

**MALDIVES FUND MANAGEMENT CORPORATION**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**



Ernst & Young  
Chartered Accountants  
G. Shafag, 2<sup>nd</sup> Floor  
Rahdhebai Magu  
Malé, Republic of Maldives

Tel: +960 332 0742  
eymv@lk.ey.com  
ey.com  
Reg. No: P-0192/1995

DN/NJ/KA

## **Independent auditor's report to the shareholders of Maldives Fund Management Corporation Limited**

### **Report on the audit of the financial statements**

We have audited the financial statements of Maldives Fund Management Corporation Limited (the "Company") and the consolidated financial statements of the Company and its Subsidiaries (the "Group") which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other 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 of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of Property Plant and Equipment including Capital Work in Progress</b></p> <p>As at 31 December 2022, the Group's property, plant and equipment including capital work in progress accounted for 54% of the consolidated total assets.</p> <p>Carrying value of property, plant and equipment was a key focus of our audit due to:</p> <ul style="list-style-type: none"> <li>• Significance of the additions made during the year on acquisition of new assets as well as expenditure incurred on capital work in progress.</li> <li>• Materiality of the reported depreciation on property, plant and equipment which amounted to MVR 1.6 Mn. for the year ended 31 December 2022.</li> <li>• Judgements associated with estimating the useful lives of the Property, plant and equipment by the Group.</li> <li>• The timing of recognition of assets placed into use from capital work-in-progress to property plant equipment considering the appropriateness of the date from which property plant and equipment commenced being depreciated.</li> <li>• Judgements associated with identification of indicators of impairment.</li> </ul> <p>The Group's disclosures on property and equipment are included in Notes 3.3 and 12 to the consolidated Financial Statements and the disclosures on capital work-in-progress are included in Note 12.1 to the consolidated Financial Statements.</p>	<p><b>Our audit procedures included the following.</b></p> <ul style="list-style-type: none"> <li>• We tested the additions made during the year by reviewing supporting documents such as purchase invoices and cash disbursements. We also tested progress reports with engineer confirmations for capital work in progress to verify the availability of use and values.</li> <li>• Evaluated the Group's process in estimating the useful lives of property, plant and Equipment by assessing the judgements used by the Group on appropriateness of the useful lives of property, plant and equipment applied in the calculation of depreciation.</li> <li>• Through, physical inspection of the capital projects in progress, discussion with the respective project managers and inspection of relevant documentation evaluated the status of completion of those projects in relation to budgeted project duration.</li> <li>• Assessed the reasonableness of the judgements applied in identification of possible indicators of impairment relating to property, plant and equipment including capital work in progress.</li> </ul> <p>Further we assessed the adequacy of the disclosures reflected in Notes 3.3 and 12 to the consolidated Financial Statements.</p>



Key audit matter	How our audit addressed the key audit matter
<p><b>Deferred grant/Project Liabilities</b></p> <p>As disclosed in note 24 to the financial statements, the Deferred grant/Project Liabilities of the Group amounted to MVR 27,481,651, /- as at 31 December 2022 and represents approximately 35% of the Group's total liabilities.</p> <p>Project Liabilities are a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• Significance of the amount reported.</li> <li>• Assessment of compliance with conditions relating to the Project agreements.</li> <li>• Appropriateness of costs that are eligible to be recognized as expenses relating to the Project.</li> </ul>	<p><b>Our audit procedures included the following.</b></p> <ul style="list-style-type: none"> <li>• Obtained understanding of the conditions of the project agreement and evaluated compliance.</li> <li>• Checked the process of receipts and disbursements of funds.</li> <li>• Checked the recognition of the incurred cost and related income with eligibility criteria of the project.</li> </ul> <p>We also assessed the adequacy of related disclosures made in 24 to the financial statements.</p>
Key audit matter	How our audit addressed the key audit matter
<p><b>Right of Use assets and related lease liabilities</b></p> <p>As disclosed in notes 14 and 21, the Group has recognized Right of Use Assets of MVR 37,619,848/- and related lease liability of MVR 39,829,406/- during the year. Consequently, as at 31 December 2022 Right of Use assets represents 16% of the total assets of the Group and Lease Liabilities represents 51% of the total Liabilities of the Group.</p> <p>Right of Use assets and related lease liabilities were identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• Significance of the amounts reported during the year.</li> <li>• The degree of judgements and estimation uncertainty associated with the measurement of Right of Use assets and related lease liabilities.</li> </ul> <p>Key areas of significant judgements and estimation uncertainties in the measurement of the Right of Use assets and related lease liabilities included the following:</p> <ul style="list-style-type: none"> <li>• Consideration of the key contractual terms included in the lease contracts,</li> <li>• Appropriateness of incremental borrowing rates (IBR) used.</li> </ul>	<p><b>Our audit procedures included the following;</b></p> <ul style="list-style-type: none"> <li>• Obtained and inspected the lease contracts and evaluated whether management has considered of relevant lease terms.</li> <li>• Assessed the appropriateness of the incremental borrowing rates.</li> <li>• Recalculated the lease liabilities, right of use assets, finance costs and depreciation based on the underlying contractual terms.</li> </ul> <p>We also, assessed the adequacy of the disclosures made in notes 4.2, 14 and 21 to the financial statements relating to significant judgements and estimates used by Management.</p>

## Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and Group.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. 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.

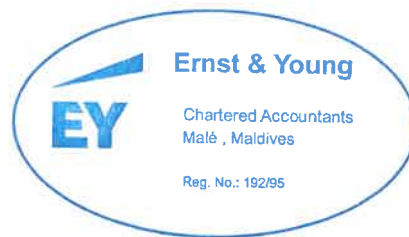
## Auditor's responsibilities for the audit of the financial statements (Continued)

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.

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



For and on behalf of Ernst & Young  
Partner: Dhunya Nizar  
Licensed Auditor: ICAM-IL-Z73



05 February 2024  
Malé

**MALDIVES FUND MANAGEMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Year ended 31 December 2022**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
Revenue from contracts with customers	6	5,592,113	9,560,677	-	-
Cost of Sales		(5,294,427)	(7,113,450)	-	-
<b>Gross profit</b>		<b>297,686</b>	<b>2,447,227</b>	<b>-</b>	<b>-</b>
Grant income	7	2,742,691	2,026,610	1,330,496	167,467
Other income	8	765,247	-	585,798	-
Administrative expenses		(47,304,757)	(28,572,368)	(15,864,144)	(8,642,864)
Selling and marketing expenses		(1,115,495)	(506,419)	(443,338)	(112,104)
<b>Operating loss</b>		<b>(44,614,628)</b>	<b>(24,604,950)</b>	<b>(14,391,188)</b>	<b>(8,587,501)</b>
Net finance cost	9	(2,648,981)	(2,172,337)	(758,815)	(485,572)
<b>Loss before tax</b>	<b>10</b>	<b>(47,263,609)</b>	<b>(26,777,287)</b>	<b>(15,150,003)</b>	<b>(9,073,073)</b>
Income tax credit / (expense)	11	-	-	-	-
<b>Loss for the year</b>		<b>(47,263,609)</b>	<b>(26,777,287)</b>	<b>(15,150,003)</b>	<b>(9,073,073)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>(47,263,609)</b>	<b>(26,777,287)</b>	<b>(15,150,003)</b>	<b>(9,073,073)</b>

The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.





**MALDIVES FUND MANAGEMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	154,492,585	5,945,223	17,716,079	1,591,259
Intangible assets	13	949,041	21,621	81,479	21,621
Right-of-use assets	14	37,619,848	29,705,852	6,400,722	8,386,000
Investment in subsidiaries	15	-	-	254,194,900	69,498,250
Other assets	19	862,477	769,168	261,553	236,864
		<b>193,923,951</b>	<b>36,441,864</b>	<b>278,654,733</b>	<b>79,733,994</b>
<b>Current assets</b>					
Inventories	16	156,971	224,798	-	-
Trade and other receivables	17	5,238,239	929,701	2,021	81,003
Amounts due from related parties	18	54,405	-	2,403,724	10,189,579
Other assets	19	441,525	556,333	277,820	2,833
Cash and cash equivalents	20	38,044,583	68,507,871	34,880,775	63,845,916
		<b>43,935,723</b>	<b>70,218,703</b>	<b>37,564,340</b>	<b>74,119,331</b>
<b>Total assets</b>		<b>237,859,674</b>	<b>106,660,567</b>	<b>316,219,073</b>	<b>153,853,325</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	25	33,110,980	16,698,570	33,110,980	16,698,570
Share premium	26	212,872,030	65,160,340	212,872,030	65,160,340
Accumulated losses		(86,674,864)	(39,411,255)	(33,196,346)	(18,046,343)
<b>Total equity</b>		<b>159,308,146</b>	<b>42,447,655</b>	<b>212,786,664</b>	<b>63,812,567</b>
<b>Non-current liabilities</b>					
Lease liabilities	21	33,661,893	25,542,515	5,011,230	6,938,830
		<b>33,661,893</b>	<b>25,542,515</b>	<b>5,011,230</b>	<b>6,938,830</b>
<b>Current liabilities</b>					
Lease liabilities	21	6,167,513	5,156,065	1,927,600	1,660,592
Trade and other payables	22	10,941,950	758,741	5,122,337	228,541
Amounts due to related parties	23	298,521	94,886	75,141,421	50,031,656
Deferred grant	24	27,481,651	32,660,705	16,229,821	31,181,139
		<b>44,889,635</b>	<b>38,670,397</b>	<b>98,421,179</b>	<b>83,101,928</b>
<b>Total equity and liabilities</b>		<b>237,859,674</b>	<b>106,660,567</b>	<b>316,219,073</b>	<b>153,853,325</b>

