Report No: FIN-2025-90(E)

31st July 2025

MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED

FINANCIAL YEAR 2024

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDER AND BOARD OF DIRECTORS OF MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED

Opinion

We have audited the financial statements of Maldives Industrial Fisheries Company Limited (the Company) which comprise the statement of financial position as at 31st December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies set out in pages 7 to 45

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

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 2024 amounted to MVR 1,036,111,660 (2023: MVR 870,959,588) and as of that date, the Company had a net current liability position of MVR 715,788,247. As stated in Note 33, these conditions along with other matters as set forth in Note 33, indicate that a material uncertainty exists that may cash significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our audit addressed the Key Audit Matter
Revenue recognition relating to sales of frozen fish, canned fish and Fasmeeru retail sales Refer to the material accounting policies Notes 4.2 and 6 to the financial statements. The company has recorded a revenue of MVR 1,075,554,268 for the year ended 31 December 2024. The Company mainly earns revenue from the export of frozen fish and fishmeal and from sale of canned tuna to both local and international customers. Revenue represents a material item in the financial statements and key performance indicator for the company, subject to higher risk of material misstatement. The recognition of revenue involves significant management judgment, particularly in determining the timing of revenue recognition, especially for export sales where terms of delivery affect the transfer of control; identifying potential discounts and returns which are common in this industry; assessing the cut-off procedures around year-end shipments, which could materially affect reported revenue; therefore, we considered revenue recognition a key audit matter.	**Our audit procedures included the following key procedures:** • Obtained an understanding of and, assessed the design, implementation and operating effectiveness of key internal controls over initiating, recording, processing and reporting of revenue transactions. • Tested the general IT controls environment and key IT application controls relating to IT application layers in the revenue recognition process. • On sample basis, tested significant revenue transactions during the year, to assess whether the revenue had been recognized in accordance with contractual terms, in the correct accounting period and the requirements of the relevant accounting standards. • Tested on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and shipping documents such as; bill of lading to assess whether the related revenue had been recognized in the correct financial period.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment of trade receivables Refer to material accounting policy Notes 4.9 (i) and 17 to the financial statements. As at 31 December 2024 the Company's trade receivables amounted to MVR 234,197,848 before provision for impairment. An impairment provision is recognised to adjust the receivable balances to the present value based on the estimated future cash flows. The provision for impairment of trade receivables amounted to MVR 137,798,941 as at 31 December 2024. Impairment provision is calculated using statistical methods and historical collection trends adjusted for forward looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment is disclosed in accounting policy Note 4.9. We considered the calculation of impairment provision as a key audit matter as it is a complex area requiring management to make significant estimates and assumptions on customer payment behaviours, required a high degree of auditor judgment and an increased extent of effort.	**Our audit procedures included the following key procedures:** • Checked the accuracy of the data comprising trade receivables balances and the aging of such balances on a sample basis, to determine whether management's application of specific loss rate to the respective age bucket was appropriate. • We tested the key underlying assumptions used in the calculation of the impairment provision by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. • We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referring the requirements of IFRS 9, Financial instruments; recognition and measurement, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision.

Recoverable amount of Cash Generating Units(CGUs) – Kooddoo, Felivaru and Addu Fisheries Complexes	**Our audit procedures included the following key procedures:**
Refer to material accounting policy Note 4.9 (ii) to the financial statements. Kooddoo, Felivaru and Addu fisheries complexes, separate cash generating units of the Company having property, plant and equipment and right of use assets with aggregated carrying amount of MVR 644,759,607 as at 31 December 2024 have incurred operating loss during the year. Management considered this as an impairment indicator and performed impairment assessment on the carrying values of CGUs' assets. The recoverable amounts of CGUs' underlying assets were measured based on value-in-use. Accordingly, the management estimated the value-in-use of the underlying assets of each CGU by estimating the future cash inflows and outflows derived from the continued use of the assets discounted to their present value using appropriate discount rate. As estimation of such cash flows involved significant judgements and assumptions by management, required a high degree of auditor judgment and an increased extent of effort we considered estimation of value-in-use of the underlying assets of each cash generating unit for determining recoverable amount as a key audit matter.	• Checked on a sample basis the accuracy and relevance of the input data used by the management to estimate future cash flows. • Evaluated the appropriateness of the management's cash flows, reasonability of key assumptions and information used by the management. • Evaluated the value in use against the carrying amount of the property, plant and equipment and right of use assets of each CGUs. • Checked the sensitivity by assessing changes in key assumptions and their impact on future cash flows.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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, the 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 Corporation 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.

Auditors' 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 based on these financial statements.

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements (*continued*)

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

31st July 2025

H. Niyazy

Hussain Niyazy
Auditor General

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	2024 MVR	2023 MVR
Revenue	**6**	1,075,554,268	2,008,805,560
Cost of sales	**9**	(945,082,470)	(1,776,401,526)
Gross profit		130,471,798	232,404,034
Other income	**7**	67,400,972	634,699,323
Administrative expenses	**9**	(285,201,460)	(385,454,125)
Selling and marketing expenses	**9**	(3,810,594)	(5,137,806)
Provision for impairment loss on trade receivables	**17.2**	(2,748,061)	(2,963,431)
Other operating expenses	**9**	(35,051,628)	(100,740,494)
Results from operating activities		(128,938,973)	372,807,501
Finance income	**8**	44,319,542	2,911,680
Finance costs	**8**	(81,019,995)	(69,320,044)
Net finance costs		(36,700,453)	(66,408,364)
(Loss) / profit before tax		(165,639,426)	306,399,137
Tax expense	**10**	-	(8,069,728)
(Loss) / profit for the year		(165,639,426)	298,329,409
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	**23.1**	487,354	374,888
Total other comprehensive income		487,354	374,888
Total other comprehensive (loss) / income for the year		(165,152,072)	298,704,297
Basic (loss) / earnings per share	**11**	(115.04)	207.19

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 11 to 45. The Report of the Independent Auditors is given on pages 1 to 6.

