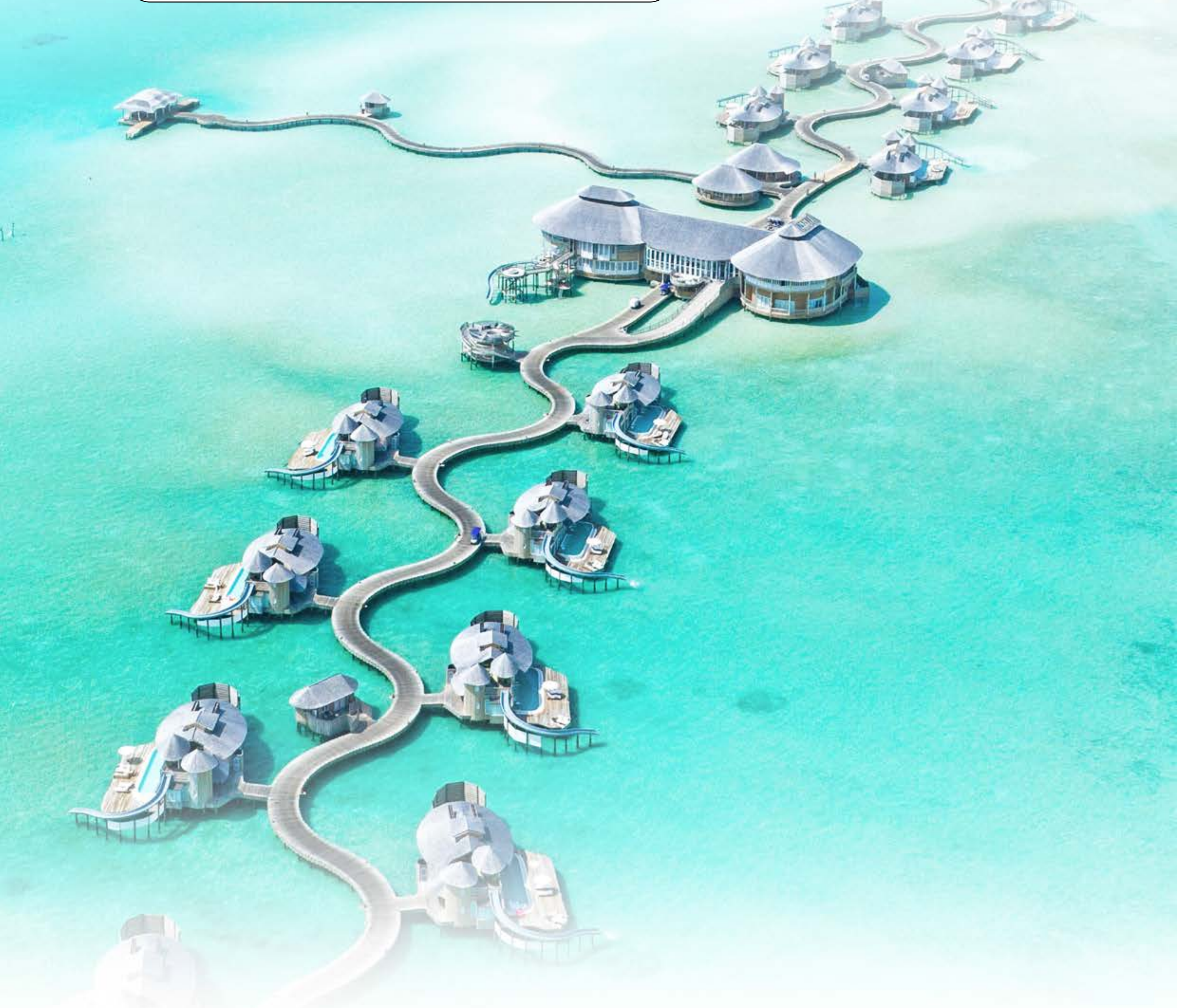
AASANDHA COMPANY LIMITED

Audited Financial Statements for the year ended
31st December 2022



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PARTNERS
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AASANDHA COMPANY LIMITED

Audited Financial Statements for the year ended
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Partnership Registration #: P-T0006/2013 | AGO Registration #: F0002 | MIRA Auditor Registration #: FA0009

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4th May 2023
Our Ref. MHPA / 024-A / 2023

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Aasandha Company Limited,

Opinion

We have audited the financial statements of Aasandha Company Limited (Company), comprise the statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies.

