MFMC CAPITAL LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECMBER 2021

Building a better working world

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NJ/APM

Independent auditor's report to the shareholders of MFMC Capital Limited

Report on the audit of the financial statements

We have audited the financial statements of MFMC Capital Limited (the "Company") and the consolidated financial statements of the Company and its Subsidiaries (the "Group") which comprise the statement of financial position as of 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of MFMC Capital Limited for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 01 February 2022.

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

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

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

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

Partners: H M A Jayesinghe FCA FCMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (Lond)
Resident Partners: M Rengaraj FCA ACMA, H W A T D Hapugoda ACA, N Jayasinghe ACA ACMA, Ms. D Nizar ACCA, S Ramanan FCCA ACMA

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Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the 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.

E.Y

For and on behalf of Ernst & Young
Partner: Krishna Rengaraj
Licensed Auditor: ICAM-IL-PKC

24 November 2022
Male'

Ernst & Young
Chartered Accountants
Malé, Maldives
Reg. No.: 192/95

MFMC CAPITAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2021

		Group		Company	
	Note	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Revenue from contracts with customers	6	8,942,089	157,489	-	-
Cost of Sales		(6,494,862)	(185,720)	-	-
Gross profit		**2,447,227**	**(28,231)**	-	-
Grant income	7	1,859,143	207,194	-	-
Administrative expenses		(19,929,504)	(3,683,938)	(37,104)	-
Selling and marketing expenses		(394,315)	(23,554)	-	-
Operating loss		**(16,017,449)**	**(3,528,529)**	**(37,104)**	-
Net finance cost	8	(1,686,765)	(132,169)	-	-
Loss before tax	9	**(17,704,214)**	**(3,660,698)**	**(37,104)**	-
Income tax credit / (expense)	10	-	-	-	-
Loss for the year		**(17,704,214)**	**(3,660,698)**	**(37,104)**	-
Other comprehensive income		-	-	-	-
Total comprehensive income		**(17,704,214)**	**(3,660,698)**	**(37,104)**	-
Total comprehensive income attributable to:					
Equity holders of the parent		(17,702,444)	(3,660,332)	(37,104)	-
Non-controlling interest		(1,770)	(366)	-	-
		(17,704,214)	**(3,660,698)**	**(37,104)**	-

The accounting policies and notes on pages 6 to 26 forms an integral part of these financial statements.

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MFMC CAPITAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	MVR	MVR	MVR	MVR
Assets					
Non-current assets					
Property, plant and equipment	11	4,353,964	1,875,106	-	-
Right-of-use assets	12	21,319,852	5,504,150	-	-
Investment in subsidiaries	13	-	-	51,994,800	9,999,000
Investments	14	6,950	1,500	-	-
Other assets	17	532,304	149,849	-	-
		26,213,070	**7,530,605**	**51,994,800**	**9,999,000**
Current assets					
Inventories	14	224,798	-	-	-
Trade and other receivables	15	848,698	-	-	-
Amounts due from related parties	16	49,996,500	14,999,500	50,001,950	15,000,000
Other assets	17	553,500	3,500	-	-
Cash and cash equivalents	18	4,661,955	796,724	49,550	-
		56,285,451	**15,799,724**	**50,051,500**	**15,000,000**
Total assets		82,498,521	23,330,329	102,046,300	24,999,000
Equity and liabilities					
Equity					
Share capital	23	13,900,000	3,000,000	13,900,000	3,000,000
Share premium	24	55,600,000	12,000,000	55,600,000	12,000,000
Accumulated losses		(21,362,776)	(3,660,332)	(37,104)	-
		48,137,224	**11,339,668**	**69,462,896**	**15,000,000**
Non-controlling interest		3,064	634	-	-
Total equity		**48,140,288**	**11,340,302**	**69,462,896**	**15,000,000**
Non-current liabilities					
Lease liabilities	19	18,603,685	4,526,751	-	-
		18,603,685	**4,526,751**	-	-
Current liabilities					
Lease liabilities	19	3,495,473	949,107	-	-
Trade and other payables	20	530,200	300,082	-	-
Amounts due to related parties	21	10,249,309	6,013,781	32,583,404	9,999,000
Deferred grant	22	1,479,566	200,306	-	-
		15,754,548	**7,463,276**	**32,583,404**	**9,999,000**
Total equity and liabilities		82,498,521	23,330,329	102,046,300	24,999,000

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

Name of the director		**Signature**
Neeza Imad	Chairperson	....
Hassan Manik	Managing Director	....

