



2022 ANNUAL REPORT

MALDIVES FUND MANAGEMENT CORPORATION

MFMC
MALDIVES FUND
MANAGEMENT CORPORATION

MFMC

Annual Report - 2022



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Statement from our Managing Director



2022 was a year of kickstarting our operations returning from a couple of years of transitioning from COVID-19. Having gained an insight on the initiatives undertaken over the year, I am optimistic about MFMC's significant potential to innovate and reshape the Maldivian economy.

Our team effectively utilized their expertise to craft impressive plans for our strategic development projects. These unique and groundbreaking initiatives are positioned to stand out in the industry, promising noteworthy enhancements nationwide. Further tasks and preliminary discussions were also conducted with prospective investors and other stakeholders to facilitate investor commitments and secure investments.

Moreover, MFMC successfully started the implementation of EU grant aid project "EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives" targeted towards guesthouses and safari vessels

operating in the tourism sector. The primary objective of the project was to provide such MSMEs with the necessary skills and knowledge which enabled them to enhance their operations in the sector.

I would like to express my gratitude to the previous management and Board of Directors of 2022 for their invaluable contributions to the company's continuous growth over the years.

Being entrusted with the opportunity to play a pivotal role in realizing the vision of the government and MFMC is both an honor and a significant responsibility. I am confident in my commitment to work with passion, ensuring the continuous growth of the company.

A stylized handwritten signature in black ink.

Ahmed Nazim

01

About MFMC





Who we are

Maldives Fund Management Corporation (MFMC) is a 100% state-owned company established in 2019 by a Presidential decree, with a mandate of fulfilling national development goals through increased private sector investment and addressing limitations in the local financial system such as sectoral financing gaps, high cost of finance and difficulty in accessibility.

Furthermore, the government has entrusted MFMC with the pivotal responsibility of transforming key strategic assets into financially viable projects and creating value from these national assets. Initiatives by the Corporation, which include direct and indirect investments are designed to align public and private sector activities to stimulate economic growth within the country by creating new investment opportunities. In essence, MFMC serves as a critical investment platform for international and domestic investors in

driving value creation, to catalyze sustainable economic development.

The company has formulated investment frameworks for 3 key pooled investment vehicles across important sectors of the country, namely tourism, infrastructure and renewable energy, and investments to date by the company are expected to be structured within these 3 broad funds over the medium-term. Other major strategic undertakings of the company to date includes setting up its subsidiary, Agro National Corporation, to assist in developing the agricultural sector in the country and setting up Ocean Connect Maldives to establish the first direct fiber optic subsea cable connection to the Maldives. Moreover, MFMC is entrusted with the pioneering of state-led tourism real estate project in Maldives which comprises of the first-ever private islands to be developed in the country.

Corporate Information

Name of the Company:

Maldives Fund Management Corporation Limited (MFMC)

Company Registration No:

C06492019

Type of Business:

Investment & Asset Management Company (State-owned Enterprise)

Registered Address:

Ministry of Finance, Ameenee Magu, Male' 20379, Maldives

Authorized Share Capital:

MVR 2,500,000,000 (250 million shares at MVR 10 per share)

Issued & Paid-Up Share Capital:

MVR 33,110,980 (3,311,098 shares at MVR 10 per share)

Issued & Paid-Up Share Premium:

MVR 212,872,030

Shareholding Structure:

100% shares owned by Government of Maldives – represented by Ministry of Finance

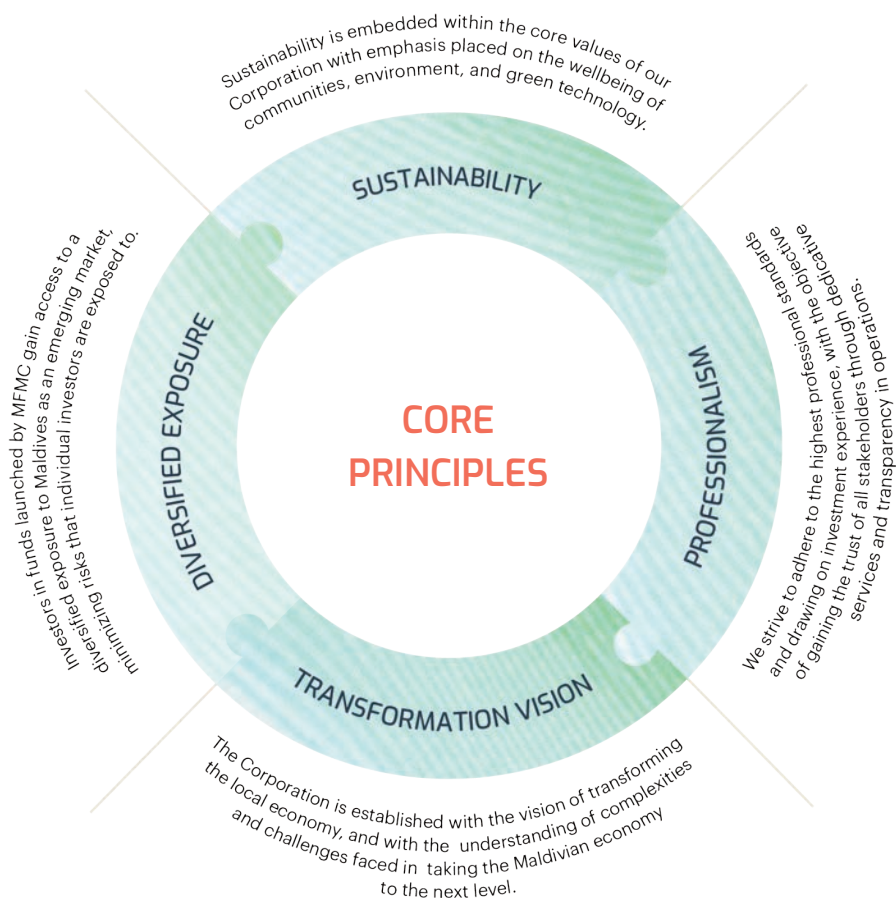
Vision

To support sustainable economic transformation via innovative capital market solutions catering to the financing needs of the Maldivian economy, while embracing social and environmental responsibilities.

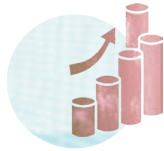
Mission

To strive to adhere to the highest professional standards, drawing on investment experience, with the objective of gaining the trust of all stakeholders through dedicative services and transparency in operations.

Company Principles



Strategic Objectives



Operate as a financially sustainable organization:

MFMC will set strategies for enhancing operational capacity and achieving sustainability, with measurable actions set for operational benchmarks, profitability targets, and long-term approach.



Promote development of local businesses and job creation:

MFMC will look to support local businesses to grow in scale and scope, with targets of helping local businesses grow beyond borders, and to become bankable and commercially viable companies with long-term growth potential.



Embrace social stewardship within core business values:

The Corporation considers social stewardship as a cross-cutting theme across all business decisions, and therefore will prioritize ESG (Environmental, Social, and Corporate Governance) as well as ethical factors as a pillar of the investment decision-making process.



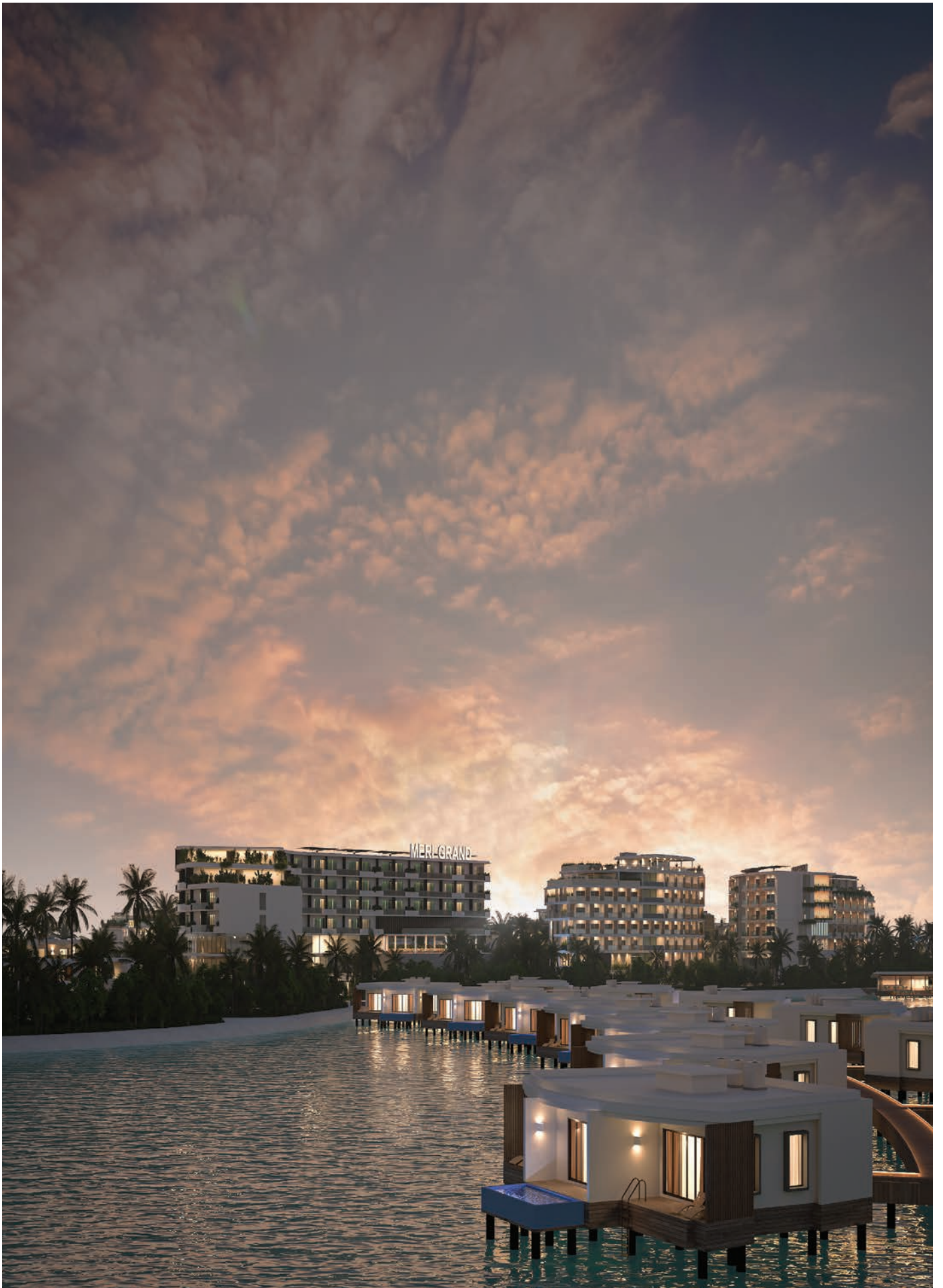
Contribute towards increasing national wealth:

MFMC will seek to mobilize overseas capital and harness private sector capital for commercially viable ventures. Facilitate development of key infrastructure: MFMC will provide leadership in structuring infrastructure development, through structuring project finance solutions, working across all stages of project life cycles to ensure a pipeline of scalable, affordable, and value-for-money projects.



