

Crowe Maldives LLP

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Ref No: CM/LT/021120230156

2nd November 2023

Mr. Hussain Niyazy, Auditor General, Auditor General's Office. Chanbeylee Villa 1st Floor, Majeedhee Magu, Male', Republic of Maldives

REFERENCE: Report to the Auditor General on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements of Maldives Integrated Tourism Development Corporation for the year ended 31st December 2021

As per the section 8.4 of the Regulation on the Audit and Accountability of State-owned Enterprises No: 2021/R-152, external Auditors are required to report Auditor General on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements.

Please find the attached report of Regional Airports Limited for the year ended 31st December 2021 together with the Agreed Upon Procedure Report issued to the Board of Directors of Regional Airports Limited and the Management letter.

Should there be any queries, or questions please contact Mr. Hassan Mohamed at 7796181 or email to hassan.mohamed@crowe.mv.

Yours sincerely,

Hassan Mohamed Som P-02 200

Managing Partner

Crowe Maldives LLP



INDEPENDENT AUDITOR'S REPORT MALDIVES INTEGRATED TOURISM DEVELOPMENT **CORPORATION LIMITED**

31st December 2021



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Maldives Integrated Tourism Development Corporation Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of Maldives Integrated Tourism Development Corporation Limited (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

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- As disclosed in Note 13.2 to the financial statements, the lease agreement entered into by the Company
 with the Ministry of Tourism stipulates the payment of liquidated damages of 0.5% per day on any
 outstanding arrears. Accordingly, the liquidated damages on the overdue annual rental amount is
 estimated at MVR 49,266,900 as of December 31, 2021. The Company has not accrued for the liquidated
 damages pending negotiations with the Ministry of Tourism.
- 2. As explained in note 8.2 and note 10 to the financial statements, the development of L.Baresdhoo Project and Kaashidhoo Project has been stopped from 2018 and no further work been carried out thereafter. The company has incurred an aggregate of MVR 47,001,111 towards the development of these projects and has not carried out any impairment assessment on the carrying value of these projects. As a result, we were unable to determine whether any adjustments to these amounts were necessary.
- 3. As explained in Note 14.1 to these financial statements, the Company had spent an amount aggregating to MVR 1,998,017 on certain ineligible Corporate Social Responsibility (CSR) activities in the earlier years that were deemed ineligible and had not provided adequate evidence on the appropriateness of such spending to predecessor auditor. The Company is evaluating on recovery of such balances and has not recognised the receivables in these financial statements. In the absence of adequate supporting evidence, we are unable to determine if any adjustments to these amounts were necessary.
- 4. The Company has recognised liabilities towards CSR Funds under Trade and Other Payables (Refer Note 14.1) amounting to MVR 1,921,887 in these financial statements. As per the previous year's audit report, these funds were collected on behalf of the Ministry of Tourism (MoT) as CSR from various projects in the tourism industry and deposited into the CSR fund account maintained at MITDC instead of depositing into public bank account as per Section 5.10 of the Public Finance Regulation (PFR). Also, prior to financial year 2019, the Company has disbursed the amount from this account to various public institutions as per the instructions of Ministry of Tourism. Retention and operation of such funds could potentially lead to violation of PFR regulations and the impact of the same is not determined and recorded in these financial statements.

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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) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred a net loss of MVR 23,536,702 during the year ended December 31, 2021 and accumulated losses of MVR 108,856,789 as at December 31, 2021. Further, the Company's current liabilities exceeds its current assets by MVR 112,880,625 and had a negative equity of MVR 74,676,206 as at December 31, 2021. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

The Company has capitalised Investment property (Refer to Note 8.4) amounting to MVR 153,243,967 in these financial statements. The Company is currently deliberating the ultimate use for L. Baresdhoo Project and Kaashidhoo Project. However, the Company has not reached a conclusive decision regarding the ultimate use of the asset. Consequently, the Company has currently classified the projects as investment property. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed a qualified opinion on those statements on November 2, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, 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.

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.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

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 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

19 September 2023

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Reg no. P-02/2008

Hassan Mohamed Managing Partner

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3

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED STATEMENT OF FINANCIAL POSITION

as of 31st December 2021

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-21 MVR	(Restated) 31-Dec-20 MVR	(Restated) 31-Dec-19 MVR
ASSETS				
Non-Current Assets				
Property, plant and equipment	6	430,615	393,479	536,031
Intangible assets	7	50,340	-	14,787
Investment properties	8	153,243,967	155,373,139	157,720,910
Right of use assets - Leasehold buildings	9	2,366,336	1,114,981	1,723,153
		156,091,258	156,881,598	159,994,880
Current Assets				
Trade and other receivables	10	710,472	731,441	666,434
Cash and cash equivalents	11	4,287,095	1,340,332	1,007,244
		4,997,567	2,071,773	1,673,678
TOTAL ASSETS		161,088,825	158,953,371	161,668,558
EQUITY AND LIABILITIES				
Equity and Reserves				
Share capital	12	34,180,583	21,862,052	16,666,530
Accumulated losses		(108,858,485)	(85,320,087)	(62, 129, 964)
		(74,677,902)	(63,458,036)	(45,463,434)
Non-Current Liabilities				
Lease liability	13	117,886,839	116,699,204	117,326,030
		117,886,839	116,699,204	117,326,030
Current Liabilities				
Borrowings	13	15,420,000	15,420,000	15,420,000
Lease liability	13	43,041,000	27,705,000	12,285,000
Trade and other payables	14	59,418,888	62,587,203	62,100,962
		117,879,888	105,712,203	89,805,962
TOTAL EQUITY AND LIABILITIES		161,088,825	158,953,371	161,668,558

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 32. The Report of the Independent Auditors is given in pages 1 to 3.

For and on behalf of the Board of Directors:

Name

1. Dr. Mohamed Kinaonath 2. Mohamed Raaidh

September 12, 2023

Signature





MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

The amounts are stated in Malarran Hanyaa	Note	31-Dec-21 MVR	(Restated) 31-Dec-20 MVR
Revenue	15	239,745	180,000
Gross Profit		239,745	180,000
Administrative expenses	16	(8,388,480)	(7,856,950)
Operating Loss		(8,148,735)	(7,676,950)
Other gains	17	61,969	Œ
Finance cost	18	(15,451,632)	(15,513,174)
Loss Before Tax		(23,538,398)	(23,190,123)
Income tax	19	-	-
Net Loss for the year		(23,538,398)	(23,190,123)
Loss per share	21	(7)	(11)

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 32. The Report of the Independent Auditors is given in pages 1 to 3.





MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED STATEMENT OF CASH FLOWS

for the year ended 31st December 2021

All amounts are stated in Maldivian Rufiyaa

All allounts are stated in Malarvan Ranyaa	Note	31-Dec-21 MVR	(Restated) 31-Dec-20 MVR
Operating loss before working capital changes	22	(4,927,033)	(4,438,164)
Trade and other receivables		20,969	(65,007)
Trade and other payables		(3,168,315)	486,241
Cash used in operating activities		(8,074,379)	(4,016,930)
Net cash used in operating activities		(8,074,379)	(4,016,931)
Cash flows from investing activities			
Acquisition of property, plant & equipment		(210,616)	(16,792)
Acquisition of intangible assets		(53,301)	(108,711)
Acquisition and development of investment properties Investment in work-in-progress		(327,311)	-
Net cash used in investing activities		(591,228)	(125,503)
Cash flows from financing activities			
Share capital		12,318,531	5,195,522
Principal payment of lease liabilities		(585,767)	(720,000)
Cash payments for the interest portion of lease liabilities		(120,394)	-
Net cash flows from financing activities		11,612,370	4,475,522
Net increase in cash and cash equivalents		2,946,763	333,088
Cash and cash equivalents at the beginning of the year		1,340,332	1,007,244
Cash and cash equivalents at the end of the year		4,287,095	1,340,332

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 32. The Report of the Independent Auditors is given in pages 1 to 3.





MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED STATEMENT OF CHANGES IN EQUITY

as of 31st December 2021

All amounts are stated in Maldivian Rufiyaa

All amounts are stated in Maidivian Rufiyaa	(Restated) Advance for Share Capital MVR	Share Capital MVR	(Restated) Accumulated Loss MVR	Total Equity MVR
Balance as at 1st January 2020 - Restated	-	16,666,530	(62,129,964)	(45,463,434)
Shares issued during the period	-	5,195,522	-	5,195,522
Net loss for the year	-	-	(23,190,123)	(23,190,123)
Balance as at 31st December 2020	<u> </u>	21,862,052	(85,320,087)	(63,458,035)
Balance as at 1st January 2021	-	21,862,052	(85,320,087)	(63,458,035)
Shares issued during the period	-	12,318,531	-	12,318,531
Net loss for the year			(23,538,398)	(23,538,398)
Balance as at 31st December 2021		34,180,583	(108,858,485)	(74,677,902)

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 32. The Report of the Independent Auditors is given in pages 1 to 3.





Reporting Entity and Statutory Base

Maldives Integrated Tourism Development Corporation Ltd ("the Company") is a 100% state owned enterprise, incorporated on 27th October 2016 and residing in the Republic of Maldives bearing registration no. C-1043/2016.

Principal activities and nature of operations

The Company has been mandated with the development of integrated tourism in the Maldives.

Number of employees

The number of employees at the end of the reporting period was 14.

Authorization for issue

The financial statements of the Company for the year ended December 31, 2021, were authorized for issue on 12th September 2023.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of Measurement

The financial statements are prepared on the historical cost basis, unless and otherwise identified in a specific accounting policy.

2.3 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of these Financial Statements are consistent with those followed in the preparation of the Company's annual Financial Statements for the year ended December 31, 2021.

