



ANNUAL REPORT 2017



This report is prepared by the Companies Act of the Republic of Maldives (10/96). This is the Annual Report of 2017 of Maldiv Gas Pvt Ltd (MGPL), as approved by the Board of Directors of Maldiv Gas Private Limited. Other terms stated in this report such as 'we,' 'us,' or 'MGPL' refer to Maldiv Gas Private Limited.

This Annual Report is based on current Expectations or beliefs as well as assumptions about future events. Undue reliance should not be placed on any such statements because by their very nature; they are subject to known and unknown risks and uncertainties, which could be affected by other facts that could cause actual results.



a subsidiary of STO



COMPANY OVERVIEW

Maldives Gas Pvt Ltd is the leading provider of Liquefied Petroleum Gas (LPG) in the Maldives. Established nearly two decades ago as a subsidiary of State Owned Trading Organization PLC (STO), the company imports, sells and distributes Liquefied Petroleum Gas (LPG) and industrial gases. Maldives Gas is also the sole producer and supplier of medical oxygen in the country. The company's oxygen plants are located in Hulhumale' Hospital and Indira Gandhi Memorial Hospital, which would aid in the stability of the supply process to all the hospitals and health centers, throughout the country. MGPL is also the sole provider of anesthetic gas and Nitrous Oxide in the Maldives. To provide customers with total solutions for cooking, the company also sells a wide range of related accessories and appliances such as gas stoves, regulators, camping cylinders and gas pipes from recognized selected brands such as 'Flamingo' & 'Sanford.'

The Company operates production storage and filling plant in K. Thilafushi in addition to four distribution facilities, located in Thilafushi, Malé, Villimale, and Hulhumalé. The station in K. Thilafushi functions as the main LPG storage and filling facility. With more than 300 agents located strategically across the nation, Maldives Gas ensures all inhabited islands and resort customers are continuously supplied with an adequate supply of LPG and other industrial and medical gases.

COMPANY VISION

Our vision is to be a world-class national gas company through innovation and excellence.

COMPANY MISSION

Our mission is to constantly strive to deliver today's LPG and household energy demands while continuing to search and innovate for tomorrow's energy solution.

CORE VALUES

SPIRIT OF SERVICE

Being a commercial company, we aim to focus on engaging our customers with our devoted service attitude.

ECO-FRIENDLY & SUSTAINABILITY

We care about promoting sustainability, and we are constantly researching ways to make our products more ecological.

SAFETY

The welfare of our staffs and customers is our priority, and we shall never compromise their safety in either of our manufacturing or distribution processes.

INVENTIVENESS

Our staff teams are always researching innovations in our global industry, and we strive to create greater value for our products to our customers, partners, and staff.

EXPERTISE & INSPIRATION

We actively seek to nurture staff skills and keep our staff motivated so that our customers will receive the best service.

ENTREPRENEURSHIP

We never hesitate to take on new challenges, and we are relentlessly looking out for more opportunities and ventures to create value for our consumers, shareholders, and staff.

SYNERGY

We work as one and stand together. We take collective ownership of both our failures and successes.

COMMUNITY

We are committed to making meaningful contributions in communities where we operate. Including the maximizing of the local employment and economic development opportunities that our projects can provide and grasp every opportunity that can help us work for the betterment of our country.



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OVERVIEW

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, it is my pleasure to extend my sincere greetings and present to our shareholders, partners, and customers the Annual Report 2017 of Maldives Gas Pvt Ltd. In 2017, we once again saw the delivery of consistent, competitive, profitable and responsible growth, a trend that has now been firmly established at Maldives Gas Pvt Ltd. The company was formed to cater to the needs of the nation's LPG requirement and to make sure the availability of LPG throughout the nation without any interruption. In this context, the aim of the company is not about profit maximization but more on delivering our services throughout the nation at an affordable price with continuous availability.

MGPL has continued with the strategy of diversifying and to enhance its services in order to increase the company's presence in faster growing and more profitable segments of the market. The introduction of innovations and a range of more modern products have ensured that we continue this trend of positive growth for a 4th consecutive year. This step-up in the company's performance is founded on a much clearer streamlined operating model and leaner organizational structure, which together have helped to generate the funds for growth while also resulting in significantly higher levels of operational efficiency and service delivery.

Increased investments, a greater focus on product quality and innovation in operational matters have helped to modernize MGPL's essential infrastructure and support growth over the longer term. As part of the business expansion strategy and improving business efficiency, we have commenced making a considerable investment in expanding the existing LPG gas storage facility in G.Dh. Tinadhu. The investment is going to be financed by commercial loan, and I am pleased to announce that we are ready to move forward with the LPG Gas storage expansion in the coming weeks. An essential element in the enhanced performance of the company over this period has been a steady improvement in the strength and depth of MGPL's senior management. Leadership development, talent management, and succession planning have all been prioritized in pursuit of this objective, and I have been pleased throughout my chairmanship to engage the Board fully and actively in this process. In 2017, we were once again reassured by the robustness of the process and by the pipeline of talent available inside MGPL. A similar emphasis has been given to the diversity of talent yet, with excellent results.

We are committed to delivering value to our shareholders. In this regard, on behalf of the board, I am pleased to see the company's commitment to sustainable and equitable growth. This year we are reporting a revenue growth of 16.7% which is tremendous value for the company. We would like to thank the shareholders for their support and valuable guidance they have given to the board in making this another successful year.

These successes are the result of the vision and leadership of the company's executive leadership and management team. On behalf of the Board, I would like to thank all of MGPL's, staff and management especially the company's Managing Director Mr. Abdulla Maumoon for his and his team's outstanding contributions to the company.

I would like to commend and thank my fellow members of the Board of Directors for their hard work and commitment to the success of the Company over

the past year. With their full support, I am confident of the company's ability to tackle the challenges and opportunities ahead.

Finally, I would also like to thank our customers and partners for their unwavering belief in our products and services. We aim to create maximum value for the customer by focusing on improved customer service and experience, newer and better products and an unwavering commitment to making things better.

A handwritten signature in black ink, appearing to read "Ahmed Shifan".

Ahmed Shifan
Chairman

MANAGING DIRECTOR'S STATEMENT



2017 was another year of success for Maldives gas Pvt Ltd. Our revenue is up, profits have increased, and we've continued our growth trend. Likewise, we've taken significant efforts to reduce our delivery time and address other customer pain points. We've embraced innovation as a core strategic outlook and have introduced new technology to achieve operational excellence.

As the nation's leading provider of LPG and other industrial gases, we have a crucial role to play. In this regard, our outlook goes beyond commercial

considerations. Even though we are a business venture, we are a public utility with thousands of Maldivians relying on our products in their daily lives. As a public utility, our first and foremost responsibility is to ensure that Maldivian households have access to the cooking energy they need. The same is true of our role as a supplier of high-grade medical oxygen; we have to ensure uninterrupted supply irrespective of the business environment. We take these roles highly serious, which is why in the past year, we have made substantial investments to ensure that LPG supply remains consistent by inaugurating the expansion of the GDh.

Thinadhoo storage facilities. Likewise, we have invested in IGMH to install an oxygen production facility at the hospital to avoid any critical supply bottlenecks.

Another important aspect of our strategic outlook last year was our continued commitment to innovation and technology. I am pleased to note that we have introduced some innovative digital services previous year that has held great appeal for customers. Initiatives such as 'Enhancing the ICT Infrastructure' project have helped reduce the risks associated with ICT service delivery while allowing our customers to directly interact with our delivery application, like placing an order via an SMS. As a result, this has added an extra layer of convenience to customers while ensuring improved security and ensuring that our systems are reliant on up to date future-proof technologies. These initiatives are very much in line with our commitment to introduce newer technologies since last year which included the inauguration of the Automated LPG filling plant and conveyor system at K. Thilafushi. We shall strive to remain at the leading edge of innovative development, leveraging our ability to be ahead of our competitors.

The most important asset in our role as the leading provider of household LPG is our talented and dedicated staff. We are blessed to have a staff base who are willing and can grow and develop. This is why we continue to invest in providing them increased opportunities for training both locally and abroad. Likewise, our streamlined organizational structure has resulted in greater operational efficiency which in turn would translate to greater value for our customers and shareholders alike.

I want to acknowledge the significant contribution of all MGPs employees to the company's continued successes and thank them for their dedication and commitment over the past year. Also, I thank STO for the support and guidance, and I extend gratitude to the Government of Maldives for the encouragement and vision in allowing businesses such as ours to flourish and contribute to the overall betterment of the national

