MALDIVES HAJJ CORPORATION LIMITED

AUDITED FINANCIAL STATEMENTS
December 31, 2022

CONTENTS

IP/GW/AF

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Independent Auditors Report to the shareholders of
Maldives Hajj Corporation Limited

Opinion

We have audited the accompanying financial statements of Maldives Hajj Corporation Limited which comprises the statement of financial position as at 31 December 2022, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view, in all material aspects, of the financial position of the Company, as at 31 December 2022 and of its financial performance and its cashflows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors 'opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditors 'responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Audit Matters	How our audit addressed the key audit matter
Contract Liabilities	**Audit procedures included the following:**
As at 31 December 2022 the Company's advances received from customers, as disclosed in note 27 to these financial statements, amount to MVR 279,011,920/-	evaluated the design, implementation and operating effectiveness of relevant key controls over recording of advances received from Customers.
Contract liabilities were a key audit matter due to: Significance of amounts reported. Advance received from customers represent 93% of the Company's total liabilities	Checked recorded amounts to bank statements. Our testing also included checking journal entries posted during the year.
Use of judgement by management on Company's ability to satisfy its performance obligation to customers from whom advances have been received.	Assessed reasonableness of Management's judgement on Company's ability to satisfy its performance obligation to customers from whom advances have been
Appropriateness of disclosures, including current and non-current classification of such advances in the financial statements.	Assessed the appropriateness of current vs non - current classification by reference to the actual number of pilgrims in subsequent year.
	We also assessed the adequacy of the disclosures in note 6 and 27 to the financial statements.

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Independent Auditors Report to the shareholders of Maldives Hajj Corporation Limited (Continued)

Other Matter

The financial statements of Maldives Hajj Corporation Limited for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 24 January 2023.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) 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

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

Ali Faris Mohamed
ICAM-IL-7NB
Faris & Co LLP
25 December 2023
Male'

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P-0022/2016 Male' Maldives

MALDIVES HAJJ CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER	Note	2022 MVR	2021 MVR
Revenue	6	50,057,725	4,262,927
Cost of Sales	7	(89,464,519)	(3,731,041)
Gross Profit (Loss)		(39,406,794)	531,885
Other Income	8	1,136,718	134,318
Administrative Expenses	9	(7,018,160)	(5,898,732)
Marketing Expenses	10	(182,351)	(116,420)
Earnings Before Depreciation, Amortization, Finance Cost and Tax		(45,470,587)	(5,348,949)
Depreciation and Amortization Expenses	11	(1,516,461)	(1,449,298)
Finance Income	12	7,372,202	7,288,453
Finance Costs	13	(1,042,010)	(922,833)
Profit / (Loss) Before Tax From Operating Activities		(40,656,856)	(432,626)
Income Tax (Expense)/ Credit	14	-	-
Profit/ (Loss) For The Year		(40,656,856)	(432,626)
Earning/ (Loss) Per Share	15	(81)	(1)

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

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MALDIVES HAJJ CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	2022 MVR	2021 MVR
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	16	1,445,817	1,190,899
Right-of-Use Asset	17.1	7,935,092	9,110,660
Intangible assets	18	215,652	215,652
Financial assets at amortized cost	19	62,510,879	62,260,919
Land	20	23,249,157	-
Total Non-Current Assets		95,356,597	72,778,130
Current Assets			
Inventory	21	2,099,828	3,492,606
Trade and Other Receivables	22	22,766,088	21,520,530
Financial assets at amortized cost	19	85,000,000	95,226,367
Cash and Cash Equivalents	23	35,030,159	16,505,595
Total Current Assets		144,896,075	136,745,098
TOTAL ASSETS		**240,252,672**	**209,523,228**
EQUITY AND LIABILITIES			
Equity			
Share Capital	24	44,005,250	41,005,250
Accumulated Profit/ (Loss)		(102,331,277)	(61,674,421)
Total Equity		(58,326,027)	(20,669,171)
Non-Current Liabilities			
Loans and Borrowings	25	7,011,677	-
Lease Liability	17.2	7,780,873	8,816,312
Contract Liabilities		242,560,155	191,799,900
Total non-current liabilities		257,352,705	200,616,212
Current Liabilities			
Trade and Other Payables	26	339,035	631,447
Loans and Borrowings	25	3,399,755	-
Lease Liability	17	1,035,439	958,740
Contract Liabilities	27	36,451,765	27,986,000
Total current liabilities		41,225,994	29,576,187
Total Liabilities		298,578,699	230,192,399
TOTAL EQUITY AND LIABILITIES		**240,252,672**	**209,523,228**