Institute effective governance and risk management:

Developing capacity and capability to deliver effective financing solutions remains a key strategic objective for the Corporation, with the task complemented by efforts to develop a concise risk management framework at Corporation level as well as for individual funds.



Business Model & Value Creation

1

Understand Financing Requirement

- It is important that the Corporation is clear on the financing need for its funds, with well-articulated targets for raising financing.
- The Corporation shall maintain a regular pipeline of projects for its Funds.

2

Develop Innovative Financing Solution

- The Corporation shall prepare standard investment fund structures and other investment products for equity / debt investors.
- The Corporation shall be prepared to offer tailor-made solutions for potential investors.
- The Corporation shall be prepared to deal with sophisticated financing arrangements, with the ability to incorporate contractor financing and mezzanine financing.
- The Corporation shall have the ability to engineer credit enhancement mechanisms.

3

Conceptualization & Development of Pipeline Projects

- The Corporation shall utilize its development management experience in formulating ground-up developments, redevelopment initiatives and other projects from inception to final delivery.
- The Corporation shall possess the capability to meet Environmental, Social, and Governance (ESG) requirements, ensuring that development projects adhere to high-quality standards and aligns with sustainability principles and global project development benchmarks.

5

Fundraising Efforts

- The Corporation shall have clear procedures to move forward with underwriters or private parties in structuring deals.
- The Corporate shall be prepared to manage domestic and cross-border investors through the full investment cycle in an effective manner.

4

Fund Marketing & Investor Pitch

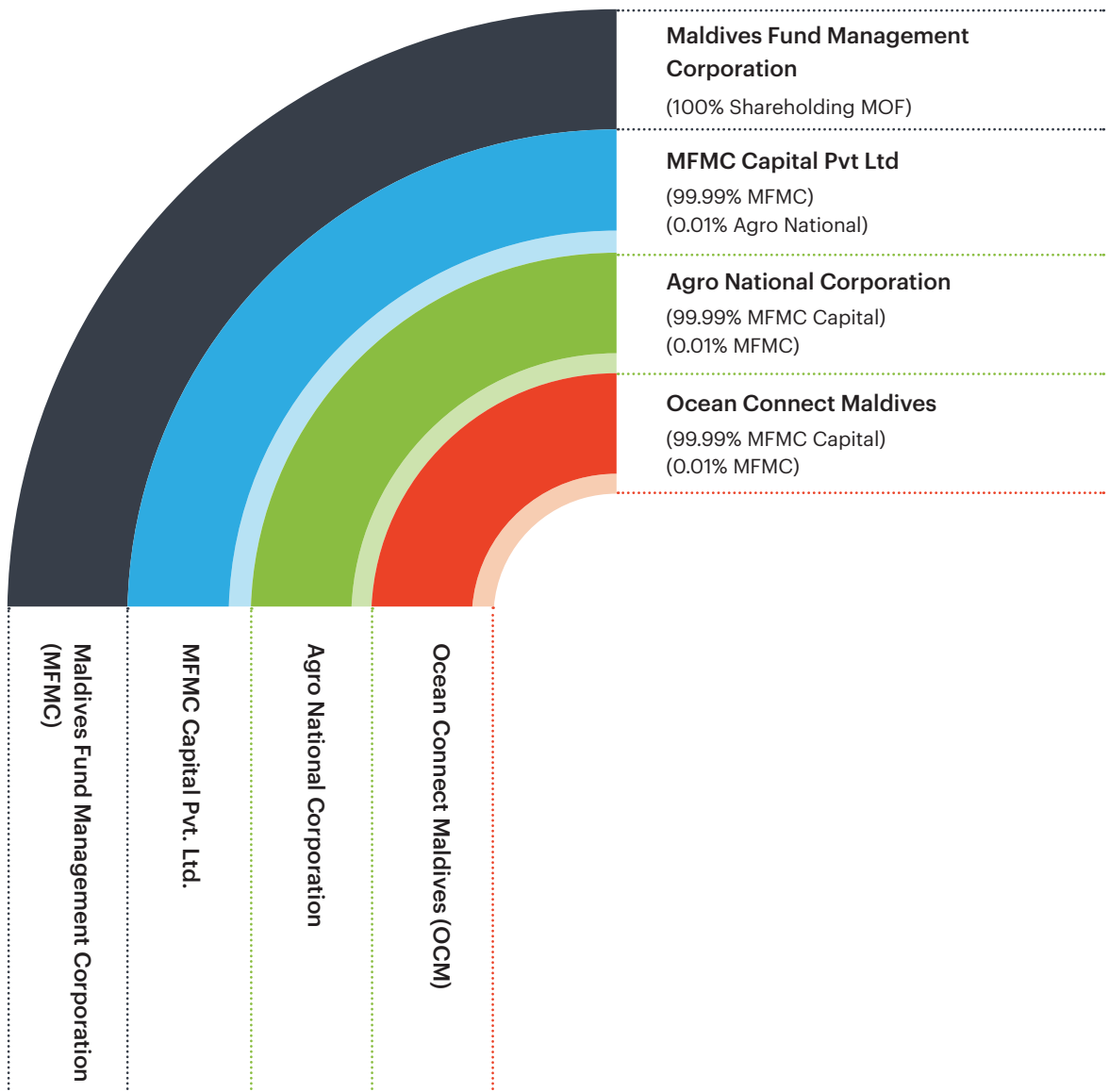
- The Corporation shall proactively seek prospective clients instead of waiting for clients to approach.
- The Corporation shall build a network of relationships with established underwriters, brokers, and other stakeholders in key jurisdictions to ensure smooth workflow.

6

Fund Management & Reporting

- The Corporation shall establish the internal procedures for performance reporting and attribution.
- The Corporation shall abide by international best practices in all aspects of business, including but not limited to the Santiago Principles, Global Investment Performance Standards, etc.

Ownership Structure



Our Subsidiaries



Agro National Corporation (AgroNat) was established on the 21 April 2020, as a subsidiary of MFMC with an overall mandate of developing agriculture as an economically rewarding industry in the Maldives as part of the Government's vision for 'Blue Economy' stipulated in the Strategic Action Plan (SAP) 2019 - 2023.

AgroNat works toward enforcing objectives such as enabling an efficient supply-chain for agriculture, providing technical expertise and training to farmers, expanding the role of women in farming, and facilitating access to quality fertilizers across islands. AgroNat also aims to achieve economic targets relating to food security, import substitution, creation of jobs and improving the trade balance.

Throughout 2022, AgroNat's main priority was strengthening contract farming, an initiative aimed towards helping smallholder farmers improve the process of food production and selling it to a viable market at a fair price, assisted by AgroNat. Additionally, the company also directed its efforts towards investing in capital projects, notably the establishment of L. Gaadhoo as a specialized agricultural island.



Ocean Connect Maldives (OCM) was founded on 09 January 2022, as a subsidiary of MFMC, positioned as an ICT infrastructure and International Gateway Access Service Provider company. The main purpose of OCM is to invest in both physical and digital infrastructure to foster inclusive digital networks and services, thereby bridging the digital divide and driving the next phase of Maldives' development. Central to OCM's strategy is the investment in the IAX cable system, envisioned as the linchpin for the "New Digital Economy of the Maldives," creating a fully interconnected Maldives conducive to swift digital transformation.

Functioning as an internet gateway provider, OCM's primary focus lies in delivering bandwidth to local ISPs and governmental entities. The most notable achievement of OCM is the OCM-IAX submarine cable project, which was officially initiated in February 2022. This phase of the project was completed within the scheduled timeframe, facilitating the development of the cable landing station and successful landing of the cable.



MFMC Capital Private Limited is a limited company incorporated on 17 February 2020, as a subsidiary of MFMC.

MFMC Capital was founded with the purpose of forming, holding, managing, and promoting different investment vehicles within the MFMC Group. AgroNat and OCM are incorporated as entities controlled via MFMC capital and, it is envisaged that further entities (SPVS/JVS) will be formed to facilitate future projects that are undertaken by the Group.

Our People



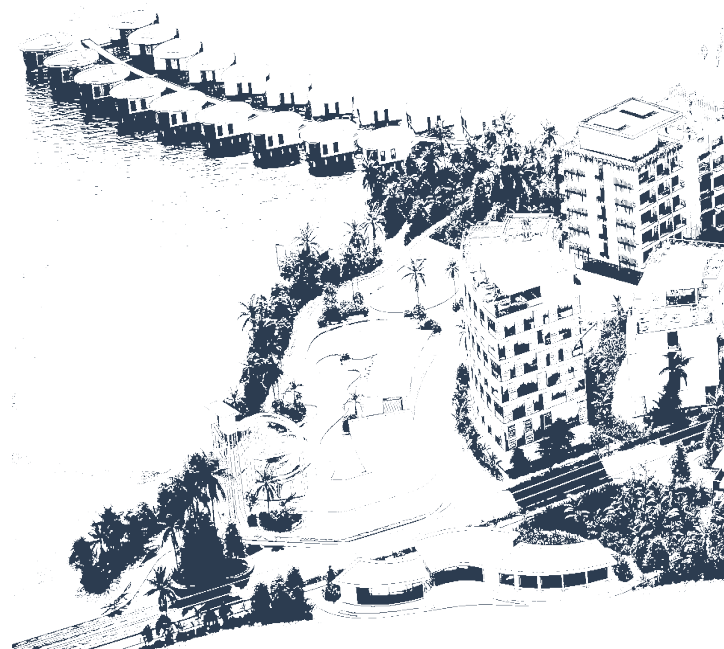
Attracting top talents to our team, to attain our organizational HR objectives.

At MFMC, we believe that our people are pivotal to our achievements. A primary focus for the Corporation is attracting top talents to our team, to attain our organizational HR objectives. The Corporation's HR strategy is built on the foundation of building a strong team of competent, qualified, and highly motivated staff. The Corporation has looked to adopt modern HR values, which promote integrity, teamwork, and social stewardship. In 2022, the Corporation maintained a staff count of 30 individuals, with 22 new hires and 7 resignations throughout the year.



02

Our Investment Approach





Focused and Diversified Approach

The Corporation has developed a modern investment framework, with a clear investment philosophy and regularly updated investment guidelines, which cater for different investments managed by the Corporation.

It is vital that the Corporation articulates clear investment strategies related to investments and engage in continuous improvement of the Corporation's investment management mandate, with a focus on managing pipeline of investment opportunities through its entire cycle. The Corporation is expected to establish working relationships with established domestic and cross-border investors to explore opportunities and have in place a full spectrum of investment products that can be marketed to cater for varying investor preferences and capital structure requirements.

