

MFMC

MALDIVES FUND
MANAGEMENT CORPORATION

ANNUAL REPORT 2020

MALDIVES FUND MANAGEMENT
CORPORATION



ANNUAL REPORT 2020



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LETTER FROM THE MD/CEO



Dear All,

2020 has been a year like no other, especially in the business sphere, where we saw lots of new advancements and possibilities amidst pandemic setbacks. Our immediate economic recovery while challenging benefitted from the geographical disbursements of our islands. The government's steadfast decisions to provide economic stimulus packages together with generous global assistance paved the way for an agile recovery path for us. A significant percentage of the population has been fully vaccinated, trade restrictions lifted, and we opened our borders for tourism ensuring safety and sustainability.

Like many companies, MFMC's strategic plans had to be revisited largely due to pandemic related uncertainties and postponements of strategic activities. Consequently, we shifted our approach in line with global pandemic responses. Given the timing and infancy of MFMC's operations, we were advised to halt the launch of the Maldives Tourism Fund. The Information Memorandums in place required significant revisions and robustness.

Nonetheless, on this note, I would like to highlight the determination and hard work of our staff in taking the initiative to actively engage in all the recovery efforts undertaken in accordance with the directives set by the Government. I would like to especially highlight the urgent operationalization of AgroNational Corporation as a subsidiary of MFMC, a dire and necessary solution needed by the local farmers in distress. MFMC team's unrelenting grit helped overcome many chal-

lenges smoother than anticipated. I also want to highlight the substantial role our staff played in processing the Covid-19 economic relief packages. Our staff actively engaged in the processing of the Covid-19 Viyafaari Ehee loans provided by SME Development Financing Corporation (SDFC). We also partook in processing the income support allowances rolled out by the Ministry of Economic Development to provide a safety net to those affected by the pandemic. Additionally, our team had been tactful and precise in assisting the challenging task of heading the National Taskforce on Resilience Building and Economic Recovery established by the President, His Excellency Ibrahim Mohamed Solih.

I thank our dedicated team for their contribution in being part of the economic recovery workforce despite encountering many obstacles.

I am grateful to the Minister of Economic Development Uz. Fayyaz Ismail, for his leadership and implementation of timely measures that have paved the ways for a positive post-covid economy. I would also like to highlight the support provided by the Minister of Finance, Mr Ibrahim Ameer, in materializing the recovery efforts. Last but not the least, I thank our Board of Directors for their role in steering the company through a sudden economic downfall.

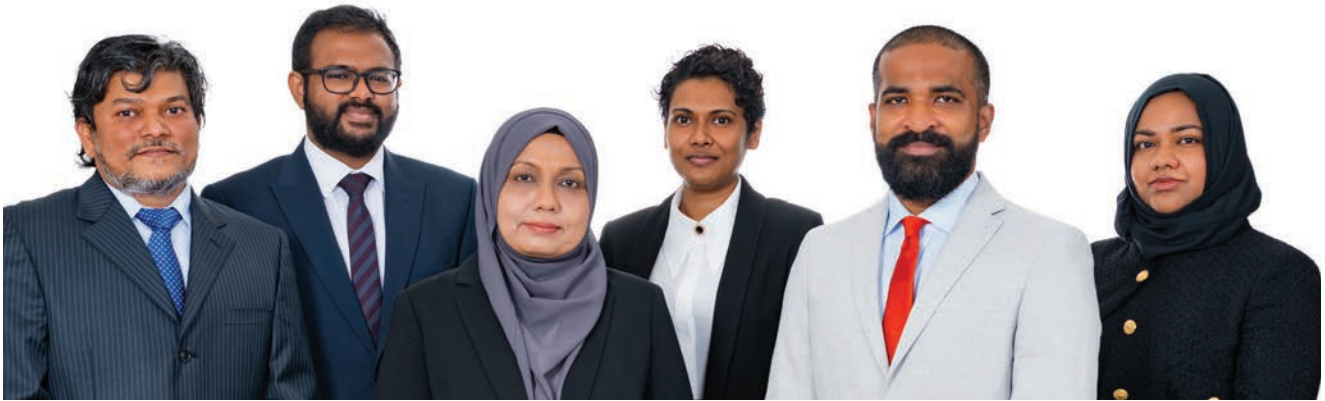
While the key priorities for MFMC were slightly realigned, I am extremely proud of the contributions we have made in supporting the government. And now, with the new global developments, we are equipped and ready to fully exploit the potential of the recovering global markets and the excess global liquidity.

I look forward to growth, advancements, and sustainable investments in people and our environment.

Thank you.

Best Regards
Hassan Manik

INTRODUCTION



The Maldives Fund Management Corporation (MFMC) is a 100% state-owned company established by presidential decree in the Republic of Maldives, with a mandate of fulfilling national goals of development through increased private sector investment with the aid of the government, to increase the wealth of the country and to increase strategic investments. The company seeks 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.

The Government of Maldives under its economic agenda, is conscious of the need for an active government role in facilitating capital market solutions for the private sector, to induce private sector investment and mobilize private sector capital. The high rates of interest on private sector lending have been cited as a key deterrence to profitable business opportunities. The private sector is highly reliant on bank loans as the primary source of funding for their investments, due to a lack of other forms of financing. With few commercial banks that finance investments in the country, local businesses often face the impossible task of putting up the level of collateral demanded by the banks and are often challenged by the high rates of interest they are required to pay even if they are successful in getting the finance required. Further, the sizes of our local companies have been a deterrent to access funding from overseas. Hence, there is a requirement for an asset manager to design and establish collective investment schemes such as investment funds to mobilize private sector capital.

MFMC will launch a diverse array of funds for key focus areas, seeking to assist local businesses to access financing for growth, in the form of both equity and structured debt. It is believed that by establishing investment funds to attract investment to commercially viable ventures, the Maldivian economy will be able to attract investment at an accelerated pace. Work is currently underway in completing formalities to establish investment funds for key policy areas such as, a Maldives Tourism Development Fund, Maldives Infrastructure Investment Fund and a Maldives Renewable Energy Fund, with the objective of raising unprecedented investment in these sectors.

It is expected that the corporation will develop to become an exemplary State-Owned Enterprise, especially in terms of corporate social responsibility and corporate governance. Moreover, it is expected that the corporation can play an instrumental role in financial sector / asset management capacity development in the country, contributing to building human capital that will enable growth of the country's financial sector.

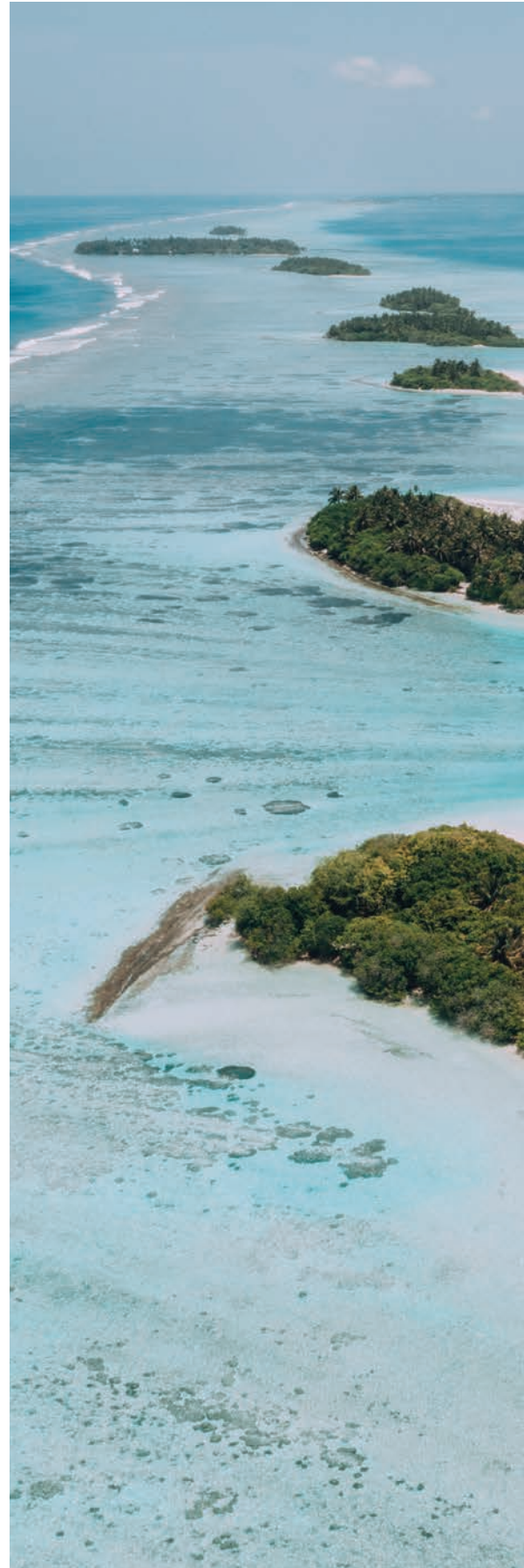
+ Vision

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.

