

TRADENET MALDIVES CORPORATION LTD

Audited Financial Statements for the year ended
31st December 2022



MHPA
Chartered Accountants & CPAs

MHPA L.L.P

Licensed by the Institute of
Chartered Accountants of Maldives

PARTNERS

Rifaath Jaleel, CPA, FCA
Saffan Ahmed, FCCA

www.mhpaonline.com



Trainee Development - Gold



PARTNERSHIP REGISTRATION #: P-T0006/2013

AUDIT LICENSE #: ICAM-FL-OGP

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June 27, 2024

MHPA-013-A/2024

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Tradenet Maldives Corporation Limited,

Opinion

We have audited the financial statements of Tradenet Maldives Corporation Limited (Company), comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition – Project Income from Contract Revenue

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Refer to the significant accounting policy notes #4.2 Project Income and #6 Revenue of the financial statements.</p>	<p>Specific work that we performed on the determination by the management on using the input method of revenue recognition included the following:</p>
<p>The contract between the Company and the Ministry of Economic Development (Ministry) outlines the establishment of IT services and infrastructure. Amendments were made to adjust project costs and extend project duration, with additional payments intended to cover operational expenses.</p> <p>The challenge arises in determining when to recognize revenue, as the payments from the Ministry are designed to cover both capital and ongoing operational costs for the project. There have been amendments after the balance sheet date, extending the project duration and additional payments to compensate the operational costs of the Company.</p> <p>To address uncertainty in measurement, revenue recognized is limited to costs expected to be recoverable, ensuring it doesn't exceed total probable recoverable costs.</p> <p>Management judgement has been made on treating "costs incurred" as cash-only costs, to represent the Company and its operations more accurately.</p>	<ul style="list-style-type: none"> - Review and identify the key features of the contract, its terms and amendments, which include the Scope of Work, total budget, and the impact of the amendments on the budget to obtain a proper understanding of the contract. - Establish whether the satisfaction of the performance obligations relates to the revenue recognition - as the payments by the Ministry are intended to cover the investment and the operational cost of the Company to complete the service project. - Assess the reasonableness of Management's determination for concluding that there is no purpose of measuring progress towards satisfaction of the performance obligations and that allocating the transaction price to the performance obligations would be problematic due to the changing transaction price. - Review the budgeted costs provided in the contract to understand how they are categorized into capital and operational expenses and assess the company's methodology and rationale behind matching these costs to revenue. - Enquire the rationale behind management's judgment to consider "costs incurred" as cash-only costs and assess its alignment with the company's operations and business model to verify the impact of this judgment on revenue recognition.



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 is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.



Rifaath Jaleel, CPA, FCA
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2018



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TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 MVR	2021 MVR
Revenue	6	34,225,396	12,784,551
Cost of Services	7	19,821,044	6,241,548
GROSS PROFIT		14,404,352	6,543,004
Other Income	8	679,230	0
Administrative Expense	8	18,923,247	10,022,507
Marketing and Promotional Expense	9	138,198	36,500
Financing Cost	10	1,416,851	930,359
Profit / (Loss) Before Tax		(5,394,713)	(4,446,363)
Income Tax	11	13,833	82,455
NET PROFIT / (LOSS)		<u>(5,408,546)</u>	<u>(4,528,818)</u>
EARNINGS PER SHARE	12	(2.16)	(2.60)



TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	NOTES	2022 MVR	2021 MVR
ASSETS			
Non-current Assets			
Property, Plant & Equipment	13	4,561,803	2,892,962
Project Assets	14	3,338,971	2,366,641
Capital Work-In Progress	15	105,254	470,264
ROU Assets	16	20,426,663	9,847,706
		28,432,691	15,577,573
Current Assets			
Cash and Cash Equivalents	17	5,337,753	2,433,088
Trade and Other Receivables	18	3,379,187	821,630
Amount Due from Related Parties	19	15,022,129	14,556,970
		23,739,068	17,811,688
TOTAL ASSETS		52,171,759	33,389,261
EQUITY & LIABILITIES			
Equity and Reserves			
Ordinary Share Capital	20	24,986,530	17,396,530
Retained Earnings		(15,767,472)	(10,358,926)
		9,219,058	7,037,604
Non-current Liabilities			
Deferred Tax	11.4	433,361	419,527
Deferred Income	21	3,300,133	1,369,530
Lease Liabilities	24	16,266,501	7,933,667
		19,999,995	9,722,724
Current Liabilities			
Trade and Other Payables	22	4,107,046	2,222,969
Amount Due to Related Parties	23	234,590	9,749
Lease Liabilities	24	4,451,972	2,614,234
Contract Liability	25	14,159,099	11,781,981
		22,952,706	16,628,933
TOTAL LIABILITIES		42,952,701	26,351,657
TOTAL EQUITY & LIABILITIES		52,171,759	33,389,261

Approved by the Board of Directors and signed on its behalf by;


Saeeda Umar
 Managing Director


Siyah Khaleel
 Chairman



TRA DENET MALDIVES CORPORATION LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 MVR	2021 MVR
Share Capital			
As at period starting, 01 st January		17,396,530	9,446,530
Issue of shares during the year	20	7,590,000	7,950,000
As at period ending 31 st December		24,986,530	17,396,530
Retained Earnings			
As at period starting, 01 st January		(10,021,853)	(5,493,036)
Profit / (loss) during the year		(5,408,546)	(4,528,818)
As at period ending 31 st December		(15,430,400)	(10,021,853)
		9,556,130	7,374,677



TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 MVR	2021 MVR
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Tax		(5,394,713)	(4,446,363)
Adjustment for			
Deferred Income	21	(331,014)	(118,842)
Gain / Loss on Disposals		(679,137)	-
Depreciation & Amortization	13	1,703,612	725,216
ROU Amortization	16	2,619,532	1,159,187
ROU Lease Interest	24	1,416,851	930,359
Operating profit/(loss) before working capital changes		(664,870)	(1,750,442)
Working Capital Changes			
Trade and Other Receivables	18	(2,557,557)	(380,956)
Amount Due from Related Parties	19	(465,158)	(14,354,510)
Trade and Other Payables	22	2,353,256	2,183,062
Amount Due to Related Parties	23	(244,339)	(46,815)
Contract Liability	25	2,377,118	11,781,981
Cash generated from operating activities		798,451	(2,567,681)
Interest Paid (ROU)	24	(1,287,269)	(930,359)
Income Tax Paid	11	-	-
Net Cash Generated from / (Used in) Operating Activities		(488,819)	(3,498,040)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	13	(1,814,616)	(2,846,492)
Investment in Work-in Progress	15	(401,517)	(470,264)
Acquisition of Intangible Assets		-	-
Proceeds from Sales of Property, Plant & Equipment		-	-
Net Cash Used in Investing Activities		(2,216,133)	(3,316,755)
CASH FLOW FROM FINANCING ACTIVITIES			
Paid-up Ordinary Share Capital	20	7,590,000	7,950,000
Loan and Borrowing Received		-	-
Repayment of Borrowings		-	-
Principal Lease Payment (ROU)	24	(1,980,384)	(808,444)
Net Cash Generated from / (Used in) Financing Activities		5,609,616	7,141,556
Net Increase / (Decrease) in Cash and Cash Equivalents		2,904,665	326,760
Cash and Cash Equivalents at the Beginning of the Year		2,433,088	2,106,329
Cash and Cash Equivalents at the End of the Year		5,337,753	2,433,088



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

Tradenet Maldives Corporation Limited (the "Company") is a Company incorporated and resided in the Republic of Maldives as a private limited liability Company. The Company is a 100% State-Owned Enterprise incorporated on 15th October 2019. The Company was established under Presidential Decree No: 2019/11 and governed by the Companies Act 1996.

