



Report No: FIN-2026-84(E)

28 June 2025

STATE ELECTRIC COMPANY LIMITED

FINANCIAL YEAR 2025



آڈیٹر جنرل آف سرائیکی حکومت

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDER AND BOARD OF DIRECTORS STATE ELECTRIC COMPANY LIMITED

Qualified Opinion

We have audited the Financial Statements of State Electric Company Limited (“the Company”), which comprise the Statement of Financial Position as at 31 December 2025, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying Financial Statements gives a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Qualified Opinion

As disclosed in Note 15 to the Financial Statements, the Company has recorded Loans and Borrowings amounting to MVR 1,287,824,888/-, representing the principal amount received together with the interest accrued up to 31 December 2022, related to a loan obtained on 15 January 2009 from the Ministry of Finance for the 4th powerhouse project. Similar to prior years, in the absence of a duly signed loan agreement and balance confirmation from the Ministry of Finance, we were unable to verify the outstanding balance as of the reporting date.

Further, from 1 January 2023, the Ministry of Finance has suspended charging interest on several loans of which carrying value was amounting to MVR 756,841,492/- granted in previous years. No amounts have been recorded in the financial statements to reflect shareholder contribution to equity, and the related finance cost associated with such interest free loans and we were unable to determine whether any adjustments to these financial statements were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our audit addressed the key audit matters
Carrying value of Property, Plant and Equipment As at 31 December 2025, Company's property plant and equipment amounted to MVR 4,591,055,371/- and represents 69% of the Company's total assets and related depreciation charge for the year amounted to MVR 254,621,313/-. This was a key audit matter due to: - Capitalization of assets amounting to MVR 676,761,491/- to the relevant asset classes. - Management's assessment of the eligibility and reasonableness of capitalization of expenditure incurred during the period. - Management assessment of useful life of assets. - Management's assessment of existence of impairment indicators. Disclosures on property, plant and equipment are included in notes 4.6 and 6 to the Company's financial statement.	Our audit procedures included the following key procedures: - Evaluated the eligibility and reasonableness of expenditure capitalized. - Assessed the estimated useful lives of property, plant and equipment with reference to the Company's experience on the usage and future operating plans of the assets. - Assessed whether management has identified possible indicators of impairment including evaluating the reasonableness of management judgements applied and assumptions used. - Assessed the adequacy of related disclosures made in notes 4.6 and 6 to the Company's financial statement.
Revenue As disclosed in Note 22 to the financial statements, revenue from the sale of electricity during the year amounts to MVR. 3,118,522,941/- and accounts for 93% of the Company's total revenue. Revenue was a key audit matter due to: - Materiality of the amount reported for the year. - Complexity due to the frequency of meter readings and high volume of transactions arising from the supply of electricity to	Our audit procedures included the following key procedures: - Obtained an understanding of the process related to the sale of electricity. Our procedures included evaluating the appropriateness of the amount and timing of revenue recognised, in accordance with its accounting policy. - Tested the relevant key controls related to revenue.



Key Audit Matters	How our audit addressed the key audit matters
consumers in multiple locations across the Male' region and majority islands.	- Performed analytical procedures to understand and assess the reasonableness of reported revenue from electricity sales. - Tested revenue transactions by reviewing sales invoices and supporting documents such as electricity meter readings. Our procedures included testing revenue cut-off at the period-end to determine whether transactions are recorded in the proper period and to the proper accounts. - Assessing the adequacy of the disclosures made in Notes 4.2 and 22 to the financial statements.

Other Information

Other information consists of the information included in the Company's 2025 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

28 June 2026



Auditor General
Hussain Niyazy



STATE ELECTRIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31st December 2025
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-25 MVR	31-Dec-24 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	4,591,055,371	4,435,024,309
Intangible assets	6.7	21,982,273	26,741,950
Right of use assets	7	119,913,863	124,230,138
Financial asset	8	322,039,753	328,647,011
		<u>5,054,991,260</u>	<u>4,914,643,408</u>
Current Assets			
Inventories	9	308,553,044	314,216,765
Trade and other receivables	10	421,646,652	484,887,273
Due from related parties	10.2	787,350,197	585,411,383
Cash and cash equivalents	11	91,039,819	59,406,726
		<u>1,608,589,712</u>	<u>1,443,922,147</u>
TOTAL ASSETS		<u>6,663,580,972</u>	<u>6,358,565,555</u>
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	12	150,000,000	150,000,000
Revaluation reserve	13	625,583,086	684,153,189
Capital contribution	14	917,023,928	905,473,042
Retained earnings		917,811,990	736,863,553
		<u>2,610,419,004</u>	<u>2,476,489,784</u>
Non-Current Liabilities			
Borrowings	15	1,750,843,681	1,889,118,902
Lease liability	16	147,101,084	138,317,987
Deferred Income	17	27,979,909	29,220,548
Defined benefit obligation	18	58,474,007	38,045,487
Contractor payable	19	-	128,565,005
Deferred tax liability	30	208,047,645	181,881,296
		<u>2,192,446,326</u>	<u>2,405,149,225</u>
Current Liabilities			
Borrowings	15	927,032,811	939,963,099
Lease liability	16	2,076,623	1,908,006
Contractor payable	19	196,528,923	139,469,877
Trade and other payables	20	415,703,647	162,024,324
Due to related parties	21	165,909,308	209,951,337
Current tax liability	28	54,355,764	23,609,903
Bank Overdraft	11	99,108,566	-
		<u>1,860,715,642</u>	<u>1,476,926,546</u>
TOTAL EQUITY AND LIABILITIES		<u>6,663,580,972</u>	<u>6,358,565,555</u>

The financial statements are prepared in compliance with the requirements with IFRS Accounting Standards.

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Ms. Fathimath Leena (Chief Financial Officer)

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for on behalf of the Board by;

Name of the Director

Mr. Mohamed Latheef (Chairman)

Dr. Ali Azwar (Managing Director)

24 June 2026
Male'

Signature

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2025
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-25 MVR	31-Dec-24 MVR
Revenue	22	3,341,296,013	3,212,100,254
Cost of revenue	24	(2,624,365,143)	(2,508,945,229)
Gross profit		716,930,870	703,155,025
Other income	23	12,079,294	25,738,060
Administrative expenses	25	(392,650,970)	(464,115,210)
Impairment reversal/(loss) on trade receivables and amounts due from related parties	10.1 & 10.3	19,344,659	(64,738,621)
Operating profit		355,703,853	200,039,254
Finance income	26	29,367,332	29,969,219
Finance cost	26	(73,016,992)	(97,553,905)
Net finance costs		(43,649,660)	(67,584,686)
Profit before tax		312,054,193	132,454,568
Income tax (expense)/credit	27	(73,357,314)	48,954,470
Net profit for the year		238,696,879	181,409,038
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain on retirement benefit obligation	18	(20,951,792)	(5,029,337)
Deferred tax on actuarial gain	30	3,142,769	754,401
Other comprehensive income, net of tax		(17,809,023)	(4,274,936)
Total comprehensive income for the year		220,887,856	177,134,102
Basic/diluted earnings per share	31	1,591,313	1,209,394

The accounting policies and notes form an integral part of the financial statements.



STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2025
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Revaluation Reserve MVR	Capital Contribution MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2024	150,000,000	742,878,751	905,473,042	490,640,556	2,288,992,349
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	181,409,038	181,409,038
Other comprehensive Income	-	-	-	(4,274,936)	(4,274,936)
Total Comprehensive Income for the Year	-	-	-	177,134,102	177,134,102
Items Directly recognized in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(69,088,896)	-	69,088,896	-
Deferred Tax Impact on Revaluation Reserve	-	10,363,334	-	-	10,363,334
Total Items Directly Recognized in Equity	-	(58,725,562)	-	69,088,896	10,363,334
Transaction with Owners of the Company					
Dividend Declared (Note 20.1)	-	-	-	-	-
Contribution Received during the Year (Note 14)	-	-	-	-	-
Total Transaction with Owners of the Company	-	-	-	-	-
Balance as at 31st December 2024	150,000,000	684,153,189	905,473,042	736,863,553	2,476,489,784
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	238,696,879	238,696,879
Other comprehensive Income	-	-	-	(17,809,023)	(17,809,023)
Total Comprehensive Income for the Year	-	-	-	220,887,856	220,887,856
Items Directly recognized in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(68,906,004)	-	68,906,004	-
Deferred Tax Impact on Revaluation Reserve	-	10,335,901	-	-	(10,335,901)
Total Items Directly Recognized in Equity	-	(58,570,103)	-	68,906,004	10,335,901
Transaction with Owners of the Company					
Dividend Declared (Note 20.1)	-	-	-	(108,845,423)	(108,845,423)
Contribution Received during the Year (Note 14) / Grant converted to capital	-	-	11,550,886	-	11,550,886
Total Transaction with Owners of the Company	-	-	11,550,886	(108,845,423)	(97,294,537)
Balance as at 31st December 2025	150,000,000	625,583,086	917,023,928	917,811,990	2,610,419,004

The accounting policies and notes on pages form an integral part of the financial statements.



STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
As at 31st December 2025
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-25 MVR	31-Dec-24 MVR
Operating profit before working capital changes	32	614,511,371	516,783,817
(Increase)/Decrease in Inventories		(6,602,992)	51,731,140
Decrease/(Increase) in Trade and other receivables		55,382,197	(78,110,258)
Increase in Due from related parties		(174,735,731)	(166,890,987)
Increase in Trade and other payables		253,679,323	23,414,355
(Decrease)/Increase in Due to related parties		(44,042,029)	71,225,125
Cash generated from operating activities		698,192,139	418,153,193
Tax paid		(2,966,434)	-
Interest paid		(65,866,091)	(50,220,273)
Payment of retirement benefit obligation		(4,321,185)	(3,501,782)
Net cash generated from operating activities		625,038,429	364,431,138
Cash flows from investing activities			
Acquisition and construction of property, plant and equipment		(410,760,779)	(274,629,913)
Dividend Declared		(108,845,423)	-
Acquisition of Intangible Assets		(682,593)	
Proceeds from Disposal of PPE		14,106	6,408,412
Repayments by tenants in the year		37,120,554	37,488,602
Net cash used in investing activities		(483,154,135)	(230,732,899)
Cash flows from financing activities			
Loans obtained		-	32,948,078
Repayments of loans		(139,654,623)	(149,790,996)
Repayments of contractor payable		(78,656,860)	(82,206,648)
Payment of lease liabilities		8,951,714	(1,766,939)
Net cash flows used in financing activities		(209,359,769)	(200,816,505)
Net decrease in cash and cash equivalents		(67,475,475)	(67,118,267)
Cash and cash equivalents at the beginning of the year		59,406,726	126,524,993
Cash and cash equivalents at the end of the year		(8,068,749)	59,406,726

The accounting policies and notes on pages form an integral part of the financial statements.



State Electric Company Limited
Notes to the financial statements
For the Year Ended 31 December 2025

1. CORPORATE INFORMATION

1.1 General

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

The Government of Maldives (GoM) wholly owns the shares of the Company.

1.2 Principal activities and nature of the operations

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the IFRS Accounting Standards. They were authorised for issue by the Company's Board of Directors on 24 June 2026.

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of estimates and judgements

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

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

2.4.1 Judgements

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

* establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL on related parties and trade receivables.

* classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.



2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

2.4.2 Assumption and estimation of uncertainties

Information about assumptions and estimation uncertainties as at December 31, 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- * Fair Valuation of Property, plant and equipment: The Company assesses the fair value of its property, plant and equipment based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in IFRS-13 Fair Value Measurement. (Note 06)
- * Estimated useful life and Impairment of Property, plant and Equipment. (Note 06)
- * Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. (Note 37)
- * Measurement of the fair value of financial instruments with significant unobservable inputs. (Note 38)
- * Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- * Incremental Borrowing rates for Leases (Note 07)
- * Employee retirement benefit scheme- Salary Escalation rate, Discount rate, staff turnover rate and Mortality rate, Market interest rate, determination of amortization of benefit (Note 19)
- * Employment benefit from Hiya project- estimation of staff benefit, market interest rate, amortization of staff benefit (Note 08)

2.4.3 Going Concern

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

2.4.4 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

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



State Electric Company Limited
Notes to the financial statements
For the Year Ended 31 December 2025
2. BASIS OF PREPARATION (CONTINUED)

2.4.4 Measurement of fair values (Continued)

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

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the year ended December 31, 2025.

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Foreign Currency Transactions

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

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

4.2 Revenue

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

4.3 Finance income and Finance Costs

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

4.4 Income Tax

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

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



State Electric Company Limited
Notes to the financial statements
For the Year Ended 31 December 2025
4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Income Tax (Continued)

4.4.1 Current Tax

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

4.4.2 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

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

4.5 Inventories

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

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



State Electric Company Limited
Notes to the financial statements
For the Year Ended 31 December 2025
4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Property, Plant and Equipment

4.6.1 Recognition and Measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

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

4.6.2 Subsequent Measurement

Cost model

The Company applies the cost model to property, plant and equipment except for Generators and Distribution Equipment and Building and Oil Storage and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Revaluation model

The Company applies the revaluation model to the entire class of Generators and Distribution Equipment and Building and Oil Storage. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. These assets of the Company are revalued with a sufficient frequency to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognized in 'other comprehensive income' and accumulated equity under, revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. In this circumstance, the increase is recognized as income to the extent of the previous write-down. Any decrease in the carrying amount is recognized as an expense in the statement of comprehensive income or debited in the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

4.6.3 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.



State Electric Company Limited
Notes to the financial statements
For the Year Ended 31 December 2025
4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Property, Plant and Equipment (Continued)

4.6.4 Depreciation

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

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

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

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

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

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

4.6.5 Capital work-in-progress

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

4.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial Instruments

4.8.1 Recognition and initial measurement

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

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

4.8.2 Classification and subsequent measurement

Financial assets

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

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

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

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

Financial assets- Business Model Assessment

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

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

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

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8.3 Financial assets - Subsequent measurement and gains and losses

Financial Assets at Amortized Cost

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

4.8.4 Financial liabilities - Classification, subsequent measurement gains and losses

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

Interest Rate Benchmark Reform

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

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

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

After that, the Company applied the policies on accounting for modifications to the additional changes.

4.8.5 Derecognition

Financial assets

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial Instruments (Continued)

4.8.5 Derecognition (Continued)

Financial liabilities

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

4.8.6 Offsetting

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

4.9 Impairment

4.9.1 Non-derivative financial assets

Financial Instruments

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

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

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

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Impairment (Continued)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

4.9.2 Non-financial assets

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

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

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Share Capital

Ordinary Shares

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

4.11 Employee Benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. During the year 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from June 1, 2021 and a new policy has been approved by the Board of Directors effective from September 1, 2023.

(c) Short-term benefits

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

4.12 Provisions

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Leases

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

As a lessee

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Leases (Continued)

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

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

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

Short-term Leases and Leases of Low-value Assets

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

4.14 Events Occurring After the Reporting Date

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

4.15 Fair Value Measurement

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

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

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



4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.15 Fair Value Measurement (Continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.16 Defined Contribution Plan

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

4.17 Other Liabilities and Provision

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

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

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

The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

4.18 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded fair value of the asset and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset.



5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5.1 Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 01 January 2025, Lack of exchangeability – Amendment to IAS 21 the effect of changes in foreign exchange rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment did not expect to have a material impact on the Company's financial statement.

5.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

5.2.1 IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

5.2.2 Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).



5.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Company's financial statements.

5.2.3 Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.