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

Statement of financial position

AS AT	Note	31/12/2024 MVR	31/12/2023 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	**12**	611,094,850	615,783,293
Intangible assets	**13**	-	278,336
Right-of-use assets	**14**	33,664,757	36,131,779
Total non-current assets		644,759,607	652,193,408
Current assets			
Inventories	**16**	208,191,236	354,426,548
Trade and other receivables	**17**	318,635,670	380,708,404
Amounts due from related parties	**18**	-	-
Cash and cash equivalents	**19**	34,030,344	23,645,476
Total current assets		560,857,250	758,780,428
Total assets		1,205,616,857	1,410,973,836
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**20**	431,960,700	431,960,700
Reserves	**21**	2,769,881	2,769,881
Accumulated losses		(1,036,111,660)	(870,959,588)
Total equity		(601,381,079)	(436,229,007)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	**22**	93,759,706	91,170,461
Amounts due to related parties	**27**	298,496,468	366,178,572
Defined benefit obligation	**23**	76,048,180	71,536,180
Lease liabilities	**24**	36,001,497	36,655,916
Deferred income	**25**	26,046,588	26,537,967
Total non-current liabilities		530,352,439	592,079,097
Current Liabilities			
Loans and borrowings	**22**	40,032,204	14,484,192
Lease liabilities	**24**	5,490,327	5,848,219
Trade and other payables	**26**	244,519,912	384,110,166
Amounts due to related parties	**27**	368,101,517	200,273,577
Bank overdrafts	**19**	618,501,537	650,407,592
Total current liabilities		1,276,645,497	1,255,123,746
Total liabilities		1,806,997,936	1,847,202,843
Total equity and liabilities		1,205,616,857	1,410,973,836

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 11 to 45. The Report of the Independent Auditors is given on pages 1 to 6.

These financial statements were approved by the Board of Directors and signed on 30 July 2025

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....
Director

....
Chief Executive Officer

Shazna Mohamed
....
Director

AUDITOR GENERAL'S OFFICE

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

For the year ended 31st December	Share Capital MVR	General Reserve MVR	Accumulated Losses MVR	Total Equity MVR
As at 1st 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 31st December 2023	431,960,700	2,769,881	(870,959,588)	(436,229,007)
As at 1st January 2024	431,960,700	2,769,881	(870,959,588)	(436,229,007)
Loss for the year	-	-	(165,639,426)	(165,639,426)
Other comprehensive income for the year	-	-	487,354	487,354
As at 31st December 2024	431,960,700	2,769,881	(1,036,111,660)	(601,381,079)

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 11 to 45. The Report of the Independent Auditors is given on pages 1 to 6.

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AUDITOR GENERAL'S OFFICE

MALDIVES INDUSTRIAL FISHERIES COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
Statement of cash flows

For the year ended 31st December		**2024** **MVR**	**2023** **MVR**
Cash flows from operating activities	**Note**		
(Loss) / Profit before tax		(165,639,426)	298,329,409
Adjustments for:			
Depreciation on property, plant and equipment	**12**	50,069,547	38,039,053
Loss / (gain) from disposal of assets	**7**	3,296,073	(256,506,400)
Amortization of intangible assets	**13**	278,336	347,672
Amortization of capital grants	**25**	(491,379)	(919,175)
Provision for impairment of trade receivables and due from related parties	**17.2/17.3**	2,748,061	2,963,431
Reversal of fish rejection provision	**17.2/17.3**	(941,100)	(18,019,182)
Depreciation of right of use assets	**14**	2,206,476	2,447,405
Provision for retirement benefit obligation	**23.1**	7,957,709	7,892,428
Interest expense	**8**	81,019,995	69,320,044
Operating loss before working capital changes		(19,495,709)	143,894,685
Working capital changes			
Change in inventories		151,652,704	(36,618,983)
Change in trade and other receivables		62,072,733	(143,991,555)
Change in receivable from Ministry of Finance		(1,505,232)	(13,333,332)
Change in trade and other payables		(139,590,254)	153,571,445
Change in amounts due to related parties		100,145,836	(128,334,450)
Cash flows generated from / (used) in operating activities		153,280,078	(24,812,191)
Payments of retirement benefit obligation	**23**	(3,445,708)	(3,866,589)
Interest paid		(80,695,056)	(42,808,532)
Net cash generated from / (used in) operating activities		69,139,314	(71,487,312)
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	**12**	(45,381,104)	(271,261,526)
Net cash used in investing activities		(45,381,104)	(271,261,526)
Cash flows from financing activities			
Government grant received		-	236,666,668
Loans and borrowings obtained	**22**	49,472,579	100,527,421
Repayments of borrowings	**22**	(30,130,469)	(9,816,957)
Principal element of lease payments	**24**	(809,397)	(884,997)
Net cash generated from financing activities		18,532,713	326,492,135
Net increase/ (decrease) in cash and cash equivalents		42,290,923	(16,256,703)
Cash and cash equivalents at beginning of the year		(626,762,116)	(610,505,413)
Cash and cash equivalents at end of the year	**19**	(584,471,193)	(626,762,116)

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 11 to 45. The Report of the Independent Auditors is given on pages 1 to 6.

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AUDITOR GENERAL'S OFFICE

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 Standards 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.

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 2024 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.

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AUDITOR GENERAL'S OFFICE

3. CHANGES IN MATERIAL 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 2024. 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. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
ii. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
iii. Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
iv. Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

(B) New and amended accounting standards not yet adopted.

A number of new standards for annual periods beginning after 01 January 2024 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.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability.
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments.
- IFRS 18 Presentation and Disclosures in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

4. MATERIAL 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. MATERIAL ACCOUNTING POLICIES (continued)

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.

Customers 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.

(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.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Income tax

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.

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.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.6 Property, plant and equipment (continued)

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.