2.4 Going Concern

The Company has incurred a loss of MVR 23,536,702 during the year ended December 31, 2021, and accumulated losses of MVR 108,856,789 as at December 31, 2021. Further, the Company's current liabilities excess its current assets by MVR 112,880,625 and total liabilities exceeded its total assets by MVR 74,676,206 as at December 31, 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's' ability to continue as a going concern. However, the shareholders of the Company have confirmed by letter that they will continue to provide financial support to the Company to enable it to meet its obligations as they fall due.

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. Hence the financial statements have been prepared under the going concern basis.

2.5 Negative Equity

The Company's equity was negative by MVR 74,676,206 as of December 31, 2021. In 2021 and 2020, the Company incurred losses of MVR 23,536,702 and MVR 23,190,123, respectively, and has accumulated losses in previous years due to persistent operating losses and substantial debt levels. To improve its financial situation, Management is currently engaged in negotiations with potential investors for the development of the L. Baresdhoo and Kaashidhoo projects.





2.6 Functional & Presentation Currency

MVR is the currency of the country in which the Company is domiciled. The Company's financial statements are presented in MVR which is the Company's functional and presentation currency.

3 Significant Changes in Accounting Policies

In May 2020, the International Accounting Standards Board (IASB) issued Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In March 2021 the International Accounting Standards Board (IASB) issued Covid-19-Related Rent Concessions beyond 30 June 2021, which amended the date in IFRS 16 from 30 June 2021 to 30 June 2022. The amendment has no impact on the Company's Financial Statements.

4 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, by the Company.

4.1 Conversion of Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss as a financing cost.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4.2 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 presented separately unless they are immaterial.

Financial assets and financial liabilities are off set and the net amount 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 profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

4.3 Current Versus Non-Current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realized or intended to sell or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.





4.3 Current Versus Non-Current Classification (Continued...)

A liability is current when:

- · It is expected to be settled in normal operating cycle,
- · It is held primarily for the purpose of trading,
- · It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the
 reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by
 the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.4 Revenue

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expected to be entitled for those goods or services.

To recognise revenue the Company applies the following five steps:

Identify the Contract with a Customer: The company enter into legally enforceable contracts with the tenants. These agreements outline the terms and conditions of the lease, including the lease term, the rental price, and other responsibilities of each party.

Identify the Performance Obligations in the Contract: In the leasing contracts, the primary performance obligation is the provision of an underlying asset for use by the tenant over the lease term. This is a stand-ready obligation, delivered over time.

Determine the Transaction Price: The transaction price is determined based on the lease payments stipulated in the contract, which include fixed payments and, in some cases, variable lease payments that depend on an index or rate. Variable lease payments that depend on an index or rate are included in the initial measurement of the lease liability using the index or rate as at the commencement date.

Allocate the Transaction Price to the Performance Obligations in the Contract: the lease contracts usually involve a single performance obligation, hence the total transaction price corresponds to this obligation. However, if a lease contract includes non-lease components, like maintenance services, the company allocate the transaction price between the lease and non-lease components based on their relative stand-alone selling prices.

Recognize Revenue when (or as) the Entity Satisfies a Performance Obligation: the company recognize rental income on a straight-line basis over the lease term. Revenue is recognized when control of the services is transferred to the tenant, in an amount reflecting the consideration the company expect to be entitled to.

4.5 Expenditure Recognition

Expenses are recognized in the Statements of Comprehensive Income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure 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 expenditure.





4.6 Taxes

Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised as income or an expense is recognized in Statements of Comprehensive Income except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income (OCI). For transactions and other events recognised in profit or loss, the Company recognises any related tax effects in profit or loss. For transactions and other events recognised outside profit or loss either in OCI or directly in equity, any related tax effects are also recognised in OCI or directly in equity respectively. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities and any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial
recognition of an asset or liability in a transaction that is not a business combination and, at the time of the
transaction, affects neither the accounting profit nor taxable profit or (loss) and does not give rise to equal
taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.





(b) Deferred tax (Continued...)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

(c) Sales Tax

Revenue and expenses are recognized based on the net of the amount of sales tax. Receivable and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables of payables in the Statement of Financial Position.

4.7 Property, Plant and Equipment

(a) Recognition and Measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. 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 Statements of Comprehensive Income.

(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 Company, 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 Statements of Comprehensive Income 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.





(c) Depreciation (Continued...)

Depreciation is recognized in Statements of Comprehensive Income 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.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	25 years
Furniture & Fittings	10 years
Motor Vehicles	05 years
Plant & Equipment	10 years
Office Equipment	05 years
Other Assets	10 years

Leasehold improvements Shorter of useful life and remaining lease term

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

A full month's depreciation is provided in the first full calendar month after the date of ready to use while, full depreciation is provided in the month of disposal.

(d) Capital Work in Progress

Assets under construction as at the year-end represents the costs incurred or accrued for the assets which have not been commenced the usage as at the end of the fiscal year.

4.8 Leases

At inception of a contract, an entity shall assess whether the 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.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining





(a) As a lessee (Continued...)

interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

The 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 by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
 payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option
 to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured 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. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in Statements of Comprehensive Income if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definition of investment property as separately and lease liabilities separately in the Statement of Financial Position.

COVID-19 Related Rent Concession

The Company has applied COVID-19 Related Concessions – Amendments to IFRS 16 Lease. The Company applied the practical expedient allowing it not to assess whether eligible rent concessions that are direct consequence of the COVID-19 pandemic are lease modifications.

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other revenue.

4.9 Impairment of Non-Financial Assets

The carrying amounts of the Company's assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying





4.9 Impairment of Non-Financial Assets (Continued...)

amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the Statements of Comprehensive Income.

An asset's recoverable amount is the higher of an asset 's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

4.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through Other Comprehensive Income (OCI), and fair value through Statements of Comprehensive Income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through Statements of Comprehensive Income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- · Financial assets at fair value through profit or loss

(c) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

 The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and





(c) Financial assets at amortized cost (debt instruments) (Continued...)

 The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in Statements of Comprehensive Income

when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes trade receivables, included under other non-current financial assets.

(d) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the Statements of Comprehensive Income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to Statements of Comprehensive Income.

The Company does not have debt instruments which required to recognize at fair value through OCI.

(e) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by -instrument basis.

Gains and losses on these financial assets are never recycled to Statements of Comprehensive Income. Dividends are recognized as other income in the Statements of Comprehensive Income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments which required to recognize at fair value through OCI.

(f) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.





(f) Financial assets at fair value through profit or loss (Continued...)

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognized in the Statements of Comprehensive Income.

The Company does not have financial assets which required to recognize at fair value through Statements of Comprehensive Income.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through Statements of Comprehensive Income.

(g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's Statement of Financial Position) when;

- · The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation
 to pay the received cash flows in full without material delay to a third party under a 'pass-through'
 arrangement; and either,
 - (i) the Company has transferred substantially all the risks and rewards of the asset, or
 - (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(h) Impairment of financial assets

The Company applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.





Financial Liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Comprehensive Income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Comprehensive Income. This category generally applies to interest-bearing loans and borrowings.

(c) De-recognition

Financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

4.11 Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Statement of Comprehensive Income within selling and marketing costs. Trade receivables are carried at anticipated realizable value. A general provision is made for doubtful receivables based on a review of all outstanding amounts from customers at the year end. Bad debts are written off during the year in which they are identified.

4.12 Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.





4.13 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise of cash at banks and cash in hand, other short-term highly liquid investments with original maturities of three months or less. For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash Flow Statement is prepared in "indirect method".

4.14 Other Liabilities and Provisions

All known liabilities have been accounted for in preparing the Financial Statements. The materiality of the events occurring after the reporting period have been considered and appropriate adjustments and provisions have been made in the Financial Statements where necessary.

Liabilities classified as Current Liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the end of the reporting period. Non-current Liabilities are those balances, which fall due for payment after one year from the end of reporting.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all, of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

4.15 Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

4.16 Defined Contribution Plans

Employees are eligible for Maldives Retirement Pension Scheme in line with the respective statutes and regulations. The Company contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

4.17 Share Capital

Ordinary shares

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

4.18 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.





4.19 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received.

If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5 Application of new and revised International Financial Reporting Standards (IFRSs)

5.1 New and amended standards applied by the Company

There were no standards or amendments that were applied by the company for the first time for the year ended 31st December 2021.

5.2 New and revised IFRSs in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The following amended standards and interpretations are not expected to have a significant Impact on the Company's Financial Statements.

- Amendments to IAS 1 Classification of liabilities as current or non-current
- Amendments to IAS 37 Onerous contracts
- IFRS 17 Insurance contracts
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use
- Amendments to IAS 12 Deferred taxes related to assets and liabilities arising from a single
- transaction.
- Amendments to IFRS 16 COVID-19 rent concession amendment extension
- Annual improvements to IFRS's 2018–2020 cycle
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture.





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

6 Property, Plant and Equipment

6.1	Cost	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
	Office equipment	651,891	14,000	5,896	659,995
	Furniture and equipment	323,249	65,320	9,320	379,249
	Leasehold improvements	-	131,296	-	131,296
		975,140	210,616	15,216	1,170,540
6.2	Depreciation	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
	Office equipment	468,712	130,450	4,184	594,978
	Furniture and equipment	112,949	32,761	2,213	143,497
	Leasehold improvements	-	1,449	-	1,449
		581,661	164,660	6,397	739,924
	Net Book Value	393,479			430,615
7	Intangible Assets				
7.1	Cost	Balance	Additions	Disposals	Balance
		As at			As at
		01-Jan-21			31-Dec-21
	Website	97,778	53,301		151,079
		97,778	53,301		151,079
7.2	Amortisation	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
	Website	97,778	2,961	. *	100,739
		97,778	2,961		100,739
	Net Book Value				50,340

The company has recognized the costs of developing both its website and the Maldives Yacht Rally website as Intangible Assets on its balance sheet.