Principal activities and nature of operation

Tradenet is the designated operator of the National Single Window (NSW) system in the Maldives, an initiative that utilizes information and Communications Technologies (ICT) to streamline international trade procedures by allowing electronic information exchange between Cross Border Regulatory Authority (CBRA) information systems by automating operations across stakeholder systems.

Additionally, Tradenet carries out design, development, and operation of One Service Maldives (OSM Project), which aims to integrate the digital services of numerous government agencies under a single platform, improving public service delivery through citizen centric services, increasing people's engagement, enhancing transparency, accountability, and inclusion, and ultimately making life better for all.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

2.2 Basis of Measurement

The financial statements have been formulated using the historical cost accounting method.

2.3 Functional and Presentation Currency

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

2.4 Going Concern

During the year ending 31st December 2022, the Company incurred a loss of MVR 5,408,546 and as of that reporting date, it had accumulated losses of MVR 15,767,472.

Despite the losses, the Board of Directors has determined that it is appropriate to use the going concern basis of accounting for the year, and they do not plan to liquidate or discontinue the Company. The Board has conducted a thorough evaluation of the Company's ability to continue as a going concern in the foreseeable future, taking into account the financial and operational support expected from the Ministry of Finance, as the sole shareholder of the Company.

2.5 Use of Estimates and Judgements

While formulating these financial statements, management has exercised judgment and made estimations that impact the application of the Company's accounting policies and the disclosed figures for assets, liabilities, income, and expenses. Actual outcomes may deviate from these estimations.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognized in a prospective manner.



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(i) Judgements

Details regarding key judgments used in the application of accounting policies, which have the most substantial impact on the figures reported in the financial statements, are provided in the relevant notes,

- classification of financial assets involves evaluating the business model in which the assets are held and determining whether the contractual terms of the financial asset meet the criteria for "SPPI" (Solely Payments of Principal and Interest) on the outstanding principal amount.
- recognition and measurement of contingencies involve essential assumptions regarding the probability and extent of a potential outflow of resources.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2022 that which poses a substantial risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are provided in the relevant notes.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended 31st December 2022.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign Currency Transactions

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

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

Non-monetary assets and liabilities recorded at historical cost in a foreign currency are converted using the exchange rates in effect at the time of the initial transactions. Non-monetary items valued at fair value in a foreign currency are translated using the exchange rates prevailing on the date when the fair value is determined.

4.2 Revenue

To determine whether to recognise revenue, the follows a 5-step process:

- (a) Identifying the contract with a customer
- (b) Identifying the performance obligations
- (c) Determining the transaction price
- (d) Allocating the transaction price to the performance obligations, and then
- (e) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognized as the Company satisfies each performance obligation. Revenue is recognized over time (as progress is made) or at a point in time (when control is transferred) dependent on the contract terms.



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(i) Recognize Revenue at the Point in Time

The company recognize revenue at the identified point in time when control is transferred to the customer. The amount recognized as revenue is the transaction price allocated to the specific goods or services that were transferred at that moment.

(ii) Revenue Recognised Over Time

Company recognises revenue as the performance obligations are being fulfilled or as the progress is made towards fulfilling its obligations and revenue is recognised gradually over a contract duration. Revenue will be measured using,

- output method: progress is measured directly assessing the goods or services transferred to the customer.
- input method: progress is measured on the Company's contributions or inputs to fulfil the performance obligations.

Service Income

The Company recognises the revenue over time by measuring the progress towards complete satisfaction of the performance obligation.

Project Income

In the case of Project Income, particularly for the OSM project, revenue recognition is not tied to the fulfilment of performance obligations. Payments made by the Ministry of Economic Development are intended to cover the Company's investment and operational costs, rendering the measurement of progress towards satisfying performance obligations unnecessary. Therefore, revenue is recognised based the Companies contribution to meet the obligation of the contract.