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as 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 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.

Auditors Responsibility 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

Shamoon Adam, FCCA, FCA
License No: ICAM-IL-SVT
MHPA LLP
Chartered Accountants & CPAs

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Certified Practicing Accountants

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS **Page**

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	2022 MVR	2021 MVR
Income	6	52,301,313	50,570,578
Expenses		-	-
Net income		52,301,313	50,570,578
Other income	7	465,890	43,010
Expenses for administration	8	(50,864,650)	(45,639,911)
Finance Expenses	8.3	(695,645)	(356,943)
Income over expense before tax		1,206,908	4,616,734
Income tax expenses	9	(23,962)	(553,836)
Income over expense before (Total comprehensive income)		1,182,946	4,062,898

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER	Note	2022 MVR	2021 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	10	9,930,391	5,190,282
Right to Use Assets	10	7,130,677	2,409,500
Capital Work-in-Progress	10.1	3,099,070	48,382
Intangible assets	11	9,261	30,913
Total non-current assets		20,169,399	7,679,078
Current assets			
Inventory	12	501,715	464,846
Amount due from related parties *	13	9,114,927	18,934,452
Other receivables	14	1,154,963	563,930
Cash and cash equivalents	15	27,533,399	14,617,471
Total current assets		38,305,004	34,580,699
Total assets		58,474,403	42,259,777
EQUITY AND LIABILITIES			
Equity			
Share capital	16	10,000,000	10,000,000
Additional capital contribution		-	-
Accumulated surplus		2,183,260	1,000,314
Total equity		12,183,260	11,000,314
Non-current liabilities			
Deferred income	17	24,394,645	18,372,746
Long Term Lease Liability	19.2	2,969,460	2,228,480
Total non-current liabilities		27,364,105	20,601,226
Current liabilities			
Trade and other payables *	18	14,309,457	10,189,029
Short Term Lease Liability	19.1	4,617,581	469,207
Total current liabilities		18,927,038	10,658,236
Total liabilities		46,291,143	31,259,461
Total equity and liabilities		58,474,403	42,259,775

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

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

Name of the Director	**Signature**
Ismail Azzam Wajeeh (Managing Director)	....
Niyaz Mohamed (Chairman)	....

Date: 13/04/2023

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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

	Share Capital MVR	Additional Capital Contribution MVR	Accumulated surplus MVR	Total Equity MVR
Balance as at 1 January 2021	10,000,000		(3,062,584)	6,937,416
Income over expenditure after tax (Total comprehensive income)	-	-	4,062,898	4,062,898
Additional Capital Contribbution				
Balance as at 31 December 2021	10,000,000	-	1,000,314	11,000,314
Balance as at 1 January 2022	10,000,000	-	1,000,314	11,000,314
Income over expenditure after tax (Total comprehensive income)	-	-	1,182,946	1,182,946
Balance as at 31 December 2022	10,000,000	-	2,183,260	12,183,260

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2022 MVR	2021 MVR
Cash flows from operating activities			
Profit/(Loss) for the period		1,206,908	4,616,734
Adjustments for:			
Depreciation	**10**	6,933,735	4,674,979
Amortization	**11**	21,652	143,473
Finance Cost	**8.3**	695,645	356,943
Loss on disposal of intangible assets	**11**	32,094	-
Operating profit before working capital changes		8,890,034	9,792,128
Changes in:			
Inventories	**12**	(36,869)	(22,315)
Amount due from related parties	**13**	9,819,526	(13,333,844)
Other receivables	**14**	(591,033)	159,148
Deferred income	**17**	6,021,899	2,011,654
Trade and other payables	**18**	4,096,464	3,163,672
Lease Liability	**19**	4,889,354	(1,878,840)
Net cash from operating activities		33,089,376	(108,397)
Cash flows from investing activities			
Acquisition of property plant and equipment	**10**	(16,427,113)	(2,725,498)
Increase in work-in-progress	**10.1**	(3,050,688)	(48,382)
Finance Cost	**8.3**	(695,645)	(356,943)
Net cash used in investing activities		(20,173,446)	(3,130,823)
Net increase / (decrease) in cash and cash equivalents		12,915,931	(3,239,220)
Cash and cash equivalents at beginning of year		14,617,467	17,856,688
Cash and cash equivalents at end of year	**15**	27,533,398	14,617,467

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

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AASANDHA COMPANY LTD C-0807/2011

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPLUBIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Aasandha Private Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Maldives since 21 December 2011 under the Companies' Act No. 10 of 1996 with its registered office at Fen building, 3rd floor, Ameenee Magu, Male', Republic of Maldives. The Company commenced its operations with effect from 1 January 2012.

