operational efficiency and service reliability of the company.

2. Development of Electrical Infrastructure of Newly Reclaimed Land Areas

Several land reclamation projects are underway in Hulhumale Phase III, Gulhifalhu and Giraavaru Falhu. STELCO plans to develop the electrical network and associated power infrastructure in the newly reclaimed areas.

3. Future Capacity Building

The demand for electricity keeps increasing every year, especially with the upcoming infrastructural developments. STELCO plans to implement the Sixth Power Development Project in order to meet the future power demand of the Greater Male Region. In addition to this, STELCO will carry out the necessary upgrades to the powerhouses and networks in both the Greater Male Region and in the islands to make the electrical infrastructure more resilient.

4. Increasing Renewable Energy Integration

STELCO plans to increase the share of renewable energy by increasing the integration of renewable energy sources into its grid. It is important to note that the capacity at which this integration would be possible will be based on grid stability.



07.

Independent Auditors Report



INDEPENDENT AUDITOR'S REPORT
STATE ELECTRIC COMPANY LIMITED
31st December 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of State Electric Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of State Electric Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As per IAS 16, if an item of property, plant and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs should be revalued. Further, revaluations should be kept sufficiently up to date so that the carrying amount in the books of accounts does not differ materially from the fair value. Without considering the above applicable accounting principle, a part of property, plant and equipment with a net book value of MVR 434,455,893 has been revalued by an external valuer for MVR 847,932,997 and a revaluation surplus of MVR 413,477,104 has been recognized in the financial statements as at December 31, 2011. The revaluation has excluded assets carrying a net book value of MVR 26,661,392 as at December 31, 2011, and the Company continued to account these assets at their respective netbook values based on historical costs. Further, a subsequent revaluation has not been performed since 2011. These accounting practices are not in line with IAS 16 "Property, Plant and Equipment". Furthermore, we were unable to determine whether any adjustment might be required with respect of depreciation expense, property plant and equipment, revaluation reserve and retained earnings recognized in the financial statements as at and for the year ended December 31, 2022, and for the comparative year ended December 31, 2021.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters – Ongoing Litigation against the Company

We draw our attention to Note 38 to the financial statements, which presents information regarding an ongoing litigation against the Company for the year ended December 31, 2022. Our opinion is not modified in respect of above matter.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements for the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition – Accuracy of revenue recorded

Risk Description	Our Response
<p>The Company has recorded a revenue of MVR 2,283,429,653 for the year ended December 31, 2022.</p> <p>Revenue recognition is the key focus area in the audit since,</p> <ul style="list-style-type: none"> • Errors of revenue recognition can go undetected due to the volume. • An inappropriate amount is entered as inputs to measure the revenue. • An overstatement of revenues through premature revenue recognition or recording fictitious revenues through manual adjustments to meet the expectations of the management. 	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • Conducting a comprehensive assessment that encompasses evaluating the selection and application of accounting treatments, taking into account IFRS requirements, our business acumen, and industry norms, while also appraising the suitability of the Company's accounting policies outlined in note 4.2. This evaluation ensures compliance with revenue recognition mandates within the International Financial Reporting Standards and examines the sufficiency of accompanying disclosures. • Obtaining an understanding and assessing the design, implementation, and operating effectiveness of management's key internal controls over the billing system. • Use account Analysis to identify unexpected 'account pairings' for journal entries in the revenue account and inspect the underlying accounting records to evaluate the appropriateness of these journal entries. • Performing detailed analysis of revenue account through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the; <ul style="list-style-type: none"> - Adjustments which are outside of the normal billing process, - Accrued revenue adjustments made as at the year end.

Other Matter

The financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed a qualified opinion on those statements on December 23, 2022.



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Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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 when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, 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, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 skepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

- 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 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 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 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

23 August 2023


Hassan Mohamed
Managing Partner
License No: ICAM-FL-GX6



AUT: 028150312529082023

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
as of 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	3,740,845,836	3,727,522,970
Right of use assets	7	130,873,932	97,873,813
Deferred tax asset	29	5,502,911	-
		3,877,222,679	3,825,396,783
Current Assets			
Inventories	8	179,792,979	152,439,695
Construction of Hiya Project	9	634,854,717	564,650,308
Trade and other receivables	10	361,803,577	396,256,050
Due from related parties	10.2	391,962,859	300,648,149
Current tax asset	28	7,907,995	3,804,285
Cash and cash equivalents	11	301,886,388	301,091,445
		1,878,208,515	1,718,889,932
TOTAL ASSETS		5,755,431,194	5,544,286,715
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	12	150,000,000	150,000,000
Revaluation reserve	13	158,558,074	172,851,343
Capital contribution	14	851,473,042	741,345,767
Retained earnings		699,507,590	597,810,609
		1,859,538,706	1,662,007,719
Non-Current Liabilities			
Borrowings	15	2,902,791,537	2,913,307,845
Lease liability	16	140,538,841	103,764,762
Deferred Income	17	31,701,575	32,922,289
Contractor payable	19	219,262,544	292,416,086
Deferred tax liability	30	138,039,336	105,997,996
		3,432,333,833	3,448,408,978
Current Liabilities			
Borrowings	15	110,202,786	103,542,825
Lease liability	16	1,713,403	1,410,838
Contractor payable	19	73,153,541	73,184,004
Trade and other payables	20	186,199,415	198,325,057
Due to related parties	21	92,289,510	57,407,294
		463,558,655	433,870,018
TOTAL EQUITY AND LIABILITIES		5,755,431,194	5,544,286,715

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.

These financial statements were approved by the Board of Directors and signed on its behalf by:

For and on behalf of the Board of Directors:

Name	Signature
1. Brigadier General (Rtd) Ibrahim Mohamed Didi (Chairman)	
2. Mr. Ahmed Shareef (Managing Director)	
3. Ms. Fathimath Leena (Chief Financial Officer)	



August 23, 2023



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pg. 5

STATE ELECTRIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Revenue	22	2,283,429,653	2,127,022,250
Cost of revenue	24	(1,772,963,177)	(1,619,668,747)
Gross profit		510,466,476	507,353,503
Other income	23	35,670,995	40,080,917
Administrative expenses	25	(258,153,862)	(226,970,836)
Impairment reversal / (loss) on trade receivables and amounts due from related parties	10.1 & 10.3	4,802,091	(24,677,022)
Impairment loss on investment in Hiyaa project	5.2	(915,388)	(40,320,046)
Operating profit		291,870,312	255,466,516
Finance income		3,349,938	1,549,059
Finance cost	26	(159,278,109)	(131,082,160)
Net finance costs		(155,928,171)	(129,533,101)
Profit before tax		135,942,141	125,933,415
Income tax expense	27	(29,060,770)	(21,140,842)
Net profit for the year		106,881,371	104,792,573
Other comprehensive income			
Remeasurement of defined benefit liability	18	-	(291,976)
Recognition of related tax	29	-	43,796
Total other comprehensive income, net of tax		-	(248,180)
Profit and other comprehensive income for the year		106,881,371	104,544,393
Earnings per share	31	712,542	698,617

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.



STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Revaluation Reserve MVR	Capital Contribution MVR	Retained Earnings MVR	Total Equity MVR
As at 1st January 2021	150,000,000	187,144,612	582,414,534	497,450,607	1,417,009,753
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	104,792,572	104,792,572
Other Comprehensive Income, net of tax	-	-	-	(248,180)	(248,180)
Total Comprehensive Income for the Year	-	-	-	104,544,392	104,544,392
Items Directly recognised in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 30)	-	2,522,341	-	-	2,522,341
Total Items Directly Recognized in Equity	-	(14,293,269)	-	16,815,610	2,522,341
Transaction with Owners of the Company					
Dividend Declared (Note 20.3)	-	-	-	(21,000,000)	(21,000,000)
Contribution Received during the Year (Note 14)	-	-	158,931,233	-	158,931,233
Total Transaction with Owners of the Company	-	-	158,931,233	(21,000,000)	137,931,233
Balance as at 31st December 2021	150,000,000	172,851,343	741,345,767	597,810,609	1,662,007,719
Balance as at 1st January 2022	150,000,000	172,851,343	741,345,767	597,810,609	1,662,007,719
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	106,881,371	106,881,371
Total Comprehensive Income for the Year	-	-	-	106,881,371	106,881,371
Items Directly recognised in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 30)	-	2,522,341	-	-	2,522,341
Total Items Directly Recognized in Equity	-	(14,293,269)	-	16,815,610	2,522,341
Transaction with Owners of the Company					
Dividend Declared (Note 20.3)	-	-	-	(22,000,000)	(22,000,000)
Contribution Received during the Year (Note 14)	-	-	110,127,275	-	110,127,275
Total Transaction with Owners of the Company	-	-	110,127,275	(22,000,000)	88,127,275
Balance as at 31st December 2022	150,000,000	158,558,074	851,473,042	699,507,590	1,859,538,706

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.



STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Operating profit before working capital changes	32	446,571,621	464,174,932
Inventories		5,536,893	(53,423,352)
Trade and other receivables		4,409,105	(79,915,162)
Due from related parties		(78,469,251)	(32,205,921)
Trade and other payables		(12,125,642)	(70,033,354)
Due to related parties		34,882,216	(22,730,095)
Cash generated from operating activities		400,804,942	205,867,048
Tax paid		(4,103,710)	-
Interest received		3,349,938	1,549,059
Interest paid		(33,703,208)	(17,875,919)
Payment of retirement benefit obligation		-	(2,893,833)
Net cash generated from operating activities		366,347,962	186,646,355
Cash flows from investing activities			
Acquisition and construction of property, plant and equipment		(101,719,387)	(91,015,451)
Construction of Hiya Project		(71,119,797)	(53,450,911)
Changes in work in progress		(98,795,701)	-
Proceeds from sale of property, plant and equipment		-	58,189
Net cash used in investing activities		(271,634,885)	(144,408,173)
Cash flows from financing activities			
Loans obtained		3,694,899	1,931,061
Repayments of loans		(103,542,826)	(56,252,206)
Repayments of contractor payable		(89,306,229)	(92,856,020)
Capital Contribution received from Ministry of Finance		110,127,275	158,931,233
Payment of lease liabilities		(14,891,253)	(11,405,684)
Net cash flows (used in) / generated from financing activities		(93,918,134)	348,384
Net increase in cash and cash equivalents		794,943	42,586,566
Cash and cash equivalents at the beginning of the year		301,091,445	258,504,880
Cash and cash equivalents at the end of the year		301,886,388	301,091,446

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.



STATE ELECTRIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2022

1. REPORTING ENTITY

These financial statements relate to the operations of State Electric Company Limited (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the section 95 of the Company Act of 1996 under presidential degree no 1997/83 of June 19, 1997.

The principal activities of the Company are to generate and supply electricity and to provide customer service for the safe and efficient use of electrical energy. The Company generates and supplies electricity to various islands in the Republic of Maldives. The registered office is situated at Ameenee Magu, Male', 20349, Republic of Maldives.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS). They were authorised for issue by the Company's Board of Directors on August 23, 2023.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Property, Plant and Equipment.

2.3 Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa, except for otherwise indicated.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.4.1 Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL on related parties and trade receivables.
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

2.4.2 Assumption and estimation of uncertainties

Information about assumptions and estimation uncertainties as at December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.



2.4.2 Assumption and estimation of uncertainties (Continued...)

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- measurement of the fair value of financial instruments with significant unobservable inputs, recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2.4.3 Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and it does not intend either to liquidate or to cease the operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for describe below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended December 31, 2021.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from January 1, 2022:

Amendment to standards Effective date

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) January 1, 2022.
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) January 1, 2022.
- Annual Improvements to IFRS Standards 2018–2020 (IFRS 9, IFRS 16)



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, by the Company.

4.1 Foreign Currency Transactions

Transactions in currencies other than Maldives Rufiyaa are translated to Maldives Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldives Rufiyaa are translated to Maldives Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translations are recognized in profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldives Rufiyaa, are translated to Maldives Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldives Rufiyaa, are translated to Maldives Rufiyaa at the exchange rates ruling at the dates the values were determined.

4.2 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service. Electricity revenue and water sewerage is recognised over time as the the customer simultaneously receives and consumes electricity service as the Company provides the service.

4.3 Finance income and Finance Costs

Finance cost comprises interest expenses on borrowings and foreign exchange loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

4.4 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

4.4.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.



4.4.2 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Property, Plant and Equipment

4.6.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses/ revalued amount.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.



STATE ELECTRIC COMPANY LIMITED
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4.6.1 Recognition and Measurement (Continued...)

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

4.6.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

4.6.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Generation equipment	15 to 30 years
Distribution equipment	15 to 30 years
Buildings and oil storage	30 years
Vehicles and launches	10 years
Machinery and equipment	5 years
Furniture and fitting	7 years
Computers and equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the month of ready to use while, no depreciation is provided in the month of disposal.

4.6.4 Capital work-in-progress

Capital work-in-progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction, and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of property, plant, and equipment.



4.7 Financial Instruments

4.7.1 Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.7.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets- Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment Whether Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest,



4.7.2 Classification and subsequent measurement (Continued...)

the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

4.7.3 Financial assets - Subsequent measurement and gains and losses

Financial Assets at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

4.7.4 Financial liabilities - Classification, subsequent measurement gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

4.7.5 Derecognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.



Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.7.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Impairment

4.8.1 Non-derivative financial assets

Financial Instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



4.8.1 Non-derivative financial assets (Continued...)

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

4.8.2 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

4.10 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments etc.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the



4.10 Employee Benefits (Continued...)

defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

During the previous year, 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from June 1, 2021.

(c) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

4.12 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.



4.12 Leases (Continued...)

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.13 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4.14 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced, neither by a



4.14 Fair Value Measurement (Continued...)

quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.15 Defined Contribution Plan

Employees are eligible for Maldives retirement pension scheme in line with the respective statutes and regulations. The Company contributes 7% for Maldivian employees to Maldives Retirement Pension Scheme.

4.16 Other Liabilities and Provision

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement where necessary.

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due after one year from the end of the reporting period.

Provisions are recognized when the Company has a present obligation (legal or Constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after January 1, 2023, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is currently assessing the impact of the following amendments:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (IAS 8)

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-Current (Amendments IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)



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All amounts are stated in Maldivian Rufiyaa

6 Property, Plant and Equipment

6.1 Cost	Balance As at 1-Jan-22	Additions	Transfers	Balance As at 31-Dec-22
Generators and Distribution Equipment	3,269,068,529	105,983,410	-	3,375,051,939
Buildings, Water Bottling Plant and Oil Storage	1,306,862,559	10,100,119	-	1,316,962,678
Vehicle and launches	38,432,961	2,375,853	-	40,808,814
Machinery and Equipment	159,671,239	9,304,478	-	168,975,717
Furniture and Fittings	9,306,696	1,640,927	-	10,947,623
Computer Systems	24,937,664	5,303,511	-	30,241,175
Capital Work in Progress (Note 6.2)	185,438,093	98,795,701	(32,988,911)	251,244,883
	4,993,717,741	233,503,999	(32,988,911)	5,194,232,829
6.2 Capital Work in Progress				31-Dec-22 MVR
Transmission & distribution				97,680,526
Combustion power plant				28,907,462
POISED project				24,521,552
SCADA project				4,244,294
Other projects				95,891,049
				251,244,883
6.3 Depreciation	Balance As at 1-Jan-22	Charge for the year	Disposals	Balance As at 31-Dec-22
Generators and Distribution Equipment	887,792,256	123,850,969	-	1,011,643,225
Buildings, Water Bottling Plant and Oil Storage	225,118,256	44,950,978	-	270,069,234
Vehicle and launches	22,954,579	2,828,599	-	25,783,178
Machinery and Equipment	101,277,828	12,652,688	-	113,930,516
Furniture and Fittings	6,285,785	892,884	-	7,178,669
Computer Systems	22,766,067	2,016,104	-	24,782,171
	1,266,194,771	187,192,222	-	1,453,386,993
Net Book Value	3,727,522,970			3,740,845,836

The depreciation on Property, Plant and Equipment of MVR 187,192,222 was apportioned to Cost of Sales (MVR 137,626,089) and Administrative Expenses (MVR 49,566,130).