MFMC will offer its services as a client-centric professional asset manager, with customized investment solutions covering asset classes such as equity, fixed income, structured products, real estate, derivatives, and commodities.



STRATEGIC OBJECTIVES



The strategic objectives of MFMC are:

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.

Contribute towards increasing national wealth:

MFMC will look to mobilize overseas capital and harness private sector capital for commercially viable ventures, with the primary target for the initial 5-year period being contributing towards the government's ambitious target of developing 35,000 tourist beds.

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.

Promote development of local businesses and job creation:

MFMC will look to support local business 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.

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.

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.

COMPANY PRINCIPLES



Professionalism

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



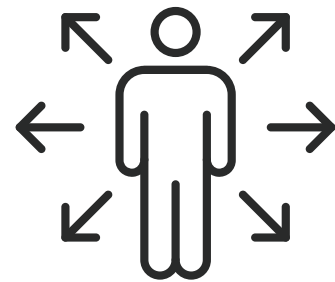
Sustainability

Sustainability is embedded within the core values of our Corporation, with emphasis placed on the wellbeing of communities, environment, and green technology.



Transformation Vision

The Corporation is established with the vision of transforming the local economy, and with the understanding of complexities and challenges faced in taking the Maldivian economy to the next level.



Diversified Exposure

Investors in funds launched by MFMC gain access to a diversified exposure to Maldives as an emerging market, minimizing risks that individual investors are exposed to.



BUSINESS MODEL & VALUE CHAIN

Our business model is centered on the following, where a phased approach leads to creation of value within areas of work.

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.

Develop Innovative Financing Solutions

The Corporation shall prepare standard investment fund structures 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.

Fund Marketing & Investor Pitch

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 Santiago Principles, Global Investment Performance Standards, etc.

Fundraising Efforts

The Corporation shall have clear procedures to move forward with underwriters or private parties in structuring deals

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 Global Investment Performance Standards.

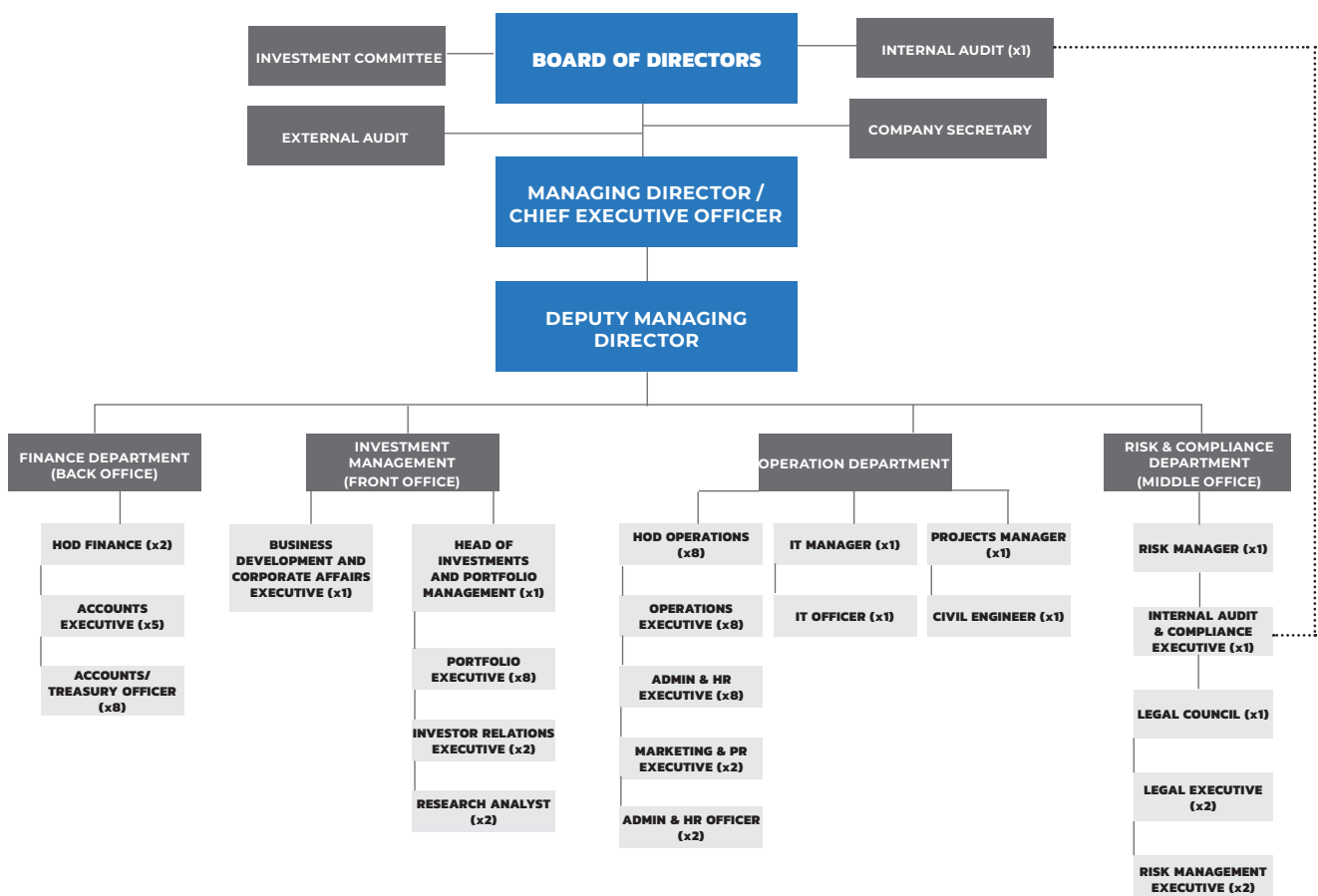


OUR TEAM

At MFMC, we believe that our people are the key to our success. MFMC’s HR strategy was built on the foundation of building a core team of competent, qualified, and highly motivated staff.

The corporation has looked to adopt modern HR values, which promotes integrity, teamwork, and social stewardship, backed by a strong HR framework that imposes ethical and moral obligations on staff. Responding to the challenges of Covid-19 in April 2020 saw our employees at their best- highly responsive and flexible switching to working from home. We closed the year with 11 permanent full-time employees.

The organizational structure of MFMC for the year 2020 is as follows:



BOARD OF DIRECTORS

The Board of Directors of MFMC comprises 5 Directors as required by the Corporation's Articles of Association. It is the responsibility of the Board to establish the Corporation's strategic direction and for overseeing the management of the Corporation, Corporate Governance, Implementation of policies, and delegating the authority to the CEO/MD to manage the day-to-day operations of the Corporation. The Chairperson, a Non-Executive Director, provides leadership to the Board and is primarily responsible for effectively setting and implementing the Corporation's direction and strategy. The Chairperson is also responsible for ensuring the optimum performance of the Board of Directors.

The following members served on the board during the year 2020:

BOARD OF DIRECTORS



**Ms NEEZA
Imad**

CHAIRPERSON

Ms. Neeza Imad is the current Minister of State for Economic Development a Board Director at the Central Bank, Maldives Monetary Authority (MMA). Prior to her appointment as the State Minister, she had previously served 31 years at the Maldives Monetary Authority where she last served as the Assistant Governor overseeing the Financial Stability area. During her tenor there, she also served as a member of the Maldives Monetary Authority's Board of Directors, and represented the Maldives Monetary Authority as Alternate Governor to the International Monetary Fund.

She was responsible for and instrumental in the development of a Banking Industry Supervisory and Licensing Framework, as well as a Supervisory and Licensing Framework for Insurance Firms and Intermediaries, as well as the establishment and operationalization of the Maldives' first ever Credit Information Bureau.

She was also the Chairperson of Male' Water & Sewerage Corporation's (MWSC) Board of Directors from 2013 - 2015.

