

Maldives Industrial Fisheries Company Ltd

Financial Statement - 31 December 2023

Independent auditor's report

To the Shareholders of Maldives Industrial Fisheries Company Limited

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Maldives Industrial Fisheries Company Limited (the Company). The financial statements of the Company comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Material uncertainty relating to going concern

We draw attention to note 33 in the financial statements, which indicates that the company's accumulated losses as at 31 December 2023 amounted to MVR 870,959,588 (2022: MVR 1,169,663,885) and as of that date, the Company had a net current liability position of MVR 496,343,318.

As stated in Note 33, 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS's) as issued by International Accounting Standards Board, 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

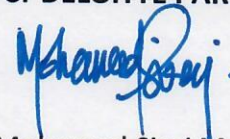
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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.

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.

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10 June 2024.

For DELOITTE PARTNERS



Mohamed Siraj Muneer
Partner

MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Statement of profit or loss and other comprehensive income

For the year ended 31st December

	Note	2023 MVR	2022 MVR
Revenue	6	2,008,805,560	1,612,086,147
Cost of sales	9	(1,776,401,526)	(1,482,657,313)
Gross profit		232,404,034	129,428,834
Other income	7	634,699,323	826,964,640
Administrative expenses	9	(385,454,125)	(340,733,224)
Selling and marketing expenses	9	(5,137,806)	(8,398,950)
(Provision) / reversal for impairment loss on trade receivables	17.2	(2,963,431)	7,789,760
Other operating expenses	9	(100,740,494)	(254,226,963)
Results from operating activities		372,807,501	360,824,097
Finance income	8	2,911,680	4,120,093
Finance costs	8	(69,320,044)	(44,931,944)
Net finance costs		(66,408,364)	(40,811,851)
Profit before tax		306,399,137	320,012,246
Tax expense	10	(8,069,728)	-
Profit for the year		298,329,409	320,012,246
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	23.1	374,888	288,375
Total other comprehensive income		374,888	288,375
Profit and other comprehensive income for the year		298,704,297	320,300,621
Basic earnings per share	11	207.19	222.25

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 of the Company set out on pages 8 to 42. The Report of the Independent Auditors is given on pages 1 to 3.



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

Statement of financial position

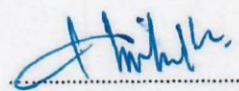
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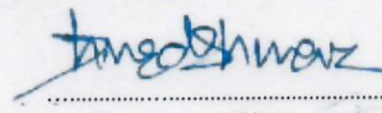
	Note	31/12/2023 MVR	31/12/2022 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	12	615,783,293	382,560,820
Intangible assets	13	278,336	626,009
Right-of-use assets	14	36,131,779	38,579,184
Total non-current assets		<u>652,193,408</u>	<u>421,766,013</u>
Current assets			
Inventories	16	354,426,548	317,807,564
Trade and other receivables	17	380,708,404	208,327,766
Amounts due from related parties	18	-	-
Cash and cash equivalents	19	23,645,476	33,535,980
Total current assets		<u>758,780,428</u>	<u>559,671,310</u>
Total assets		<u>1,410,973,836</u>	<u>981,437,323</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	431,960,700	431,960,700
Reserves	21	2,769,881	2,769,881
Accumulated losses		(870,959,588)	(1,169,663,885)
Total equity		<u>(436,229,007)</u>	<u>(734,933,304)</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	22	91,170,461	4,885,509
Amounts due to related parties	27	366,178,572	-
Defined benefit obligation	23	71,536,180	67,885,228
Lease liabilities	24	36,655,916	39,210,851
Deferred income	25	26,537,967	27,457,142
Total non-current liabilities		<u>592,079,097</u>	<u>139,438,730</u>
Current Liabilities			
Loans and borrowings	22	14,484,192	4,570,255
Lease liabilities	24	5,848,219	2,994,928
Trade and other payables	26	384,110,166	230,538,722
Amounts due to related parties	27	200,273,577	694,786,599
Bank overdrafts	19	650,407,592	644,041,393
Total current liabilities		<u>1,255,123,746</u>	<u>1,576,931,897</u>
Total liabilities		<u>1,847,202,843</u>	<u>1,716,370,627</u>
Total equity and liabilities		<u>1,410,973,836</u>	<u>981,437,323</u>

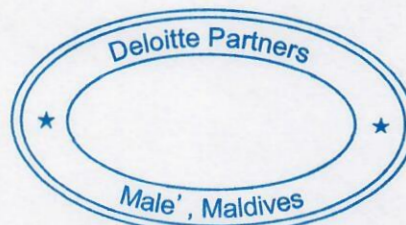
Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 42. The Report of the Independent Auditors is given on pages 1 to 3.

These financial statements were approved by the Board of Directors and signed on 10 June 2024


Ilyas Haneef
Chief Financial Officer


Shimaz
Board Director



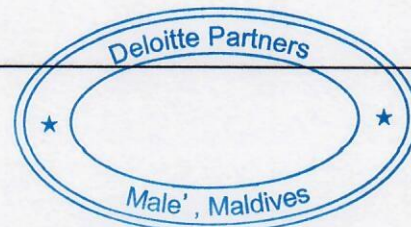
MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Statement of changes in equity

For the year ended 31st December

	<u>Share Capital MVR</u>	<u>General Reserve MVR</u>	<u>Accumulated Losses MVR</u>	<u>Total Equity MVR</u>
As at 1 st January 2022	431,960,700	2,769,881	(1,489,964,506)	(1,055,233,925)
Profit for the year	-	-	320,012,246	320,012,246
Other comprehensive income for the year	-	-	288,375	288,375
As at 31 st December 2022	<u>431,960,700</u>	<u>2,769,881</u>	<u>(1,169,663,885)</u>	<u>(734,933,304)</u>
As at 1 st January 2023	431,960,700	2,769,881	(1,169,663,885)	(734,933,304)
Profit for the year	-	-	298,329,409	298,329,409
Other comprehensive income for the year	-	-	374,888	374,888
As at 31 st December 2023	<u>431,960,700</u>	<u>2,769,881</u>	<u>(870,959,588)</u>	<u>(436,229,007)</u>

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 of the Company set out on pages 8 to 42. The Report of the Independent Auditors is given on pages 1 to 3.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

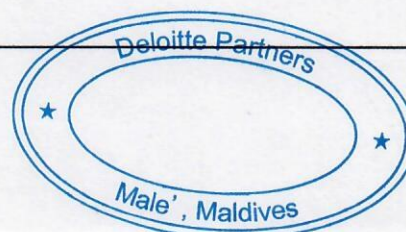
Statement of cash flows

For the year ended 31st December

		2023	2022
		MVR	MVR
Cash flows from operating activities	Note		
Profit before tax		298,329,409	320,012,246
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	12	38,039,053	45,820,498
Gain from land transfer	7	(256,506,400)	-
Amortization of intangible assets	13	347,672	686,146
Amortization of capital grants	25	(919,175)	(917,991)
(Reversal) / provision for impairment of trade receivables and due from related parties	17.2/17.3	2,963,431	(7,789,760)
(Reversal) / Provision for fish rejection receivables	17.2/17.3	(18,019,182)	13,187,480
Provision for other receivable	17.4	-	8,291,049
Government loan conversion into government grant	22.7	-	(576,467,762)
Disposal loss of property plant and equipment	7	-	34,775,178
Disposal gain of right of use assets	14	-	195,243
Depreciation of right of use assets	14	2,447,405	2,789,194
Provision for retirement benefit obligation	23.1	7,892,428	6,180,053
Interest expense	8	69,320,044	44,931,944
Operating profit /(loss) before working capital changes		<u>143,894,685</u>	<u>(108,306,482)</u>
Working capital changes			
Change in inventories		(36,618,983)	20,250,203
Change in trade and other receivables		(143,991,555)	(124,975,310)
Change in receivable from Ministry of Finance		(13,333,332)	-
Change in trade and other payables		153,571,445	49,540,707
Change in amounts due to related parties		(128,334,450)	73,340,225
Cash used in operating activities		<u>(24,812,191)</u>	<u>(90,150,656)</u>
Payments of retirement benefit obligation	23	(3,866,589)	(1,523,593)
Interest paid		(42,808,532)	(41,638,067)
Net cash used in operating activities		<u>(71,487,312)</u>	<u>(133,312,316)</u>
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	12	(271,261,526)	(56,533,477)
Net cash used in investing activities		<u>(271,261,526)</u>	<u>(56,533,477)</u>
Cash flows from financing activities			
Government grant received	7.1	236,666,668	23,130,000
Loans and borrowings obtained	22	100,527,421	-
Repayments of borrowings	22	(9,816,957)	(8,328,713)
Principal element of lease payments	24	(884,997)	(2,102,581)
Net cash generated from financing activities		<u>326,492,135</u>	<u>12,698,706</u>
Net decrease in cash and cash equivalents		(16,256,703)	(177,147,087)
Cash and cash equivalents at beginning of the year		<u>(610,505,413)</u>	<u>(433,358,326)</u>
Cash and cash equivalents at end of the year	19	<u>(626,762,116)</u>	<u>(610,505,413)</u>

Figures in brackets indicate deductions.