6.4 The value of fully depreciated property, plant and equipment as at December 31, 2022 amounted to MVR 182,545,445.



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STATE ELECTRIC COMPANY LIMITED
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6 Property, Plant and Equipment (Continued...)

6.5 Cost	Balance As at 1-Jan-21	Additions	Disposals / Transfers	Balance As at 31-Dec-21
Generators and Distribution Equipment	2,687,201,198	581,934,607	(67,276)	3,269,068,529
Buildings, Water Bottling Plant and Oil Storage	1,185,385,848	121,476,711	-	1,306,862,559
Vehicle and launches	37,381,443	1,065,197	(17,679)	38,432,961
Machinery and Equipment	141,067,095	19,075,105	(470,961)	159,671,239
Furniture and Fittings	8,287,595	1,304,737	(285,636)	9,306,696
Computer Systems	23,678,732	1,258,932	-	24,937,664
Capital Work in Progress (Note 6.6)	750,223,605	150,222,051	(715,007,563)	185,438,093
	4,833,225,516	876,341,340	(715,849,115)	4,993,717,741
6.6 Capital Work in Progress				31-Dec-21 MVR
Transmission & distribution				57,092,987
Combustion power plant				31,151,527
POISED project				18,895,592
SCADA project				34,989,140
Other projects				43,308,847
				185,438,093

During the year, the Company has capitalised borrowing cost amounting to MVR 17,545,655 on Greater Male' Grid Connection Project.

6.7 Depreciation	Balance As at 1-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
Generators and Distribution Equipment	774,746,746	113,077,900	(32,390)	887,792,256
Buildings, Water Bottling Plant and Oil Storage	181,715,312	43,402,944	-	225,118,256
Vehicle and launches	20,146,342	2,823,108	(14,871)	22,954,579
Machinery and Equipment	88,640,921	13,107,868	(470,961)	101,277,828
Furniture and Fittings	5,885,349	686,057	(285,621)	6,285,785
Computer Systems	21,154,083	1,611,984	-	22,766,067
	1,092,288,753	174,709,861	(803,843)	1,266,194,771
Net Book Value	3,740,936,763			3,727,522,970

The depreciation on Property, Plant and Equipment of MVR 174,709,861 was apportioned to Cost of Sales (MVR 128,056,076) and Administrative Expenses (MVR 46,653,785).

6.8 The value of fully depreciated property, plant and equipment as at December 31, 2021 amounted to MVR 195,808,050.



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7 Right of Use Assets

7.1 Cost	Balance As at 1-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Right of Use Assets (Note 16)	108,924,726	38,742,785	-	147,667,511
	108,924,726	38,742,785	-	147,667,511
7.2 Amortisation	Balance As at 1-Jan-22	Charge for the year	Disposals / Adjustments	Balance As at 31-Dec-22
Right of Use Asset (Note 16)	11,050,913	4,284,942	1,457,724	16,793,579
	11,050,913	4,284,942	1,457,724	16,793,579
Net Book Value	97,873,813			130,873,932

The company have the following lease contracts as of December 31, 2022.

Lease	Agreement Date	Lease Start Date	Lease End Date	Lease Period
Thilafushi Land	17-Feb-13	01-Jan-12	31-Dec-26	15 Years
Gulhifalhu Power House	28-Mar-17	28-Mar-17	25-Dec-25	8 Years, 8 Months and 29 Days
Hulhumale Part 1	31-Mar-16	01-Apr-09	31-Mar-34	25 Years
Hulhumale Part 2	21-Aug-16	21-Aug-16	20-Aug-66	50 Years
Thilafushi Part 2	25-May-22	06-Jan-22	06-Jan-24	2 Years
Hulhumale Power House	23-Mar-10	01-Jul-04	01-Jul-29	25 Years
Hulhumale Apollo Tower	24-Mar-22	24-Mar-22	23-Mar-42	20 Years
Male and Villimale' Power House	05-Sep-12	05-Sep-12	05-Sep-11	99 Years

8 Inventories

		31-Dec-22 MVR	31-Dec-21 MVR
Fuel		35,000,830	41,882,195
Spares, cables and consumables		252,094,521	252,529,688
Stationary		190,353	96,967
Lubricating oil		4,437,222	2,750,969
		291,722,926	297,259,819
Provision for Slow Moving Inventories	Note 8.1	(111,929,947)	(144,820,124)
Total		179,792,979	152,439,695

8.1 Provision for Slow Moving Inventories

	31-Dec-22 MVR	31-Dec-21 MVR
As at 1st January	144,820,124	139,886,218
Decrease in provision	(32,890,177)	4,933,906
As at 31st December	111,929,947	144,820,124

Provision for Inventory Policy was approved by the board of directors on December 28, 2021. The provision against fast, slow and non-moving categories of inventories for the year 2022 has been calculated based on the criteria defined in the policy.

9 Construction of Hiya Project

9.1 Cost	Balance As at 1-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Hiyaa project	564,650,308	71,119,797	-	635,770,105
	564,650,308	71,119,797	-	635,770,105



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9 Construction of Hiya Project (Continued...)

9.2 Impairment

	31-Dec-22 MVR	31-Dec-21 MVR
Investment before impairment adjustment	635,770,105	604,970,354
Impairment for the year	<u>(915,388)</u>	<u>(40,320,046)</u>
	634,854,717	564,650,308

The company has made a provision on investment in Hiya project based on the carrying value as at December 31, 2022 by considering the future recoverable amount.

9.3 As per the agreement dated November 15, 2017 between STELCO (Developer) and Housing Development Corporation Limited (HDC), the Company has been assigned to develop a two residential apartments block at Hulhumale phase II plots no. N3-35(B), N3-35(C) by HDC.

According to the agreement, HDC has granted the exclusive rights to construct, develop and sell residential units under the project in the designated land area to the Developer. The Developer agrees to finance the construction and development of the project and to sell the residential units developed under the project to eligible STELCO staff. It shall be the sole responsibility of the Developer to raise and manage the finance required for the development of the project and HDC shall not be liable towards any party under any circumstances.

During the year 2022, sale and purchase agreements were signed between the staffs and STELCO for the sales of the apartments. As per the agreement, apartment handover date is January 1, 2023, and advance payments related to the sales were collected.