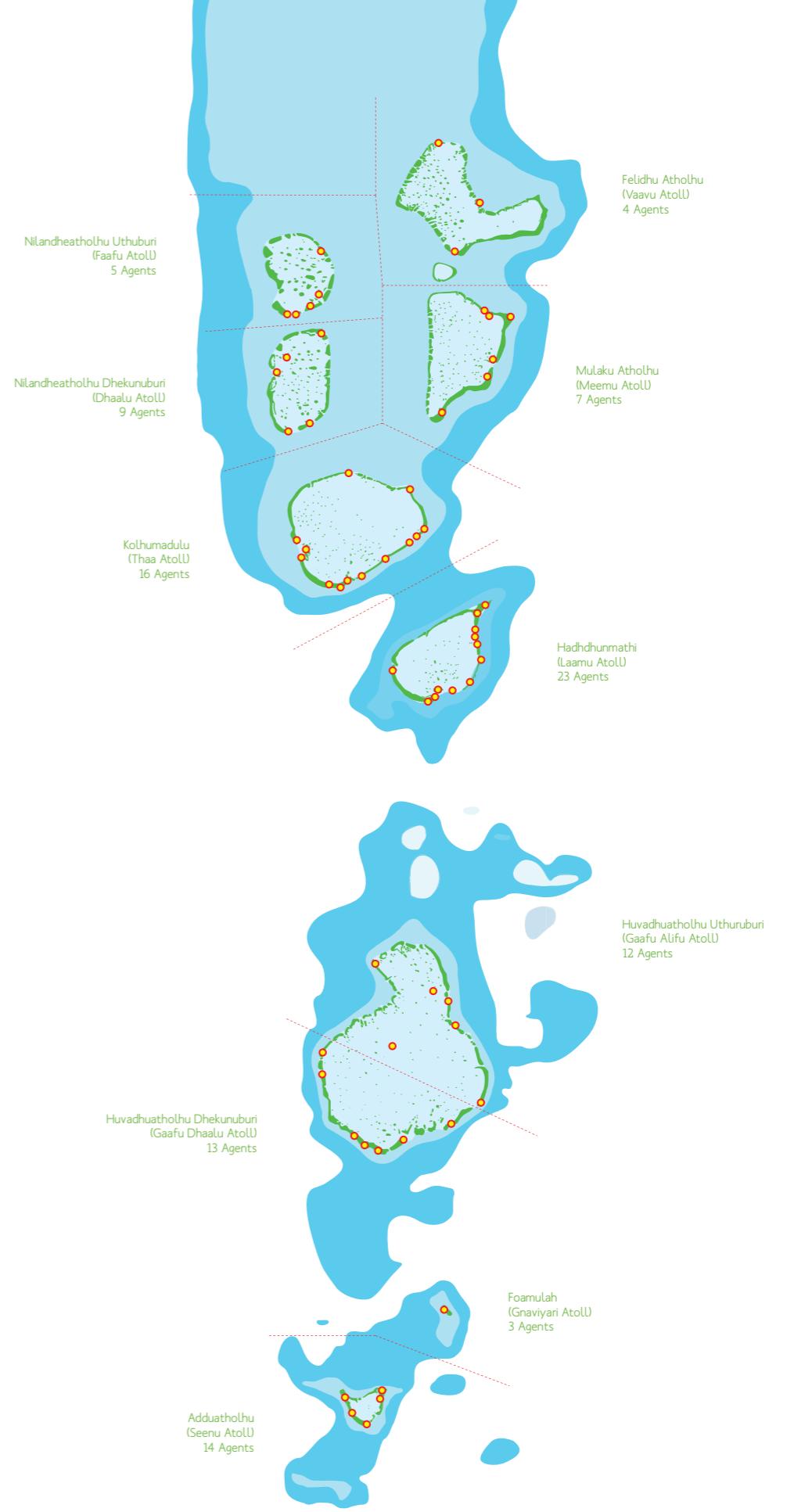
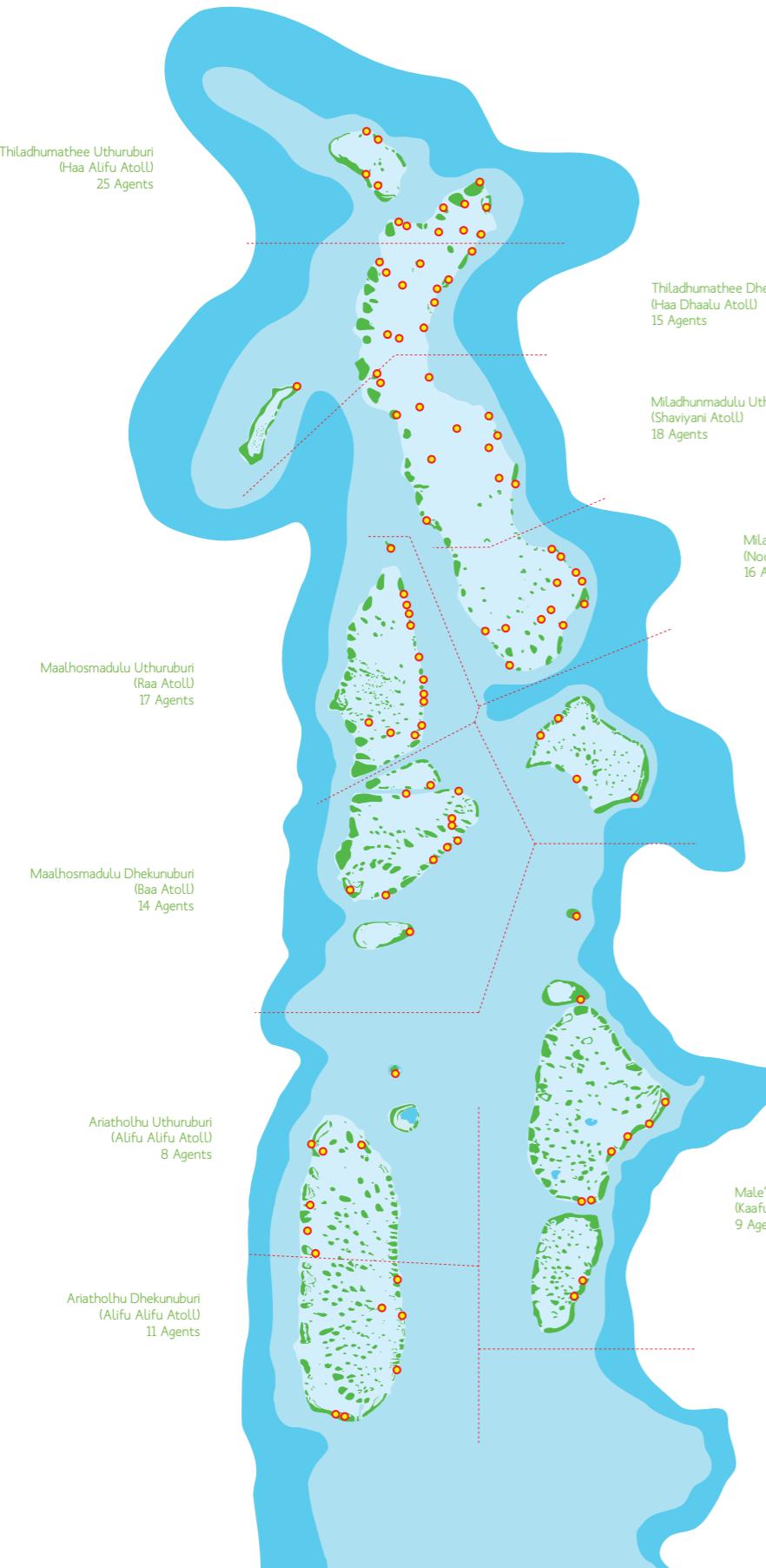
economy. I would also like to thank the Board of Directors for the guidance and assistance in taking the company forward.

We have an exciting journey ahead in the coming years, and I am delighted to be a part of and leading this journey. With a result-oriented plan ahead, I am sure the coming year will be as fulfilling for all of us at MGPL, as for our shareholder.

A handwritten signature in black ink, appearing to read "A.M." followed by a stylized surname.

Abdulla Maumoon
Managing Director

OUR PRESENCE





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FINANCIALS

FINANCIAL HIGHLIGHTS

REVENUE

240.4 m



16.7%

MEDICAL & INDUSTRIAL GAS

39.2 m



96.2%

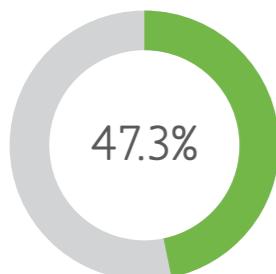
REGISTRATION FEE

6.36 m



20.2%

GP MARGIN



LPG

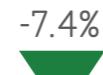
192.8 m



8%

GAS COOKERS & OTHERS

2.04 m



-7.4%

GROSS PROFIT

113.6 m



0.9%

EBIT

50.1 m

BASIC EARNINGS PER SHARE

592.72

RETURN ON CAPITAL EMPLOYED (ROCE)



TOTAL ASSETS

249.5 m

SHAREHOLDERS' EQUITY

185.7 m

NET PROFIT

40.3 m

FINANCIAL REPORT

2017 was a remarkable year for MGPL recording high sales revenue over the past years amounts to MVR 240.5 million, an increase of 17% compared to 2016. The company closed its Financial Year 2017 with Total Assets of MVR249.5 million; an increased 5.2% compared to the previous year. The overall liabilities compared to 2016 had declined 22.07% while total assets increased by 5.16%. The future of the company seems promising with the increase in customer base and strengthening the existing customer relationship.

	FY 2017	+/- (%)	FY 2016	FY 2015
Revenue	240.4	16.70%	206.1	193.9
Gross Profit	113.6	0.90%	112.7	104.1
Gross Profit Margin	47.30%	-13.60%	54.70%	53.70%
Operating Profit	50.1	-5.90%	53.2	60.4
Profit before tax	47.6	-6.30%	50.8	58.8
Net Profit	40.3	-6.50%	43.1	49.4
Basic EPS	592.72	-6.50%	634.07	727.75
Net cash from operating activities	43	-21.00%	54.4	59.6
Total Assets	249.5	5.20%	237.2	210.1
ROCE	24%	-20.60%	30%	36%



REVENUE

In 2017, the company recorded MVR240.4 million in revenue, a 16.7% increase compared to the MVR206.1 million earned in 2016. LPG had a substantial year with a sales growth of 8% amounting to MVR192.8 million. LPG sales accounted for 80% of total revenue.

Medical and industrial gases contributed 16% to total revenue in the year 2017. The sales of medical and industrial gases had a remarkable growth of 96.2% amounting to MVR39.2 million compared to the MVR19.9 million earned by that segment in the prior year. This increase is due to the distribution of industrial gases to the main industrial projects conducted in the Maldives.

Gas cookers and related equipment total revenue for the year was MVR2.04 million. Compared to 2016 this is a 7.4% decline in sales but a notable increase compared to 2015. Gas cookers and related equipment contribute 1% of the total revenue of the company.

The company continues to maintain and grow the current customer base. Thus year 2017 had a noticeable growth in registration fees. The outstanding 20.2% increase in registration fees brought MVR6.36 million comparing to 2016 that had a total of MVR5.29 million.

REVENUE BY PRODUCTS (%)



- 80% LPG
- 16% Medical and Industrial Gas
- 3% Gas Cooker and related Equipments
- 1% Registration fee

TURNOVER (MVR MILLIONS)



PROFIT ANALYSIS

In 2017, MGPL recorded an operating profit of MVR50 million, a slight decline compared to the previous years' profit of MVR53.2 million. The net profit for the year ended 2017 recorded MVR40.3 million, a 6.5% decrease compared to 2016. The increase in administrative expenses and sales and distribution expenses resulted in the fall in operating profit throughout the year. Administration expenses increased to MVR45.2 million in 2017 from MVR42.4 million in 2016 mainly due to the immense increase in amortization expenses of MVR4.3 million. Increased cylinder transportation expense and advertising & promotion expenses contributed to the significant increase in marketing and distribution expenses during the year. Gross profit remains constant with a slight growth of 0.9% to MVR113.6 million.

Although the interest on overdraft had decreased during the year, the rise in rent expenses and depreciation contributed to the decline in profit before tax for the year.

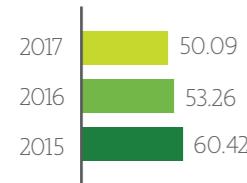
GROSS PROFIT



PROFIT BEFORE TAX



EBIT



FINANCIAL COST

The company incurred a net finance cost of MVR 2.5 million throughout the year, this is a 06% favorable decrease as opposed to 2016, which likewise recorded MVR 2.6 million. The Company had obtained an overdraft facility from HSBC at an interest rate of LIBOR +8.5% and Bank of Maldives at an interest rate of 9% per annum, for working capital requirements and international acquisitions. Bank of Maldives overdraft facility expired in July 2017.

TAXATION

In accordance with the provisions of the Business Profits Tax Act No. 5 of 2011, relevant regulation and subsequent amendments to it, the Company is liable for Income Tax at the rate of 15% on its taxable profits. Total taxable income declined 6.4% to MVR52.4 million in 2017. This change in taxable income led to a reduced tax expense for the year 2017 totaling to MVR7.85 million. Tax expense for the year 2016 amounted to MVR8.4 million.

BALANCE SHEET

At the end of fiscal 2017, total assets amounted to MVR 249.5 million, up MVR 12.2 million from the end of the prior year as a result of investing in acquisition and construction of property, plant, and machinery as well as increased trade and other receivables. Current assets amounted to MVR 98.6 million, a fall of 9.63% from the end of the previous fiscal year, mainly owing to cash and cash equivalents and related parties receivables. Although inventories increased to MVR 11.7 million and trade and other receivables increased considerably to MVR 24.1 million compared to the previous year of MVR 15.3 million.

CASH FLOW

Net cash provided by operating activities recorded MVR43.04 million in 2017, a 20.9% decrease compared with the previous fiscal year. The vast decline in operating activities was due to increased changes in inventories and amounts due from related parties and other receivables.

Net cash used in investing activities amounted to MVR34.08 million in 2017, a 37.7% decrease than that used in previous fiscal year. Refundable deposits received during the year recorded and significant increase of 162.6% to MVR4.74 million compared to 2016.

Net cash used in financing activities amounted to MVR10 million in 2017 which was paid a dividend. Compared to 2016 net cash used in financial activities amounted to MVR22.2 million. No loan repayments were recorded during the year. The board of directors has declared and paid dividend MVR 10,000,000/- (2016: MVR 22,222,222/-) for the year ended 31st December 2017.

These changes resulted in cash and cash equivalents as of December 31, 2017, amounted to MVR37.6 million.