(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.

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4. MATERIAL ACCOUNTING POLICIES (continued)

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.

(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

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)y 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.

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4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments (Continued)

(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.

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.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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;

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Impairment (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Employee benefits (continued)

(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.

(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.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Leases (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Fair value measurement (continued)

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

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

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

5. 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.

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4. CAPITAL MANAGEMENT (CONTINUED)

	31/12/2024 MVR	31/12/2023 MVR
Total liabilities	1,757,492,443	1,847,202,843
Less: Cash and cash equivalents (Note 19)	(20,228,238)	(23,645,476)
Net debt	1,737,264,205	1,823,557,367
Total equity	(592,004,937)	(436,229,007)
Net debt to equity ratio	High debt	High debt

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6 REVENUE

	2024 MVR	2023 MVR
Frozen fish	693,394,136	1,731,988,468
Fasmeeru retail sales	357,576,078	321,554,842
Canned fish	105,899,942	148,496,681
Sales of ice	7,725,127	11,221,569
Fishmeal	26,818,147	28,607,060
Other products	93,672	1,666,641
	1,191,507,102	2,243,535,261
Less: export related expenses **(Note 6.1)**	(115,952,834)	(234,729,701)
	1,075,554,268	2,008,805,560

6.1 Export related expenses

	2024	2023
Freight and other expenses	93,279,165	206,724,165
Cost of fish rejections and short landings	22,673,669	28,005,536
	115,952,834	234,729,701

7 OTHER INCOME

	2024 MVR	2023 MVR
Sales of fuel	38,999,971	106,208,287
Staff shop sales	6,927,630	6,444,677
Rental income	456,000	456,000
Sales of water	222,662	47,024
Income from ferry service	120,000	120,000
Amortisation of deferred income **(Note 25)**	491,379	917,992
Gain from assets disposal	-	256,506,400
Government grant **(Note 7.1)**	-	250,000,000
Other income	20,183,330	13,998,943
	67,400,972	634,699,323

7.1 The Government has approved MVR 404,356,780 as fisheries subsidy in the year 2024 fiscal budget and disbursed MVR 389,518,216 during the year. The remaining amount has been disbursed subsequent to the financial year. Pursuant to the agreement signed between the Company and Ministry of Finance (MOF) on 1 August 2024, The MOF commits to provide a subsidy of MVR 4 (Maldivian Rufiyaa Four) per each kilogram of tuna purchased directly from local fishing vessels. Accordingly, current year's subsidy was offset against the cost of sales, as its purpose was to support and maintain the fish purchase price, enabling the company to procure fish from local fishermen at government regulated rates. In 2023, the subsidy was granted to MIFCO as compensation for financial losses and was accordingly presented under "Other Income."

8 NET FINANCE COSTS

	2024 MVR	2023 MVR
Finance income		
Foreign exchange gain	44,319,542	2,911,680
	44,319,542	2,911,680
Finance costs		
Interest on borrowings **(Note 22)**	(8,795,147)	(6,196,348)
Interest on related party loan	(34,716,520)	(12,669,249)
Interest on bank overdraft	(34,202,785)	(46,368,924)
Interest on lease liabilities	(3,305,543)	(4,085,522)
	(81,019,995)	(69,320,044)
Net finance costs	(36,700,453)	(66,408,364)

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9 EXPENSES BY NATURE

	2024 MVR	2023 MVR
Cost of fish	186,870,562	1,156,513,463
Employee benefit expense **(Note 9.1)**	297,373,896	298,098,012
Local product cost	312,767,890	279,651,432
Cost of fuel consumed	147,517,168	184,949,537
Cost of MGO sold	35,321,270	96,542,026
Repairs & maintenance	35,225,257	41,112,330
Depreciation **(Note 12)**	50,069,547	38,039,053
Cost of packing materials	30,003,843	25,326,745
Other expenses	25,984,460	32,383,311
Cost of material	45,035,263	39,938,817
Cost of oil	49,020,114	19,063,748
Bank charges	5,712,642	5,215,650
Travelling expenses	10,674,545	13,687,866
Sales & markerting	3,167,013	4,458,564
Visa & passport expenses	10,234,792	7,685,818
Amortization of intangible assets **(Note 13)**	278,336	347,672
Telephone, internet charges	3,446,179	3,435,146
Electricity	2,703,497	2,769,280
Amortization of right of use assets **(Note 14)**	2,206,476	2,447,405
Cost of Gas	2,507,170	2,147,305
Cost of firewood	1,382,776	1,390,387
Insurance expenses	629,547	1,181,952
Stationery & office supplies	1,271,892	1,441,061
Damage & spoilage expenses	994,214	2,283,953
Loss from assets disposal	3,296,073	-
Cost of brine salt	2,038,959	3,121,563
Cost of freezing materials	811,690	1,110,694
Professional fee	342,825	686,977
WHT expenses	396,524	1,339,314
Staff insurance	1,725,086	1,157,285
IT expenses	136,648	207,587
	1,269,146,152	2,267,733,952
Classified as:		
Cost of sales	1,349,439,250	1,776,401,527
Less - government grant (Note 7.1)	(404,356,780)	-
Cost of sales net of government grant	945,082,470	1,776,401,527
Administrative expenses	285,201,460	385,454,125
Other operating expenses	35,051,628	100,740,494
Selling and marketing expenses	3,810,594	5,137,806
	1,269,146,152	2,267,733,952

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9.1 EXPENSES BY NATURE (CONTINUED)

Employee benefit expenses	**2024** **MVR**	**2023** **MVR**
Salaries and wages	233,651,265	234,784,754
Employer's contribution to government pension fund	4,339,536	4,676,076
Staff medical	1,027,076	752,589
Staff welfare and food	49,910,956	49,992,165
Provision for retirement benefit **(Note 23)**	8,445,063	7,892,428
	297,373,896	298,098,012