10 Trade and Other Receivables

Accounts receivable	321,010,499	337,667,845
Less: Provision for doubtful debts	Note 10.1 <u>(62,678,552)</u>	<u>(54,635,184)</u>
	258,331,947	283,032,661
Prepayments	444,176	488,072
Other receivables	<u>103,027,454</u>	<u>112,735,317</u>
	361,803,577	396,256,050

10.1 Provision for Impairment of Trade Receivables

As at 1st of January	54,635,184	45,307,420
Recognized during the year	<u>8,043,368</u>	<u>9,327,764</u>
As at 31st December	62,678,552	54,635,184

10.2 Due from Related Parties

Indira Gandhi Memorial Hospital	3,707,365	19,755,385
Dhivehi Raajjeyge Gulhun PLC	-	3,432,391
Male' Water and Sewage Company (Private) Limited	9,241,574	1,143,577
State Trading Organisation PLC	1,558,133	2,868,473
Maldives Transport and Contracting Company PLC	1,777,924	1,316,936
Maldives Customs Services	345,271	634,603
Maldives Industrial Fisheries Company Limited	174,760	143,410
Bank of Maldives PLC	847,288	105,301
Public Service Media	85,670,171	61,786,952
Maldives Road Development Corporation Limited	1,980,264	1,038,505
National Centre For the Arts	1,803,319	1,174,121
Housing Development Corporation Limited	5,560,011	9,218,666
National Social Protection Agency	8,490,008	88,863
Maldives Port Limited	2,028,783	1,595,251
Ministry of Finance and Treasury	265,802,276	190,269,558
Other Government Owned Organisations	<u>130,926,726</u>	<u>146,872,631</u>
	519,913,874	441,444,623

Provision for impairment loss	Note 10.3 <u>(127,951,015)</u>	<u>(140,796,474)</u>
Total	391,962,859	300,648,149

10.3 Provision for Impairment Loss

As at 1st of January	140,796,474	125,447,216
Reversed during the year	<u>(12,845,459)</u>	<u>15,349,258</u>
As at 31st December	127,951,015	140,796,474



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	31-Dec-22 MVR	31-Dec-21 MVR
11 Cash and Cash Equivalent		
Cash at bank	295,652,622	297,184,042
Cash in hand	6,233,766	3,907,403
Total	301,886,388	301,091,445
12 Share Capital		
Issued share capital 150 ordinary shares of MVR 1,000,000 each	150,000,000	150,000,000
Total	150,000,000	150,000,000

12.1 The total authorised number of ordinary shares is 150 shares (2021: 150 shares) with a par value of MVR 1,000,000 per share (2021: MVR 1,000,000 per share).

12.2 The issued and fully paid share capital comprises of 150 (2021:150) ordinary shares of MVR 1,000,000 each.

12.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company.

The Board of Directors has declared dividends of MVR 146,667 per share amounting to MVR 22,000,000 during the year ended December 31, 2022 (2021 : MVR 140,000 per share amounting to MVR 21,000,000).

13 Revaluation reserve

As at 1st January		172,851,343	187,144,612
Transfer to Retained earnings	Note 13.1	(16,815,610)	(16,815,610)
Deferred tax transferred to retained earnings	Note 30	2,522,341	2,522,341
As at 31st December		158,558,074	172,851,343

13.1 The Company's property, plant and equipment was revalued on December 31, 2011 by the professional valuer, Kanti Karamsey & Co. of No.412, Marker Chambers, Nariman point, Mumbai, India based on the open Market Value of the properties. The firm is a Government registered firm, Fellow of Institution of Engineers (F.I.E- India), Member of the Practicing Valuers Association (P.V.A- India) and Fellow of Institution of Valuers, New Delhi (F.I.V).

13.2 Transfer of Revaluation Surplus to Retained Earnings

Revaluation surplus is realized to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.

14 Capital Contribution

As at 1st January	741,345,767	582,414,534
Received during the year	110,127,275	158,931,233
As at 31st December	851,473,042	741,345,767

The Company has received a capital contribution amounted to MVR 246,690,839 from the Ministry of Finance and Treasury of the Republic of Maldives during the period of 2017 to 2020 for the construction and installation of Hulhumale Power Plant (5th Power Project) and MVR 154,007,552 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project) . Further, MVR 181,716,143 were received in 2018, 2019 and 2020 for the installation of greater Male' Grid connection.

During the year 2021, the Company has received an additional MVR 92,856,020 for greater Male' Grid Connection Project and MVR 66,075,213 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

During the year 2022, the Company has received an additional MVR 45,096,838 for greater Male' Grid Connection Project and MVR 65,030,438 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company and the Company is expecting to issue shares on these capital contributions.



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	31-Dec-22 MVR	31-Dec-21 MVR
15 Borrowings		
As at 1st January	3,016,850,670	2,970,165,249
Loans obtained during the year	3,694,899	1,931,061
Interest for the year	129,694,787	118,882,485
Repayments during the year	(103,542,826)	(56,252,206)
Interest paid during the year	(33,703,208)	(17,875,919)
As at 31st December	3,012,994,323	3,016,850,670
15.1 Maturity Analysis		
<i>Non- Current</i>		
Loan and borrowings	2,902,791,537	2,913,307,845
	2,902,791,537	2,913,307,845
<i>Current</i>		
Loan and borrowings	110,202,786	103,542,825
	110,202,786	103,542,825
Total borrowings	3,012,994,323	3,016,850,670

15.2 Terms and repayment schedule

Source of finance	Purpose to Finance	Nominal interest Rate	Maturity	31-Dec-22 MVR	31-Dec-21 MVR
				Carrying Amount	
Ministry of Finance	Third Power System	8%	01-Aug-21	130,042,977	125,822,280
Ministry of Finance	Third Power System	8%	01-May-24	124,743,553	120,556,037
Ministry of Finance	Third Power System	8%	01-Sep-24	132,077,542	127,696,793
Ministry of Finance	5.4V Generator set	8%	15-Feb-16	60,231,694	58,264,092
Ministry of Finance	Second Power System	8%	31-Jul-25	84,436,686	81,744,332
Ministry of Finance	Power System	8%	01-Sep-18	21,594,286	20,763,331
Ministry of Finance (Nordea Bank Denmark)	Fourth Power System	4.25% & 8.5%	30-Sep-35	1,287,824,888	1,231,413,243
Ministry of Finance	POISED Project	6%	15-May-33	213,580,023	200,386,285
Exim Bank of China	Fifth Power Project	3% + 6 Months Libor	31-Jul-31	958,462,674	1,050,204,277
				3,012,994,323	3,016,850,670

The Company is in the process of agreeing for revised payment terms for its borrowings. Consequently, certain borrowings have been considered as non-current liabilities even though it has matured.

15.3 Bank Borrowings

All of the Above Loans have been secured by a guarantee from Government of Maldives.

The Ministry of Finance and Treasury ("MOFT") through its letter dated February 4, 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, the transaction has not been finalized by the parties for the year ended December 31, 2022.

The company entered subsidiary loan agreement on April 2, 1998, between Ministry of Finance and Treasury for the amount of MVR 80,702,185 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The company entered subsidiary loan agreement on August 27, 2003, between Ministry of Finance and Treasury for the amount of MVR 60,396,877 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 May and 01 November each year.

The company entered subsidiary loan agreement on June 9, 1998 between Ministry of Finance and Treasury for the amount of MVR 64,634,001 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The company entered subsidiary loan agreement on February 15, 1998, between Ministry of Finance and Treasury for the amount of MVR 41,246,314 at an Interest rate of 8% for the purpose of acquisition of 5.4Mv Generator Set. This loan is to be repaid in 30 installments on 15 February and 15 August each year.

The company entered subsidiary loan agreement on April 11, 1992, between Ministry of Finance and Treasury for the amount of MVR 105,084,231 at an Interest rate of 8% for the purpose of Second Power System Project. This loan is to be repaid in 34 installments on 31 January and 31 July each year.

The company entered subsidiary loan agreement on March 10, 1998, between Ministry of Finance and Treasury for the amount of MVR 59,622,880 at an Interest rate of 8% for the purpose of Power System Development Project. This loan is to be repaid in 35 installments on 01 March and 01 September each year.



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15.3 Bank Borrowings (Continued...)

DANIDA grant and Nordea Bank loan agreement signed between Nordea Bank Denmark A/S and Government of Maldives on January 15, 2009 for a loan amount of EUR 18,140,000 and grant amount of EUR 6,560,000. The loan was entered to for the purpose of Fourth Power System Development Project.

Subsidiary loan terms proposed by the Government of Maldives are as follows.