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

8 Investment Properties

8.1 Right of use Asset - Baresdhoo

Cost	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
L. Baresdhoo	113,612,303	-	-	113,612,303
	113,612,303			113,612,303
Amortisation	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
L. Baresdhoo	4,912,964	2,456,483		7,369,447
	4,912,964	2,456,483	-	7,369,447
Net Book Value	108,699,339			106,242,856

The Company has acquired the head lease of L. Baresdhoo the island from the government of Maldives following the transfer of the head lease from Maldives Marketing and Public Relations Corporation (MMPRC) on 30th April 2018. The head lease was recognised as a Right-of-use Asset on 1st January 2019, following the initial application of IFRS 16 Leases in the preparation of the Company's financial statements. The term of the lease is for a period of 50 years starting April 2015.

8.2	Work in Progress - Baresdhoo	Balance As at 01-Jan-21	Additions	Disposals / Transfers / Impairment	Balance As at 31-Dec-21
	L. Baresdhoo - work in progress	21,694,939	327,311	-	22,022,250
		21,694,939	327,311		22,022,250
		21,694,939			22,022,250

The Laamu Baresdhoo Project is a comprehensive hotel development that includes hotels, guest houses, and a variety of commercial amenities like restaurants, spas, dive centers, water sports, bars, clubs, and theme parks. These facilities will be sold to interested parties, with payment made according to a prearranged schedule. Each commercial facility will be managed separately by its new owner, while the Maldives Integrated Tourism Development Corporation (MITDC) will provide essential services like utilities and infrastructure maintenance. The development of Laamu Baresdhoo has been suspended since April 30, 2018.





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

8 Investment Properties (Continued...)

8.3	Work in Progress - Kaashidhoo	Balance As at 01-Jan-21 (Restated)	Additions	Adjustments	Balance As at 31-Dec-21
	Kaashidhoo Tourist Village	24,978,861		-	24,978,861
		24,978,861		<u> </u>	24,978,861
		24,978,861			24,978,861

Kaashidhoo Project is aimed at developing and promoting three guest hotels with a capacity of 60 rooms each, along with necessary infrastructure such as water sports facilities, dive centers, spas, and beachfront restaurants on the Integrated Tourism Development space on Kaashidhoo Island. All the facilities will be leased to interested parties for 25 years through open bids. MITDC will lay down the infrastructure for guest hotel operations. The development of Kaashidhoo Project has been suspended since 2018.

31-Dec-21	
MVR	MVR
106,242,856	108,699,339
22,022,250	21,694,939
24,978,861	24,978,861
153,243,967	155,373,139
	MVR 106,242,856 22,022,250 24,978,861

8.4 The Company is currently deliberating the ultimate use for L. Baresdhoo Project and Kaashidhoo Project. However, it has not reached a conclusive decision regarding the ultimate use of the asset. Consequently, the Company has currently classified the projects as investment property.

9 Right of Use Asset- Leasehold buildings

9.1	Cost	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
	M. Dhoonifushi	1,824,515		1,824,515	-
	M.Iris	-	2,406,443	-	2,406,443
		1,824,515	2,406,443	1,824,515	2,406,443

On 4th November 2021, the Company has acquired sub-lease of the 7th floor of M. Iris for a period of 5 years. This sub-lease has been recognised as a Right-of-use Asset during the year 2021. The sub-lease of M. Dhoonifushi (sub-lease of office previous ofice space) has been derecognised as the Company has terminated the lease of the building.

9.2	Amortisation	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
	M. Dhoonifushi M.Iris	709,534	557,491 40,107	1,267,025	40,107
		709,534	597,598	1,267,025	40,107
	Net Book Value	1,114,981			2,366,336





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

		31-Dec-21 MVR	31-Dec-20 MVR
10	Trade and Other Receivables	0 11	
	Accounts receivable	34,687	82,387
	Advance payments paid	15,034,500	15,034,500
	Provision for impairment for advance payments	(15,034,500)	(15,034,500)
	GST receivable	622,785	575,022
	Refundable deposits	53,000	74,032
	Total	710,472	731,441

Advance payments made to suppliers include an advance payment settled to Jausa Construction Maldives Pvt Ltd amounting to MVR 15,034,500 for the construction works of L. Baresdhoo Project with reference to the agreement dated April 24, 2017. Despite the advance payment made to Jausa Construction Maldives Pvt Ltd, there has been no significant work carried out. Therefore, the Company plans to terminate the contract, through court of law and the Company is in the process of preparing for the litigation process to claim the advance amount paid. In 2019, an impairment allowance was created for this advance payment to Jausa Construction Maldives Pvt Ltd.

11	Cash and Cash Equivalent		
	Cash at bank	4,287,046	1,337,105
	Cash in hand	49	3,226
	Total	4,287,095	1,340,332
12	Share Capital		
	Issued share capital 2,186,205 ordinary shares of MVR 10 each	21,862,052	16,666,530
	Additions during the period	12,318,531	5,195,522
	Total	34,180,583	21,862,052

The Authorised Share Capital of the Company is MVR 1,000,000,000 divided into 100,000,000 Ordinary Shares with a par value of MVR 10 per share. The Company has issued 519,552 Ordinary Shares at par for the year ending 31st December 2020 and 1,231,853 for the year ending 31st December 2021.

13 Borrowings

		31-Dec-21	31-Dec-20
		MVR	MVR
Lease Liability			
Opening Balance		144,404,204	129,611,030
Interest charges for the period		15,451,632	15,513,174
Additions during the period	(Note 13.3)	2,406,443	-
Lease termination	(Note 13.3)	(628,278)	-
Payment made during the period		(706, 162)	(720,000)
Closing balance		160,927,839	144,404,204
Non- Current			
Lease liabilities		117,886,839	116,699,204
		117,886,839	116,699,204
Current			
Loan from government of Maldives	(Note 13.1)	15,420,000	15,420,000
Lease liabilities	(Note 13.2)	43,041,000	27,705,000
		58,461,000	43,125,000
Total borrowings		176,347,839	159,824,204





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

13 Borrowings (Continued...)

13.1 Bank Borrowings

A Loan agreement was signed between MITDC and Ministry of Finance on 26th April 2018 for a short-term borrowing of MVR 15,420,000 at an interest rate of 8% (per annum) for integrated tourism development project on the island of Kaashidhoo in Male', Atoll. The loan shall be repaid in 1 (One) year time from the date of disbursement. Late fines associated with this loan is recognised as Fine Expenses under Administrative Expense in Note 17.

13.2 As per the lease agreement of L. Baresdhoo that was transferred from MMPRC to MITDC, the construction period ended on March 29, 2020. The annual rents that falls due quarterly in advance for the three quarters of 2020 and four quarters of 2021 is overdue as of December 31, 2021. This amount sums up to MVR 26,985,000 as of December 31, 2021 has been recorded under current lease liabilities.

According to the lease agreement with the Ministry of Tourism, any overdue annual rent will incur liquidated damages at a rate of 0.5% per day. As of December 31, 2021, the estimated amount of liquidated damages is MVR 49,266,900. However, this amount has not been recognized in the company's books as of December 31, 2021. MITDC is currently in negotiations with the Government of Maldives to extend the lease, as three years have elapsed since the deed of transfer of the headlease of L. Baresdhoo was finalized. It is worth noting that, at the time of the transfer, the Tourism Act did not have any provisions allowing the development of integrated tourism on the island. The 10th Amendment to the Tourism Act, dated January 7, 2021, has since enabled MITDC to develop the island of L. Baresdhoo in the integrated tourism model

13.3 During the year 2021, MITDC terminated lease agreement for office space at M. Dhoonifushi with a lease liability of MVR 628,278 and entered into a new lease agreement for office space at M. Iris that sums up to a lease liability of MVR 2,406,443.

		31-Dec-21 MVR	31-Dec-20 MVR
			(Restated)
14	Trade and Other Payables		
	Trade payables	12,545,824	12,276,660
	Accrued expenses	29,072	530,206
	Advance and deposits payable	446,344	-
	Advance rent - Baresdhoo Rent Model	4,587,335	4,972,836
	Advance Deposit - Baresdhoo LAC Model	26,985,000	26,985,000
	Refund payable	9,111,840	13,020,810
	Accrued interest and fines	3,791,586	2,879,804
	CSR funds	1,921,887	1,921,887
	Total	59,418,888	62,587,203
14.1	CSR Funds		
	Opening balance	1,921,887	1,921,887
	Closing Balance	1,921,887	1,921,887

CSR Funds are funds provided by Ministry of Tourism, that needs to be disbursed as per their instructions. MITDC board decided to charge 10% commission for all the funds that were remitted to MITDC from June 2018 onwards as administration charges.





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

14.1 CSR Funds (Continued...)

MITDC spent MVR 1,998,017 on CSR expenses in the financial year ending on December 31, 2016. However, there was insufficient evidence to confirm whether this was actually a CSR activity for audits of previous financial years. During the audit of the financial year ending on December 31, 2019, management informed auditors that this expenditure was made outside the scope of the company's CSR activities and would be recovered. Evidence suggested that these funds were potentially used for fabrication and renovation of an office of a political party. However, this figure was not included in the Trade and Other Receivables figure of MVR 710,472 as of December 31, 2021.