10 INCOME TAX EXPENSE

10.1 Current tax expense

	2024 **MVR**	**2023** **MVR**
Current tax expense **(Note 10.2)**	-	8,069,728
Deferred tax asset recognized during the year	-	-
	-	8,069,728

10.2 Reconciliation between accounting profit and tax loss:

	2024 **MVR**	**2023** **MVR**
(Loss) / profit before tax	(165,639,426)	306,399,137
Aggregate disallowable items	197,410,957	170,038,453
Aggregate allowable items	(190,826,933)	(443,877,801)
Accumulated tax loss claim	-	-
Tax (loss) / income for the year	(159,055,402)	32,559,789
Gain on disposal of property subject to capital gains tax	-	21,238,400
Total taxable (loss) / income for the year	(159,055,402)	53,798,189
Size of the tax bracket available at 0%	(500,000)	(500,000)
Amount subject to tax at 15%	-	53,298,189
Income tax @ 15%	-	8,069,728

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

	31/12/2024 **MVR**	**31/12/2023** **MVR**
Opening balance	-	452,069,072
Tax loss for the year	(159,055,402)	
Adjustment with respect of previous years	-	-
Tax loss claim	-	-
Tax loss claim not eligible due to change in shareholders	-	(452,069,072)
Closing balance	(159,055,402)	-

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10.0 INCOME TAX EXPENSE (CONTINUED)

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

	31/12/2024		31/12/2023	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	5,788,735	868,310	9,823,218	1,473,483
Intangible assets	-	-	(156,900)	(23,535)
Accumulated tax losses	159,055,402	23,858,310	-	-
Defined benefit obligation	76,048,180	11,407,227	71,536,180	10,730,427
	240,892,317	36,133,847	81,202,498	12,180,375

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 (loss)/ earnings per share is based on (loss) / profit for the year attributable to the ordinary shareholders and weighted number of ordinary shares outstanding during the year and calculated as follows:

	2024	2023
(Loss) / profit attributable to the ordinary shareholders - MVR	(165,639,426)	298,329,409
Weighted average number of ordinary shares	1,439,869	1,439,869
Basic (loss) / earnings per share - MVR	(115.04)	207.19

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12 PROPERTY, PLANT AND EQUIPMENT

	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 equipments	Capital work-in-progress	Total 2024	Total 2023
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost									
Balance as at 1st January	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
Additions during the year	3,085,319	3,088,881	1,682,574	-	-	3,486,944	34,037,387	45,381,104	271,261,526
Disposal during the year (Note 12.2)	(17,267,899)	(24,409,319)	(14,380,905)	(116,105)	(12,792,656)	(7,887,923)	-	(76,854,805)	(15,937,700)
Transfers from CWIP	-	-	-	-	-	-	-	-	-
Written-off during the year	-	-	-	-	-	-	-	-	-
Balance as at 31st December	307,001,122	450,605,939	389,076,757	49,896,147	57,210,226	164,215,304	254,505,552	1,672,511,047	1,703,984,749
Accumulated depreciation									
Balance as at 1st January	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
Charge for the year (Note 9)	5,103,064	21,222,060	11,900,897	2,164,111	1,103,824	8,575,592	-	50,069,547	38,039,053
Disposal during the year (Note 12.2)	(17,267,899)	(24,409,319)	(14,380,905)	(116,105)	(12,792,656)	(7,887,923)	-	(76,854,805)	(15,937,700)
Written-off during the year	-	-		-	-	-	-	-	-
Balance as at 31st December	224,383,339	331,175,059	258,470,109	45,099,253	54,883,028	147,405,409	-	1,061,416,197	1,088,201,456
Net carrying value									
As at 31st December 2024	82,617,783	119,430,880	130,606,648	4,796,894	2,327,198	16,809,895	254,505,552	611,094,850	
As at 31st 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

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

	31/12/2024	31/12/2023
Ongoing Vessel (Three) Acquisition & Modification	69,036,711	55,943,756
Brine Freezing Facility at Kooddoo Fisheries Complex	52,921,346	43,305,977
Brine Freezing Facility and Cold Storage at Gdh.Thinadhoo	50,344,183	40,703,956
Funaddoo Fisheries Complex development project (Note 12.2)	23,130,000	23,130,000
Felivaru Expansion Project	34,820,463	22,725,120
Felivaru RO Plant (150 TPD) Installation	-	4,183,608
Gdh.Gadhdhoo Ice Plant	12,927,353	8,264,086
Kooddoo Power House Extenstion	2,958,960	3,290,699
Gdh.Thinadhoo Storage Prject	4,170,582	4,170,582
Fuvahmulah Fish Collection Centre	2,189,353	2,189,353
MIFCO Head Office Extenstion	-	1,382,901
Guest house extention - Kooddoo Fisheries Complex	1,450,665	1,392,887
Other ongoing projets	555,936	9,785,240
	254,505,552	220,468,165

12.2 Pursuant to the letter from Ministry of Fisheries and Ocean Resources dated on 03 August 2024 (Letter Number – 1-CBO)CS)/30/2024/97)-, The company has transferred land right of Kanduoyigiri Fish Village to Maldives National Defence Force with effective from 4 August 2024 . As a result of that, Company has derecognized lease right along with all buildings,Jetty piers and infrastructure and Capital work-in-progress.