Management and investment staff are expected to stay up to date with recent developments in investment and portfolio strategy, as well as economic news and trends. In addition, they are expected to keep track of major inflection points in markets and identify their impact on the ongoing projects and relevant investment sensitivities. Investment strategies should focus on diversified portfolios, and collaborating with investors to identify their requirements, expectations, and constraints. Investment staff are expected to use tools falling into statistical methods, discounted cash flow models, and risk premium models for forecasting and estimating intrinsic value of assets.

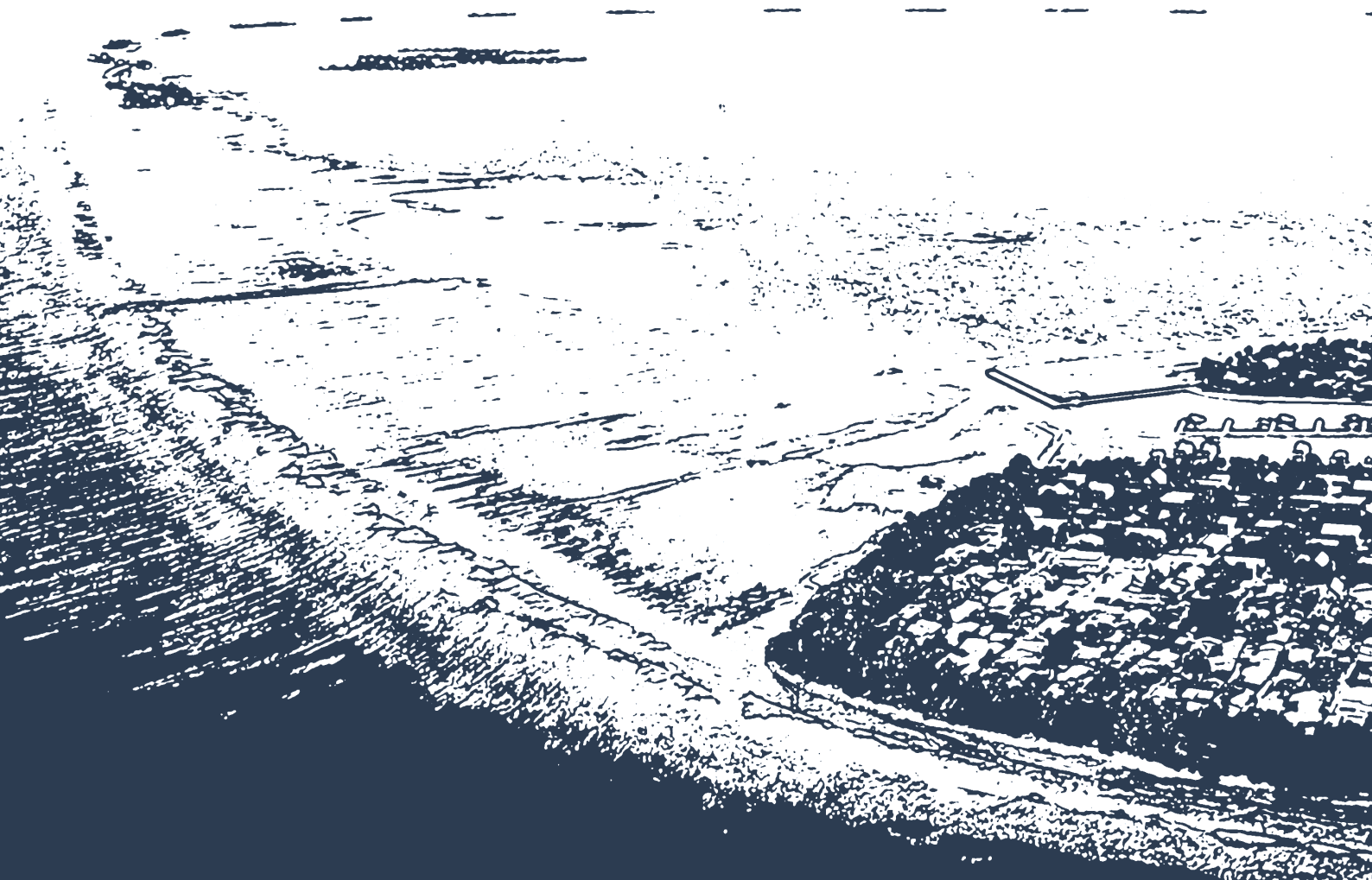
All aspects of investment philosophy are built on the cornerstone of prudent investment planning, with the objective of delivering customized portfolios to meet investor

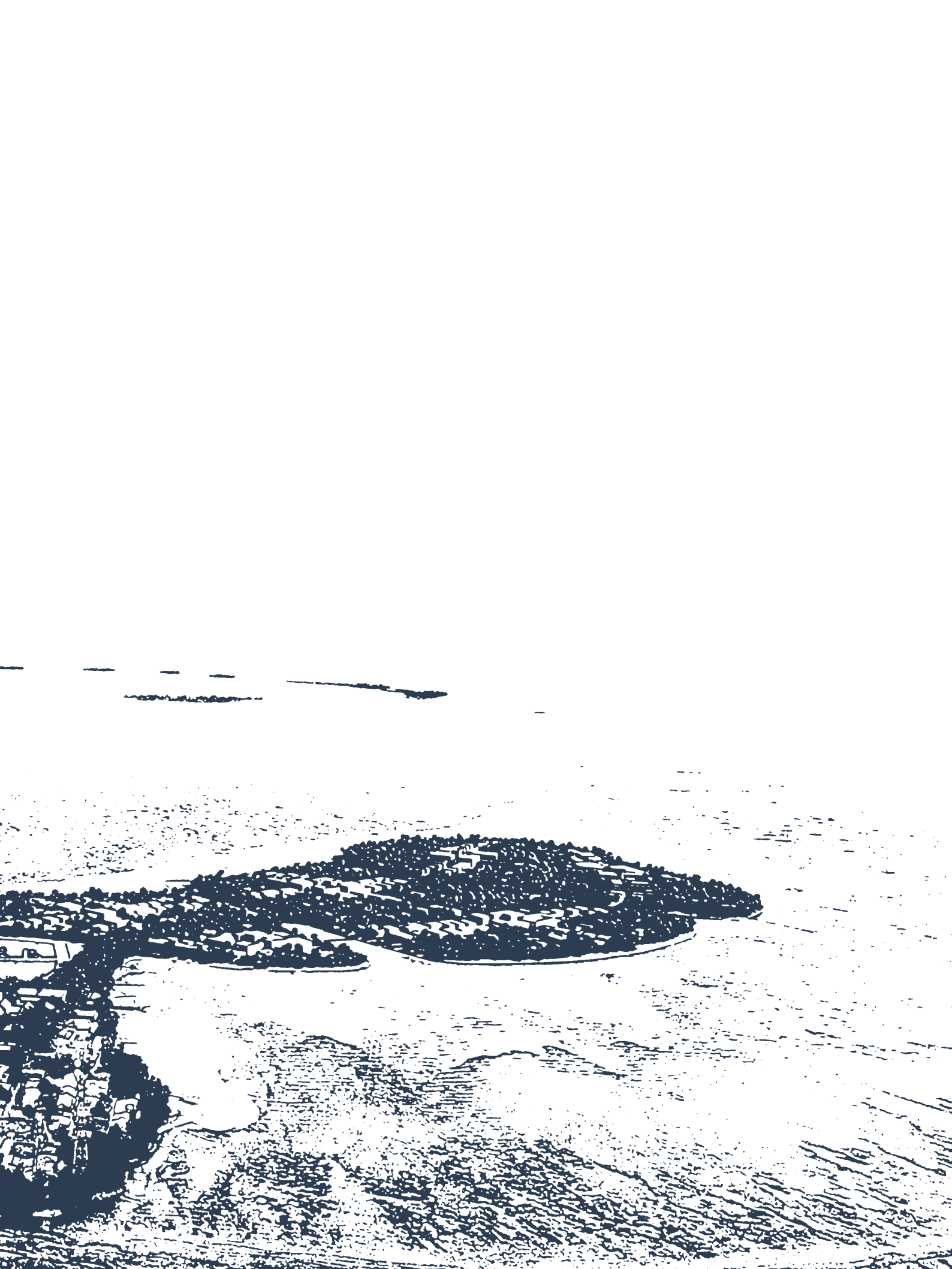
objectives, whilst considering capital market expectations and sustainability. Moreover, as all investments made by MFMC hold high strategic importance to the Maldivian economy, it is essential that we adhere to the highest investments standards and maintain a prominent level of professionalism in our investment approach.



03

2022 Year in
Review





Highlights of 2022

01.

Integrated Tourism Development Projects

In light of amendments to the Tourism law, a promising concept of Integrated Tourism Development has been steered into the industry, aimed at diversifying, and enhancing this growing sector. Consequently, MFMC has been granted one-of-a-kind and unique projects through a Presidential Decree in the year 2021.

1.1

Hankede Integrated Tourism Development Project



Initiated by a Presidential Decree in December 2021 and implemented by MFMC, the Hankede Integrated Tourism Development Project aims to revolutionize tourism in Addu City. This endeavor seeks to establish a centralized hub offering a diverse range of amenities and activities, revitalizing tourism, and generating numerous employment opportunities.

This project will introduce 2082 beds across various accommodation types ranging from grand hotels, deluxe hotels, boutique hotels, beach villas, and serviced apartments. Additionally, it will feature a wide array of amenities including food courts, spas, and a water sports center.

In October 2022, MFMC entered a partnership with Spaces - Inc to develop the conceptual masterplan for the project. Further, MFMC appointed China National Electric Engineering Company (CNEEC) as the international contractor responsible for overseeing the engineering, procurement, and construction aspects of the project in November 2022.

1.2

Gaafaru Lagoon Development Project



Gaafaru Lagoon Development Project was initiated by a presidential decree in December 2021 to enrich tourism activities in the the Greater Male' Region. Situated in the central region of the nation and only 60 kilometers north of Male', the Gaafaru Lagoon Development Project presents an unparalleled gateway to luxury and seclusion. This visionary effort comprises of the reclamation and development of 14 private islands, two integrated 5-star resorts, and expansion of the local island to support the growing tourism activities, with an emphasis on inclusivity.

Significantly raising the bar for tourism standards in the Maldives, this project is poised to generate substantial revenue for the government. In September 2022, our Corporation partnered with Fosters + Partners (F+P) to formulate the masterplan for the development of an integrated tourism zone in the lagoon. F+P is one of the leading architectural firms on a global scale.

Additionally, the team conducted scoping meetings and presented the conceptual masterplan to relevant ministries and stakeholders during their visit to the Maldives. Throughout the year, representatives from MFMC visited the island of K.Gaafaru to gain insights into the council's expectations for the project.

02.

Dhiyaneru 2 Safari Harbor Development



The Safari Harbor Development at K. Dhiyaneru Falhu 2 is poised to provide comprehensive berthing and mooring facilities for safari vessels simultaneously addressing the maritime congestion. Through innovative design elements such as floating docks and trot mooring systems, the project aims to create a secure environment for all vessels, complemented by advanced harbor protection measures. Beyond serving various vessels within the region, the project will also introduce a range of commercial services to accommodate international vessels entering Maldivian waters.