			31-Dec-21 MVR	31-Dec-20 MVR
15	Revenue			
	Other revenue		239,745	180,000
	Total		239,745	180,000
16	Administrative Expenses			
	Bank charges		7,765	5.537
	Cleaning expenses		69,563	48,440
	Depreciation and amortisation expenses		3,221,702	3,238,785
	Legal and professional fees		321,600	96,000
	License and permits		5.941	956
	Meals and entertainments		4,279	1,182
	Office supplies		27,635	26,089
	Repair and maintenance		72,801	25,184
	Directors' remuneration		974,982	916,026
	Payroll expenses		2,137,442	2,188,539
	Pension		105,436	104,558
	Stationeries		10,954	9,327
	Staff training expenses		2,000	9,221
	Staff ramadan allowances		52,700	45,000
	Telephone charges		31,030	34,041
	Travelling expenses		14,886	20,954
	Internet expenses		90,968	59,134
			30,300	463
	Withholding tax		911,809	914,280
	Loan late payment Penalty and other fines		92,459	86,062
	Utilities	(Note 16 1)	220,940	27,169
	Sales and marketing expenses	(Note 16.1)		27,109
	Subscriptions Total		8,388,480	7,856,947
	lotal		0,300,400	1,000,041
16.1	Sales and marketing expenses			
	Promotional expenses		60,171	-
	Event management expense		7,735	27,169
	Fair participation		153,034	-
	Total		220,940	27,169
17	Other Gains / (Losses)			
27376	Gain on disposal of right of use asset and lease	eliability	70,788	-
	Loss on disposal of assets	10	(8,819)	
	Total		61,969	





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

17 Other Gains / (Losses) (Continued...)

		31-Dec-21 MVR	31-Dec-20 MVR
17.1	Gain on Disposal of Right of Use Asset and Lease Liability		
	Lease liability	628,278	-
	Right of use asset	1,824,515	
	Accumulated amortisation	(1,267,025)	
	Net book value	557,490	
	Gain on Disposal	70,788	

The sub-lease of M. Dhoonifushi was terminated by the Company on November 30, 2021, upon moving to its new office space at M. Iris.

17.2 Loss on Disposal of Property, Plant and Equipment

Loss on Disposal	(8,819)	
Proceeds		-
Net Book Value	8,819	-
Accumulated depreciation	(6,397)	-
Cost	15,216	-

18 Finance Cost

15,451,632	15,513,174
15,451,632	15,513,174

19 Taxation

Accounting loss	(23,538,398)	(23,190,123)
-----------------	--------------	--------------

Add:

Aud.		
Depreciation and amortisation expense	3,221,702	174,132
Other disallowable expenses	15,565,887	15,617,732
	(4,750,809)	(7,398,259)
Less:		
Capital allowances	160,592	156,710
Other allowable expenses	15,638,955	15.617.732

Taxable loss for the period	(20,550,356)	(23,172,701)

20 Unrecognised Deferred Tax Asset

The deferred tax resulting from carried forwarded tax losses and on temporary differences has not been recognised in these financial statements since it is not probable that the company will be able to generate profits in short term to utilize the tax credits against the losses.

The Income Tax Act (25/2019) of the Maldives is effective from 1st January 2020. As per the income tax act, business' profit is subject to tax of 15% on profits exceeding tax free threshold limit of MVR 500,000 for any tax year. The company is not liable to pay income tax for the period ended 31st December 2021, as the company incurred a loss during the period.





45 040

15,799,547

15,774,442

For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

		31-Dec-21 MVR	31-Dec-20 MVR
21	Loss Per Share		
	Basic Loss Per Share is calculated by dividing the net loss shareholders by the weighted average number of ordinary shares or		
	Loss for the year	(23,538,398)	(23, 190, 123)
	Weighted average number of ordinary shares	3,418,058	2,186,205
	Loss per share	(7)	(11)
22	Operating Loss before Working Capital Changes		
	Net Loss	(23,538,398)	(23, 190, 123)
	Depreciation	3,221,702	3,238,785
	Gain on disposal	(61,969)	-
	Interest on lease	15,451,632	15,513,174
	Total	(4,927,033)	(4,438,164)

23 Related Party Transactions

The Government of Maldives is the sole shareholder (100%) of the issued shares of the Company as at the end of the reporting period. The transactions incurred with other state owned enterprises of Maldives during the year and outstanding balances at the end of the reporting period are as follows:

23.1 Due to related parties

Name	Nature of relationship		
Bank of Maldives	Entity under common control		
Opening balance		-	-
Services obtained for the period		3,226	3,390
Settlements		(3,226)	(3,390)
Outstanding at the end of the pe	eriod		•
Name	Nature of relationship		
Dhiraagu Plc	Entity under common control		
Opening balance		-	13,382
Services obtained for the period		94,942	91,698
Settlements		(94,942)	(105,080)
Outstanding at the end of the pe	eriod		
Name	Nature of relationship		
Island Aviation Services Limited	Entity under common control		
Opening balance		4,452	38,191
Services obtained for the period		5,776	24,486
Settlements		(4,452)	(58,225)
Outstanding at the end of the pe	eriod	5,776	4,452
Name	Nature of relationship		
Male' Water and Sewerage Company Limited	Entity under common control		
Opening balance		-	-
Services obtained for the period		6.445	10,637
Settlements		(6,445)	(10,637)
Outstanding at the end of the pe	eriod	-	-
	- 1	V 8	





For the year ended 31st December 2021

All amounts are stated in Maldivian Rufiyaa

Name Nature of relationship Maldives Ports Limited Entity under common control Opening balance Services obtained for the period Settlements Outstanding at the end of the period Settlements				31-Dec-21 MVR	31-Dec-20 MVR
Maldives Ports Limited Entity under common control Opening balance 73,682 73,682 Services obtained for the period - - Settlements - - Outstanding at the end of the period 73,682 73,682 Name Nature of relationship State Electric Company Entity under common control Opening balance 22,116 14,855 Services obtained for the period 85,856 74,956 Settlements (98,641) (67,695) Outstanding at the end of the period 9,331 22,116 Name Nature of relationship Services obtained for the period 59,204 545 Settlements (210) (545) Outstanding at the end of the period 58,994 - Name Nature of relationship Madives Fund Management Entity under common control Corporation 4,452 - Outstanding at the end of the period 4,452 - Services obtained for the period 4,452 - Settlements (4,452) - Outstanding at the end of the period - - Name Nature of relationship Fahi Dhiriulhun Corporatio	23.1	Due to related parties (Continue	d)		
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Name Nature of relationship State Electric Company Entity under common control Opening balance 22,116 14,855 Services obtained for the period 85,856 74,956 Settlements (98,641) (67,695) Outstanding at the end of the period 9,331 22,116 Name Nature of relationship State Trading Organisation Entity under common control Opening balance 5 12,100 (545) Outstanding at the end of the period 59,204 545 Settlements (210) (545) Outstanding at the end of the period 58,994 Name Nature of relationship Entity under common control Corporation Opening balance 5 12,100 (545) Outstanding at the end of the period 58,994 Name Nature of relationship Entity under common control Corporation Opening balance 4,452 Services obtained for the period 4,452 Settlements (4,452) Outstanding at the end of the period Name Nature of relationship Entity under common control Opening balance 4,452 Settlements (2,000 Services obtained for the period 2,000 Services obtained for the period 2,000 Settlements 2,000 Settlements 2,000 Settlements 2,000 Settlements 2,000 Settlements 2,000		Services obtained for the period		-	-
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Outstanding at the end of the period		Services obtained for the period		4,452	
Name Pahi Dhiriulhun Corporation Opening balance Services obtained for the period Settlements Nature of relationship Entity under common control 2,000 - (2,000) -		Settlements		(4,452)	-
Fahi Dhiriulhun Corporation Entity under common control Opening balance - Services obtained for the period 2,000 Settlements (2,000)		Outstanding at the end of the p	eriod		
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Opening balance - - Services obtained for the period 2,000 - Settlements (2,000) -		Fahi Dhiriulhun Corporation	Entity under common control		
Services obtained for the period 2,000 - Settlements (2,000) -			The second secon	-	-
Settlements (2,000) -				2,000	-
Outstanding at the end of the period				(2,000)	-
		Outstanding at the end of the p	eriod	•	

23.2 Transactions with Key Management Personnel

The Board of Directors and Managing Director are the members of the key management personnel. During the year end 31 December 2021, total remuneration paid to Directors including Managing Director was MVR 989,982/-.





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

24 Restatement of financial results

Restatement of financial results refers to rectification of the accounts as follows:

During the year 2018, an accounts payable balance was recorded at MVR 12,207,769. However, subsequent to the date of the financial statements, legal correspondence received from the supplier highlighted that the outstanding obligation as at December 31, 2018, amounts to MVR 10,465,184. Accordingly, the accounts payable balance has been restated with an adjustment of MVR 1,742,585.

During the audits of 2017 and 2018, it was brought to attention that the valuation of assets and liabilities of Baresdhoo Project transferred from Maldives Marketing and Public Relations Corporation (MMPRC) to the Company were incorrectly recognised. As per the previous year audit report, the total liabilities of MVR 35,475,888 transferred to the company exceeded the total asset value of MVR 32,434,133 creating a loss of MVR 3,041,755. This amount has been incorrectly recognized as advance against share capital, instead of recognising an expense in the statement of comprehensive income as of the asset and liability transfer date. Accordingly, the loss on transfer of the assets and liabilities of has been recognized in the accumulated losses to correct this error.

	As Restated	As previously reported	Restatement
	31-Dec-19 MVR	31-Dec-19 MVR	31-Dec-19 MVR
Accounts payable	(62,100,962)	(63,843,547)	(1,742,585)
Work in progress - Kaashidhoo	24,978,861	26,721,446	1,742,585
Advance received against share capital	-	(3,041,755)	(3,041,755)
Accumulated losses	(62,129,964)	(59,088,209)	3,041,755
Total	(99,252,065)	(99,252,065)	<u> </u>
	As	As previously	Restatement
	Restated	reported	
	31-Dec-20	31-Dec-20	31-Dec-20
	MVR	MVR	MVR
Accounts payable	(62,587,203)	(64,329,788)	(1,742,585)
Work in progress - Kaashidhoo	24,978,861	26,721,446	1,742,585
Advance received against share capital	-	(3,041,755)	(3,041,755)
Accumulated losses	(85,320,087)	(82,278,332)	3,041,755
	(00,020,001)		





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

25 Financial Instruments

25.1 Capital Management

The Company manages its capital to ensure that Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including lease liability and excluding trade and other payables, as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

	31-Dec-21 MVR	31-Dec-20 MVR
Interest bearing loans and borrowings	176,347,839	159,824,204
Less: Cash and cash equivalents	(4,287,095)	(1,340,332)
Net debt	172,060,744	158,483,872
Total equity	(74,677,902)	(63,458,036)
Total capital	97,382,842	95,025,836
Gearing	177%	167%

25.2 Financial Risk Management Objectives

The Company's management co-ordinates access to banks and other financial institutions, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

25.3 Foreign Currency Risk Management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

25.4 Interest Rate Risk Management

The company is not exposed to interest rate risk because the company borrow funds at fixed interest rates.