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MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements

1. REPORTING ENTITY

These financial statements relate to the operations of Maldives Industrial Fisheries Company Limited (MIFCO), (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the Act No.25/82 on 1 November 1993.

The principal activities of the Company are export of frozen fish, canned tuna, Katsubishi, fish meal and retail sales in the local market by the name Fasmeeru products. The address of its registered office is Block No.389, Hilalee Magu, Male', Republic of Maldives.

The immediate parent entity of the Company was State Trading Organization PLC till 30 December 2023.

The Government of Maldives, pursuant to the decision by the Cabinet Meeting on 5th December 2023, communicated via letter of Presideent office dated 14th December 2023 (Reference No 1-POL(PRA) 13/2023/329), have decided to nationalize and re-acquire whole of the shares of MIFCO. In light of this decision, The Ministry of Finance and, State Trading Organization PLC and Allied Insurance Company of Maldives Private Limited being the current shareholders of MIFCO have reached on an agreement to transfer all of its shares with any and a financial, legal and corporate undertakings and liabilities attached to Government of Maldives on 20th December 2023.

The Parties agreed that for the purpose completing accounting formalities, including identifying the assets and liabilities of MIFCO and transfer of controlling ownership held by STO and Allied Insurance Company (STO group), the cut-off date of share transfer shall be 30th December 2023.

The company is fully owned by the Government of Maldives with effective from 30 December 2023.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board.

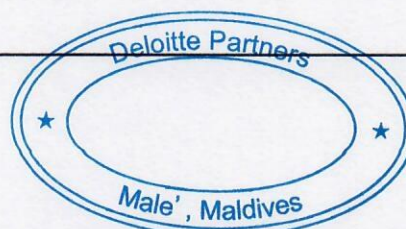
(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

The decision has been taken by management of the Company to maintain the reporting currency as Maldivian Rufiyaa in the financial statements since most of the business transactions are dealt in Maldivian Rufiyaa.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the respective notes.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the respective notes.

i. Measurement of fair values

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.

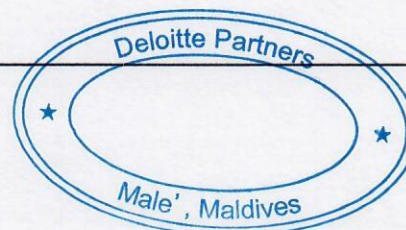
The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow :

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

3.1 Adoption of new or revised standards and interpretations

(A) Adoption of new or revised standards and interpretations.

The Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2023. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and are not expected to significantly affect current or future period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

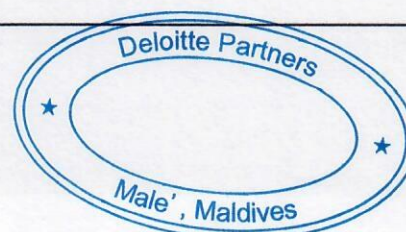
- i. Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies – Amendments in IAS 1
- ii. Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- iii. Income Taxes—International Tax Reform—Pillar Two Model Rules - Amendments in IAS 12
- iv. Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates – Amendment to IAS 8
- v. IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) - IFRS 17 insurance standard and amendments are not applicable to the Company.

(B) New and amended accounting standards not yet adopted

A number of new standards for annual periods beginning after 01 January 2023 and earlier application is permitted; however, the Company has not early adopted the amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- Classification of Liabilities as Current or Non-current – amendments to IAS 1.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - amendments to IFRS 10 and IAS 28.
- Non-current Liabilities with Covenants - amendments to IAS 1.
- Supplier Finance Arrangements – amendments to IAS 7 and IFRS 7.
- Lease Liability in a Sale and Leaseback - amendments to IFRS 16.
- General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1.
- Climate-related Disclosures - IFRS S2; and,
- Lack of exchangeability - Amendments to IAS 21.



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

4.2 Revenue

Revenue is recognised upon satisfaction of performance obligation. Revenue recognition occurs at a point in time when control is transferred to the customer, generally on delivery of the goods and service.

Customer obtain control of the goods when the goods are handed over to customers. Payment of the transaction price is due immediately when the customer purchases the fish products and takes delivery in store. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

4.3 Finance income and finance costs

Finance cost comprises interest expenses on borrowings and foreign exchange loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

4.4 Income tax

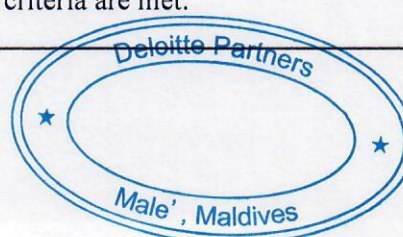
Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Income tax (continued)

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;

Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

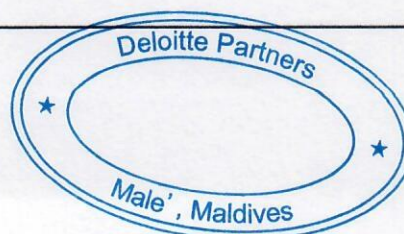
Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first in first out and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Property, plant and equipment

(i) Recognition and measurement

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

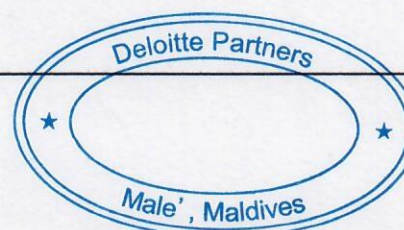
Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling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

(ii) 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 profit or loss as incurred.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

Buildings and warehouses	20 Years
Plant and machineries	15 Years
Sea vessels, launches, dhonis, barges and fleet equipment	10 Years
Motor vehicles	5 Years
Jetty piers and infrastructure	20 Years
Furniture, fitting, office and laboratory	5 Years

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

The charge for the depreciation commences from the date in which the asset is available for use and charged up to the date of disposal.

4.7 Intangible assets

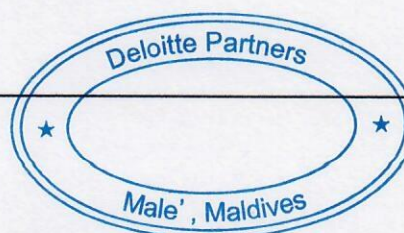
(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(iii) Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 Years
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4.8 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Classification and subsequent measurement

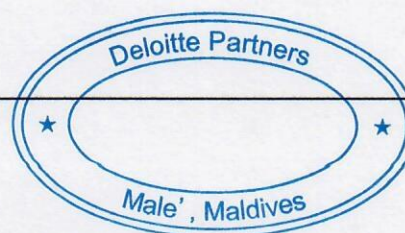
Financial assets

On initial recognition, a financial asset is classified and measured at: amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") – Debt investment, FVOCI – equity investment or FVTPL.

Financial assets are not classified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
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Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

Financial assets - Business model assessment

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether the cash flows are solely payment of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

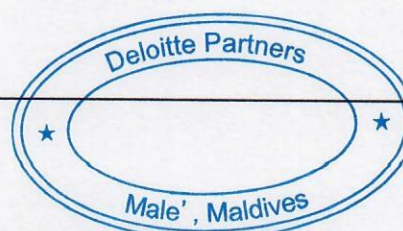
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(iii) Financial assets - subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
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(iv) Financial liabilities – classification, subsequent measurement and gains and losses

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



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments (Continued)

The Company's non-derivative financial liabilities consist of amount due to related parties, loans and borrowings and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(v) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(vi) Offsetting

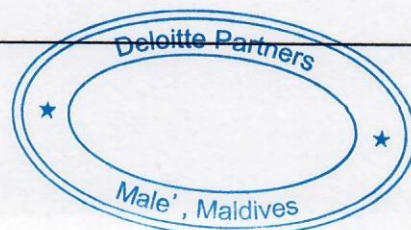
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.9 Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12 month ECLs.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
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Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Impairment (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

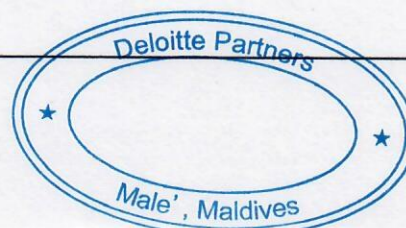
- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Impairment (Continued)

(ii) Non-financial assets (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.10 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.