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13 INTANGIBLE ASSETS

Cost	**Computer software MVR**	**Capital work-in-progress MVR**	**Total 2024 MVR**	**Total 2023 MVR**
As at 1st January	18,162,633	-	18,162,633	18,162,633
Disposal during the year	(588,565)	-	(588,565)	
As at 31st December	17,574,068	-	17,574,068	18,162,633
Accumulated amortization				
As at 1st January	17,884,297	-	17,884,297	17,536,625
Amortization for the year **(Note 9)**	278,336	-	278,336	347,672
Disposal during the year	(588,565)	-	(588,565)	-
As at 31st December	17,574,068	-	17,574,068	17,884,297
Net carrying value				
As at 31st December 2024	-	-	-	
As at 31st December 2023	278,336	-		278,336

14 RIGHT OF USE ASSET

	31/12/2024 MVR	**31/12/2023 MVR**
Cost		
Opening balance	47,557,162	47,557,162
Aditions during the year	271,521	-
Dercognitions during the year	(728,936)	-
As at 31st December	47,099,746	47,557,162
Accumulated depreciation		
Opening balance	11,425,383	8,977,978
Charge for the year	2,206,476	2,447,405
Dercognitions during the year	(196,869)	-
Closing balance	13,434,990	11,425,383
Net carrying value	33,664,757	36,131,779

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 extentions have not been considered for determination of lease term.

15 EQUITY ACCOUNTED INVESTEES

	31/12/2024 MVR	**31/12/2023 MVR**
As at 1st January	21,637,400	21,637,400
Less: impairment of the investment **(Note 15.1)**	(21,637,400)	(21,637,400)
As at 31st December	-	-

15.1 Provision for impairment of the investments

As at 1st January	21,637,400	21,637,400
Add: provision for the year	-	-
As at 31st 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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15 EQUITY ACCOUNTED INVESTEES (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

	31/12/2024 MVR	31/12/2023 MVR
Raw material	73,658,205	106,120,010
Consumables	104,108,773	128,209,494
Finished goods	34,371,179	99,328,262
Fuel and lubricants	15,205,126	13,458,623
Shop inventories	11,863,812	9,269,144
Goods in transit	10,762,019	45,236,285
Less: provision for slow and non-moving inventories **(Note 16.1)**	(41,777,878)	(47,195,271)
	208,191,236	354,426,548

16.1 Provision for slow and non moving inventories

	31/12/2024	31/12/2023
As at 1st January	47,195,271	47,195,271
Writing-off of provision	(5,417,393)	-
As at 31st December	41,777,878	47,195,271

17 TRADE AND OTHER RECEIVABLES

	31/12/2024 MVR	31/12/2023 MVR
Trade receivables	234,197,848	285,368,285
Less : provision for impairment loss **(Note 17.1)**	(137,798,941)	(135,991,980)
	96,398,907	149,376,305
Prepayments	200,829	75,439
Receivable from Ministry of Finance **(Note 7)**	14,838,564	13,333,332
Other receivables	215,488,419	226,214,376
Less : provision for impairment of other receivables **(Note 17.4)**	(8,291,049)	(8,291,049)
	318,635,670	380,708,404

17.1 Provision for impairment loss

	31/12/2024	31/12/2023
Provision for impairment of trade receivables (**Note 17.2**)	137,627,832	134,879,771
Provision for reject fish receivables **(Note 17.3)**	171,109	1,112,209
	137,798,941	135,991,980

17.2 Provision for impairment of trade receivables

	31/12/2024	31/12/2023
As at 1st January	134,879,771	131,916,340
Provision during the year	2,748,061	2,963,431
As at 31st December	137,627,832	134,879,771

17.3 Provision for reject fish receivables

	31/12/2024	31/12/2023
As at 1st January	1,112,209	19,131,391
Reversal during the year	(941,100)	(18,019,182)
As at 31st December	171,109	1,112,209

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17 TRADE AND OTHER RECEIVABLES (CONTINUED)

	31/12/2024 MVR	31/12/2023 MVR
17.4 Provision for impairment of other receivables		
As at 1st January	8,291,049	-
Provision made during the year	-	8,291,049
As at 31st December	8,291,049	8,291,049

17.5 Other receivable mainly include advance paid to suppliers amounting to MVR 181,591,108/- (2023 -MVR 145,600,899).

18 AMOUNTS DUE FROM RELATED PARTIES

	31/12/2024 MVR	31/12/2023 MVR
Maldives Marine Products Private Limited	13,010,881	13,010,881
Ukulas Private Limited	1,056,179	1,056,179
	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	(13,010,881)	(13,010,881)
	-	-

19 CASH AND CASH EQUIVALENTS

	31/12/2023 MVR	31/12/2022 MVR
Favorable balances		
Cash in hand	11,910,280	8,602,733
Balances at banks	22,120,064	15,042,743
	34,030,344	23,645,476
Unfavorable balances		
Bank overdrafts (Note 19.1 to 19.5)	(618,501,537)	(650,407,592)
Cash and cash equivalents	(584,471,193)	(626,762,116)

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 antother two yeras with effective from 16 September 2024.The facility is secured by a government guarantee.

19.2 The Company renewed a overdraft facility with Habib bank limited dated on 1 July 2024 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.

19.3 The Company renewed an overdraft facility with State bank of India dated on 17 August 2024 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.

19.4 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 25,000,000/- at and interst rate 8% per annum or 3 month T-bill +3%, whichever is higher. The overdraft facility is renewed on 30 June 2024 for another one year . The facility is secured by a Lien over FDR amounting MVR 32.5M in the name of Sate Trading Organisation PLC.

19.5 Pursuant to the to the tripartite agreement signed between the Government of the Republic of Maldives, the Bank of Maldives PLC and Company (Dated 8 December 2024) to facilitate the account sweeping arrangement between MIFCO's designated USD and MVR accounts, Company is required to maintain MVR 50 Million at any given time. Ministry of Finance on behalf of Government of Maldives has deposited MVR 50 million into Company designated account to support this arrangement and ensure smooth operations, with a continuing obligation to maintain sufficient funds in the account to meet the liquidity requirements for fish purchase payouts.