STATE ELECTRIC COMPANY LIMITED
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All amounts are stated in Maldivian Rufiyaa

6 Property, Plant and Equipment

6.1 Cost/valuation

	Balance As at 1-Jan-25	Additions	Disposals / Transfers	Balance As at 31-Dec-25
Generators and Distribution	2,973,173,615	251,473,649	(129,032)	3,224,518,232
Buildings and Oil Storage	1,045,987,614	21,282,559	(9,387)	1,067,260,786
Water Bottling Plant	151,934,131	1,281,219	-	153,215,350
Vehicle and launches	53,466,629	3,731,461	-	57,198,090
Machinery and Equipment	225,717,131	14,036,122	(2,506,743)	237,246,510
Furniture and Fittings	14,232,798	1,579,765	(511,763)	15,300,800
Computer Systems	37,672,194	3,543,142	(2,812,313)	38,403,023
Capital Work in Progress (Note 6.2)	398,324,460	379,833,574	(266,000,712)	512,157,322
	4,900,508,572	676,761,491	(271,969,950)	5,305,300,113

Depreciation

	Balance As at 1-Jan-25	Charge for the year/ Impairment	Disposals	Balance As at 31-Dec-25
Generators and Distribution	159,535,667	170,819,885	(90,550)	330,265,002
Buildings and Oil Storage	42,566,873	45,135,538	(3,510)	87,698,901
Water Bottling Plant	44,528,776	8,298,876	-	52,827,652
Vehicle and launches	32,863,140	4,107,602	-	36,970,742
Machinery and Equipment	146,312,545	20,308,125	(2,456,671)	164,163,999
Furniture and Fittings	8,751,153	1,319,941	(505,632)	9,565,462
Computer Systems	30,926,109	4,631,346	(2,804,471)	32,752,984
	465,484,263	254,621,313	(5,860,834)	714,244,742

Net Book Value

	4,435,024,309			4,591,055,371
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6.2 Work in Progress

	Balance As at 1-Jan-25	Additions	Disposals / Transfers	Balance As at 31-Dec-25
Transmission & distribution	209,165,822	308,016,962	(208,562,336)	308,620,449
Combustion power plant	26,451,095	18,333,064	(13,097,881)	31,686,278
POISED project	26,202,800	4,369	-	26,207,169
SCADA project	1,058,232	-	-	1,058,232
Other projects	135,446,511	53,479,178	(44,340,495)	144,585,194
	398,324,460	379,833,574	(266,000,712)	512,157,322

6.3.1 The value of fully depreciated property, plan and equipment as at December 31, 2025 amounted to MVR 187,770,476.

6.4 Generators and Distribution Equipment, Building and Oil Storage of the Company were revalued on 31 December 2023 by WikiFrank Chartered Valuers, an independent valuer with recognised and relevant qualifications, in reference to depreciated replacement cost method by analyzing information provided by the client. The results of such revaluation were incorporated in these financial statements. The Company recongnized revaluation gain amounting MVR 726,586,698/- as at 31 December 2023.

Fairvalue technique, inputs and relationship with fair value

Property	Fair Value measurement using Significant unobservable inputs(Level 3)	Sensitivity	Fair value technique
Generators and Distribution Equipment	Replacement cost	Estimated fair value would increase/decrease if a unit price increase/decrease	Depreciated replacement method
Disposals made in the year 2022, however, have not accounted in the system. Therefore, have made prior year adjustments by adjusting	Rate per square metre of Building: MVR 1,380 - MVR 6700	Estimated fair value would increase/decrease if rate per sq feet increase/decrease	



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6 Property, Plant and Equipment

6.5 Cost/ Valuation	Balance As at 1-Jan-25	Additions	Revaluation Surplus	Transfers on revaluation	Disposals / Transfers	Balance As at 31-Dec-25
Generators and Distribution Equipment	2,839,064,788	137,134,278	-	-	(3,025,452)	2,973,173,615
Buildings and Oil Storage	1,020,363,513	27,261,044	-	-	(1,636,943)	1,045,987,614
Water Bottling Plant	159,740,609	-	-	-	(7,806,478)	151,934,131
Vehicle and launches	52,763,196	729,627	-	-	(26,194)	53,466,629
Machinery and Equipment	209,349,699	16,875,688	-	-	(508,256)	225,717,131
Furniture and Fittings	12,859,171	1,867,758	-	-	(494,132)	14,232,797
Computer Systems	42,787,818	3,237,495	-	-	(8,353,119)	37,672,194
Capital Work in Progress	337,542,367	307,688,908	-	-	(246,906,835)	398,324,440
	4,674,471,161	494,794,798	-	-	(268,757,409)	4,900,508,551

6.6 Depreciation	Balance As at 1-Jan-25	Charge for the year/ Impairment	Transfer on Revaluation	Disposals	Balance As at 31-Dec-25
Generators and Distribution Equipment	-	161,947,835	-	(2,412,168)	159,535,667
Buildings and Oil Storage	-	44,203,816	-	(1,636,943)	42,566,873
Water Bottling Plant	40,217,088	8,254,588	-	(3,942,901)	44,528,775
Vehicle and launches	28,909,212	3,973,035	-	(19,107)	32,863,140
Machinery and Equipment	127,827,451	19,098,489	-	(613,395)	146,312,545
Furniture and Fittings	8,020,696	1,186,515	-	(456,058)	8,751,153
Computer Systems	28,611,478	4,197,955	-	(1,883,323)	30,926,110
	233,585,925	242,862,233	-	(10,963,895)	465,484,263

Net Book Value	4,440,885,236	4,435,024,288
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6.7 Intangible Assets	Balance As at 1-Jan-25	Additions	Balance As at 31-Dec-25
Software	26,741,950	682,593	27,424,543
	26,741,950	682,593	27,424,543
Amortisation	Balance As at 1-Jan-25	Charge for the year/ Impairment	Balance As at 31-Dec-25
Software	-	5,442,270	5,442,270
Net book value	-	5,442,270	21,982,273

7 Right of Use Assets

7.1 Cost	Balance As at 1-Jan-25	Additions	Balance As at 31-Dec-25
Land and Buildings	148,968,414	-	148,968,414
	148,968,414	-	148,968,414

7.2 Amortisation	Balance As at 1-Jan-25	Additions	Balance As at 31-Dec-25
Land and Buildings	24,738,276	4,316,275	29,054,551
	24,738,276	4,316,275	29,054,551
Net Book Value	124,230,138		119,913,863



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7 Right of Use Assets (Continued)

The Company have the following lease contracts as of December 31, 2025. Incremental borrowing rate is 9.5%.

Lease	Agreement Date	Lease Start Date	Lease End Date	Lease Period
Thilafushi Land	2/17/2013	1/1/2012	12/31/2026	15 Years
				8 Years, 8
Gulhifalhu Power House	3/28/2017	3/28/2017	12/25/2025	Months and 29
Hulhumale Part 1	3/31/2016	4/1/2009	3/31/2034	Days
Hulhumale Part 2	8/21/2016	8/21/2016	8/20/2066	25 Years
Hulhumale Power House	3/23/2010	7/1/2004	7/1/2029	50 Years
Hulhumale Apollo Tower	3/24/2022	3/24/2022	3/23/2042	25 Years
Male and Villimale' Power House	9/5/2012	9/5/2012	9/5/2111	20 Years
				99 Years

8 Financial Asset (STELCO Hiya)

- 8.1** As per the agreement dated November 15, 2017 between STELCO ("Company") and Housing Development Corporation Limited ("HDC"), the Company was assigned to develop a two residential apartments blocks in Hulhumale phase II plots no. N3-35(B), N3-35(C) by HDC.

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

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

The employees eligible to obtain a Hiya flat were supposed to pay a down payment and the remaining payment is to be paid on installment basis over 18-24 years. The interest rate assigned for deferred payment was computed as 4%. The difference between the market rate of interest (9% p.a) and the concessionary rate of 4% was identified in statement of Comprehensive Income as a staff benefit during year 2023.