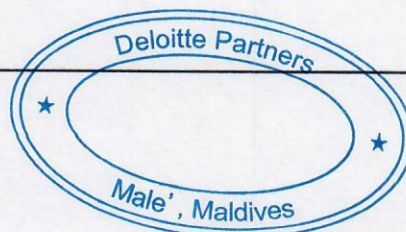
4.11 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company contributes 7% of members' salary into the scheme with an additional, minimum, 7% of salary being contributed by the members.

(b) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.



4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Employee benefits (continued)

(c) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

4.13 Leases

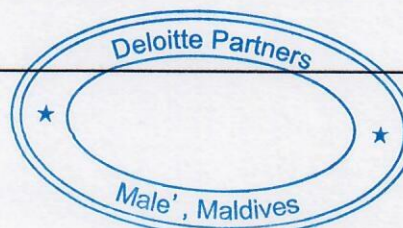
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right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

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 stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes 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 costs incurred and an estimate of costs 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 from 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 a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Leases (Continued)

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

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4.14 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.

4.15 Fair value measurement

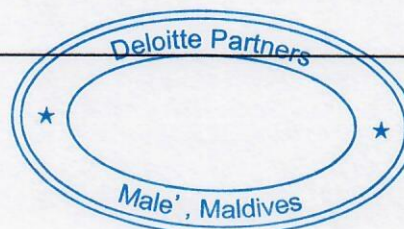
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value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



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Fair value measurement (continued)

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.

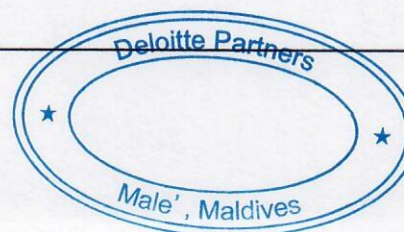
5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the Company and to maintain an optimal capital structure to reduce the cost of capital.

Borrowings from related Companies are in the nature of subordinated debt and are treated as part of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and 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.

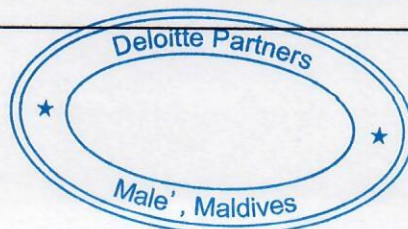
	31/12/2023	31/12/2022
	MVR	MVR
Total liabilities	1,847,202,843	1,716,370,627
Less: Cash and cash equivalents (Note 19)	(23,645,476)	(33,535,980)
Net debt	1,823,557,367	1,682,834,647
Total equity	(436,229,007)	(734,933,304)
Net debt to equity ratio	High debt	High debt



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
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Notes to the financial statements (continued)

For the year ended 31st December

6 REVENUE	2023	2022
	MVR	MVR
Frozen fish	1,731,988,468	1,434,841,483
Fasmeeru retail sales	321,554,842	257,557,690
Canned fish	148,496,681	142,831,861
Sales of ice	11,221,569	19,048,978
Fishmeal	28,607,060	27,320,005
Fresh fish	-	340
Other products	1,666,641	195,658
	<u>2,243,535,261</u>	<u>1,881,796,015</u>
Less: export related expenses (Note 6.1)	<u>(234,729,701)</u>	<u>(269,709,868)</u>
	<u><u>2,008,805,560</u></u>	<u><u>1,612,086,147</u></u>
6.1 Export related expenses		
Freight and other expenses	206,724,165	160,303,502
Cost of fish rejections and short landings	28,005,536	109,406,366
	<u>234,729,701</u>	<u>269,709,868</u>
7 OTHER INCOME	2023	2022
	MVR	MVR
Sales of fuel	106,208,287	226,216,544
Staff shop sales	6,444,677	7,210,240
Rental income	456,000	418,000
Sales of water	47,024	142,418
Income from ferry service	120,000	12,831
Amortisation of deferred income (Note 25)	917,992	917,992
Gain from assets disposal	256,506,400	-
Government grant (Note 7.1)	250,000,000	740,144
Loans waived by government (Note 22.6)	-	576,467,757
Other income	13,998,943	14,838,714
	<u>634,699,323</u>	<u>826,964,640</u>
7.1 The Government has approved MVR 250,000,000/- as fisheries subsidy in the 2023 fiscal budget. The government has disbursed MVR 236,666,668/- as of balance sheet. Balance amount has been disbursed after the balance sheet date.		
8 NET FINANCE COSTS	2023	2022
	MVR	MVR
Finance income		
Foreign exchange gain	2,911,680	4,120,093
	<u>2,911,680</u>	<u>4,120,093</u>
Finance costs		
Interest on borrowings (Note 22)	(6,196,348)	(612,409)
Interest on related party loan	(12,669,249)	(4,642,290)
Interest on bank overdraft	(46,368,924)	(35,741,906)
Interest on lease liabilities (Note 24)	(4,085,522)	(3,935,339)
	<u>(69,320,044)</u>	<u>(44,931,944)</u>
Net finance costs	<u>(66,408,364)</u>	<u>(40,811,851)</u>



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements (continued)

For the year ended 31st December

9 EXPENSES BY NATURE

	2023	2022
	MVR	MVR
Cost of fish	1,156,513,463	908,651,921
Employee benefit expense (Note 9.1)	298,098,012	251,147,174
Local product cost	279,651,432	229,229,555
Cost of fuel consumed	184,949,537	167,870,972
Cost of MGO sold	96,542,026	219,252,188
Repairs & maintenance	41,112,330	50,898,364
Depreciation (Note 12)	38,039,053	45,820,498
Cost of packing materials	25,326,745	26,873,796
Other expenses	32,383,311	25,800,743
Cost of material	39,938,817	50,512,456
Cost of oil	19,063,748	17,599,388
Bank charges	5,215,650	3,505,388
Travelling expenses	13,687,866	10,605,715
Sales & marketing	4,458,564	4,851,481
Visa & passport expenses	7,685,818	5,554,644
Amortization of intangible assets (Note 13)	347,672	686,146
Telephone, internet charges	3,435,146	2,886,474
Electricity	2,769,280	2,337,692
Amortization of right of use assets (Note 14)	2,447,405	2,789,193
Cost of Gas	2,147,305	2,096,133
Cost of firewood	1,390,387	1,543,645
Insurance expenses	1,181,952	2,827,453
Stationery & office supplies	1,441,061	1,473,734
Damage & spoilage expenses	2,283,953	838,136
Cost of brine salt	3,121,563	3,293,689
Cost of freezing materials	1,110,694	1,648,969
Professional fee	686,977	569,595
WHT expenses	1,339,314	597,553
Staff insurance	1,157,285	1,043,555
IT expenses	207,587	143,972
Loss from Ice plant disposal		33,598,491
Provision for other receivable (Note 17.4)	-	8,291,049
Loss from Ice Plant Disposal - Inventory written off	-	1,176,687
	<u>2,267,733,952</u>	<u>2,086,016,450</u>

Classified as:

Cost of sales	1,776,401,527	1,482,657,313
Administrative expenses	385,454,125	340,733,224
Other operating expenses	100,740,494	254,226,963
Selling and marketing expenses	5,137,806	8,398,950
	<u>2,267,733,952</u>	<u>2,086,016,450</u>



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
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Notes to the financial statements (continued)

For the year ended 31st December

9.1 EXPENSES BY NATURE (CONTINUED)

	2023	2022
	MVR	MVR
Employee benefit expenses		
Salaries and wages	234,784,754	194,800,525
Employer's contribution to government pension fund	4,676,076	4,461,318
Staff medical	752,589	1,358,995
Staff welfare and food	49,992,165	44,346,283
Provision for retirement benefit (Note 23)	7,892,428	6,180,053
	<u>298,098,012</u>	<u>251,147,174</u>

10 INCOME TAX EXPENSE

2023	2022
MVR	MVR

10.1 Current tax expense

Current tax expense (Note 10.2)	8,069,728	-
Deferred tax asset recognized during the year	-	-
	<u>8,069,728</u>	<u>-</u>

10.2 Reconciliation between accounting profit and tax loss:

2023	2022
MVR	MVR

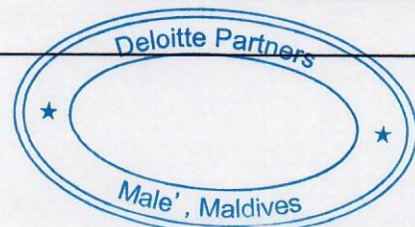
Profit before tax	306,399,137	320,012,246
Aggregate disallowable items	170,038,453	154,539,123
Aggregate allowable items	(443,877,801)	(204,526,228)
Accumulated tax loss claim	-	(270,025,141)
Tax Income for the year	32,559,789	-
Gain on disposal of property subject to capital gains tax	21,238,400	-
Total taxable income for the year	53,798,189	-
Size of the tax bracket available at 0%	(500,000)	-
Amount subject to tax at 15%	53,298,189	-
Income tax @ 15%	<u>8,069,728</u>	<u>-</u>

In accordance with the provisions of the Income Tax Act No. 5 of 2020 and subsequent amendments and regulations thereto, the Company is liable for income tax on its taxable profits at the rate of 15%. However, no provision for the income tax is made since the Company has incurred a tax loss during the year.