Additionally, our team engaged in stakeholder meetings with the Boating Association of Maldives to discuss the path toward the development of the safari harbor project. Furthermore, preliminary discussions were held with the Housing Development Corporation (HDC) concerning the potential formation of a joint venture.

03.

Giraavaru Reclamation and Development Project



The Giraavaru Reclamation Project aims to develop a satellite residential city near the Greater Male' Region, promoting economic growth and social standards. This lagoon is aimed to be developed as a residential city suitable for a population of over 60,000, and will introduce a wide range of residential, commercial, and institutional facilities.

Furthermore, MFMC engaged in a partnership with a third party to seek support in securing financing for the project. This project was designed to enhance the economic landscape and social standards of the Greater Male' population.

Giraavaru Reclamation Project also includes the development of a phenomenal infrastructure which connects the Greater Male' area via a bridge.

04.

EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives



The European Union (EU) has allocated EUR 2 million in grant aid for the project 'EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives'.

The grant aid project primarily focuses on supporting MSMEs within the tourism sector and comprises of two main components. The first component allocates EUR 1.4 million as direct grants to MSMEs impacted by COVID-19, while the second component allocates EUR 0.6 million for technical assistance to equip small business with the skills and knowledge needed to overcome hurdles and succeed in a post-pandemic world.

A promotional event for the project was held in K. Thulusdhoo, where symbolic cheques were awarded to beneficiary guesthouses from the island. This event's objective was to generate publicity for the project and increase the number of applicants for the grant. Further, the contract for the curriculum development for the training component of the project was awarded to the Maldives National University. Our team conducted site visits to several islands to encourage more applications and provide information to eligible beneficiaries.

By the end of 2022, MVR 14.8 million was disbursed to 329 guesthouses and 65 safari vessels. The training materials for the training were finalized and is scheduled for the first quarter of 2023.

Market Environment 2022



After facing significant disruptions in 2020 and subsequent recovery efforts in the following year, 2022 witnessed a more stable and robust global economic recovery. Many economies, including that of the Maldives, rebounded from the impacts of the Covid pandemic, driven by increased vaccination rates, government stimulus measures, and pent-up consumer demand. This recovery provided a favorable backdrop for investors, as companies and industries across various sectors regained momentum.

The S&P 500 index had a drastic fall of -19.44% in 2022, which is much lower than the long-term average of +7.28%. This reduction in growth and investor confidence can mainly be attributed to sticky inflation and aggressive rate hikes from the United States Federal Reserve. The private equity market also continued to attract substantial investor interest in 2022, driven by the potential for higher returns and portfolio diversification.

Furthermore, global buyout deal value reached an impressive \$700 billion, demonstrating the robust appetite for private equity investments. Investors were particularly drawn to sectors such as technology, healthcare, and renewable energy. The average buyout transaction in 2022 stood at around \$500 million, reflecting the trend of investors targeting larger deals to capitalize on economies of scale and potential synergies. However, the private equity market also remained accessible to smaller-sized transactions, providing opportunities for

500

Million US Dollars
Average Buyout Transaction in 2022

investors seeking niche or emerging market investments.

Geopolitical factors can significantly influence market sentiment and investor confidence. In 2022, the persistence of geopolitical risks such as the spread of Covid in China and the escalation of the Ukraine- Russia conflict, has kept the market volatile. Furthermore, technological advancements continue to shape various sectors and disrupt traditional business models. Emerging technologies such as artificial intelligence, blockchain, and renewable energy, drove substantial growth and reshaped industries. The Maldivian economy, known for its dependency on tourism, faced significant disruptions due to the Covid pandemic in the previous two years. However, as travel restrictions eased and vaccination efforts progressed, the tourism industry showed signs of recovery in 2022. This offered potential avenues for investors in sectors such as hospitality, real estate, and infrastructure, as the demand for luxury resorts and tourism-related services rebounded.

In response to the heightened demand from investors, the Maldives and MFMC entered 2023 with a diverse project portfolio centered around infrastructure and integrated tourism development. These projects are anticipated to yield sufficient returns and provide a sizeable contribution to the Maldivian economy. Throughout 2022, the company actively engaged in discussions with numerous prospective investors, such as development banks, private investment funds,

and high net-worth individuals, in order to expedite the process of identifying potential partnerships and investment opportunities.

04

ESG / Sustainability





ESG Factors / Sustainability



In recent years, a notable transformation has unfolded within the investment landscape, marked by a heightened emphasis on Environmental, Social, and Governance (ESG) factors.

Investors are recognizing that financial success is not the sole indicator of a company's long-term viability. Instead, the integration of ESG considerations into investment decisions has become a critical aspect of responsible and sustainable investing. The growing awareness of global challenges such as climate change, social inequality, and corporate misconduct has spurred investors to consider the broader impact of their investment choices.

In response to this evolving landscape, the Corporation has incorporated ESG screening into its investment decision-making process to meticulously assess and determine the inclusion or exclusion of investments. This involves employing a comprehensive set of ESG filters, conducting thorough investment ranking evaluations, and carefully selecting investments based on the following detailed ESG factors.



Through rigorous ESG analysis, the Corporation aims not only to mitigate risks associated with environmental and social issues but also to identify opportunities for sustainable growth and innovation. This strategic approach underlines the Corporation's commitment to fostering a more equitable, resilient, and environmentally conscious global economy.

Recognizing the crucial role of sustainability, MFMC prioritized its integration from the outset, even during the conceptual stages of its projects. This proactive approach ensured that sustainable practices were embedded in the project foundation, minimizing challenges for later implementation.

Key Projects

Gaafaru Reclamation Project:



Sustainable Reclamation Methods: The conceptual phase focused on identifying and implementing sustainable reclamation methods to minimize environmental impact. This included:

- **Minimizing Coral Reef Damage:** Following EPA guidelines and conducting surveys, MFMC designated reclamation zones with minimal impact on coral reefs prior to the masterplan stage.
- **Sustainable Materials and Techniques:** Exploring the use of eco-friendly materials and techniques for reclamation were given the topmost priority in the masterplan design.
- **Self-Sufficiency Exploration:** The conceptual masterplan stage also explored innovative approaches to make the project self-sufficient, such as the use of renewable energy and local food production

Hankede Integrated Tourism Project:



Sustainable Masterplan: The 2022 focus was developing a conceptual masterplan that prioritizes sustainable design principles for all aspects, including:

- **Eco-Friendly Construction:** Utilizing sustainable materials, energy-efficient construction practices, and renewable energy sources for buildings and infrastructure.
- **Environmental Preservation:** Integrating measures to protect surrounding ecosystem and biodiversity within the development plan.

By prioritizing sustainability in the conceptual stages of its investments, MFMC demonstrates its commitment to environmental responsibility. This proactive approach lays the groundwork for future development projects that benefit both the company and the environment.

Towards Sustainable Practice



At MFMC, we ensure the integration of sustainable and environmentally friendly practices in our business operations. By depending largely on electronic documents and conducting business operations on the cloud, the consumption of paper and waste is highly minimized. The company has also transitioned to eliminating single-use plastics and promoting eco-friendly activities by enforcing the usage of reusable items and recycling products.

We believe that our actions in the office environment can catalyze positive change. The company also looks to take further measures to establish a greener workplace and sustainable business operations.

The company aims to provide a comprehensive disclosure of its sustainability-related risks and opportunities that are useful for its stakeholders in making key decisions, following the implementation of IFRS sustainability disclosure standards across the financial reporting framework of the company.

05

Governance Report





Corporate Governance



At MFMC, we believe high standards of corporate governance, financial reporting, and risk management are important to ensure transparency, accountability, and sustainable growth. Since its commencement in 2019, MFMC has operated in compliance with the Code of Corporate Governance for State-Owned Enterprises (SOEs) by the Privatization and Corporatization Board (PCB) of the Ministry of Finance. We further ensure that our corporate governance compliance adheres to principles set by the Maldives Code of Corporate Governance Act of the Capital Market Development Authority (CMDA).

Our Board of Directors comprises experienced professionals who bring diverse expertise and unique outlooks to oversee the company's strategic direction. The Board of Directors ensures that proper internal controls are established and enforced within the organization. These procedures promote honesty and integrity within the organization and reliability of financial data. The Board of

Directors comprises 4 members; 2 executive and 2 non-executive directors chaired by a non-executive director ensuring good governance and a board that remains impartial in providing constructive feedback and effective guidance to the management. The company has formed two sub-committees of the board, the Appointment Nomination and Remuneration Committee (ANR) and the Audit Committee (AC). During the year,

MFMC established an internal audit function within the company. The work of the internal audit is overseen by the Audit Committee and reported to the Board of Directors.

Financial Reporting

The company's annual consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and other applicable regulatory laws in Maldives. The financial statements of the company are prepared with comprehensive disclosures ensuring the shareholders and various stakeholders to make effective assessments of the company and its prospects. Following "The Regulation on the Audit and Accountability of State-Owned Enterprises" of the Auditor General Office (AGO), Ernst & Young was appointed as external auditor for the audit of financial statements for MFMC Group and its subsidiaries for the financial year 2022. The audit fees of MFMC group for external audit of financial year 2022 is MVR 200,000.

Risk Management

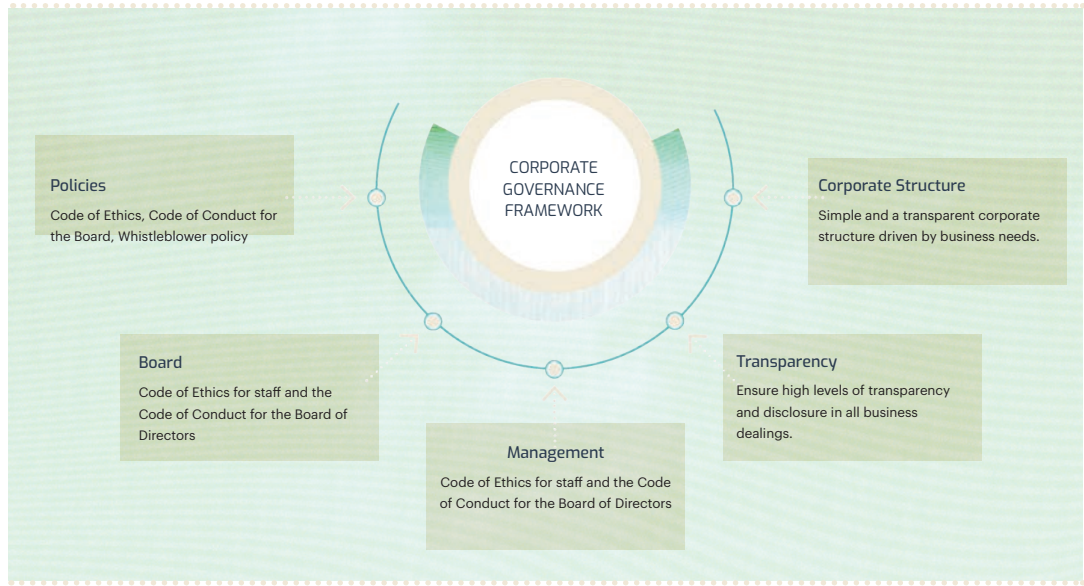
To effectively execute our business objectives, we believe it is important to mitigate risk factors. MFMC gives assurance to the shareholders that it shall strive to ensure the fund's investment policies are successful in the long term. However, the fund manager or the funds do not give explicit assurance in achieving investment objectives in terms of income or capital gain. The performance of the funds is reliant on the performance of underlying assets which comprise of securities included in the fund. The company emphasizes conveying associated risks to investors and takes a strong approach to

risk management. These include regular risk assessments, implementation of risk mitigation strategies and controls, and proper monitoring and evaluation of risk exposures.