The accounting policies and notes on pages 6 to 26 forms an integral part of these financial statements.

24 November 2022

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MFMC CAPITAL PRIVATE LIMITED
C01902020

MFMC CAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY - GROUP
Year ended 31 December 2021

	Note	Attributable to the owners of the company					
		Share Capital MVR	**Share Premium Reserve MVR**	**Accumulated Losses MVR**	**Total MVR**	**Non-controlling Interest MVR**	**Total Equity MVR**
Balance at 1 January 2020		-	-	-	-	-	-
Loss for the year		-	-	(3,660,332)	(3,660,332)	(366)	(3,660,698)
Issues during the period	23,24	3,000,000	12,000,000	-	15,000,000	-	15,000,000
Share of Equity held by NCI		-	-	-	-	1,000	1,000
Balance at 31 December 2020		**3,000,000**	**12,000,000**	**(3,660,332)**	**11,339,668**	**634**	**11,340,302**
Balance at 1 January 2021		3,000,000	12,000,000	(3,660,332)	11,339,668	634	11,340,302
Loss for the year		-	-	(17,702,444)	(17,702,444)	(1,770)	(17,704,214)
Issues during the year	23,24	10,900,000	43,600,000	-	54,500,000	-	54,500,000
Share of Equity held by NCI		-	-	-	-	4,200	4,200
Balance at 31 December 2021		**13,900,000**	**55,600,000**	**(21,362,776)**	**48,137,224**	**3,064**	**48,140,288**

The accounting policies and notes on pages 6 to 26 forms an integral part of these financial statements.

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MFMC CAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY - COMPANY
Year ended 31 December 2021

	Note	Share Capital MVR	Share Premium Reserve MVR	Accumulated Losses MVR	Total MVR
Balance at 17 February 2020		-	-	-	-
Profit/(Loss) for the period		-	-	-	-
Issues during the period	**23,24**	3,000,000	12,000,000	-	15,000,000
Balance at 31 December 2020		**3,000,000**	**12,000,000**	-	**15,000,000**
Balance at 1 January 2021		3,000,000	12,000,000	-	15,000,000
Loss for the year		-	-	(37,104)	(37,104)
Issues during the year	**23,24**	10,900,000	43,600,000	-	54,500,000
Balance at 31 December 2021		**13,900,000**	**55,600,000**	**(37,104)**	**69,462,896**

The accounting policies and notes on pages 6 to 26 forms an integral part of these financial statements.

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MFMC CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	MVR	MVR	MVR	MVR
Operating activities					
Loss before tax from operations		(17,704,214)	(3,660,698)	(37,104)	-
Adjustments to reconcile loss before tax to net cash flows:					
Depreciation on property, plant and equipment	11	557,512	79,428	-	-
Depreciation of right-of-use assets	12	3,663,849	289,692	-	-
Provision for impairment	15.1	62,865	-	-	-
Interest income on security deposit	8.1	(47,508)	(3,690)	-	-
Interest expenses on lease liabilities	8.2	1,734,273	135,859	-	-
Operating loss before working capital changes		**(11,733,223)**	**(3,159,409)**	**(37,104)**	-
Working capital adjustments:					
- Increase in inventories	14	(224,798)	-	-	-
- Increase in other assets	17.2	(550,000)	(3,500)	-	-
- Increase in trade and other receivables	15	(911,563)	-	-	-
- Increase in trade and other payables	20	230,118	300,081	-	-
- (Decrease)/increase in amounts due to related parties	21	(5,827,683)	80,692	37,104	-
- Increase in deferred grant	22	1,279,260	200,306	-	-
- Increase in restricted cash	18.1	(141,452)	(200,306)	-	-
Cash flows used in operating activities		(17,879,341)	(2,782,136)	-	-
Interest paid	8.2	(1,734,273)	(135,859)		
Net cash flows used in operating activities		**(19,613,614)**	**(2,917,995)**	-	-
Investing activities					
Acquisition of property, plant and equipment	11	(3,036,370)	(1,954,534)	-	-
Investment in Subsidiaries	13	-	-	(19,448,500)	-
Payment for security deposit	17.1	(550,000)	(240,000)	-	-
Net cash flows used in investing activities		**(3,586,370)**	**(2,194,534)**	**(19,448,500)**	-
Financing activities					
Payment of principal portion of lease liabilities	19	(2,641,198)	(224,142)	-	-
Proceeds from issue of share capital	23	3,899,610	-	3,899,610	-
Proceeds from issue of share premium	24	15,598,440	-	15,598,440	-
Advances received from related parties	21	10,066,911	5,933,089	-	-
Net cash flows from financing activities		**26,923,763**	**5,708,947**	**19,498,050**	-
Net increase in cash and cash equivalents		3,723,779	596,418	49,550	-
Cash and cash equivalents as at 1 January		596,418	-	-	-
Cash and cash equivalents as at 31 December	18	**4,320,197**	**596,418**	**49,550**	-