10.3 Accumulated tax losses

31/12/2023	31/12/2022
MVR	MVR

Opening balance	452,069,072	808,088,161
Adjustment with respect of previous years	-	(85,993,948)
Tax loss claim	-	(270,025,141)
Tax loss claim not eligible due to change in shareholders	(452,069,072)	-
Closing balance	<u>-</u>	<u>452,069,072</u>



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Notes to the financial statements (continued)

For the year ended 31st December

10.0 INCOME TAX EXPENSE (CONTINUED)

10.4 The unrecognized deferred tax assets are attributable to the following:

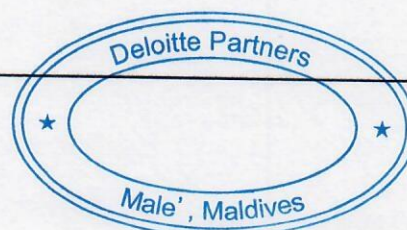
	31/12/2023		31/12/2022	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	9,823,218	1,473,483	18,736,363	2,810,454
Intangible assets	(156,900)	(23,535)	155,456	23,318
Accumulated tax losses	-	-	452,069,072	67,810,361
Defined benefit obligation	71,536,180	10,730,427	67,885,228	10,182,784
	<u>81,202,498</u>	<u>12,180,375</u>	<u>538,846,118</u>	<u>80,826,917</u>

The Company has not recognized the above deferred tax assets since it is not probable that the Company will generate future taxable profits against which these benefits could be utilized.

11 BASIC EARNINGS PROFIT PER SHARE

The calculation of basic earnings profit per share is based on profit for the year attributable to the ordinary shareholders and weighted number of ordinary shares outstanding during the year and calculated as follows:

	2023	2022
Profit attributable to the ordinary shareholders - MVR	298,329,409	320,012,246
Weighted average number of ordinary shares	1,439,869	1,439,869
Basic earnings per share - MVR	<u>207.19</u>	<u>222.25</u>



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Notes to the financial statements (continued)

For the year ended 31st December

12 PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings and Warehouses		Plant and Machineries		Sea vessels, Launches, Dhonis, Barges and Fleet equipments		Motor vehicles		Jetty piers and infrastructure		Furniture, fittings, office and store, laboratory		Capital work-in-progress		Total		
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	
Balance as at 1 st January	317,348,089	460,770,002	354,275,205	46,669,303	70,002,882	155,721,730	43,873,712	1,448,660,923	1,456,920,947								
Additions during the year	3,835,614	11,156,375	63,437,583	3,342,949	-	12,894,552	176,594,453	271,261,526	56,533,477								
Disposal during the year (Note 12.2)	-	-	(15,937,700)	-	-	-	-	(15,937,700)	(64,793,501)								
Transfers from CWIP	-	-	-	-	-	-	-	-	-								
Written-off during the year	-	-	-	-	-	-	-	-	-								
Balance as at 31 st December	321,183,703	471,926,377	401,775,088	50,012,252	70,002,882	168,616,283	220,468,165	1,703,984,749	1,448,660,923								
Accumulated depreciation																	
Balance as at 1 st January	229,892,365	322,273,653	268,578,624	40,306,138	65,848,710	139,200,613	-	1,066,100,103	1,051,474,615								
Charge for the year (Note 9)	6,655,809	12,088,665	8,309,193	2,745,109	723,150	7,517,127	-	38,039,053	45,820,498								
Disposal during the year (Note 12.2)	-	-	(15,937,700)	-	-	-	-	(15,937,700)	(31,195,010)								
Written-off during the year	-	-	-	-	-	-	-	-	-								
Balance as at 31 st December	236,548,174	334,362,318	260,950,117	43,051,247	66,571,860	146,717,740	-	1,088,201,456	1,066,100,103								
Net carrying value																	
As at 31 st December 2023	84,635,528	137,564,059	140,824,971	6,961,005	3,431,022	21,898,543	220,468,165	615,783,293	382,560,820								
As at 31 st December 2022	87,455,724	138,496,349	85,696,581	6,363,165	4,154,172	16,521,117	43,873,712										

12.1 The capital work-in-progress at the end of the reporting period comprises of following projects;

Ongoing Vessel (Three) Acquisition & Modification	55,943,756
Brine Freezing Facility at Kooddoo Fisheries Complex	43,305,977
Brine Freezing Facility and Cold Storage at Gdh. Thinaadhoo	40,703,956
Funaddoo Fisheries Complex development project	23,130,000
Felvaru Expansion Project	22,725,120
Felvaru RO Plant (150 TPD) Installation	4,183,608
Gdh. Gadhoo Ice Plant	8,264,086
Kooddoo Power House Extension	3,290,699
Gdh. Thinaadhoo Storage Project	4,170,582
Fuvahmulah Fish Collection Centre	2,189,353
MIFCO Head Office Extension	1,382,901
Quality Assurance New Lab - Kooddoo Fisheries Complex	-
Guest house extension - Kooddoo Fisheries Complex	1,392,887
Felvaru Ice Plant	272,380
Kooddoo office relocation	664,128
KFC Futsal Court	3,014,238
Other ongoing projects	1,109,461
	473,925
	9,785,240
	2,415,146

12.2 Pursuant to the agreement signed between the Company and Fenaka Corporation Limited (Fenaka) dated 22 September 2022 (Agreement Number - 134-CSD/AG/2022/23) and its subsequent amendments, the company has transferred 13 ice plants to the Fenaka Corporation Limited with effect from 1st October 2022. Accordingly, the Company has transferred assets, resources, and liabilities of 13 ice plants operations to the Fenaka. (Ice plant namely - Ha Invaadhoo, N.Lhoi, R. Alifushi, B. Thinaadhoo, F. Thinaadhoo, Th. Hirinadhoo, G. Dhivevadhoo, Ga. Gemaafushi, Ga. Kolamaafushi, Ga. Dhaandhoo, Gdh. Faresmaadhoo, Gdh. Fiyaree & S. Hirinadhoo Ice plants), which have been disclosed under disposal in building amounting to MVR 9,489,513/-, Plant and machinery amounting to MVR 22,350,746/- and office equipment amounting to MVR 1,230,373/- and Capital working progress amounting to MVR 554,645/-.