Furthermore, financial crime mitigation is a key priority for the company. In addition to a robust framework for due diligence and KYC procedures, MFMC operates in accordance with regulations set by Maldives Monetary Authority (MMA) in relation to Prevention of Money Laundering and Terrorism Financing Act. We further emphasize the importance of enhancing internal policies in accordance with the act. We believe managing the risk of financial crimes is vital as the company progresses, especially considering the relatively low financial literacy rates among some financial sector stakeholders and intermediaries in the Maldives.

Governance Framework

The driving principle of our corporate governance framework is illustrated in the below diagram:



MFMC has developed a robust corporate governance framework in accordance with related government regulation acts and international standards. Key policies have been established within the organization including the Code of Ethics for staff and the Code of Conduct for the Board of Directors. The company has further established a Whistleblower Policy for reporting illegal or dishonest fraudulent activity to further ensure all company acts are conducted with honesty and integrity.

The company has also established an effective and thorough investment process, including the company's Information Memorandum and Investment Policy Statement. MFMC believes in the Right to Information (RTI) for shareholders and investors and ensures that the investment procedures are conducted with transparency and accountability. All required documents for key policy funds are managed by the Corporation after identifying appropriate return and risk levels based on investor preferences, expectations, and market conditions.

The Board of Directors is responsible for approving a structure for the composition of the Investment Committee and delegating decision-making responsibilities to the Managing Director, Head of Investments, and other Investment staff. The Investment Guidelines of the company outline the key operational guidelines for investment fund management, inclusive of due diligence procedures, proposed investment strategy and governance, and implementation framework. It also details the composition of the Investment Committee, investment strategy for each asset class with sector allocation, optimal portfolio, risk rules, etc., as well as internal governance. Roles and responsibilities within the organization are further delegated with transaction limits for individual portfolio managers at different levels. Furthermore, the company ensures the maintenance of records, data retention, reporting methodology with risk measures, return calculation requirements, and other related information.



Members of the Board 2022



Neeza Imad

Chairperson

Ms. Neeza Imad served as the Chairperson of MFMC from June 2019 to August 2023. Her expertise extends to serving as the Minister of State for Economic Development and Chairperson of Agro National Corporation. With a notable 31-year tenure at the Maldives Monetary Authority, she has held significant positions including the Assistant Governor and Board of Director. She also served as the Chairperson of Male' Water & Sewerage Company's (MWSC) Board of Directors from 2013 – 2015. Ms. Neeza played instrumental roles in developing regulatory frameworks for banking and insurance and establishing the Maldives' first Credit Information Bureau.

She holds a Bachelor of Business (International Business) from Charles Stuart University, Australia and a Master of Commerce from Wollongong University, Australia.



Hassan Manik

CEO / Managing Director

Mr. Hassan Manik served as the Chief Executive Officer / Managing Director of MFMC from its inception in 2019 until November 2023 and was an Executive Director of the MFMC Board of Directors during his tenure. He also was the Chairperson of Agro National Corporation and served as a board member at the Maldives Stock Exchange. His leadership extended to the roles of CEO of both the Maldives Stock Exchange and Maldives Security Depository. With over 15 years of experience, Mr. Manik has worked in versatile capacities in both public and private sectors in the areas of financial planning, investment advisory, consultancy in capital markets and advisory for government undertakings.

He holds an M.Sc. In International Banking & Finance from University of Southampton and has a BA (Hons) degree in Accounting & Finance from the University of Abertay Dundee in Scotland.



Hussain Shihab

Deputy Managing Director

Mr. Hussain Shihab served as Deputy Managing Director of MFMC from November 2019 until January 2022 and was an Executive Director of the MFMC Board of Directors during his tenure. He also served as the Managing Director of Ocean Connect Maldives from January 2022 to January 2024.

He has over 25 years of combined experience in the public and private sectors in the field of finance. Mr. Shihab has played key roles in implementing World Bank financial management systems for various projects at the Ministry of Environment and Energy.

He holds ACCA Certified Accounting Technician (CAT) qualification since March 2001 and has been a member of AAT/UK since September 2000. He also has a BA (Hons) degree in Accounting and Finance from the University of East London.



Mariyam Manarath Muneer

Non-Executive Director

Ms. Mariyam Manarath Muneer served as a Non-Executive Director of the MFMC Board of Directors from November 2019 to November 2023. She was also the Board Director at Ocean Connect Maldives (OCM) from January 2022 to November 2023. Ms. Manarath was the Deputy Minister of Finance at the Ministry of Finance, where she was formerly a Senior Policy Director since May 2019 with the key responsibility of overseeing the Resource Mobilization and Corporate Affairs Departments. Additionally, she represented the Maldives as Alternate Governor to the Asian Development Bank, focusing on grant assistance mobilization and donor coordination.

She holds a BA (Hons) degree in Accounting and Finance from the London School of Economics and Political Science, 2014.



Mohamed Khussan

Non-Executive Director

Mr. Mohamed Khussan served as a Non-Executive Director on the MFMC Board of Directors from September 2021 to November 2023. He was a Board Director of Agro National Corporation from September 2021 to October 2022. He worked as a Consultant at the President's Office of Maldives from August 2022 to October 2023, following his tenure as Senior Policy Director at the Ministry of Tourism starting from July 2019. Mr. Khussan has extensive experience in overseeing policy development, legal affairs, and regulatory framework reform within the tourism sector.

He holds an MSc in International Development Management from the University of Westminster, UK and has a BEng in Mechanical Engineering from the University of Wolverhampton, UK.



Ismail Siman

Company Secretary

Mr. Ismail Siman served as the Company Secretary and legal consultant of MFMC from February 2022 to November 2023. He works as a lawyer specializing in the areas of corporate, commercial, and public finance law, and has significant experience in both the public and private sector. Siman worked as a Senior State Attorney at the Attorney General's Office from 2015-2020, where he advised the Government regarding Tourism Regulation, Public Finance and Procurement, Investments, and International Arbitration. He also litigated for the Government on several important cases and served as a member of the National Tender Board from 2019-2020.

Siman currently works at the Ministry of Finance as a legal consultant on matters related to Public Finance and management of Public Debt and has assisted in drafting numerous laws in the areas of corporate regulation, commercial engagement, and public finance management. He is a Partner at Lex Strategies LLP, and also serves as the Honorary Legal Advisor to the British High Commissioner to the Maldives. He holds a Master of Laws (LLM) in Corporate Law, from the University College London, UK.

Members of the Board (Current)



Ahmed Nazim

Managing Director & Executive Director

Mr. Ahmed Nazim has been the Managing Director of MFMC since his appointment in November 2023 and serves as an Executive Director on the MFMC Board of Directors. He also serves as a Non-Executive Board Director to Agro National Corporation and Ocean Connect Maldives since January 2024. Mr. Nazim is an entrepreneur and brings more than a decade of experience operating in the private sector of Maldives. He previously served in executive positions at the Ministry of Tourism and National Center for the Arts, Maldives.

He holds a Post Graduate Diploma in leadership and management.



Uza. Aminath Sheeza Ahmed

Non-Executive Director

Ms. Aminath Sheeza Ahmed serves as a Non-Executive Director on the MFMC Board of Directors starting from January 2024. She is an Attorney at Law with over 6 years of experience in the court system, with a proven track record of taking initiative and persevering in challenging criminal cases serving as a public prosecutor. Additionally, she served as a Head of the Research and Development Unit at Prosecutor General's Office specializing in prosecution of major crimes such as terrorism, murder, and sexual assault.

Ms. Sheeza holds a LLB (Bachelor of Law) from the University of London, United Kingdom and was admitted to the bar of Maldives in 2018.



Aishthath Shehenaz

Non-Executive Director

She serves as a Non-Executive Director on the MFMC Board of Directors starting from December 2023. She is a Business Consultant and Entrepreneur with over 20 years of extensive experience in managing diverse businesses. Throughout her career in the private sector, she oversaw the management of multiple businesses, and specialized in the procurement and service sector.

Driven by her passion for driving organizational growth and sustainability, she transitioned into leadership roles, where she led business ventures and spearheaded strategic initiatives. Her ability to navigate complex business landscapes proved instrumental in her success. Drawing on her extensive international experience, expertise and access to the international investment markets, Ms. Shehenaz transitioned into governance roles, mediating investments for high valued projects.

She holds a Diploma in Business Management from the New Zealand Institute of Management.



Mohamed Fathih
Non-Executive Director

Mr. Mohamed Fathih serves as a Non-Executive Director on the MFMC Board of Directors starting from January 2024. He also served as a Board of Director at Maldives Tourism Development Corporation (MTDC) from 2019 to December 2023, where he contributed his expertise to the strategic direction and growth of the company.

In his current role as Manager of Corporate & Human Resources/Administration at Allied Insurance Company Pvt Ltd since 2012, he oversees administrative functions, manages fixed assets and office facilities, and plays a key role in company committees.

He holds a Master's in Business Administration from the University of Bedfordshire, UK and has a Bachelor of Commerce from the Griffith University, Australia.



Suzana Thoufeeg
Company Secretary

Ms. Suzana Thoufeeg has been fulfilling the role of Manager Corporate Affairs at MFMC since February 2022, and was officially designated as the Company's Board Secretary on January 2024. Ms. Suzana also served as the company secretary at Agro National Corporation from June 2022 to January 2024.

With a professional journey spanning over 15 years from 2009 to present, Suzana has accumulated extensive experience in various organizations. Her career includes roles at the Ministry of Planning, Ministry of Tourism, Villa Travel and Tours, and Agro National Corporation Pvt. Ltd

Suzana holds a Diploma of Business Studies from Tafe College, NSW, Australia.

Directors Report 2022

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1. BUSINESS REVIEW

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

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

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

The Corporation had 31 employees at the end of 2022 and focused mainly on recruiting key personnel to the MFMC team. MFMC actively engaged in meeting potential investors and building connections to attract investments towards the projects in the pipeline. A key highlight of the year was that the corporation successfully domiciled an investment fund vehicle at an overseas jurisdiction to facilitate investments from target groups such as SWFs, other institutional investors, and high net worth individuals.