4.3 Government Grant

The Company, as the assigned operator of the National Single Window (NSW) in the Maldives, has received government grants, funded by ADB. These grants have been extended to facilitate the establishment and operation of the NSW operator. The grants comprise of two main components:

(i) Capital Expenditure

The government grants pertain to the capital expenditures necessary for the establishment of the NSW operator, with a primary focus on the development of IT infrastructure and the setup of office facilities.

(ii) Recurrent Costs

In addition to capital expenditure, the grants encompass a contribution towards certain elements of recurrent expenses. These include partial coverage of office rental, communication expenditures, and subscriptions essential for the efficient functioning of the NSW.

Recognition and Measurement

Government grants are acknowledged in the financial statements when there is a reasonable expectation that the Company will comply with the conditions stipulated in conjunction with the grant, and the grant is assured of being received.

(i) Capital Expenditure

Grants related to capital expenditures are initially recognized as deferred income on the Statement of Financial Position. Subsequently, they are systematically recognized as income in the income statement over the expected useful life of the associated assets. This method ensures that the grant income is recognized in a manner aligned with the period over which it benefits the Company.



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(ii) Recurrent Costs

Grants pertaining to partial office rent, communication expenses, and subscriptions are recognized as grant income in the income statement as and when the relevant expenses are incurred.

4.4 Cost of Operations

The Company incurs cost of operations primarily from the labour cost attributed to generate the revenue from projects and running the call centre to its clients.

4.5 Expenditure recognition

In the statement of comprehensive income, expenses are recorded based on a direct correlation between the costs incurred and the generation of specific income items. This includes all expenses related to the operation of the business and the upkeep of property, plant, and equipment to ensure their efficient functioning, which have been accounted for in the statement of comprehensive income to determine the profit for the year.

Expenditure spent on acquiring, expanding, or enhancing permanent assets that enable business operations or enhance the business's earning potential is categorized as capital expenditure.

4.6 Income Tax

Income tax expense comprises both current and deferred taxes and is recorded in the profit or loss statement, unless it pertains to a business combination or items recognized directly in equity or other comprehensive income (OCI). The Company has concluded that interest and penalties related to income taxes, including those associated with uncertain tax treatments, do not meet the criteria for classification as income taxes and, therefore, has accounted for them in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

(i) Current Tax

Current tax includes the anticipated tax that will be payable, or receivable based on the taxable income or loss for the current year, along with any revisions to the tax payable or refundable related to prior years. The current tax amount to be paid or received is the most reliable estimate of the expected tax payment or refund, considering any uncertainties associated with income taxes. This estimation is determined using the tax rates that have been officially enacted or are substantially certain as of the reporting date. Current tax assets and liabilities are consolidated only when specific conditions are satisfied.

(ii) Deferred Tax

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

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

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

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



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

4.7 Property, Plant and Equipment

(i) Recognition and Measurement

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. For self-constructed assets cost includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in 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.

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



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Computer Hardware	05 Years
Computer Hardware	03 Years
Machinery and Equipment	10 Years
Motor Vehicles	05 Years
Office Equipment	05 Years
Office Equipment	03 Years
Furniture and Fittings	10 Years
Leasehold Improvements	Lease Period

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

Depreciation starts when the asset is delivered and ready to use while, depreciation ends on the disposal date, or at the end of its useful life.

(iv) Capital Work in Progress

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

4.8 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 programs 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 capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives for the current and comparative periods are as follows:

Computer Software	03 Years
-------------------	----------

4.9 Financial Instruments

(i) Recognition and Initial Measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss ("FVTPL"), transaction costs that are



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 as measured at: amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") - Debt investment, FVOCI - equity investment or FVTPL.

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

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

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

On initial recognition of an equity investment that is not held for trading: the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Accordingly, the Company has irrevocably elected to present subsequent changes in fair value in OCI.