The Board of Directors is responsible for these financial statements Signed for and on behalf of the Board by:

**Name of the director**

**Signature**

Aminath Sheeza Ahmed

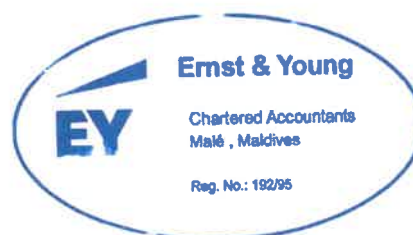
Non-executive Director

Ahmed Nazim

Managing Director

The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.

5 February 2024





**MALDIVES FUND MANAGEMENT CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY - GROUP**  
**Year ended 31 December 2022**

	Note	Share Capital MVR	Share Premium MVR	Accumulated Losses MVR	Total MVR
<b>Balance at 1 January 2021</b>		11,193,580	15,615,430	(12,633,968)	14,175,042
Shares issued during the year	25,26	5,504,990	49,544,910	-	55,049,900
Loss for the year		-	-	(26,777,287)	(26,777,287)
<b>Balance at 31 December 2021</b>		<b>16,698,570</b>	<b>65,160,340</b>	<b>(39,411,255)</b>	<b>42,447,655</b>
Shares issued during the year	25,26	16,412,410	147,711,690	-	164,124,100
Loss for the year		-	-	(47,263,609)	(47,263,609)
<b>Balance at 31 December 2022</b>		<b>33,110,980</b>	<b>212,872,030</b>	<b>(86,674,864)</b>	<b>159,308,146</b>

The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY - COMPANY**  
**Year ended 31 December 2022**

Note	Share Capital MVR	Share Premium Reserve MVR	Accumulated Losses MVR	Total MVR
Balance at 1 January 2021	11,193,580	15,615,430	(8,973,270)	17,835,740
Shares issued and paid during the year	5,504,990	49,544,910	-	55,049,900
Loss for the year	-	-	(9,073,073)	(9,073,073)
<b>Balance at 31 December 2021</b>	<b>16,698,570</b>	<b>65,160,340</b>	<b>(18,046,343)</b>	<b>63,812,567</b>
Shares issued and paid during the year	16,412,410	147,711,690	-	164,124,100
Loss for the year	-	-	(15,150,003)	(15,150,003)
<b>Balance at 31 December 2022</b>	<b>33,110,980</b>	<b>212,872,030</b>	<b>(33,196,346)</b>	<b>212,786,664</b>

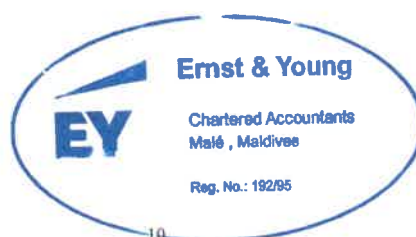
The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2022**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>Operating activities</b>					
Loss before tax from operations		(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)
Adjustments to reconcile loss before tax to net cash flows:					
Depreciation on property, plant and equipment	12	1,683,167	832,938	386,534	275,426
Loss on derecognition of property, plant and equipment	12	24,834	-	-	-
Amortisation of intangible assets	13	10,090	8,652	10,090	8,652
Depreciation of right-of-use assets	14	6,659,808	4,951,259	1,985,277	1,287,410
Provision for inventories impairment	16	57,725	-	-	-
Provision for impairment of trade receivables	17.1	382,212	62,865	-	-
Provision for compensation	22.1	101,450	-	-	-
Interest income on security deposit	9.1	(80,313)	(61,223)	(24,689)	(13,715)
Interest expenses on lease liabilities	9.2	2,729,294	2,233,560	783,504	499,287
<b>Operating loss before working capital changes</b>		<b>(35,695,342)</b>	<b>(18,749,236)</b>	<b>(12,009,287)</b>	<b>(7,016,013)</b>
<b>Working capital adjustments:</b>					
- Decrease/(increase) in inventories	16	10,102	(224,798)	-	-
- Decrease/(increase) in other assets	19.2	114,809	(552,833)	(274,986)	(2,833)
- Increase in trade and other receivables	17	(4,690,750)	(992,567)	78,982	(81,004)
- Increase in amounts due from related parties	18	(2,282,209)	5,812,539	(2,281,056)	5,812,539
- Increase in trade and other payables	22	10,081,759	343,139	4,893,796	113,021
- Increase/(decrease) in amounts due to related parties	23	2,431,438	(5,833,325)	236,365	(1,942)
- (Decrease)/increase in deferred grant	24	(5,179,054)	32,460,399	(14,951,318)	31,181,139
- Decrease/(increase) in restricted cash	20.1	13,661,487	(31,489,899)	13,622,647	(31,348,447)
<b>Cash flows used in operating activities</b>		<b>(21,547,760)</b>	<b>(19,226,581)</b>	<b>(10,684,857)</b>	<b>(1,343,540)</b>
Interest paid	9.2	(2,729,294)	(2,233,560)	(783,504)	(499,287)
<b>Net cash flows used in operating activities</b>		<b>(24,277,054)</b>	<b>(21,460,141)</b>	<b>(11,468,361)</b>	<b>(1,842,827)</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment	12	(150,255,363)	(3,355,817)	(16,511,354)	(319,447)
Acquisition of intangible assets	13	(937,510)	(30,273)	(69,948)	(30,273)
Cost capitalised to right-of-use assets	14,21	529,720	-	-	-
Net advances to related parties	18	-	-	10,066,911	(10,066,911)
Investment in subsidiaries	15	-	-	(159,823,250)	(19,501,750)
Payment for security deposit	19.1	(156,693)	(772,048)	-	(222,048)
<b>Net cash flows used in investing activities</b>		<b>(150,819,846)</b>	<b>(4,158,138)</b>	<b>(166,337,641)</b>	<b>(30,140,429)</b>
<b>Financing activities</b>					
Payment of principal portion of lease liabilities	21	(5,829,001)	(3,691,911)	(1,660,592)	(1,050,713)
Proceeds from issue of share capital	25	16,412,410	5,504,990	16,412,410	5,504,990
Proceeds from issue of share premium	26	147,711,690	49,544,910	147,711,690	49,544,910
<b>Net cash flows from financing activities</b>		<b>158,295,099</b>	<b>51,357,989</b>	<b>162,463,508</b>	<b>53,999,187</b>
Net increase in cash and cash equivalents		(16,801,801)	25,739,710	(15,342,494)	22,015,931
Cash and cash equivalents as at 1 January		36,817,666	11,077,956	32,497,469	10,481,538
<b>Cash and cash equivalents as at 31 December</b>	20	<b>20,015,865</b>	<b>36,817,666</b>	<b>17,154,975</b>	<b>32,497,469</b>

The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**1 Reporting Entity**

**1.1 Corporate information**

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

The Company was formed by the virtue of presidential decree and Maldives fund management corporation limited 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 Maldives constitution act no 10/96 “the companies act of the republic of Maldives” and with the president’s authority, by a presidential decree no 3/2019.

The Company 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.

The MFMC Group (“The Group”) currently consists of MFMC, MFMC Capital Limited (“MFMC Capital”), Agro National Corporation Limited (“Agro National”) and Ocean Connect Maldives Pvt Ltd (“OCM”). Additionally, it is envisaged that further entities (SPVS/JVS) will be formed to facilitate future projects that will be undertaken by the Group.

**1.2 Date of authorization for issues**

The Financial Statements of the Group for the year ended 31 December 2022 were authorised for issue with board approval on 5 February 2024.

**1.3 Consolidated financial statements**

The consolidated financial statements of the Group for the year ended 31st December 2022 include the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in investments in subsidiaries. The financial statements of all companies in the Group have a common financial year which ends on December 31st. Maldives Fund Management Corporation Limited (MFMC) is the ultimate parent of the Group.