The accounting policies and notes on pages 6 to 26 forms an integral part of these financial statements.

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1 Reporting Entity

1.1 Corporate information

MFMC Capital Limited is a limited company incorporated on 17th February 2020 and domiciled in the Republic of Maldives. The registered address of the Company is 9A, H. Orchid, Ameer Ahmed Magu, Male' 20095, Maldives.

MFMC Capital is a subsidiary of Maldives Fund Management Corporation (MFMC) which is a 100% state-owned company established by the President decree in the Republic of Maldives. MFMC was formed with the objective of seeking capital market solutions for private sector development while creating opportunities for local and foreign investors to benefit from investment in various sectors of the Maldivian economy.

The MFMC Capital Group currently consists of MFMC Capital and Agro National Corporation (Agro National). Additionally, it is envisaged that further entities (SPVS/JVS) will be formed to facilitate future projects that will be undertaken by the Group.

1.2 Date of authorization for issues

The Financial Statements of the Group for the year ended 31 December 2021 were authorised for issue with board approval on 24 November 2022.

1.3 Consolidated financial statements

The consolidated financial statements of the Group for the year ended 31st December 2021 include the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in investments in subsidiaries. The financial statements of all companies in the Group have a common financial year which ends on December 31st. MFMC Capital is the ultimate parent of the Group.
There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.4 Principal activities and nature of business

Entity	Business Activity
MFMC Capital Limited (MFMC Capital)	MFMC Capital is holding company to co-hold and manage investment with MFMC
Agro National Corporation Limited (AGRO National)	AGRO National is involved in the agricultural business.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The financial statements are presented in Maldivian Rufiya (MVR), which is also The Group's functional currency. All financial information presented in MVR has been rounded to the nearest one except where otherwise indicated.

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2 Basis of preparation (continued)

2.4 Materiality and aggregation

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

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

2.5 Basis of consolidation

a) Business combination

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st December 2021. 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 indidcate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains conrol 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 form the date the Group gains control until the date the Group ceases to control the subsidiary.

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

The consolidated financial statement of the Group include:

Entity	Country of incorporation	% of equity interest	
		2021	2020
AGRO National Corporation Limited	Maldives	99.99%	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.

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3 Critical accounting estimates, assumptions and judgements (continued)

3.1 Going concern

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

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

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

3.3 Depreciation of Property, Plant and Equipment

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

3.4 Impairment of property, plant and equipment and intangible assets

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

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

4 Significant accounting policies

4.1 Financial instruments

a) Financial assets (Non-derivative)

(i) Recognition and initial measurement

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

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4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

a) Financial assets (Non-derivative) - continued

(ii) Classification and subsequent measurement

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

(iii) Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, The Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(iv) Business model assessment

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

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

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

(v) Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

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

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

(vi) Financial assets at amortised cost

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

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4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

a) Financial assets (Non-derivative) - continued

(vii) De-recognition of financial assets

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

b) Financial liabilities (Non-derivative)

(i) Classification, subsequent measurement and gain and losses

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

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

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

(ii) De-recognition of financial liabilities

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

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

4.2 Leases

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

a) As a lessee

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

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

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4 Significant accounting policies (continued)

4.2 Leases (continued)

a) As a lessee (continued)

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

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

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

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

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

i) Right-of-use Assets

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to The Group by the end of the lease term or the cost of the right-of-use asset reflects that The Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

4.3 Cash and cash equivalents

Cash an 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 18 to the financial statements.