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by:

Name of the Director — Signature

Abdulla Naseer Mohamed

Mohamed Shakeel

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

25-Dec-23
Male'

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MALDIVES HAJJ CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

	Share Capital	Accumulated Profit/(Loss)	Total MVR
Balance as at 01 January 2021	**38,005,250**	**(61,241,795)**	**(23,236,545)**
Issued and paid up capital	3,000,000		3,000,000
Profit/(Loss) for the Period		(432,626)	(432,626)
Dividends		-	-
Balance as at 31 December 2021	**41,005,250**	**(61,674,421)**	**(20,669,171)**
Issued and paid up capital	3,000,000		3,000,000
Profit/(Loss) for the Period		(40,656,856)	(40,656,856)
Dividends		-	-
Balance as at 31 December 2022	44,005,250	(102,331,277)	(58,326,027)

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

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MALDIVES HAJJ CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOW

AS AT 31 DECEMBER	2022 MVR	2021 MVR
Cash Flow from Operating Activities		
Profit/ (Loss) For The Year	(40,656,856)	(432,626)
Depreciation	340,892	273,730
Right of Use Asset Amortisation	1,175,568	1,175,568
Interest on Right of Use Assets	721,260	792,278
(Increase)/Decrease in Inventories	1,392,778	(2,831,830)
(Increase)/Decrease in Trade and Other Receivables	(1,245,558)	1,093,294
(Increase)/Decrease in Amount due from Related Parties	-	35,000,000
Increase/(Decrease) in Trade and Other Payables	(292,412)	(26,698)
Change in advance received from customers	50,760,255	37,291,245
Net Cash Flow from opening Activities	20,661,692	72,334,961
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(595,810)	(407,188)
Purchase of Intangible Asset	-	(215,652)
(Purchase) / Sale of Financial Instruments	9,976,407	(75,241,525)
(Purchase) / Sale of Land	(23,249,157)	-
Net Cash Flow before Financing Activities	(13,868,560)	(75,864,365)
Cash Flow from Financing Activities		
Increase/ (Decrease) in Loans and borrowings	10,411,432	-
Increase/(Decrease) in Capital	3,000,000	3,000,000
Lease instalment paid during the year	(1,680,000)	(1,680,000)
Net Cash provided by/ (used in) Financing Activities	11,731,432	1,320,000
Net (Decrease) / Increase in Cash and Cash Equivalents	18,524,564	(2,209,404)
Cash and Cash Equivalents at beginning of the Period	16,505,595	18,714,999
Cash and Cash Equivalents at end of the Period	35,030,159	16,505,595
Supplemental Disclosures		
Interest paid	-	-
Income Tax paid	-	-
	-	-

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

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(In the notes all amounts are shown in Maldivian Rufiyaa unless otherwise stated)

1 General information

These financial statements, for the period 01 January 2022 to 31 December 2022 relate to Maldives Hajj Corporation Limited

The principal objective of the Company is to engage in facilitating travel to Saudi Arabia for pilgrims to perform Hajj and Umrah services.The registered office of the company is located at Ma. Ministry of

2 Basis of preparation

These financial statements presented in Maldivian Rufiyaa and have been prepared on a historical cost basis.

The statement of financial position, statements of income, cash flows and changes in equity together with accounting policies and notes, ("financial statements") of the Company as at 31 December 2022 and for the year then ended; comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

2.1 Date of authorization of issue

The financial statements of Maldives Hajj Corporation Limited for the year ended 31 December 2022 were authorized for issue dated 24th December 2023 in accordance with a resolution of the Board of Directors.

2.2 Comparative information

Comparative figures of the financial statements have been reclassified to confirm with current year's classifications.

2.3 Statement of compliance

The financial statements of Maldives Hajj Corporation Limited have been prepared in accordance with international Financial Reporting Standards.

3 Summary of significant accounting policies

3.1 Functional and presentation currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are converted to functional currency using the exchange rates prevailing at the time the transactions were effected. Foreign exchange gain and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monitory assets and liabilities denominated in foreign currencies are recognized in the income statement.