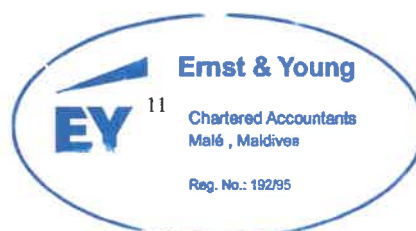
**1.4 Principal activities and nature of business**

Entity	Business Activity
Maldives Fund Management Corporation Limited (MFMC)	The company is involved in acquiring finance through fund structures, holding investments and managing projects under Government's strategic initiatives.
MFMC Capital Limited (MFMC Capital)	MFMC Capital is holding company to co-hold and manage investment with MFMC
Agro National Private Limited (Agro National)	Agro National is involved in the agricultural business.
Ocean Connect Maldives Pvt Ltd (OCM)	OCM is categorized as an ICT infrastructure company and International Gateway Access Service Provider.

**2 Basis of preparation**

**2.1 Statement of compliance**

The financial statements of the Group, which comprises of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows and the notes to financial statements have been prepared and presented in accordance with International Financial Reporting Standards (“IFRS”).



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**2 Basis of preparation (continued)**

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

The financial statements are presented in Maldivian Rufiya (MVR), which is also The Group's functional currency. All financial information presented in MVR 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 profit or loss and other comprehensive income unless required or permitted by accounting standards.

**2.5 Basis of consolidation**

**a) Business combination**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specially, the Group controls an investee if, and only if, the Group has:

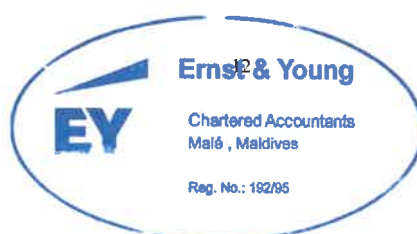
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this result in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiary, it de-recognises the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognised in profit and loss. Any investment retained is recognised at fair value.

The consolidated financial statement of the Group include:

Entity	Country of incorporation	% of effective equity interest	
		2022	2021
MFMC Capital Limited	Maldives	99.99%	99.99%
AGRO National Corporation Limited	Maldives	99.99%	99.99%
Ocean Connect Maldives Pvt Ltd	Maldives	99.99%	-



**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 recognized in the period in which the estimates are revised and in any future periods affected.

Detailed information about each of the estimates and judgments 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 Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may be significant upon the Groups' ability to continue as a going concern and it does not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements are prepared on the going concern basis.

**3.2 Leases - Estimating the incremental borrowing rate for discounting land lease commitments**

In the absence of interest rate implicit in the lease, the Group therefore uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) with a consideration of entity-specific adjustments.

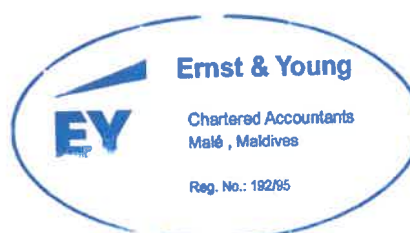
**3.3 Depreciation of Property, Plant and Equipment**

The Group assigns useful lives and residual values to property, plant and equipment bases on periodic studies of actual asset lives and the intended use of 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 differing from initial estimates. Where the Group 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 assets residual value is reflected in the Group's financial statements when the change in estimate is determined.

**3.4 Impairment of property, plant and equipment and intangible assets**

The Group 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 under performance relative to expected historical or projected future operating results.
- Significant changes in the sue 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.





**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**4 Significant accounting policies**

**4.1 Financial instruments**

**a) Financial assets (Non-derivative)**

**(i) Recognition and initial measurement**

The Group 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 Group 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.

**(ii) 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 Group 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.

**(iii) Amortized 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 Group 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.

**(iv) Business model assessment**

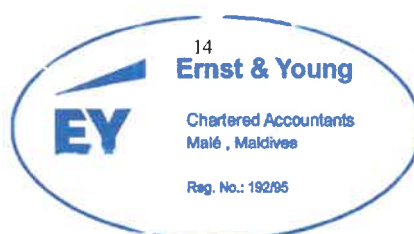
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- 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.

**(v) 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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. Non-recourse features).





**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**4 Significant accounting policies (continued)**

**4.1 Financial instruments (continued)**

**a) Financial assets (Non-derivative) - continued**

*(vi) Financial assets at amortised 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.

*(vii) De-recognition of financial assets*

The Group 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 cashflows on the financial asset in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

**b) Financial liabilities (Non-derivative)**

*(i) Classification, subsequent measurement and gain and losses*

The Group 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 entity of the Group 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 Group 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.

*(ii) De-recognition of financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

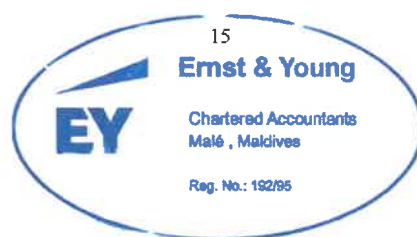
**4.2 Leases**

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

**a) As a lessee**

At inception of a contract, The Group 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 Group uses the definition of a lease in IFRS 16- Leases.

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



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**4 Significant accounting policies (continued)**

**4.2 Leases (continued)**

**a) As a lessee (continued)**

The Group 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 Group's incremental borrowing rate. Generally, The Group uses its incremental borrowing rate as the discount rate. The Group 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

**i) Right-of-use Assets**

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

- The amount of the initial amount of the lease liability
- Any lease payments made at or before the commencement date.
- Any initial Direct costs, and
- Any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset the site on which it is located, less any lease incentives received.

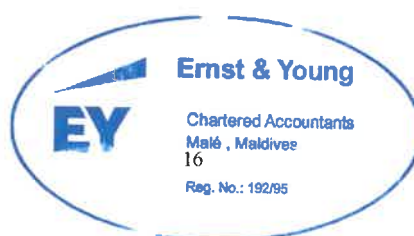
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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.

**(ii) Short-term leases and leases of low-value assets**

The Group 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 Group 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 amortized cost in the statement of financial position. Details of cash and cash equivalents are given in Note 20 to the financial statements.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**4 Significant accounting policies (continued)**

**4.4 Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted at actual cost on weighted average basis. Inventory cost of the Group includes cost of crop purchases and starter pack inventories of its subsidiary Agro National Corporation. Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

**4.5 Property, plant & equipment**

**a) 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.

**b) 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 Group, 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.

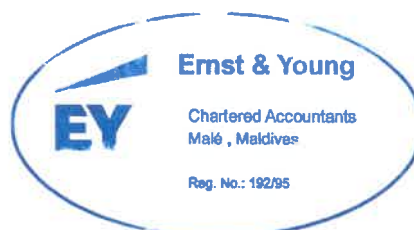
**c) Depreciation**

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 Life	Rate
Buildings	25	4%
Plant and Equipment	10	10%
Motor Vehicles	5	20%
Furniture and Fittings	10	10%
Office Equipment	5	20%

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

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



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**4 Significant accounting policies (continued)**

**4.6 Intangible assets (continued)**

**b) 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 Group has sufficient resources to complete development and to use the asset.

**c) 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 in such intangible assets to be measured and reported in the financial statements.

**4.7 Revenue from contracts with customers**

Revenue from contracts with customers of the Group is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expect to entitled in exchange of those goods or services.

**4.8 Deferred grant**

Grants are recognised as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Grants related to assets, including non-monetary grants at fair value are deferred in the Statement of Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset. Grants that compensate the direct disbursement to claimants are directly debited to deferred grant.

**4.9 Employee benefits**

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

The Group's entities are registered for Maldives retirement pension scheme run by Maldives pension administration office. The Group's entities contributes the mandatory 7% of staff's salary into the scheme with an additional, minimum, 7% of salary being contributed by the staff members.

**4.10 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.

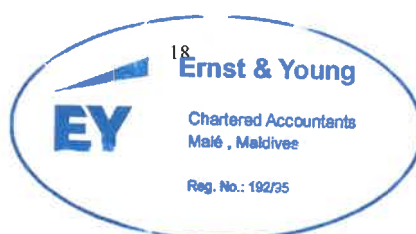
**4.11 Determination of fair values**

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**4.12 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 Significant accounting policies (continued)**

**4.13 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.

**4.14 Current and deferred Income tax**

Tax expense comprises current and deferred income tax:

**a) Current tax**

Tax expenses for the period comprises current and deferred tax. Tax is recognized in the income statement except to extend that it relates to items recognized directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantially 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 the amounts expected to be paid to the tax authorities.