The main activity of the Company is to manage Universal Healthcare Insurance Scheme offered by the Government of Maldives. As per the management agreement entered in to with the Government of Maldives, the scheme is a non-profit scheme run from the state budget and the Company is entitled to reimburse the total amount equivalent to claims made and administration expenses incurred, from National Social Protection Agency.

The Company is fully owned by the Government of Maldives.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Individual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of Preparation

The individual financial statements of the Company have been prepared based on the historical costs basis except for available for sale investments and those financial assets and that have been measured at fair value.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements is included in the respective notes.

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(e) Critical Accounting Estimates, Assumptions and Judgements

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In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. These particular policies require subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are uncertain. Information about and areas of estimation, uncertainty and critical estimates, assumptions and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in respective note.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Translation in Foreign Currencies

(a) Functional and Presentation Currency

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

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

4.2 Financial Instruments

i. Recognition and initial measurement

a) Financial Assets (Non-derivative)

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

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

- Loans and Receivables
- Cash and cash equivalent

Aasandha Scheme related Financial Assets and Liabilities have been offset against each other.

b) Loans and Receivables

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

Receivables comprise of amount due from related party and other receivables.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities on the balance sheet.

d) Financial Liabilities (Non-derivative)

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

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

ii. Classification and subsequent measurement

Financial assets – Subsequent measurement and gains and losses

The Company's non-derivative financial liabilities comprise insurance payables and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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

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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.

On initial recognition of and equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Held to maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method

(iii) Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

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4.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

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

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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. Land is not depreciated.

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

Building	25 years
Office Interiors	5 years
Office and Computer Equipment	3 years
Motor vehicles	5 years
Air conditioners	3 years
Furniture and Fittings	10 years
Sundry Assets	3 years

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

4.4 Intangible Assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognized in profit or loss as incurred.

(iii) Amortization

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful life for the current and comparative periods is as follows:

Software	5 Years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.5 IFRS 16 Leases

The company applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of lease in IFRS 16.

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 component and account for the lease and non-lease component as a single lease component.

(i) Recognition and initial measurement of right-to-use asset
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 payment made at or before the commencement date, plus any initial

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direct cost 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.

(ii) Subsequent measurement
The right-to-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 underlining asset to the Company by the end of 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-to-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurement of the lease liability.

iii) Recognition and initial measurement of lease liability
The lease liability is initially measured at present value of the lease payment 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, at the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

iv) Short-term leases and leases of low-value assets

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

4.6 IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS

The following changes will apply effective from 1.1.2019 to provide reliable and more relevant information about the effects of the transactions, other events or conditions on the entities financial position.

Grants related to operational expenses will be treated as income in the period it is receivable.

Grants related to Assets will be treated as Deferred Income in the Balance Sheet, and subsequently recognized in the Profit or Loss based on the useful life of the assets. Any funds unutilized at the end of the year that has been allocated for specific Assets will remain in the balance sheet as Deferred Income.

4.7 Inventories

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

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

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4.8 Impairment

Financial Assets (Non Derivative)

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowance at an amount equal to the lifetime ECLs, except for the following, which are measured at 12-month ECLs;

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and 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.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

Financial Assets (Non Derivative)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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4.9 Tax Expenses

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

Current Tax

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

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

4.10 Provision

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.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

4.11 Income

Operating Income

Operating income comprise the total amount receivable for reimbursement of operating expenses and administration expenses for the whole period under the contract with the government and is recognized on accrual basis.

No income is recognized if there are significant uncertainties regarding recovery of the consideration due.

Investment Income

Interest income is recognized in the income statement as it accrues using effective interest rate method.

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4.12 Cash flow statement

Cash flow statement has been prepared using the "indirect method".