TOTAL ASSET





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PERFORMANCE

OPERATIONAL HIGHLIGHTS

- Maldives Gas is the supplier of industrial gas to mega-projects such as the China-Maldives Friendship Bridge construction and Chang Hua-Maamigili project.
- In late 2017 LPG filling and production automation project was completed.
- The premium range of cylinders under the brand "Luifulhi," the stock that was brought in was completely sold out during the year 2017 with several promotions.
- Successfully launched Gas appliances and accessories promotion and introduced 'Sanford' 'Flamingo' and 'Philips' brand kitchenware and electric appliances as a Ramadan promotion.
- During the year, Maldives Gas has commissioned oxygen production plants in IGMH and Treetop Hospital. Maldives Gas would monitor the plants.
- To develop an effective risk management plan, Maldives Gas has commenced building storage expansions in Southern Atolls.
- Acquisition of additional delivery vehicles to support Male' operations.
- The Board of directors approved the Company's 05 year strategic business plan on 19th February 2017.
- Initiated discussions with Housing Ministry and STO to change the Male' operations set up to an industrial zone.
- Cylinder transportation dhoani, fabrication of 14 Cylinder cages are completed.
- Storage expansion project at GD.Thinadhoo.
- Taking over STO gas operations in regional areas, LPG Operation has initiated in Kulhudhuffushi, Hoarafushi, and Eydhafushi.
- Landing craft fabrication was completed, and final checkups were rendered by the chief engineer in Indonesia on 29th November 2017.
- Makunudhoo warehouse project was completed on 20th May 2017.



OPERATIONAL PERFORMANCE REPORT



Record Revenue

January 2017, marked a record for sales in the history of Maldives Gas with revenue at MVR 21,364,740. The outlet that performed the best was MGPL's principal at Thilafushi sales. The second best performance was from the Male' unit even though overall sales from the Male' unit sales decreased compared to the same period last year.

Improving Organizational Efficiency

Efforts were extended to streamlining of the organization structure and the much-needed increase in storage capacity. Similarly, the Remuneration Committee undertook a series of focus interviews with Department Heads to work out the most efficient structure for the different Departments. A company wide-restructuring effort was undertaken which was completed by the end of the second quarter of 2017.

Automated LPG Filling Plant and Conveyor System

The company also established automated LPG Filling Plant and a Conveyor System in Thilafushi. This station is designed for a complete automatic gas filling process where it washes the cylinders, dries and fills them. The entire operations of LPG are fully automatic currently.

The transfer of gas cylinders to the vessel is done via an automatic belt as well. Moreover, a monitoring system shows when the cylinders are filled to the standard weight, this system is also accessible through the mobile phone.

MVR 17.3 Million was spent on the completion of this project in collaboration with an international company. The practical work of this project was commenced in September 2016 and was finished on 23rd June 2017. This system will immensely increase the speed of filling, facilitate quality maintenance of cylinders and significantly improve the productivity of overall operations.

IGMH Oxygen Plant

During the third quarter, on the 20th of July 2017, the installation and commissioning work on the oxygen plant in IGMH was completed and inaugurated, which was the most integral event. The directors of MGPL launched it. This plant is a fully automated plant where the oxygen supply is directly delivered to the patients in the hospital through the oxygen pipes. It also saves an extensive cost in terms of logistics management and utilities.

New Investments in Delivery Vessels

Landing craft fabrication was completed, and final checkups were completed in Indonesia on 29th November 2017.

On 31st December 2017 "Gas Maa" renovation was completed, and operations were commenced. Gas Maa Dhoani renovation works started to increase capacity which enables to carry more cylinders and minimize labor cost and increase efficiency.

Enhancing ICT Infrastructure

Enhancement of the ICT Infrastructure was conducted to reduce the risks of ICT service delivery associated with the legacy infrastructure and upgrading it where necessary aiming to allow our customers to directly interact via our delivery application, such as placing an order via an SMS. The major work included implementing a powerful firewall hardware system and upgrading the operating system to the latest 64bit encryption. As a result, this has added an extra layer of security while allowing all legitimate communication to flow freely and quickly. This implementation also has shown significant speed improvements to the delivery system as well as in the back office accounting process. With the upgrading of the Infrastructure, the company has brought all the necessary changes to its application system extending its lifespan and ensuring that compatibility will not be an issue.

Storage Expansion Project at Gdh Thinadhoo

The storage expansion project at GD. Thinadhoo continued as EIA test was completed and negotiations were underway with the suppliers, and the company received two proposals while email correspondence was carried out to get the third proposal. On 21st December 2017, MGPL signed the agreement with Idevelopers PVT LTD for procurement of 05 tones lorry required for the Thinadhoo project. The fence work was completed by the end of November 2017 and warehouse work was initiated. The project is to be commenced at the beginning of 2018 and accomplished for the coming year 2019.

The company has conducted a fire and safety training program in collaboration with MNDF fire and rescue



services, to guarantee mutual commitment to maintain adequate and efficient service and safe, responsible management of fire relevant matters. It also benefits in maintaining positive employee morale and amicable alliance to establish a safe environment for employees.

Recognition of Excellence

During the First quarter, Maldives Gas won the prestigious and prominent 'Corporate Governance and Compliance Award' from parent company STO for the year FY2016. The award was presented by STO's Chairman Hussein Salim to Managing Director, Abdulla Maumoon, at a special ceremony to celebrate STO's anniversary.

On 23rd April 2017, MGPL received the prestigious shield from MNDF at the ceremony celebrating the 125th anniversary of MNDF.

The end of the year was just as productive as the beginning. MGPL was nominated once again as one of the leading companies of 2017 for the Gold 100 Gala Awards ceremony.

Special Promotions

MGPL also launched a promotion lowering the registration fee for 'Luifulhi' to MVR 1000 from 20th February to 20 March 2017.

In order to seize every opportunity to build business relationships, generate goodwill, and earn the trust of prospective buyers and customers, MGPL held kitchenware sales, made contributions, committed in donations, signed sponsorships, held promotional contests and events such as the Lui Promo event to decrease registration fee for Lui fulhi from 1st November 2017 to 30th November 2017.

During the second quarter, the Company revised the LPG prices during the Ramadan for household customers. MGPL's target was to provide the service at a sustainable economic rate. On 17th May 2017, the price of LPG10 was reduced until 2nd July 2017. Major PR activities were carried out to communicate the reduction of LPG10. Agent's survey was done, and a special team was set up to effectively manage and monitor the process to ensure the price reduction benefits to all the island customers. Moreover, on 12th June 2017, MGPL introduced 2kg backup gas cylinder.

On 25th August 2017, promotional campaigns were carried out for kitchen appliances in Male', Hulhumale', and Villimale'. It was executed on 30th September 2017 as the team achieved the set target for the promotion.

CORPORATE SOCIAL RESPONSIBILITY



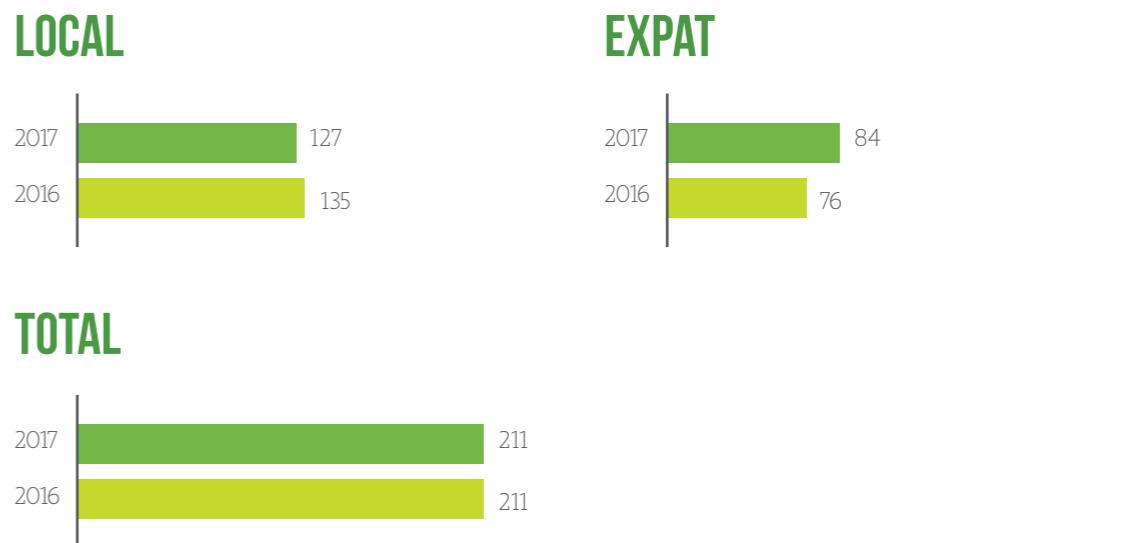
Corporate social responsibility implicates going beyond the precept of only commercial interests and considering society, so that we may contribute towards the society's betterment and uphold the value of favorable citizenship. Some of MGPL's contributions cover fundraising initiatives for social causes, charitable donations, awareness programs as well as staff volunteering programs.

In July 2017 Maldives Gas has contributed to constructing a laboratory at Raa. Innamaadhoo Health Centre as CSR contribution to support and develop health sector facilities. The company also supports and contributes to the United Nations Global Compact annual fund to carry out social development campaigns at the national level. Furthermore, the company has provided sponsorships and financial support to various schools and youth clubs to conduct sports activities, educational fairs, and exhibitions throughout the country.

During December 2017 MGPL took active participation in the Hithaane Festival organized by the first lady of Maldives. The company also provided complimentary gas to K. Guraidhoo Home for people with special needs, throughout the year 2017. Again, the company is delighted by this opportunity.

As a result, of the company's unbroken adherence, MGPL has improved its appearance and sustained its reputation as a contributor to social well-being.

STAFF & ORGANISATIONAL STRUCTURE



As it can be seen above, there was an increase of 08 recruitments of the expat from the previous year, this is mainly due to the challenges faced to retain local employees, engaged in operational areas at our three main outlets located in Male', Hulhumale' and Villimale.'



Strengthening capabilities

MGPL's performance depends, initially and foremost, on its employees. The organization seeks to generate the capabilities of managers and workers, to assist them in developing oneself professionally and to position the organization for future success. Talent associated development activities are aligned to a few priorities: building leadership capabilities and developing future leaders; fostering an environment that supports sustainable performance, and promoting continuous professional and personal development for all staff.

There has also been a particular strategic focus on integrating divisional graduate trainee programs for all infrastructural functions, to build a broader and more flexible talent pool for the future. As a result, junior employees were offered improved career opportunities and flexibility, a key factor determining MGPL's overall ability to retain people with the requisite skills.



Creating a lean and effective organization

MGPL have developed a work environment where individuals are entrusted with substantial responsibilities early in their careers. This practice is part of management's philosophy to train and groom tomorrow's leaders. The company's flagship management trainee program has conducted training for senior management as well as line staff with leadership potential across MGPL. The program also provides extensive cross-functional experience through live-projects and assignments.

This readiness isn't solely regarding business skills however conjointly regarding leadership skills and maturity. It additionally provides a foundation for the core values of our business.

Target Groups	Training Program	No of Trained Staffs
Sales, HR & Admin	Communication Skills Training	17
Sales, HR & Admin, Finance	Excel Training	39
Company Secretary	World Class Company Secretary and Board Evaluation Seminar	1
HR & Admin	Strategic Leadership	1
Production & Engineering	Nebosh Certificate in Oil and Gas Operational Safety	1
Sales	Mastering the Close with Consultative Selling	1
Legal	Communication, Coordination & Leadership	1
Production & Engineering	Enhancing Leadership & Supervisory Skills	1
Marketing & Business Development	South Asia Sub regional Economic Cooperation (SASEC) Vision Flagship Initiative	1
	Strategic Marketing Management	1



Increasing employee engagement

To boost staff morale and ensure greater cohesion amongst staff at, some social and recreational activities were administrated throughout the year. "Gas Club," the recreational club at MGPL had carried out internal and external operations for the staffs to participate. Key events embrace Club Maldives Cup tournament, 18th Anniversary Handball tournament, 18th Anniversary Cricket tournament and S.T.O Futsal tournament 2017. During 2017 H1N1 influenza (swine flu) was spreading at a rapid rate within the Maldives, particularly within the capital, Male' City. MGPL took the initiative to ensure the health of our employees. Therefore the decision was taken to vaccinate all staff as a precautionary measure against H1N1 influenza (swine flu). We firmly believe that our staff are the most valuable asset of the company and our success rests on our employees' hard work and dedication.