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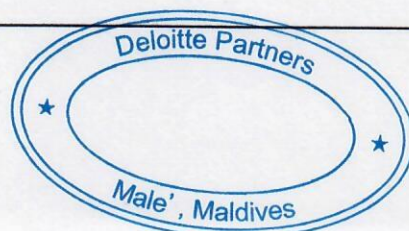
Notes to the financial statements (continued)

For the year ended 31st December

13 INTANGIBLE ASSETS	Computer software MVR	Capital work- in-progress MVR	Total 2023 MVR	Total 2022 MVR
Cost				
As at 1 st January	18,162,634	-	18,162,634	18,162,634
As at 31 st December	18,162,633	-	18,162,633	18,162,634
Accumulated amortization				
As at 1 st January	17,536,625	-	17,536,625	16,850,479
Amortization for the year (Note 9)	347,672	-	347,672	686,146
As at 31 st December	17,884,297	-	17,884,297	17,536,625
Net carrying value				
As at 31 st December 2023	278,336	-	278,336	
As at 31 st December 2022	626,009	-		626,009
14 RIGHT OF USE ASSET			31/12/2023	31/12/2022
Cost			MVR	MVR
Opening balance			47,557,162	37,072,857
Additions during the year			-	8,929,134
Modifications during the year (Note 14.2)			-	4,027,919
Derecognitions during the year			-	(2,472,749)
As at 31 st December			47,557,162	47,557,162
Accumulated depreciation				
Opening balance			8,977,978	6,863,750
Charge for the year			2,447,405	2,789,194
Derecognitions during the year			-	(674,966)
Closing balance			11,425,383	8,977,978
Net carrying value			36,131,779	38,579,184
14.1	The Company has recognised right of use asset in relation to the leasehold rights of lands, buildings and Ice plants. As per the agreements, any extensions to the lease periods have to be mutually agreed with the government. Therefore extensions have not been considered for determination of lease term.			
14.2	Lease modification represents impact of lease extensions during the year.			
15 EQUITY ACCOUNTED INVESTEEES			31/12/2023	31/12/2022
			MVR	MVR
As at 1 st January			21,637,400	21,637,400
Less: Impairment of the investment (Note 15.1)			(21,637,400)	(21,637,400)
As at 31 st December			-	-
15.1 Provision for impairment of the investments				
As at 1 st January			21,637,400	21,637,400
Add: Provision for the year			-	-
As at 31 st December			21,637,400	21,637,400

Maldives Marine Products Private Limited

The Company acquired 211,474 shares of Maldives Marine Products Private Limited at MVR 100/- each on 19th October 2011. This represent 30% of the shareholding of the investee Company. The principal activity of the Company is to export frozen fish and retail sales in the local market.



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Notes to the financial statements (continued)

For the year ended 31st December

15 EQUITY ACCOUNTED INVESTEEES (CONTINUED)

Ukulas Private Limited

The Company acquired 49% shareholding in Ukulas Private Limited during the year ended 31st December 2012 for the consideration of MVR 490,000/-.

The Board decided to impair its investments held in associates on 30th September 2016. The two companies are dormant at present and no activities have been carried out in the past several years

16 INVENTORIES

	31/12/2023	31/12/2022
	MVR	MVR
Raw material	106,120,010	97,915,732
Consumables	128,209,494	103,723,948
Finished goods	99,328,262	141,130,586
Fuel and lubricants	13,458,623	15,142,428
Shop inventories	9,269,144	6,330,344
Goods in transit	45,236,285	759,797
Less: Provision for slow and non-moving inventories (Note 16.1)	(47,195,271)	(47,195,271)
	<u>354,426,548</u>	<u>317,807,564</u>

16.1 Provision for slow and non moving inventories

As at 1 st January	47,195,271	47,195,271
Write off provision	-	-
Add: Provision for the year	-	-
As at 31 st December	<u>47,195,271</u>	<u>47,195,271</u>

17 TRADE AND OTHER RECEIVABLES

	31/12/2023	31/12/2022
	MVR	MVR
Trade receivables	285,368,285	265,967,078
Less : Provision for impairment loss (Note 17.1)	(135,991,980)	(151,047,731)
	<u>149,376,305</u>	<u>114,919,347</u>
Prepayments	75,439	416,375
Receivable from Ministry of Finance	13,333,332	-
Other receivables	226,214,376	101,283,093
less : Provision for impairment of other receivables (Note 17.4)	(8,291,049)	(8,291,049)
	<u>380,708,404</u>	<u>208,327,766</u>

17.1 Provision for impairment loss

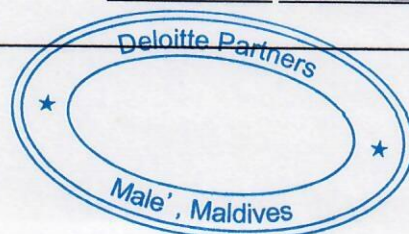
Provision for impairment of trade receivables (Note 17.2)	134,879,771	131,916,340
Provision for reject fish receivables (Note 17.3)	1,112,209	19,131,391
	<u>135,991,980</u>	<u>151,047,731</u>

17.2 Provision for impairment of trade receivables

As at 1 st January	131,916,340	139,706,100
Provision during the year	-	-
Reversal during the year	2,963,431	(7,789,760)
As at 31 st December	<u>134,879,771</u>	<u>131,916,340</u>

17.3 Provision for reject fish receivables

As at 1 st January	19,131,391	5,943,911
Provision during the year	(18,019,182)	13,187,480
Reversal during the year	-	-
As at 31 st December	<u>1,112,209</u>	<u>19,131,391</u>



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Notes to the financial statements (continued)

For the year ended 31st December

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

	31/12/2023 MVR	31/12/2022 MVR
17.4 Provision for impairment of other receivables		
Provision made during the year	-	8,291,049
As at 31 st December	<u>8,291,049</u>	<u>8,291,049</u>

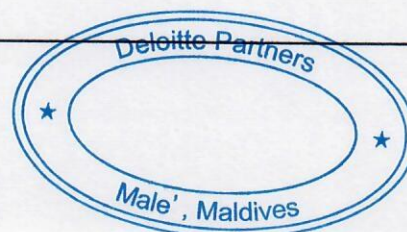
18 AMOUNTS DUE FROM RELATED PARTIES

	31/12/2023 MVR	31/12/2022 MVR
Maldives Marine Products Private Limited	13,010,881	13,010,881
Ukulas Private Limited	<u>1,056,179</u>	<u>1,056,179</u>
	14,067,060	14,067,060
Provision for impairment loss for Ukulas Private Limited	(1,056,179)	(1,056,179)
Provision for impairment loss for Maldives Marine Products Private Limited	<u>(13,010,881)</u>	<u>(13,010,881)</u>
	-	-

19 CASH AND CASH EQUIVALENTS

	31/12/2023 MVR	31/12/2022 MVR
Favorable balances		
Cash in hand	8,602,733	1,216,465
Balances at banks	<u>15,042,743</u>	<u>32,319,515</u>
	23,645,476	33,535,980
Unfavorable balances		
Bank overdrafts (Note 19.1)	(650,407,592)	(644,041,393)
Cash and cash equivalents	<u>(626,762,116)</u>	<u>(610,505,413)</u>
Source of finance of overdraft facilities		

- 19.1** The Company entered into a loan agreement with SME Development Finance Corporation Private limited dated 17 September 2020 and obtained an overdraft facility amounting to MVR 570,000,000/- at an interest rate of 6% annually for the purpose of working capital management requirement. The overdraft facility tenor has been extended by another two years with effective from 16 September 2022. The facility is secured by a government guarantee.
- 19.1** The Company renewed a overdraft facility with Habib bank limited dated on 1 July 2023 for the one year amounting to USD 600,000/- at and interest rate 9% per annum or 1 month LIBOR+5%, whichever is higher. The facility is secured by a government guarantee.
- 19.2** The Company renewed an overdraft facility with State bank of India dated on 17 August 2023 for the one year amounting to USD 1,000,000/- at an interest rate 10% per annum. The facility is secured by a government guarantee.
- 19.3** The Company entered into a short term loan agreement with Habib bank limited dated 28 October 2021 and obtained short term loan facility amounting to MVR 75,000,000/- at and interest rate 8% per annum or 3 month T-bill +3%, whichever is higher. The overdraft facility is renewed on 30 June 2023 for another one year . The facility is secured by a Lien over FDR amounting MVR 82.5M in the name of Sate Trading Organisation PLC.



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Notes to the financial statements (continued)

For the year ended 31st December

20 SHARE CAPITAL

20.1 Authorized

The total authorized share capital comprises of 2,000,000 (2022: 2,000,000) ordinary shares with a par value of MVR 300/- per share.

20.2 Issued and fully paid

The issued and fully paid share capital comprises of 1,439,869 (2022: 1,439,869) ordinary shares with a par value of MVR 300/- per share.

20.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company.