**b) 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.

**5 New and amended accounting standards and interpretations**

**5.1 New and amended accounting standards adopted by the Group**

The Group has applied the following amendments for the first time for the annual reporting periods commencing on 01 January 2022. The following amendments did not have any significant impact on amounts recognised in prior periods and are not expected significantly affect current or future period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards 2018–2020

**5.2 New and amended standards and interpretations issued but not yet effective**

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current liabilities with Covenants (Amendments to IAS 1)

The following new or revised standards and amendments are not expected to have a material impact on the Group's financial statements in the current or future reporting periods and on foreseeable future transactions.

- IFRS 17 - Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Initial application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Incomes Taxes)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**6 Revenue from contracts with customers**

**6.1 Disaggregated revenue information**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
Crop sales		2,024,758	445,752	-	-
Starter pack	32	3,567,355	618,588	-	-
Breakfast program		-	8,496,337	-	-
		<b>5,592,113</b>	<b>9,560,677</b>	<b>-</b>	<b>-</b>

**7 Grant income**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Grant income	2,742,691	2,026,610	1,330,496	167,467
	<b>2,742,691</b>	<b>2,026,610</b>	<b>1,330,496</b>	<b>167,467</b>

Grants that compensate the Group/Company for expenses incurred during the year in connection with the Grant received are recognised in profit or loss on a systematic basis in the periods in which the expenses are incurred. Grant related expenses incurred during the year are detailed in Note 24.1.3.

**8 Other income**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Other income	765,247	-	585,798	-
	<b>765,247</b>	<b>-</b>	<b>585,798</b>	<b>-</b>

Other income mainly includes short-term rental income earned for leases of office space within the Group.

**9 Net finance cost**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>9.1 Finance income</b>					
Finance income from non-current deposits	19.1	(80,313)	(61,223)	(24,689)	(13,715)
		<b>(80,313)</b>	<b>(61,223)</b>	<b>(24,689)</b>	<b>(13,715)</b>
<b>9.2 Finance cost</b>					
Finance cost from lease liabilities	21	2,729,294	2,233,560	783,504	499,287
		<b>2,729,294</b>	<b>2,233,560</b>	<b>783,504</b>	<b>499,287</b>
		<b>2,648,981</b>	<b>2,172,337</b>	<b>758,815</b>	<b>485,572</b>

**10 Loss before tax**

Loss before tax is stated after charging all the expenses including the following:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Personnel costs	27,784,324	17,984,067	7,722,534	4,800,959
Depreciation of right-of-use assets	6,659,808	4,951,259	1,985,277	1,287,410
Travel expenses	1,855,344	1,613,552	878,543	827,062
Depreciation on property, plant and equipment	1,683,168	832,938	386,534	275,426
Utilities	1,180,099	717,244	364,496	277,235
Transportation and handling	890,216	236,483	-	2,020

**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**10 Loss before tax (continued)**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Repairs and Maintenance	586,920	171,912	74,449	17,025
Training and Development	577,441	136,276	476,434	7,500
Impairment for trade receivables	382,212	62,865	-	-
Impairment for inventories	57,725	-	-	-

**11 Income tax credit / (expense)**

The major components of income tax expenses for the year ended 31 December are as follows,

Statement of profit or loss	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>Current income tax</b>					
Current income tax expense on ordinary activities for the year	11.1	-	-	-	-
Deferred taxation charge/(reversal)	11.2	-	-	-	-
<b>Tax expense reported in the statement of profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

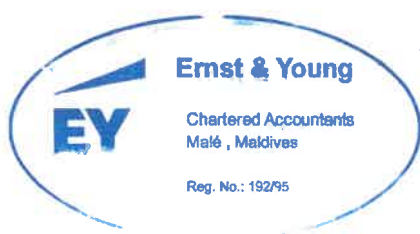
11.1 A reconciliation between tax credit and the product of accounting loss multiplied by Maldives's domestic tax rate for the period ended 31 December is as follows:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Loss before tax from operating activities	(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)
Add: Depreciation and amortisation of non-current assets	1,693,258	841,590	396,624	284,078
Other disallowable expenses	7,373,841	3,170,409	1,264,969	1,406,397
Less: Capital allowances	(1,637,456)	(834,625)	(386,450)	(290,125)
Other allowable expenses	(6,591,199)	(3,105,375)	(1,262,238)	(1,405,153)
Taxable losses	(46,425,165)	(26,705,288)	(15,137,098)	(9,077,876)
Tax-free threshold	(500,000)	(500,000)	(125,000)	(166,667)
Taxable profit	-	-	-	-
<b>Income tax on taxable profit @ 15%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**11.2 Deferred tax**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Tax losses brought forward	37,468,934	10,763,646	17,934,421	8,856,545
Tax loss for the year	46,425,165	26,705,288	15,137,098	9,077,876
Carried forward tax losses	83,894,099	37,468,934	33,071,519	17,934,421

The Group has carried forward tax losses amounting to MVR 83,894,099/- as at the reporting date. However, the Group is unable to assess with reasonable certainty that sufficient taxable profits would be available to obtain the benefits of tax losses carried forward during the time frame provided by the Income Tax Act of the Maldives. Accordingly, the Group has not recognised a deferred tax asset on the current year's temporary differences resulting due to adjustments.





**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

12. Property, plant and equipment	Group				Company			Total MVR		
	Buildings MVR	Plant and equipment MVR	Motor vehicles MVR	Furniture, and fittings MVR	Office equipment MVR	Capital work in progress MVR	Furniture, and fittings MVR		Office equipment MVR	Capital work in progress MVR
Cost										
Balance as at 1 January 2021	-	-	-	1,798,998	1,855,939	-	3,654,937	748,038	-	1,700,403
Acquisitions during the year	-	-	-	650,817	1,990,616	714,384	3,355,817	43,738	275,709	319,447
<b>Balance as at 31 December 2021</b>	-	-	-	<b>2,449,815</b>	<b>3,846,555</b>	<b>714,384</b>	<b>7,010,754</b>	<b>996,103</b>	<b>1,023,747</b>	<b>2,019,850</b>
Balance as at 1 January 2022	-	-	-	2,449,815	3,846,555	714,384	7,010,754	996,103	1,023,747	2,019,850
Acquisitions during the year	-	144,665	41,998	1,395,791	1,750,577	146,922,332	150,255,363	499,681	682,316	16,511,354
Transferred from capital work-in-progress	11,996,520	7,577,848	-	-	(37,100)	(19,574,368)	(37,100)	-	-	-
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>11,996,520</b>	<b>7,722,513</b>	<b>41,998</b>	<b>3,845,606</b>	<b>5,560,032</b>	<b>128,062,348</b>	<b>157,229,017</b>	<b>1,495,784</b>	<b>1,706,063</b>	<b>15,329,357</b>
Accumulated depreciation										
Balance as at 1 January 2021	-	-	-	63,485	169,108	-	232,593	41,661	111,504	153,165
Depreciation charge for the year	-	-	-	209,088	623,850	-	832,938	95,114	180,312	275,426
<b>Balance as at 31 December 2021</b>	-	-	-	<b>272,573</b>	<b>792,958</b>	-	<b>1,065,531</b>	<b>136,775</b>	<b>291,816</b>	<b>428,591</b>
Balance as at 1 January 2022	-	-	-	272,573	792,958	-	1,065,531	136,775	291,816	428,591
Depreciation charge for the year	214,685	203,925	46	332,020	932,491	-	1,683,167	130,690	255,844	386,534
Disposals/transfers during the year	-	-	-	-	(12,266)	-	(12,266)	-	-	-
<b>Balance as at 31 December 2022</b>	<b>214,685</b>	<b>203,925</b>	<b>46</b>	<b>604,593</b>	<b>1,713,183</b>	-	<b>2,736,432</b>	<b>267,465</b>	<b>547,660</b>	<b>815,125</b>
Net book value										
As at 1 January 2021	-	-	-	1,735,513	1,686,831	-	3,422,344	910,704	636,534	1,547,238
As at 31 December 2021	-	-	-	2,177,242	3,053,597	714,384	5,945,223	859,328	731,931	1,591,259
<b>As at 31 December 2022</b>	<b>11,781,835</b>	<b>7,518,588</b>	<b>41,952</b>	<b>3,241,013</b>	<b>3,846,849</b>	<b>128,062,348</b>	<b>154,492,585</b>	<b>1,228,319</b>	<b>1,158,403</b>	<b>17,716,079</b>

**12.2** The Group's Capital work in progress includes cost incurred of MVR 105 million for subsea cable project to build direct connection to International Submarine Cable System by the Ocean Connect Maldives under an agreement with Reliance Jio Infocomm Limited. Capital work in progress of the Group further includes construction cost incurred for the warehouse buildings in 2 islands and investment in L. Gaadhoo for development of industrial farming under activities of Agro National Corporation of MVR 7,532,931 (2021: MVR 714,384).