3.2 Current versus non-current classification

The Corporation presents assets and liabilities in statement of financial position based on current / non current classifyication. 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

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All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily f or 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

The Corporation classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Revenue recognition

The Company is in the business of carrying out services to facilitate travel to Saudi Arabia for pilgrims to perform Hajj and Umrah services and selling pilgrim items such as Aqeega and Ihram. Revenue from contracts with customers is recognised when control of the goods or services are transfered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The specific criteria described below must also be met before revenue is recognised

Rendering of services

Revenue on rendering of services principally includes revenue from Hajj and Umrah services. The following specific criteria are used for the purpose of recognition of revenue.

- Hajj revenue is recognised at a point in time when pilgrims complete Hajj pilgrimages.
- Umrah revenue is recognised at a point in time when pilgrims complete Umrah pilgrimages.

Revenue from the sale of Ageega and Ihram is recognised at the point in time when control of the asset is transferred to the customer.

Other income

Other income is recognised on an accrual basis.

Contract balances

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 recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is requlred before payment of the consideration is due) Refer to the Accounting policies of Financial instruments - initial recognition and subsequent measurement.

Contract liabilities

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

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3.4 Expenditure recognition

Expenses are recognized in the income statement on the basis of a 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 equiprnent in a state of efficiency has been recognised in income statement.

3.5 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct 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 capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equiprnent. When parts of an item of property, plant and equipment have different useful lives, they are accounted fcr 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 then proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carryinq 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 derecoqnised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as Incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern expected pattern of consumption of the future economic benef its embodied in the asset.

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

Office equipment	05 years
Kitchen equipment's & items	03 years
Computers & peripherals	05 years
Furniture and fixtures	10 years

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

3.6 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairrnent whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite usef ul life is reviewed at least at each finaicial year end. Changes in the expected useful life or the expected pattern of consumption ol future econonric benefits embodied in the asset is accounted for by changing the amortisation period or method, as approprlale, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

3.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at banks and cash in hand.

Statement of cash flows is prepared in "indirect method". For the purpose of statement of cast f lows, cash and cash equivalents consist of cash in hand and balances with banks as defined above, net of outstanding bank overdrafts, if any.

3.8 Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be used in operations or sold in the ordinary course of business less the estimated processing cost to make them usable for operations. The value of each category of inventory is determined on weighted average cost basis.

3.9 Financial instruments - initial recognition and subsequent measurement

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

Financial assets include cash and bank and receivables. The accounting policies for each financial asset are stated separately.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cosl, faii- value through other comprehensive income (OCI), and fair value through profit or loss.

I he classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation 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 amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interset (SSPI) on the principal amount outstanding. This assessment is referred to asthe SPPI test and is performed at instrument level.

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 recognised on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

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Subsequent measurement

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

- Financial assets at amortised 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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Corporation. The Corporation measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Corporation's financial assets at amortised cost includes trade and other receivables, inventory, f inancial investments under other non-Current f inancial assets.

Financial assets at fair value through OCI (debt instruments)

The Corporation measures debt instruments at fair value through 0CI if both of the following condltions are met:

- The financial asset is held within a business model with the objective of both holding lo 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 recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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 profit or loss. Dividends are recognised as other income in the statement of profit or loss 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 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.

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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, includinq 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 nrodel. Notwithstanding the criterla for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value throuqh profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accountinq mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial posltion at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-flnancial 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 rneet 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 recognised 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 f inancial asset out of the fair value through prof it or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounled 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 profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Corporation of sirnilar financial assets) is prlmarily derecognised (i.e., removed from the Corporation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in fullwithout materialdelay to a third party under a'passthrough' arrangement; and either (a) the Corporation has transferred subtantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation 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 of the risks and rewards of the asset, nor transferred control of the asset, the Corporation contlnues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis thal reflects the rights and obligations that the Corporation has retained.

Continuing involvement that takes the form of a quarantee 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 Corporation could be required to repay.

Impairment of financial assets

The Corporation applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Corporation does not track changes In credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reportinq date. The Corporation 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

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 recognised 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 other payables and advances received from customers

De-recognition

Financial liability is de-recognised 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 exchanqe 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 recognised in the statement of comprehensive income.

Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow 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 Corporation expects some or all of a provision to be reimbursed, for exarnple, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

4.0 Leases

The company assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

(a) Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

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4.1 Employee benefits

All local (Maldivian National) Employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives pension Act Law No. 8/2009 handled by Maldives Pension Administration Office (MPAO) from May 2011.