4.13 Events Occurring After the Reporting Date

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

4. DETERMINATION OF FAIR VALUES

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

i. Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

ii. Financial Liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- IFRIC 23 - Uncertainty over income tax treatments.
- Annual improvements to IFRS standards 2018 – 2020 cycle – various standards.

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		2022 MVR	2021 MVR
6	**NET INCOME**		
	Gross Income	-	-
	Registration fee	-	-
	Commission/Other Income	49,323,214	47,582,233
	Grant Income	2,978,100	2,988,345
		52,301,313	50,570,578

		2022 MVR	2021 MVR
6.1	**Commission/Other Income**		
	Scheme - Pharmacy	14,056,872	13,860,024
	Scheme - Others	35,000,001	33,722,209
	Welfare commission	266,341	-
		49,323,214	47,582,233

		2022 MVR	2021 MVR
7	**OTHER INCOME**		
	Budget contribution from Ministry of Finan	-	-
	Other income	443,390	41,010
	Sale of Bid Documents	22,500	2,000
		465,890	43,010

		2022 MVR	2021 MVR
8	**EXPENSES**		
	Is stated after charging all the expenses including the following;		
	Depreciation	6,933,735	4,674,979
	Amortization	21,652	143,473
	Directors remuneration	744,804	597,173
	Personnel costs **(Note 8.1)**	33,565,460	30,038,919
	Other Expenses **(Note 8.2)**	9,598,998	10,185,368
		50,864,650	45,639,911

		2022 MVR	2021 MVR
8.1	**Personnel costs**		
	Salaries and wages	15,412,953	13,210,077
	Allowances	16,358,354	15,510,173
	Medical Insurance	475,475	
	Pension allowances	1,318,679	1,318,668
		33,565,460	30,038,919

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		2022 MVR	2021 MVR
8.2	**Other Expenses**		
	Business Travel	43,617	69,773
	Internet Expenses	1,620,124	1,527,993
	Consultancy Services	215,177	30,000
	Audit Fee - External	200,340	169,600
	Audit Fee - Internal	-	222,140
	License & Registration Fees	8,100	5,456
	Stationary printing (Letter heads,vouchers, etc..)	233,383	214,672
	Sundry Expenses	94,952	179,291
	Bank Charges	16,741	17,298
	Staff entertainment	152,205	34,694
	Local staffs Visa Fee	-	-
	Foreign staff expenses	-	-
	Electricity Expenses	1,162,243	1,195,406
	Water Charges	40,556	52,972
	Telephone Expenses	621,592	338,222
	Doctor's fee - Medical	33,000	53,000
	Scholarships and Training	428,378	125,661
	Repairs & Maintenance	759,962	835,592
	Office Rent	1,264,355	2,886,330
	Office supplies	-	-
	Business Entertainment Expenses	61,367	267,596
	Staff subscription to their professional bodies	11,519	8,507
	Fines & Penalties	6,294	500
	Computer Software Expenses	1,144,982	1,301,163
	Subscriptions & Online Service Expenses	643,787	574,648
	Office Cleaning	493,837	23,772
	Postage Expenses	136	11,414
	Foreign Exchange Gains / Losses	0	0
	Property Insurance	19,944	7,868
	PR-Expenses	43,559	-
	Loss on Disposal	32,094	-
	Bad debts	-	-
	Legal Services	-	31,800
	Donations & charities	44,198	-
	Other Expenses	202,079	
	Uniform expenses	477	
	Staff Welfare Expenses	-	-
		9,598,998	10,185,368

		2022 MVR	2021 MVR
8.3	**Finance Cost**		
			-
	Lease Interest	695,645	356,943
		695,645	356,943

This relates to lease interest entries required to be passed to the accounts due to the Right of Use Asset adjustments as per IFRS 16.

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9 TAX EXPENSES

	2022 MVR	2021 MVR
Current tax expense **(Note 9.1)**	23,962	553,836
Deferred tax reversed / (recognized) during the year **(Note 9.2)**	-	-
	23,962	553,836

9.1 Reconciliation between income over expenditure and taxable profit

	2022	2021
Income over expenditure before tax	1,206,908	4,616,734
Aggregate disallowable items	5,590,535	7,091,736
Aggregate allowable items	(6,137,697)	(7,516,230)
Tax free allowance	(500,000)	(500,000)
Total taxable profit	159,746	3,692,240
Business profit tax @ 15%	23,962	553,836

In accordance with the provisions of the Income Tax Act No. 25 of 2019 and subsequent amendments and, relevant regulations, the Company is liable for Income Tax at the rate of 15% on its taxable profit.