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



**Mr HASSAN
Manik**

CEO/MANAGING DIRECTOR

Mr. Hassan Manik became the Chief Executive Officer of MFMC.

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 was instrumental in the urgent operationalization of AgroNational Corporation as a subsidiary of MFMC, a dire and necessary solution needed by the local farmers in distress with the onset of the global Covid-19 pandemic. He is the Chairman of AgroNat overseeing the strategic direction of the Corporation. Manik also headed the National Taskforce on Resilience Building and Economic Recovery established by the President during the global COVID-19 pandemic.

He started his career in 2006 at Bank of Maldives PLC where he held several key positions that established his pre-eminent presence in the financial sectors. In 2011, Manik was appointed as the Chief Executive Officer of Maldives Stock Exchange (MSE) and Maldives Security Depository (MSD) playing a pivotal role in modernizing and shaping the capital market of the Maldives. He continues his contributions to the capital market as a Board Director of the Maldives Stock Exchange.

He is an MCIS, 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.



Mr HUSSAIN Shihab

DEPUTY MANAGING DIRECTOR

Mr. Hussain Shihab is currently appointed as the Deputy Managing Director of MFMC since 2019 and has over 25 years of experience in both public & private sector, with over 20 years of experience in senior executive positions in the areas of banking, finance, consultancy, credit and lending, and financial management.

He served as a Financial Management Specialist for the World Bank projects at the Ministry of Environment and Energy, working towards implementing the World Bank financial management system in several projects.

Additionally, he implemented several successful ERP implementations in different business verticals with world leading ERP (Enterprise Resource Planning) Software, SAP.

He is an ACCA/UK-Certified Accounting Technician Membership since March 2001, and AAT/UK Membership since September 2000. He also has a BA (Hons) degree in Accounting and Finance from the University of East London, 2008.



Ms MARIYAM MANARATH MUNEER

NON-EXECUTIVE DIRECTOR

Ms. Mariyam Manarath Muneer is currently appointed as a Non-Executive Director on the MFMC Board of Directors and is the Senior Policy Director of Ministry of Finance since May 2019 with the key responsibility of overseeing the Resource Mobilization and Corporate Affairs Departments.

Ms. Manarath previously worked at the Bank of Maldives and gained extensive financial and credit risk assessment skills by working in the areas of credit risk and strategic planning & change management. Furthermore, she also worked at the Japan International Cooperation Agency in project finance and at the National Tender Department at the Ministry of Finance in the evaluation of government tenders.

She plays a key role in mobilizing grant assistance, donor coordination with international financial institutions and multilaterals. She also chaired the Asia-Pacific SDG Financing Facility which is a regional technical assistance facility supporting countries to design, implement and scale financing strategies for national sustainable development priorities.

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



SHAREHOLDING & COMPANY INFORMATION

Company Name	Maldives Fund Management Corporation
Type of Business	Investment Management Company
Contact Address	9th Floor, H. Orchid, Ameer Ahmed Magu, Male'
Corporate Structure	100% State-owned Company
Authorized Capital	MVR 2,500,000,000 (250 million shares at MVR 10 per share)
Paid-up Capital	MVR 26,809,010
Company Secretary	Ms. Fathimath Lamha



INVESTMENT APPROACH

The Corporation had worked to develop clear Investment Methodology and Philosophy for different funds set to be managed by the corporation.

It is vital that the Corporation engages in business development efforts and continuous improvement of the Corporation’s operations, with a focus on ensuring a strong pipeline of investment opportunities. It is expected to establish working relationships with investors to further explore these opportunities.

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 changes in the market and identify its effect on the current projects and relevant investment aspects. Investment strategies should focus on diversified portfolios, 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, while considering capital market expectations and sustainability.



ESG FACTORS

Environment Alternative Energy, Climate Change, Management Systems, Regulatory Issues.

Social Community Relations, Workplace diversity, Employment Relations, Human Rights record, Product Quality, Innovativeness.

Governance Accounting & Bookkeeping, Accountability, Transparency, Ownership, Executive Compensation.

MARKET ENVIRONMENT

The first half of 2020 was dominated by the onset of the COVID-19 pandemic which decimated economies and financial markets as central banks rapidly cut interest rates and governments pushed for stimulus packages. Yield curves across the globe shifted downwards following U.S Treasury movements. Risk-on assets such as equity and alternatives suffered greatly as investors flocked to safe havens such as T-Bills. March saw the S&P 500 Index's decline reach 33.79% from the previous high as the pandemic worsened.

The second half of 2020 showed a great dispersion in returns as markets recovered along with much needed positive news of the pandemic easing and hopes of vaccinations to come. Stocks and corporate bonds both rallied to finish the year higher ultimately. Large return deviations were also observed between U.S and non-U.S fixed income. Emerging markets, as measured by the MSCI Emerging Markets Index, returned 18.31% for the year.

Heading into 2021, investment professionals evaluated their long-term strategies and how effective their risk mitigation was amid a global crisis, and the key takeaway seemed to be that a disciplined and broadly diversified investment approach is the most reliable way to pursue long-term investment goals. Further, given the extremely low interest rate environment and investors hungry to boost their returns up again, emerging markets and alternative assets are gaining popularity once again. As such, the Maldives and MFMC has emerged into 2021 as an attractive prospect for diversified returns.

During the year 2020, the corporation expedited discussions with multiple potential investors, which comprises of the following investor types:

- Multilateral Financial Institutions / Development Banks
- Institutional Investors
- Sovereign Wealth Funds
- Private investment Funds
- Corporate Buyers
- High Net Worth Individuals
- Other values-driven investors



BUSINESS REVIEW 2020

January

Focus Group Discussions: MFMC collaborated with industry experts to organize a focus group discussion (FGD) to gain an in-depth understanding of the “SME Innovation Fund”.

The FGD brought valuable insights to the proposed concept with the diverse set of responses set forth by the participants. Unanticipated issues were explored, and multiple perspectives were identified throughout the FGD.

Collaboration with partner organizations: MFMC collaborated with numerous institutions to facilitate partnership agreements to ensure the well-organized running of the “SME Innovation Fund”.

In addition to signing an NDA with Housing Development Corporation to offer their technical support, MFMC brought Business Center Corporation (BCC), Dhiraagu, SparkHub and Women in Tech on board the project.

February

Launching of the SME Innovation Fund: The SME Innovation Fund was launched on 1st February 2020 at Hotel Jen by the Minister of Economic Development Uz. Fayyaz Ismail. The Maldives Innovation Quest was announced and opened to the public to propose innovative ideas and become shortlisted to participate in the MFMC Maldives Innovation Quest Pitch Competition.

Maldives Innovation Quest Pitch Competition: From over 50 proposals, 28 applicants were shortlisted and invited to participate and present their proposal at the first pitch competition of the SME Innovation Fund. The competition was judged by a panel of industry representatives from numerous industries such as technology, finance, and management consultancy. 13 applicants were chosen at the end of the pitch competition, with whom MFMC has signed NDA and commenced the validation stage of each project to identify funding possibilities. The chosen applicants are amongst various industries, including technology, agriculture, and education.

MFMC attended Asia Economic Dialogue 2020 (Pune, Mumbai, Delhi). They conducted meetings with financial institutions and potential investors, including EXIM India and National Investment and Infrastructure Fund (NIIF)

March

Meeting with investment banks, consultants, contractors in Sri Lanka. 2020 – April

MFMC assisted Ministry of Economic Development to process the applications received for the “Income Support Allowance Program”, which was a grant aid received from the World Bank to mitigate the economic impact of the Covid-19 crisis on poor and vulnerable workers and their families living in the Maldives.

In addition, support from our staffs were also provided for the SDFC announced Covid-19 Viyafaari Ehee Loan scheme targeted for the businesses with an operating income below MVR 10 million.

April

Formation and operationalizing of Agro National Corporation Private Limited (AgroNat).

AgroNat was established as part of the government's plan to develop agriculture in the Maldives as a viable economic activity. The plans for formation of such a corporation was in the government's Strategic Action Plan for 2018-2023 but was fast-tracked due to the implications of the Covid-19 pandemic on the economy. To achieve the government's target of reducing the heavy dependence of the economy on the import of agricultural produce, MFMC was tasked with the formation of AgroNat as a subsidiary corporation.

Since operationalization of AgroNat, the corporation has been steadily growing nationwide.