8.2 Financial Asset

Opening balance as at 01 January
Add: Fine income accrued for the year
Add: Interest income accrued for the year
Less: Repayments by tenants during the year
Closing balance as at 31 December

31-Dec-25	31-Dec-24
MVR	MVR
328,647,011	334,785,236
1,163,108	1,404,073
29,350,188	29,946,304
(37,120,554)	(37,488,602)
322,039,753	328,647,011



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		31-Dec-25 MVR	31-Dec-24 MVR
9	Inventories		
	Fuel	65,502,410	40,706,694
	Spares, cables and consumables	369,727,149	374,483,192
	Stationary	1,095,195	1,101,161
	Lubricating oil	7,802,832	5,278,700
	Goods in transit	-	15,954,847
		444,127,586	437,524,594
	Provision for Slow Moving Inventories	(135,574,542)	(123,307,829)
	Total	308,553,044	314,216,765
9.1	Provision for Slow Moving Inventories		
	As at 1st January	123,307,829	126,307,162
	Increase / (Decrease) in provision	12,266,713	(2,999,333)
	As at 31st December	135,574,542	123,307,829
Provision for Inventory Policy was approved by the board of directors on December 28, 2021. The provision against fast, slow and non moving categories of inventories for the year 2025 has been calculated based on the criteria defined in the policy.			
		31-Dec-25 MVR	31-Dec-24 MVR
10	Trade and Other Receivables		
	Accounts receivable	459,771,000	488,176,990
	Less: Provision for doubtful debts	(96,309,009)	(88,450,585)
		363,461,991	399,726,405
	Prepayments	46,532,875	62,210,373
	Other receivables	11,651,786	22,950,495
		58,184,661	85,160,868
		421,646,652	484,887,273
10.1	Provision for Impairment of Trade Receivables		
	As at 1st of January	88,450,585	88,364,991
	Recognized during the year	7,858,424	85,594
	As at 31st December	96,309,009	88,450,585
10.2	Due from Related Parties		
	Indira Gandhi Memorial Hospital	4,391,440	10,123,168
	Male' Water and Sewage Company (Private) Limited	24,250,715	12,274,563
	State Trading Organisation PLC	8,977,209	4,886,360
	Maldives Transport and Contracting Company PLC	7,760,259	10,160,683
	Maldives Customs Services	1,052,726	1,636,239
	Maldives Industrial Fisheries Company Limited	1,404,596	401,532
	Bank of Maldives PLC	1,090,494	882,137
	Public Service Media	163,253,250	136,295,821
	Maldives Road Development Corporation Limited	14,055,801	1,890,589
	National Centre For the Arts	2,229,764	1,679,631
	Housing Development Corporation Limited	33,493,379	20,280,741
	National Social Protection Agency	60,065	115,969
	Maldives Port Limited	1,863,872	14,707,978
	Ministry of Finance and Planning	333,299,517	242,203,638
	Male' City Council	53,879,430	42,372,975
	Ministry of National Planning Housing and Infrastructure	43,430,901	48,264,741
	Local Government Authority	55,189	79,427
	Fenaka Corporation Limited	14,964,402	3,383,051
	Ministry of Climate Change, Environment and Energy	18,053,880	17,713,271
	Other Government Owned Organisations	221,018,579	204,497,222
		948,585,467	773,849,736
	Provision for impairment loss	(161,235,270)	(188,438,353)
	Total	787,350,197	585,411,383
10.3	Provision for Impairment Loss		
	As at 1st of January	188,438,353	123,785,326
	(Reversal)/recognised during the year	(27,203,083)	64,653,027
	As at 31st December	161,235,270	188,438,353



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	31-Dec-25	31-Dec-24
	MVR	MVR
11 Cash and Cash Equivalent		
Cash at bank	87,794,472	56,397,839
Cash in hand	3,245,347	3,008,887
Cash and bank balance in statement in financial position	91,039,819	59,406,726
Bank overdraft	99,108,566	-
Cash and Cash Equivalent in statement in cashflow	(8,068,747)	59,406,726
12 Share Capital		
Issued share capital 150 ordinary shares of MVR 1,000,000 each	150,000,000	150,000,000
Total	150,000,000	150,000,000
12.1 The total authorised number of ordinary shares is 150 shares (2024: 150 shares) with a par value of MVR 1,000,000 per share (2024: MVR 1,000,000 per share). The issued and fully paid share capital comprises of 150 (2024 :150) ordinary shares of MVR 1,000,000 each.		
12.2 Dividends and voting rights		
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company. Subsequent to the reporting date the Company has declared dividend amounting to MVR143,218,127 in respect of profit earned in financial year 2025 (2024: MVR 108,845,423).		
13 Revaluation reserve		
As at 1st January	684,153,190	742,878,751
Transfer to Retained earnings (Note 13.2)	(68,906,004)	(68,906,004)
Deferred tax transferred to retained earnings	10,335,901	10,335,901
Transfer of disposed assets	-	(182,892)
Deferred tax transferred to retained earnings	-	27,434
As at 31st December	625,583,087	684,153,190
13.2 Transfer of Revaluation Surplus to Retained Earnings		
Revaluation surplus is realised to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.		
14 Capital Contribution		
As at 1st January	905,473,042	905,473,042
Grant converted to capital	11,550,886	-
As at 31st December	917,023,928	905,473,042

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

During the year 2021, the Company has received an additional MVR 92,856,020 for greater Male' Grid Connection Project and MVR 66,075,213 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project). During the year 2022, the Company has received an additional MVR 45,096,838 for greater Male' Grid Connection Project and MVR 65,030,438 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

During the year 2023, the Company has received an additional MVR 54,000,000 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company.

During the year 2025, The MOFT waived off MVR 11,550,886/- which was provisionally accrued as interest expense related to loans granted by MOFT. The amount waived off have been considered as capital contribution.



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	31-Dec-25 MVR	31-Dec-24 MVR
15 Borrowings		
As at 1st January	2,829,082,001	2,917,869,405
Loans obtained during the year	-	32,948,078
Interest for the year	52,683,673	65,064,700
Repayments during the year	(139,654,623)	(149,790,996)
Interest paid during the year	(52,683,673)	(37,009,186)
Converted to capital (Note 14)	(11,550,886)	-
As at 31st December	2,677,876,492	2,829,082,001

15.1 Maturity Analysis

Non- Current

Loan and borrowings	1,750,843,681	1,889,118,902
	1,750,843,681	1,889,118,902

Current

Loan and borrowings	927,032,811	939,963,099
	927,032,811	939,963,099

Total borrowings

	2,677,876,492	2,829,082,001
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15.2 Terms and repayment schedule

Source of finance	Purpose to Finance	Interest Rate		Maturity	31-Dec-25 MVR	31-Dec-24 MVR
		2025	2024			
Ministry of Finance *	Third Power System	0%*	0%*	01-Aug-21	130,042,977	130,042,977
Ministry of Finance *	Third Power System	0%*	0%*	01-May-24	124,743,553	124,743,553
Ministry of Finance *	Third Power System	0%*	0%*	01-Sep-24	132,077,542	132,077,542
Ministry of Finance *	5.4V Generator set	0%*	0%*	15-Feb-16	52,279,303	60,231,694
Ministry of Finance *	Second Power System	0%*	0%*	31-Jul-25	84,436,686	84,436,686
Ministry of Finance *	Power System	0%*	0%*	01-Sep-18	17,995,791	21,594,286
Ministry of Finance (Nordea Bank Denmark)	Fourth Power System	4.25% & 8.5%	4.25% & 8.5%	30-Sep-35	1,287,824,888	1,287,824,888
Ministry of Finance *	POISED Project	0%*	0%*	15-May-33	215,265,640	215,265,640
Exim Bank of China	Fifth Power Project	3% + 6 Months SOFR		31-Jul-31	601,277,093	739,552,314
MIB MGAF	Peak Handling	8%		30-Jun-24	31,933,019	33,312,421
					2,677,876,492	2,829,082,001

*With effect from 1st January 2023 the Ministry of Finance suspended charging interest on these loans.