21 RESERVES

	31/12/2023 MVR	31/12/2022 MVR
General reserve (Note 21.1)	2,769,881	2,769,881

21.1 This is a non-distributable capital reserve, which is brought forward from Felivaaru.

22 LOANS AND BORROWINGS

	31/12/2023 MVR	31/12/2022 MVR
As at 1 st January	9,455,768	593,639,834
Loans obtained during the year	100,527,421	-
Loans waived by government (Note 22.6)	-	(576,467,762)
Repayments during the year	(9,816,957)	(8,328,713)
Interest for the year	5,488,422	612,409
As at 31 st December	<u>105,654,653</u>	<u>9,455,768</u>

22.1 Sources of finance

Ministry of Fisheries and Agriculture	4,343,494	5,478,019
Bank of Maldives	783,743	3,977,749
Habib Bank	100,527,421	-
	<u>105,654,658</u>	<u>9,455,768</u>

22.2 Maturity analysis

Non - current liabilities

Loans and borrowings (Note 22.3)	<u>91,170,461</u>	<u>4,885,509</u>
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Current liabilities

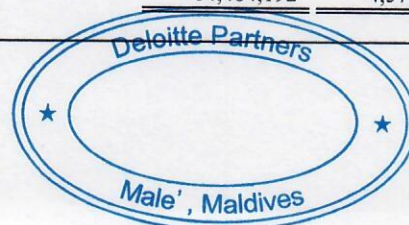
Loans and borrowings (Note 22.4)	<u>14,484,192</u>	<u>4,570,255</u>
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22.3 Non - current liabilities

Bank of Maldives III	-	542,018
Ministry of Fisheries and Agriculture I	2,294,155	2,905,930
Ministry of Fisheries and Agriculture II	914,811	1,437,561
Habib Bank term loan	87,961,495	-
	<u>91,170,461</u>	<u>4,885,509</u>

22.4 Current liabilities

Bank of Maldives III	783,738	2,900,640
Bank of Maldives IV	-	535,087
Ministry of Fisheries and Agriculture I	611,776	611,776
Ministry of Fisheries and Agriculture II	522,752	522,752
Habib Bank term loan	12,565,926	-
	<u>14,484,192</u>	<u>4,570,255</u>



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Notes to the financial statements (continued)

For the year ended 31st December

22 LOANS AND BORROWINGS (CONTINUED)

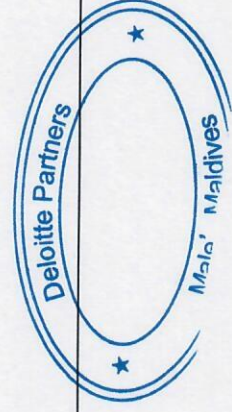
22.5 Terms and Repayment Schedule

Source of finance	Purpose	Nominal interest rate	Maturity Date	Security	Carrying amount	
					31/12/2023 MVR	31/12/2022 MVR
Ministry of Fisheries and Agriculture I	Finance lease	Interest free	30-Jun-2027	None	2,905,931	3,517,706
Ministry of Fisheries and Agriculture II	Marine resources	Interest free	28-Feb-2024	Government of Maldives	1,437,563	1,960,313
Bank of Maldives III	Ice plant loans	8%	30-Jun-2024	Mortgage of leasehold right of commercial plot and all buildings,	783,738	3,442,658
Bank of Maldives IV	Term loan	9.75%	28-Feb-2023	Note - 22.7	-	535,091
Habib Bank Limited	Term Loan	7.50%	5-Jun-2028	Note - 22.8	100,527,421	-
					<u>105,654,653</u>	<u>9,455,768</u>

22.6 Pursuant to the decision made by the Maldives Economic Council on 27 February 2023 and subsequent letters received from Ministry of Finance dated on 8 March 2023 and 26 March 2023 (13/D/1/134/2023/03 , 13/D/1/134/2023/034) , the Government of Maldives waived the loan balance and interest & penalty interest accumulated as at 31 December 2021 amounting to MVR 576,467,762/- with effect from 1 January 2022.

22.7 Borrowings are secured over vessels Randhi 19, Randhi 20, Randhi 22, Randhi 23, Randhi 24, Randhi 25, Randhi 26, Randhi 29, Randhi 30, Kalaminja 402 and Kalaminja 403 and guaranteed by Government of Maldives.

22.8 Borrowings are guaranteed by Government of Maldives.



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Notes to the financial statements (continued)

For the year ended 31st December

23 DEFINED BENEFIT OBLIGATION	31/12/2023	31/12/2022
	MVR	MVR
Opening balance	67,885,228	63,517,143
Current service cost	3,954,445	3,163,556
Interest cost	3,937,983	3,016,497
Actuarial gain for the year	<u>(374,888)</u>	<u>(288,375)</u>
	75,402,768	69,408,821
Less: Payments during the year	<u>(3,866,589)</u>	<u>(1,523,593)</u>
Closing balance	<u><u>71,536,180</u></u>	<u><u>67,885,228</u></u>

23.1 Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation.

	31/12/2023	31/12/2022
	MVR	MVR
<i>Recognized in profit or loss</i>		
Current service cost	3,954,445	3,163,556
Interest cost	<u>3,937,983</u>	<u>3,016,497</u>
	<u><u>7,892,428</u></u>	<u><u>6,180,053</u></u>
<i>Recognized in other comprehensive income</i>		
Actuarial gain for the year	<u>(374,888)</u>	<u>(288,375)</u>
	<u><u>(374,888)</u></u>	<u><u>(288,375)</u></u>

23.2 All the local employees who are working in the company (who have completed 10 years of service) are entitled to the retirement benefits under the Company policy.

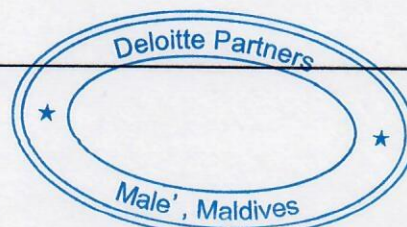
23.3 The retirement benefit obligation of the Company is estimated based on the actuarial valuation carried out by Smiles Global (Private) Limited as at 31st December 2023. Key assumptions used in the calculation are as follows :

	31/12/2023	31/12/2022
Expected salary increment	5.00%	5.00%
Discount rate	4.60%	4.60%
Staff turnover rate	18.00%	25.00%

23.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31/12/2023		31/12/2022	
	Increase MVR	Decrease MVR	Increase MVR	Decrease MVR
Expected salary increment (1% movement)	2,680,358	(2,507,535)	2,674,839	(2,176,354)
Discount rate (1% movement)	(2,729,855)	2,962,826	(2,516,027)	2,881,622
Staff turnover rate (1% movement)	(140,652)	143,571	50,794	(51,619)



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For the year ended 31st December

23 DEFINED BENEFIT OBLIGATION (CONTINUED)

Analysis of maturity profile

The analysis was performed based on the future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date

31st December 2023

Future expected working life

	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	9	0.37	1,843,411
Between 1-2 years	45	1.57	7,127,832
Between 2-5 years	52	4.14	6,480,004
Between 5-10 years	109	7.80	16,591,216
Beyond 10 years	708	25.82	39,493,717
Total	923	39.69	71,536,180

31st December 2022

Future expected working life

	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	17	0.51	2,732,400
Between 1-2 years	18	1.39	3,482,314
Between 2-5 years	876	3.88	61,670,514
Between 5-10 years	-	-	-
Beyond 10 years	-	-	-
Total	911	5.78	67,885,228

24 LEASE LIABILITY

	31/12/2023 MVR	31/12/2022 MVR
Opening balance	42,205,779	32,997,842
Additions during the year	-	8,625,925
Modifications during the year	-	4,331,128
Add : Interest expense for the year	4,085,522	3,935,340
Less : Principal paid during the year	(884,997)	(2,102,581)
Less : Interest paid during the year	(2,902,169)	(3,588,849)
Disposals during the year	-	(1,993,026)
Closing balance	<u>42,504,135</u>	<u>42,205,779</u>

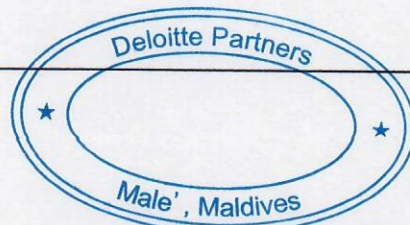
24.1 Lease modification represents extension of lease right for the Kooddoo Fisheries Complex.

24.2 Maturity analysis

Current liability	5,848,219	2,994,928
Non-current liability	36,655,916	39,210,851
	<u>42,504,135</u>	<u>42,205,779</u>

24.3 Maturity analysis of future undiscounted contractual cash flows are as follows :

	31/12/2023	31/12/2022
Less than one year	5,583,927	5,199,154
Between one and five years	25,631,777	24,331,803
More than five years	119,933,571	131,796,301
	<u>151,149,275</u>	<u>161,327,258</u>



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements (continued)

For the year ended 31st December

25 DEFERRED INCOME	31/12/2023	31/12/2022
	MVR	MVR
As at 1 st January	27,457,142	5,985,277
Add: Additions during the year	-	22,389,856
Less: Amortization during the year	(919,175)	(917,991)
As at 31 st December	<u>26,537,967</u>	<u>27,457,142</u>

25.1 Deferred income comprises the value of the hull of dhoni 07, which was received from Ministry of Fisheries and Agriculture of Maldives as a Government Grant. The cost value of the hull amounting to MVR 1,235,313/- was capitalized under launches, dhonis and barges in 2014.