Detailed Information Memorandums (IMs) were formulated regarding the different projects undertaken by the corporation such as the Gaafaru Integrated Tourism Development Project and Hankede Integrated Tourism Development Project which were presented to potential institutional investors to raise finance for these projects.

In addition to continuous investment in subsidiary Agro National Corporation, the company formed an additional subsidiary, Ocean Connect Maldives (OCM) with the aim of revolutionizing the digital infrastructure of the country. OCM is specifically tasked with the installation and operation of the first- ever direct fiber optic submarine cable to the Maldives. To undertake this project, the company has entered into a partnership with Reliance JIO Infocomm Limited. Anticipated to be completed in the third quarter of 2023, the cable is expected to make a significant impact on the digital connectivity landscape of the Maldives.

1.2 Share Capital of MFMC

The authorized share capital of MFMC comprises 250 million shares at MVR 10/- per share, amounting to a total of MVR 2,500,000,000.

The Issued and Paid-up Share Capital comprises of 3,311,098 shares at MVR 10/- per share, amounting to a total of MVR 33,110,980 as of 31 December 2022.

Additionally, MFMC has issued 70,000 shares at a premium of MVR 100/- per share and 2,191,740 shares at a premium of MVR 90/- per share, amounting to a total of MVR 212,872,030 fully paid as of 31 December 2022.

1.3 Financial Performance and Reporting

The annual 2022 Financial Statements of MFMC were prepared in accordance with the International Financial Reporting Standards (IFS) and all relevant regulations and legislations of the Maldives.

The major transactions of MFMC during the year 2022 included investments in subsidiaries and costs incurred for preliminary research, design and conceptual works for development and implementation of strategic projects assigned to the Company by the Government of Maldives.

The summary of financial results of MFMC Group for the year 2022 are as follows:



Table 1 - Financial Performance for 2023

Details	Group		Company	
	2022 (MVR)	2021 (MVR)	2021 (MVR)	2022 (MVR)
Revenues	5,592,113	9,560,677		
Loss for the year	(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)
Total Assets	237,859,674	106,660,567	316,219,073	153,853,325
Total Equity	159,308,146	42,447,655	212,786,664	63,812,567

1.4 Major Changes in the Business

The Maldives Fund Management Corporation (MFMC) was established with the responsibility of fulfilling national development goals in collaboration with the government by increasing private sector investments, enhancing the country's wealth, and facilitating strategic investments. Moreover, the corporation is actively developing strategic assets handed by the government into economically viable projects to attract investments and create a resilient economy.

The Corporation's mandate remained largely unchanged throughout the fiscal year of 2022. The company remains committed to its ongoing endeavors, focusing on identifying and advancing viable projects aimed at enhancing the Maldivian economy and contributing to the attainment the national development goals set by the government.

1.5 Prospects for the coming year

To fortify its operational resilience, MFMC is set to amplify its strategic initiatives across pivotal areas. The Corporation is dedicated to accelerating efforts in securing investors, recognizing their crucial role in fostering financial growth and stability. Through targeted outreach and the cultivation of relationships with potential stakeholders, MFMC aims to strengthen its financial foundation.

Simultaneously, MFMC is dedicated to the establishment

its fund structures across the different strategic industries in the Maldives, a pivotal step towards ensuring regulatory compliance and optimizing administrative efficiency. Furthermore, the Corporation aims to achieve notable progress in the completion of ongoing projects while concurrently exploring and initiating work on innovative investment products.

2. BOARD COMPOSITION

In compliance with the Privatization and Corporatization Board (PCB) Code of Corporate Governance for state Owned Enterprises, the Board of Directors of MFMC comprises of a combination of Executive and Non-Executive Directors. More than half of the Board is comprised of Non-Executive Directors to ensure effective corporate governance, necessary pluralism, productive and constructive discussions, prompt and rational decisions and effective organization of the work of its committees.

As per the Memorandum and Article of Association of MFMC, the Corporation Board of Directors include total 5members. MFMC had the following members on the Board of Directors during 2022 with one (1) vacant position as of 31st December 2022.

All urgent matters that were to be managed by the committees was handled by the full Board of Directors until the creation of such committee.



Table 2 - Board composition 2022

No	Name	Representative Organization	Position	Effective /Appointed Date	Dismissal / Resigned Date
1	Neeza Imad	Ministry of Economic Development	Non-Executive Director : Chairman	26/06/2019	11/08/2023
2	Hassan Manik	MFMC	Executive Director: Managing Director	26/06/2019	28/11/2023
3	Mariyam Manarath Muneer	Ministry of Finance	Non-Executive Director	12/11/2019	18/11/2023
4	Hussain Shihab	MFMC	Executive Director: Deputy Managing Director	20/11/2019	10/01/2022
5	Mohamed Khussan	Ministry of Tourism	Non-Executive Director	16/09/2021	16/11/2023
6	Ismail Siman	MFMC	Company Secretary	22/02/2022	14/11/2023

At the time of authorization of the Financial Statements 2022 of the MFMC Group for issue by the board of the company, MFMC had the following members on the Board of Directors.

Table 3 - Board composition (current)

No	Name	Position	Effective / Appointed Date
1	Aishath Shehenaz	Non-Executive Director	26/12/2023
2	Ahmed Nazim	Executive Director: Managing Director	28/11/2023
3	Aminath Sheeza Ahmed	Non-Executive Director (Acting Chairperson)	03/01/2024
4	Mohamed Fathih	Non-Executive Director	16/01/2024
5	Suzana Thoufeeg	Company Secretary	04/01/2024

3. SALARIES AND FEES PAID TO THE BOARD OF DIRECTORS

Table 4 - Salaries and fees paid to Board

Board of Directors	Total Remuneration (2022)
Neeza Imad	166,600.00
Hassan Manik	561,807.52
Mariyam Manarath Muneer	102,500.00
Hussain Shihab	27,136.214
Mohamed Khussan	102,000.00

4. BOARD MEETINGS

A total of 31 board meetings were held during the year 2022. The attendance of members of the Board of Directors for the year are as follows:

Table 5 - Meetings of the Board

Board of Directors	No. of Meetings Attended	Attendance %
Neeza Imad	31	100
Hassan Manik	29	94
Mariyam Manarath Muneer	29	94
*Hussain Shihab	02	100
Mohamed Khussan	29	94

* Executive Director, Hussain Shihab resigned from the Board on 10th January 2022.



5. CHANGES TO THE MEMORANDUM (MOA) AND ARTICLES OF ASSOCIATION (AOA)

An amendment was made to AoA clause 17 (term of Directors) and approved at AGM on 24th March 2022. No other changes were brought to MOA or AOA in the year 2022.

6. LITIGATION AND CASES

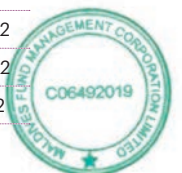
There were no legal cases or involvements in any form of litigation by the Company during the year 2022.

7. SUMMARY OF MAJOR DECISIONS DURING THE YEAR

The Board of Directors took the following major decisions during the year 2022:

Table 7 - Major decisions of the Board

Major Decisions	Date
Decision to establish and form new subsidiary Ocean Connect Maldives Pt Ltd (OCM) and appointment of Board members.	9th January 2022
Appointment of Chief Operating Officer to the Company.	1st February 2022
Endorsement of Procurement Plan for 2022.	21st February 2022
Appointment of new company secretary, Uz Ismail Siman to the Board.	22nd February 2022
A technical consultancy firm was hired for the subsidiary OCM.	1st March 2022
Dissolvement of Investment Committee.	15th March 2022
2nd Annual General Meeting (AGM) of MFMC Group of companies was held. At the AGM, Ernst &Young was appointed as the External Auditors for MFMC Group and subsidiaries for external audit of financial years 2022 and 2023. Further, an amendment was made to AoA Clause 17 (terms of directors) and approved at the AGM.	24th March 2022
The board approved to participate in the consortium established to Ihavandhippolhu Port City Project.	11th May 2022
Endorsement of a performance appraisal system for the staff of MEMC.	29th June 2022
Revision to the Organizational Structure of the Company and approval by the Board.	16th August 2022
The pay structure for the staff of the Company was revised and approved.	23rd August 2022
Endorsement of Tender Evaluation Committee of the Company.	23rd August 2022
The Internal Audit Charter of the Company was approved.	30th August 2022
A party was approved to be hired for conceptual design of Hankede Integrated Tourism Development Project.	30th August 2022
Right to Information (RTI) Committee was endorsed and members were appointed to the Committee.	13th September 2022
Endorsement of Budget for Fiscal Year 2023.	15th November 2022
Application for Sovereign Guarantee was approved for financing OCMs' submarine cable project through a term sheet received from Exim Bank.	14th December 2022
Revisions brought to Human Resource Policy of the Company were approved.	19th December 2022
Endorsement of Procurement Plan for Fiscal Year 2023.	28th December 2022
The decision to decentralize the Procurement of the Subsidiaries of MFMC Group.	29th December 2022
Endorsement of Annual Board Plan for 2023.	31st December 2022



8. SHAREHOLDING IN OTHER CORPORATIONS

The corporation holds shares in subsidiaries as follows:

Table 6 - Shareholding in other companies

MFMC Capital	99.99% Shares Held	Directly Controlled
AGRO National Corporation Pvt Ltd	0.01% Shares Held	Indirectly Controlled
Ocean Connect Maldives Pvt Ltd	0.01% Shares Held	Indirectly Controlled

9. EXTERNAL AUDIT

In accordance with section 4 of the Auditor General Office Regulation on the Audit and Accountability of State-Owned Enterprises, the External Auditor for MFMC for financial year 2022 is Ernst and Young appointed by the Board of Directors at the Annual General Meeting for financial year 2021. The External Audit for the year 2022 was completed on 5th February 2024.

10. CORPORATE GOVERNANCE

In compliance with the Privatization and Corporatization Board (PCB) Code of Corporate Governance for State Owned Enterprises:

- MFMC's Board of Directors comprise of 2 Executive and 3 Non-Executive Directors to ensure unbiased and diverse advice is brought to the Corporation.
- The Chairperson of the Board of MFMC is a Non-Executive Director.
- MFMC held Board Meetings with no more than two months between the meetings during the year.
- MFMC has a well-established Audit Committee and the Company worked on establishing other required committees during 2022.
- During 2022, MFMC established an internal audit function within the Group to provide an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. The internal audit function reports directly to the Audit Committee.



11 .STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of the company is responsible for establishing and maintaining adequate internal control over financial reporting as stipulated in the Companies Act. The internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors that financial reporting as well as the preparation and presentation of the financial statements issued for external purposes complies with generally accepted accounting principles.

We at the management assessed the effectiveness of the Company's internal control over financial reporting as of 31 December 2022. Based on our assessment we believe that (as of 31 December 2022), the company's internal control over financial reporting is effective based on all criteria.