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20 SHARE CAPITAL

20.1 Authorized

The total authorized share capital comprises of 2,000,000 (2023: 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 (2023: 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

	31/12/2024 MVR	31/12/2023 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

	31/12/2024 MVR	31/12/2023 MVR
As at 1st January	105,654,653	9,455,768
Loans obtained during the year	49,472,579	100,527,421
Repayments during the year	(30,130,469)	(9,816,957)
Interest for the year	8,795,147	5,488,422
As at 31st December	133,791,910	105,654,653

22.1 Sources of finance

	31/12/2024	31/12/2023
Ministry of Fisheries and Agriculture	4,343,494	4,343,494
Bank of Maldives	5	783,743
Habib Bank	129,448,416	100,527,421
	133,791,915	105,654,658

22.2 Maturity analysis

	31/12/2024	31/12/2023
Non - current liabilities		
Loans and borrowings **(Note 22.3)**	93,759,706	91,170,461
Current liabilities		
Loans and borrowings **(Note 22.4)**	40,032,204	14,484,192

22.3 Non - current liabilities

	31/12/2024	31/12/2023
Ministry of Fisheries and Agriculture I	1,682,379	2,294,155
Ministry of Fisheries and Agriculture II	392,059	914,811
Habib Bank term loan	91,685,268	87,961,495
	93,759,706	91,170,461

22.4 Current liabilities

	31/12/2024	31/12/2023
Bank of Maldives III	-	783,738
Ministry of Fisheries and Agriculture I	1,223,552	611,776
Ministry of Fisheries and Agriculture II	1,045,504	522,752
Habib Bank term loan	37,763,148	12,565,926
	40,032,204	14,484,192

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22 LOANS AND BORROWINGS (CONTINUED)

22.5 Terms and Repayment Schedule

Source of finance	Purpose	Nominal interest rate	Maturity Date	Security	Carrying amount 31/12/2024 MVR	Carrying amount 31/12/2023 MVR
Ministry of Fisheries and Agriculture I	Finance lease	Interest free	30-Jun-2027	None	2,905,931	2,905,931
Ministry of Fisheries and Agriculture II	Marine resources	Interest free	28-Feb-2024	Government of Maldives	1,437,563	1,437,563
Bank of Maldives III	Ice plant loans	8%	30-Jun-2024	Mortgage of leasehold right of commercial plot and all buildings,	-	783,738
Habib Bank Limited	Term Loan	7.50%	5-Jun-2028	Note - 22.8	129,448,416	100,527,421
					133,791,910	105,654,653

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/D1/134/2023/03 ,13/D1/134/2023/034) , 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 guaranteed by Government of Maldives.

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23 DEFINED BENEFIT OBLIGATION

	31/12/2024 MVR	31/12/2023 MVR
Opening balance	71,536,179	67,885,228
Current service cost	4,270,801	3,954,445
Interest cost	4,174,262	3,937,983
Actuarial gain for the year	(487,354)	(374,888)
	79,493,888	75,402,768
Less: Payments during the year	(3,445,708)	(3,866,589)
Closing balance	76,048,180	71,536,179

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

	31/12/2024 MVR	31/12/2023 MVR
Recognized in profit or loss		
Current service cost	4,270,801	3,954,445
Interest cost	4,174,262	3,937,983
	8,445,063	7,892,428
Recognized in other comprehensive income		
Actuarial gain for the year	(487,354)	(374,888)
	(487,354)	(374,888)

23.2 All the local employees who are working in the company (who have completed 10 years of service) are entiled 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 2024. Key assumptions used in the calculation are as follows :

	31/12/2024	31/12/2023
Expected salary increment	5.00%	5.00%
Discount rate	4.60%	4.60%
Staff turnover rate	22.00%	18.00%

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:

	31/12/2024		31/12/2023	
	Increase MVR	Decrease MVR	Increase MVR	Decrease MVR
Expected salary increment (1% movement)	3,609,897	(3,426,174)	2,680,358	(2,507,535)
Discount rate (1% movement)	(3,662,518)	3,149,700	(2,729,855)	2,962,826
Staff turnover rate (1% movement)	(264,829)	417,455	(140,652)	143,571

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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

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Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	30	0.53	5,697,564
Between 1-2 years	21	1.43	1,267,856
Between 2-5 years	63	3.66	8,962,288
Between 5-10 years	105	7.35	16,766,921
Beyond 10 years	709	24.99	43,353,552
Total	**928**	**37.95**	**76,048,181**

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**

24 LEASE LIABILITY

	31/12/2024 MVR	**31/12/2023 MVR**
Opening balance	42,504,135	42,205,779
Additions during the year	271,521	-
Add : Interest expense for the year	3,305,543	4,085,522
Less : Principal paid during the year	(809,397)	(884,997)
Less : Interest paid during the year	(2,977,769)	(2,902,169)
Disposals during the year	(802,209)	-
Closing balance	41,491,824	42,504,135

24.1 Maturity analysis

Current liability	5,490,327	5,848,219
Non-current liability	36,001,497	36,655,916
	41,491,824	42,504,135

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

	31/12/2024	**31/12/2023**
Less than one year	5,490,327	5,583,927
Between one and five years	19,673,450	25,631,777
More than five years	119,142,643	119,933,571
	144,306,420	151,149,275

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25 DEFERRED INCOME

	31/12/2024 MVR	31/12/2023 MVR
As at 1st January	26,537,967	27,457,142
Add: Additions during the year	-	-
Less: Amortization during the year	(491,379)	(919,175)
Written-off during the year **(Note 22.3)**	-	
As at 31st December	26,046,588	26,537,967

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.

26 TRADE AND OTHER PAYABLES

	31/12/2024 MVR	31/12/2023 MVR
Trade payables	203,053,943	347,265,556
Dividend payable	2,650,000	2,650,000
Income tax payable	8,069,728	8,069,728
Other payables	30,746,240	26,124,881
	244,519,912	384,110,166

Other payable mainly include advanced received from customers amounting to MVR 27,220,400/- (2023 -MVR 23,130,000//-), and payable to Housing Development Corporation Limited amounting to MVR MVR 771,000/- (2023- MVR 771,000/-).