25.5 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient guarantee, where appropriate, as a means of mitigating the risk of financial loss from defaults.

25.6 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company has incurred continuous losses in the past years. The Company manages liquidity risk through share capital injections made by the Government of Maldives





For the year ended 31st December 2021 All amounts are stated in Maldivian Rufiyaa

26 Events After the End of the Reporting Period

As stated in Note 24, subsequent to the end of the reporting period, it was identified via legal correspondence that the obligation due was lower than recorded in the financial statements. Accordingly, a restatement of accounts payable has been made to reflect this event.

27 Comparative figures

Comparative figures of the financial statements have been reclassified wherever appropriate to conform with current year's presentation.

28 Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on September 12, 2023.







Management Letter 2021

Maldives Integrated Tourism Development Corporation Limited 19th September 2023





Crowe Maldives LLP

Ma,Favorite, 7th Floor, Chaandhanee Magu, Male', Republic of Maldives Main +960 330 9585 Fax +960 330 9590 www.crowe.mv info@crowe.mv

Board of Directors, Maldives Integrated Tourism Development Corporation Limited M. Iris, 7th Floor, Fareedhee Goalhi, Male', Maldives

19th September 2023

Dear Sir / Madam,

Management Letter

Maldives Integrated Tourism Development Corporation Limited

Audit for the year ended 31st December 2021

We would like to present our comments and recommendations regarding the internal controls and findings we encountered during our audit of Maldives Integrated Tourism Development Corporation Limited for the year ending December 31, 2021.

The purpose of this report is to suggest improvements to the internal control system and identify potential operational efficiencies. We ensured the factual accuracy of our comments by discussing them with the company's management during the audit, seeking their agreement before finalizing our recommendations.

We want to express our appreciation for the cooperation and support extended to us by the company's personnel throughout the audit.

Yours sincerely,

Hassan Mohamed Managing Partner

Table of Contents

	Page no.
Introduction	3
A. Key issues and recommendations	4
B. Financial Analysis and Interpretation	10
Overall Recommendation	20
Annexures	21

Introduction

This report summarizes the key issues found in our audit work of your company ('the Entity') in relation to the Entity's financial statements for the year ended 2021 and assessment of important financial ratios.

Our audit plan set out the four stages of our financial statements audit process.



We have completed our fieldwork and we are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements.

This report is intended to communicate other matters which in our professional judgement are important for governance of the entity.

A. Key issues, risks and recommendations

We have summarized keys issues and risks identified during the audit process and with recommendation to the management.

Issues and risk

Absence of approved risk management framework

We have noted that, the Company has not devised a formal risk management framework which would identify the possible adverse effects of internal or external events on Company strategy and operational goals. purpose of the framework is not to eliminate risk completely, but rather to ensure that every effort is made to manage risk appropriately, in order to maximise potential opportunities and minimise the adverse effects of risk. Although the entity has drafted a risk management policy, entity the has not approved and implemented this policy as of present.

Impact

Company may face difficulties in identifyina and remedying possible risks internally or externally on their operational goals.

Recommendation

We recommend the Company to prioritise finalisation and approval of risk management policy and to implement the policy as soon as possible.

Management comments

Risk The Management Policy draft has been circulated to the Board of for Directors comments and suggestions, and the policy will be approved without further delays.

Absence of Fixed Asset **Capitalisation Policy**

While the Company has approved the Fixed Asset Policy during May 2022,

Absence of cost recognition criteria in the fixed asset policy lead inconsistency in the recognition of

The company needs to include the asset recognition criteria's in the fixed asset

Finance Department will work to include Asset recognition criteria in the Fixed Asset Policy. New

the policy has not clearly defined the asset capitalization policy of the entity; for example, the capitalization levels of the entity. Instead, the Company has an extract of the IAS 16 standard to provide cost recognition quidance.

Property, Plant and management policy. Equipment.

clause will be added to the Fixed Asset Policy by June 2023.

Absence of receivables management and collection policy

We have identified a long aging debt which is still recognized as a trade receivable in the Company accounts. The debtor (Abdul Raheem Hussain) has an aging of over two years (973 days) of MVR. 2,887.44.

3

4

This money is unlikely to be recoverable, therefore the best practice will be to write-off the amount as a bad debt.

Not writing off the receivables which are unlikely to be recovered would overstate trade receivables and understate bad debt expenses. This would impact the ultimate objective of true and fair presentation of financial statements.

Impact

We recommend the Company to establish a policy on management of receivables and debt collection. the Also, management is recommended to write off receivables which are not likely to be recovered.

Receivables and Debt Collection policy will be drafted and approved by the Board of Directors, within the coming months. Based on the policy, irrecoverable debts will be dealt accordingly.

Confirmation of Receipt of Goods or Services not confirmed in a consistent manner during the year

During the audit it was observed that goods received notes were not separately maintained by the Company.

The Goods Received Section in the Requisition Forms were not filled consistently throughout the year.

Reference: Annexure 1

Payment may be processed for goods or services not received to the company.

We recommend the Company to maintain Goods Received Notes for all goods procured by the Company.

Management agrees to change practices its recommendations . Goods received confirmation will obtained by be Finance Dept. on the invoices before processing payments any against goods or services received.



5

Incorrect accounting entries posted to Accrued Expense Account

Accrued expenses has an opening balance of 530,206 which became a debit balance of MVR 32,941 by the end of the year. Upon inspection of the account, was noticed that Security deposits Kaadhu and Dhi colours have been adjusted from this account. During the year, recoveries made to security deposits received were deducted from accrued expenses account.

Furthermore. several entries have been made to accounts payable from accrued expenses account. It was identified that all such entries were made for bills raised. However, in some cases these transfers have been made for which an entry was not initially recorded in the accrued expenses account.

Reference: Annexure 2

Wrong account W classification may C lead to misstatements in the financial statements.

Impact

account We recommend the may Company to:

- Develop and maintain a schedule for accrued expenses to track the movements.
- Perform regular review of accrual expense records to ensure that they are accurate and consistent

Monthly reconciliations will be carried out to ensure correct entries are passed and the account gets cleared.



Finance costs and associated fine interest could not be confirmed

The Company has not recognised borrowings of MVR 15,420,000, accrued interest of MVR 1,233,600 and fine on overdue loan principal of MVR 2,557,986 on its loan from Ministry of Finance for integrated tourism development project in Kaashidhoo island.

6

We were unable to obtain direct confirmation of the loan balance from Ministry of Finance.

Borrowings, accrued interest and fine interest may have been understated or overstated.

Impact

We recommend the entity to obtain Loan balance confirmations and Loan schedule from Ministry of Finance retain such records on an basis annual maintain independent evidence borrowings balances.

The company is recognizing the liabilities related to the loan based on the signed contract between MOF and MITDC. As per the contract, the interest on loan fixed is а After of amount. legal advice, the company has sent a letter to MOF regarding the interest calculation. And based on the legal advise the company has decided to recognize the interest as per the contract. Refer letter sent **MITDC** by (MITDC-F/13/2020/22) Refer letter sent by MOF (13-D1/MITDC/2021/ 5)



Bank charges on inactive bank accounts

We have identified following non-operating bank accounts in the name of Maldives Integrated Tourism Development Corporation.

The Bank has charged inactive account fee on these bank accounts:

A/C No: 7730000186029 MVR – Bank of Maldives Amount: MVR. 150

And.

7

A/C No: 7730000186030 MVR – Bank of Maldives Amount: USD. 10

Total inactive account fee

for the year 2021: MVR. 304.20.

Avoidable expenses incurred from the company which will have an impact on the profitability of the company. Further, non-operating bank account may leads to fraud and misuse of bank accounts.

Non-operating bank accounts needs to be closed with the board approvals.

Management decision is to keep the accounts active. Opening a new bank account takes a longer administrative process, and in future, once the projects get started. these bank accounts be will fully utilized.

Recognition of Kaashidhoo work in progress without having rights to the land

The Company has recognised **MVR** 24,978,861 capital as work-in-progress for Kaashidhoo project. However, during with meetings the it management, was discovered that the management does not have title to the land on which the work was carried out as of date.

Without land titles, the company will not be able to build the proposed hotel in the island.

The company needs to obtain the land titles to meet the cost recognition criteria's as per IAS 40 Investment Property.

During the previous management, development of Kaashidhoo project was initiated without obtaining the title the land. to Ministry of Tourism has rejected to give the land title to MITDC. MITDC has not paid the LAC for the land. New management

has negotiated on several

8



Refer Letter sent by MOT (88-LS/MITDC/2019/

9)

B. Financial Analysis and Interpretation

Interpretation of Financial Ratios

To understand the financial position of Maldives Integrated Tourism Development Corporation Limited we have performed a financial analysis for the year 2021. Our Calculations and the interpretations of the ratios are discussed below.

The ratio calculations performed below **does not** include Assets and Liabilities transferred under the Asset Transfer Agreement between Regional Airports, Regional Airports entity Limited and Ministry of Finance. This is because the entity has not completed the Asset Valuation process as of present. Therefore, the reliability of the below calculated ratios are limited.