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10 PROPERTY, PLANT AND EQUIPMENT

	Building	Office Interiors	Office and Computer Equipment	Motor Vehicles	Furniture and Fittings	Air Conditioners	Sundry Assets	Right to use Asssets	Total 31/12/2022	Total 31/12/2021
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost										
Opening balance (Audited 2021 figure)	2,046,432	4,382,836	20,006,971	560,141	1,297,205	186,100	151,685	7,899,821	36,531,190	33,805,692
Additions during the year	-	2,702,820	4,516,906	-	306,182	177,257	25,483	8,698,465	16,427,113	2,725,498
Transferred from CWIP									-	-
Disposal during the year			(23,701)	(8,941)	(88,142)	(11,078)		(5,074,885)	(5,206,748)	-
Closing balance	2,046,432	7,085,656	24,500,176	551,200	1,515,245	352,278	177,168	11,523,400	47,751,555	36,531,190
Accumulated depreciation / Amortization										
Opening balance (Audited 2021 figure)	194,242	4,178,566	17,504,764	560,139	762,101	121,767	119,508	5,490,321	28,931,408	24,256,430
Charge for the year	81,857	125,234	2,540,181	-	144,782	45,739	18,654	3,977,288	6,933,735	4,674,979
Disposal during the year			(23,686)	(8,941)	(56,066)	(11,078)		(5,074,885)	(5,174,656)	-
Closing balance	276,099	4,303,801	20,021,260	551,198	850,816	156,428	138,162	4,392,723	30,690,487	28,931,408
Net Carrying Value										
Balance as at 31st December 2022	1,770,333	2,781,855	4,478,916	2	664,429	195,850	39,006	7,130,677	17,061,068	7,599,782
Balance as at 31st December 2021	1,852,190	204,269	2,502,207	2	535,104	64,333	32,177	2,409,500		

10.1 Capital Work in Progress

	Total 31/12/2022	Total 31/12/2021
Opening balance	48,382	-
Additions during the year	3,050,688	48,382
Capitalized during year	-	-
Transferred during the year	-	-
Closing balance	3,099,070	48,382

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PROPERTY, PLANT AND EQUIPMENT

	Building	Office Interiors	Office and Computer Equipment	Motor Vehicles	Furniture and Fittings	Air Conditioners	Sundry Assets	Right to use Asssets	Total 31/12/2021	Total 31/12/2020
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost										
Opening balance (Audited 2020 figure)	2,046,432	4,142,536	17,612,409	560,141	1,290,877	118,404	135,073	7,899,821	33,805,692	31,027,125
Additions during the year	-	240,300	2,394,562	-	6,328	67,696	16,612	-	2,725,498	2,778,567
Transferred from CWIP									-	-
Disposal during the year									-	-
Closing balance	2,046,432	4,382,836	20,006,971	560,141	1,297,205	186,100	151,685	7,899,821	36,531,190	33,805,692
Accumulated depreciation / Amortization										
Opening balance (Audited 2020 figure)	112,385	4,073,280	15,027,001	560,139	631,160	88,845	103,405	3,660,214	24,256,430	18,903,790
Charge for the year	81,857	105,286	2,477,763	-	130,941	32,921	16,103	1,830,107	4,674,979	5,352,640
Disposal during the year									-	-
Closing balance	194,242	4,178,566	17,504,764	560,139	762,101	121,767	119,508	5,490,321	28,931,408	24,256,430
Net Carrying Value										
Balance as at 31st December 2021	1,852,190	204,269	2,502,207	2	535,104	64,333	32,177	2,409,500	7,599,782	9,549,262
Balance as at 31st December 2020	1,934,047	69,256	2,585,408	2	659,717	29,558	31,668	4,239,607		

	Total 31/12/2021	Total 31/12/2020
Capital Work in Progress		
Opening balance	-	-
Additions during the year	48,382	-
Capitalized during year	-	-
Transferred during the year	-	-
Closing balance	48,382	-