15.3 Bank Borrowings

All of the above Loans (except for MIB - MGAF) have been secured by a guarantee from Government of Maldives.

The Ministry of Finance and Treasury ("MOFT") through its letter dated February 4, 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, part of the transaction has been finalized by the parties for the year ended December 31, 2024.

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

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

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

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

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

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

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

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

1. Component 1: Interest bearing portion - Nordea Loan Funds and Fees of EUR 23,534,579.78 at an interest rate of 8.5% p.a. with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.
2. Component 2: Interest bearing portion - DANIDA Grant Funds of EUR 4,269,568.02 at an interest rate of 4.25% p.a. with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

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

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

The Company entered into a loan agreement with Maldives Islamic Bank during the year for purchasing 1500kVA package substation as a diminishing Musharakah financing equivalent to 70% of shares. The tenure is 06 months from the date of delivery of the asset at a rate of 8%. The Company will obtain the full ownership of the asset over the period after repayment at the termination of the financing arrangement.



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	31-Dec-25 MVR	31-Dec-24 MVR
16 Lease Liability		
Non- current		
Lease liability	147,101,084	138,317,987
Total	147,101,084	138,317,987
Current		
Lease liability	2,076,623	1,908,006
Total	2,076,623	1,908,006
16.1 Movement of lease liability		
As at 1st January	140,225,993	139,393,121
Additions of lease liabilities	-	2,599,811
Interest expense for the year	13,182,418	13,211,087
Repayment during the year	(4,230,704)	(14,978,026)
As at 31st December	149,177,707	140,225,993
16.2 Maturity Analysis of Undiscounted Future Lease Payments are as follows;		
Less than one year	2,076,623	1,908,006
Between two and five years	5,356,727	5,784,437
More than five years	141,744,357	132,533,551
Total	149,177,707	140,225,993
17 Deferred Income		
As at 1st January	29,220,548	30,461,187
Amortisation	(1,240,639)	(1,240,639)
As at 31st December	27,979,909	29,220,548
17.1	Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR 25,287,089 was received in 2006 for the installation of 6 sets of 1250 k Diesel Generators. During the year 2020, the Company received MVR 34,490,853 for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.	



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	31-Dec-25 MVR	31-Dec-24 MVR
18 Defined benefit Obligation		
As at 01st January	38,045,487	33,490,495
<u>Amount recognised in Profit or Loss</u>		
Current service cost for the year	1,800,525	1,486,874
Interest cost for the year	1,997,388	1,540,563
	41,843,400	36,517,932
<u>Amount recognised in Other Comprehensive Income</u>		
Actuarial gain on obligation	20,951,792	5,029,337
Payments during the year	(4,321,185)	(3,501,782)
As at 31st December	58,474,007	38,045,487
18.2 The Company has engaged a qualified actuary to estimate the retirement benefit obligation. The project unit credit method is used to determine the present value of the defined benefit obligation. Key assumption used in the calculation are as follows:		
Expected salary increment	3.14%	2.87%
Discount rate	4.60%	7.00%
Staff turnover factor	3.72%	3.69%
18.3 Sensitivity analysis for the key assumptions		
Impact of the change in discount rate		
Present value of obligation at the end of the period	58,474,007	38,045,487
Impact due to increase of 0.5%	(2,583,562)	(2,256,855)
Impact due to decrease of 0.5%	2,562,118	2,658,696
Impact of the change in salary increase		
Present value of obligation at the end of the period	58,474,007	38,045,487
Impact due to increase of 0.5%	2,580,641	2,322,601
Impact due to decrease of 0.5%	(2,573,622)	(2,527,601)
	up to 2 years MVR	3 to 5 years MVR
18.4 Maturity profile	8,882,948	11,716,379
		Over 5 years MVR
		37,877,680
19 Contractor Payable		
The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between Male and Hulhumale via a bridge on February 12, 2018 for a contract price of USD 45,619,736. Contract is payable over the period of 8 years based on the percentage of completion of the project. The contractual cashflows have been discounted at a rate of 4.8%.		
During the year 2023, the Company received an additional claim from Dongfang Electricity International Corporation ("DEC") on account of project delays and extra work requested by the Company amounting to USD 7,888,165.97. Based on the settlement agreement entered on September 14, 2023, with DEC for the settlement of claim is to be made by 36 monthly instalments starting from 1st October 2023. The contractual cashflows have been discounted at a rate of 9%.		
19.1 Breakdown of Contractor Payable		
As at 1st January	268,034,882	327,922,520
Interest charge during the year	7,150,901	19,278,118
Repayment during the year	(78,656,860)	(82,206,648)
Fine accrued due to delays	-	3,040,892
As at 31st December	196,528,923	268,034,882
Non- Current		
Contractor payable	-	128,565,005
Total	-	128,565,005
Current		
Contractor payable	196,528,923	139,469,877
Total	196,528,923	139,469,877
20 Trade and Other Payables		
Trade payables	205,328,024	82,624,663
Accrued expenses	30,667,497	5,140,342
Dividend Payable to Ministry of Finance	152,845,423	44,000,000
Retention payable	8,938,478	8,957,069
Deposit received	3,735,274	3,968,311
Other payables	14,188,951	17,333,939
Total	415,703,647	162,024,324



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		31-Dec-25 MVR	31-Dec-24 MVR
20.1 Dividend Payable to Ministry of Finance			
As at 1st January		44,000,000	44,000,000
Dividend declared during the year		108,845,423	-
As at 31st December		152,845,423	44,000,000
21 Due to Related Parties			
State Trading Organisation PLC		130,541,517	176,999,543
Waste Management Corporation		26,003,402	22,881,483
Maldives Transport and Contracting Company PLC		5,017,601	6,650,719
Male' Water and Sewerage Company Limited		370,875	276,105
Dhivehi Raajjeyge Gulhun PLC		2,808,694	1,642,841
Other Government owned Organizations		1,167,218	1,500,646
Total		165,909,308	209,951,337
22 Revenue		31-Dec-25	31-Dec-24
<i>The breakdown of the revenue is as follows:</i>		MVR	MVR
Electricity revenue		3,118,522,941	3,021,398,182
Non-electricity revenue	Note 22.1	176,822,591	166,314,961
Water and sewerage revenue		45,950,481	24,387,111
Total		3,341,296,013	3,212,100,254
22.1	Non-electricity revenue include revenue from sale of electronic equipment and other electrical services provided for customers.		
23 Other income			
Amortization of deferred income - Government grant amortization	Note 17	1,240,639	1,240,639
Rental income		599,328	2,096,918
Miscellaneous income		1,916,701	231,513
Writeback of payables		8,322,626	17,680,610
Exchange gain		-	1,489,048
Reversal of provision for slow and Non-moving inventories		-	2,999,332
		12,079,294	25,738,060



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		31-Dec-25 MVR	31-Dec-24 MVR
24	Cost of Revenue		
	Direct Expenses	2,236,021,595	2,226,743,289
	Direct Labour	388,343,548	282,201,940
	Total	2,624,365,143	2,508,945,229
25	Administrative Expenses		
	Personnel cost	174,473,187	240,394,245
	Service Cost on retirement benefit obligation	3,081,052	3,027,437
	Bank charges	4,631,346	36,974,450
	Fines	-	12,186,757
	Provision for slow and Non-moving inventories	5,667,842	-
	Unclaimed GST	12,266,712	15,544,029
	Repair and maintenance	7,027,708	14,086,890
	Depreciation/Impairment of Property Plant and equipment	7,036,418	10,643,258
	Amortization of Right of Use Asset	-	4,218,243
	Directors' remuneration	894,660	829,634
	Rent expenses	1,254,292	572,563
	Loss on disposal of FA	94,296	4,478,267
	Other expenses	176,223,457	119,379,572
	Write off expense	-	1,779,865
	Total	392,650,970	464,115,210
25.1	Personnel costs		
	Staff salaries and wages	208,682,565	187,362,136
	Staff allowances	222,150,452	202,514,366
	Overtime expenses	86,906,335	80,857,329
	Employer's contribution to government pension fund	14,552,570	13,409,375
	Staff medical expenses	12,036,202	10,590,904
	Employee retirement benefits	960,975	-
	Other staff expenses	17,527,636	27,862,074
	Total	562,816,735	522,596,184
	Cost of sales portion	388,343,548	282,201,940
	Administrative expense portion	174,473,187	240,394,244
	Total	562,816,735	522,596,184
26	Finance Cost		
	Interest on Borrowings- Foreign	49,740,669	64,708,299
	Interest on Borrowings - Local	2,943,004	356,401
	Interest on leases	13,182,418	13,211,087
	Interest on other financial arrangements	7,150,901	19,278,118
	Total	73,016,992	97,553,905
	Finance Income		
	Interest income	(29,367,332)	(29,969,219)
	Net Finance Costs	43,649,660	67,584,686