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4 Significant accounting policies (continued)

4.4 Inventories

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

4.5 Property, plant and equipment

a) Recognition and measurement

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

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

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

b) Subsequent costs

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

c) Depreciation

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

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

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

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

4.6 Intangible assets

a) Recognition and measurement

Intangible assets that are acquired by the Group, 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 Group 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.

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4 Significant accounting policies (continued)

4.6 Intangible assets (continued)

b) Subsequent expenditure

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

c) Amortization

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

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

4.7 Revenue from contracts with customers

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

4.8 Deferred grant

Grants are recognised as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.
Grants related to assets, including non-monetary grants at fair value are deferred in the Statement of Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset. Grants that compensate the direct disbursement to claimants are directly debited to deferred grant.

4.9 Employee benefits

A defined contribution plan is a postemployment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.
The Group is registered for Maldives retirement pension scheme run by Maldives pension administration office. The Group contributes the mandatory 7% of staff's salary into the scheme with an additional, minimum, 7% of salary being contributed by the staff members.

4.10 Expenses

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

4.11 Determination of fair values

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

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

4.12 Share capital

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

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4 Significant accounting policies (continued)

4.13 Dividends

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

4.14 Current and deferred Income tax

Tax expense comprises current and deferred income tax:

a) Current tax

Tax expenses for the period comprises current and deferred tax. Tax is recognized in the income statement except to extend that it relates to items recognized directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

5 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group.

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

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

- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- IFRS 17 - Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- References to Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41)

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6 Revenue from contracts with customers

6.1 Disaggregated revenue information

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Crop sales	445,752	157,489	-	-
Sale of goods - Breakfast program	8,496,337	-	-	-
	8,942,089	**157,489**	**-**	**-**

7 Grant income

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Grant income	1,859,143	207,194	-	-
	1,859,143	**207,194**	**-**	**-**

8 Net finance cost

	Note	Group		Company	
		2021 MVR	2020 MVR	2021 MVR	2020 MVR
8.1 Finance income					
Finance income from non-current deposits	17.1	(47,508)	(3,690)	-	-
		(47,508)	**(3,690)**	**-**	**-**
8.2 Finance cost					
Finance cost from lease liabilities	19	1,734,273	135,859	-	-
		1,734,273	**135,859**	**-**	**-**
		1,686,765	**132,169**	**-**	**-**

9 Loss before tax

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

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Personnel costs	13,183,108	2,089,626	-	-
Depreciation on property, plant and equipment	557,512	79,428	-	-
Depreciation of right-of-use assets	3,663,849	289,692	-	-
Impairment for trade receivables	62,865	-	-	-
Travel expenses	786,490	630,731	-	-
Utilities	440,009	76,243	-	-
Transportation and handling	234,463	85,000	-	-
Repairs and Maintenance	154,887	72,055	-	-
Training and Development	128,776	-	-	-

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10 Income tax credit / (expense)

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

		Group		Company	
		2021	2020	2021	2020
Statement of profit or loss		MVR	MVR	MVR	MVR
Current income tax					
Current income tax expense on ordinary activities for the year	(Note 10.1)	-	-	-	-
Deferred taxation charge/(reversal)	(Note 10.2)	-	-	-	-
Tax expense reported in the statement of profit or loss		-	-	-	-

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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Loss before tax from operating activities	(17,704,214)	(3,660,698)	(37,104)	-
Add: Depreciation and amortisation of non-current assets	557,512	79,428	-	-
Other disallowable expenses	1,764,012	723,603	-	-
Less: Capital allowances	(544,500)	(77,839)	-	-
Other allowable expenses	(1,700,222)	(725,192)	-	-
Taxable losses	(17,627,412)	(3,660,698)	(37,104)	-
Income tax on taxable profit @ 15%	-	-	-	-