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11 INTANGIBLE ASSETS

	2022 MVR	2021 MVR
Cost		
Opening balance	3,315,631	3,315,631
Addition during the year	-	-
Disposal during the year	-	-
Closing balance	3,315,631	3,315,631
Accumulated Amortization		
Opening balance	3,284,718	3,141,245
Charged during the year	21,652	143,473
Disposal during the year	-	-
Closing balance	3,306,370	3,284,718
Net Carrying Value	9,261	30,913

12 INVENTORIES

	2022 MVR	2021 MVR
Printing and Stationery and other stock items	501,715	464,846

13 AMOUNT DUE FROM RELATED PARTIES

	2022 MVR	2021 MVR
National Social Protection Agency	9,114,927	18,934,452
Hulhumale Medical Hospital	-	-
	9,114,927	18,934,452

14 OTHER RECEIVABLES

	31/12/2022 MVR	31/12/2021 MVR
Other receivables	895,493	552,492
Staff loan receivables	9,021	2,206
Advance receivables	1	9,232
GST Payable	133,090	
Tax receivable	117,357	-
	1,154,963	563,930

15 CASH AND CASH EQUIVALENTS

	31/12/2022 MVR	31/12/2021 MVR
Cash in Hand	20,415	20,415
Balances with Banks	27,512,984	14,597,056
	27,533,399	14,617,471

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16 SHARE CAPITAL

Authorized
The authorized share capital comprises of 1,500,000 ordinary shares of MVR 100/- each.

Issued and fully paid
The issued and fully paid share capital comprises of 100,000 ordinary shares of MVR 100/- each.

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

17 DEFERRED INCOME

	31/12/2022 MVR	31/12/2021 MVR
Opening balance	18,372,746	16,361,091
Unwinding of Grant Income based on use of assets	(2,978,101)	(2,988,346)
Capital Expenses during the year from deffered	(6,356,674)	
Grants received (Unutilized) during the year	4,659,636	2,274,502
Capital Expenses during the year	10,697,038	2,725,498
Closing balance	24,394,645	18,372,746

17.1 Analysis of Deferred Income

Unutilized grants **(Note 17.2)**	17,811,186	13,151,551
Grants related to assets **(Note 17.3)**	6,583,460	5,221,195
	24,394,646	18,372,746

17.2 The deferred income represents the amounts received from Finance Ministry for the future capital expenses. The deferred income is recognized when it is incurred during the year.

17.3 The deferred income represents the amounts funded by Ministry of Finance to purchase fixed assets and intangible assets. The deferred income relating to capital assets are recognized over the useful life of the assets.

18 TRADE AND OTHER PAYABLES

	31/12/2022 MVR	31/12/2021 MVR
		-
Claim Advances	12,786,252	4,395,633
GST Payable		3,649,374
Amount Due to HMH	-	-
Accrued expenses and other payables	1,523,202	1,769,713
Tax Payable		374,309
	14,309,455	10,189,029

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19 Lease Liability	**2022 MVR**	**2021 MVR**
Short Term Lease Liability	4,617,581	469,207
Long Term Lease Liability	2,969,460	2,228,480
	7,587,041	2,697,687

19.1 Short Term Lease Liability	**2022 MVR**	**2021 MVR**
Housing Development Corporation Ltd. (HDC)	181,114	164,649
State Trading Organization	-	304,558
Fenbuilding 3rd Floor	2,719,016	
G.Herethere 4th and 5th Floor	1,717,450	
	4,617,581	469,207

19.2 Long Term Lease Liability	**2022 MVR**	**2021 MVR 0**
Housing Development Corporation Ltd. (HDC)	2,047,366	2,228,480
State Trading Organization	-	-
Fenbuilding 3rd Floor	-	
G.Herethere 4th and 5th Floor	922,094	
	2,969,460	2,228,480

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20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments;

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, and the Company's

objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a party to the contract fails to meet its contractual obligations, and this principally arises from the Company's receivable from related party.

Comparative information under IAS 39

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

	Carrying Amount	
	31/12/2022 MVR	31/12/2021 MVR
		0
Amount due from related parties	9,114,927	18,934,452
Other receivables	1,037,604	554,699
Cash at Bank	27,512,984	14,597,056
	37,665,516	34,086,207

The Company's exposure to credit risk is influenced mainly by the credit worthiness the Government of Maldives as represented by National Social Protection Agency .

