Report No: FIN-2020-31(E)

13th August 2020

MALDIVES FUND MANAGEMENT CORPORATION LIMITED

For the period from 26th June 2019 to 31st December 2019

AUDITOR GENERAL'S OFFICE

Contents

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES FUND MANAGEMENT CORPORATION LIMITED

Opinion

We have audited the financial statements of Maldives Fund Management Corporation Limited ("the Corporation") which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 7 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31st December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of management and those charged with governance for the Financial Statements

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

The Board of Directors are responsible for overseeing the Corporation's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation 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.

13th August 2020

Hassan Ziyath
Auditor General

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MALDIVES FUND MANAGEMENT CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the period from 26 June 2019 to 31 December 2019

(All amounts are in MVR unless otherwise indicated)

	Notes	Period 26 June to 31 December 2019
Revenue	5	-
		-
Personal costs	6	906,277
Other operating expenses	7	914,262
Results from operating activities		**(1,820,539)**
Finance cost	8	46,008
Finance income	8	1,218
Profit (loss) before tax		**(1,865,329)**
Income tax expense		-
Net profit/(loss) for the period		**(1,865,329)**
Earnings per share		(1.96)

The accounting policies and notes on pages 7 to 25 are an integral part of these financial statements.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(All amounts are in MVR unless otherwise indicated)

	Notes	2019
Assets		
Non-current assets		
Property, plant and equipment	9	477,952
Intangible assets	10	-
Right-of-use assets	11	2,800,357
Other assets	12	74,298
Total non-current assets		**3,352,606**
Current assets		
Cash and cash equivalents	13	7,629,275
Inventory asset	14	-
Trade and other receivables	15	-
Total current assets		**7,629,275**
Total assets		**10,981,881**
Equity and liabilities		
Non-current liabilities		
Lease liability	16	2,305,425
Total non-current liabilities		**2,305,425**
Current liabilities		
Trade and other payables	17	534,891
Lease liabilities	16	470,583
Total current liabilities		**1,005,474**
Equity		
Share capital	18	9,536,310
Retained earnings		(1,865,329)
Total equity		**7,670,981**
Total equity and liabilities		**10,981,881**

The accounting policies and notes on pages 7 to 25 are an integral part of these financial statements.

These financial statements were approved by Board of directors and authorised for issue on 12th August 2020 and signed on its behalf by;

Hassan Manik (Managing Director)

Neeza Imad (Chairperson)

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

MALDIVES FUND MANAGEMENT CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

For the period from 26 June 2019 to 31 December 2019

(All amounts are in MVR unless otherwise indicated)

	Notes	SHARE CAPITAL	RETAINED EARNINGS	TOTAL (MVR)
Balance as at 26 June 2019		-	-	-
Issue of shares	18	9,536,310	-	9,536,310
Profit/(loss) for the period			(1,865,329)	(1,865,329)
Balance as at 31 December 2019		**9,536,310**	**(1,865,329)**	**7,670,981**

The notes pages 7 to 25 are an integral part of these financial statements.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

AUDITOR GENERAL'S OFFICE

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
STATEMENT OF CASH FLOWS
For the period from 26 June 2019 to 31 December 2019
(All amounts are in MVR unless otherwise indicated)

	Notes	Period 26 June to 31 December 2019
Cash flows from operating activities		
Profit before tax		(1,865,329)
Depreciation of right of use assets	11	96,564
Interest income	8	(1,218)
Interest on lease liabilities	8	46,008
Cash flows from operating activities before changes in working capital		**(1,723,975)**
Changes in:		
Trade and other payables	17	534,891
Net cash from operating activities		**(1,189,083)**
Cash flows from investing activities		
Purchase of property, plant and equipment	9	(477,952)
Payment of lease liabilities	16	(120,000)
Payment for security deposit	12	(120,000)
Net cash used in investing activities		**(717,952)**
Cash flows from financing activates		
Issue of share capital	18	9,536,310
Net cash used in financing activities		**9,536,310**
Net increase or decrease in cash and cash equivalents		7,629,275
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		**7,629,275**

The accounting policies and notes on pages 7 to 25 are an integral part of these financial statements.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

AUDITOR GENERAL'S OFFICE

1. Reporting entity

Maldives Fund Management Corporation (MFMC) is a limited company incorporated on 26 June 2019 and domiciled in the Republic of Maldives. The registered address of the Corporation is Ministry of Finance, Ameene Magu, Male' 20379, Maldives.