**12.1** Capital work in progress of the Company represents the cost incurred for Environment Impact Assessment (EIA), concept design and master plan for Gaafaru Development Project (MVR 10.33 million), concept and detailed design for Hankede Integrated Tourism Development Project (MVR 3.39 million), EIA for K. Giravaru Residential City Reclamation Project (0.81 million) and Motor Vehicle (MVR 0.80 million) purchased during the year which was not capitalised as at 31 December 2022.

**12.3** During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of MVR 22,907,399 (2021: MVR 3,355,817). In addition, during the year the Group incurred MVR 127,347,964 (2021: MVR 714,384) on capital work in progress.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**13 Intangible assets**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>At cost</b>				
At 1st January	30,273	-	30,273	-
Acquisitions during the year	-	30,273	-	30,273
Additions to software work-in-progress	937,510	-	69,948	-
Capitalisations during the year	-	-	-	-
<b>As 31 December</b>	<b>967,783</b>	<b>30,273</b>	<b>100,221</b>	<b>30,273</b>
<b>Accumulated amortisation</b>				
At 1st January	8,652	-	8,652	-
Amortisation charge for the year	10,090	8,652	10,090	8,652
<b>As 31 December</b>	<b>18,742</b>	<b>8,652</b>	<b>18,742</b>	<b>8,652</b>
<b>Net book value as at 31 December</b>	<b>949,041</b>	<b>21,621</b>	<b>81,479</b>	<b>21,621</b>

13.1 Intangible assets include Computer softwares of the Company including development of a procurement software for which work is in progress as at the reporting date.

13.2 Intangible assets of the Group include cost incurred for development of Govaan application as a management solution for farmers for the operation of agricultural activities by Agro National Corporation. The work is in progress for the application development as at the reporting date.

**14 Right-of-use assets**

Leasehold office spaces, leased islands for agricultural development and leasehold land in islands for cold storage facilities are classified as right-of-use assets. The right-of-use assets are depreciated equally over a period of 1 to 35 years based on their lease period. The incremental borrowing rate (IBR) used for the leases is 10% (2021: 10%).

14.1 Set out below are carrying amounts of right-of-use assets recognised and the movements during the year

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>At fair value</b>				
At 1st January	35,199,779	10,486,226	9,926,386	4,692,384
Recognized during the year	14,676,860	24,713,553	-	5,234,002
Modifications during the year	46,689	-	-	-
<b>As 31 December</b>	<b>49,923,328</b>	<b>35,199,779</b>	<b>9,926,386</b>	<b>9,926,386</b>
<b>Accumulated depreciation</b>				
At 1st January	5,493,927	542,669	1,540,386	252,977
Depreciation charge for the year	6,659,808	4,951,258	1,985,278	1,287,409
Capitalised depreciation	149,745	-	-	-
<b>As 31 December</b>	<b>12,303,480</b>	<b>5,493,927</b>	<b>3,525,664</b>	<b>1,540,386</b>
<b>Net book value as at 31 December</b>	<b>37,619,848</b>	<b>29,705,852</b>	<b>6,400,722</b>	<b>8,386,000</b>

**15 Investment in subsidiaries**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
MFMC Capital Limited	-	-	254,169,600	69,493,050
Agro National Corporation Limited	-	-	13,200	5,200
Ocean Connect Maldives Pvt Ltd	-	-	12,100	-
<b>As 31 December</b>	<b>-</b>	<b>-</b>	<b>254,194,900</b>	<b>69,498,250</b>



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**15 Investment in subsidiaries (continued)**

- 15.1** MFMC controls 99.99% of the shares of MFMC Capital and holds 4 out of 4 seats on the board of directors of MFMC Capital. The operational policies and procedures of MFMC are adopted by MFMC Capital. MFMC controls the capital injections of MFMC Capital and controls its investments. MFMC is directly impacted by the operations of MFMC Capital as majority share of all of the investments of MFMC Capital are owned by MFMC.

The summarised financial information of MFMC Capital Limited are set out below:

Summarised Statement of Financial Position	Company	
	2022 MVR	2021 MVR
Non-current assets	252,769,700	51,994,800
Current assets	74,884,050	50,051,500
Non-current liabilities	-	-
Current liabilities	(73,620,925)	(32,583,404)
<b>Total equity</b>	<b>254,032,825</b>	<b>69,462,896</b>

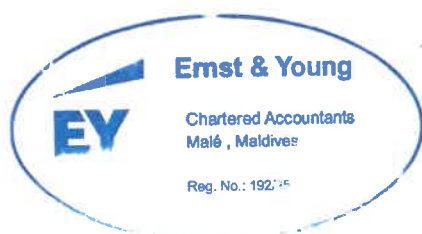
Summarised Statement of Profit or Loss and Other Comprehensive Income	Company	
	2022 MVR	2021 MVR
Revenue from contracts with customers	-	-
Cost of Sales	-	-
Other income	-	-
Administrative expenses	(125,071)	(37,104)
Selling and marketing expenses	-	-
Net finance cost	-	-
<b>Loss before tax</b>	<b>(125,071)</b>	<b>(37,104)</b>
Income tax credit / (expense)	-	-
<b>Total comprehensive income for the year</b>	<b>(125,071)</b>	<b>(37,104)</b>

Summarised Statement of Cashflows	Company	
	2022 MVR	2021 MVR
Net cash flows used in operating activities	(10,400)	-
Net cash flows used in investing activities	(159,852,100)	(19,448,500)
Net cash flows from financing activities	159,817,400	19,498,050
Net increase in cash and cash equivalents	(45,100)	49,550
Cash and cash equivalents as at 1 January	49,550	-
<b>Cash and cash equivalents as at 31 December</b>	<b>4,450</b>	<b>49,550</b>

- 15.2** MFMC controls 0.01% of the shares of Agro National Corporation Limited (Agro National) and holds seat on the board of directors of Agro National. The operational policies and procedures of MFMC are adopted by Agro National. MFMC controls the capital injections to Agro National through MFMC Capital. MFMC is indirectly impacted by the operations of MFMC Capital as majority share of all of the investments of Agro National are owned by MFMC Capital.

The summarised financial information of Agro National are set out below:

Summarised Statement of Financial Position	Company	
	2022 MVR	2021 MVR
Non-current assets	58,345,168	26,213,070
Current assets	68,642,689	38,787,201
Non-current liabilities	(24,145,059)	(18,603,685)
Current liabilities	(20,841,078)	(15,724,394)
<b>Total equity</b>	<b>82,001,720</b>	<b>30,672,192</b>



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**15 Investment in subsidiaries (continued)**

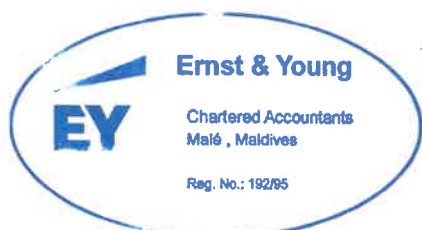
**15.2** The summarised financial information of Agro National (continued);

	Company	
	2022	2021
	MVR	MVR
<b>Summarised Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue from contracts with customers	5,592,113	9,560,677
Cost of Sales	(5,294,427)	(7,113,450)
Grant income	1,412,195	1,859,143
Other income	179,449	-
Administrative expenses	(28,329,395)	(19,892,400)
Selling and marketing expenses	(454,555)	(394,315)
Net finance cost	(1,775,852)	(1,686,765)
<b>Loss before tax</b>	<b>(28,670,472)</b>	<b>(17,667,110)</b>
Income tax credit / (expense)	-	-
<b>Total comprehensive income for the year</b>	<b>(28,670,472)</b>	<b>(17,667,110)</b>
<b>Summarised Statement of Cashflows</b>		
Net cash flows used in operating activities	(12,210,312)	(19,617,314)
Net cash flows used in investing activities	(28,047,564)	(3,586,370)
Net cash flows from financing activities	38,370,106	26,877,913
Net increase in cash and cash equivalents	(1,887,770)	3,674,229
Cash and cash equivalents as at 1 January	4,470,953	796,724
<b>Cash and cash equivalents as at 31 December</b>	<b>2,583,183</b>	<b>4,470,953</b>

- 15.3** MFMC controls 0.01% of the shares of Ocean Connect Maldives Pvt Ltd (OCM) and holds seat on the board of directors of OCM. The operational policies and procedures of MFMC are adopted by OCM. MFMC controls the capital injections to OCM through MFMC Capital. MFMC is indirectly impacted by the operations of MFMC Capital as majority share of all of the investments of OCM are owned by MFMC Capital.