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		31-Dec-25	31-Dec-24
		MVR	MVR
27	Taxation		
	Income Tax Expense for the year		
	Current tax expense	33,712,296	19,923,585
	Deferred tax asset recognised	(17,355,992)	(9,639,641)
	Deferred tax liability recognized	57,001,010	(59,238,414)
	Total Tax Expense	73,357,314	(48,954,470)
27.1	Reconciliation Between Accounting Profit and Taxable Income :		
	Profit before tax	312,054,193	132,454,568
	Aggregate disallowable items	342,695,553	432,384,265
	Aggregate allowable items	(429,501,106)	(431,514,932)
	Tax free allowance	(500,000)	(500,000)
	Tax Income for the year	224,748,640	132,823,901
	Income tax @ 15%	33,712,296	19,923,585
28	Current Tax Liability		
	Tax refunds receivable	23,609,902	3,686,317
	Income tax paid	(2,966,434)	-
	Tax provision for the year	33,712,296	19,923,585
	Total	54,355,764	23,609,902
	Total current tax liability	54,355,764	23,609,902
29	Net deferred tax liability		
	Deferred Tax Liability	275,786,569	229,121,460
	Deferred Tax Asset	(67,738,924)	(47,240,164)
	As at 31 December	208,047,645	181,881,296
30.1	Deferred Tax Asset		
	As at 1st January	47,240,164	36,846,122
	<u>Recognised in other comprehensive income</u>		
	Recognised during the year	3,142,769	754,401
	<u>Recognised in profit or loss</u>		
	Recognised during the year	17,355,992	9,639,641
	As at 31st December	67,738,924	47,240,164
30.2	The recognized deferred tax asset is attributable to the following:		
		31-Dec-25	31-Dec-24
		Temporary	Temporary
		Difference	Difference
		MVR	MVR
		Tax effect	Tax effect
		MVR	MVR
	On debtors provision	257,544,279	38,631,642
	On other provision	58,474,007	8,771,101
	On inventory provision	135,574,542	20,336,181
		451,592,828	67,738,924
		276,888,938	41,533,341
		38,045,487	5,706,823
		-	-
		314,934,425	47,240,164
30	Deferred Tax Liability		
	As at 1st January	229,121,460	298,723,208
	<u>Recognised in profit or loss</u>		
	recognised during the year	57,001,010	(59,238,414)
	<u>Recognised directly in equity</u>		
	Reversed during the year (Note 13)	(10,335,901)	(10,363,334)
	As at 31st December	275,786,569	229,121,460



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

	31-Dec-25		31-Dec-24	
	Temporary Difference MVR	Tax effect MVR	Temporary Difference MVR	Tax effect MVR
Recognised in profit or loss				
Property, plant and Equipment	1,838,577,128	275,786,569	1,527,476,400	229,121,460
	1,838,577,128	275,786,569	1,527,476,400	229,121,460

31 Earnings Per Share

Basic/diluted/earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Profit for the year	238,696,879	181,409,038
Weighted average number of ordinary shares	150	150
Earnings per share	1,591,313	1,209,394

32 Operating Profit before Working Capital Changes

	31-Dec-25 MVR	31-Dec-24 MVR
Profit before tax	312,054,193	132,454,568
Depreciation	254,621,313	242,862,233
Amortization of Right of Use Assets	4,316,275	4,218,243
Interest Income from Financial Asset	(30,513,296)	(31,350,377)
Increase/(Reversal) provision for slow moving inventories	12,266,713	(2,999,333)
Provision for impairment loss on trade receivables	7,858,424	85,594
Reversal of impairment loss on related parties	(27,203,083)	64,653,027
Interest expense	73,016,992	97,553,905
Amortization of deferred income	(1,240,639)	(1,240,639)
Defined benefit obligation for the year	1,800,525	1,486,874
Loss on disposal of PPE	94,296	4,478,267
Fines on contractor payable	-	3,040,892
Employee benefit expense	1,997,388	1,540,563
Amortization of Intangible Assets	5,442,270	-
Total	614,511,371	516,783,817



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33 Related Party Transactions
33.1 Due to Related Parties

		31-Dec-25 MVR	31-Dec-24 MVR
Name	Nature of relationship		
State Trading Organisation PLC	Affiliate		
Opening balance		176,999,543	111,803,948
Purchases		1,769,639,970	1,668,600,209
Payments made		(1,816,097,996)	(1,603,404,614)
Closing balance		130,541,517	176,999,543
Maldives Transport and Contracting Company PLC	Affiliate		
Opening balance		6,650,719	3,395,580
Purchases		37,467,348	60,856,059
Payments made		(39,100,466)	(57,600,921)
Closing balance		5,017,601	6,650,719
Maldives Road Development Corporation Limited	Affiliate		
Opening balance		-	663,612
Payments made		-	(663,612)
Closing balance		-	-
Male' Water and Sewerage Company Limited	Affiliate		
Opening balance		276,106	16,200
Purchases		1,611,201	5,713,827
Payments made		(1,516,431)	(5,453,921)
Closing balance		370,875	276,106
Dhivehi Raajjeyge Gulhun PLC	Affiliate		
Opening balance		1,642,841	529,226
Purchases		6,517,925	9,238,519
Payments made		(5,352,072)	(8,124,903)
Closing balance		2,808,694	1,642,841
Waste Management Corporation Limited	Affiliate		
Opening balance		22,881,483	19,115,642
Purchases		121,710,838	103,989,931
Payments made		(118,588,920)	(100,224,090)
Closing balance		26,003,402	22,881,483
Other Government owned Organizations	Affiliate		
Opening balance		9,469,176	3,839,125
Purchases		37,542,251	60,240,057
Payments made		(45,844,209)	(54,610,005)
Closing balance		1,167,218	9,469,176
Ministry of Environment and Energy	Affiliate		
Opening balance		-	3,053,300
Payments made		-	(3,053,300)
Closing balance		-	-
Total		165,909,308	217,919,868



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34 Related Party Transactions