1. Component 1: Interest bearing portion - Nordea Loan Funds and Fees of EUR 23,534,579.78 at an interest rate of 8.5% p.a, with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

2. Component 2: Interest bearing portion - DANIDA Grant Funds of EUR 4,269,568.02 at an interest rate of 4.25% p.a, with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

However, subsidiary loan agreement is pending between Government of Maldives (Ministry of Finance and Treasury) and STELCO as of December 31, 2022.

The company entered subsidiary loan agreement on August 10, 2015, between Ministry of Finance and Treasury for the amount of MVR 150,847,779 at an Interest rate of 8% for the purpose of Preparing Outer Island for Sustainable Energy Development Project. This loan is to be repaid in 30 installments on 15th May and 15th November each year.

The company entered loan agreement on May 28, 2015, between Export-Import Bank of China (Exim Bank) and Bank of China Limited for the amount of USD 79,946,000 for the purpose of Fifth Power Development Project. This loan is to be repaid in 24 installments on 21 January and 21 July each year.

	31-Dec-22 MVR	31-Dec-21 MVR
16 Lease Liability		
Non-current		
Lease liability	140,538,841	103,764,762
Total	140,538,841	103,764,762
Current		
Lease liability	1,713,403	1,410,838
Total	1,713,403	1,410,838
16.1 Breakdown of Lease		
As at 1st January	105,175,600	106,519,450
Addition of unrecognised lease liabilities	38,742,785	-
Adjustments to recognise prior year payments and interest	(235,986)	-
Interest expense for the year	13,461,098	10,061,834
Repayment during the year	(14,891,253)	(11,405,684)
As at 31st December	142,252,244	105,175,600
16.2 Maturity Analysis of Undiscounted Future Lease Payments are as follows:		
Less than one year	15,073,480	11,341,884
Between two and five years	58,953,044	55,869,600
More than five years	621,388,392	343,599,989
Total	695,414,916	410,811,473

The lease liability is recognised on the lands which has an unexpired lease period from 45 years as at December 31, 2022.

16.3 The annual rent of Thilafushi Power House is increased by 15% in every two years effective from December 31, 2020. This rent change has been accounted as a modification to the lease liability as at December 31, 2020. The corresponding adjustment has been recognised under Right of Use Assets to IFRS 16.

17 Deferred Income

As at 1st January	32,922,288	34,717,636
Amortization for the year	(1,220,713)	(1,795,347)
As at 31st December	31,701,575	32,922,289

17.1 Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR 25,287,089 was received in 2006 for the installation of 6 sets of 1250 k Diesel Generators. During the year 2020, the Company received MVR 34,490,853 for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.



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	31-Dec-21 MVR
18 Defined benefit Obligation	
As at 1st January	39,535,454
<u>Amount recognised in Profit or Loss</u>	
Current service cost for the year	154,467
Interest cost for the year	757,762
<u>Amount recognised in Other Comprehensive Income</u>	
Actuarial deficit/ (gain) for the year	291,976
	<u>40,739,659</u>
Payment during the year	(2,893,833)
Reversal during the year	(37,845,826)
As at 31st December	<u>-</u>

18.1 During the year ended December 31, 2020, the Company has changed maximum benefit to be paid to an employee as of MVR 500,000. That was resulted to reduce the defined benefit liability as at December 31, 2020.

18.2 The Company have engaged a qualified actuary to estimate the retirement benefit obligation. The project unit credit method is used to determine the present value of the defined benefit obligation. Key assumption used in the calculation are as follows;

Expected salary increment	1%
Discount rate	4.60%
Staff turnover factor	<u>2.20%</u>

18.3 During the year December 31, 2021, the Board of Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme effective from June 1, 2021.

19 Contractor Payable

	31-Dec-22 MVR	31-Dec-21 MVR
Non- Current		
Contractor payable	219,262,544	292,416,086
Total	<u>219,262,544</u>	<u>292,416,086</u>
Current		
Contractor payable	73,153,541	73,184,004
Total	<u>73,153,541</u>	<u>73,184,004</u>

19.1 Breakdown of Contractor Payable

As at 1st January	365,600,090	386,847,534
Payable on account of percentage of completion	-	52,772,671
Interest charge during the year	16,122,224	18,835,905
Repayment during the year	(89,306,229)	(92,856,020)
As at 31st December	<u>292,416,085</u>	<u>365,600,090</u>

The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between two islands via a bridge on February 12, 2018 for a contract price of USD 45,619,736. Contract is repayable over the period of 8 years and the contractor payable is determined based on the percentage of completion of the project and the contractual cashflows have been discounted at a rate of 4.8%.

20 Trade and Other Payables

Trade payables	39,566,197	13,107,752
Accrued expenses	20,624,013	19,711,384
Payable to Housing Development Corporation Ltd	-	55,223,123
Advance Received from employees on Hiya Project	100,118,936	71,636,768
Dividend Payable to Ministry of Finance	-	-
Retention payable	18,043,706	29,432,966
Deposit received	7,124,914	5,829,399
GST payables	104,645	-
Other payables	617,004	3,383,665
Total	<u>186,199,415</u>	<u>198,325,057</u>

20.1 The amount is payable to Housing Development Corporation ("HDC") in relation to the "Hiyaa Project".

20.2 The Hiyaa housing project is an end-user financing project, where 20% of the sales price to be paid by the staff as down payment on or before December 2022. Remaining 80% should be financed by the employee.



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20 Trade and Other Payables (Continued...)

	31-Dec-22 MVR	31-Dec-21 MVR
20.3 Dividend Payable to Ministry of Finance		
As at 1st January	-	20,000,000
Dividend declared during the year	22,000,000	21,000,000
Set off against related party transactions	(22,000,000)	(41,000,000)
As at 31st December	-	-

As disclosed in Note 12.3 (dividend to voting) to the financial statements, the Company has declared MVR 22,000,000 (2021: MVR 21,000,000) of dividend during the year ended December 31, 2022. However, based on the confirmation obtained from the Ministry of Finance, board of Directors of the Company has resolved to set off the dividend payable to Ministry of Finance amounting to MVR 22,000,000 against related party receivables as at December 31, 2022.

21 Due to Related Parties

State Trading Organisation PLC	84,007,835	51,553,350
Ministry of Environment and Energy	3,053,300	3,053,300
Maldives Transport and Contracting Company PLC	1,724,318	1,444,559
Maldives Road Development Corporation Limited	663,612	663,612
Male' Water and Sewerage Company Limited	347,491	1,182
Dhivehi Raajjeyge Gulhun PLC	926,380	364,504
Other Government owned Organizations	1,566,574	326,787
Total	92,289,510	57,407,294

The amount due to related parties are unsecured, interest free, and have no fixed repayment period. Accordingly, these amounts have been determined to be payable on demand and are classified as current liabilities.

22 Revenue

The breakdown of the revenue is as follows:

Electricity revenue		2,170,018,982	2,016,818,679
Non-electricity revenue	Note 22.1	97,976,227	98,595,598
Water and sewerage revenue	Note 22.2	15,434,444	11,607,973
Total		2,283,429,653	2,127,022,250

The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer. Revenue is recognised with reference to the time on which services are consumed by the customer.

22.1 Non-electricity revenue include revenue from sale of electronic equipment and other electrical services provided for customers.

22.2 Water revenue include revenue from provision of water supplies in certain Islands.

23 Other income

Amortization of deferred income - Government grant amortization	Note 17	1,220,713	1,795,347
Rental income		652,578	368,252
Gain on disposal of Property, Plant and Equipment		-	20,480
Miscellaneous income		-	51,012
Reversal of defined benefit obligation	Note 18	-	37,845,826
Reversal of inventory provision	Note 9.1	32,890,176	-
Reversal of provision for impairment of trade receivables		4,802,091	-
Exchange gain		907,528	-
Total		40,473,086	40,080,917

24 Cost of Revenue

Cost of revenue	1,531,754,164	1,420,369,850
Direct Labour	241,209,013	199,298,897
Total	1,772,963,177	1,619,668,747

Cost of goods sold includes all the directly attributable costs including purchase costs, import costs and other costs incurred to bring the goods to a saleable condition.