10.2 Deferred tax assets and liabilities are attributable to the following:

Deferred tax liability				
Property ,plant and equipment	20,870	-	-	-
	20,870	-	-	-
Deferred tax assets				
Impairment of trade receivables	(9,430)	-	-	-
Brought forward unused tax losses *	(11,440)	-	-	-
	(20,870)	-	-	-
Net deferred tax liability	-	-	-	-
Tax losses brought forward	3,660,698	-	-	-
Tax loss for the year	17,627,412	3,660,698	37,104	-
Carried forward tax losses	21,288,110	3,660,698	37,104	-

10.3 * The Group has carried forward tax losses amounting to MVR 21,288,110/- as at the reporting date. However, the deferred tax asset arising from the carried forward tax losses has been recognised only to the extent of taxable temporary differences amounting to MVR 76,266/-. Accordingly, the Group has not recognised deferred tax asset amounting to MVR 3,181,776/-, arising from carried forward tax losses amounting to MVR 21,211,843/-, due to the Group being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future.

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11 Property, plant and equipment

	Group			
	Furniture, and fittings	**Office equipment**	**Capital Work-in-progress**	**Total**
Cost				
Opening balance	-	-	-	-
Acquisitions during the period	846,633	1,107,901	-	1,954,534
Balance as at 31 December 2020	**846,633**	**1,107,901**	**-**	**1,954,534**
Balance as at 1 January 2021	846,633	1,107,901	-	1,954,534
Acquisitions during the year	607,079	1,714,907	714,384	3,036,370
Balance as at 31 December 2021	**1,453,712**	**2,822,808**	**714,384**	**4,990,904**
Accumulated depreciation				
Opening balance	-	-	-	-
Depreciation charge for the period	21,824	57,604	-	79,428
Balance as at 31 December 2020	**21,824**	**57,604**	**-**	**79,428**
Balance as at 1 January 2021	21,824	57,604	-	79,428
Depreciation charge for the year	113,974	443,538	-	557,512
Balance as at 31 December 2021	**135,798**	**501,142**	**-**	**636,940**
Net book value				
As at 31 December 2020	824,809	1,050,297	-	1,875,106
As at 31 December 2021	**1,317,914**	**2,321,666**	**714,384**	**4,353,964**

11.1 Capital work in progress represents the cost incured for the construction of warehouse buildings in 9 islands under activities of Agro National Corporation

11.2 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of MVR 3,036,370 (2020: MVR 1,954,534).

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12 Right-of-use assets

Leasehold office spaces and leasehold land in islands for cold storage facilities are classified as right-of-use assets. The right-of-use assets are depreciated equally over a period of 1 to 35 years based on their lease period and the incremental borrowing rate (IBR) used for the leases is 10% (2020: 10%).

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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
At fair value				
Opening balance	5,793,842	-	-	-
Recognized during the year/period	19,479,551	5,793,842	-	-
Closing balance	**25,273,393**	**5,793,842**	-	-
Accumulated depreciation				
Opening balance	289,692	-	-	-
Depreciation charge for the year/period	3,663,849	289,692	-	-
Closing balance	**3,953,541**	**289,692**	-	-
Net book value as at 31 December	21,319,852	5,504,150	-	-

13 Investment in subsidiaries

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Investment in subsidiary - Agro National	-	-	51,994,800	9,999,000
As 31 December	-	-	**51,994,800**	**9,999,000**

The Group has invested in Agro National Corporation, which is a company formed and mandated by the Government to assist in developing the agricultural sector. With effect from 21 April 2020, Agro National Corporation became a subsidiary of MFMC Capital Limited owning 99.99% of the shares of the company and holding seats on the board of directors of Agro National Corporation.