34.1 Due from Related Parties

		31-Dec-25 MVR	31-Dec-24 MVR
Name	Nature of relationship		
Indira Gandhi Memorial Hospital	Affiliate		
Opening balance		10,123,168	2,559,843
Sales of Services		26,570,426.56	27,809,399.82
Payments made		(32,302,154.92)	(20,246,075.01)
Closing balance		<u>4,391,440</u>	<u>10,123,168</u>
Male' Water and Sewage Company Pvt Ltd	Affiliate		
Opening balance		12,274,563	19,565,954
Sales of Services		13,806,786.06	85,158,911.63
Payments made		(1,830,633.65)	(92,450,302.89)
Closing balance		<u>24,250,715</u>	<u>12,274,563</u>
Maldives Transport and Contracting Company PLC	Affiliate		
Opening balance			
Sales of Services		10,160,683	4,001,294
Payments made		22,339,359.76	15,085,367
Closing balance		<u>(24,739,783.45)</u>	<u>(8,925,978)</u>
		<u>7,760,259</u>	<u>10,160,683</u>
Maldives Customs Services	Affiliate		
Opening balance			
Sales of Services		1,636,238	307,474
Payments made		4,212,653.28	3,886,918
Closing balance		<u>(4,796,165.06)</u>	<u>(2,558,154)</u>
		<u>1,052,726</u>	<u>1,636,238</u>
Maldives Industrial Fisheries Company Limited	Affiliate		
Opening balance			
Sales of Services		401,532	1,087,228
Payments made		3,965,556.25	1,544,321
Closing balance		<u>(2,962,492.36)</u>	<u>(2,230,017)</u>
		<u>1,404,596</u>	<u>401,532</u>
Bank of Maldives PLC	Affiliate		
Opening balance			
Sales of Services		882,136	852,365
Payments made		13,101,268.76	11,610,945
Closing balance		<u>(12,892,911.36)</u>	<u>(11,581,173)</u>
		<u>1,090,494</u>	<u>882,137</u>
Public Service Media	Affiliate		
Opening balance			
Sales of Services		136,295,820	111,440,174
Payments made		26,966,723.99	25,713,931
Closing balance		<u>(9,294.08)</u>	<u>(858,285)</u>
		<u>163,253,250</u>	<u>136,295,820</u>
Maldives Road Development Corporation Limited	Affiliate		
Opening balance			
Sales of Services		1,890,589	2,007,642
Payments made		12,256,539.20	603,447
Closing balance		<u>(91,326.96)</u>	<u>(720,500)</u>
		<u>14,055,801</u>	<u>1,890,589</u>
National Centre For the Arts	Affiliate		
Opening balance			
Sales of Services		1,679,630	1,538,981
Payments made		1,860,084.22	527,924
Closing balance		<u>(1,309,950.75)</u>	<u>(387,274)</u>
		<u>2,229,764</u>	<u>1,679,631</u>
Housing Development Corporation Limited	Affiliate		
Opening balance			
Sales of Services		20,280,740	23,193,463
Payments made		64,203,058.74	15,331,428
Closing balance		<u>(50,990,419.91)</u>	<u>(18,244,150)</u>
		<u>33,493,379</u>	<u>20,280,741</u>



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34 Related Party Transactions

34.1 Due from Related Parties

	Nature of relationship	31-Dec-25 MVR	31-Dec-24 MVR
National Social Protection Agency	Affiliate		
Opening balance			
Sales of Services		115,968	28,371
Payments made		6,642.15	312,260
Closing balance		(62,545.64)	(224,662)
		<u>60,065</u>	<u>115,969</u>
Maldives Port Limited	Affiliate		
Opening balance			
Sales of Services		14,707,977	3,672,488
Payments made		23,999,900.91	35,534,134
Closing balance		(36,844,006.36)	(24,498,644)
		<u>1,863,872</u>	<u>14,707,978</u>
Ministry of Finance and Treasury	Affiliate		
Opening balance			
Sales of Services		242,203,637	233,243,464
Payments received		185,066,186.84	197,229,218
Closing balance		(93,970,307.13)	(188,269,045)
		<u>333,299,517</u>	<u>242,203,637</u>
State Trading Organisation PLC	Affiliate		
Opening balance			
Sales of Services		4,886,359	4,953,686
Payments received		34,549,620.75	27,504,798
Closing balance		(30,458,770.60)	(27,572,125)
		<u>8,977,209</u>	<u>4,886,359</u>
Male' City Council	Affiliate		
Opening balance			
Sales of Services		42,372,975	38,984,301
Payments received		26,664,423.99	20,171,824
Closing balance		(15,157,968.72)	(16,783,150)
		<u>53,879,430</u>	<u>42,372,975</u>
Ministry of Housing, Land and Urban Development	Affiliate		
Opening balance			
Sales of Services		48,264,741	20,767,920
Payments received		23,847,627.42	34,659,131
Closing balance		(28,681,467.08)	(7,162,311)
		<u>43,430,901</u>	<u>48,264,741</u>
Local Government Authority	Affiliate		
Opening balance			
Sales of Services		79,426	18,568,820
Payments received		213,336.46	13,736,613
Closing balance		(237,574.24)	(32,226,007)
		<u>55,189</u>	<u>79,426</u>
Fenaka Corporation Limited	Affiliate		
Opening balance			
Sales of Services		3,383,050	14,597,813
Payments received		15,425,363.55	2,219,535
Closing balance		(3,844,012.02)	(13,434,298)
		<u>14,964,402</u>	<u>3,383,050</u>
Ministry of Climate Change, Environment and Energy	Affiliate		
Opening balance			
Sales of Services		17,713,271	13,622,998
Payments received		2,149,071.16	5,422,614
Closing balance		(1,808,461.93)	(1,332,342)
		<u>18,053,880</u>	<u>17,713,271</u>
Other Government Owned Organisations	Affiliate		
Opening balance			
Sales of Services		204,497,222	91,964,469
Payments made		541,343,644.02	416,677,985
Set-off against dividend payable to Ministry of Finance		(524,822,287.03)	(304,145,232)
Closing balance			
		<u>221,018,579</u>	<u>204,497,222</u>
Total		<u>948,585,467</u>	<u>773,849,730</u>



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35 Transactions with Key Management Personnel

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

	31-Dec-25	31-Dec-24
	MVR	MVR
Directors' Remuneration	894,660	616,081
Defined benefit expense	1,811,430	1,811,430
	2,706,090	2,427,511

36 Commitments

36.1 Capital Commitments

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

	31-Dec-25	31-Dec-24
	MVR	MVR
On Property, plant and equipment	112,978,852	178,494,557
Total	112,978,852	178,494,557

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

37 Capital Management

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

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

	31-Dec-25	31-Dec-24
	MVR	MVR
Total Liabilities	4,053,161,968	3,882,075,771
Cash and Cash Equivalents	(91,039,819)	(59,406,726)
Net Debt	3,962,122,149	3,822,669,045
Total Equity	2,610,419,004	2,476,489,784
Gearing (Times)	1.52	1.54

38 Financial Instruments and Risk Management

(i) Overview

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

- Credit risk

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

(ii) Risk Management Framework

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

(iii) Credit Risk

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

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

	31-Dec-25	31-Dec-24
	MVR	MVR
Trade Receivables	363,461,991	399,726,405
Other Receivables	752,399	22,755,631
Amounts due from Related Parties	787,350,197	585,411,383
Balances with Banks	87,794,472	56,397,839
	1,239,359,059	1,064,291,258

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



38 Financial Instruments and Risk Management(Continued)
(iii) Credit Risk (Continued)

Expected credit loss assessment under IFRS 9

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

Measurement of ECL

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

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

Probability of default (PD)

Loss given default (LGD)

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

Exposure at default (EAD)

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

12/31/202	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	1.7%	219,829,626	3,688,907	No
Past due 31-60 days	5.1%	2,343,788	119,959	No
Past due 61-90 days	6.6%	2,478,713	164,751	No
Past due 91-180 days	11.9%	37,977,333	4,510,739	No
Past due 181-360 days	17.2%	58,965,920	10,169,263	No
Past due more than 365 days*	100.0%	238,890,659	238,890,659	Yes
		560,486,039	257,544,279	

*No provision has been made for balances from MoF being the Company's shareholder.

31-Dec-24	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	1.9%	281,865,607	1,386	No
Past due 31-60 days	2.8%	136,446,520	1,864,138	No
Past due 61-90 days	4.8%	64,438,724	1,665,966	No
Past due 91-180 days	7.8%	121,769,269	6,811,131	No
Past due 181-360 days	15.0%	244,663,928	21,226,975	No
Past due more than 365 days	53.2%	412,842,677	245,319,342	Yes
		1,262,026,726	276,888,938	

Gross carrying amount and loss allowance comprise the trade receivables.

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

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

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

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

Balances with Banks

The Company held amounts of MVR 87,794,472/- as at December 31, 2025 in banks. (2024: MVR 56,397,839). Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external ratings of the counterparties. As a result, the amount of the allowance on cash at bank is negligible.