The Corporation was formed by the virtue of Presidential Decree and was established with the aim of creating a company that assists in the mechanism of acquiring inexpensive finance options through fund structures for Maldivian investors and foreign investors under section 95 of the Companies Act of the Republic of Maldives (Act no: 10/96) and with the president's authority, by a Presidential Decree no: 3/2019.

The Corporation was established with the responsibilities of fulfilling national goals of development through increasing private sector investment with the aid of the government, to increase the wealth of the country and to increase the strategic investments through managing the risks and profit ratios.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Corporation, which comprises of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS). This is the first set of financial statements prepared by the Corporation since its incorporation.

2.2 Basis of measurement

The financial statements of the Corporation have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Materiality and aggregation

In compliance with IAS 1- *Presentation of financial statements*, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are also presented separately unless they are considered to be immaterial.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by accounting standards.

3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Detailed information about each of the estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

3.1 Going concern

The Board assessed the Corporations' 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 be significant upon the Corporations' ability to continue as a going concern and it does not intend either to liquidate or to cease operations of the Corporation. Therefore, the financial statements are prepared on the going concern basis.

3.2 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

3.3 Depreciation of property, plant and equipment

The Corporation assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilization and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where the Corporation determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Corporation's financial statements when the change in estimate is determined.

3.4 Impairment of property, plant and equipment and intangible assets

The Corporation assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following.

- Obsolescence or physical damage.
- Significant changes in technology and regulatory environments.
- Significant underperformance relative to expected historical or projected future operating results.
- Significant changes in the use of its assets or the strategy for its overall business.
- Significant negative industry or economic trends; the identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating

4. Significant accounting policies

The significant accounting policies set out below are adopted in the preparation of these financial statements

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

AUDITOR GENERAL'S OFFICE

4.1 Financial Instruments

(a) Financial assets (non-derivative)

Initial recognition and measurement

The Corporation initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Corporation 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, 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.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised cost

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. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Corporation 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.

Business model assessment

The Corporation 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 management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

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 (e.g. Liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Corporation 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. In making this assessment, the Corporation considers:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features.
- Prepayment and extension features; and
- Terms that limit the Corporation's claim to cash flows from specified assets (e.g. Non-recourse features).

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

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. Financial assets at amortized cost comprise trade and other receivables, bank deposits and investment in fixed deposits.

De-recognition of financial assets

The Corporation 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 Corporation is recognized as a separate asset or liability.

(b) Financial liabilities (non-derivative)

Classification, subsequent measurement and gain and losses

The Corporation 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 Corporation becomes a party to the contractual provisions of the instrument.

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. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The Corporation has the non-derivative financial liabilities such as trade and other payables and amounts due to related party. 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.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

AUDITOR GENERAL'S OFFICE

De-recognition of financial liabilities

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation 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.

4.2 Leases

The Corporation adopted IFRS 16 - *Leases*, which introduces a single, on-balance sheet accounting model for lessees. As a result, the Corporation, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

As a lessee

At inception of a contract, the Corporation 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 Corporation uses the definition of a lease in IFRS 16 – *Leases.*

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

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date.

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, the Corporation's incremental borrowing rate. Generally, the

Corporation uses its incremental borrowing rate as the discount rate. The Corporation 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 and type of the asset leased.

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 under a residual value guarantee; and
- The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re measured 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 Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation 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.

Right-of-use assets

The right-of-use asset is initially measured at cost comprising the followings;

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date
- Any initial direct cost, and
- 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 Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation 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.

Short-term leases and leases of low-value assets

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

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks. Cash and cash equivalents are carried at amortised cost in the statement of financial position. Details of cash and cash equivalents are given in Note 13 to the financial statements.

4.4 Property, plant and equipment

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 and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant, and equipment. The corresponding obligation is recognized as a provision. 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.

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 Corporation, 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.