01 Profitability Ratio

#	Ratio	Formulae	2021	2020
а	Gross Profit Margin	Gross profit / Revenue * 100	100%	100%
b	Net Profit Margin	Net profit before interest and tax / Revenue * 100	-3398%	-4265%
С	Return on Capital Employed	Profit before Interest, Tax and dividends / Total capital employed including interest bearing bond * 100	-19%	-14%
d	Return on Equity	Profit after Interest, Tax and preferential dividends / Equity capital * 100	0%	0%

Auditor Interpretation



The Profitability Ratios measures an entity's ability to generate earnings in relation to revenue, costs incurred, assets and equity invested.

The ratios indicate that MITDC is not able to generate profits and therefore unable to get any returns on capital employed and equity capital invested. This is because MITDC has not been able to complete its integrated tourism projects in Baresdhoo and Kaashidhoo.

Recommendation for Improvements

It is vital that MITDC secures investors for Baresdhoo and Kaashidhoo projects and complete the development of the projects, in order to cover recurrent operational expenses and to continue as a going concern.

Management Comments

The management is tirelessly working on a way to realize its projects and drive the company to a financially sound entity. Finding a huge investment, approximately around 200 million dollars, is not an easy task, However, the company and the management have faced several roadblocks to achieve this outcome.



02 Liquidity Ratio

#	Ratio	Formulae	2021	2020
а	Current Ratio	Current Assets : Current Liabilities	0.04	0.02
b	Working capital	(Current Assets – Current Liabilities)	MVR -112,882,321	MVR -103,640,430

Auditor Interpretation

The Current Ratios measures an entity's short-term liquidity and its ability to meet current obligations when due. The higher the ratio, the greater the cushion between current obligations and the entity's ability to pay them.

MITDCs current ratio indicates that it does not have enough funds to meet their working capital requirements. Current liabilities exceed current assets by a substantial amount, which is mainly due to lease payments for Baresdhoo headlease and short-term borrowings from Ministry of Finance and Treasury which are overdue.

Recommendation for Improvements

 It is vital that MITDC actualises its planned projects in Baresdhoo and Kaashidhoo in order to establish a source of income that enables the company to settle its short-term debts.

Management Comments

• The management is tirelessly working on a way to realize its projects and drive the company to a financially sound entity. Finding a huge investment, approximately around 200 million dollars, is not an easy task, However, the company and the management have faced several roadblocks to achieve this outcome.

03 Gearing Ratio

#	Ratio	Formulae	2021	2020
а	Debt / Equity Ratio	Total Interest- bearing Debt / Total Equity	-236%	-252%
b	Debt / Total Capital	Total Interest- bearing Debt / Debt + Equity	173%	166%
С	Interest Cover	Profit before interest and tax / Interest payable	-1.52 times	-1.49 times

Auditor Interpretation



The Gearing Ratios relates to an organization's relative levels of debt and equity and can help to measure its ability to meet its long-term debts. Higher gearing ratios indicates that an entity has a higher degree of financial leverage.

As MITDC has not repaid the loan from Ministry of Finance and Treasury and has also not paid the lease rentals of Baresdhoo, it has high gearing ratios. This indicates that MITDC has a highly risky financing structure.

Recommendation for Improvements

• It is vital that MITDC actualizes its planned projects in Baresdhoo and Kaashidhoo in order to establish a source of income that enables the company to settle its debts, reduce reliance on further debts and overcome the accumulated losses of the company.

Management Comments

• The management is tirelessly working on a way to realize its projects and drive the company to a financially sound entity. Finding a huge investment, approximately around 200 million dollars, is not an easy task, However, the company and the management have faced several roadblocks to achieve this outcome.

04 Activity / Efficiency Ratios

#	Ratio	Formulae	2021	2020
а	Asset turn over	Sales revenue / Total assets *100	0.1%	0.1%
b	Trade receivable collection period (in days)	Trade receivables / Credit Sales * 365	53 days	167 days
С	Trade payable payment period (in days)	Trade creditors / Credit purchases * 365	547 days	595 days
d	Expenses as % of sales	Total expenses / Sales * 100	3,499%	4,365%
f	Operating cycle	Inventory days + Receivable days - Payable days	-494 days	-428 days

Auditor Interpretation



Activity/efficiency ratios measure how well an entity can use its assets to generate revenue and their efficiency in managing those assets.

MITDC's Asset turnover indicates that the entity is not efficient in generating revenue from its investments in assets. The assessment of expenses as a % of sales indicates poor profitability of the entity.

Recommendation for Improvements

 Immediate attention and effort of management is required to improve the overall performance of MITDC.

Management Comments

• The Management has been working on kickstarting the 2 projects. The performance of MITDC solely depends on these projects, particularly Baresdhoo. Therefore, it is utmost the priority of the Board and the whole corporation to kickstart this project and gain income for the corporation.

05 Investor Ratios

#	Ratio	Formulae	2021	2020
а	Earnings per share	Profit attributable to ordinary shareholders / No. of OrdinaryShares	-7	-11
b	Price earnings ratio	Price per share / Earnings pershare	-1.5	-0.9
С	Earnings yield	Earnings per share / Price pershare * 100	-69%	-106%
d	Dividend per share	Total ordinary dividend for theyear / No. of Ordinary Shares	-	-
е	Dividend yield	Dividend per share / Price pershare * 100	-	-
f	Dividend cover	Earnings per share / Dividend per share	- -	-

Auditor Interpretation

Investor ratios are used to determine the entity's ability to maintain profitability and yield positive returns on the shareholder's equity.

Investor ratios of MITDC are negative, indicating that the shareholder's equity is not generating any positive returns and immediate attention of the management is required to improve the entity's performance.

Recommendation for Improvements

 Immediate attention and effort of management is required to improve the overall performance of MITDC.

Management Comments

• The Management has been working on kickstarting the 2 projects. The performance of MITDC solely depends on these projects, particularly Baresdhoo. Therefore, it is utmost the priority of the Board and the whole corporation to kickstart this project and gain income for the corporation.

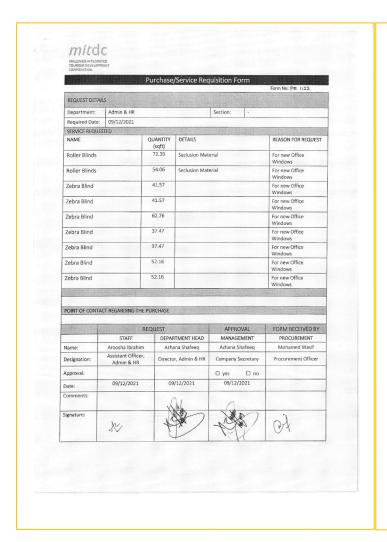
Overall Recommendation

An overall review of all ratios calculated and reviewed indicates that immediate management action is required towards improving the financial performance of MITDC.



Annexures

Annexure 1



Action Taken:				
	☑ Purchased	☐ Forward to Finance	Date	
Purchase By:	Ø PO	☐ Cash ☐ Cheque	Date	
Attachments:				
☑ Quota	tion			
☑ Quota	tion Summary			
☑ Releva	int Forms and do	cuments		
Form Processed	by: Monamed	Wasi F		
Signature:			Date:	
Items Received B	y:			
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Received by: Signature: ACTION TAKEN Action: Payment By: E HANDOVER OF F	PURCHASED ITE	ash Cheque M Quantity	Asset Numbers Date:	



Annexure 2

	Transaction					
Date	Туре	No.	Description	Split	Amount	Balance
Debit Ent	ries made to A	Accrued expense a	account for Security Deposits			
			Application of Funds Received as Security Deposit			
06-04-21	Journal Entry	INV2021/001	against outstanding rent invoice payable by Kaadhu	Clearing Account	(100,000.00)	408,028.33
08-04-21	Journal Entry	Return MIB-0001867	Return of Security Deposit Payment - Dhi Colors	Undeposited Funds	(250,000.00)	158,028.33
				2111 Cash & Cash		
				Equivalents		
	Cheque		Balance of security deposit of 250,000 refunded (less	(MVR):BML (MVR)		
17-08-21	Expense	BT000133	100k and 22K)	7730000112770	(128,000.00)	(30,742.42)
Accrued 6	Accrued expense decreased for an expense for which an accrual was not made for initally					
				4110 Accounts		
30-11-21	Bill	2021.i30	Logo Refining, Brand Manual	Payable (MVR)	(38,500.00)	(134.05)





For more information please contact:

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Managing Partner
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David Mellor, Chief Executive Officer, Crowe Global

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Agreed Upon Procedures

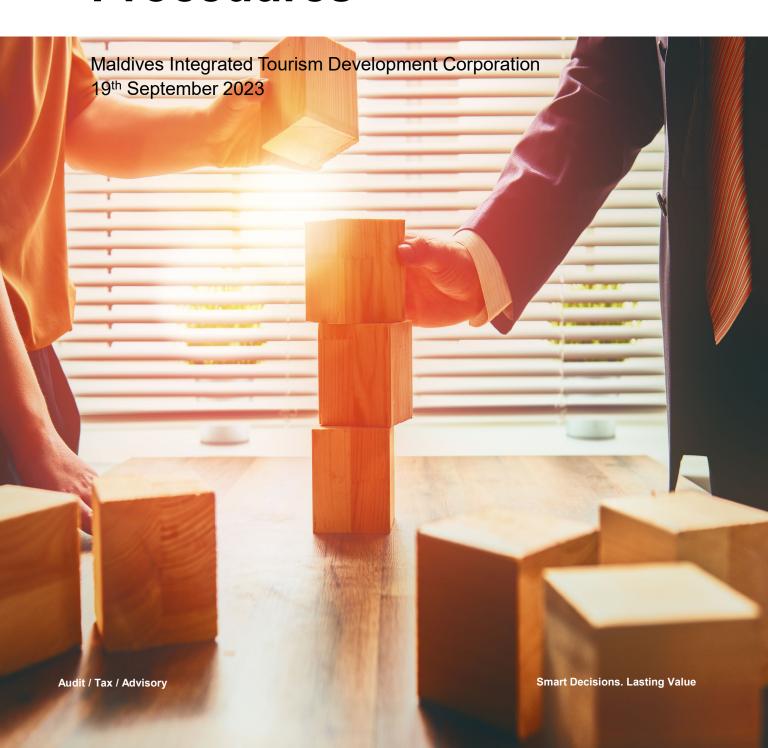


Table of Contents

	Page no.
Report of Factual Findings	3
Annexure	5

Report of Factual Findings

To The Board of Director's

We have performed the procedures agreed with you (Board of Directors) and enumerated in annexure 1 of this report, with respect to the Corporate Governance Code issued by the Privatisation and Corporatisation Board (PCB). Our engagement was undertaken in accordance with the principles set out in International Standard on Related Services (ISRS 4400) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you to meet the compliance requirement of the Corporate Governance Code issued by the PCB, and to discharge our pertinent responsibility stipulated in the Regulation on the Audit and Accountability of the State-owned Enterprises 2021/R-152.