July

Implementing Import Substitution and Export Facilitation under the directive of the Ministry of Economic Development.

August

MFMC signed NDAs with 13 projects selected under the SME Innovation Fund and held initial discussion meetings to brief about the project implementation process.

December

MFMC attended Exclusive investment Webinar, Tokyo regarding economic overview and investment opportunities.





European Union (EU) Business Round-table :
MFMC / MoED Invest Maldives gave a joint presentation



MALDIVES INVESTMENT FORUM



MALDIVES INVESTMENT FORUM



SIGNING CEREMONY FOR THE LAUNCH OF EU SUPPORT FOR A RESILIENT RECOVERY OF SME TOURISM INDUSTRY IN THE MALDIVES PROJECT

BUSINESS REVIEW 2021

MFMC attended several webinars based on investment opportunities. Representatives of MFMC took part in preliminary meetings held in UAE to promote Maldives Tourism Development Fund. Further, they attended round table discussions of Official Monetary and financial Institutions Forum where they had discussions with representatives of several banks. MFMC staffs conducted site visitations within Maldives and met potential investors. Moreover, they participated in Dubai Expo 2020 and Fund Forum International 2021 in Monaco to discuss potential projects with foreign investors.



COVID-19 UPDATE

The operations of the MFMC were greatly hindered by the spread of COVID-19 and the lockdown restrictions that were implemented during the year 2020.

The disruption to businesses caused by Covid-19 pandemic has led to financial distress to otherwise viable businesses due to the combined economic effect of the virus and health measures placed to curb its spread. The government of Maldives supported such Maldivian businesses to stay afloat by providing financial assistance. As part of the economic relief package, Covid-19 Viyafaari Ehee Loan product was introduced by SME Development Finance Corporation (SDFC) which was targeted towards SMEs and employed/freelance individuals. Due to the high number applications, staffs from MFMC assisted SDFC to process loan applications for over 3 months during the peak of the pandemic.

At the same time, MFMC also assisted in Income Support Allowance scheme implemented by Ministry of Economic Development which was rolled out to provide a safety-net to affected and displaced workers due to the pandemic. Our staff worked

in both documentation and authorization team of the scheme until the end of 2020 and processed over 2000 applications.

COVID-19 has imposed challenges for all communities and individuals without any exception, and MFMC has also been severely affected in terms of its ability to raise finance in such uncertain times. Prior to the COVID-19 pandemic, the corporation had planned to hold preliminary investor meetings during Q2 2020 to gauge market sentiment, and to conduct investor roadshows in key markets along with an offering in the second half of 2020.

However, tourism is one of the most severely affected sectors globally due to COVID-19, and Maldives has been no exception to the case. Despite efforts to reopen the economy and ease social distancing measures in Maldives, the economy has been unable to pick up without the opening of other country's borders which is a prerequisite for the influx of tourists. This is likely to have a severe impact on the ability of established tourism developers and investors to continue with the pipeline of approximately 70 ongoing resort development projects.



It is therefore more important than ever to expedite planned efforts to launch the country's first such tourism investment vehicle, with a view of enhancing the country's productive capacity to prepare itself for a swift recovery from the economic impact of COVID-19. Moreover, the requirement for equity financing is vital for continuation of ongoing projects, as tourism operators in the Maldives have engaged in aggressive debt-fueled business expansion in recent years, causing companies to be highly leveraged and limited in their ability to take on further debt.

However, it is believed by stakeholders that global economic prospects are only expected to recover sufficiently to allow proper fund marketing during Q2 or Q3 2021. MFMC has been advised by potential book-runners / underwriters to cautiously sit out the current economic climate, with the recent downgrade of Maldives sovereign credit rating and high sovereign debt levels making efforts to raise finance without own investment even more challenging than previously believed.

The timelines set for key milestones has been significantly affected, with the corporation faced with losses in the year 2020 due to the lack of any management fees or revenue-generating assets. MFMC does have capital committed by the Government for the SME Innovation Fund, which will likely increase the level of risk associated with our concentrated portfolio heading into 2021, with the corporation not able to rely on cash flows from fees managing larger funds that had previously been expected.

Despite being one of the countries that were worst-hit by the COVID-19 economic crisis, the Maldives economy has been resilient, with tourism capacity preserved and set to grow with pipeline projects, a large percentage of the population vaccinated, and global travel expected to recover in 2021.

MFMC believes that the COVID-19 impact on public finance offers an opportunity to raise finance for critical infrastructure via its planned MIIF, and it is important to work closely with the government to ensure mobilizing investment for uninterrupted

projects that will help stimulate the economy. For now, MFMC plans to stay cautious, ensuring we do not take excessive risk or make unnecessary compromises, and wait for right opportunities in terms of financing for funds. We believe that the global banking system will weather the storm, and we believe that policy tools used by major central banks to combat the economic crisis and keep economies going will enable us to secure attractive financing in a post-COVID environment.

MFMC will prepare for worst-case scenarios and contingencies, including but not limited to an increased focus on our solar fund, so as to ensure that the corporation does not sustain losses and burden taxpayers, and the corporation will continue networking and liaising with potential investors.



Maldives Fund Management Corporation Pvt Ltd

DIRECTORS REPORT 2020

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1. BUSINESS REVIEW

1.1. Core Business Activity

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 11 employees at the end of 2020 and was mainly focused on operationalizing the work of the corporation and establishing the investment funds.

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.

Additionally, the Issued Share Capital comprises of 1,523,631 shares at MVR 10/- per share, amounting to a total of MVR 15,236,310.

The Total Paid Up number of ordinary shares at 31 December 2019 was 1,124,312 shares at a par value of MVR 10/- per share amounting to total of 11,243,120.

1.3. Financial Performance and Reporting

The annual 2020 Financial Statement of MFMC were prepared in accordance with the International Financial Reporting Standards (IFRS) and all relevant regulations and legislations of the Maldives.

The major transactions of MFMC during the 2020 were involved in operationalizing the corporation.

The summary of financial results of MFMC for the year 2020 are as follows:

Details	Amount (MVR)
Revenues	-
Net Profit / (loss) for the period	(7,107,941)
Total Assets	77,918,173
Total Equity	58,263,173

1.4. Major Changes in the Business

MFMC was established with the purpose of increasing the private sector investment sector. There were no significant changes in the activities of the Corporation during the year 2020.

1.5. Prospects for the coming year

The Corporation aims towards establishing the investment funds and is expected to continue the operations over the coming year.

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 5 members. However, as MFMC was established during the year, 2020 ended with the following members of the Board of Directors with remaining one (1) vacant position, as of 16th September 2021 the vacant position was filled.

#	Name	Representative Organization	ED/NED	Appointed Date
1	Neeza Imad	Ministry of Economic Development	Non-Executive Director: Chairman	26 June 2019
2	Hassan Manik	MFMC	Executive Director: Managing Director & Company Secretary	26 June 2019
3	Mariyam Manarath Muneer	Ministry of Finance	Non-Executive Director	12 November 2019
4	Hussain Shihab	MFMC	Executive Director	20 November 2019

Committee Members of Investment Committee Appointed on 29th November 2020.

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

3. SALARIES AND FEES PAID TO THE BOARD OF DIRECTORS

Board of Directors	Total Remuneration (MVR)
Neeza Imad	158,900
Hassan Manik	484,626
Mariyam Manarath Muneer	90,000
Hussain Shihab	356,995

4. BOARD MEETINGS

A total of 09 board meetings were held during the year 2020. All members of the Board of Directors attended board meetings.

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

Changed to accommodate the formation of a new subsidiary company

6. LITIGATION AND CASES

There was not part of any litigation or cases during the year 2020.

7. SUMMARY OF MAJOR DECISIONS DURING THE YEAR

The Board of Directors took the following major decisions during the year 2020:

- Adopted SOE CG Code on 26th January 2020.
- Adopted salary guidelines as set by PCB for Managing Director, Company Secretary and Board of Directors on 26th January.
- Formed a new company called Agro National Corporation Private Limited on 30 March 2020.
- Called up share capital on 17th September 2020.
- Officially appointed the Company Secretary on 29th November 2020.
- Appointment of Investment Committee Members on 29th November 2020.
- Endorsed the HR policy, MFMC code of conduct and ethics and MFMC code of conduct for Board of Directors on 29th November 2020.
- Formed a new company named SME Innovation Fund on 12th December 2020.
- Formed a new company named SME Development Fund on 12th December 2020.