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		31-Dec-22 MVR	31-Dec-21 MVR
25 Administrative Expenses			
Repair and maintenance		22,787,355	14,303,038
Bank charges		26,986,826	23,745,003
Directors' remuneration		642,315	1,029,451
Rent expenses		108,735	107,700
Increase in provision for impairment of trade receivables		-	24,677,022
Impairment loss on Hiya Project	Note 9.2	915,388	40,320,046
Personnel cost	Note 25.1	68,033,311	56,212,509
Unclaimed GST		8,943,678	6,354,235
Write off of Petty cash		-	1,504,633
Obsolete inventory written off		-	435,616
Amortization of Right of Use Asset	Note 7.2	4,284,942	3,664,596
Depreciation of Property Plant and equipment	Note 6.3	49,566,130	46,653,785
Provision for slow and Non-moving inventories	Note 8.1	-	4,933,906
Other expenses		76,800,570	68,026,364
		259,069,250	291,967,904
25.1 Personnel costs			
Staff salaries and wages		112,892,987	108,840,921
Staff allowances		114,573,989	87,059,012
Overtime expenses		55,581,390	49,434,229
Employer's contribution to government pension fund		8,375,364	7,610,496
Staff medical expenses		3,748,488	1,155,699
Employee retirement benefits		-	912,229
Other staff expenses		14,070,106	1,411,049
Total		309,242,324	255,511,406
Cost of sales portion		241,209,013	199,298,897
Administrative expense portion		68,033,311	56,212,509
		309,242,324	255,511,406
26 Finance Cost			
Interest on Borrowings- Foreign		129,694,787	118,640,344
Interest on Borrowings - Local		-	242,141
Foreign exchange loss		-	847,591
Interest on leases		13,461,098	10,061,834
Interest on other financial arrangements		16,122,224	1,290,250
		159,278,109	131,082,160
Finance Income			
Interest income		(3,349,938)	(1,549,059)
		155,928,171	129,533,101
27 Taxation			
Income Tax Expense			
Current tax expense	Note 27.1	-	-
Deferred tax asset reversed	Note 29	(4,965,272)	5,436,476
Deferred tax liability recognized	Note 30	34,026,042	15,704,366
Total		29,060,770	21,140,842

The Income Tax Act Tax Act (25/2019) of the Maldives was effective from 1st January 2020. As per the income tax act, businesses profit is subject to tax of 15% on profits exceeding tax free threshold limit MVR 500,000 for any tax year.

27.1 Reconciliation Between Accounting Profit and Taxable Income :

Profit before tax	135,942,141	125,933,414
Aggregate disallowable items	353,645,860	389,426,507
Aggregate allowable items	(522,689,817)	(518,944,180)
Tax losses utilized during the year	-	-
tax free allowance	-	-
Tax (loss) / Income tax for the year	(33,101,816)	(3,584,259)
Business profit tax @ 15%	-	-



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27 Taxation (Continued...)

	31-Dec-22 MVR	31-Dec-21 MVR
27.2 Accumulated Tax Losses		
As at 1st January	3,584,259	-
Tax losses for the year	33,101,816	3,584,259
Tax losses utilized during the year	-	-
As at 31st December	<u>36,686,075</u>	<u>3,584,259</u>
28 Current Tax Assets		
Interim taxes paid	7,907,995	
Total current tax asset	<u>7,907,995</u>	<u>-</u>
29 Deferred Tax Asset		
As at 1st January	537,639	5,930,319
<u>Recognised in other comprehensive income</u> (Reversal) / recognised during the year	-	43,796
<u>Recognised in profit or loss</u> (Reversal) / recognised during the year	4,965,272	(5,436,476)
As at 31st December	<u>5,502,911</u>	<u>537,639</u>

29.1 The recognized deferred tax asset is attributable to the following:

	31-Dec-22		31-Dec-21	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	MVR	MVR	MVR	MVR
Accumulated tax losses	36,686,075	5,502,911	3,584,259	537,639
	<u>36,686,075</u>	<u>5,502,911</u>	<u>3,584,259</u>	<u>537,639</u>

30 Deferred Tax Liability

As at 1st January	106,535,635	93,353,610
<u>Recognised in other comprehensive income</u> Reversed during the year (Note 20) - Revaluation reserve note	(2,522,341)	(2,522,341)
<u>Recognised in profit or loss</u> recognised during the year	34,026,042	15,704,366
As at 31st December	<u>138,039,336</u>	<u>106,535,635</u>

30.1 The recognized deferred tax liability is attributable to the following:

	31-Dec-22		31-Dec-21	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	MVR	MVR	MVR	MVR
Property, plant and Equipment	920,262,241	138,039,336	710,237,569	106,535,635
	<u>920,262,241</u>	<u>138,039,336</u>	<u>710,237,569</u>	<u>106,535,635</u>

31 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Profit for the year	106,881,371	104,792,572
Weighted average number of ordinary shares	150	150
Earnings per share	<u>712,542</u>	<u>698,617</u>



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	31-Dec-22	31-Dec-21
	MVR	MVR
32 Operating Profit before Working Capital Changes		
Net profit	135,942,141	125,933,415
Depreciation	187,192,222	174,709,861
Amortization of Right of Use Assets	4,284,942	3,664,596
Loss on disposal	-	(20,480)
Interest income	(3,349,938)	(1,549,059)
Provision for impairment loss on trade receivables	8,043,368	9,327,764
Reversal of impairment loss on related parties	(12,845,459)	15,349,258
Provision for impairment loss on investment in Hiyaa Project	915,388	40,320,046
(Reversal) / Increase in provision for slow moving inventories	(32,890,177)	4,933,906
Amortization of deferred income	(1,220,713)	(1,795,347)
Defined benefit obligation for the year	-	912,229
Reversal of Defined benefit obligation	-	(37,845,826)
Interest expense	159,278,109	130,234,569
Adjustments made for prior year lease expenses	1,221,738	-
Total	446,571,621	464,174,932
33 Related Party Transactions		
33.1 Due from Related Parties		
Name	Nature of relationship	
<i>Indira Gandhi Memorial Hospital</i>	<i>Affiliate</i>	
Opening balance		14,766,449
Sales of Services		48,841,762
Payments made		(64,889,782)
Closing balance		<u>19,755,385</u>
Name	Nature of relationship	
<i>Dhivehi Raajjeyge Gulhun PLC</i>	<i>Affiliate</i>	
Opening balance		4,282,045
Sales of Services		3,432,391
Payments made		(48,863,858)
Closing balance		<u>3,432,391</u>
Name	Nature of relationship	
<i>Male' Water and Sewage Company Pvt Ltd</i>	<i>Affiliate</i>	
Opening balance		1,623,836
Sales of Services		1,143,577
Payments made		(20,182,117)
Closing balance		<u>9,241,574</u>
Name	Nature of relationship	
<i>State Trading Organisation PLC</i>	<i>Affiliate</i>	
Opening balance		5,204,258
Sales of Services		2,868,473
Payments made		(18,940,908)
Closing balance		<u>1,558,133</u>
Name	Nature of relationship	
<i>Maldives Transport and Contracting Company PLC</i>	<i>Affiliate</i>	
Opening balance		1,723,937
Sales of Services		1,316,936
Payments made		(13,681,942)
Closing balance		<u>1,777,924</u>
Name	Nature of relationship	
<i>Maldives Customs Services</i>	<i>Affiliate</i>	
Opening balance		268,815
Sales of Services		634,603
Payments made		(3,551,223)
Closing balance		<u>345,271</u>



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33.1 Due from Related Parties (Continued...)