Financial assets designated at FVOCI comprise Company's investments in equity shares. All other financial assets are classified as measured at FVTPL.

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.

Equity instruments have contractual cash flows that do not meet the SPPP criterion. Accordingly, all such financial assets are measured at FVOCI.



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(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.

(iv) Financial liabilities - classification, subsequent measurement and gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

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.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

(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 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



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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 realize the asset and settle the liability simultaneously.

4.10 Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Loss (ECL) on financial assets (including lease receivables) 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 lease 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 sub lessee;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

Presentation of allowance for ECL in the statement of financial position



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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.

4.11 Share Capital

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

4.12 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

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

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



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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.

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

Short-term Leases and Leases of Low-value Assets

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

4.13 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.

4.14 Defined contribution plan

Employees are entitled to participate in the Maldives Retirement Pension Scheme in accordance with applicable statutes and regulations. The Company allocates a 7% contribution from the basic salary of Maldivian employees to the Maldives Retirement Pension Scheme

4.15 Other Liabilities and Provision

In the process of preparing the financial statements, we have included all known liabilities. Additionally, we have assessed the significance of events occurring after the reporting period and, where deemed necessary, have incorporated suitable adjustments and provisions in the financial statements.



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Current liabilities listed in the statement of financial position comprise amounts due for payment either upon demand or within one year from the end of the reporting period. Non-current liabilities consist of balances that become due more than one year after the reporting period's end.

Provisions are recognized when the Company has a present obligation (legal or Constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning from 01st January 2022 and earlier application is permitted; however, the Company has not adopted any of the new or amended standards in preparing these financial statements.

The Company anticipates that the revised standards and interpretations listed below will not have a substantial impact on its financial statements.

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Amendments to IAS 12 - Deferred tax relates to assets and liabilities arising from a single transaction.



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	2022	2021
	MVR	MVR
6 Revenue		
Grant Income	1,129,009	1,338,018
Service Income	2,265,958	2,311,847
Project Income	30,830,429	9,134,686
	<u>34,225,396</u>	<u>12,784,551</u>

Grant income comprises financial support provided by the Asian Development Bank (ADB) under the SASEC's National Single Window project (NSW Project), for capital expenditures and reimbursements for specific recurring costs associated with the designated NSW operator.

Service Income is generated from contracts signed with clients to provide Contact Centre Services.

Project Revenue consist of revenue generated from the contract signed between Ministry of Economic Development and the Company (OSM Project). The contract start date was June 2021 and ends in June 2023. The total contract value is MVR 66,998,273. The progress is measured using the input method, by identifying cost incurred to meet its performance obligations.

	2022	2021
	MVR	MVR
7 Cost of Services		
Staff Cost of Contact Centre	1,464,342	2,397,189
Staff Cost of Projects	18,356,701	3,844,359
	<u>19,821,044</u>	<u>6,241,548</u>

The cost of service includes staff cost associated with both contact centre operations and staff costs attributed to the development of OSM Project.

	2022	2021
	MVR	MVR
8 Other Income		
Exchange Gain	93	0
Gain on Disposal	679,137	-
	<u>679,230</u>	<u>0</u>

The net gain on disposal was due the lease termination of H. Palmeyra as Tradenet's headquarters moved to G. Niusha.