8. PURCHASE OF SHARES IN OTHER CORPORATIONS

The corporation established two subsidiaries as follows.

MFMC Capital	99.99% Shares Held	Directly Controlled
AGRO National	00.01% Shares Held	Indirectly Controlled

9. EXTERNAL AUDIT

In accordance with section 26 of the Privatization and Corporatization Board (PCB) Code of Corporate Governance for State Owned Enterprises, the External Auditor for MFMC is the Auditor General or any person or body appointed by the Auditor General. The External Audit of the year 2020 was completed on 23 December 2021.

10. CORPORATE GOVERNANCE

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

- MFMC established the Board of Directors with a balance of Executive and Non-Executive Directors to ensure unbiased and diverse advice is brought to the Corporation.
- MFMC appointed a Non-Executive Director as the Chairperson of the Board.
- MFMC held Board Meetings with no more than two months between the meetings.
- MFMC commenced the work towards establishing the Audit Committee, Investment Committee and other required committees.
- MFMC established the Internal Audit and Compliance function to provide an independent, objective assurance and consulting activity designed to add value and improve the operations of the Corporation.

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 2020. Based on our assessment we believe that (as of 31 December 2020), the company's internal control over financial reporting is effective based on all criteria.

Signature

Name
Designation

Hassan Manik
Managing Director

Hussain Shihab
Deputy Managing Director

CORPORATE GOVERNANCE, FINANCIAL REPORTING & RISK MANAGEMENT

Since becoming operationalized in 2019, MFMC has been working towards establishing the operations of the Corporation in compliance with the requirements of the Code of Corporate Governance for State Owned Enterprises by the Privatization and Corporatization Board of the Ministry of Finance.

In addition to approving key policies for governance, MFMC has adopted the International Financial Reporting Standards (IFRS). The Corporation's Financial Statements for the Financial Year 2020 are compliant with all applicable laws and regulations.

The Board of Directors of MFMC ensures that proper internal controls are established and enforced within the organization. While MFMC gives assurance that it shall strive to ensure the Fund's investment policies are successful in the long term, the Fund Manager or the Funds does not give explicit assurance in achieving investment objectives, in terms of income or capital gains. The performance of the funds will be subject to performance of underlying assets which comprise the securities included in the fund. However, the corporation shall place emphasis on conveying to investors the following risks, as well as looking to minimize the following:

1. General Risks
2. Credit Risk
3. Political Risk
4. Economic & Industry Risk
5. Liquidity Risk
6. Gearing Risk
7. Lack of Diversification

Further, financial crime mitigation is a key priority for the corporation, with the corporation prioritizing the implementation of a robust framework for Due-Diligence and KYC procedures. MFMC will continue to enhance policies for Anti-Money Laundering/Combating the Financing of Terrorism, as well as due-diligence procedures related to various interactions. Managing the risk of financial crimes is a key priority as the corporation moves forward, especially when considering relatively low financial literacy among some financial sector stakeholders / intermediaries in the Maldives.

GOVERNANCE FRAMEWORK

The Corporation has established an effective and well-organized investment process, and devised Information Memorandum, Investment Policy Statement and other required documents for key policy funds managed by the Corporation after identifying appropriate return and risk levels based on investor preferences, expectations, and market conditions.

MFMC engaged the services of a globally reputed advisory firm to prepare the Information Memorandum, Investment Policy Statement and Governance framework for two of its key policy funds, while the third had been prepared internally. While standard documents have been prepared, this is to be adjusted as a tailor-made document for each specific sub-fund marketed by the fund and issued to potential investors for use as a primary marketing document and for use in due diligence process. The corporation is expected to issue a 'Summary Prospectus' where applicable, for use before sale of securities or debt, while the complete 'Prospectus' will detail arrangements for sales charges and expense ratio, investment strategy, tax considerations, as well as disclosures.

The Board of Directors is responsible for approving a structure for composition of the Investment Committee, and delegating decision-making responsibilities to the Managing Director, Head of Investments and other investment staff. The Investment Guidelines outlines the key operational guidelines for the fund, due-diligence procedures, including proposed investment strategy, governance and implementation framework (Investment committee composition etc), investment strategy for each asset class (sector allocation, optimal portfolio, risk rules etc), internal governance, roles and responsibilities (including transaction limits for individual portfolio managers at different levels), record-keeping and date retention, reporting methodology (risk measures, return calculation requirements etc) and other such information.

INTEGRATED SUSTAINABILITY REPORTING

Since becoming operationalized, it has been a priority of MFMC to integrate sustainable and environment friendly practices into our business operations.

We believe our actions in the office environment can serve as a catalyst for positive change. We strive towards using natural lighting and minimize utilizing indoor lighting to preserve energy and electricity usage. Further, it is our aim to install LED lighting and appliances to move towards energy efficiency in the coming future. Additionally, minimizing the consumption of paper by depending largely on electronic documents and conducting business operations on the cloud.

MFMC has also transitioned to eliminating all single use plastics from our daily operations, and enforce re-usable items within our work environment, which we believe to be our biggest contributions toward establishing an environmentally friendly and sustainable business operation.



EXTERNAL AUDIT OPINION & AUDITED FINANCIAL STATEMENTS



Report No: FIN – 2022 – 08 (E)

01 February 2022

MALDIVES FUND MANAGEMENT CORPORATION LIMITED FINANCIAL YEAR 2020



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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the financial statements of Maldives Fund Management Corporation Limited (the "Company") and consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st December 2020, the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 10 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Company

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Group

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31st December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

This report is made solely to the Group's shareholders, as a body, in accordance with section 71 of the Companies Act No.10 of 1996. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we required to state to them in an auditor's report and for



no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the Group's shareholders, for our audit work, for this report, or for the opinion's we have formed.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's/Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/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 Company/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.

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.

01 February 2022



Hussain Niyazy
Auditor General



MALDIVES FUND MANAGEMENT CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	Group		Company	
		2020	2019	2020	2019
Revenues	5	157,489	-	-	-
Cost of Sales	8	(185,721)	-	-	-
Gross Profit/(Loss)		(28,232)	-	-	-
Personal Costs	7	(6,406,954)	(906,277)	(4,317,328)	(906,277)
Other operating expenses	9	(4,183,287)	(914,262)	(2,565,422)	(914,262)
Results From Operating Activities		(10,618,473)	(1,820,539)	(6,882,750)	(1,820,539)
Finance Cost	10	(486,609)	(46,008)	(350,751)	(46,008)
Finance Income	10	13,427	1,218	9,737	1,218
Other Incomes					
Grant Income	6	207,194	-	-	-
Gain on termination of lease	6	77,193	-	77,193	-
Gain on de-recognition on financial instruments	6	38,630	-	38,630	-
Profit (Loss) Before Tax		(10,768,638)	(1,865,329)	(7,107,941)	(1,865,329)
Income tax expenses		-	-	-	-
Comprehensive income for the year		(10,768,638)	(1,865,329)	(7,107,941)	(1,865,329)

The accounting policies and notes on pages 10 to 30 are an integral part of these financial statements.



MALDIVES FUND MANAGEMENT CORPORATION LIMITED**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	Group		Company	
		2020	2019	2020	2019
ASSETS					
Non-current assets					
Property, plant and equipment	11	3,422,344	477,952	1,547,238	477,952
Right-of-use-assets	12	9,943,556	2,800,357	4,439,407	2,800,357
Investment in subsidiaries	13	-	-	14,999,500	-
Other Assets	14	237,773	74,297	87,923	74,297
Total non-current assets		13,603,673	3,352,606	21,074,068	3,352,606
Current assets					
Cash and cash equivalents	15	11,278,262	7,629,275	10,481,538	7,629,275
Trade and other receivables	16	40,432,918	-	46,362,507	-
Total current assets		51,711,180	7,629,275	56,844,045	7,629,275
Total assets		65,314,853	10,981,881	77,918,113	10,981,881
EQUITY & LIABILITIES					
Non-current liabilities					
Lease liabilities	17	8,285,712	2,305,425	3,758,961	2,305,425
Total non-current liabilities		8,285,712	2,305,425	3,758,961	2,305,425
Current liabilities					
Trade And Other Payables	18	533,392	534,891	15,152,118	534,891
Deferred Income	19	200,306	-	-	-
Lease Liabilities	17	1,693,101	470,583	743,994	470,583
Total current liabilities		2,426,799	1,005,474	15,896,112	1,005,474
Equity					
Share Capital	20	15,236,310	9,536,310	15,236,310	9,536,310
Share Premium	21	52,000,000	-	52,000,000	-
Retained Earnings		(12,633,968)	(1,865,329)	(8,973,270)	(1,865,329)
Total equity		54,602,342	7,670,981	58,263,040	7,670,981
Total equity and liabilities		65,314,853	10,981,881	77,918,113	10,981,881