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27	**AMOUNTS DUE TO RELATED PARTIES**	**31/12/2024** **MVR**	**31/12/2023** **MVR**
	State Trading Organization PLC **(Note 27.1)**	57,792,810	126,923,210
	Fuel Supplies Maldives Private Limited **(Note 27.1)**	492,736,314	438,764,868
	Ministry of Finance	113,907,699	-
	Maldives Gas Private Limited	107,760	143,540
	Allied Insurance Company of the Maldives Private Limited	942,416	494,859
	Maldives State Shiping Private Limited	1,110,986	125,672
		666,597,985	566,452,149

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.

Pursuant to the to the signed deed of Novation agreement between the Ministry of Finance on behalf of Government of the Republic of Maldives (“MOF”), State Trading Organization PLC (“STO”) and Company (Dated 16 May 2024 , Agreement number - 60-LA/CON-L/2024/470), Loan agreement has been novated and total disbursed loan amount with accrued interest amounting MVR 62,361,925.89 has been novated with MOF and STO is no longer a party to the loan agreement after the 16 May 2024.

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**	**31/12/2024** **MVR**	**31/12/2023** **MVR**
	Non - current liabilities		
	Amounts due to related parties	298,496,468	366,178,572
	Current liabilities		
	Amounts due to related parties	368,101,517	200,273,577
		666,597,985	566,452,149

27.3	**Non - current liabilities**		
	Fuel Supplies Maldives Private Limited	298,496,468	366,178,572

27.4	**Current liabilities**		
	State Trading Organization PLC	57,792,810	126,923,210
	Fuel Supplies Maldives Private Limited	194,239,846	72,586,296
	Ministry of Finance	113,907,699	-
	Maldives Gas Private Limited	107,760	143,540
	Allied Insurance Company of the Maldives Private Limited	942,416	494,859
	Maldives State Shiping Private Limited	1,110,986	125,672
		368,101,517	200,273,577

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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.

	2024	**2023**
Property, plant and equipment	6,789,677	4,395,675

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.

29 CONTINGENT LIABILITIES

Bank guarantee and letter of credits as at 31 December 2024 is Nil- (as at 31 December 2023 :Nil/-)

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

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.

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	
	31/12/2024 MVR	**31/12/2023 MVR**
Trade receivables and other receivable	303,596,277	367,299,632
Balances with banks	22,120,064	15,042,743
	325,716,341	382,342,375

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 2024.

31st December 2024	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**
		MVR	**MVR**
1-30 days past due	1.1%	63,826,908	718,801
31-60 days past due	2.3%	8,516,524	198,748
61-90 days past due	12.8%	8,613,655	1,105,323
91-180 days past due	29.9%	10,641,659	3,180,099
181-360 days past due	32.0%	14,703,951	4,700,820
More than 360 days past due	100.0%	127,895,150	127,895,150
		234,197,848	137,798,941

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

31st 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
		285,368,285	135,991,980

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 22,120,064/- as at 31st December 2024 in banks. (2023- MVR 15,042,743/-).

(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 2024	**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	213,320,184	213,320,184	213,320,184	-	-	-
Loans and borrowings	133,791,910	133,791,910	40,032,204	50,263,704	43,496,002	-
Lease liabilities	41,491,824	144,306,420	5,490,327	10,980,653	8,692,797	119,142,643
Amounts due to related partie	666,597,985	666,597,985	666,597,985	-	-	-
Bank overdrafts	618,501,537	618,501,537	618,501,537	-	-	-
Total	1,673,703,440	1,776,518,036	1,543,942,237	61,244,357	52,188,799	119,142,643

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 partie	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

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.

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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	
	31/12/2024 MVR	**31/12/2023 MVR**
Fixed rate instruments		
Financial liabilities	752,293,447	756,062,246

(b) Currency risk

Exposure to currency risk	**31/12/2024**	**31/12/2023**
The Company's exposure to foreign currency risk was as follows based on notional amounts:	**US$**	**US$**
Trade, amount due from related parties and other receivables	6,583,450	11,389,208
Trade, amount due to related parties and other payables	2,672,692	2,164,985
Bank overdrafts	-	-
Net currency exposure	9,256,141	13,554,193

The following significant exchange rate were applied during the year:	Average rate		Reporting date spot rate	
	2024	**2023**	**31/12/2024**	**31/12/2023**
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 ± 20% of the mid-point of exchange rate.

31 EVENTS AFTER THE REPORTING DATE

31.1 Pursuant to the letter from Ministry of Fisheries and Ocean Resources dated on 13 April 2025 (Letter Number – 30-G2/134/2025/11 -, The company has terminated land right of Funaddoo fisheries complex with effective from 20 April 2025.

31.2 Pursuant to the agreement signed between the Company and Fenaka Corporation Limited (Fenaka) dated 15th February 2025 and its subsequent amendments, the company has re-acquired 14 ice pants from the Fenaka Corporation Limited with effect from 15th February 2025. Accordingly, the Company has reacquired assets, resources, and liabilities of 14 ice plants operations from Fenaka. (Ice plant namely – Ha.Ihavadhoo, N.Lhohi, R.Alifushi, B.Thulhaadhoo, F.Nilandhoo, Th.Hirilandhoo, G,Dhevvadhoo, Ga.Gemanafushi, Ga.Kolamaafushi, Ga.Dhaandhoo, Gdh.Faresmaathoda. Gdh.Fiyoaree, F.Feeali & S.Hithadhoo Ice plants).

Other than above disclosed, 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 loss for the year ended 31 December 2024 was MVR 165,152,072/- and the accumulated losses as at that date was MVR 1,036,111,660/-

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 Goverment of Maldives represeted 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 404,356,780/- and the Company is hopeful of availing such subsidies in future.