Signature:

Name:

Aminath Sheeza Ahmed

Ahmed Nazim

Designation:

Non-Executive Director
(Acting Chairperson)

Managing Director

Date:

5th February 2024

5th February 2024



Auditor's Report & Financial Statements 2022

Maldives Fund Management Corporation

31 December 2022

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

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

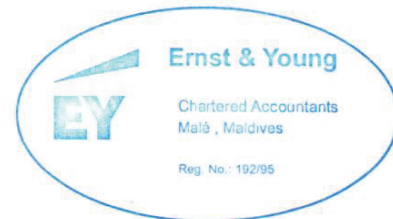
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with 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

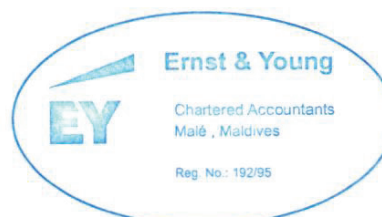
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, 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>Carrying value of Property Plant and Equipment including Capital Work in Progress</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"> • Significance of the additions made during the year on acquisition of new assets as well as expenditure incurred on capital work in progress. • Materiality of the reported depreciation on property, plant and equipment which amounted to MVR 1.6 Mn. for the year ended 31 December 2022. • Judgements associated with estimating the useful lives of the Property, plant and equipment by the Group. • 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. • Judgements associated with identification of indicators of impairment. <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>Our audit procedures included the following.</p> <ul style="list-style-type: none"> • 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. • 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. • 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. • 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. <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>Deferred grant/Project Liabilities</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"> • Significance of the amount reported. • Assessment of compliance with conditions relating to the Project agreements. • Appropriateness of costs that are eligible to be recognized as expenses relating to the Project. 	<p>Our audit procedures included the following.</p> <ul style="list-style-type: none"> • Obtained understanding of the conditions of the project agreement and evaluated compliance. • Checked the process of receipts and disbursements of funds. • Checked the recognition of the incurred cost and related income with eligibility criteria of the project. <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>Right of Use assets and related lease liabilities</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"> • Significance of the amounts reported during the year. • The degree of judgements and estimation uncertainty associated with the measurement of Right of Use assets and related lease liabilities. <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"> • Consideration of the key contractual terms included in the lease contracts, • Appropriateness of incremental borrowing rates (IBR) used. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • Obtained and inspected the lease contracts and evaluated whether management has considered of relevant lease terms. • Assessed the appropriateness of the incremental borrowing rates. • Recalculated the lease liabilities, right of use assets, finance costs and depreciation based on the underlying contractual terms. <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.

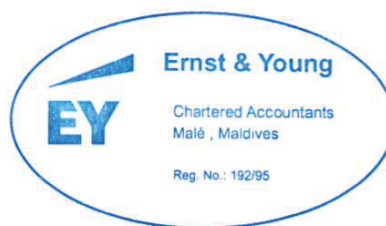
Auditor's responsibilities for the audit of the financial statements (Continued)

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)	-	-
Gross profit		297,686	2,447,227	-	-
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)
Operating loss		(44,614,628)	(24,604,950)	(14,391,188)	(8,587,501)
Net finance cost	9	(2,648,981)	(2,172,337)	(758,815)	(485,572)
Loss before tax	10	(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)
Income tax credit / (expense)	11	-	-	-	-
Loss for the year		(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)
Other comprehensive income		-	-	-	-
Total comprehensive income		(47,263,609)	(26,777,287)	(15,150,003)	(9,073,073)

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
Assets					
Non-current assets					
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
		193,923,951	36,441,864	278,654,733	79,733,994
Current assets					
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
		43,935,723	70,218,703	37,564,340	74,119,331
Total assets		237,859,674	106,660,567	316,219,073	153,853,325
Equity and liabilities					
Equity					
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)
Total equity		159,308,146	42,447,655	212,786,664	63,812,567
Non-current liabilities					
Lease liabilities	21	33,661,893	25,542,515	5,011,230	6,938,830
		33,661,893	25,542,515	5,011,230	6,938,830
Current liabilities					
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
		44,889,635	38,670,397	98,421,179	83,101,928
Total equity and liabilities		237,859,674	106,660,567	316,219,073	153,853,325

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

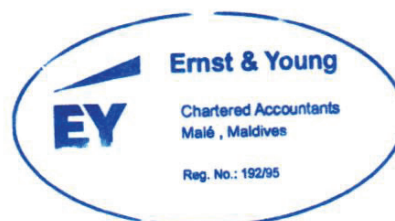
Non-executive Director

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
Balance at 1 January 2021		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)
Balance at 31 December 2021		16,698,570	65,160,340	(39,411,255)	42,447,655
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)
Balance at 31 December 2022		33,110,980	212,872,030	(86,674,864)	159,308,146

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	Share Premium Reserve	Accumulated Losses	Total
	MVR	MVR	MVR	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)
Balance at 31 December 2021	16,698,570	65,160,340	(18,046,343)	63,812,567
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)
Balance at 31 December 2022	33,110,980	212,872,030	(33,196,346)	212,786,664

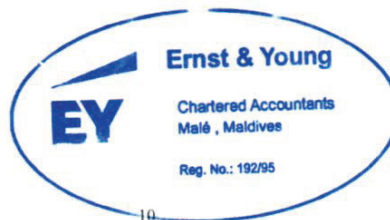
The accounting policies and notes on pages 11 to 34 forms an integral part of these financial statements.



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
Operating activities					
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
Operating loss before working capital changes		(35,695,342)	(18,749,236)	(12,009,287)	(7,016,013)
Working capital adjustments:					
- 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)
Cash flows used in operating activities		(21,547,760)	(19,226,581)	(10,684,857)	(1,343,540)
Interest paid	9.2	(2,729,294)	(2,233,560)	(783,504)	(499,287)
Net cash flows used in operating activities		(24,277,054)	(21,460,141)	(11,468,361)	(1,842,827)
Investing activities					
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)
Net cash flows used in investing activities		(150,819,846)	(4,158,138)	(166,337,641)	(30,140,429)
Financing activities					
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
Net cash flows from financing activities		158,295,099	51,357,989	162,463,508	53,999,187
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
Cash and cash equivalents as at 31 December	20	20,015,865	36,817,666	17,154,975	32,497,469

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



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;

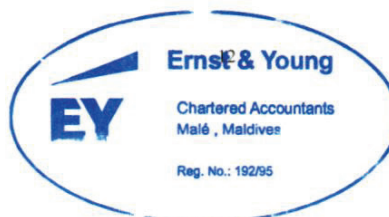
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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.

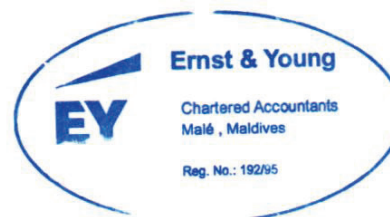
3.3 Depreciation of Property, Plant and Equipment

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 use of its assets or the strategy for its overall business.
- Significant negative industry or economic trends; the identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating.



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

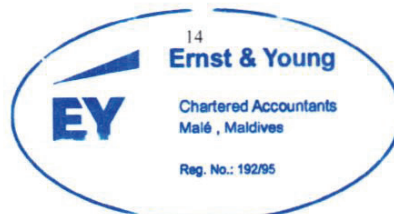
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- 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).



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.

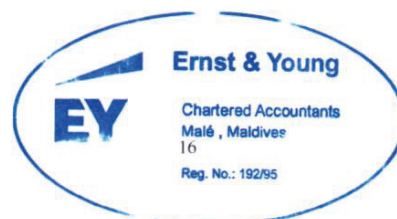
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group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



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.

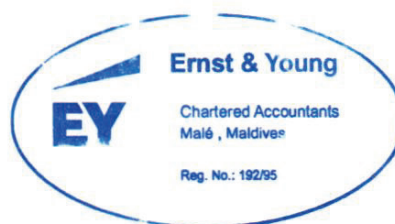
c) Depreciation

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.



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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 is no 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 expects to be 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 contribute 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.

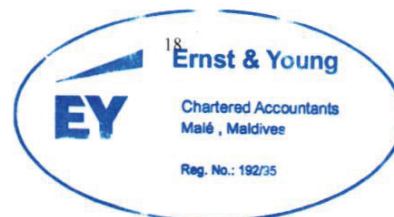
4.11 Determination of fair values

- 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.



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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

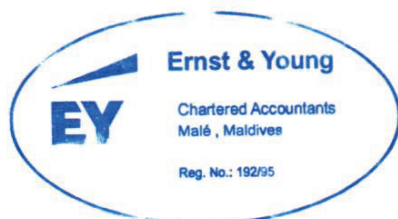
Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

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)



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6 Revenue from contracts with customers

6.1 Disaggregated revenue information

Note	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
	2,024,758	445,752	-	-
	3,567,355	618,588	-	-
	-	8,496,337	-	-
	5,592,113	9,560,677	-	-

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
	2,742,691	2,026,610	1,330,496	167,467

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	-
	765,247	-	585,798	-

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
9.1 Finance income				
Finance income from non-current deposits	(80,313)	(61,223)	(24,689)	(13,715)
	(80,313)	(61,223)	(24,689)	(13,715)
9.2 Finance cost				
Finance cost from lease liabilities	2,729,294	2,233,560	783,504	499,287
	2,729,294	2,233,560	783,504	499,287
	2,648,981	2,172,337	758,815	485,572

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

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
Current income tax					
Current income tax expense on ordinary activities for the year	11.1	-	-	-	-
Deferred taxation charge/(reversal)	11.2	-	-	-	-
Tax expense reported in the statement of profit or loss		-	-	-	-

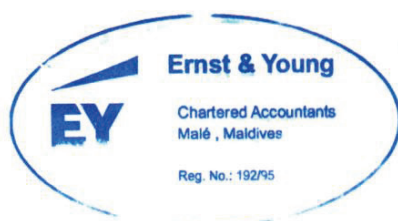
11.1 A reconciliation between tax credit and the product of accounting loss multiplied by Maldives's domestic tax rate for the period ended 31 December is as follows:

	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	-	-	-	-
Income tax on taxable profit @ 15%	-	-	-	-

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.