MALDIVES FUND MANAGEMENT CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

The accounting policies and notes on pages 10 to 30 are an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorized for issue on 30 January 2022 and signed on its behalf by;



Neeza Imad
Chairperson



Hassan Manik
Managing Director



MALDIVES FUND MANAGEMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

Group	Note	Attributable of the owners of the company			Total
		Share capital	Share premium	Retained earnings	
Balance as at 26 June 2019		-	-	-	-
Issue of Shares		9,536,310	-	-	9,536,310
Profit/(Loss) for the period				(1,865,329)	(1,865,329)
Balance as at 31 December 2019		9,536,310	-	(1,865,329)	7,670,981
Balance as at 1 January 2020		9,536,310	-	(1,865,329)	7,670,981
Issue of 70,000 Shares at Premium on 05/02/2020	20, 21	700,000	7,000,000		7,700,000
Issue of 500,000 Shares at Premium on 26/04/2020	20, 21	5,000,000	45,000,000		50,000,000
Profit/(Loss) for the period				(10,768,639)	(10,768,639)
Balance as at 31 December 2020		15,236,310	52,000,000	(12,633,968)	54,602,342

Company	Note	Share capital	Share premium	Retained earnings	Total
Balance as at 26 June 2019		-	-	-	-
Issue of Shares		9,536,310	-	-	9,536,310
Profit/(Loss) for the period				(1,865,329)	(1,865,328)
Balance as at 31 December 2019		9,536,310	-	(1,865,329)	7,670,982
Balance as at 1 January 2020		9,536,310	-	(1,865,329)	7,670,981
Issue of 70,000 Shares at Premium on 05/02/2020	20, 21	700,000	7,000,000		7,700,000
Issue of 500,000 Shares at Premium on 26/04/2020	20, 21	5,000,000	45,000,000		50,000,000
Profit/(Loss) for the period				(7,107,941)	(7,107,941)
Balance as at 31 December 2020		15,236,310	52,000,000	(8,973,270)	58,263,040

The accounting policies and notes on pages 10 to 30 are an integral part of these financial statements.



MALDIVES FUND MANAGEMENT CORPORATION LIMITED**STATEMENT OF CASH FLOWS**

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	Group		Company	
		2020	2019	2020	2019
Operating activities					
Profit/ (Loss) before Tax	SCI	(10,768,639)	(1,865,329)	(7,107,941)	(1,865,329)
Adjustment for:					
Depreciation	11	1,329,267	96,564	960,147	96,564
Gain of de-recognition of Security Deposit	6	(38,630)		(38,630)	
Gain on Termination of Lease	6	(77,193)		(77,193)	
Interest Income	10	(13,427)	(1,218)	(9,737)	(1,218)
Interest Expenses	10	486,610	46,008	350,751	46,008
		(9,082,012)	(1,723,975)	(5,922,603)	(1,723,975)
Changes in working capital:					
Trade and other receivables	16	5,927,471	-	(2,118)	-
Trade And Other Payables	18	(5,934,590)	534,891	(382,273)	534,891
Deferred Income	19	200,306	-	-	-
Net cash used in operations		(8,888,825)	(1,189,083)	(6,306,994)	(1,189,083)
Investing activities					
Purchase of Property, Plant and Equipment	11	(3,450,167)	(477,952)	(1,495,633)	(477,952)
Proceeds from disposal of PPE		250,279	-	250,279	-
Loans to subsidiaries	16	-	-	(5,933,089)	-
Payment from security deposit derecognized		120,000		120,000	
Payment For Security Deposit		(380,000)	(120,000)	(140,000)	(120,000)
Net cash used in investing activities		(3,459,888)	(597,952)	(7,198,443)	(597,952)
Financing activities					
Interest Paid on lease	17	(486,610)	(46,008)	(350,751)	(46,008)
Payment Of Lease Liabilities	17	(788,390)	(73,992)	(564,249)	(73,992)
proceeds from issue of share capital	20	1,657,270	9,536,310	1,657,270	9,536,310
Proceeds from share premium	21	15,615,430	-	15,615,430	-
Net cash generated from financing activities		15,997,700	9,416,310	16,357,700	9,416,310



Net increase/ decrease in cash and cash equivalents	3,648,987	7,629,275	2,852,263	7,629,275
Cash and cash equivalents at beginning of the year	7,629,275		7,629,275	
Cash and cash equivalents at end of the year	11,278,262	7,629,275	10,481,538	7,629,275

The accounting policies and notes on pages 10 to 30 are an integral part of these financial statements.



MALDIVES FUND MANAGEMENT CORPORATION LIMITED

NOTES TO THE FINANCOAL STATEMENTS

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

1. Reporting entity

1.1 Corporate Information

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

The Corporation 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 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.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2020 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 31. Maldives Fund Management Corporation Limited (MFMC) is the ultimate parent of the Group.

1.3 Principal Activities and Nature of Business

Entity	Principal Business Activity
Maldives Fund Management Corporation Limited (MFMC)	The company is involved in acquiring finance through fund structures and holding investments.
MFMC Capital	MFMC Capital is holding company to co-hold and manage investment with Maldives Fund Management Corporation Limited.
Agro National Private Limited	AGRO National is involved in the agricultural business.

2. Basis of preparation

2.1 Statement of Compliance

The financial statements of the corporation, which comprises of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the



MALDIVES FUND MANAGEMENT CORPORATION LIMITED NOTES TO THE FINANCOAL STATEMENTS

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

notes to financial statements have been prepared and presented in accordance with international financial reporting standards (“IFRS”).

2.2 Basis of measurement

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

2.3 Functional and Presentation Currency

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

2.4 Materiality and Aggregation

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

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

2.5 Business Consolidation

2.5.1 Business Combination

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st December 2020. 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



MALDIVES FUND MANAGEMENT CORPORATION LIMITED NOTES TO THE FINANCOAL STATEMENTS

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

when the Group obtains controls 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, even if this result in the non-controlling interest 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 a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit and loss, Any investment retained is recognized at fair value.

The consolidated financial statement of the group include:

Company Name	Country of Incorporation	% of equity interest 2020
MFMC Capital Limited	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 corporations' ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may be significant upon the corporations' ability to continue as a going concern and it does not intend either to liquidate or to cease operations of the corporation. Therefore, the Financial Statements are prepared on the going concern basis.



MALDIVES FUND MANAGEMENT CORPORATION LIMITED

NOTES TO THE FINANCOAL STATEMENTS

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

3.2 Commitments and Contingencies

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

3.3 Depreciation of Property, Plant and Equipment

The Corporation assigns useful lives and residual values to property, plant and equipment 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 corporation determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an assets residual value is reflected in the Corporation's financial statements when the change in estimate is determined.

3.4 Impairment of property, plant and equipment and intangible assets

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

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

4. Significant Accounting Policies

4.1 Financial Instruments

(a) Financial assets (non-derivative)

Recognition and initial measurement



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The Corporation initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which The Corporation becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

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

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 Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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



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

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. Liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, The Corporation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, The Corporation considers:

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

Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. Financial assets at amortized cost comprise trade and other receivables, bank deposits and investment in fixed deposits.

De-recognition of financial assets

The corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in 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 Corporation is recognized as a separate asset or liability.

(b) Financial liabilities (non-derivative)

Classification, subsequent measurement and gain and losses

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which The Corporation becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for-trading, it is a derivative or it is designated as such



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

The Corporation has the non-derivative financial liabilities such as trade and other payables and amounts due to related party. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

The Corporation 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 Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.2 Leases

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

As a lessee

At inception of a contract, The Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Corporation uses the definition of a lease in IFRS 16- Leases.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, The Corporation's incremental borrowing rate. Generally, The Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the followings:



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- Fixed payments, including in substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that The Corporation is reasonably certain to exercise, lease payments in an optional renewal period if The Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless The Corporation is reasonably certain not to terminate early.

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

Right of Use Assets

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

- The amount of the initial 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 Corporation by the end of the lease term or the cost of the right-of-use asset reflects that The Corporation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Short-term leases and leases of low-value assets

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



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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 15 to the financial statements.