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

	Company	
Summarised Statement of Financial Position	2021 MVR	2020 MVR
Non-current assets	26,213,070	7,530,605
Current assets	38,787,201	10,800,224
Non-current liabilities	(18,603,685)	(4,526,751)
Current liabilities	(15,724,394)	(7,464,776)
Total equity	**30,672,192**	**6,339,302**
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue from contracts with customers	8,942,089	157,489
Cost of Sales	(6,494,862)	(185,720)
Other income	1,859,143	207,194
Administrative expenses	(19,892,400)	(3,683,938)
Selling and marketing expenses	(394,315)	(23,554)
Net finance cost	(1,686,765)	(132,169)
Loss before tax	**(17,667,110)**	**(3,660,698)**
Income tax credit / (expense)	-	-
Total comprehensive income for the year	**(17,667,110)**	**(3,660,698)**

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13 Investment in subsidiaries (continued)

13.1 Summarised financial information of Agro National Corporation; (continued)

Summarised Statement of Cashflows	Company 2021 MVR	Company 2020 MVR
Net cash flows used in operating activities	(19,617,314)	(2,917,995)
Net cash flows used in investing activities	(3,586,370)	(2,194,534)
Net cash flows from financing activities	26,877,913	5,708,947
Net increase in cash and cash equivalents	3,674,229	596,418
Cash and cash equivalents as at 1 January	596,418	-
Cash and cash equivalents as at 31 December	**4,270,647**	**596,418**

14 Investments

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Investment in MFMC Capital by Agro National	6,950	1,500	-	-
As 31 December	**6,950**	**1,500**	-	-

The investment balance represents Agro National Corporation's ownership of 0.01% in MFMC Capital Limited.

14 Inventories

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Starter pack inventory	222,895	-	-	-
Crops	1,903	-	-	-
	224,798	-	-	-

15 Trade and other receivables

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
15.1 Trade receivables				
Trade receivables	789,335	-	-	-
Provision for impairement	(62,865)	-	-	-
	726,470	-	-	-
15.2 Other receivables				
GST receivable	38,384	-	-	-
Other receivables	83,844	-	-	-
	122,228	-	-	-
	848,698	-	-	-

15.3 Fair value

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

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16 Amounts due from related parties

		Group		Company	
		2021	2020	2021	2020
	Relationship	MVR	MVR	MVR	MVR
Agro National Corporation Limited	Subsidiary	-	-	6,950	1,500
Maldives Fund Management Corporation	Parent	49,996,500	14,999,500	49,995,000	14,998,500
		49,996,500	**14,999,500**	**50,001,950**	**15,000,000**

Amounts due from related parties for the Company include called up capital receivable for shares issued and outstanding from MFMC (99.99%) and Agro National (0.01%)

17 Other assets

17.1 Other non-current assets

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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
As at 1 January	149,849	-	-	-
Deposits made during the year/period	550,000	240,000	-	-
Fair valuation of deposits made	(215,053)	(93,841)	-	-
Interest income for the year/period	47,508	3,690	-	-
	532,304	**149,849**	-	-

17.2 Other current assets

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Advances and deposits	553,500	3,500	-	-
	553,500	**3,500**	-	-

18 Cash in hand and cash at bank

		Group		Company	
		2021	2020	2021	2020
		MVR	MVR	MVR	MVR
Cash at bank		4,320,197	596,418	49,550	-
Total cash and cash equivalents for the purpose of cash flow statement		4,320,197	596,418	49,550	-
Restricted cash	**(Note 18.1)**	341,758	200,306	-	-
Total cash in hand and cash at bank		**4,661,955**	**796,724**	**49,550**	-

18.1 Restricted cash includes unutilised balance of MVR 341,758/- (2020: MVR 200,306/-) from funds received for the UNDP SEED project under Agro National Corporation. (Refer Note 22)

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19 Lease liabilities

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1 January	5,475,858	-	-	-
Recognitions during the year/period	19,264,498	5,700,000	-	-
Interest charge during the year/period	1,734,273	135,858	-	-
Payments made during the year/period	(4,375,471)	(360,000)	-	-
As at 31 December	**22,099,158**	**5,475,858**	-	-
Current lease liabilities	3,495,473	949,107	-	-
Non-current lease liabilities	18,603,685	4,526,751	-	-
	22,099,158	**5,475,858**	-	-

20 Trade and other payables

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Trade payables	315,097	271,940	-	-
Other payables (Note 20.1)	215,103	28,142	-	-
	530,200	**300,082**	-	-