The summarised financial information of Ocean Connect Maldives Pvt Ltd are set out below:

	Company	
	2022	2021
	MVR	MVR
<b>Summarised Statement of Financial Position</b>		
Non-current assets	111,144,350	-
Current assets	13,559,516	-
Non-current liabilities	(4,505,604)	-
Current liabilities	(2,721,325)	-
<b>Total equity</b>	<b>117,476,937</b>	<b>-</b>
<b>Summarised Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue from contracts with customers	-	-
Cost of Sales	-	-
Administrative expenses	(2,986,147)	-
Selling and marketing expenses	(217,602)	-
Net finance cost	(114,314)	-
<b>Loss before tax</b>	<b>(3,318,063)</b>	<b>-</b>
Income tax credit / (expense)	-	-
<b>Total comprehensive income for the year</b>	<b>(3,318,063)</b>	<b>-</b>
<b>Summarised Statement of Cashflows</b>		
Net cash flows used in operating activities	(588,031)	-
Net cash flows used in investing activities	(106,190,980)	-
Net cash flows from financing activities	107,252,574	-
Net increase in cash and cash equivalents	473,563	-
Cash and cash equivalents as at 9 January	-	-
<b>Cash and cash equivalents as at 31 December</b>	<b>473,563</b>	<b>-</b>



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

16 Inventories	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Starter pack inventory	203,778	222,895	-	-
Crops	10,918	1,903	-	-
Less: Provision for impairment	(57,725)	-	-	-
	<b>156,971</b>	<b>224,798</b>	-	-

17 Trade and other receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR

17.1 Trade receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Starter pack loan receivables	4,121,614	628,646	-	-
Trade receivables	329,172	160,689	-	-
Less: Provision for impairment	(445,077)	(62,865)	-	-
	<b>4,005,709</b>	<b>726,470</b>	-	-

17.2 Other receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
GST receivable	1,043,108	38,384	-	-
Other receivables	189,422	164,847	2,021	81,003
	<b>1,232,530</b>	<b>203,231</b>	<b>2,021</b>	<b>81,003</b>
	<b>5,238,239</b>	<b>929,701</b>	<b>2,021</b>	<b>81,003</b>

**17.3 Fair value**

The management assessed that cash and cash equivalent, trade receivables and trade and other payables approximate their carrying amounts largely due to the short term maturities of these.

18 Amounts due from related parties	Relationship	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
MFMC Capital Limited	Subsidiary	-	-	117,805	37,104
Agro National Corporation Limited	Control	-	-	170,767	10,152,475
Ocean Connect Maldives Pvt Ltd	Control	-	-	2,061,900	-
Other Government Entities	Affiliates	52,752	-	52,752	-
Receivables from key management personnel	Director	1,653	-	500	-
		<b>54,405</b>	<b>-</b>	<b>2,403,724</b>	<b>10,189,579</b>

18.1 Amounts due from Agro National and OCM include advances to subsidiaries by MFMC to support their operations.



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**19 Other assets**

**19.1 Other non-current assets**

Other non-current assets consists of security deposits paid towards leasehold right-of-use for the lease of office buildings and storage facilities for agricultural operations as follows:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1 January	769,168	237,772	236,864	87,923
Deposits made during the year	156,693	772,048	-	222,048
Fair valuation of deposits made	(143,697)	(301,875)	-	(86,822)
Interest income for the year	80,313	61,223	24,689	13,715
As at 31 December	<b>862,477</b>	<b>769,168</b>	<b>261,553</b>	<b>236,864</b>

**19.2 Other current assets**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Advances and deposits	3,500	553,500	-	-
Zakath Nafa assets	158,230	-	-	-
Prepaid expenses	279,795	2,833	277,820	2,833
	<b>441,525</b>	<b>556,333</b>	<b>277,820</b>	<b>2,833</b>

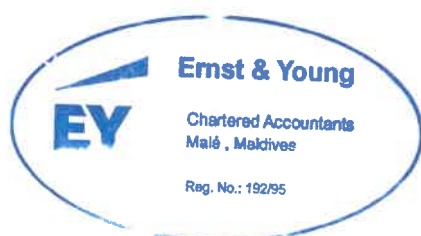
**20 Cash in hand and cash at bank**

	Note	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cash at bank		38,041,510	68,479,396	34,877,902	63,817,441
Cash in hand		3,073	28,475	2,873	28,475
<b>Total cash in hand and cash at bank</b>		<b>38,044,583</b>	<b>68,507,871</b>	<b>34,880,775</b>	<b>63,845,916</b>
Less: Restricted cash	20.1	(18,028,718)	(31,690,205)	(17,725,800)	(31,348,447)
<b>Total cash and cash equivalents for the purpose of cash flow statement</b>		<b>20,015,865</b>	<b>36,817,666</b>	<b>17,154,975</b>	<b>32,497,469</b>

20.1 Restricted cash of MVR 18,028,718/- includes unutilised balance of MVR 17,725,800/- (2021: MVR 31,348,447/-) from MVR 32,570,579/- (EUR 1.8 million) received for the EU support grant project and unutilised balance of MVR 302,918/- (2021: MVR 341,758/-) from funds received for the UNDP SEED project under Agro National Corporation. (Refer Note 24)

**21 Lease liabilities**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1 January	30,698,580	9,978,813	8,599,422	4,502,955
Recognitions during the year	14,533,163	24,411,678	-	5,147,180
Modifications during the year	46,689	-	-	-
Interest charge during the year	2,729,294	2,233,560	783,504	499,287
Payments made during the year	(8,558,295)	(5,925,471)	(2,444,096)	(1,550,000)
Interest capitalised	379,975	-	-	-
As at 31 December	<b>39,829,406</b>	<b>30,698,580</b>	<b>6,938,830</b>	<b>8,599,422</b>
Current lease liabilities	6,167,513	5,156,065	1,927,600	1,660,592
Non-current lease liabilities	33,661,893	25,542,515	5,011,230	6,938,830
	<b>39,829,406</b>	<b>30,698,580</b>	<b>6,938,830</b>	<b>8,599,422</b>





**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

22	Trade and other payables	Note	Group		Company	
			2022 MVR	2021 MVR	2022 MVR	2021 MVR
	Trade payables		9,545,928	360,955	4,657,666	45,858
	Other payables	22.1	1,396,022	397,786	464,671	182,683
			<b>10,941,950</b>	<b>758,741</b>	<b>5,122,337</b>	<b>228,541</b>

22.1	Other payables		2022 MVR	2021 MVR	2022 MVR	2021 MVR
	Payroll liabilities		72,238	98,904	61,426	1,200
	Provision for compensations		101,450	-	-	-
	Retention payables		641,333	-	-	-
	Accrued expenses		581,001	298,882	403,245	181,483
			<b>1,396,022</b>	<b>397,786</b>	<b>464,671</b>	<b>182,683</b>

23	Amounts due to related parties	Relationship	Group		Company	
			2022 MVR	2021 MVR	2022 MVR	2021 MVR
	MFMC Capital Limited	Subsidiary	-	-	74,854,200	49,995,000
	Agro National Corporation Limited	Control	-	-	8,000	1,500
	Ocean Connect Maldives Pvt Ltd	Control	-	-	7,700	-
	Other Government entities	Affiliates	271,521	67,886	271,521	35,156
	Payables to key management personnel	Director	27,000	27,000	-	-
			<b>298,521</b>	<b>94,886</b>	<b>75,141,421</b>	<b>50,031,656</b>

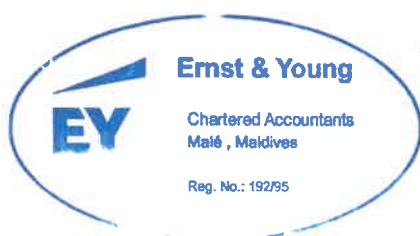
Amounts due to companies within the group include capital called up from subsidiaries and outstanding as at the reporting date.

24	Deferred grant / Project Liabilities	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
	Project Liabilities - Grants	19,525,041	11,083,273	8,273,211	9,603,707
	Project Liabilities - Others	7,956,610	21,577,432	7,956,610	21,577,432
		<b>27,481,651</b>	<b>32,660,705</b>	<b>16,229,821</b>	<b>31,181,139</b>

24.1	Project Liabilities - Grants	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
	As at 1 January	11,083,273	200,306	9,603,707	-
	Received during the year	11,184,459	12,909,577	-	9,771,174
	Recognised as income	(2,742,691)	(2,026,610)	(1,330,496)	(167,467)
	As at 31 December	<b>19,525,041</b>	<b>11,083,273</b>	<b>8,273,211</b>	<b>9,603,707</b>

The details of grants received to Agro National and MFMC are detailed below:

- 24.1.1** The European Union (EU) has granted EUR 600,000/- (MVR 10,856,860/-) to provide the technical assistance to the Small and Medium sized entities which are engaged in tourism sector in Maldives. MFMC has received 90% (MVR 9,771,174/-) of the funding during September 2021.