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)	
			2024 MVR	2023 MVR	31/12/2024 MVR	31/12/2023 MVR
Ministry of Finance	Main Shareholder	Advance billed	-	8,840,445	14,838,564	13,333,332
		Advance received	20,897,239	(8,840,445)	(113,907,699)	
		Subsidy billed	404,356,780	229,166,663		
		Subsidy received	(389,518,216)	(215,833,331)		
		Sales of goods	-	7,604,167		
		Payement made	-	(7,604,167)		
State Trading Organization PLC	Affiliate	Sales of goods	(2,343,189)	10,170,617	(57,792,810)	(126,923,210)
		Purchase of goods	(10,500,678)	(8,938,304)		
		Payment made	36,963,040	946,461,671		
		Loan Novation	62,361,925	-		
		Land ownership transfer	-	255,206,400		
		Advance received	-	(47,756,881)		
		Set off balances	(2,030,315)	(113,720,893)		
		Interest on loans	-	(12,669,249)		
		Dollar sales	(15,420,000)	(942,424,140)		
		Shelf leasing commission	45,432	-		
		Advance rent	-	(11,963,681)		
		Shelf rent	54,185	(132,000)		
		Government Grant received	-	(20,833,333)		
Fuel Supplies Maldives Private Limited	Affiliate	Sales of goods Services	-	3,896,084	(492,736,314)	(438,764,868)
		Purchase of goods & Services	(295,413,538)	(466,382,428)		
		Set off balances	-	138,299,684		
		Settlements	241,442,092	397,772,788		
Maldive Gas Private Limited	Affiliate	Purchase of goods	(1,361,624)	(1,253,385)	(107,760)	(143,540)
		Payment made	1,397,404	1,314,690		
		USD sales advance received				
Allied Insurance Company Maldives Private Limited	Affiliate	Purchase of goods	(2,360,648)	(4,169,030)	(942,416)	(494,859)
		Payment made	1,913,091	4,427,483		
		Sales of goods		21,021		
		Payments received		(21,021)		
Marine Maldives Products	Affiliate	Sales of goods	-	-	13,010,881	13,010,881
		Payment made	-	-		
Maldives State Shiping Private Limited	Affiliate	Service obtained		(1,558,363)	(1,110,986)	(125,672)
		Payment made		2,586,720		

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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)**	
	2024 MVR	**2023 MVR**	**31/12/2024 MVR**	**31/12/2023 MVR**
Interest on Borrowings	-	-	4,343,494	4,343,494
Loan receipt	50,000,000			
Novation of Loan	62,361,925			
Payments	-	(1,134,525)	-	-

34.2 Collectively, but not individually significant transactions

	Amount		**Balance outstanding due from / (to)**	
	2023 MVR	**2023 MVR**	**31/12/2024 MVR**	**31/12/2023 MVR**
Sales of goods	26,788,900	56,789,567		
Service obtained	4,455,899	1,234,234		
Receivable from government related entities	-	-	14,838,564	13,333,332
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.

	2024 MVR	**2023 MVR**
Directors' remuneration	519,174	504,491

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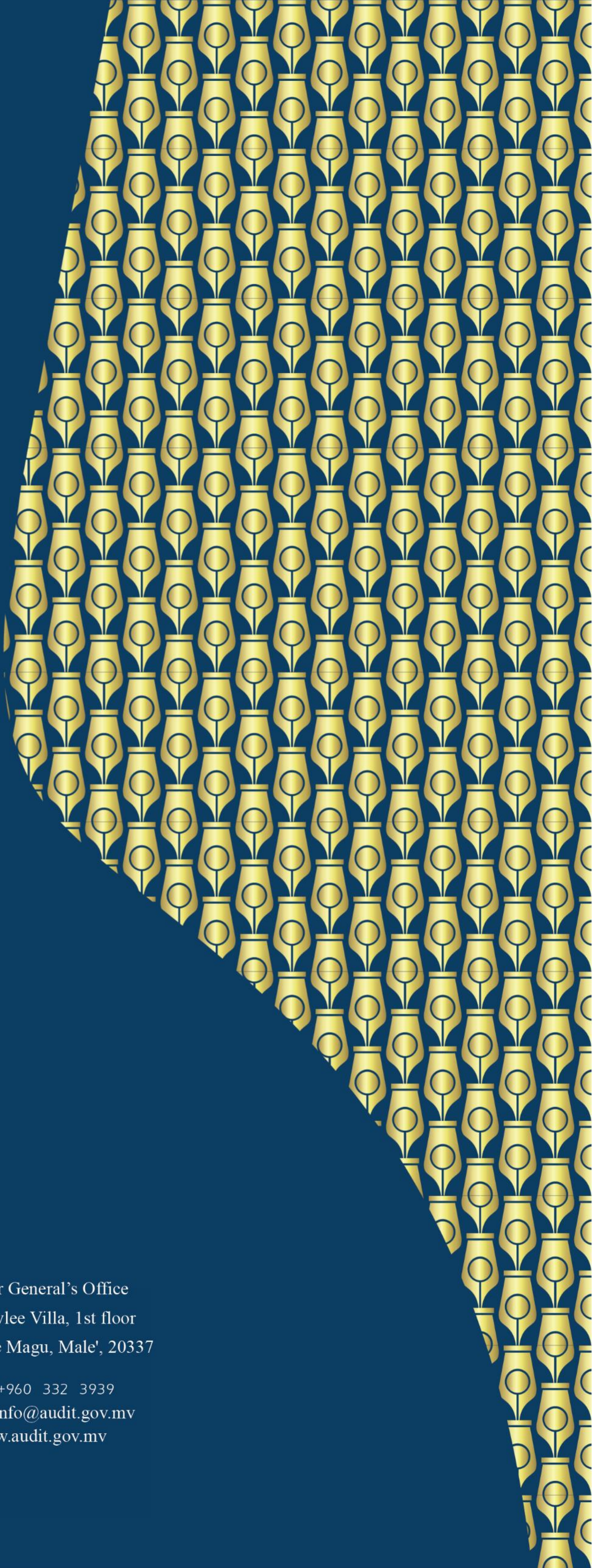

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