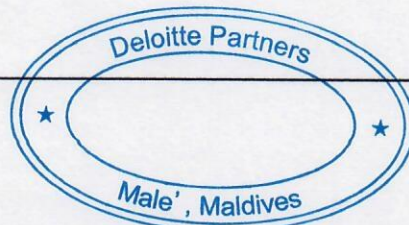
Additionally deferred income includes a grant of MVR 2,476,248/- received from Ministry of Fisheries, Agriculture and Marine Resources over the ice plant loan amounting to MVR 6,351,413/-. These grants are amortized over the useful life of the assets. The Ministry of Finance and Treasury has granted MVR 3,463,128/- during the year ended 31st December 2018 to build a 25 ton ice plant complex under the Fisheries Infrastructure development program in Y. Fuvahmulah.

The Ministry of Environment and Energy has granted MVR 2,559,380/- during the year ended 31st December 2019 to switch over from HCFC based Air – Conditioning (AC) technologies to Zero ODP and Low GWP technologies.

Pursuant to the memorandum of understanding signed between the Company and Ministry of Fisheries, Marine Resources & Agriculture dated 08 February 2022 and its subsequent amendments, the company has received government grant amounting to USD 1,500,000/- to acquire the leasehold rights of Th.Funaddoo together with the all buildings, machineries and equipment in the food processing factory with effective from 6 March 2022. Accordingly, the Company acquired the lease hold right of island including all buildings, machineries, and equipment. As per the memorandum of understanding, The Management is engaged with necessary action to start operation of Funaddoo fisheries complex.

26 TRADE AND OTHER PAYABLES	31/12/2023	31/12/2022
	MVR	MVR
Trade payables	347,265,556	118,090,218
Dividend payable	2,650,000	2,650,000
Income tax payable	8,069,728	-
Other payables	26,124,880	109,798,503
	<u>384,110,166</u>	<u>230,538,721</u>

Other payable mainly include advanced received from customers amounting to MVR 23,130,000/- (2022 -MVR 106,394,631/-), and payable to Housing Development Corporation Limited amounting to MVR 771,000/- (2022- MVR 1,542,000/-).



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements (continued)

For the year ended 31st December

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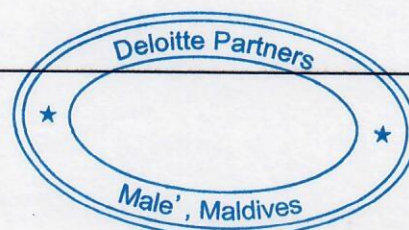
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MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements (continued)

For the year ended 31st December

27 AMOUNTS DUE TO RELATED PARTIES	31/12/2023	31/12/2022
	MVR	MVR
State Trading Organization PLC (Note 27.1)	126,923,210	180,323,416
Fuel Supplies Maldives Private Limited (Note 27.1)	438,764,868	512,350,996
Maldives Gas Private Limited	143,540	204,845
Allied Insurance Company of the Maldives Private Limited	494,859	753,312
Maldives State Shipping Private Limited	125,672	1,154,030
	<u>566,452,149</u>	<u>694,786,599</u>

27.1 With reference to the settlement agreement between the Government of Maldives, represented by the Ministry of Finance and State Trading Organization PLC "STO", the company and Fuel Supplies Maldives Limited "FSM" dated on 20th December 2023, The company shall settle the advance of MVR 53,693,581/- provided by STO to the company for the purchases of vessels, within 1 (one) year from the above settlement agreement date.

To execute a deed of Novation between MOF, the Company and STO to novate and release STO from the loan agreement for an amount of MVR 34,460,148/- signed between STO and MOF on 2nd November 2017. As on the date of settlement agreement, the loan amount together with accrued interest and penal interest is equivalent to MVR 60,704,540/-

The ownership of MIFCO head office land shall be kept with STO until end of May 2024. Subsequently the Company shall provide a plan for the settlement of land value amounting MVR 255,206,400/- to initiate land ownership transfer process.

The Parties agree to convert dues equivalent to MVR 443,669,060/- owned by MIFCO to Fuel Supplies Maldives Private Limited, a subsidiary company of STO, to a term loan to be repaid with an interest of 7% per annum within 8 years.

27.2 Maturity analysis	31/12/2023	31/12/2022
	MVR	MVR
Non - current liabilities		
Amounts due to related parties	<u>366,178,572</u>	<u>-</u>
Current liabilities		
Amounts due to related parties	<u>200,273,577</u>	<u>694,786,599</u>
	<u>566,452,149</u>	<u>694,786,599</u>

27.2 Non - current liabilities		
Fuel Supplies Maldives Private Limited	<u>366,178,572</u>	<u>-</u>

27.3 Current liabilities	31/12/2023	31/12/2022
State Trading Organization PLC	126,923,210	180,323,416
Fuel Supplies Maldives Private Limited	72,586,296	512,350,996
Maldives Gas Private Limited	143,540	204,845
Allied Insurance Company of the Maldives Private Limited	494,859	753,312
Maldives State Shipping Private Limited	125,672	1,154,030
	<u>200,273,577</u>	<u>694,786,599</u>

**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements (continued)**

28 COMMITMENTS

28.1 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows.

	2023	2022
Property, plant and equipment	4,395,675	57,593,700

There were no other material capital commitments outstanding at the reporting date which require

29 CONTINGENT LIABILITIES

Three former employees of MIFCO have filed suits against the Company alleging unfair suspension of their employment with MIFCO. The cases have not been decided and the Company's management is of the view that the court is likely to give decision in favour of the Company given the background of each of those cases. The amount of compensation has not been determined given the remote possibility of such scenario.

Bank guarantee and letter of credits as at 31 December 2023 is null- (as at 31 December 2022 :MVR 417,340/-)

There are no other contingent liabilities outstanding as at the reporting date, which require disclosure in the financial statements.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

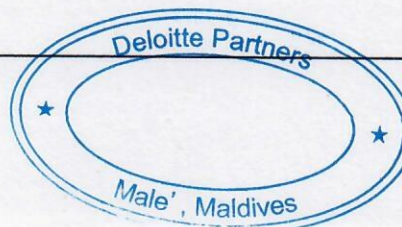
This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, the Company's management of capital. Further, quantitative disclosures are included throughout the Company's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the the Company's receivables from customers, investment in debt securities and deposits with banks.



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Notes to the financial statements (continued)

For the year ended 31st December

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum gross exposure to credit risk at the reporting date was:

	Gross carrying amount	
	31/12/2023	31/12/2022
	MVR	MVR
Trade receivables and other receivable	367,299,632	207,911,391
Balances with banks	15,042,743	32,319,515
	<u>382,342,375</u>	<u>240,230,906</u>

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivable. Loss rates are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)

Loss given default (LGD)

Exposure at default (EAD)

The following table provides information about exposure to credit risk and ECLs for trade receivables as at 31st December 2023.

31 st December 2023	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR
1-30 days past due	0.2%	88,361,432	183,322
31-60 days past due	1.0%	25,563,754	263,567
61-90 days past due	3.4%	8,191,531	280,283
91-180 days past due	3.4%	1,942,453	65,395
181-360 days past due	13.3%	30,129,363	4,019,660
More than 360 days past due	100.0%	131,179,753	131,179,753
		<u>285,368,285</u>	<u>135,991,980</u>

The following table provides information about exposure to credit risk and ECLs for trade receivables as at 31st December 2022.

31 st December 2022	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR
1-30 days past due	0.1%	105,419,235	73,836
31-60 days past due	2.5%	10,466,499	266,129
61-90 days past due	5.2%	7,180,044	372,603
91-180 days past due	1.2%	6,565,492	78,489
181-360 days past due	13.1%	5,999,251	788,726
More than 360 days past due	100.0%	130,336,556	130,336,556
		<u>265,967,078</u>	<u>131,916,340</u>



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements (continued)

For the year ended 31st December

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Credit risk (continued)

Measurement of ECL (continued)

Gross carrying amount and loss allowance are related to the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade receivables.

Movements in allowance for impairment in respect of trade receivables

The movements of allowance for impairment in respect of trade receivable and contract assets during the year is presented in Note 17.2 to the financial statements.