**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**24 Deferred grant (continued)**

**24.1 Project Liabilities - Grants (continued)**

**24.1.2** Agro National received a grant from United Nations Development Programme (UNDP) to implement 'Sustainable Economic Empowerment and Development of SMEs' (SEEDS) Project. UNDP has budgeted a total of MVR 11,395,380/- (USD 739,000/-) for the planned activities of the project. Under the SEEDs project, the Company is required to assist the local farmers to adopt innovative and greener farming practices. The Company is also required to establish reliable and timely transportation mechanism for agricultural produce from farmers to markets, clients and customers. Accordingly, grants received during the year relates to reimbursement of expenses incurred in carrying out the aforesaid requirements under the project.

**24.1.3** Details of expenditure related to the grant during the year are as follows

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Salaries and allowances	1,077,073	725,218	974,394	167,467
Depreciation of grant assets	717,619	139,670	14,486	-
Repairs and maintenance	318,000	-	-	-
Selling and marketing Expenses	167,795	40,000	127,125	-
Travel expenses	160,102	99,512	38,870	-
Starterpack supplies	126,481	918,424	-	-
Professional fees	100,000	-	100,000	-
IT expenses	42,480	-	42,480	-
Other operational costs	33,141	-	33,141	-
Training and development	-	103,786	-	-
	<b>2,742,691</b>	<b>2,026,610</b>	<b>1,330,496</b>	<b>167,467</b>

**24.2 Project Liabilities - Others**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1 January	21,577,432	-	21,577,432	-
Received during the year	-	22,799,405	-	22,799,405
Disbursements made during the year	(13,620,822)	(1,221,973)	(13,620,822)	(1,221,973)
As at 31 December	<b>7,956,610</b>	<b>21,577,432</b>	<b>7,956,610</b>	<b>21,577,432</b>

**24.2.1** The European Union (EU) has provided EUR 1,400,000/- (MVR 25,332,673/-) to distribute to the Small and Medium sized entities which are engaged in tourism sector in Maldives to recover from covid-19 Pandemic. MFMC has received 90% (MVR 22,799,405/-) of these funding during September 2021. As at the reporting date, MVR 14,842,795/- has been disbursed to eligible guest houses and safari vessels from the allocated fund.

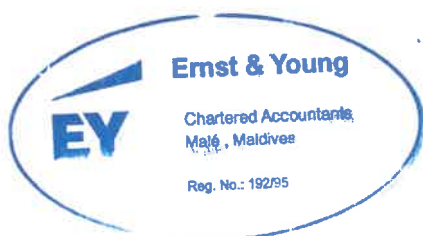
**25 Share capital**

**25.1 Authorised share capital**

	Number of shares	Value MVR
As at 1 January 2022	250,000,000	2,500,000,000
Changes in authorised capital during the year	-	-
As at 31 December 2022	<b>250,000,000</b>	<b>2,500,000,000</b>

**25.2 Issued and paid up share capital**

	Number of shares	Value MVR
Opening balance	1,119,358	11,193,580
Issued and payment of 550,499 shares at MVR 10 per share	550,499	5,504,990
As at 31 December 2021	<b>1,669,857</b>	<b>16,698,570</b>
Issued and payment of 1,641,241 shares at MVR 10 per share	1,641,241	16,412,410
As at 31 December 2022	<b>3,311,098</b>	<b>33,110,980</b>



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**26 Share premium**

**26.1 Issued and paid up share premium**

	Number of shares	Share premium MVR
Opening balance	165,727	15,615,430
Issued and payment of 550,499 shares at a premium of MVR 90 per share	550,499	49,544,910
<b>As at 31 December 2021</b>	<b>716,226</b>	<b>65,160,340</b>
Issued and payment of 1,641,241 shares at a premium of MVR 90 per share	1,641,241	147,711,690
<b>As at 31 December 2022</b>	<b>2,357,467</b>	<b>212,872,030</b>

**27 Capital management**

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

**28 Operating segments**

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

**29 Related party transactions**

**29.1 Transactions with key management personnel**

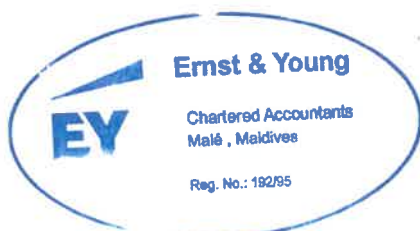
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Board allowance	740,783	793,523	333,600	270,100
Director's salary	1,619,851	971,593	338,757	533,496
Board sitting fees	95,000	75,500	51,500	27,000
Other allowances and pension	1,408,039	738,149	264,999	407,605
<b>Total</b>	<b>3,863,673</b>	<b>2,578,765</b>	<b>988,856</b>	<b>1,238,201</b>

**Outstanding balances**

Sitting fees	27,000	27,000	-	-
Board allowance	-	-	-	-
<b>As at 31 December 2021</b>	<b>27,000</b>	<b>27,000</b>	<b>-</b>	<b>-</b>

**29.2 Transactions which are individually significant**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<b>a) Items in Statement of Profit or Loss</b>				
Breakfast program sales	-	8,496,337	-	-
<b>b) Items in Statement of Financial Position</b>				
<b>Assets</b>				
Capital contribution	164,124,100	55,049,900	164,124,100	55,049,900
Loans and advances	-	-	170,767	10,152,475
<b>Total</b>	<b>164,124,100</b>	<b>55,049,900</b>	<b>164,294,867</b>	<b>65,202,375</b>

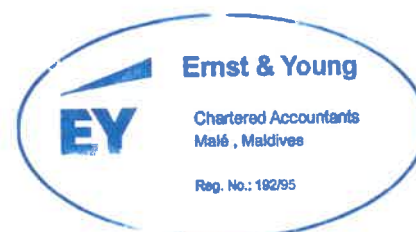


**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**29 Related party transactions (continued)**

**29.3 Related party transactions**

		<b>Group</b>			
		<b>Transactions during the year</b>			
<b>29.3.1 Amounts due from related parties</b>	<b>Relationship</b>	<b>Balance as at</b>	<b>Expenses paid</b>	<b>Settlements</b>	<b>Balance as at</b>
		<b>01-Jan-22</b>	<b>on behalf</b>		<b>31-Dec-22</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Other Government entities	Affiliates	-	63,078	(10,326)	52,752
Key management personnels	Director	-	47,106	(45,453)	1,653
		<b>Company</b>			
		<b>Transactions during the year</b>			
	<b>Relationship</b>	<b>Balance as at</b>	<b>Expenses paid</b>	<b>Settlements</b>	<b>Balance as at</b>
		<b>01-Jan-22</b>	<b>on behalf</b>		<b>31-Dec-22</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
MFMC Capital Limited	Subsidiary	37,104	104,162,201	(104,081,500)	117,805
Agro National Corporation Limited	Control	10,152,475	85,203	(10,066,911)	170,767
Ocean Connect Maldives Pvt Ltd	Control	-	106,149,360	(104,087,460)	2,061,900
Other Government entities	Affiliates	-	63,078	(10,326)	52,752
Key management personnels	Director	-	45,953	(45,453)	500
		<b>Group</b>			
		<b>Transactions during the year</b>			
<b>29.3.2 Amounts due to related parties</b>	<b>Relationship</b>	<b>Balance as at</b>	<b>Expenses paid</b>	<b>Settlements</b>	<b>Balance as at</b>
		<b>01-Jan-22</b>	<b>on behalf</b>		<b>31-Dec-22</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Other Government entities	Affiliates	67,886	1,080,350	(876,715)	271,521
Key management personnels	Director	27,000	-	-	27,000
		<b>Company</b>			
		<b>Transactions during the year</b>			
	<b>Relationship</b>	<b>Balance as at</b>	<b>Expenses paid</b>	<b>Settlements</b>	<b>Balance as at</b>
		<b>01-Jan-22</b>	<b>on behalf</b>		<b>31-Dec-22</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
MFMC Capital Limited	Subsidiary	49,995,000	184,676,550	(159,817,350)	74,854,200
Agro National Corporation Limited	Control	1,500	8,000	(1,500)	8,000
Ocean Connect Maldives Pvt Ltd	Control	-	12,100	(4,400)	7,700
Other Government entities	Affiliates	35,156	1,080,350.00	(843,985)	271,521



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2022

**30 Financial risk management**

The company has exposure to following risks from use of its financial instruments.

- Market risk
- Liquidity risk
- Credit risk

**30.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as commodity price risk. Financial instrument affected by market risk include bank deposits of the Group.

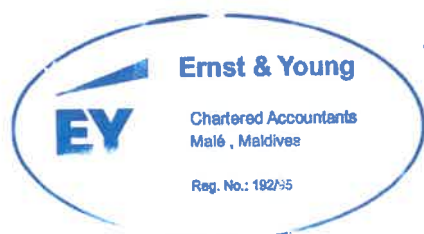
The Group is not significantly exposed to foreign currency risk on transactions that are denominated in a currency other than the respective functional currency of the Group.