20.1 Other payables

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Payroll liabilities	97,704	28,142	-	-
Other payables	117,399	-	-	-
	215,103	**28,142**	-	-

21 Amounts due to related parties

		Group		Company	
	Relationship	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Payables to key management personnel	Director	27,000	40,760	-	-
Other Government entities	Affiliates	32,730	39,932	-	-
Agro National Corporation	Subsidiary	-	-	32,546,300	9,999,000
Maldives Fund Management Corporation	Parent	10,189,579	5,933,089	37,104	-
		10,249,309	**6,013,781**	**32,583,404**	**9,999,000**

Intercompany payables include advances from subsidiaries and companies within the group

22 Deferred grant

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1 January	200,306	-	-	-
Grants received during the year/period	3,138,403	407,500	-	-
Grant income recognised to profit or loss	(1,859,143)	(207,194)	-	-
As at 31 December	**1,479,566**	**200,306**	-	-

22.1 Agro National Corporation received a grant from United Nations Development Programme (UNDP) to implement 'Sustainable Economic Empowerment and Development of SMEs' (SEEDS) Project. UNDP has budgeted a total of MVR 11,395,380/- (USD 739,000/-) for the planned activities of the project, out of which MVR 3,545,903/- (USD 229,955/-) has been received as at 31 December 2021.

22.2 Details of expenditure related to the grant during the year mainly include input supplies for contract farming of MVR 918,423/-, salaries and allowances of MVR 557,751/- and other operational expenses of MVR 382,968/-.

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23 Share capital

23.1 Authorised share capital

	Number of shares	Value MVR
As at 1 January 2021	10,000,000	100,000,000
Changes in Authorised capital during the year	-	-
As at 31 December 2021	**10,000,000**	**100,000,000**

23.2 Issued share capital

	Number of shares	Value MVR
Opening balance	-	-
Issues of 300,000 shares at MVR 10 per share	300,000	3,000,000
As at 1 January 2021	**300,000**	**3,000,000**
Issues of 90,000 shares at MVR 10 per share	90,000	900,000
Issues of 1,000,000 shares at MVR 10 per share	1,000,000	10,000,000
As at 31 December 2021	**1,390,000**	**13,900,000**

23.3 Paid up share capital

	Number of shares	Value MVR
Opening balance	-	-
Paid up share capital during the period	-	-
As at 1 January 2021	-	-
Paid up share capital at MVR 10 per share during the year	389,961	3,899,610
As at 31 December 2021	**389,961**	**3,899,610**
Outstanding as at 1 January 2021	**300,000**	**3,000,000**
Outstanding as at 31 December 2021	**1,000,039**	**10,000,390**

24 Share premium

24.1 Issued share premium

	Number of shares	Value MVR
Opening balance	-	-
Issues of 300,000 shares at MVR 40 per share	300,000	12,000,000
As at 1 January 2021	**300,000**	**12,000,000**
Issues of 90,000 shares with a premium of MVR 40 per share	90,000	3,600,000
Issues of 1,000,000 shares with a premium of MVR 40 per share	1,000,000	40,000,000
As at 31 December 2021	**1,390,000**	**55,600,000**

24.2 Paid up share premium

	Number of shares	Value MVR
Opening balance	-	-
Paid up share premium during the period	-	-
As at 1 January 2021	-	-
Paid up share premium at MVR 40 per share during the year	389,961	15,598,440
As at 31 December 2021	**389,961**	**15,598,440**
Outstanding as at 1 January 2021	**300,000**	**12,000,000**
Outstanding as at 31 December 2021	**1,000,039**	**40,001,560**

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25 Capital management

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

26 Operating segments

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

27 Related party transactions

27.1 Transactions with key management personnel

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Board allowance	523,423	244,000	-	-
Director's salary	438,097	194,837	-	-
Board sitting fees	48,500	18,000	-	-
Other allowances and pension	330,544	14,240	-	-
Total	**1,340,564**	**471,077**	-	-
Outstanding balances				
Sitting fees	27,000	18,000	-	-
Board allowance	-	-	-	-
As at 31 December 2021	**27,000**	**18,000**	-	-