Responsibilities of the Engaging Party and the Responsible Party

Maldives Integrated Tourism Development Corporation has acknowledged that the agreedupon procedures are appropriate for the purpose of the engagement.

Crowe Maldives LLP, as identified by the Maldives Integrated Tourism Development Corporation, is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An Agreed-Upon procedures engagement involves performing the procedures that have been agreed with Maldives Integrated Tourism Development Corporation, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.



Professional Ethics and Quality Control

We have complied with the ethical requirements in IFAC Code of Ethics for Professional Accountants issued by International Ethics Standard Board for Accountants (IESBA). For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Controls (ISQC) 1, Quality Control for Firms that Performs Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described in the report, which were agreed upon with the Maldives Integrated Tourism Development Corporation in the terms of engagement signed with them.

Hassan Mohamed Managing Partner

License No: ICAM-FL-GX6

Annexure

1. Composition of the Board

Procedure	Findings
Ensure that all board members, including any public officials, are nominated based on qualifications and relevant experience	All board members are nominated based on qualifications and relevant experience and re assigned by Privatization and Corporatization Board (PCB). Board members are nominated based on qualifications and relevant experience .
Check that the Non-Executive Board members comprise at least one-half of the Board, and preferably the majority of them being Independent Directors.	
Check that the Board has an appropriate balance of Executive, Non-Executive and independent directors to ensure unbiased and diverse advice is brought to the Company.	
Check that the Chairperson of the Board is a Non-Executive Director and an independent Director	The Chairperson of the Board is a Non- Executive Director and an independent Director.
Check that the Chairperson and the Managing Director (CEO) of the Company are two separate persons	Chairperson and Managing Director are two separate persons.
Check that the Board has Managing Director/CEO as a Board Director	The Board has Managing Director Mr. Mohamed Raaidh as a Board Director.
Check that no elected officers serve on the Board	Board members are appointed by the government.



2. Nomination of New / Re-election of Existing Board Members

Procedure

Findings

Check that the Board is appointed as per the Policy passed by the Privatization and Corporatization Board (PCB) under S12 of the Privatization and Corporatization of State Businesses and their Monitoring and Evaluation Act (Act No. 3/2013).

The Board is appointed as per the policy passed by the Privatization and Corporatization Board. The chairperson of the board, Dr. Mohamed Kinaanath and a Non-executive Director, Ms. Fathimath Asiya were newly nominated during the year 2021 by Privatisation and Corporatization Board.



3. Role of the Chairperson of the Board

Procedure	Findings
Check that the Chairperson ensures that new directors receive a full, formal and tailored induction on joining the Board	Chairperson ensures that new directors receive a full, formal and tailored induction on joining the Board.
Check that the Chairperson ensures that all directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the Board and on Board's committees	The Chairperson ensures that all directors continually update their skills and knowledge and familiarity with the company. Mandatory CMDA Director's training programme was carried out for the Directors.
Check that the Chairperson ensures assessing and implementing training programmes for directors	Currently, no training programmes have been scheduled for Board of Directors.
Check that the Chairperson ensures monitoring and evaluation of Board of Directors are carried out and reported to PCB annually	The Chairperson ensures that monitoring and evaluation of Board of Directors are carried out and has reported to PCB annually.
Check that the Chairperson has scheduled in advance the meetings of the Board and of Board committees to enable directors to attend each meeting	An annual work plan is created for each year highlighting areas of focus and a clear timeframe for areas of discussion in board meetings throughout the year. Any further changes are communicated, and tentative agenda items are normally scheduled as based on the urgency.
Check that the Chairperson of the Board has ensured that issues discussed at the Board committees are reported to the Board and any committee recommendations are considered for approval by the Board	Chairperson ensures that issues discussed at the board committees are reported to the board and considered for approval by the Board.
Check that the Chairperson of the Board has not unilaterally issued policies without consulting with the Board as a whole with full frank and	No policies were unilaterally issued without consulting with the board as a whole.



discussions being completed

4. Role of the CEO/Managing Director

Procedure

Findings

Check that the CEO/Managing Director Managing Director is involved in the preparation shareholder value and positive, reciprocal preparation of the company's long-term plan. relations with relevant stakeholders

developed and recommended to the Board a of the business plan and setting corporate goals long-term vision and strategy for the company for the company. Furthermore, Managing that will generate satisfactory levels of Director had an extensive role in the

Check that the CEO/Managing Director developed and recommended to the Board annual business plans and budgets that support the company's long-term strategy. In the development of these plans, it is essential that the CEO/MD ensures a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the variety of possible or likely scenarios. (whether through а separately constituted Board Risk Committee or through an Executive Risk Management Committee)

Managing Director has developed recommended to the Board annual business plans and budgets that support the company's long-term strategy. The Managing Director was substantially involved in the formulation of the business plan. The business plan has incorporated an assessment of risks under a

Check that the CEO/Managing Director strived The Managing Director strived consistently to consistently to achieve the company's financial and operating goals and objectives, and ensure company are appropriately managed and appropriately managed and monitored. monitored

achieve the company's financial and operating goals and objectives and ensured that day to that the day-to-day business affairs of the day business affairs of the company is

as the chief spokesperson for the company on spokesperson for the company on all all operational and day-to-day matters. The operational and day-to-day matters. Chairperson and CEO/ MD should discuss and agree with the Board the division of for communication responsibilities shareholders and other stakeholders. It is important that the CEO/MD and other key officers attend AGM and be prepared to present material operational developments to the meeting

Check that the CEO/Managing Director served The Managing director has served as the chief



5. Board Meetings

Procedure Findings

Check that the Board has its annual plan which The Board has an annual plan which provides provides for a number of meetings to be held, tentative agenda items and the form these will be held.

for a number of meetings to be held. Tentative agenda items are scheduled based on urgency.

Check that Board meetings are held pursuant to Board meetings were held pursuant to the the Articles of Association of the Company

Articles of Association of the Company. The Articles of Association states that a minimum of 5 Board Meetings must be held in a year. 10 board meetings were held during the year 2021.

Check that the time gap between any two There were no time gaps between any two meetings is not more than three months

meetings that exceed three months.



6. Audit Committee

Procedure

Findings

Check if the Board has established an Audit An Audit Committee has been established. Committee empowered to oversee due diligence and control over the financial aspects of the Company's operations and performance

Check the composition of the Board's Audit The Audit Committee has 2 members which is in the Board: If the board consists of seven (7) the size of the Board is 5 Directors Directors, Audit Committee should have 3 members and if the Board consists of five (5) Directors, Audit Committee should have 2 members.

Committee. It should be based on the size of line with the requirement of having 2 members if

Committee is an independent non-executive independent non-executive Director. Director

Check that the Chairperson of the Audit The Chairperson of the Audit Committee is an

financial experience.

Check that the Chairperson of the Audit The Chairperson of the Audit Committee Ms. Committee has substantial accounting or Fathimath Asiya, has substantial financial experience. She has more than 10 years of financial experience and her highest qualification is Masters of Finance.



7. Risk Management

Procedure

Findings

Ensure that the Board carries out the total A risk management policy was drafted by the process of risk management, including the systematic and continuous identification and evaluation of risks as they pertain to the organisation, followed by action to terminate, transfer, accept or mitigate each risk.

Board as of present. However, the policy has not been approved or implemented yet.

risk management policies to Management and all other employees as appropriate to their roles within the organisation and ensured that communication has been effective understood

Check that the Board has communicated its Risk management policy has not been approved yet, hence policy was not shared with Management and all the employees.



8. Internal Audit

Procedure

Findings

Check that the SOE has set up an internal The SOE has outsourced the internal audit audit function to provide an independent, function to Prudent Chartered LLP. objective assurance and consulting activity designed to add value and improve an organization's operations

Ensure the Internal audit function was Internal audit function was nominated by the nominated by the Audit Committee and Audit Committee and appointed by the Board. appointed by the Board

resourced properly, and whether the audit was outsourced to Prudent Chartered LLP. committee has ensured deployment of sufficient and appropriate human resources in the function

Check that the internal audit department is Not applicable, since the internal audit function

Check that the head of internal audit has an Not applicable, since the internal audit function appropriate professional qualification and was outsourced to Prudent Chartered LLP. experience in internal auditing.

Check that the Internal audit function reports to a level within the SOE that allows the function to fully accomplish its responsibilities and that the head of internal audit has ready and regular access to the chairperson of the Company and the chairperson of the audit committee.

Internal audit function reports to the Audit committee which allows the function to fully accomplish its responsibilities. Internal auditor has ready and regular access to the chairperson of the Company and the chairperson of the audit committee.