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. The estimated useful lives are as follows:

Asset Category	Useful Years	Rate
Furniture and fittings	10	10%
Office equipment	5	20%
Plant and equipment (excluding office equipment)	10	10%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate. In the year of purchase, assets are depreciated only if they have been in use for more than 6 months in the financial year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

4.5 Intangible assets

Recognition and measurement

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

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

AUDITOR GENERAL'S OFFICE

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Corporation are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

Subsequent expenditure

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Corporation has sufficient resources to complete development and to use the asset.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

At the reporting date, there is no such intangible assets to be measured and reported in the financial statements.

4.6 Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with a customer. The Corporation recognize revenue when it transfers control over a good or service to a customer. No goods or services was provided by the Corporation to customer during the reporting period.

4.7 Employment benefits

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

The Corporation is registered for Maldives retirement pension scheme run by Maldives Pension Administration Office. The Corporation contributes the mandatory 7% of staff's salary into the scheme with an additional, minimum, 7% of salary being contributed by the staff members.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

4.8 Operating expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss for the year. Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

4.9 Determination of fair values

For both financial and non-financial assets and liabilities, Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability

- level 1: quoted prices (unadjusted) in active market for identical assets and liabilities

- level 2: inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly (i.e. As prices) or indirectly (i.e. Derived from process)

- level 3: inputs for the assets or liability that are not used on observable market data (unobservable inputs)

4.10 Share capital

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 Dividends

Interim dividends to ordinary shareholders are recognized as a liability in the period in which they are declared, and final dividends are recognized as a liability in the period which they are approved by the shareholders.

4.12 Current and deferred business profit tax

Tax expenses for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extend that it relates to items recognised directly in equity.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

AUDITOR GENERAL'S OFFICE

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The provisions for business profit tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Business Profit Tax Act.

The Corporation is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000.

Deferred business profit tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred business profit tax asset is realised or the deferred business profit tax liability is settled.

Deferred business profit tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred business profit tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit tax assets and liabilities relate to business profit tax levied by the same taxation authority. Current tax assets and tax liabilities are offset where the Corporation has a legally enforceable right to offset and intend either to settle on a net basis, or to reduce the asset and settle the liability simultaneously.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

AUDITOR GENERAL'S OFFICE

5. Revenues

	Period 26 June to 31 December 2019
Revenues	-
	-

6. Personnel costs

	Period 26 June to 31 December 2019
Wages and salaries	281,656
Staff allowances	110,847
Directors remuneration	494,058
Contribution to Maldives retirement pension scheme	19,716
	906,277

7. Other operating expenses

General and administrative expenses incurred by the Corporation during the reporting period are as follows.

	Period 26 June to 31 December 2019
Depreciation (Note 9,10,11)	96,564
Rent expenses	190,968
Stationery and office supplies	12,305
Pantry expenses	975
Bank charges	703
Travel expenses	50,189
Professional fees	269,141
Legal fees	124,829
Utilities	19,058
IT expenses	4,260
Transportation and handling	400
Selling and marketing expenses	144,869
	914,262

8. Finance costs and finance income

The finance costs reported by the Corporation consist of interest on lease liabilities of MVR 46,008 and finance income of 1,218 from interest on security deposit as detailed in Note 12 and 16 respectively.

9. Property, plant and equipment

Cost	Furniture and fittings	Office equipment	2019
As at 26 June 2019	-	-	-
Acquisition during the period	181,602	296,350	477,952
Disposals during the period	-	-	-
As at 31 December 2019	**181,602**	**296,350**	**477,952**
Accumulated Depreciation			
As at 26 June 2019	-	-	-
Depreciation charge for the period	-	-	-
Depreciation on disposals	-	-	-
As at 31 December 2019	**-**	**-**	**-**
Net book value as at 31 December 2019	**181,602**	**296,350**	**477,952**

10. Intangible assets

The Corporation did not have any intangible assets at the reporting date.

11. Right-of-use assets

Leasehold office space of the Corporation is classified as a right of use asset. The right of use assets is depreciated over the shorter of the asset's useful life and the lease term on straight-line basis.

At fair value	2019
As at 26 June 2019	-
Additions during the period	2,896,921
As at 31 December 2019	**2,896,921**

Depreciation	2019
As at 26 June 2019	-
Depreciation charge for the period	96,564
As at 31 December 2019	**96,564**
Net book value as at 31 December 2019	**2,800,357**

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

12. Other assets

Other Assets consist of a security deposit of MVR 120,000 for the lease of office building capitalized as a financial asset.