27.2 Transactions which are individually significant

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
a) Items in Statement of Profit or Loss				
Breakfast program sales	8,496,337	-	-	-
b) Items in Statement of Financial Position	**2021 MVR**	**2020 MVR**	**2021 MVR**	**2020 MVR**
Assets				
Capital contribution	19,498,050	-	19,498,050	-
	19,498,050	-	**19,498,050**	-
Liabilities				
Loans and advances	10,066,911	5,933,089	-	-
	10,066,911	**5,933,089**	-	-

27.3 Intercompany transactions

There have been no material transactions with companies within the Group other than those disclosed in notes 16 and 21 to the Financial Statements.

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28 Financial risk management

The Group has exposure to following risks from use of its financial instruments.
- Market risk
- Liquidity risk
- Credit risk

28.1 Market risk

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

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

28.2 Liquidity risk

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

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

	Group			
	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
At 31 December 2021				
Trade and other payables	530,200	-	-	-
Lease liabilities	1,224,648	3,673,944	5,010,260	32,250,588
Amounts due to related parties	-	10,249,309	-	-
At 31 December 2020				
Trade and other payables	300,082	-	-	-
Lease liabilities	360,000	1,080,000	1,440,000	3,960,000
Amounts due to related parties	-	6,013,781	-	-

	Company			
	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
At 31 December 2021				
Trade and other payables	-	-	-	-
Amounts due to related parties	-	32,583,404	-	-
At 31 December 2020				
Trade and other payables	-	-	-	-
Amounts due to related parties	-	9,999,000	-	-

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28 Financial risk management (continued)

28.3 Credit risk

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

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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Trade and other receivables	848,698	-	-	-
Cash at bank	4,661,955	796,724	49,550	-

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables the estimated impairment losses are recognized in a separate provision for impairment. Based on customer aging analysis in a simplified approach, the Group recognised an estimated impairment loss for its subsidiary's trade receivables as disclosed in Note 15.1 to the financial statements.

29 Capital commitments and contingencies

Other than the capital work-in-progress disclosed in Note 11, there are no commitments which require adjustments to or disclosure in the financial statements at the end of the reporting period.

30 Events subsequent to the reporting period

There have been no significant events, occurring after the reporting date that require adjustments to or disclosure in the financial statements.

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MFMC CAPITAL LIMITED
DETAILED STATEMENT OF EXPENDITURE
Year ended 31 December 2021

(I) Cost of Sales

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Crop purchases and other operating supplies	710,095	185,720	-	-
Breakfast program	5,784,767	-	-	-
	6,494,862	**185,720**	-	-

(II) Administrative expenses

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Personnel costs (a)	13,183,108	2,089,626	-	-
Depreciation on property, plant and equipment	557,512	79,428	-	-
Depreciation of right-of-use assets	3,663,849	289,692	-	-
Impairment for trade receivables	62,865	-	-	-
Stationary and office supplies	127,472	129,610	-	-
Pantry expenses	36,604	2,669	-	-
Bank charges	4,610	260	-	-
Travel expenses	786,490	630,731	-	-
Professional fees	206,768	-	34,104	-
Other administrative fees	16,690	32,730	3,000	-
Utilities	440,009	76,243	-	-
IT expenses	18,756	76,467	-	-
License fees	160,874	44,039	-	-
Damages and spoilage	102,923	-	-	-
Transportation and handling	234,463	85,000	-	-
Repairs and Maintenance	154,887	72,055	-	-
Training and Development	128,776	-	-	-
Meeting and refreshments	20,112	3,512	-	-
Miscellaneous Expenses	22,736	71,876	-	-
	19,929,504	**3,683,938**	**37,104**	-

(a) Personnel costs

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Wages and Salaries	5,986,469	1,037,786	-	-
Staff Allowance	5,523,936	326,648	-	-
Directors Remuneration	1,308,707	641,717	-	-
Pension Contributions	363,996	83,475	-	-
	13,183,108	**2,089,626**	-	-

(III) Selling and marketing expenses

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Marketing and PR Events	312,590	-	-	-
Other marketing expenses	81,725	23,554	-	-
	394,315	**23,554**	-	-

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