Check that the internal audit reports to the Internal audit reports are reported to and audit committee at the Board all its reports, whilst administratively, it reports its findings to the CEO/MD for the purpose of implementing discussed. recommendations for improvements

discussed in the audit committee, which is then submitted to the Board where it is further

Check if the appointment or dismissal of the Not applicable as the internal audit function was head of the internal audit is only done by the outsourced. agreement of majority of members in the audit committee



8. Internal Audit (Continued...)

Procedure

Findings

Check if period meetings were held between Not applicable as no reliance was made on the matters of mutual interest, the management was carried out. letters and reports, and sharing common understanding of audit techniques, methods and terminology

internal auditors and external auditors for work of the internal auditors when external audit

Check whether all the internal auditors of the Internal audit function of the SOE has been auditors published by Institute of Internal this procedure was not confirmed. Auditors, Global

SOE, have signed Code of Ethics for internal outsourced to Prudent Chartered LLP. Therefore,



9. Code of Ethics

Procedure

Findings

Check that the Board has developed a code of The Board has developed a code of ethics with ethics, with clear policies and procedures for clear policies are procedures for Directors, Management and employees.

Directors. The codes were approved by the Board. However, a code of ethics has not been developed for management and employees.

Check that the SOE adopted a code of ethics The code of ethics developed Board of Directors which sets out clear corporate values and standards of behavior in its dealings

clearly sets out corporate values and standards of behavior of the company's dealings. However, a code of ethics has not been developed for management and employees.

Check that the Code of Ethics of the Company have been signed by the members of Board, management and staff members

Board resolution for approving the Code of Ethics of the Company is signed by the Board of Directors (i.e., Board Charter). Furthermore, Code of Ethics as a policy is signed by the Board. However, it is only communicated to the staff members.



10. Code of Conduct

Procedure

Findings

Check that the Board has laid down a code of A code of conduct for all Board members of the management of the SOE

conduct for all Board members and senior SOE has been laid down, However, a Code of Conduct for senior management has not been developed.

Check whether the code of conduct is The code of conduct is circulated to all staff of Company

circulated and also posted on the website of the the company in HR Policy. However, it is not posted on the website of the company.

with Guidelines and policies promulgated by the PCB. PCB/Ministry of Finance with respect to the structure, composition, selection, appointment and service conditions of Board of Directors and senior management personnel

Check whether the SOE has strictly complied The SOE has complied with Guidelines and



11. Company Secretary

Procedure	Findings
Check if the Board of Directors have appointed a Company Secretary who is competent to discharge the functions of secretary of the SOE	
Check if the Company Secretary is a full-time staff member appointed by and accountable to the Board	Company Secretary is a full-time staff member.
Check if the Company Secretary sends the Board Meeting attendance to PCB quarterly	Board Meeting attendance is sent to PCB by the Company Secretary quarterly.
Check whether Company Secretary has ensured timely, accessible and accurate filing of corporate statutory records as required by the law (Board meeting minutes), PCB and by the company's articles and by-laws	,,,, , , , , , , ,
Check if Company Secretary has signed minutes of Board meetings and ensured that minutes are signed by the Board of Directors present at the meeting	meetings and ensured that minutes are signed by



12. Reporting and Disclosure

Procedure

Findings

Check that the Board has ensured that any report delivered as an annual report includes, or has appended to it, a statement which acknowledges the directors' responsibilities for internal control and describes the methods by which this responsibility is discharged

The Annual report of 2020 has a statement that acknowledges the Board of Director's responsibilities towards the stewardship of MITDC's resources and the effectiveness of its systems of internal control and management risk. However, the annual report does not describe the methods by which this responsibility is discharged.

Check that this "Statement of Directors' Responsibilities" is signed by two or more Directors as representatives of the Board.

Statement of Directors' Responsibilities is not signed by the Directors.

Check that the disclosure of the methods used by the Board to discharge its responsibility for internal control must, as a minimum, includes a description of the following:

No disclosure has been made.

 the systems and processes in place for implementing, maintaining and monitoring of the internal controls

No disclosure has been made.

 the process by which the Board derives assurance that the internal control systems are effective

No disclosure has been made.

 the existence or otherwise of an internal audit function, and for companies where no internal audit function exists, the frequency of reviews for the need to establish one and the date of the last such review

No disclosure has been made.

 any significant enterprise areas not covered by the internal controls including joint ventures, subsidiaries or associates

No disclosure has been made.

 the process applied to any material problems disclosed in the annual report or financial statement





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David Mellor, Chief Executive Officer, Crowe Global

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Report to the Auditor General on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements



Table of Contents

	Page no.
Report to the Auditor General	3
Section A: Assessment of compliance with the PCB Corporate Governance Code	4
Section B: Assessment of Key Internal Controls	4
Section C: Assessment on Fraud Risks	5
Section D: Assessment of the Compliance with Procurement Procedures and Guidelines for SOEs of the Maldives	5
Section E: Assessment on the Compliance with Other Directives issued by PCB	6
Section F: Other Matters	7

Introduction

This report is produced pursuant to section 8.4 of the Regulation on the Audit and Accountability of State-owned Enterprises No: 2021/R-152. The report has been issued based on the audit procedures we conducted as part of obtaining reasonable assurance about whether Maldives Integrated Tourism Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with Corporate Governance Code issued by PCB, compliance with the Procurement Procedures and Guidelines for SOEs of the Maldives issued by the PCB, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

This report has five sections. They are:

Section A: Assessment of compliance with the PCB Corporate Governance Code;

Section B: Assessment of Key Internal Controls;

Section C: Assessment of Fraud Risks;

Section D: Assessment of Compliance with Procurement Procedures and Guidelines for SOEs of the Maldives issued by the PCB;

Section E: Assessment of Compliance with Other Directives issued by the PCB; and

Section F: Other Matters



Section A: Assessment on Compliance of Corporate Governance Code

As required by the Assessment on Compliance of Corporate Governance Code has been reported in Annex 1: Report on Factual Findings based on Agreed Upon Procedures carried out in accordance with International Standard on Related Services (ISRS 4400). Summary of our findings are noted below.

- MITDC has not carried out the total process of risk management as the entity has not approved or implemented risk management policy as of present.
- MITDC's annual report does not describe the methods by which the directors' responsibilities for internal control is discharged.



Section B: Assessment on Key Internal Controls

We have carried out the audit of Maldives Integrated Tourism Development Corporation in accordance with International Standards on Auditing (ISA)'s. During the audit we assessed risk of material misstatements in the financial statements through understanding of the entity as per ISA 315: "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment. Based on identified risks appropriate audit procedures were carried out in accordance with ISA 330: The Auditor's Responses to Assessed Risks, ISA: "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing and ISA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

We have observed following deficiencies in internal controls as part of the audit procedures carried out.

- > Absence of formally approved risk management framework.
- > Fixed asset policy does not give clear guidance on fixed assets capitalisation thresholds.
- Absence of receivables management and collection policy which lays out procedures on collection or write-offs of aged receivables.
- Company maintained its Goods Received Notes within its Purchase / Service requisition forms. However, the "Goods Received in Good Order" section was not filled in a consistent manner during the year.
- Reversals were made from accrued expenses account for which expenses was not originally accrued within the account. As a result, accrued expenses account had a debit closing balance due to inconsistent accounting entries.
- ➤ The Company has not recognised borrowings of MVR 15,420,000, accrued interest of MVR 1,233,600 and fine on overdue loan principal of MVR 2,557,986 on its loan from Ministry of Finance for integrated tourism development project in Kaashidhoo island. We were unable to obtain direct confirmation of the loan balance from Ministry of Finance.
- Company has incurred avoidable expenses from bank charges on two inactive bank accounts.
- Kaashidhoo Project has been recognised without being able to obtain the land title of the land on which the project is being constructed on. Without land titles, the company will not be able to build the proposed hotel in the island.



Section C: Assessment on Fraud Risks

We have carried out the audit of Maldives Integrated Tourism Development Corporation in accordance with International Standards on Auditing (ISA)'s. During the audit we assessed risk of material misstatements in the financial statements through understanding of the entity as per ISA 315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment. Based on identified risks appropriate audit procedures were carried out in accordance with ISA 330: The Auditor's Responses to Assessed Risks, ISA: "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing and ISA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

We did not observe any significant fraud risks that warrants reporting.

Section D: Assessment of the Compliance with Procurement Procedures and Guidelines for SOEs of the Maldives

As part of the substantive audit procedures, we have tested samples of transactions for compliance with PCB Procurement Procedures and Guidelines for SOEs of the Maldives.

We did not observe any significant non-compliance that warrants reporting.



Section E: Assessment on the Compliance with Other Directives issued by PCB

PCB has issued following additional directives which is applicable to the entity.

1. Reports to be submitted to PCB

	Every year
 First quarter report 	By 15 th April
 Second quarter report 	By 15 th July
 Third quarter report 	By 15 th October
 Fourth quarter report 	By 15 th January
 Forecasted budget for next three years 	By 30 th September
 Business plan for next three years 	By 31st October
 Provisional accounts 	By 31 st March
 Monthly cashflow report 	By 15 th of every month

- 2. Reports to be submitted within 15 days of Company's Annual General Meeting
 - Annual report
 - Director's report
 - Meeting minutes

We have carried out assessment of the Maldives Integrated Tourism Development Corporation's compliance with those directives.

➤ The Company has failed to submit quarterly reports by the deadline for third and fourth quarter reports as the reports were submitted to PCB on 16th December 2021 and 13th February 2022 respectively.

With the above exception, we did not observe any significant non-compliances to Other Directives issued by PCB that warrants reporting.



Section F: Other Matters

We have carried out the audit of Maldives Integrated Tourism Development Corporation in accordance with International Standards on Auditing (ISA)'s. During the audit we assessed risk of material misstatements in the financial statements through understanding of the entity as per ISA 315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment. Based on identified risks appropriate audit procedures were carried out in accordance with ISA 330: The Auditor's Responses to Assessed Risks, ISA: "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing and ISA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

We did not observe any other matters that warrants reporting except those issues that has been reported in the Management Letter issued to the entity

This report is intended solely for the information and use of the Auditor General of Republic of Maldives and is not intended to be, and should not be, used by anyone other than those specified parties.

Hassan Mohamed

Managing Partner



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