4.2 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

4.3 New and Amended Standards and Interpretations

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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will e xer its d eferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegoliation.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after I January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or afler the beginning of the earliest period presented when the entity first applies the amendrnent. The amendments are not expected to have a material impact on the Company.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

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IFRS 9 Financial Instruments - Fees in the'10 per cent'test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modlfied or exchanged on or after the beginning of the annual reportinq period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after I January 2022 tvith earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS B

In February 2021, the IASB issued amendments to IAS B, in which it introduces a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application Is permitted as long as this fact is disclosed.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

4 Summary of significant accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities,and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities aff ected in f uture periods

4.1 Going concern

The Company has suffered a loss of MVR 40,656,856/- (2021: MVR 432,626/-) for the year ended 31 December 2022 and recorded an accumulated loss of MVR 102,331,278/- (2021: MVR 61,674,422/-) as at 31 December 2022.

Despite the above facts, 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 operations. The Directors have made such assessment considering the continuous financial support have been provided and will be provided by the shareholders of the Company.

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4.2 Financial risk management

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history.

(c) Liquidity risk

As a part of its overall prudent liquidity management the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirement.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

5.0 Auditing and Taxation

5.1 Taxation

The new Income Tax Act (25/2019) was published on December 17, 2019 and is effective from January 01, 2020 which repeals the previous Business Profit Tax regime. Hence, the company is subject to Income Tax with effect from January 01, 2020 and is liable to pay 15% Income tax on profits earned above the tax-free threshold.

Deferred Tax

The provision on deferred tax is made on temporary differences between the carrying value and tax base of Property, plant and equipment and carried forward tax losses. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

5.2 Auditing

Majority of the businesses registered in the Maldives are required to submit their audited financial statements to the Ministry of Economic Development and Maldives Inland Revenue Authority.

5.3 Estimates

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could

6 Revenue

Revenue	31 Dec 2022	31 Dec 2021
Hajj revenue	30,406,525	-
Umra revenue	17,517,661	4,168,485
Room sales	1,568,142	-
Ageega sales	540,647	90,042
Ihram sales	24,750	4,400
Total	50,057,725	4,262,927

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MALDIVES HAJJ CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

7 Cost of Sales

		31 Dec 2022	31 Dec 2021
Slaughtering expense		1,066,871	61,812
Airline tickets and visas		19,378,961	2,251,615
Allowances to helpers and staff		297,992	40,478
Miscellaneous		127,005	135,821
Food expenses		2,106,261	171,120
Hotel and other accommodations		45,672,370	725,425
Luggage and clothes		1,395,055	97,364
Books and other documents		87,967	8,043
Medical expenses		524,774	108,874
Transportation costs		8,162,930	130,491
Muthawwif Charges		10,644,333	-
		89,464,519	3,731,041

8 Other Income

		31 Dec 2022	31 Dec 2021
Miscellaneous income		1,054,736	131,924
Sponsorships		50,000	-
		1,136,718	134,318

9 Administrative Expenses

		31 Dec 2022	31 Dec 2021
Consumables and cleaning		71,473	66,676
Electricity		200,765	143,133
Entertainment		46,767	31,317
Internet		146,896	31,382
License and permits		4,000	3,236
Miscellaneous expenses		102,776	-
Office expenses		12,840	5,875
Printing and stationery		141,532	54,367
Professional and consulting fees		141,005	234,650
Rent		-	4,920
Repairs and Maintenance		69,276	72,959
Software maintenance		52,879	-
Telephone and communication		13,438	47,108
Training		53,600	16,794
Travelling		1,515	234,801
Water charges		7,655	16,811
Other Expenses		46,826	104,156
Personnel costs	[9.1]	5,904,914	4,830,547
		7,018,160	5,898,732

9.1 Personnel Costs

		31 Dec 2022	31 Dec 2021
Pension expense		177,653	147,691
Salaries and wages to employees		5,246,641	4,171,206
Remuneration - Directors		480,620	511,650
		5,904,914	4,830,547

10 Marketing Expenses

		31 Dec 2022	31 Dec 2021
Advertisement expenses		182,351	116,420
		182,351	116,420

11 Depreciation and Amortization Expenses

		31 Dec 2022	31 Dec 2021
Depreciation		340,892	273,730
Right of Use Asset Amortization		1,175,569	1,175,568
		1,516,461	1,449,298

		31 Dec 2022	31 Dec 2021
12	**Finance Income**		
	HDFC Wakala investment income	4,491,685	4,479,164
	HDFC Mudaraba Sukuk	1,713,567	1,733,880
	Return from GIA	1,166,950	1,075,409
		7,372,202	7,288,453