Balances with Banks

The Company held an amounts of MVR 15,042,743/- as at 31st December 2023 in banks. (2022- MVR 32,319,515/-).

(iv) Liquidity risk

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

The followings are the contractual maturities of financial liabilities as at the reporting date.

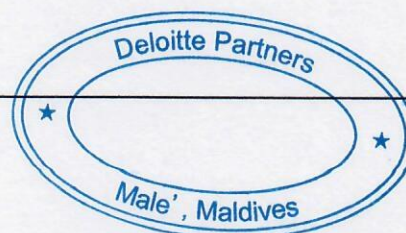
31st December 2023	Carrying amount	Contractual cash flows	0-12 Months	1-2 Years	2-5 Years	More than 5 Years
Financial liabilities (Non-derivative)	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payables	352,910,438	352,910,438	352,910,438	-	-	-
Loans and borrowings	105,654,653	105,654,653	14,484,192	50,263,704	40,906,757	-
Lease liabilities	42,504,135	151,149,275	5,583,927	11,167,853	14,463,924	119,933,571
Amounts due to related parties	566,452,149	566,452,149	566,452,149	-	-	-
Bank overdrafts	650,407,592	650,407,592	650,407,592	-	-	-
Total	1,717,928,967	1,826,574,107	1,589,838,298	61,431,557	55,370,681	119,933,571

31st December 2022	Carrying amount	Contractual cash flows	0-12 Months	1-2 Years	2-5 Years	More than 5 Years
Financial liabilities (Non-derivative)	MVR	MVR	MVR	MVR	MVR	MVR
Trade and other payables	230,538,722	230,538,722	230,538,722	-	-	-
Loans and borrowings	9,455,764	9,455,764	4,570,255	4,885,509	-	-
Lease liabilities	42,205,779	161,327,258	5,199,154	10,398,308	19,132,649	126,597,146
Amounts due to related parties	694,786,599	694,786,599	694,786,599	-	-	-
Bank overdrafts	644,041,393	644,041,393	644,041,393	-	-	-
Total	1,621,028,257	1,740,149,736	1,579,136,123	15,283,817	19,132,649	126,597,146

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(v) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates that affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31st December

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	Carrying amount	
	31/12/2023	31/12/2022
	MVR	MVR
Fixed rate instruments		
Financial liabilities	756,062,246	653,497,161

(b) Currency risk

Exposure to currency risk

	31/12/2023	31/12/2022
	US\$	US\$
The Company's exposure to foreign currency risk was as follows based on notional amount		
Trade, amount due from related parties and other receivables	11,389,208	6,134,868
Trade, amount due to related parties and other payables	2,164,985	2,194,751
Bank overdrafts	-	586,342
Net currency exposure	13,554,193	8,915,961

The following significant exchange rate were applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	31/12/2023	31/12/2022
1 US\$: MVR	15.42	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in US\$, the Company does have a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within \pm 20% of the mid-point of exchange rate.

31 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to/or disclosure in the financial statements.

32 DIRECTORS' RESPONSIBILITY

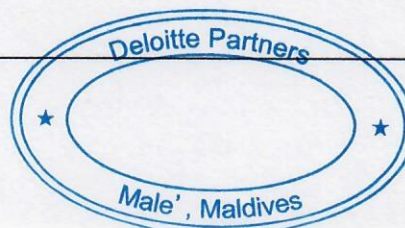
The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

33 GOING CONCERN

The Company's net profit for the year ended 31 December 2023 was MVR 298,329,409/- and the accumulated losses as at that date was MVR 870,959,588/-.

Despite the accumulated losses and net liability position, the financial statements have been prepared on the basis of the Company being a going concern on the assurance provided by the Government of Maldives represented by the Ministry of Finance have confirmed that they will continue to provide necessary financial and other assistance to the Company to operate as a going concern in the future. The main shareholder of the Company has acknowledged that without such support, the Company may become insolvent and unable to meet its debts as and when they fall due and payable.

The Company being the largest entity which operates in one of the main industries in the Republic of Maldives with national and economic interest has also the support of the Government which had provided funds as borrowings to the Company and had also guaranteed some of the loans obtained by the Company. The government has also given subsidy during the year amounting MVR 250,000,000/- and the Company is hopeful of availing such subsidies in future.



MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

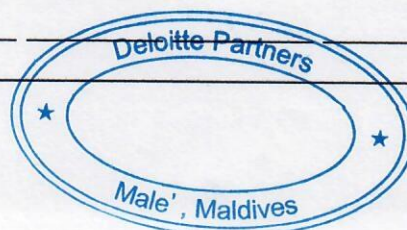
For the year ended 31st December

34 GOING CONCERN (CONTINUED)

The financial and other support from the Government of Maldives for at least one year from the date of these financial statements ensures the going concern status of the Company. In the absence of such support the Company may become insolvent and should management decide to liquidate the Company, provisions would have to be made to reduce the value of the assets to their estimated recoverable amounts, and for any further liabilities, that may arise in winding up. In addition, property, plant, equipment and long-term liabilities, will have to be reclassified as current assets and current liabilities.

34 RELATED PARTY TRANSACTIONS

Name of the related party	Relationship	Nature of the transaction	Amount		Balance outstanding due from / (to)	
			2023 MVR	2022 MVR	31/12/2023 MVR	31/12/2022 MVR
Ministry of Finance	Main Shareholder	Advance billed	8,840,445	-	13,333,332	-
		Advance received	(8,840,445)			
		Subsidy billed	229,166,663			
		Subsidy received	(215,833,331)			
		Sales of goods	7,604,167			
		Payment made	(7,604,167)			
State Trading Organization PLC	Affiliate	Sales of goods	10,170,617	2,882,685	(126,923,210)	(180,323,416)
		Purchase of goods	(8,938,304)	(4,398,838)		
		Payment made	946,461,671	828,976,843		
		Land ownership transfer	255,206,400	-		
		Advance received	(47,756,881)	-		
		Set off balances	(113,720,893)	(1,908,503)		
		Interest on loans	(12,669,249)	(4,642,290)		
		Dollar sales	(942,424,140)	(839,049,504)		
		Shelf leasing commission	-	(24,491)		
		Advance rent	(11,963,681)	-		
		Shelf rent	(132,000)	(71,867)		
Government Grant received	(20,833,333)	-				
Fuel Supplies Maldives Private Limited	Affiliate	Sales of goods	3,896,084	944,549	(438,764,868)	(512,350,996)
		Purchase of goods & Services	(466,382,428)	(380,861,972)		
		Set off balances	138,299,684	(944,549)		
		Settlements	397,772,788	380,861,972		
Maldivian Gas Private Limited	Affiliate	Purchase of goods	(1,253,385)	(1,005,400)	(143,540)	(204,845)
		Payment made	1,314,690	1,493,305		
		USD sales advance received				
Allied Insurance Company Maldives Private Limited	Affiliate	Purchase of goods	(4,169,030)	(4,606,115)	(494,859)	(753,312)
		Payment made	4,427,483	4,574,295		
		Claim approved	-	(587,144)		
		Claim received	-	587,144		
		Sales of goods	21,021	37,421		
		Payments received	(21,021)	(37,421)		
Marine Maldives Products	Affiliate	Sales of goods	-	-	13,010,881	13,010,881
		Payment made	-	-		
Maldives State Shipping Private Limited	Affiliate	Service obtained	(1,558,363)	(2,518,251)	(125,672)	(1,154,030)
		Payment made	2,586,720	4,581,385		



**MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

Notes to the financial statements (continued)

For the year ended 31st December

34 RELATED PARTY TRANSACTIONS (CONTINUED)

34.1 Transactions with Government of Maldives and government related entities

Transactions with the Government of Maldives included interest on borrowings. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

	Amount		Balance outstanding due from / (to)	
	2023 MVR	2022 MVR	31/12/2023 MVR	31/12/2022 MVR
Interest on Borrowings	-	-	4,343,494	5,478,019
Payments	(1,134,525)	-	-	-
Waiver of loans	-	(576,467,757)	-	-

34.2 Collectively, but not individually significant transactions

	Amount		Balance outstanding due from / (to)	
	2023 MVR	2022 MVR	31/12/2023 MVR	31/12/2022 MVR
Sales of goods	56,789,567	40,266,045	-	-
Service obtained	1,234,234	719,875	-	-
Receivable from government related entities	-	-	13,333,332	7,328,123
Payable to government related entities	-	-	-	-

34.3 Transactions with Key management personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	2023 MVR	2022 MVR
Directors' remuneration	504,491	456,000