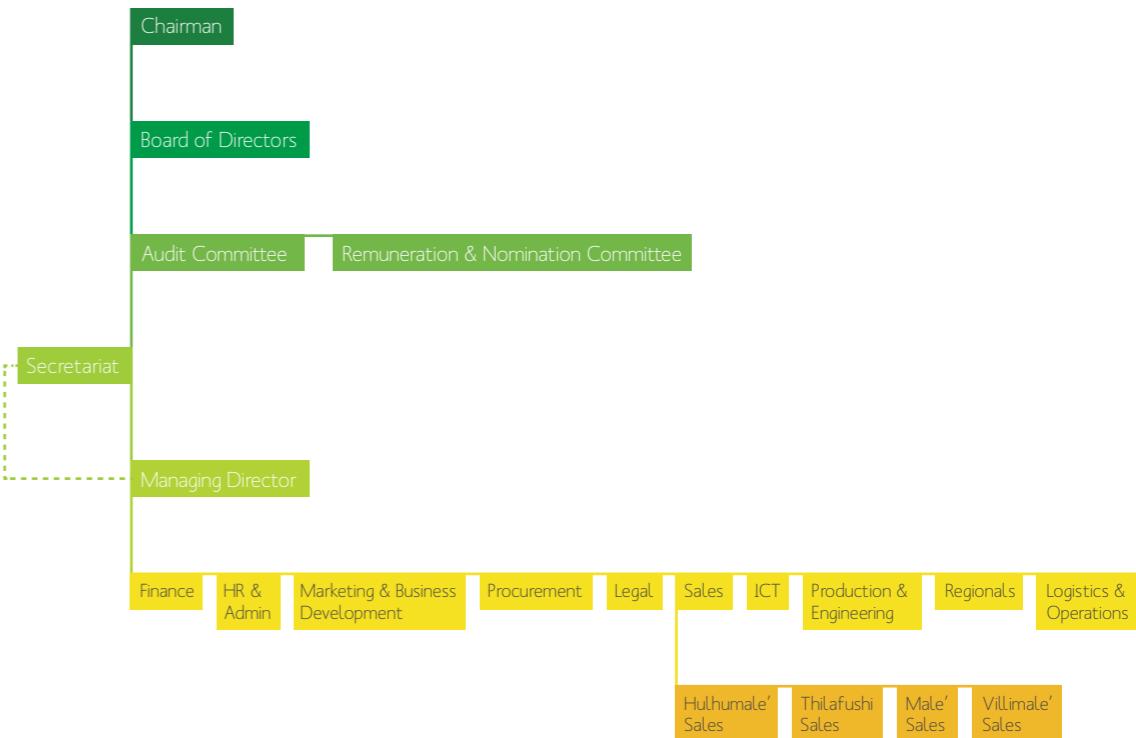
Establishing a safe environment to work

Our mission is to protect and enhance the well-being of our staff, visitors, and partners. Safe operating is non-negotiable. Our safety practices guarantee that all attainable safety hazards are identified and eliminated; not solely within the workplace, conjointly throughout travel too.

Highlights/achievements/milestones of the year

MGPL sponsored a variety of post-employment benefit plans for our staff. In this regard, long-term training opportunities were given to key teams considering their service to the organization.

MALDIVE GAS ORGANIZATIONAL STRUCTURE





04

STRATEGY

RISK REPORT

The dynamics of the global economic market shows rising gas prices is the main risk of being encountered by the Company on a macro scale. This risk might put a squeeze on the financial situation of the Company. More urgently, the shortage of United States dollar supply, the lack of storage capacity and a shortage of funds were the most compelling challenges facing the corporate leadership for the year 2017.



STRATEGIC RISK

Reputation risk

It's no surprise that strategic risks can disrupt business strategy and impact reputation. However, when managed effectively, they can also accelerate performance, lead, navigate, and disrupt to turn risks into your advantage. Risks have the potential to upend business strategy and threaten brand and reputation. However, when viewed through a strategic lens, risk can also be a tremendous opportunity to achieve competitive advantage.

Risk Level: Moderate

Security Risks to Data and systems

Securing data is an essential concern for any business. Threats and risks to ICT Systems and data are an everyday reality; these threats constantly evolve to find new ways to annoy, steal and harm. The Company has been investing and using its resources to safeguard against this complex and growing security threats and to minimize the risks associated with it to the lowest possible. Such actions include replicating hardware systems, CCTV surveillance, and data backing up, firewall & anti-virus implementation and so on.

Risk Level: Moderate

Storage capacity risk

The capacity of Maldives gas Thilafushi storage tanks are 1000MT, and the amount ordered for the storage tanks are 1000MT. There's a significant risk with a delay of shipments because of bad weather or due to technical errors of the ship. If the consignment gets delayed the tanks stay dry, with no supply of LPG to the customers. Installation of additional 200/400MT tanks will decrease this risk. Moreover, with any leak LPG can be caught on fire easily and since LPG is denser than air, it will displace oxygen which will cause asphyxiation (Suffocation) and frostbite if a person comes in contact with a considerable leak area resulting in significant injury or some cases fatal. LPG storage tanks must be surveyed every six years, but there haven't been any surveys done in that regard over the last 14 years, this will result in damaged safety relief valves and also increases the risk of explosions/damage to storage tanks due to high pressure.

Risk Level: High



FINANCIAL RISK

Credit risk

Credit risk is the risk of financial losses to the company if a customer fails to meet its contractual obligations, and arises principally from the company's receivable from the customers and related entities. This risk is mostly to do with the inability to collect debts from customers who are mostly on credit basis regarding products and services provided. In future, the issue of credit may turn out to be a significant threat if it is not properly managed in due time.

Risk Level: Moderate

LPG Price Fluctuation Risk

In the past, the Company did not hold a position to change selling prices to reflect fluctuating LPG prices in the market. The Company needed to have the flexibility to change the selling prices to reflect costs and find suppliers who could offer lower freight costs. Earlier, suppliers were not ready to cater for orders less than 1000MT. However, with continued efforts, the company has successfully negotiated with some suppliers to provide for requests less than 1000MT.

Risk Level: Moderate

Risks, which may occur, while purchasing LPG

The Company does not have supply agreements with LPG suppliers, and as a result, the company is forced to buy LPG on the spot. Existing purchasing behavior also leads LPG stock-outs, which can be avoided if supply agreements exist. It is essential to maintain annual supply contracts to enjoy lower freight costs and to make LPG purchasing more reliable. The Company finds it challenging to enter into supply contracts due to the existing limitations in storage capacity. Hence, the company has started the expanding its storage facility.

Risk Level: Moderate

Liquidity Risk

Liquidity risk refers to the challenges encountered by the Company in meeting the obligations associated with its financial liabilities either by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

Risk Level: Moderate

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will 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.

Risk Level: Moderate



OPERATIONAL RISK

LPG stock measuring Risks

In the 5 LPG bullet tanks, the measurement of the tanks is done manually by letting out LPG for a minimum period, which is considerable risk if the LPG catches fire.

Risk Level: High

Risks in Repairing and maintenance of storage tanks

LPG is highly flammable. While maintenance procedure is carried out, the possibility of a fire incident happening is high. So it is a significant risk while repairing and maintaining storage. Can cause asphyxiation because the tanks are confined spaces.

Risk Level: High

Cylinder verification Risk

Due to rust and external damages, cylinder is sometimes impossible to verify for identification.

Risk Level: High

Cylinders are kept in stacks of 2 or more while ascertaining the cylinders; possibilities are high of cylinder falling from above, damaging the cylinders which may result in explosion and damage to property.

Risk Level: High

Security risk

Terrorist Attack on Development and Exploration Sites.

Risk Level: Low

Fire & Safety risk

There are no sprinkler systems, fire hydrants or heat detectors installed in the new LPG filling hall. The main fire hydrant line must be repaired since it has undergone major rusting and many leaks have been found recently. The fire plan must be updated.

Risk Level: High

The below table indicates the identified risks and the risk level by MNDF - FRS.

No	Risks	Risk Level
1	LPG Shipment discharging jetty area, fire safety equipment's poor condition	High
2	LPG Tanks Storage area, fire safety equipment's heat and gas detectors poor condition	High
3	LPG cylinders filling hall area, fire safety equipment's heat and gas detectors poor condition	High
4	LPG Cylinders distribution jetty area, fire safety equipment's poor condition	High
5	Oxygen cylinders Filling plant area, fire safety equipment's poor condition	High
7	LPG and Oxygen cylinders maintenance area, fire equipment's poor condition	High

OPERATING WORKFORCE & RECRUITMENT RISKS

Employment Retention

High staff turnover due to demotivation can result in damage to the company in the long run.

Therefore, there lies a huge responsibility for the respective heads to manage their teams effectively and allow employment promotion in all levels within work force from time to time to avoid such risk.

Staff turnover occurs due to:

- No career growth
- Unfair dismissal for long term staffs since new staff receive near to same treatment
- No Salary or value benefit increment between day one and years of work
- Lack of appreciation towards employee's work and years of loyalty to company
- Demotivation and lack of job satisfaction.

Risk Level: Moderate

Critical Skill shortage

Not having the right people with the skills required to compete, innovate or grow can seriously hamper organizations future. If people with poor skills or lack of expertise in the field are appointed for jobs, it can cause delay of work, wastage of resources and cause the company to suffer as the wasted resources could've been allocated more efficiently.

Consequences of skill shortage:

- Company having to bear unnecessary high costs
- Delayed delivery of service
- Loss of customers

Risk Level: Moderate

How Poor Hiring Can Increase Risk

- Time spent on the new contract will deplete efficiency.
- Investing energy and cash attempting to adjust the slip-up of enlisting the wrong individual can result in disappointment or withdrawal of the remaining members.

- Poor hiring negatively affects other employee morale.
- Has a negative effect on client relationships.

Risk Level: Moderate

Employee Selection Risks

The Company should focus on hiring procedures to ensure that the most ideal candidate is appointed for the task at hand.

The organization practice to acquire staff currently include:

- An application form
- Background investigation
- Reference checks

Risk Level: Low

Security Risk

Substandard working conditions demotivate and diminish profitability while, inadequate correspondence results in mistakes, higher costs, diminished trust and responsibility. Clashes may expand costs and diminish efficiency; at last, they may prompt legitimate activities, punishments, and fines.

Good communication practices enable information to flow accurately between the individuals, and divisions within a business.

The company has prepared Handbooks with Segments that cover:

- Courtesy and expectations toward other employees.
- Terms of employment, details on arrangements such as probationary periods
- Disciplinary practices.
- Policies on attendance, breaks, work scheduling, use of equipment and tools, etc.
- Conditions and elements of compensation packages.

Risk Level: Low



FUTURE PROSPECTS

The main focus for the coming year will be the completion of the storage expansion project. The increase in storage capacity will offer an excellent opportunity for the company to benefit from LPG price fluctuations in the international market, while the reduced frequency of LPG shipment will enable considerable savings due to a reduction in transportation and handling premiums.

The company ascertain further cost savings to focuses on alleviating the problem of reject cylinders while strengthening safety measures.

Furthermore, to achieve optimum operational efficiency, additional LPG cylinder procurement has also been planned for the coming year. Combined with the numerous advantages of the expansion project along with the increase in cylinder stock, the Company will be able to capture a substantial market share with aggressive marketing campaigns, targeted towards gaining highest possible market share in the resort market. The ultimate objective of the company would be to maintain the position of market leader in the domestic market and gain a substantial hold on the commercial market segment.

Exploring avenues for procurement of LPG at a more economical price, given the rising trend of LPG prices remains the most defining issues for the leadership of the Company in the year ahead. Similarly, dedicatedly pursuing the development plans envisaged for the Company.