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	2022	2021
	MVR	MVR
8 Administrative Expense		
Salaries and Benefits	4,392,837	3,114,913
Professional Fees	4,242,332	1,429,097
Training Expense	209,884	240,159
Directors Remuneration	1,208,366	1,125,984
Pension	659,411	311,364
Recreational Expense	202,621	38,517
Utilities	319,721	157,597
Communication Expense	396,435	444,010
License and Subscriptions	1,068,432	605,466
Office Supplies and Stationaries	198,382	113,612
Refreshments and Entertainment	115,009	27,066
Bank Charges	9,541	6,367
Travel Expenses	939,629	136,641
Repair and Maintenance	203,375	60,018
IT Consumables	167,836	101,202
Depreciation	1,703,612	725,216
ROU Amortization	2,619,532	1,159,187
Insurance	-	33,499
Office Cleaning	187,597	97,471
Transportation and Logistical Expenses	67,315	20,141
Fine and Penalties	11,380	74,980
	18,923,247	10,022,507
	2022	2021
	MVR	MVR
9 Marketing and Promotional Expense		
Branding and Promotion Expense	138,198	36,500
	138,198	36,500
	2022	2021
	MVR	MVR
10 Financing Cost		
ROU Lease Interest	1,416,851	930,359
	1,416,851	930,359
	2022	2021
	MVR	MVR
11 Income Tax		
11.1 Income Tax		
Profit/ (Loss) Before Tax (Accounting Profit)	(5,394,713)	(4,446,363)
Disallowable Expenses	8,117,130	4,327,090
Allowable Expenses	(7,940,429)	(3,583,855)
Taxable Profit/ (Loss) Before Threshold Allowance	(5,218,012)	(3,703,128)
Tax-free Threshold	(500,000)	(500,000)
Taxable Profit	-	-
Income Tax on Taxable Profit at 15%	-	-



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	2022	2021
	MVR	MVR
11.2 Accumulated Tax Loss		
Taxable Loss Carried Forward as at period starting, 01 st January	(8,767,034)	(5,063,906)
Taxable Loss for the year	(5,218,012)	(3,703,128)
Accumulated Tax Loss as at period ending, 31 st December	<u>(13,985,046)</u>	<u>(8,767,034)</u>

Under the stipulations of the Income Tax Act (Law No. 25/2019), which became effective on 01st January 2020, along with applicable regulations and any subsequent revisions, the Company is liable for income tax on its taxable profits at a rate of 15%.

11.3 Deferred Tax on Temporary Differences

The deferred tax is arrived at by applying the income tax rate of 15% to the timing differences as at 31st December.

	2022	2021
	MVR	MVR
Deferred Tax Asset (Note 11.4)	782,702	555,469
Deferred Tax Liability (Note 11.4)	433,361	419,527
Deferred Tax Asset as at 31 st December	<u>349,341</u>	<u>135,942</u>

The deferred tax asset resulting from carried forward tax losses has not been recognised in these financial statements since it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

11.4 Unrecognised Deferred Tax Assets / (Liability) are attributable to the following

	2022	2021
	MVR	MVR
Deferred Tax Asset		
Loss Before Tax	(5,394,713)	(4,446,363)
Disallowable Expenses	8,117,130	4,327,090
Allowable Expenses	(7,940,429)	(3,583,855)
Taxable Loss	(5,218,012)	(3,703,128)
Deferred Tax Asset on Tax Losses at 15%	782,702	555,469
Deferred Tax Liability		
Net Carrying Value as per Accounting Base	7,900,774	5,259,603
Written Down Value as per Tax Base	5,011,703	2,462,756
Temporary Difference	2,889,071	2,796,848
Deferred Tax Liability on Tax Losses at 15%	433,361	419,527

	2022	2021
	MVR	MVR
12 Earnings Per Share		
Profit/(Loss) for the year	(5,408,546)	(4,528,818)
Number of Ordinary Shares	2,498,653	1,739,653
	(2.16)	(2.60)

Earnings per share is determined by dividing the profit for the year attributed to ordinary shareholders by the number of ordinary shares outstanding at the end of the year.