**30.2 Liquidity risk**

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

The Table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments.

	<b>Group</b>			
	<b>Less than 3 months</b>	<b>Between 3 months and 1 Year</b>	<b>1 and 2 Years</b>	<b>2 Years and above</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<b>At 31 December 2022</b>				
Trade and other payables	9,751,852	-	-	-
Lease liabilities	2,102,756	6,736,472	7,990,908	87,452,824
Amounts due to related parties	-	298,521	-	-
<b>At 31 December 2021</b>				
Trade and other payables	577,258	-	-	-
Lease liabilities	1,824,648	5,518,040	7,542,548	37,883,356
Amounts due to related parties	-	94,886	-	-
	<b>Company</b>			
	<b>Less than 3 months</b>	<b>Between 3 months and 1 Year</b>	<b>1 and 2 Years</b>	<b>2 Years and above</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<b>At 31 December 2022</b>				
Trade and other payables	4,719,092	-	-	-
Lease liabilities	633,072	1,899,216	2,532,288	3,100,480
Amounts due to related parties	-	75,141,421	-	-
<b>At 31 December 2021</b>				
Trade and other payables	47,058	-	-	-
Lease liabilities	600,000	1,844,096	2,532,288	5,632,768
Amounts due to related parties	-	50,031,656	-	-



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**30 Financial risk management (continued)**

**30.3 Credit risk**

Credit risk is the risk that a counterparty or customer will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for trade receivables of its subsidiary Agro National Corporation.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Trade and other receivables	5,238,239	929,701	2,021	81,003
Cash at bank	38,041,510	68,479,396	34,877,902	63,817,441
Amounts due from related parties	54,405	-	2,403,724	10,189,579

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables the estimated impairment losses are recognized in a separate provision for impairment. Based on customer aging analysis in a simplified approach, the Group recognised an estimated impairment loss for its subsidiary Agro National's trade receivables as disclosed in Note 17.1 to the financial statements.

**31 Capital commitments and contingencies**

**31.1** The Company's subsidiary Agro National Corporation is undergoing legal proceedings of a case initiated by a former employee for alleged wrongful termination for which a verdict has been issued on 17 December 2022 in favor of the claimant to reinstate the employee with compensation of salaries and benefits for the period from 20 April 2022 until the reinstatement date. Accordingly, the Company has recognised a provision of MVR 101,450/- of the estimated compensation for the year ended 31 December 2022. The Company has further appealed the case to the High Court of the Maldives.

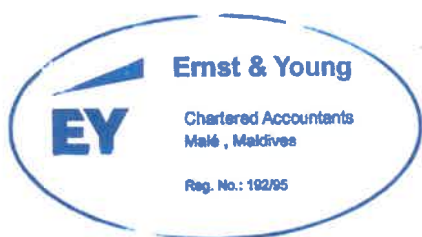
**31.2** As at 31 December 2022 the Company's subsidiary Agro National Corporation had commitments of MVR 3,817,939 (2021: MVR 4,291,063) relating to the completion of warehouse buildings in islands and investment in L. Gaadhoo. As at 31 December 2022, the Ocean Connect Maldives Pvt Ltd had commitments of MVR 242,865,000 relating to the completion of subsea cable project.

**31.3** On 29 June 2021, MFMC entered into a concession agreement with Ministry of Economic Development for development, operation and management of a Harbour with berthing services for safari and supply vessels and a local picnic island at "Dhiyaneru Falhu 2". Under the agreement, MFMC acts as the developer and the project site has been handed over to undertake and implement the project. The concession period of the agreement is 50 (fifty) years from the date of execution with a construction period of 3 (three) years from appointed date. The Company has a commitment to secure finance and complete the development works within the construction period.

**32 Reclassification of account balances**

In the presentation of Financial Statements for the year ended 31 December 2022, the Group has reclassified the following accounts. The reclassification relates to income and supplies for starter packs by the Company's subsidiary Agro National Corporation which had been previously presented as netted-off within cost of sales. Reclassification is required in order to provide a better understanding of the trading activities by the subsidiary.

	Note	Group			
		After reclassification		Before reclassification	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
Starterpack income	6.1	3,567,355	618,588	-	-
Cost of sales	(1)	(3,885,690)	(1,008,793)	(318,335)	(390,205)
Net effect		(318,335)	(390,205)	(318,335)	(390,205)



**MALDIVES FUND MANAGEMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**33 Events subsequent to the reporting period**

- 33.1** On 16 March 2023, MFMC entered into a lease agreement with the Government of Maldives represented by the Ministry of Tourism to lease Hankede in Seenu Atoll, for the development and operation of an integrated tourist resort under a tourism real estate development project. The lease period of the agreement is 50 (fifty) years from the date of commencement. The Company has a commitment to secure finance and complete the development works within the construction period of 36 (Thirty-six) months from the commencement date.
- 33.2** On 6 April 2023, MFMC entered into a lease agreement with the Government of Maldives represented by the Ministry of Tourism to lease Gaafaru lagoon in Kaafu Atoll, for land reclamation and development of private islands under a tourism real estate development project. The lease period of the agreement is 50 (fifty) years from the date of commencement. The Company has a commitment to secure finance and complete the development works within the construction period of 30 (Thirty) months from the commencement date.
- 33.3** On 12 April 2023, MFMC was granted the land title rights of K. Giraavaru Lagoon, for land reclamation and development of a residential city by the Government of Maldives. As the master developer of the project, the Company began the dredging, reclamation and shore protection of the lagoon during May 2023 and is expected to complete by November 2024.

Being a 100% State-owned Enterprise, MFMC was assigned the ownership/right-of-use of the aforementioned islands and lagoons free of acquisition costs to fulfil the strategic initiatives and developmental plans of the Government.





**MALDIVES FUND MANAGEMENT CORPORATION**  
**DETAILED STATEMENT OF EXPENDITURE**  
Year ended 31 December 2022

**(I) Cost of sales**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Crop purchases and other operating supplies	1,408,737	319,890	-	-
Starterpack supplies	3,885,690	1,008,793	-	-
Breakfast program	-	5,784,767	-	-
	<b>5,294,427</b>	<b>7,113,450</b>	-	-

**(II) Administrative expenses**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Personnel costs (a)	27,784,324	17,984,067	7,722,534	4,800,959
Depreciation of right-of-use assets	6,659,808	4,951,259	1,985,277	1,287,410
Travel expenses	1,855,344	1,613,552	878,543	827,062
Fund management costs	1,829,575	-	1,829,575	-
Professional fees	1,724,550	777,513	1,200,989	570,745
Depreciation on property, plant and equipment	1,683,168	832,938	386,534	275,426
Utilities	1,180,099	717,244	364,496	277,235
Transportation and handling	890,216	236,483	-	2,020
Other administrative fees	609,428	220,090	415,349	203,400
Repairs and Maintenance	586,920	171,912	74,449	17,025
Training and Development	577,441	136,276	476,434	7,500
Impairment for trade receivables	382,212	62,865	-	-
Damages and spoilage	274,599	102,923	-	-
Stationary and office supplies	257,018	195,744	87,864	68,272
License fees	242,718	170,264	141,683	9,390
IT expenses	240,400	118,909	140,360	100,153
Meeting and refreshments	172,270	43,572	88,026	23,460
Legal compensatory expenses	101,450	-	-	-
Pantry expenses	93,936	38,310	35,571	1,706
Bank charges	64,328	6,887	21,232	2,277
Impairment for inventories	57,725	-	-	-
Rent expenses	22,000	-	-	-
Amortisation of intangible assets	10,090	8,652	10,090	8,652
Staff welfare	5,138	-	5,138	-
Conferences and networking events	-	160,172	-	160,172
Miscellaneous Expenses	-	22,736	-	-
	<b>47,304,757</b>	<b>28,572,368</b>	<b>15,864,144</b>	<b>8,642,864</b>

**(a) Personnel costs**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Wages and Salaries	12,422,968	8,371,579	3,968,236	2,385,110
Staff Allowance	10,604,335	6,534,588	2,492,011	1,010,652
Directors Remuneration	3,789,897	2,509,563	964,267	1,200,856
Pension Contributions	967,124	568,337	298,020	204,341
	<b>27,784,324</b>	<b>17,984,067</b>	<b>7,722,534</b>	<b>4,800,959</b>

**(III) Selling and marketing expenses**

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Marketing and PR Events	729,421	381,928	247,969	69,338
Other marketing expenses	386,074	124,491	195,369	42,766
	<b>1,115,495</b>	<b>506,419</b>	<b>443,338</b>	<b>112,104</b>