Furthermore, some of the essential plans for the future are commencing a Pilot LPG Pipeline project at Hulhumalé, utilization of a Landing craft in regional services and targeting to establish a storage facility in the Northern area of Maldives.



05

GOVERNANCE

A graphic element consisting of a large, thin green circle. Inside the circle, the number "05" is displayed in a large, light gray font. Below the circle, the word "GOVERNANCE" is written in a bold, lime green font.

DIRECTORS REPORT

Corporate Governance

Maldives Gas's 2017 Corporate Governance Report describes how our governance works, and the roles, compositions, and activities of Maldives Gas's Board of Directors and its various committees. The report also includes the remuneration of the Board and the Executive Management team and provides additional information on management governance structures.

MGPL complies with the Companies Act (Law no. 10/96) of the Republic of Maldives and follows the code of conduct for the Board of directors of STO group companies. At the start of the year 2017, on the 29th of January, Maldives Gas won the 'Corporate governance and compliance award' from parent company STO.

Board of Directors

Board of Directors are responsible for the management and setting the strategic direction of MGPL, and for managing, utilizing and maintaining the Company's assets in a manner consistent with the Company's objectives. The BOD is also authorized to represent the Company on any matter, to bind the Company to other parties and other parties to the Company; and to perform any actions, pertaining both to management as well as other affairs, within the boundaries set by the Articles of Association.

Roles and responsibilities of the Board

- Recruit, supervise, retain, evaluate and compensate the Managing Director.
- Provide direction for the organization.
- Establish a policy based governance system.
- Govern the organization and the relationship with the Managing Director.
- Fiduciary duty to protect the organization's assets and member's investment.
- Ensuring that the company complies with all relevant laws and regulations.
- Ensuring that technology and information systems used are sufficient.
- Form committees per requirement.
- Adopt disclosure policy.
- Monitor and control function.
- Upgrading the level of Proficiency and skill.
- Adopt the Annual and interim financial statements.
- Ensure that the Annual Report is submitted.
- Evaluation of performance and work.
- Providing sufficient time for the Company.
- Each director should add value to the Board.



Mr. Mohamed Murad
Director



Mr. Ahmed Shifan
Chairman



Mr. Abdulla Maumoon
Director



Mr. Abdulla Saleem Abdul Sattar
Director



Mr. Mohamed Shujau
Director





Board Composition

The number of directors of the board shall not be less than three (3) or more than seven (7). A meeting of the board of directors of the company shall be held at least four (4) times a year, and at least one (1) meeting shall be held at each calendar quarter. The Board comprises of three Independent Non-Executive Directors appointed by the Parent Company including one Director to represent shareholder Champa Oil and Gas Company and two Executive Directors including the Managing Director. The board is comprised in such a way, to ensure an appropriate balance of power and increased

Accountability by contributing unbiased and diverse advice to the company. The Board of Directors as of January 2017 are as follows.

Board of Directors (31st December 2016 - 31st December 2017)

Mr. Ahmed Shifan	Chairman
Mr. Abdulla Maumoon	Managing Director
Mr. Abdulla Saleem Abdul Sattar	Non-executive Director
Mr. Mohamed Shujau	Non-executive Director
Mr. Mohamed Murad	Non-executive Director

Board Evaluation

To ensure the quality of the work of the Board and to identify possible need for further expertise and experience, the board of directors must ensure to arrange an evaluation of the performance and the work of the board and its committees. The performance of the Board of Directors (non-executive and executive) must be reviewed, annually and the relevant company must draft the evaluation procedure and approved by STO Board before implementation. This evaluation must include Company performance, Board performance, Chairman Performance, CEO/MD Performance, individual Director Performance, Committees Performance and Company Secretary Performance. The results of this evaluation must be provided for review of STO Board, upon completion.

In 2017, the evaluations were carried out by way of each Board member responding to Evaluation forms. The compiled results were presented to the STO Board, and the Board deliberates on the results, develops an action plan and periodically reviews the progress of implementation as well.

A formal appraisal encourages all directors to reflect on what the board has accomplished, as well as on what it should be doing and how it works. Such a review can optimally result in all directors contributing to setting goals of the board. The commitment of all directors to the board's priorities and to improving board effectiveness makes those goals all the more likely to be completed.

Board Meetings

During the year, the Board held 18 Board meetings. The Board addressed strategic issues. The executive management of all business areas presented their goals and strategies. The Board also discussed matters related to human resources, such as incentive programs, environment, health and safety, and issues concerning investments and the review of previously made investments, as well as acquisitions and divestments. Executive members are invited to the board discussions, on the occasions where additional materials or explanatory information are required by the directors, such as risks, financial reports, strategies, etc.

The illustration below indicates the attendance of Directors to the Board meetings.

Ahmed Shifan (Chairman)

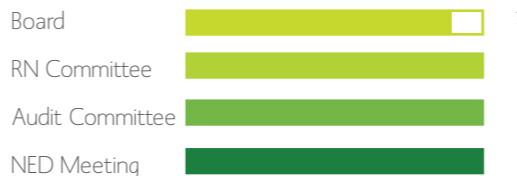


Abdulla Maumoon (Director)



17/18

Abdulla Saleem A. Sattar (Director)



Mohamed Shujau (Director)



13/18

Mohamed Murad (Director)



Major Board Decisions made during the year 2017

- Brought amendments to HR policy.
- Approved the company's Strategic Business Plan.
- Approved the feasibility of 99% purity level oxygen plant and resolved to go ahead with the project.
- Resolved to contribute one million to the clubs from the CSR budget.
- Approved purchasing a CO2 plant.
- Approved gold package insurance to the management and to executive directors.
- Approved providing industrial oxygen and acetylene to China Maldives Bridge.
- Resolved to distribute 3% from the 2016s' bonus profit of the company as staff bonus.
- Reduced the LPG price for the month of Ramadan.
- Approved the discount policy and the amended procurement policy.
- Resolved to build a fence around the Land acquired for the Thinadhoo project.
- Approved 2 million MVR as the marketing supplementary budget.

COMMITTEES

The Board and each of its Committees have written approved charters which set out the objectives, limits of authority, organization and roles and responsibilities of the Board and its Committees. The tasks of the Committees and their work procedures are stipulated in written instructions issued by the Board. The Committees' primary responsibility is to prepare issues and present them to the Board for resolution.

AUDIT COMMITTEE

Audit Committee supports the oversight function by reviewing and providing assurance on the integrity of financial statements; risk management and internal control; compliance with legal and regulatory requirements; the external auditor's performance, qualifications and independence; and the implementation of the internal audit function. The Audit Committee coordinates closely with the External Auditor.

The Audit Committee comprises of three Non-Executive Directors. The committee, as of January 2017 was as follows.

- Mr. Abdulla Saleem Abdul Sattar (Chairperson)
- Mr. Mohamed Shujau
- Mr. Mohamed Murad

During the year 2017, five Audit committees were held, and the Committee carried out various works, this includes reviewing the audited financial statements of the company for FY2016, reviewing the system of internal control of the Company, reviewing the internal audit plan of the Company, reviewing audit plans from the external auditor and its remuneration. The committee made recommendations on the re-appointment of the external auditor and reviewed the performance, constitution, and terms of reference of the Audit Committee. Furthermore, the Committee considered the budget for FY2018.

Major decisions of 2017

- Instructed to identify the risk areas and develop a committee to oversee and report the committee.

NOMINATION & REMUNERATION COMMITTEE

Remuneration and Nomination Committee approaches are intended to be equitable and robust against variable business conditions and time spans.

During the year 2017, five RN committees were held. Remuneration and Nomination Committee takes into account all factors, which it deems necessary including relevant legal and regulatory requirements, this includes approving the design of, and determine targets for any performance related pay schemes operated by the company and approving the total annual payments made under such schemes.

RN Committee also determines the policy for, and scope of pension arrangements for the Company as required by Law.

The Remuneration and Nomination Committee comprises three Non-Executive Directors. The committee, as of January 2017 was as follows.

- Mr. Mohamed Murad (Chairperson)
- Mr. Mohamed Shujau
- Mr. Abdulla Saleem Abdul Sattar

During 2017, The Remuneration and Nomination Committee reviewed and approved the new organizational structure and salary structure of the Company.

The Committee also reviewed the remuneration packages of senior management.

Major decisions of 2017

- Approved the following policies;
- HR policy
- Sponsor, Donation and CSR policy
- Remuneration policy
- Procurement policy
- Resolved to allow step increment.

CONFLICT OF INTEREST & MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

Use of corporate information and property and the acceptance and offering of gifts to and from the company, a conflict of interest policy was established in order to create a guideline for the disclosure of conflict and interest.. Declaration made on disputes and any interest on material monetary and other similar nature is to be declared through a form to the company secretariat, addressing to the chairman of the board. The executive team members must submit their forms to the company secretariat, while addressing it to the managing director. This form must be submitted semi-annually by the board of directors, executive team. All remaining staff members must submit the form annually.

The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest. In most instances, conflicts of interest can be avoided simply by continuing to exercise good judgment and, indeed, the company relies on the sound judgment of its employees to prevent any such conflict situations.

CHAIRMAN AND MANAGING DIRECTOR

The chairman and managing director must be separate persons, in order to ensure an appropriate balance of power and increased accountability. By authority, the chairman of the board is the highest power in the company. Alike the managing director is, by authority the highest power in the management of the company. The managing director is accountable for all executive management matters affecting the company and reports to the chairman and the board of directors. The Chairman of the company, Mr. Ahmed Shifan and the Managing Director of the company, Mr. Abdulla Maumoon remains in the post till date.

Roles of Chairman

- Meetings; Chairing board and general meetings, ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
- Directors; facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the board.
- Induction, development and performance evaluation; Induction, development, and performance evaluation of the board members.
- Ensuring effective communications with shareholders.
- General meetings; ensuring that all directors attend the meeting.
- Ensure effective implementation of board decisions.
- Provide consistent leadership of the company, in conjunction with the managing director, representing the company to customers, suppliers, government, shareholders, financial institutions, the media, the community and the public.
- Ensures the long-term sustainability of the business.

Roles of Managing Director

- Ensuring that all the operations are run within the standards and policies of the government, the organization, and the regulatory bodies.
- Developing the company's objectives and strategy having regard to the companies responsibilities to its shareholders, customers, employees and other stakeholders.
- Examining all trade investments and significant capital expenditure proposed by the company and the recommendation to the board of those which are material either by nature or cost.
- Risk management and controls; managing the companies risk profile, including the health and safety performance of the business, in line with the extent and categories if risks identified as acceptable by the board and ensuring appropriate internal controls are in place.
- Board committees; getting advice on remuneration policy, executive remuneration and terms of employment of the senior executive team to the nomination and remuneration committee and approving the same by the board.

NON-EXECUTIVE DIRECTORS

A non-executive director is a member of the board of directors of a company who does not form part of the executive management team.

Essentially the non-executive director's (NED) role is to provide a creative contribution to the board by providing independent oversight and constructive challenge to the executive directors.

Non-executive directors should take responsibility for monitoring the performance of executive management, especially about the progress made towards achieving the determined company strategy and objectives.

Non-executive Directors Meeting

As per the code of conduct for the Board of directors of STO group companies, the Non-Executive Directors held one meeting in the absence of an executive member of the Board. The purpose of this meeting was to review the performance of the management team and the Board as a whole while assessing the quality, quantity, and timeliness of flow of information between the management and the Board.

Major areas discussed in the Non-executive directors Meeting

- Evaluated the overall performance of MGPL in 2016.
- Evaluated the performance of the managing director.
- Evaluated the performance of the company secretary.
- Evaluated the performance of the management.
- Evaluated the progress on the decisions and projects of MGPL, which the board has approved.
- Resolved to establish a signatory policy.