	2019
As at 26 June 2019	-
Recognition of deposit	73,079
Interest income for the year	1,218
As at 31 December 2019	**74,298**

13. Cash and cash equivalents

Cash and cash equivalents contain deposits held at bank in Maldives and petty cash funds.

	2019
Cash at bank	7,621,038
Cash on hand	8,237
	7,629,275

14. Trade and other receivables

The Corporation does not have any trade and other receivables at the reporting period.

15. Inventories

The Corporation does not have any inventory at the reporting period.

16. Lease liability

	2019
As at 26 June 2019	-
Additions during the period	2,850,000
Interest on lease liabilities	46,008
Payments of lease liabilities	(120,000)
As at 31 December 2019	**2,776,008**

Lease liabilities included in the statement of financial position as at the year end

	2019
Current lease liabilities	470,583
Non-current lease liabilities	2,305,425
Total lease liabilities	**2,776,008**

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

17. Trade and other payables

	2019
Trade payables	515,905
Payables to directors	17,380
Payables to SOEs	1,606
	534,891

Payables to directors includes reimbursements for corporate expenses paid out of pocket of Managing Director of MVR 12,080 and board chairperson's salary payable of MVR 5,300.

18. Share capital

	Number of shares	2019
Issued and fully paid share capital	953,631	**9,536,310**

Authorised share capital comprises of MVR 2,500,000,000 (250 million shares @10/share)

The total paid up number of ordinary shares as at 31 December 2019 was 953,631 with a par value of MVR 10 per share.

19. Capital management

The Corporation's objectives when managing capital are to safeguard the Corporation'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. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

20. Operation segments

The Chief Operating Decision Maker of the Corporation is the Chief Executive Officer (CEO) and the Managing Director of the Corporation. The CEO and Managing Director considers the performance of the Corporation as a whole considering the total operations of the Corporation as one segment in assessing the performance of the Corporation and making decisions about the resource allocation within the organization.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

21. Related party transations

Transactions with key management personnel

Remunerations	**2019**
Board allowance	147,037
Directors salary	201,067
Other allowances and pension	145,955
	494,058

Balance outstanding	
Board allowance	**5,300**

Borrowings	**2019**
Corporate expenses paid by directors out of pocket	48,702
Reimbursements for Corporate expenses paid out of pocket	(36,622)
Balance outstanding	**12,080**

Transactions with Government of Maldives and government related entities

	2019
Ministry of economic development	**407,391**

Transactions with Ministry of Economic Development (MED) are reimbursemt of payments made by the Ministry on behalf of the Corporation during the early days of the Corporation before the Corporation's bank accounts were set up.

Transactions with State Owned Enterprises

	2019
Waste Management Corporation Limited (WAMCO)	790
Male' Water and Sewerage Company (MWSC)	900
Maldives Transport and Contracting Company (MTCC)	350
State Electric Company (STELCO)	3,792
Island Aviation Services (IAS)	32,027
Fahi Dhiriulhun Corporation Limited (FDC)	190,968
	228,827

Balance outstanding	
State Electric Company (STELCO)	1,332
Male' Water and Sewerage Company (MWSC)	274
	1,606

MALDIVES FUND MANAGEMENT CORPORATION LIMITED
C06492019

22. Event after reporting date

Creation of Subsidiary

A 100% owned subsidiary of the Corporation "Agro National Corporation Limited" was registered by the Corporation on 21 April 2020. The main objectives of the registered Corporation is focused on agriculture, aquaculture, agricultural and poultry farming. The Corporation has planned to invest MVR 15,000,000 in the subsidiary over the next reporting period.

COVID-19 Pandemic

The ongoing Covid-19 Pandemic is expected to impact the Global economy as well as Maldivian economy. The Corporation also expects the effects of the pandemic to have an impact on the Corporation's performance in the following years. However, the possible impact of this event on the Corporation and this set of financial statement for the year ended 31 December 2019 cannot be assessed due to many uncertainties.

MALDIVES FUND MANAGEMENT CORPORATION LIMITED C06492019

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