4.4 Property plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant, and equipment. The corresponding obligation is recognized as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

Subsequent Costs

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

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Asset Category	Useful Years	Rate
Furniture and Fittings	10	10%
Office Equipment	5	20%
Plant and Equipment	10	10%



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

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

4.5 Intangible Assets

Recognition and measurement

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

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

Subsequent expenditure

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

Amortization

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

At the reporting date, there in such intangible assets to be measured and reported in the financial statements.

4.6 Revenue from contracts with customers

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

4.7 Employee benefits

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



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

4.8 Operating expenses

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

4.9 Determination of fair values

- Level 1: Quoted prices (unadjusted) in active market for identical assets and liabilities
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly (i.e. As prices) or indirectly (i.e. Derived from process)

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

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

4.10 Share capital

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

4.11 Dividends

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

4.12 Current and deferred business income tax

Tax expenses for the period comprises current and deferred tax.

Current 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 computation with respect to situations in which applicable tax regulation is subject to



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interpretation. It establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

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. Revenues

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties. As per the requirements of IFRS 15 identification of the performance obligations, allocation of the consideration over the performance obligations, determination of the key assumption such as customer expected retention period.

	Group		Company	
	2020	2019	2020	2019
Revenue	157,489	-	-	-
	157,489	-	-	-

6. Other Income

	Group		Company	
	2020	2019	2020	2019
Grant income recognized	207,194	-	-	-
Gain on Termination of Lease	77,193	-	77,193	-
Gain on De-recognition of Non-Current Deposit	38,630	-	38,630	-
	323,017	-	115,824	-

AgroNat 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 USD 739,000 for the planned activities of the project, out of which MVR 407,500 has been deposited to the Bank Account as at 31st December 2020.

Amount received is treated as deferred income and released to profit or loss as income from grant, to match with the related expenditure for the period.



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7. Personnel Costs

	Group		Company	
	2020	2019	2020	2019
Wages and Salaries	3,189,066	281,656	2,151,280	281,656
Staff Allowance	1,165,407	110,847	838,759	110,847
Directors Remuneration	1,798,267	494,058	1,142,037	494,058
Pension Contributions	254,214	19,716	185,252	19,716
	6,406,954	906,277	4,317,328	906,277

8. Cost of Sales

	Group		Company	
	2020	2019	2020	2019
Cost of Sales	185,721	-	-	-
	185,721	-	-	-

9. Other Operating Expenses

	Group		Company	
	2020	2019	2020	2019
Depreciation (Note 11, 12)	1,329,267	96,564	960,147	96,564
Rent expenses	280,000	190,968	280,000	190,968
Stationery and office supplies	203,221	12,305	73,611	12,305
Pantry expenses	12,503	975	9,834	975
Bank charges	1,685	703	1,425	703
Travel expenses	935,681	50,189	304,950	50,189
Professional fees	94,232	269,141	94,232	269,141
Legal fees	224,715	124,829	191,985	124,829
Utilities	431,351	19,058	311,069	19,058
IT expenses	116,558	4,260	40,091	4,260
Transportation and handling	88,775	400	3,775	400
Selling and marketing expenses	286,787	144,869	263,233	144,869
Repairs and Maintenance	80,870	-	8,815	-
Training and Development	2,592	-	2,592	-
Meeting and Entertainment	23,175	-	19,663	-
Misc. expenses	71,875	-	-	-
	4,183,287	914,262	2,565,422	914,262



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10. Finance Income and Finance Cost

	Group		Company	
	2020	2019	2020	2019
Finance Income from Non-Current Deposit	13,427	1,218	9,737	1,218
Finance cost from Lease Liability	486,609	46,008	350,751	46,008

11. Property, Plant and Equipment's

	Group			Company		
	Furniture and fittings	Office Equipment	Total	Furniture and fittings	Office Equipment	Total
Cost						
As at 26 June 2019	-	-	-	-	-	-
Acquisition during the year	181,602	296,350	477,952	181,602	296,350	477,952
Disposals during the year	-	-	-	-	-	-
As at 31 December 2019	181,602	296,350	477,952	181,602	296,350	477,952
Accumulated Depreciation						
As at 26 June 2019	-	-	-	-	-	-
Depreciation Charge for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Net Book value as at 31 December 2019	181,602	296,350	477,952	181,602	296,350	477,952
Cost						
As at 1 January 2020	181,602	296,350	477,952	181,602	296,350	477,952
Acquisition during the year	1,851,213	1,598,954	3,450,167	1,004,580	491,053	1,495,633
Disposals during the year	(233,817)	(39,365)	(273,182)	(233,817)	(39,365)	(273,182)
As at 31 December 2020	1,798,998	1,855,939	3,654,937	952,365	748,038	1,700,403
Accumulated Depreciation						
As at 1 January 2020	-	-	-	-	-	-
Depreciation Charge for the year	81,316	174,180	255,496	59,492	116,576	176,068



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Disposals during the year	(17,831)	(5,072)	(22,903)	(17,831)	(5,072.00)	(22,903)
As at 31 December 2020	63,485	169,108	232,593	41,661	111,504	153,165
Net Book value as at 31 December 2020	1,735,513	1,686,831	3,422,344	910,704	636,534	1,547,238



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12. Right-of-use-Asset

Leasehold office space of The Corporation is classified as a right of use asset. The right of use assets is depreciated equally over a period of 1 to 35 years based on their lease period.

	Group		Company	
	2020	2019	2020	2019
At fair Value				
As at 26 June 2019 & 1 January 2020	-	-	2,896,921	-
Recognition during the year	10,486,225	2,896,921	4,692,384	2,896,921
Derecognized during the year	-	-	(2,896,921)	-
As at 31 December	10,486,225	2,896,921	4,692,384	2,896,921
Depreciation				
As at 26 June 2019 & 1 January 2020	96,564	-	96,564	-
Depreciation Charge for the year	1,073,771	96,564	784,079	96,564
Derecognized during the year	(627,666)	-	(627,666)	-
As at 31 December	542,669	96,564	252,977	96,564
Net book value as at 31 December	9,943,556	2,800,357	4,439,407	2,800,357

13. Investments in Subsidiaries

	2020	2019
Agro National	1,000	-
MFMC Capital	14,998,500	-
	14,999,500	-

Maldives Fund Management Corporation Limited Controls 99.99% of the shares of MFMC capital and Holds 4 out of 5 seats on the board of directors of MFMC Capital, the operational policies and procedures of Maldives Fund Management Corporation are adopted by MFMC capital. Maldives Fund Management Corporation controls the capital injections of MFMC Capital and controls its investments. Maldives Fund Management Corporation is directly impacted by the operations of MFMC Capital as majority share of all of the investments of MFMC Capital are owned by Maldives Fund Management Corporation.

MFMC Controls 00.01% of the shares of AGRO National and Holds seat on the board of directors of Agro National, the operational policies and procedures of Maldives Fund Management Corporation are adopted by AGRO National. Maldives Fund Management Corporation 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.



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14. Other Assets

Other Assets consists of security deposits paid towards leasehold right of use for the lease of office buildings. As follows;

	Group		Company	
	2020	2019	2020	2019
As at 26 June 2019 & 1 January 2020	74,297	-	74,297	-
Recognition of Deposit	231,418	73,079	85,259	73,079
Interest Income for the Year	13,428	1,218	9,737	1,218
De-recognition of Deposit	(81,370)	-	(81,370)	-
	237,773	74,297	87,923	74,297

15. Cash and Cash Equivalents

	Group		Company	
	2020	2019	2020	2019
Cash at Bank	11,276,498	7,621,038	10,479,774	7,621,038
cash in Hand	1,764	8,237	1,764	8,237
	11,278,262	7,629,275	10,481,538	7,629,275

16. Trade and Other Receivables

	Group		Company	
	2020	2019	2020	2019
Receivables from Related Companies	-	-	5,933,089	-
Receivables form Directors	2,118	-	2,118	-
Refundable Visa Deposits	3,500	-	-	-
Called Up Capital	40,427,300	-	40,427,300	-
	40,432,918	-	46,362,507	-

Receivables from Related companies consist of funds lend to AGRO National corporation to support its operations. The company does not have any obligation to provide such assistance to the company however has been and plans to continue to provide such support to the company until such time as the management decides the company will be able to manage its finances without the corporations support.