ANNUAL GENERAL MEETING

Subject to the provisions of the companies act (Law no. 10/96) of the Republic of Maldives or any other law in force, the company shall in each year hold a general meeting of the members of the company and not more than fifteen (15) months should elapse between the date of one general meeting and the next.

SHAREHOLDING STRUCTURE

	No of shares	@RF 1000/-	Percentage of shares
State Trading Organization PLC	61,200.00	6,121,000.00	90
Champa Oil and Gas Company	6,800.00	6,800,000.00	10
Total	68,000.00	68,000,000.00	100
Authorized Capital (MRF)		80,000,000.00	
Paid Up Capital (MRF)		68,000,000.00	
Premium		12,000,000.00	

SENIOR MANAGEMENT MEMBERS

EXECUTIVE TEAM AND SENIOR MANAGEMENT AS OF 31ST MAY 2018

MGPL Executive Team supports the managing director in the day-to-day operations and management of the company, within their specific areas of expertise. The Executive Team meets on a weekly basis in a management meeting to update the managing director on tasks. MGPL's Executive Team is as follows:

Mr. Abdulla Maumoon	Managing Director
Mr. Ahmed Rameez	Manager - Finance
Ms. Aminath Mohamed Saeed	Manager - Marketing & Business Development
Mr. Mohamed Didi	Chief Engineer
Mr. Ahmed Munaz	Manager - Procurement
Mr. Abdulla Ashraf	Manager - ICT
Mr. Moosa Latheef	Manager - HR & Administration
Ms. Shiuna Abdulla	Company Secretary/PA to MD
Ms. Khadija Janifa	Legal Counsel

DIVIDENDS

1. Dividends

It was declared by the shareholders at its Annual General Meeting on 27th June 2018 to declare MVR 10,000,000 (Ten Million) of the net profit as dividends for the year 2017.

Total Dividend	10,000,000.00	
STO	90%	9,000,000.00
Champa	10%	1,000,000.00



AUDITED FINANCIAL STATEMENTS 2017

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER 2017

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Independent Auditors' Report
To Shareholders of
Maldives Gas Private Limited

Opinion

We have audited the accompanying financial statements of Maldives Gas Private Limited (the "Company"), which comprise the statement of financial position as at 31st December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and noted to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 3 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audited evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of directors for the Financial Statements

The Board of directions (the "Board") is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board 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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audited 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 auditors' 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.



Independent Auditors' Report

To Shareholders of

Maldives Gas Private Limited (Continued)

Auditors' Responsibilities for the Audited of The Financial Statements (Continued)

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 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, or the override of internal control.
- Obtain an understanding of internal control relevant to the audited 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 the Board'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 auditors' 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 audit evidence obtained up to the date of our auditors' 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 the Board 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.

Mohamed Shameel
For and on behalf of KPMG

29th March 2018
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MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

	FOR THE YEAR ENDED 31ST DECEMBER 2017	Note	2017 MVR	2016 MVR
Revenue	4		240,491,298	206,110,827
Cost of Sales			(126,808,263)	(93,392,349)
Gross Profit			113,683,035	112,718,478
Other Income	5		5,495,714	2,956,974
Administrative Expenses			(45,197,339)	(42,391,222)
Sales and Distribution Expenses			(23,881,635)	(20,021,185)
Results from Operating Activities			50,099,775	53,263,045
Finance Income	6		34,509	212,398
Finance Costs	6		(2,494,161)	(2,656,054)
Net Finance Cost			(2,459,652)	(2,443,656)
Profit before Tax	7		47,640,123	50,819,389
Tax Expense	8		(7,335,046)	(7,702,483)
Profit (Total Comprehensive Income) for the Year			40,305,077	43,116,906

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 70 to 93. The Report of the Independent Auditors is given on page 63 and 64.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2017

	Note	2017 MVR	2016 MVR
ASSETS			
Non-current Assets			
Property, Plant and Equipment	9	150,904,398	128,144,303
Available for Sale Investment	10	100	100
Total Non-current Assets		150,904,498	128,144,403
Current Assets			
Inventories	11	11,701,230	8,351,551
Trade and Other Receivables	12	24,127,060	15,258,151
Amounts due from Related Parties	13	13,679,467	15,347,667
Cash and Cash Equivalents	14	49,118,538	70,175,285
Total Current Assets		98,626,295	109,132,654
Total Assets		249,530,793	237,277,057
EQUITY AND LIABILITIES			
Equity			
Share Capital	15	68,000,000	68,000,000
General Reserve	15.4	10,313,122	10,313,122
Retained Earnings		107,474,583	77,169,506
Total Equity		185,787,705	155,482,628
Non-current Liabilities			
Refundable Deposits	16	12,503,994	9,030,549
Deferred Revenue	17	11,797,905	12,143,344
Deferred Tax Liability	8.2	1,594,499	1,934,903
Total Non-current Liabilities		25,896,398	23,108,796
Current Liabilities			
Deferred Revenue	17	6,387,707	5,648,000
Trade and Other Payables	18	6,274,450	8,058,646
Amounts due to Related Parties	19	10,223,322	9,984,802
Tax Payable		3,475,088	3,497,419
Bank Overdraft	20	11,486,123	31,496,766
Total Current Liabilities		37,846,690	58,685,633
Total Liabilities		63,743,088	81,794,429
Total Equity and Liabilities		249,530,793	237,277,057

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 70 to 93. The Report of the Independent Auditors is given on page 63 and 64.

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

Abdulla Maumoon
Managing Director

29th March 2018

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

AS AT 31ST DECEMBER 2017	Share Capital MVR	General Reserve MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2016	68,000,000	10,313,122	66,274,822	144,587,944
Profit (Total Comprehensive Income) For the Year	-	-	43,116,906	43,116,906
Dividend Declared for the Year (Note 15.3)	-	-	(32,222,222)	(32,222,222)
	68,000,000	10,313,122	77,169,506	155,482,628
Balance as at 31st December 2016	68,000,000	10,313,122	77,169,506	155,482,628
Balance as at 1st January 2017	-	-	40,305,077	40,305,077
Profit (Total Comprehensive Income) For the Year	-	-	(10,000,000)	(10,000,000)
Dividend for the Year (Note 15.3)	68,000,000	10,313,122	107,474,583	185,787,705
Balance as at 31st December 2017				

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 7 to 27. The Report of the Independent Auditors is given on page 1 and 2.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2017	Note	2017 MVR	2016 MVR
Cash Flows from Operating Activities			
Profit before Tax		47,640,123	50,819,389
<i>Adjustments For:</i>			
Interest on Overdraft	6	2,494,161	2,656,054
Depreciation	9	14,802,638	11,978,336
Loss on Disposal of Property, Plant and Equipment	7	-	786,896
Write-off of Capital Work In Progress	9.1	-	464,310
Provision Reversed for Impairment of Inventories	11.1	-	(124,459)
Provision Reversed for Impairment Loss on Trade Receivables	12.1	(176,303)	(771,651)
Provision made for Impairment Loss on Other Receivables	12.2	1,436,939	188,686
Income Recognized from Deferred Revenue	4, 17	(6,369,343)	(5,297,206)
Operating Profit before Working Capital Changes		59,828,215	60,700,355
<i>Changes In:</i>			
Inventories		(3,349,679)	4,359,760
Trade and Other Receivables		(10,129,545)	4,683,210
Amounts due from Related Parties		1,668,200	(5,161,662)
Trade and Other Payables		(1,784,196)	(1,996,688)
Amounts due to Related Parties		238,520	(458,077)
Cash Flows from Operating Activities	17	46,471,515	62,126,898
Tax Paid		(7,697,781)	(12,604,965)
Interest Paid		(2,494,161)	(2,656,054)
Registration Fees Received (LPG Cylinders)		6,763,611	7,585,109
Net Cash from Operating Activities		43,043,184	54,450,988
<i>Cash Flows from Investing Activities</i>			
Purchase and Construction of Property, Plant and Equipment	9	(37,562,733)	(55,439,008)
Proceeds from Disposal of Property, Plant and Equipment		-	66,533
Refundable Deposits Paid	16	(1,270,325)	(697,750)
Refundable Deposits Received	16	4,743,770	1,806,300
Net Cash used in Investing Activities		(34,089,288)	(54,263,925)
<i>Cash Flows from Financing Activities</i>			
Dividends Paid during the Year	15.3	(10,000,000)	(22,222,222)
Net Cash used in Financing Activities		(10,000,000)	(22,222,222)
Net Decrease Cash and Cash Equivalents		(1,046,104)	(22,035,159)
Cash and Cash Equivalents at the Beginning of the Year		38,678,519	60,713,678
Cash and Cash Equivalents at the End of the Year	14	37,632,415	38,678,519

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 70 to 93. The Report of the Independent Auditors is given on page 63 and 64.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Maldives Gas Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a private limited liability Company under the Companies Act No. 10 of 1996, with its registered office H.Maizan,Sosun Magu, Male', Republic of Maldives.

The Company is engaged in a business of import, sale and distribution of Liquid gas (L.P.G), industrial gas, medical gases and related equipment.

2 BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) 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.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Transactions in Foreign Currencies

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

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalents
- Available for Sale Investment

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables and amounts due from related parties.

Cash and Cash Equivalents

Cash and cash equivalents comprise balances with banks. For the purpose of cash flows, the cash and cash equivalent is shown net of bank overdraft.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

Available-for-sale Financial Assets

The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available-for-sale equity instruments is recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(ii) Financial Liabilities (Non-derivative)

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has non-derivative financial liabilities such as: trade and other payables, amounts due to related parties and refundable deposits.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.3 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.

3.4 Property, Plant and Equipment

(i) Recognition and Measurement

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

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. 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.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, Plant and Equipment (Continued)

(ii) 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.

(iii) 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:

Leasehold Buildings	Over the unexpired Lease Period
Office and Storage	20 Years
Plant and Machinery	20 Years
Computers	05 Years
Cylinders	10 Years
Furniture and Fittings	05 Years
Motor Vehicles	05 Years
Marine Vessel	10 Years
Equipment	05 Years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month in which the property, plant and equipment is available for use.

3.5 Inventories

Inventories have been valued at the lower of cost and net realizable value. The cost of inventories is based on the First-in First-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Object evidence that financial assets are impaired includes; default or delinquency by a debtor, indication that a debtor will enter bankruptcy, adverse changes in the payment status of debtor or observable data indicate that there is a measurable decreased in expected cash flow.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and amount of loss incurred, and make an adjustment if current economic and credit conditions are such that the actual losses likely to be greater or lesser than suggested by historical trend.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When Company consider that there is no realistic prospect of the recovery of the asset, the relevant amounts are write-off. When a subsequent event causes the amount of impairment loss to decrease and decrease can be related objectively to an event occurring after the impairment recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

(ii) Defined Contribution Plans

All Maldivian employees of the Company are members of the retirement pension scheme established in the Maldives. Both employer and employee contribute 7% respectively to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognized as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.8 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.

3.9 Deferred Revenue

Registration fees collected from the LPG Gas customers (except for Industrial and medical) are recognized as deferred revenue and recognized in profit or loss over a period of 5 years.

3.10 Revenue

Revenue from the sale of goods is recognised in the profit or loss when significant risks and rewards of the ownership have been transferred to the buyer and no revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Registration fee income is recognized over 5 year's period from the date of the collection.

3.11 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

3.13 Operating Leases

Leases where the lessor retains substantially all the risk and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.14 Finance Income and Costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and foreign currency loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Level - 01

Inputs that are unadjusted quoted market prices in an active market for identical instruments.

Level - 02

Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This instruments valued using:

(a.) Quoted market in active markets for similar instruments. (b.) Quoted prices for identical or similar instruments in markets that are considered to be less active, or (c.) Other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Determination of Fair Values (Continued)

Level-03

Input are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

3.16 New Standards and Interpretations issued but not effective

Following new standards, amendments to standards and interpretations applicable to the financial statements of the Company are effective for annual periods beginning after 1st January 2018 and earlier application is permitted, however the company has not applied the following new or amended standards interpretations in these financial statements.

i. IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement with effect from 1st January 2018.