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20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Impairment Losses

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The aging of amount due from related party at the reporting date was as follows;

	31/12/2022		31/12/2021	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
Past due 0-30 days	7,352,449	-	9,158,307	-
Past due 31-365 days	1,762,478	-	9,885,842	-
More than one year	-	-	-	-
	9,114,927	-	19,044,149	-

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

Credit loss assessment under IFRS 9

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rate are based on actual credit loss experience over past years. These rate 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 condition of expected lives of the receivables.

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

Trade Receivable

Following table provides information about exposure to credit risk and ECLs for trade receivable and contract assets as at 31 December 2022.

	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Past Due 0-30 days	0%	7,352,449	-	No
Past Due 31-60 days	0%	1,762,478	-	No
		9,114,927	-	

As the receivables are from the government, there is no risk of loss and therefore the weighted average loss rate is 0%

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20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Credit loss assessment under IFRS 9 (Continued)

Trade Receivable (Continued)

Gross carrying amount and loss allowance comprise the trade receivables and amount due from related companies.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. Allowance of impairment over these receivable were not recognized to the profit and loss for the year ended 31 December 2021, since the impact is not material to the financial statement.

Cash and cash equivalent

The Company held total cash of MVR 27,533,679/- as at 31 December 2022 (2021 - MVR 14,617,471/-).

(ii) Liquidity risk

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

The following are the contractual maturities of financial liabilities as at the reporting date.

31 December 2021	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	4,395,633	2,105,673	1,710
Amount due to related parties	-	-	-
	4,395,633	2,105,673	1,710

31 December 2022	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	12,786,252	12,784,543	1,710
Amount due to related parties	-	-	-
	12,786,252	12,784,543	1,710

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20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

31 December 2022	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	12,786,252	12,784,543	1,710
	12,786,252	12,784,543	1,710

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

(iii) Market Risk

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

(a) Currency risk

Exposure to currency risk

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

	31-12-22 US$	31-12-21 US$
Trade and Payables	111	111
Cash and cash equivalent	11,089	26,894
Gross statement of financial position exposure	11,089	26,894

The following significant exchange rate applied during the year

	Average rate		Reporting date spot rate	
	2022	2021	31-12-22	31-12-21
1 US$: MVR	15.42	15.42	15.42	15.42

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

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20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Interest rate risk

The company does not have any interest exposure as at 31 December 2022.

21 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the reporting date.

22 EVENTS AFTER THE REPORTING DATE

No significant events have occurred after the reporting date.

23 DIRECTOR'S RESPONSIBILITY

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

24 COMPARATIVE FIGURES

The comparative figures of the financial statements have been reclassified to conform with current year's classifications where applicable.

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25 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transactions	Amount 2022 MVR	Amount 2021 MVR	Balance as at 31/12/2022 MVR	Balance as at 31/12/2021 MVR
National Social Protection Agency	Government Institute	Operating Income Settlement	49,323,214 (46,827,016)	47,582,233 (36,070,643)	18,729,602	16,233,405

25.1 Transactions with the Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has made a payment of MVR. 524,018/- to the key management personnel during the year ended 31st December 2022. (2021: MVR. 488,508/-) and MVR 220,786/- for Travelling and Trainings (2021: MVR 108,665/-)

25.2 Collectively, but not individually, significant transactions.

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

About MHPA

MHPA is a Institute of Chartered Accountants of Maldives Licensed Audit Firm registered in the Republic of Maldives providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. Initially registered in 2008, MHPA was the first 100% Maldivian owned and operated professional audit firm with qualified professionals to offer specialized professional assurance and advisory services such as Internal Audits, External Audits, Valuation Services, Feasibility Studies and Due Diligence Services to the micro, small and medium sized business enterprises in the country.

MHPA is a firm with a DIFFERENCE. We pride ourselves in knowing exactly what businesses want and need for successful growth. Our trained professional staff keeps up to date with the latest in-formation in legislation, business management practices and technology so your business can be kept fully informed. A one-stop solution for all your financial requirements, MHPA is an extension of your business and that's what makes the difference. With international affiliations, MHPA brings world-class capabili-ties and deep local expertise to help clients succeed wherever they operate.

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