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17. Lease Liabilities

	Group		Company	
	2020	2019	2020	2019
As at 1st January	2,776,008	-	2,776,008	-
Recognition of Lease Liability	10,337,643	2,850,000	4,637,643	2,850,000
Interest on lease liabilities	486,610	46,008	350,751	46,008
Payment of Lease Liabilities	(1,275,000)	(120,000)	(915,000)	(120,000)
De-recognition of Lease Liabilities	(2,346,448)	-	(2,346,448)	-
	9,978,813	2,776,008	4,502,954	2,776,008

Current Lease Liabilities	1,693,101	470,583	743,994	470,583
Non-Current Lease Liabilities	8,285,711	2,305,425	3,758,960	2,305,425
	9,978,812	2,776,008	4,502,954	2,776,008

18. Trade and Other Payables

Trade Payables

	Group		Company	
	2020	2019	2020	2019
Trade Payables	340,969	515,905	69,029	515,905
	340,969	515,905	69,029	515,905

Related Party Payables

	Group		Company	
	2020	2019	2020	2019
Payables to Directors	58,760	17,380	18,000	17,380
Payables to SOEs	14,341	1,606	7,139	1,606
Inter Company Payables	-	-	14,999,500	-
Payables to Government	44,689	-	11,959	-
	117,790	18,986	15,036,598	18,986

Intercompany Payables include capital called up from subsidiaries and companies within the group.



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Other payables

	Group		Company	
	2020	2019	2020	2019
Payroll Liabilities	59,854	-	31,712	-
Accrued Expenses	14,779	-	14,779	-
	74,633	-	46,491	-

19. Deferred Income

	Group		Company	
	2020	2019	2020	2019
Deferred Income	200,306	-	-	-
	200,306	-	-	-

20. Share Capital and Reserves

Authorized Share Capital

	Number of Shares	Value
At 1 January 2020	250,000,000	250,000,000
Changes in Authorized Capital During the year	-	-
At 31 December 2020	250,000,000	250,000,000

Issued Share Capital

	Number of Shares	Value
At 1 January 2020	953,631	9,536,310
Issues of 70,000 Shares at premium on 05/02/2020	70,000	700,000
Issues of 500,000 Shares at premium on 26/04/2020	500,000	5,000,000
At 31 December 2020	1,523,631	15,236,310

Paid Up Share Capital

	Number of Shares	Value
At 1 January 2020	953,631	9,536,310
Issues of 20,454 Shares at premium on 04/03/2020	20,454	204,540
Issues of 49,546 Shares at premium on 20/05/2020	49,546	495,460
Issues of 61,666 Shares at premium on 20/05/2020	95,727	957,270
At 31 December 2020	1,119,358	11,193,580



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NOTES TO THE FINANCOAL STATEMENTS

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

21. Share Premium

	Number of Shares	Share premium
Issued share premium		
Outstanding As at 1 January 2020	-	-
Issues of 70,000 Shares at premium on 05/02/2020	70,000	7,000,000
Issues of 500,000 Shares at premium on 26/04/2020	500,000	45,000,000
	570,000	52,000,000
Paid up share premium		
Payment for 20,454 Shares at premium on 04/03/2020	(20,454)	(2,045,400)
Payment for 49,546 Shares at premium on 20/05/2020	(49,546)	(4,954,600)
Payment for 61,666 Shares at premium on 20/05/2020	(95,727)	(8,615,430)
	(165,727)	(15,615,430)
Outstanding as at 31 December 2020	404,273	36,384,570

22. Capital Management

The Corporation'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.

23. Operating Segments

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

24. Related Party Transactions

	Group		Company	
	2020	2019	2020	2019
Transactions with Key Management Personnel				
Board Allowance	342,100	147,037	303,600	147,037
Directors Salary	690,014	201,067	495,177	201,067
Board Sitting Fees	36,000	-	18,000	-
Other Allowances and Pension	374,162	145,955	359,922	145,955



MALDIVES FUND MANAGEMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

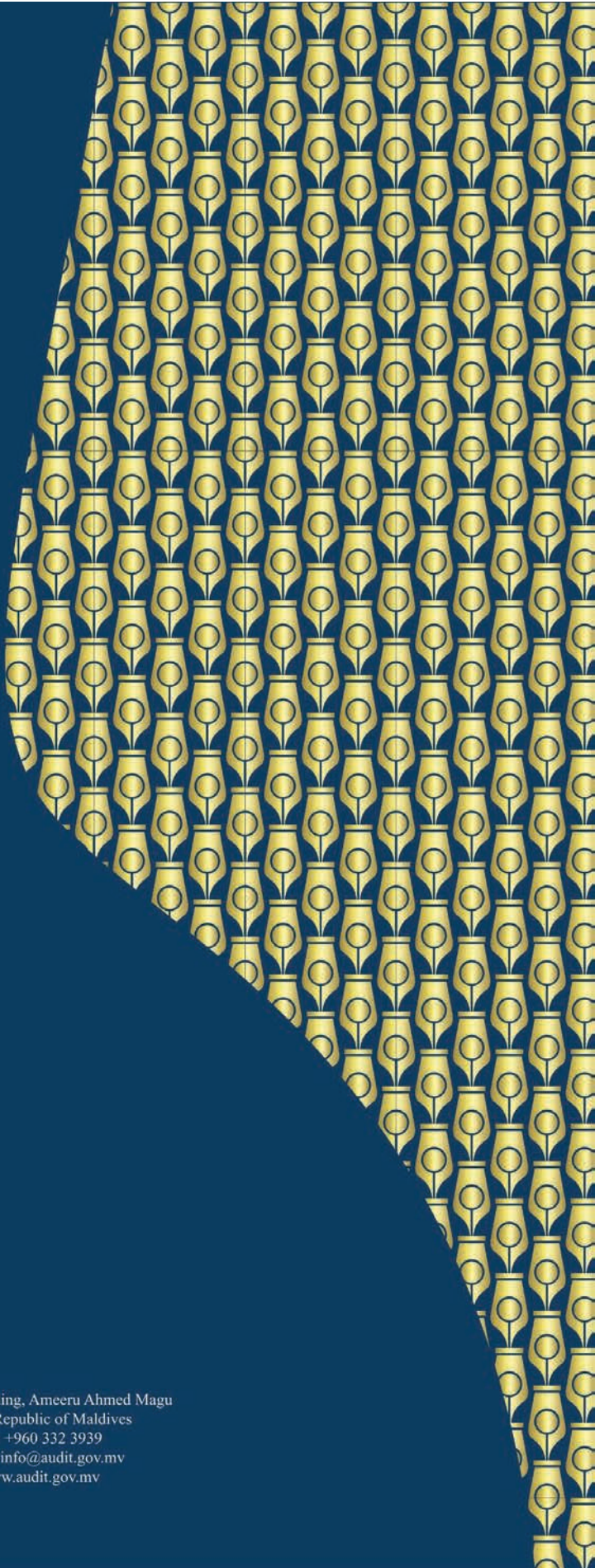
(All amounts are in MVR unless otherwise indicated)

Total	1,442,276	494,059	1,176,699	494,059
Balance Outstanding				
Sitting Fees			18,000	-
Board Allowance		5,300	-	5,300
Total		5,300	18,000	5,300
Transactions with Government				
Affiliates				
Ministry of Economic Development	32,730	407,391	32,730	407,391
Maldives Inland Revenue	35,630	-	2,900	-
Fahi Dhiriulhun Corporation Pvt Ltd.	-	-	557,622	190,968
Island Aviation Services Pvt Ltd.	-	-	223,405	32,027
Maldives Airports Company Limited	-	-	6,631	-
Maldives Intergrated Tourism Development Authority	-	-	61,680	-
Maldives Transport and Contracting Company	-	350	-	350
Maldives Water and Severage Company	4,890	900	4,226	900
Public Service Meida	-	-	615	-
State Electric Company Limited	52,562	-	46,024	3,792
State Trading Organization	10,321	-	1,960	-
Waste Management Corporation Limited	-	790	8,384	790
	136,133	409,431	946,175	636,218
Transactions with companies in the group				
Agro National Limited	72,030	-	72,030	-
MFMC Capital	14,998,500	-	14,998,500	-
	15,070,530	-	15,070,530	-

25. Events throughout the reporting date

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe and Maldives, causing disruptions to businesses and economic activity. The Corporation considers this outbreak to be a non-adjusting event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Corporation.





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