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38 Financial Instruments and Risk Management(Continued)
(iv) Liquidity Risk

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

31-Dec-25	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-5 Years MVR	More than 5 Years MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	413,254,964	413,254,964	413,254,964	-	-
Loans and Borrowings	2,677,876,492	793,157,638	188,568,436	501,530,035	103,059,167
Contractor Payable	196,528,923	196,528,923	196,528,923	-	-
Amounts due to Related Parties	165,909,308	165,909,308	165,909,308	-	-
Lease Liabilities	149,177,707	654,626,760	15,109,011	70,211,164	569,306,585
	3,602,747,393	2,223,477,592	979,370,641	571,741,199	672,365,752
31-Dec-24	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-5 Years MVR	More than 5 Years MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	162,017,392	162,017,392	162,017,392	-	-
Loans and Borrowings*	2,829,082,001	966,596,876	203,038,145	549,205,373	214,353,358
Contractor Payable	268,034,882	292,263,023	119,202,028	173,060,995	-
Amounts due to Related Parties	209,951,337	209,951,337	209,951,337	-	-
Lease Liabilities	140,225,993	679,225,596	15,003,356	56,946,033	597,107,493
	3,609,311,605	2,310,054,224	709,212,258	779,212,401	811,460,851

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

*Loans and borrowings are excluding the future interest.

(v) Market risk

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

(a) Interest rate risk
Profile

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

	31-Dec-25 MVR	31-Dec-24 MVR
Fixed Rate Instruments		
Financial Liabilities	2,076,599,399	2,089,529,687
Variable Rate Instruments		
Financial liabilities	601,277,093	739,552,314



37 Financial Instruments and Risk Management(Continued)

(v) Market risk

Cash Flow Sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss

by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Sensitivity Analysis	
	100 bp increase MVR	100 bp decrease MVR
31-Dec-25		
Variable rate instruments	497,407	(497,407)
31-Dec-24		
Variable rate instruments	647,083	(647,083)

(b) Currency Risk

Exposure to currency risk

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

	31-Dec-25 MVR	31-Dec-24 MVR
Loans and borrowings	1,921,035,000	2,026,689,623
Contractor Payable	196,528,923	268,034,882
Net currency exposure	2,117,563,923	2,294,724,505

The following significant exchange rate were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2025	2024	31-Dec-24	31-Dec-24
1 USD : MVR	15.42	15.42	15.42	15.42

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

38.1 Market Risk Management

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

39 Fair Value Measurement

Accounting Classifications and Fair Values

December 31, 2025

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value			
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Cash and Cash Equivalents	91,039,819	-	-	91,039,819	91,039,819
Trade and Other Receivables	364,214,390	-	-	364,214,390	364,214,390
Amounts due from Related Parties	787,350,197	-	-	787,350,197	787,350,197
	1,242,604,406	-	-	1,242,604,406	1,242,604,406
Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value			
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Lease Liability	149,177,707	-	-	149,177,707	149,177,707
Loans and Borrowings	2,677,876,492	-	-	2,677,876,492	2,677,876,492
Amount due to Related Parties	165,909,308	-	-	165,909,308	165,909,308
Contractor Payable	196,528,923	-	-	196,528,923	196,528,923
Trade and Other Payables	413,254,964	-	-	413,254,964	413,254,964
	3,602,747,393	-	-	3,602,747,393	3,602,747,393



STATE ELECTRIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2025
All amounts are stated in Maldivian Rufiyaa

38 Fair Value Measurement (Continued)
December 31, 2024

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Cash and Cash Equivalents	59,406,726	-	-	59,406,726	118,813,452
Trade and Other Receivables	422,482,036	-	-	422,482,036	844,964,072
Amounts due from Related Parties	585,411,383	-	-	585,411,383	1,170,822,766
	1,067,300,145	-	-	1,067,300,145	2,134,600,290

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value			Total (MVR)
		Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	
Lease Liability	140,225,993	-	-	140,225,993	140,225,993
Loans and Borrowings	2,829,082,001	-	-	2,829,082,001	2,829,082,001
Amount due to Related Parties	209,951,337	-	-	209,951,337	209,951,337
Contractor Payable	268,034,882	-	-	268,034,882	268,034,882
Trade and Other Payables	162,017,392	-	-	162,017,392	162,017,392
	3,609,311,605	-	-	3,609,311,605	3,609,311,605

40 Contingent Liabilities

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

41 Events after the end of the reporting period

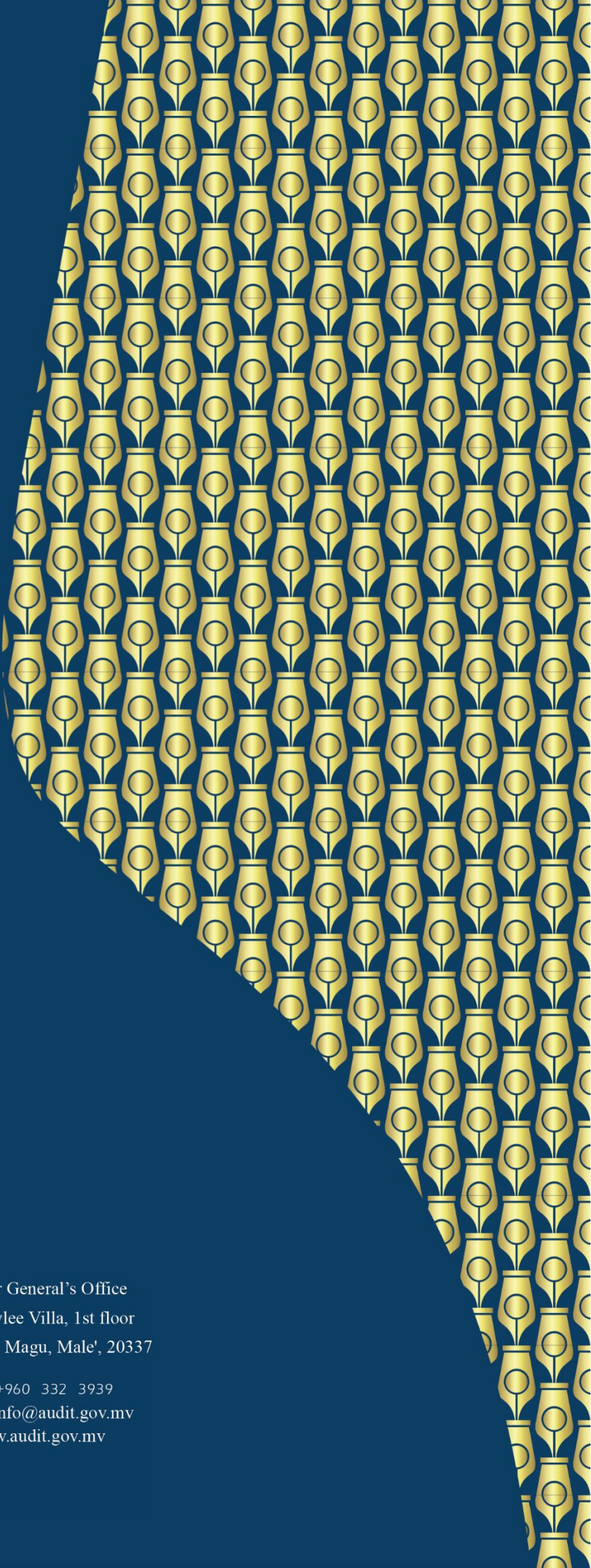
Subsequent to the reporting date, discussions commenced relating to the proposed takeover of Powerhouses currently operated by Fenaka Corporation Limited in islands within Meemu Atoll, Lhaviyani Atoll, and Baa Atoll. As of the date of approval of these financial statements, the takeover dates and the related assets and liabilities to be transferred have not yet been determined.

As disclosed in Note 12.2 (dividend to voting) to the financial statements, Subsequent to the reporting date the Company has declared dividend amounting to MVR143,218,127 in respect of profit earned in financial year 2025 (2024: MVR 108,845,423).

42 Comparative figures

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





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