		31 Dec 2022	31 Dec 2021
13	**Finance Costs**		
	Bank Charges	320,750	130,555
	Finance Cost-ROU	721,260	792,278
		1,042,010	922,833

		31 Dec 2022	31 Dec 2021
14	**Income Tax**		
	Income Tax - Current	-	-
	Deferred tax provided/(reversed) during the year	-	-
		-	-

		31 Dec 2022	31 Dec 2021
14.1	**Income tax- Current**		
	Accounting profit	(48,029,058)	(6,928,801)
	Add: Disallowed expenses	2,237,721	2,241,575
	Less: Allowed expenses	2,169,048	2,046,051
	Other Adjustments	47,960,385	6,733,277
	Taxable profit	-	-
	Tax free threshold	500,000	500,000
	Profit subject to tax for the year	-	-
	Income Tax @ 15% - current	-	-

		31 Dec 2022	31 Dec 2021
14.2	**Deferred tax**		
	Accumulated tax losses		
	Carry forward loss at the end of year	113,474,079	65,513,695
	Deferred Tax (asset)/liability of loss for the year	17,021,112	9,827,054
	Temporary difference of PPE		
	Difference in PPE for the year	(1,442,910)	(1,190,898)
	Deferred Tax (asset)/liability of PPE for the year	(216,437)	(178,635)
	Total Deferred Tax		
	Deferred Tax (asset)/liability of Loss for the year	17,021,112	9,827,054
	Deferred Tax (asset)/liability of PPE for the year	(216,437)	(178,635)
	Total Deferred tax (asset)/liability for the year	16,804,675	9,648,420
	Movement of deferred tax		
	Balance as at year beginning	9,648,420	8,691,643
	Provision made/ (reversed) during the year	-	-
	Balance as at year end	16,804,675	9,648,420

		31 Dec 2022	31 Dec 2021
14.3	**Unrecognized Deferred tax**		
	Deferred tax asset on accumulated tax losses	17,021,112	9,827,054
	Temporary difference on PPE	(216,437)	(178,635)
	Total Deferred tax (asset)/liability as at year end	16,804,675	9,648,420

Deferred tax asset has not been recognized in respect of the above because it is not probable that future taxable profit will be available against which the company can utilize the benefits there from.

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15 Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	31 Dec 2022	31 Dec 2021
Profit/Loss for the year	(40,656,856)	(432,626)
Number of Shares	500,000	500,000
Earnings Per Share	(81)	(1)

16 Property, plant and equipment

Cost	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**
Kitchen equipment and items	223,347	134,350	-	357,697
Furniture and fittings	1,390,270	140,787	-	1,531,057
Computer and Peripherals	1,089,680	290,143	-	1,379,823
Office equipment	739,056	30,530	-	769,586
	3,442,352	595,810	-	4,038,162

Depreciation	**Opening Balance**	**Charge for the Period**	**Disposals Accmu. Dep**	**Closing Balance**
Kitchen equipment and items	212,720	24,791	-	237,512
Furniture and fittings	679,805	146,967	-	826,772
Computer and Peripherals	710,446	131,541	-	841,987
Office equipment	648,482	37,593	-	686,075
	2,251,453	340,892	-	2,592,346

Net Carrying Value	**Opening Balance**	**Additions NCV**	**Disposals NCV**	**Closing Balance**
Kitchen equipment and items	10,627	109,559	-	120,185
Furniture and fittings	710,465	(6,180)	-	704,285
Computer and Peripherals	379,234	158,602	-	537,836
Office equipment	90,573	(7,063)	-	83,510
	1,190,899	254,917	-	1,445,817
Net Book Values	1,190,899			1,445,817

17 Lease

17.1 Right-of-Use Assets

	31 Dec 2022	**31 Dec 2021**
Cost		
Balance as at 1 January	11,755,688	11,755,688
Adjustment due to rent concession on lease	-	-
Additions during the year	-	-
Balance as at 31 December	**11,755,688**	**11,755,688**
Accumulated amortization		
Balance as at 1 January	(2,645,028)	(1,469,460)
Adjustment due rent concession on lease	-	-
Depreciation charge during the year	(1,175,568)	(1,175,568)
Balance as at 31 December	**(3,820,596)**	**(2,645,028)**
Net Carrying Value	**7,935,092**	**9,110,660**