		31-Dec-22 MVR	31-Dec-21 MVR
Name	Nature of relationship		
<i>Maldives Industrial Fisheries Company Limited</i>	<i>Affiliate</i>		
Opening balance		143,410	166,608
Sales of Services		1,908,054	2,234,338
Payments made		(1,876,704)	(2,257,536)
Closing balance		<u>174,760</u>	<u>143,410</u>
Name	Nature of relationship		
<i>Bank of Maldives PLC</i>	<i>Affiliate</i>		
Opening balance		105,301	640,997
Sales of Services		9,175,480	9,787,384
Payments made		(8,433,493)	(10,323,080)
Closing balance		<u>847,288</u>	<u>105,301</u>
Name	Nature of relationship		
<i>Public Service Media</i>	<i>Affiliate</i>		
Opening balance		61,786,952	49,682,460
Sales of Services		24,121,502	21,879,967
Payments made		(238,282)	(9,464,102)
Set-off against dividend payable to Ministry of Finance		-	(311,373)
Closing balance		<u>85,670,171</u>	<u>61,786,952</u>
Name	Nature of relationship		
<i>Maldives Road Development Corporation Limited</i>	<i>Affiliate</i>		
Opening balance		1,038,505	2,512,186
Sales of Services		941,759	2,435,649
Payments made		-	(3,909,330)
Closing balance		<u>1,980,264</u>	<u>1,038,505</u>
Name	Nature of relationship		
<i>National Centre For the Arts</i>	<i>Affiliate</i>		
Opening balance		1,174,121	1,441,291
Sales of Services		1,827,127	604,672
Payments made		(1,197,929)	(283,734)
Set-off against dividend payable to Ministry of Finance		-	(588,108)
Closing balance		<u>1,803,319</u>	<u>1,174,121</u>
Name	Nature of relationship		
<i>Housing Development Corporation Limited</i>	<i>Affiliate</i>		
Opening balance		9,218,666	6,621,906
Sales of Services		17,820,245	19,264,591
Payments made		(21,478,900)	(16,667,830)
Closing balance		<u>5,560,011</u>	<u>9,218,666</u>
Name	Nature of relationship		
<i>National Social Protection Agency</i>	<i>Affiliate</i>		
Opening balance		88,862	9,967,088
Sales of Services		8,401,145	456,872
Payments made		-	(1,881,169)
Set-off against dividend payable to Ministry of Finance		-	(8,453,928)
Closing balance		<u>8,490,007</u>	<u>88,862</u>
Name	Nature of relationship		
<i>Maldives Port Limited</i>	<i>Affiliate</i>		
Opening balance		1,595,251	2,230,434
Sales of Services		18,489,654	21,686,359
Payments made		(18,056,122)	(22,321,543)
Closing balance		<u>2,028,783</u>	<u>1,595,251</u>



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33.1 Due from Related Parties (Continued...)

		31-Dec-22 MVR	31-Dec-21 MVR
Name	Nature of relationship		
Ministry of Finance and Treasury	Affiliate		
Opening balance		190,269,558	130,624,059
Sales of Services		89,699,869	121,010,792
Payments received		(14,167,151)	(64,366,768)
Payment made		-	3,001,475
Closing balance		<u>265,802,276</u>	<u>190,269,558</u>
Name	Nature of relationship		
Other Government Owned Organisations	Affiliate		
Opening balance		146,872,631	139,654,901
Sales of Services		173,061,020	103,280,162
Payments made		(189,006,924)	(61,414,366)
Set-off against dividend payable to Ministry of Finance		-	(34,648,066)
Closing balance		<u>130,926,726</u>	<u>146,872,631</u>
Total		<u>519,913,874</u>	<u>441,444,622</u>

33.2 Due to Related Parties

Name	Nature of relationship		
State Trading Organisation PLC	Affiliate		
Opening balance		51,553,350	68,071,946
Purchases		1,291,053,284	1,104,606,061
Payments made		(1,258,598,799)	(1,121,124,657)
Closing balance		<u>84,007,835</u>	<u>51,553,350</u>
Name	Nature of relationship		
Maldives Transport and Contracting	Affiliate		
Opening balance		1,444,558	4,964,585
Purchases		24,475,102	22,314,474
Payments made		(24,195,343)	(25,834,500)
Closing balance		<u>1,724,317</u>	<u>1,444,558</u>
Name	Nature of relationship		
Maldives Road Development Corporation	Affiliate		
Opening balance		663,612	663,612
Closing balance		<u>663,612</u>	<u>663,612</u>
Name	Nature of relationship		
Male' Water and Sewerage Company	Affiliate		
Opening balance		1,182	45127.74
Purchases		1,738,872	631,813
Payments made		(1,392,564)	(675,759)
Closing balance		<u>347,491</u>	<u>1,182</u>
Name	Nature of relationship		
Dhivehi Raajjeyge Gulhun PLC	Affiliate		
Opening balance		364,504	156,551
Purchases		4,927,550	4,709,226
Payments made		(4,365,673)	(4,501,273)
Closing balance		<u>926,381</u>	<u>364,504</u>
Name	Nature of relationship		
Other Government owned Organizations	Affiliate		
Opening balance		326,787	6,235,567
Purchases		21,951,148	1,010,376
Payments made		(20,711,361)	(6,919,156)
Closing balance		<u>1,566,575</u>	<u>326,787</u>



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33.2 Due to Related Parties (Continued...)

Name	Nature of relationship	31-Dec-22	31-Dec-21
		MVR	MVR
<i>Ministry of Environment and Energy</i>	<i>Affiliate</i>		
Opening balance		3,053,300	-
Purchases		-	3,053,300
Closing balance		<u>3,053,300</u>	<u>3,053,300</u>
Total		<u>92,289,510</u>	<u>57,407,294</u>

33.3 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	31-Dec-22	31-Dec-21
	MVR	MVR
Directors' Remuneration	642,315	1,029,451
	<u>642,315</u>	<u>1,029,451</u>

34 Commitments

34.1 Capital Commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

On Property, plant and equipment	339,314,583	472,676,529
Total	<u>339,314,583</u>	<u>472,676,529</u>

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.

35 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	31-Dec-22	31-Dec-21
	MVR	MVR
Total Liabilities	3,895,892,488	3,882,278,996
Cash and Cash Equivalents	(301,886,388)	(301,091,445)
Net Debt	<u>3,594,006,100</u>	<u>3,581,187,551</u>
Total Equity	<u>1,859,538,706</u>	<u>1,662,007,719</u>
Gearing (Times)	<u>1.93</u>	<u>2.15</u>

36 Financial Instruments and Risk Management

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, the Company's management of capital. Further, quantitative disclosures are included throughout the Company's financial statements.



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36 Financial Instruments and Risk Management (Continued...)

(ii) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in debt securities and deposits with banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum gross exposure to credit risk at the reporting date was:

	31-Dec-22	31-Dec-21
	MVR	MVR
Trade Receivables	258,331,947	283,032,661
Other Receivables	103,027,454	112,735,317
Amounts due from Related Parties	391,962,859	300,648,149
Balances with Banks	295,652,622	297,184,042
	1,048,974,882	993,600,169

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Expected credit loss assessment under IFRS 9

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic conditions of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Probability of default (PD)

PD represents the likelihood of a counterparty defaulting on its obligations within a specified period. The PD estimation process involves a combination of historical data analysis, internal credit risk assessments, and external market data.

Loss given default (LGD)

LGD represents the proportion of the exposure that is not expected to be recovered in the event of a counterparty default. The LGD estimation process combines historical data analysis, recovery rate assessments, and internal credit risk evaluations.

Exposure at default (EAD)

EAD represents the estimated value of the exposure to a counterparty at the time of default. The EAD estimation process involves a combination of internal credit risk assessments, portfolio analysis, and external market data.