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12 Property, plant and equipment

Cost

	Group				Company						
	Buildings MVR	Plant and equipment MVR	Motor vehicles MVR	Furniture, and fittings MVR	Office equipment MVR	Capital work in progress MVR	Total MVR	Furniture, and fittings MVR	Office equipment MVR	Capital work in progress MVR	Total MVR
Balance as at 1 January 2021	-	-	-	1,798,998	1,855,939	-	3,654,937	952,365	748,038	-	1,700,403
Acquisitions during the year	-	-	-	650,817	1,990,616	-	3,355,817	43,738	275,709	-	319,447
Balance as at 31 December 2021	-	-	-	2,449,815	3,846,555	-	7,010,754	996,103	1,023,747	-	2,019,850
Balance as at 1 January 2022	-	-	-	2,449,815	3,846,555	-	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	-	150,255,363	499,681	682,316	15,329,357	16,511,354
Transferred from capital work-in-progress	11,996,520	7,577,848	-	-	-	(19,574,368)	-	-	-	-	-
Disposals/transfers during the year	-	-	-	-	(37,100)	-	(37,100)	-	-	-	-
Balance as at 31 December 2022	11,996,520	7,722,513	41,998	3,845,606	5,560,032	128,062,348	157,229,017	1,495,784	1,706,063	15,329,357	18,531,204

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
Balance as at 31 December 2021	-	-	-	272,573	792,958	-	1,065,531	136,775	291,816	-	428,591
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)	-	-	-	-
Balance as at 31 December 2022	214,685	203,925	46	604,593	1,713,183	2,736,432	2,736,432	267,465	547,660	-	815,125

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	-	5,945,223	859,328	731,931	-	1,591,259
As at 31 December 2022	11,781,835	7,518,588	41,952	3,241,013	3,846,849	128,062,348	154,497,585	1,228,319	1,158,403	15,329,357	17,716,079

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 Hankedu Integrated Tourism Development Project (MVR 3.39 million), EIA for K. Giraaaru 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.



13 Intangible assets

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
At cost				
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	-	-	-	-
As 31 December	967,783	30,273	100,221	30,273
Accumulated amortisation				
At 1st January	8,652	-	8,652	-
Amortisation charge for the year	10,090	8,652	10,090	8,652
As 31 December	18,742	8,652	18,742	8,652
Net book value as at 31 December	949,041	21,621	81,479	21,621

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
At fair value				
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	-	-	-
As 31 December	49,923,328	35,199,779	9,926,386	9,926,386
Accumulated depreciation				
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	-	-	-
As 31 December	12,303,480	5,493,927	3,525,664	1,540,386
Net book value as at 31 December	37,619,848	29,705,852	6,400,722	8,386,000

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	-
As 31 December	-	-	254,194,900	69,498,250



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)
Total equity	254,032,825	69,462,896

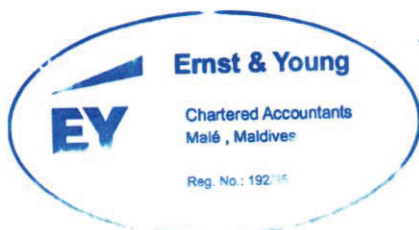
Summarised Statement of Profit or Loss and Other Comprehensive Income	Company	
	2022 MVR	2021 MVR
Revenue from contracts with customers	-	-
Cost of Sales	-	-
Other income	-	-
Administrative expenses	(125,071)	(37,104)
Selling and marketing expenses	-	-
Net finance cost	-	-
Loss before tax	(125,071)	(37,104)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

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	-
Cash and cash equivalents as at 31 December	4,450	49,550

- 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)
Total equity	82,001,720	30,672,192



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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)	-	-	-
	156,971	224,798	-	-

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

17.1 Trade receivables					
		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)	-	-
		4,005,709	726,470	-	-

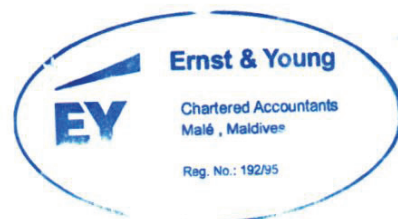
17.2 Other receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
GST receivable	1,043,108	38,384	-	-
Other receivables	189,422	164,847	2,021	81,003
	1,232,530	203,231	2,021	81,003
	5,238,239	929,701	2,021	81,003

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	-
		54,405	-	2,403,724	10,189,579

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



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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	862,477	769,168	261,553	236,864

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
	441,525	556,333	277,820	2,833

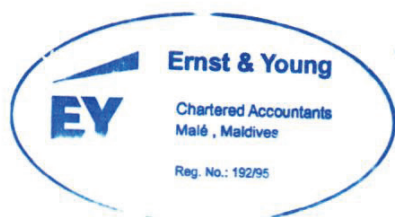
20 Cash in hand and cash at bank

	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
Total cash in hand and cash at bank		38,044,583	68,507,871	34,880,775	63,845,916
Less: Restricted cash	20.1	(18,028,718)	(31,690,205)	(17,725,800)	(31,348,447)
Total cash and cash equivalents for the purpose of cash flow statement		20,015,865	36,817,666	17,154,975	32,497,469

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	39,829,406	30,698,580	6,938,830	8,599,422
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
	39,829,406	30,698,580	6,938,830	8,599,422



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
			10,941,950	758,741	5,122,337	228,541

22.1 Other payables

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
	1,396,022	397,786	464,671	182,683

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	-	-
		298,521	94,886	75,141,421	50,031,656

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

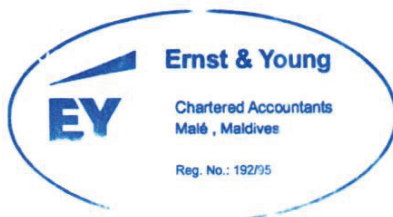
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Project Liabilities - Grants	19,525,041	11,083,273	8,273,211	9,603,707
Project Liabilities - Others	7,956,610	21,577,432	7,956,610	21,577,432
	27,481,651	32,660,705	16,229,821	31,181,139

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	19,525,041	11,083,273	8,273,211	9,603,707

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	-	-
	2,742,691	2,026,610	1,330,496	167,467

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	7,956,610	21,577,432	7,956,610	21,577,432

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.

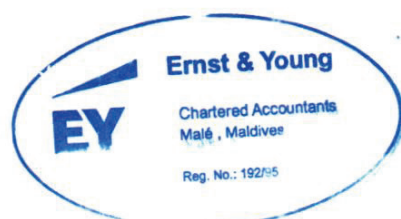
25 Share capital

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	250,000,000	2,500,000,000

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	1,669,857	16,698,570
Issued and payment of 1,641,241 shares at MVR 10 per share	1,641,241	16,412,410
As at 31 December 2022	3,311,098	33,110,980



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
As at 31 December 2021	716,226	65,160,340
Issued and payment of 1,641,241 shares at a premium of MVR 90 per share	1,641,241	147,711,690
As at 31 December 2022	2,357,467	212,872,030

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

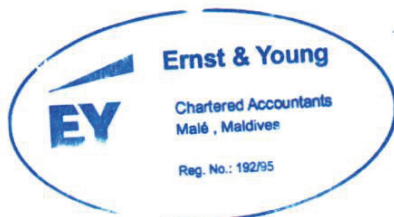
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Board allowance	740,783	793,523	333,600	270,100
Director's salary	1,619,851	971,593	338,757	533,496
Board sitting fees	95,000	75,500	51,500	27,000
Other allowances and pension	1,408,039	738,149	264,999	407,605
Total	3,863,673	2,578,765	988,856	1,238,201

Outstanding balances

Sitting fees	27,000	27,000	-	-
Board allowance	-	-	-	-
As at 31 December 2021	27,000	27,000	-	-

29.2 Transactions which are individually significant

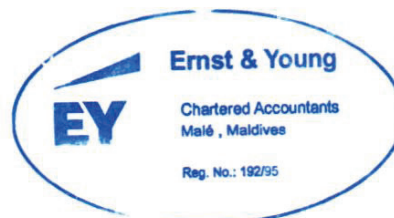
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
a) Items in Statement of Profit or Loss				
Breakfast program sales	-	8,496,337	-	-
b) Items in Statement of Financial Position				
Assets				
Capital contribution	164,124,100	55,049,900	164,124,100	55,049,900
Loans and advances	-	-	170,767	10,152,475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



29 Related party transactions (continued)

29.3 Related party transactions

		Group			
		Transactions during the year			
Relationship	Balance as at	Expenses paid	Settlements	Balance as at	
	01-Jan-22	on behalf		31-Dec-22	
	MVR	MVR	MVR	MVR	
29.3.1 Amounts due from related parties					
Other Government entities	Affiliates	-	63,078	(10,326)	52,752
Key management personnels	Director	-	47,106	(45,453)	1,653
		Company			
		Transactions during the year			
Relationship	Balance as at	Expenses paid	Settlements	Balance as at	
	01-Jan-22	on behalf		31-Dec-22	
	MVR	MVR	MVR	MVR	
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
		Group			
		Transactions during the year			
Relationship	Balance as at	Expenses paid	Settlements	Balance as at	
	01-Jan-22	on behalf		31-Dec-22	
	MVR	MVR	MVR	MVR	
29.3.2 Amounts due to related parties					
Other Government entities	Affiliates	67,886	1,080,350	(876,715)	271,521
Key management personnels	Director	27,000	-	-	27,000
		Company			
		Transactions during the year			
Relationship	Balance as at	Expenses paid	Settlements	Balance as at	
	01-Jan-22	on behalf		31-Dec-22	
	MVR	MVR	MVR	MVR	
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.

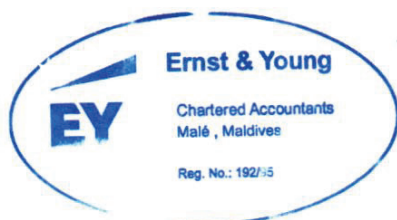
The Group is not significantly exposed to foreign currency risk on transactions that are denominated in a currency other than the respective functional currency of the Group.

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.

	Group			
	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
	MVR	MVR	MVR	MVR
At 31 December 2022				
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	-	-
At 31 December 2021				
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	-	-
	Company			
	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
	MVR	MVR	MVR	MVR
At 31 December 2022				
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	-	-
At 31 December 2021				
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.

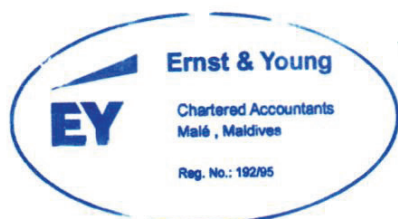
31.2 As at 31 December 2022 the Company's subsidiary Agro National Corporation had commitments of MVR 3,817,939 (2021: MVR 4,291,063) relating to the completion of warehouse buildings in islands and investment in L. Gaadhoo. As at 31 December 2022, the Ocean Connect Maldives Pvt Ltd had commitments of 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	(I)	(3,885,690)	(1,008,793)	(318,335)	(390,205)
Net effect		(318,335)	(390,205)	(318,335)	(390,205)

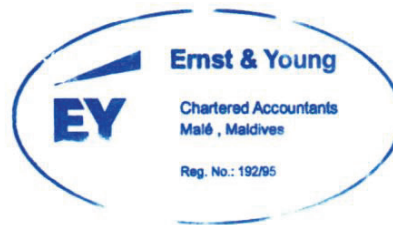


MALDIVES FUND MANAGEMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2022

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	-	-
Break fast program	-	5,784,767	-	-
	5,294,427	7,113,450	-	-

(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	-	-
	47,304,757	28,572,368	15,864,144	8,642,864

(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
	27,784,324	17,984,067	7,722,534	4,800,959

(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
	1,115,495	506,419	443,338	112,104

(I)





MFMC Annual Report 2022

Issued by:

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