The Company is in the process of assessing the potential impact on the financial statements and not yet completed the detail assessment of IFRS 9.

ii. IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 - Revenue, IAS 11 - Construction contracts and IFRIC 13 - Customer loyalty programs with effect from 1st January 2018.

The Company is in the process of assessing the potential impact on the financial statements and not yet completed the detail assessment of IFRS 15.

iii. IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases incentive and SIC 27 - Evaluating the substance of transactions involving the legal form of a leases with effect from 1st January 2019.

The Company is in the process of assessing the potential impact on the financial statements and not yet completed the detail assessment of IFRS 16.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

4 REVENUE

Liquid Petroleum Gas	192,853,214
Medical and Industrial Gas	39,218,977
Gas Cooker and Related Equipments	2,049,764
Registration Fees (Note 17)	6,369,343

	2017 MVR	2016 MVR
	192,853,214	178,612,607
	39,218,977	19,987,091
	2,049,764	2,213,923
	6,369,343	5,297,206
	240,491,298	206,110,827

5 OTHER INCOME

Income from Fine Charges	286,312
Miscellaneous Income	3,881,316
Reversal of Interest Payable	1,151,783
Reversal of Provision for Impairment Loss on Trade	-
Receivables	176,303
Reversal of Provision for Impairment Loss on Inventories	-
Dividend Income	-

	2017 MVR	2016 MVR
	286,312	314,246
	3,881,316	1,746,551
	1,151,783	-
	176,303	771,651
	-	124,459
	-	67
	5,495,714	2,956,974

6 NET FINANCE COST

Finance Income	34,509
Exchange Gain	212,398
Finance Costs	(2,656,054)
Interest on Overdraft	(2,494,161)

	2017 MVR	2016 MVR
	34,509	212,398
	(2,656,054)	(2,494,161)
	(2,443,656)	(2,443,656)

7 PROFIT BEFORE TAX

Is stated after charging all the expenses including the following:

Depreciation	14,802,638
Directors Remuneration	367,700
Rent Expenses	4,832,862
Loss on Disposal of Property, Plant and Equipment	-
Provision for Impairment Loss on Other Receivables	1,436,939
Personnel Costs (Note 7.1)	32,627,668

	2017 MVR	2016 MVR
	14,802,638	11,978,336
	367,700	353,650
	4,832,862	4,268,548
	-	786,896
	1,436,939	188,686
	32,627,668	31,588,265
	32,627,668	31,588,265

7.1 Personnel Costs

Salaries and Wages	20,288,132
Other Staff Related Expenses	11,765,619
Contribution for Defined Contribution Plan	573,917

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

8 TAX EXPENSE

Current Tax Expense (Note 8.1)	7,675,450
Deferred Tax Liability (Note 8.2)	(340,404)
Under Provision of Tax Expense	-

	2017 MVR	2016 MVR
	7,675,450	8,400,720
	(340,404)	(801,821)
	-	103,584
	7,335,046	7,702,483

8.1 Reconciliation between Accounting Profit and Taxable Income:

Profit before Tax	47,640,123
Aggregate Disallowable Items	23,552,719
Aggregate Allowable Items	(19,951,744)
Tax Free Allowance	(71,429)
Total Taxable Income	51,169,669
Income Tax @ 15%	7,675,450
	8,400,720

8.2 Deferred Tax Liability

Balance as at 1st January	1,934,903
Reversed during the Year	(340,404)
Balance as at 31st December	1,594,499

Deferred Tax Liability is attributable to the following:

	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, Plant and Equipment	10,629,992	1,594,499	12,899,354	1,934,903

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Buildings MVR	Plant and Machinery MVR	Cylinders MVR	Office and Storage MVR	Computers MVR	Furniture and Fittings MVR	Motor Vehicles MVR	Marine Vessel MVR	Equipment MVR	Total 2017 MVR	Total 2016 MVR
Cost											
Balance as at 1st January	24,301,707	67,932,002	57,507,962	6,273,545	3,220,729	2,312,660	10,743,160	5,066,408	3,013,514	180,371,687	140,636,633
Additions during the Year	-	-	17,802,004	-	400,376	324,083	-	-	21,372	18,547,835	23,343,828
Transferred from Capital Work In Progress	5,631,233	5,290,997	-	-	-	-	-	-	-	10,922,230	22,502,191
Disposals during the Year	-	-	-	-	-	-	-	-	-	-	(6,110,965)
Balance as at 31st December	29,932,940	73,222,999	75,309,966	6,273,545	3,621,105	2,636,743	10,743,160	5,066,408	3,034,886	209,841,752	180,371,687
Accumulated Depreciation											
Balance as at 1st January	8,750,541	42,170,635	18,433,629	1,312,081	2,057,333	1,323,058	4,493,600	480,269	2,255,563	81,276,709	74,555,909
Charge for the Year	1,272,365	3,414,881	7,349,599	357,344	332,559	374,373	925,659	506,640	269,218	14,802,638	11,978,336
Disposals during the Year	-	-	-	-	-	-	-	-	-	-	(5,257,536)
Balance as at 31st December	10,022,906	45,585,516	25,783,228	1,669,425	2,389,892	1,697,431	5,419,259	986,909	2,524,781	96,079,347	81,276,709
Carrying Values											
Balance as at 31st December 2017	19,910,034	27,637,483	49,526,738	4,604,120	1,231,213	939,312	5,323,901	4,079,499	510,105	113,762,405	
Balance as at 31st December 2016	15,551,166	25,761,367	39,074,333	4,961,464	1,163,396	989,602	6,249,560	4,586,139	757,951		99,094,978
Capital Work In Progress (Note 9.1)										37,141,993	29,049,325
										150,904,398	128,144,303

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Capital Work In Progress

Balance as at 1st January
Additions during the Year
Transferred to Property, Plant and Equipment during the Year
Write-off during the Year
Balance as at 31st December

	2017 MVR	2016 MVR
Balance as at 1st January	29,049,325	19,920,646
Additions during the Year	19,014,898	32,095,180
Transferred to Property, Plant and Equipment during the Year	(10,922,230)	(22,502,191)
Write-off during the Year	-	(464,310)
Balance as at 31st December	<u>37,141,993</u>	<u>29,049,325</u>

9.2 Capital Work in Progress represents the cost incurred for the construction of the Thinadhoo gas plant project, Hulhumale & IGMH oxygen plant, conveyor belt, Gasmaa Dhoni Project, Landing Craft and PSA Medical Oxygen Plant.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

10 AVAILABLE FOR SALE INVESTMENTS

Allied Insurance Limited

10.1 The Company has invested in 1 share of Allied Insurance Limited on 24th January 2003 for MVR 100/-.

11 INVENTORIES

Liquid Petroleum Gas

Industrial Gas

Medical Oxygen

Gas Cookers and Related Equipment

Less: Impairment Loss on Inventories (Note 11.1)

11.1 Provision for Impairment Loss on Inventories

Balance as at 1st January

Provision reversed during the Year

Balance as at 31st December

12 TRADE AND OTHER RECEIVABLES

Trade Receivables

Less: Provision for Impairment Loss on Trade Receivables (Note 12.1)

Prepayments, Deposits and Advances

Other Receivables

GST Receivable

Less: Provision for Impairment Loss on Other Receivables (Note 12.2)

12.1 Provision for Impairment Loss on Trade Receivables

Balance as at 1st January

Provision Reversed during the Year

Written off during the Year

Balance as at 31st December

12.2 Provision for Impairment Loss on Other Receivables

Balance as at 1st January

Provision made during the Year

Written-off during the Year

Balance as at 31st December

	2017 MVR	2016 MVR
Allied Insurance Limited	100	100
10.1		
Less: Impairment Loss on Inventories (Note 11.1)		
11.1		
Balance as at 1st January	401,017	525,476
Provision reversed during the Year	-	(124,459)
Balance as at 31st December	<u>401,017</u>	<u>401,017</u>
12		
12.1		
Trade Receivables	13,462,121	11,815,301
Less: Provision for Impairment Loss on Trade Receivables (Note 12.1)	(3,617,520)	(6,204,852)
Prepayments, Deposits and Advances	9,844,601	5,610,449
Other Receivables	14,399,064	10,510,644
GST Receivable	1,320,334	2,880,114
Less: Provision for Impairment Loss on Other Receivables (Note 12.2)	(1,436,939)	(3,743,056)
	<u>24,127,060</u>	<u>15,258,151</u>
12.2		
Balance as at 1st January	6,204,852	6,976,503
Provision Reversed during the Year	(176,303)	(771,651)
Written off during the Year	(2,411,029)	-
Balance as at 31st December	<u>3,617,520</u>	<u>6,204,852</u>
12.2		
Balance as at 1st January	3,743,056	3,554,370
Provision made during the Year	1,436,939	188,686
Written-off during the Year	(3,743,056)	-
Balance as at 31st December	<u>1,436,939</u>	<u>3,743,056</u>

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

13 AMOUNTS DUE FROM RELATED PARTIES

State Trading Organization PLC	10,743,595
STO Singapore Private Limited	1,084,720
Maldives Industrial Fisheries Company Limited	2,864,020
Fuel Supplies Maldives Private Limited	-
Champa Gas and Oil Company Private Limited	71,852
Allied Insurance Limited	-
Lafarge Maldives Cement Private Limited	-
Less: Provision for Impairment Loss on Amounts due from Related Parties (Note 13.1)	14,764,187

13.1 Provision for Impairment Loss on Amounts due from Related Parties

Balance as at 1st January	1,093,220
Written-off during the Year	(8,500)
Balance as at 31st December	1,084,720

14 CASH AND CASH EQUIVALENTS

Favorable Balances	
Cash in Hand	1,707,791
Balances with Banks	47,410,747
	49,118,538
Unfavorable Balances	
Bank Overdraft (Note 20)	(11,486,123)
Cash and Cash Equivalents for Cash Flow purpose	37,632,415

	2017 MVR	2016 MVR
State Trading Organization PLC	10,743,595	14,884,442
STO Singapore Private Limited	1,084,720	1,084,719
Maldives Industrial Fisheries Company Limited	2,864,020	407,020
Fuel Supplies Maldives Private Limited	-	55,939
Champa Gas and Oil Company Private Limited	71,852	-
Allied Insurance Limited	-	67
Lafarge Maldives Cement Private Limited	-	8,700
	14,764,187	16,440,887
Less: Provision for Impairment Loss on Amounts due from Related Parties (Note 13.1)	(1,084,720)	(1,093,220)
	13,679,467	15,347,667
13.1 Provision for Impairment Loss on Amounts due from Related Parties		
Balance as at 1st January	1,093,220	1,093,220
Written-off during the Year	(8,500)	-
Balance as at 31st December	1,084,720	1,093,220
14 CASH AND CASH EQUIVALENTS		
Favorable Balances		
Cash in Hand	1,707,791	202,446
Balances with Banks	47,410,747	69,972,839
	49,118,538	70,175,285
Unfavorable Balances		
Bank Overdraft (Note 20)	(11,486,123)	(31,496,766)
Cash and Cash Equivalents for Cash Flow purpose	37,632,415	38,678,519

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

15 SHARE CAPITAL

15.1 Authorized

The authorized share capital comprises of 68,000 (2016 : 68,000) ordinary shares of MVR 1,000/- each.

15.2 Issued and Fully Paid

The issued and fully paid share capital comprises of 68,000 (2016: 68,000) ordinary shares of MVR 1,000/- each.

15.3 Dividend and Voting Rights

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

The board of directors has declared and paid dividend MVR 10,000,000/- (2016 : MVR 32,222,222/-) for the year ended 31st December 2017.