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36 Financial Instruments and Risk Management (Continued...)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and receivables from related parties as of the reporting dates.

December 31, 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	3.1%	176,071,163	5,435,665	No
Past due 31-60 days	6.8%	68,170,459	4,644,737	No
Past due 61-90 days	12.6%	28,918,657	3,657,600	No
Past due 91-180 days	26.5%	34,741,663	9,206,661	No
Past due 181-360 days	47.5%	46,319,901	21,980,670	No
Past due more than 365 days	100%	145,704,235	145,704,235	Yes
		<u>499,926,078</u>	<u>190,629,567</u>	

December 31, 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	1.9%	258,524,817	4,808,264	No
Past due 31-60 days	5.1%	94,063,411	4,831,314	No
Past due 61-90 days	8.0%	56,100,923	4,469,135	No
Past due 91-180 days	16.3%	69,310,240	11,274,427	No
Past due 181-360 days	25.8%	104,486,958	27,004,136	No
Past due more than 365 days	73.0%	196,626,119	143,044,382	No
		<u>779,112,468</u>	<u>195,431,658</u>	

Gross carrying amount and loss allowance comprise the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behaviour. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

The provision for impairment of the amounts due from related parties are estimated considering the individual repayment capabilities of these entities.

Movements in allowance for impairment in respect of trade receivables and amounts due from related parties.

The movements of allowance for impairment in respect of trade receivables and Related party receivables during the year is presented in Note 10.1 and 10.3 respectively.

Balances with Banks

The Company held amounts of MVR 295,652,622 as at December 31, 2022 in banks. (2021: MVR 297,184,042). Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external ratings of the counterparties. As a result, the amount of the allowance on cash at bank is negligible.

(iv) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



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36 Financial Instruments and Risk Management (Continued...)

December 31, 2022	Carrying Amount	Contractual Cashflows	0-12 Months	1-5 Years	More than 5 Years
	MVR	MVR	MVR	MVR	MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	85,975,834	85,975,834	85,975,834	-	-
Loans and Borrowings*	3,012,994,323	3,012,994,323	110,202,786	531,034,048	2,371,757,489
Contractor Payable	292,416,085	321,727,002	85,756,437	235,970,565	-
Amounts due to Related Parties	92,289,510	92,289,510	92,289,510	-	-
Lease Liabilities	142,252,244	695,414,916	15,073,480	58,953,044	621,388,392
	3,625,927,996	4,208,401,585	389,298,047	825,957,657	2,993,145,881
December 31, 2021	Carrying Amount	Contractual Cashflows	0-12 Months	1-5 Years	More than 5 Years
	MVR	MVR	MVR	MVR	MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	126,688,289	126,688,289	126,688,289	-	-
Loans and Borrowings*	3,016,850,670	3,016,850,670	103,542,825	544,353,971	2,368,953,874
Contractor Payable	365,600,090	411,033,231	89,306,229	321,727,002	-
Amounts due to Related Parties	57,407,294	57,407,294	57,407,294	-	-
Lease Liabilities	105,175,600	410,811,473	11,341,884	55,869,600	343,599,889
	3,671,721,943	4,022,790,957	388,286,521	921,950,573	2,712,553,863

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*Loans and borrowings are excluding the future interest.

(v) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates that affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	31-Dec-22 MVR	31-Dec-21 MVR
Fixed Rate Instruments		
Financial Liabilities	2,054,531,649	1,966,646,393
Variable Rate Instruments		
Financial liabilities	958,462,674	1,050,204,277

Cash Flow Sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Sensitivity Analysis	
	100 bp increase MVR	100 bp decrease MVR
	December 31, 2022	
Variable rate instruments	(9,584,627)	9,584,627
December 31, 2021		
Variable rate instruments	(10,502,043)	10,502,043



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36 Financial Instruments and Risk Management (Continued...)

(b) Currency Risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	31-Dec-22 USD	31-Dec-21 USD
Loans and borrowings	145,673,642	147,964,820
Contractor Payable	18,963,430	23,709,474
Net currency exposure	<u>164,637,072</u>	<u>171,674,294</u>

The following significant exchange rate were applied during the year:

	Average Rate		Reporting Date	
	2022	2021	31-Dec-22	31-Dec-21
1 USD : MVR	15.42	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in MVR, the Company has limited currency risk exposure on such balances since the Maldivian Rufiyaa is pledged to the US Dollar within a band to fluctuate within $\pm 20\%$ of the mid-point of exchange rate.

37 Fair Value Measurement

Accounting Classifications and Fair Values

December 31, 2022

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Cash and Cash Equivalents	301,886,388	-	-	-	301,886,388
Trade and Other Receivables	361,359,401	-	-	-	361,359,401
Amounts due from Related Parties	391,962,859	-	-	-	391,962,859
	<u>1,055,208,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,208,648</u>

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Lease Liability	142,252,244	-	-	-	142,252,244
Loans and Borrowings	3,012,994,323	-	-	-	3,012,994,323
Amount due to Related Parties	92,289,510	-	-	-	92,289,510
Contractor Payable	292,416,085	-	-	-	292,416,085
Trade and Other Payables	65,456,466	-	-	-	65,456,466
	<u>3,605,408,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,605,408,628</u>

December 31, 2021

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Cash and Cash Equivalents	301,091,445	-	-	-	301,091,445
Trade and Other Receivables	395,767,978	-	-	-	395,767,978
Amounts due from Related Parties	300,648,149	-	-	-	300,648,149
	<u>997,507,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,507,572</u>

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Lease Liability	105,175,600	-	-	-	105,175,600
Loans and Borrowings	3,016,850,670	-	-	-	3,016,850,670
Amount due to Related Parties	57,407,294	-	-	-	57,407,294
Contractor Payable	365,600,090	-	-	-	365,600,090
Trade and Other Payables	106,976,905	-	-	-	106,976,905
	<u>3,652,010,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,652,010,559</u>



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38 Contingent Liabilities

The Centre Enterprises Private Limited has filed a case at the Civil Court against the Company claiming MVR 400,000,000 for breaching the contract regarding a forklift. The Company has requested from the court to disclose a case report to seek further information regarding the case. However, there were no ongoing proceedings have taken place during the year 2022. Based on the expert advice, the Board Directors is confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company since the likelihood of an unfavourable outcome for the Company is very unlikely.

There were no material contingent liabilities which require disclosure than above mentioned in the financial statements as at the reporting date.

Evaluation of the likelihood of an unfavourable outcome and an estimate, it made of the amount or range of potential loss:

In lawyers professional opinion that due to the contractual terms, the amount MVR 1,292,475 will be awarded in favour of Centre Enterprises, being the principal amount and monies in consideration for the goods supplied subjected to completion of delivery as per agreement (with vehicle registry). The penalty damages, not stipulated in the agreement but unilaterally imposed by Centre Enterprises, will not be awarded due to the recent developments of the law implemented by the Supreme Court of Maldives in its judgements, and as for the economic losses claimed by the Centre Enterprises Pvt Ltd, lawyers are of the opinion that it will not be awarded either as company have documents in their possession that negates the statements upon which Centre Enterprises Pvt Ltd claims its economic losses.

39 Events After the End of the Reporting Period

Subsequent to the financial year ended December 31, 2022 and prior to the date of the auditor's report, apartments for Investment in Hiyaa Project as highlighted in Note 5 have been handed over to staff of STELCO.

The Board of Directors of the Company has approved to increase the authorised share capital to 6,000 ordinary shares with a par value of MVR 1,000,000 each and is in the process of negotiation with its shareholders to do so. As of the date of auditor's report, the authorised share capital has not been increased yet.

40 Comparative figures

Comparative figures of the financial statements have been reclassified wherever appropriate to confirm with current year's presentation.

41 Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on August 23, 2023.





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