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17.2 Lease Liability	31 Dec 2022	31 Dec 2021
Balance as at 1st January	9,775,052	10,662,774
Additions during the year	-	-
Interest in Lease Liability	721,260	792,278
Payment of lease Liability	(1,680,000)	(1,680,000)
Adjustment due to rent concession on lease	-	-
Balance as at 31 December	8,816,312	9,775,052
Non-Current Liability	**7,780,873**	**8,816,312**
Current Liability	**1,035,439**	**958,740**

17.3 Amounts recorded in Profit and Loss	31 Dec 2022	31 Dec 2021
Depreciation expense of right-of-use assets	(1,175,568)	(1,175,568)
Interest expense on lease liabilities	721,260	792,278
Total recognized in Statement of Comprehensive Inco	**(454,308)**	**(383,290)**

18 Intangible assets	Software	Work in Progress	Total
For the year ended 31 December 2022			
Balance at 1st January 2022	220,718	215,652	436,370
incurred cost/Capital advance	-	-	-
Balance as at 31 December	220,718	215,652	436,370
Amortization			
Balance at 1st January 2022	220,718	-	220,718
Amortization for the period	-	-	-
Balance as at 31 December	220,718	-	220,718
Net book value	-	215,652	215,652
For the year ended 31 December 2021			
Balance at 1st January 2021	220,718	-	220,718
Incurred Cost/Capital advance	-	215,652	215,652
Balance as at 31 December	220,718	215,652	436,370
Amortization			
Balance at 1st January 2021	220,718	-	220,718
Amortization for the period	-	-	-
Balance as at 31 December	220,718	-	220,718
Net book value	-	215,652	215,652

19 Financial assets at amortized cost	31 Dec 2022	31 Dec 2021
HDFC Mudaraba Sukuk	21,000,000	21,000,000
HDFC Wakalah	40,000,000	40,000,000
Profit receivable from investment	1,510,879	1,260,919
Balance as at year end	62,510,879	62,260,919
Current assets		
HDFC Wakalah (Note 12.1)	20,000,000	20,000,000
MIB General Investment	65,000,000	75,226,367
	85,000,000	95,226,367

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		31 Dec 2022	31 Dec 2021
20	**Land**	**31 Dec 2022**	**31 Dec 2021**
	Hulhumale Lot 11701	23,249,157	-
	Total	23,249,157	-
21	**Inventory**	**31 Dec 2022**	**31 Dec 2021**
	Stock in hand	2,099,828	3,492,606
	Total	2,099,828	3,492,606

22	**Trade and Other Receivables**	**31 Dec 2022**	**31 Dec 2021**
	Trade receivables	628,186	76,133
	Other receivables	378,708	378,708
	Prepayments	20,869,843	20,176,338
	Refundable Deposits	889,351	889,351
	Total	22,766,088	21,520,530

23	**Cash and Cash Equivalents**	**31 Dec 2022**	**31 Dec 2021**
	Cash in hand	450,088	414,555
	Cash at bank	34,580,071	16,091,040
	Total	35,030,159	16,505,595

24	**Share Capital**	**31 Dec 2022**	**31 Dec 2021**
	Authorized Share Capital		
	100,000,000 Ordinary shares of MVR 10 each	1,000,000,000	1,000,000,000
	Issued Share Capital		
	4,400,525 (2022:) Ordinary shares of MVR 10 each	44,005,250	44,005,250

25 Loan and Borrowings

(a) Current/ non-current classification

	Repayable in one year	Repayable after one year	31 Dec 2022	31 Dec 2021
Non-Bank Loan	3,399,755	7,011,677	10,411,432	-
Total	3,399,755	7,011,677	10,411,432	-

(b) Movement in loans and borrowings

	Opening Balance	Loan Obtained	Loan Repaid	Closing Balance
Non-Bank Loan	-	10,411,432	-	10,411,432
Total	-	10,411,432	-	10,411,432

26	**Trade and Other Payables**	**31 Dec 2022**	**31 Dec 2021**
	Other payables	238,530	631,447
	Professional fees payable	100,505	-
	Total	339,035	631,447

27	**Contract Liabilities**	**31 Dec 2022**	**31 Dec 2021**
	Advance received from customers	279,011,920	219,785,900
	Total	279,011,920	219,785,900
	Non current	242,560,155	191,799,900
	Current	36,451,765	27,986,000

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28 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

29 Capital commitments and contingencies

The Company had no significant capital commitments, contingent assets or contingent liabilities as at the statement of financial position date.

30 Events occurring after the reporting date

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

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