15.4 General Reserve

The Company has established the general reserve for the future business development purposes.

16 REFUNDABLE DEPOSITS

Balance as at 1st January

9,030,549

Deposits Received during the Year

4,743,770

Amount Refunded during the Year

(1,270,325)

Balance as at 31st December

12,503,994

9,030,549

17 DEFERRED REVENUE

Balance as at 1st January

17,791,344

Registration Fees Received during the Year

6,763,611

Amount Recognized in Profit or Loss (Note 4)

(6,369,343)

Balance as at 31st December

18,185,612

17,791,344

Analysis

Current

6,387,707

Non-current

11,797,905

18,185,612

17,791,344

18 TRADE AND OTHER PAYABLES

Trade Creditors

3,067,373

Other Payables

3,207,077

Goods and Services Tax ("GST") Payables

-

969,576

6,274,450

8,058,646

MALDIVE GAS PRIVATE LIMITED
 (INCORPORATED IN THE REPUBLIC OF MALDIVES)
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

19 AMOUNTS DUE TO RELATED PARTIES

Fuel Supplies Maldives Private Limited
 State Trading Organization PLC
 Champa Gas and Oil Company Private Limited.

	2017 MVR	2016 MVR
	50,488	25,924
Fuel Supplies Maldives Private Limited	9,172,834	9,000,302
State Trading Organization PLC	1,000,000	958,576
Champa Gas and Oil Company Private Limited.	10,223,322	9,984,802

20 BANK OVERDRAFTS

HSBC - Male Branch (Note 20.1)
 Bank of Maldives (Note 20.2)

	11,486,123	25,078,074
HSBC - Male Branch	-	6,418,692
	11,486,123	31,496,766

20.1 HSBC - Male Branch

20.2 Bank of Maldives

The Company has obtained an overdraft credit facility from Bank of Maldives a limit of US\$ 430,000/- at an interest rate of 9% per annum. This overdraft credit facility was expired in July 2017.

21 Bank of Maldives

The Company has obtained an overdraft credit facility from Bank of Maldives a limit of US\$ 430,000/- at an interest rate of 9% per annum. This overdraft credit facility was expired in July 2017.

MALDIVE GAS PRIVATE LIMITED
 (INCORPORATED IN THE REPUBLIC OF MALDIVES)
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

21.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31st December 2017

	Carrying Amount			
	Available for Sale MVR	Loans & Receivables MVR	Other Financial Liabilities MVR	Total MVR

Financial Assets not measured at Fair Value

Available for Sale Investment	100	-	-	100
Trade Receivables (Gross)	-	13,462,121	-	13,462,121
Prepayments, Deposits and Advances	-	662,369	-	662,369
Amounts due from Related Parties (Gross)	-	14,764,187	-	14,764,187
Balances with Banks	-	47,410,747	-	47,410,747
	100	76,299,424	-	76,299,524

Financial Liabilities not measured at Fair Value

Refundable Deposits	-	-	12,503,994	12,503,994
Trade and Other Payables	-	-	3,067,373	3,067,373
Amount due to Related Parties	-	-	10,223,322	10,223,322
Bank Overdraft	-	-	11,486,123	11,486,123
	-	-	37,280,812	37,280,812

31st December 2016

	Carrying Amount			
	Available for Sale MVR	Loans & Receivables MVR	Other Financial Liabilities MVR	Total MVR
Financial Assets not measured at Fair Value				
Available for Sale Investment	100	-	-	100
Trade Receivables (Gross)	-	11,815,301	-	11,815,301
Prepayments, Deposits and Advances	-	637,417	-	637,417
Amounts due from Related Parties (Gross)	-	16,440,887	-	16,440,887
Balances with Banks	-	69,972,839	-	69,972,839
	100	98,866,444	-	98,866,544

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

21.1 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

	Carrying Amount			
	Available for Sale MVR	Loans & Receivables MVR	Other Financial Liabilities MVR	Total MVR
Financial Liabilities not measured at Fair Value				
Refundable Deposits	-	-	9,030,549	9,030,549
Trade and Other Payables	-	-	5,257,023	5,257,023
Amount due to Related Parties	-	-	9,984,802	9,984,802
Bank Overdraft	-	-	31,496,766	31,496,766
				55,769,140

21.2 Financial 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.

(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 fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related entities.

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

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

21 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

	Carrying Amount	
	2017 MVR	2016 MVR
Trade Receivables (Gross)	13,462,121	11,815,301
Prepayments, Deposits and Advances	662,369	637,417
Balances with Banks	47,410,747	69,972,839
Amounts due from Related Parties (Gross)	14,764,187	16,440,887
	76,299,424	98,866,444

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The Company establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

Impairment Losses	2017		2016	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
The aging of trade and other receivables at the reporting date was:				
Neither passed due nor impaired	7,235,580	-	2,921,003	-
Past due but not impaired	3,271,390	-	3,326,863	-
Past due and impaired	3,617,520	(3,617,520)	6,204,852	(6,204,852)
	14,124,490	(3,617,520)	12,452,718	(6,204,852)

Based on historic default rates, the Company believes that no further additional provision for impairment is necessary in respect of trade and other receivables outstanding as at the reporting date.

Receivables from Related Parties

Management believes that there is no credit risk from the recoverables from related parties, because these counterparties are under the common control of the Company's Parent Company who is financially healthy Company.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

21 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

21.2 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

Balances with Bank

The Company held Bank balance of MVR 47,410,747/- at 31st December 2017 (2016: MVR 69,972,839/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities.

	Carrying Amount MVR	0-12 Months MVR	More than 5 years MVR
31st December 2017			
Financial Liabilities (Non- Derivative)			
Refundable Deposits	12,503,994	-	12,503,994
Trade and Other Payables	3,067,373	3,067,373	-
Amount due to Related Parties	10,223,322	10,223,322	-
Bank Overdrafts	11,486,123	11,486,123	-
Total	37,280,813	24,776,818	12,503,994
31st December 2016			
Financial Liabilities (Non- Derivative)			
Refundable Deposits	9,030,549	-	9,030,549
Trade and Other Payables	5,257,023	5,257,023	-
Amounts due to Related Parties	9,984,802	9,984,802	-
Bank Overdrafts	31,496,766	31,496,766	-
Total	55,769,140	46,738,591	9,030,549

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

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will 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.

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

21 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

21.2 Financial Risk Management (Continued)

(v) Market Risk (Continued)

(a) Interest Rate Risk

Profile

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

	Carrying Amount	
	2017 MVR	2016 MVR
Variable Rate Instruments Bank Overdraft	11,486,123	31,496,766

(b) Currency Risk

Exposure to Currency Risk

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

	2017		2016	
	USS	Euro	USS	Euro
Cash and Cash Equivalents	(744,885)	2,992	(1,626,334)	4,529
Gross Statement of Financial Position Exposure	(744,885)	2,992	(1,626,334)	4,529

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2017	2016	2017	2016
1 US\$: MVR	15.42	15.42	15.42	15.42
1 Euro : MVR	17.55	16.49	18.36	16.73

Sensitivity Analysis

A strengthening (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	2017		2016	
	Strengthening MVR	Weakening MVR	Strengthening MVR	Weakening MVR
US\$ (10% Movement)	(1,148,612)	1,148,612	(2,507,807)	2,507,807
Euro (10% Movement)	5,494	(5,494)	7,579	(7,579)

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

22 RELATED PARTY DISCLOSURES

22.1 Transactions with Related Companies

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2017 MVR	Amount 2016 MVR	Balance due from/(to) as at 31/12/2017 MVR	Balance due from/(to) as at 31/12/2016 MVR
State Trading Organization PLC	Parent	Sales	16,347,499	22,368,444	10,743,595	14,884,442
		Settlements	(20,488,346)	(16,339,062)		
		Dividend	(9,000,000)	(9,000,000)		
		Purchases	(4,159,387)	(8,041,612)		
		Settlements	12,986,855	9,835,051		
Lafarge Maldives Cement Private Limited.	Parent's subsidiary	Written-off Settlements	(8,700)	1,060	(1,060)	-
Fuel Supplies Maldives Private Limited.	Parent's subsidiary	Sales	463,987	479,513	-	55,939
		Settlements	(570,362)	(478,253)		
		Purchase of Diesel	(768,071)	(792,077)		
		Settlements	793,943	849,519		
				(50,488)		(25,924)
Champa Gas and Oil Company Private Limited.	Shareholder	Sales	-	361,589	71,852	(958,576)
		Dividend	(1,000,000)	(1,000,000)		
		Settlements	1,030,428	(1,315,865)		
Allied Insurance Limited.	Parent's subsidiary	Service provided	(111,489)	776,641	-	67
		Settlements	111,422	(255,990)		
Maldives Industrial Fisheries Company Limited.	Parent's subsidiary	Sales	843,590	652,766	2,864,020	407,020
		Settlements	(699,590)	(268,686)		
		Purchase of US Dollars	19,275,000	53,970,000		
		Settlements	(16,962,000)	(55,512,000)		

22.2 Emoluments to Key Management Personnel

The Board of Directors of the Company are the members of the key management personnel. The Company has paid an amount of MVR 367,700/- as remuneration to the key management personnel during the year ended 31st December 2017 (2016 : MVR 353,650/-).

MALDIVE GAS PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2017

RELATED PARTY DISCLOSURES (CONTINUED)

22.3 Collectively, but not individually, Significant Transactions

Government of Maldives is the major shareholder of the parent Company. The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

23 CAPITAL COMMITMENTS

There were no significant capital commitments approved or contracted by the Company as at the reporting date.

24 CONTINGENT LIABILITIES

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

25 COMPARATIVE FIGURES

Certain comparative amounts in the financial statement have been reclassified to conform to the current year's presentation.

26 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to/or disclosure in the financial statements.

DIRECTORS' RESPONSIBILITIES

The board of directors of the Company is responsible for preparation and presentation of these financial statements.

CORPORATE INFORMATION & DIRECTORY

COMPANY REGISTRATION NUMBER
C-226/99

PLACE OF INCORPORATION
Male', Republic of Maldives

ADDRESS
#02-21 S.T.O Trade Centre, Orchid Magu,
Male', Republic of Maldives

CHAIRMAN
Ahmed Shifan

DIRECTORS
Abdulla Saleem Abdul Sattar
Abdulla Maumoon
Mohamed Murad
Mohamed Shujau

MANAGING DIRECTOR
Abdulla Maumoon

COMPANY SECRETARY/ PA TO MD
Shiuna Abdulla

COMPANY DIRECTORY

Head Office
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Male' Sales
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Fax: +960 335 6789

Villimale' Sales
Sinai Sarahahdhoo,
Villingilli, Republic of Maldives

Hotline: +960 3005428

EXTERNAL AUDITORS



KPMG
Mialani, 2nd Floor, Henveiru

BANKERS



Bank of Maldives Plc
Boduthakurufaanu Magu
Malé



HSBC Maldives Branch
Boduthakurufaanu Magu
Malé



Habib Bank
Boduthakurufaanu Magu
Malé

PRODUCTION & ENGINEERING

Thilafushi Plant
K. Thilafushi, Republic of Maldives

Hotline: +960 793 5614
Fax: +960 664 0115



Maldives Islamic Bank
Ameer Ahmed Magu
Malé



Bank of Ceylon
Boduthakurufaanu Magu
Malé



State Bank of Maldives
Boduthakurufaanu Magu
Malé

Board of Directors have accepted and approved the Annual Report and has
signed on its Behalf by

A handwritten signature in black ink, appearing to read "Abdulla Maumoon". It features a stylized 'A' at the top, followed by a series of loops and strokes.

Abdulla Maumoon
Managing Director
25th May 2018

A handwritten signature in black ink, appearing to read "Abdulla Saleem Abdul Sattar". It consists of fluid, cursive-like strokes.

Abdulla Saleem Abdul Sattar
Director
25th May 2018