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	2022 MVR	2021 MVR
13 Property, Plant and Equipment		
COST		
Office Equipment		
As at period starting, 01 st January	486,112	361,478
Acquisitions during the year	210,594	30,337
Grants Received during the year	166,768	94,298
Disposal during the year	(1,249)	-
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>862,225</u>	<u>486,112</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	1,348,677	523,896
Acquisitions during the year	97,964	232,582
Grants Received during the year	357,663	592,199
Disposal during the year	-	-
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>1,804,304</u>	<u>1,348,677</u>
Leasehold Improvement		
As at period starting, 01 st January	658,360	658,360
Acquisitions during the year	-	-
Grants Received during the year	-	-
Disposal during the year	(658,360)	-
Transferred from Capital Work-In Progress	312,063	-
As at period ending, 31 st December	<u>312,063</u>	<u>658,360</u>
Furniture & Fittings		
As at period starting, 01 st January	1,049,309	1,024,594
Acquisitions during the year	52,488	24,715
Grants Received during the year	1,737,187	-
Disposal during the year	-	-
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>2,838,984</u>	<u>1,049,309</u>
TOTAL COST	<u>5,817,576</u>	<u>3,542,458</u>

The grants recognized under property, plant, and equipment represent acquisitions financial support provided by the Asian Development Bank (ADB) under the SASEC National Single Window project.



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	2022 MVR	2021 MVR
13 Property, Plant & Equipment (continued)		
ACCUMULATED DEPRECIATION		
Office Equipment		
As at period starting, 01 st January	95,929	15,727
Depreciation for the year	138,728	80,202
Disposal during the year	(398)	-
As at period ending, 31 st December	<u>234,259</u>	<u>95,929</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	311,657	33,182
Depreciation for the year	439,033	278,475
Disposal during the year	-	-
As at period ending, 31 st December	<u>750,690</u>	<u>311,657</u>
Leasehold Improvement		
As at period starting, 01 st January	101,914	30,751
Depreciation for the year	65,309	71,163
Disposal during the year	(164,865)	-
As at period ending, 31 st December	<u>2,357</u>	<u>101,914</u>
Furniture & Fittings		
As at period starting, 01 st January	139,996	36,837
Depreciation for the year	128,471	103,159
Disposal during the year	-	-
As at period ending, 31 st December	<u>268,467</u>	<u>139,996</u>
TOTAL ACCUMULATED DEPRECIATION	<u>1,255,773</u>	<u>649,495</u>
NET CARRYING VALUE		
Office Equipment	627,966	390,183
Computer Hardware & Accessories	1,053,614	1,037,020
Leasehold Improvement	309,705	556,446
Furniture & Fittings	2,570,517	909,313
	<u>4,561,803</u>	<u>2,892,963</u>



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	2022 MVR	2021 MVR
14 Project Assets		
COST		
Office Equipment		
As at period starting, 01 st January	341,724	-
Acquisitions during the year	106,250	341,724
Disposal during the year	-	-
As at period ending, 31 st December	<u>447,974</u>	<u>341,724</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	1,288,618	-
Acquisitions during the year	651,539	1,288,618
Disposal during the year	(4,150)	-
As at period ending, 31 st December	<u>1,936,007</u>	<u>1,288,618</u>
Leasehold Improvement		
As at period starting, 01 st January	-	-
Acquisitions during the year	-	-
Disposal during the year	-	-
Transferred from Capital Work-In Progress	454,464	-
As at period ending, 31 st December	<u>454,464</u>	<u>-</u>
Furniture & Fittings		
As at period starting, 01 st January	928,515	-
Acquisitions during the year	695,781	928,515
Disposal during the year	-	-
As at period ending, 31 st December	<u>1,624,296</u>	<u>928,515</u>
TOTAL COST	<u>4,462,741</u>	<u>2,558,858</u>

Project assets encompass all the capital expenditures acquired for the OSM development project. The ownership rights to these assets will only be transferred to the Company upon the conclusion of the contract term.



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	2022 MVR	2021 MVR
14 Project Assets (continued)		
ACCUMULATED DEPRECIATION		
Office Equipment		
As at period starting, 01 st January	19,593	-
Depreciation for the year	76,693	19,593
Disposal during the year	-	-
As at period ending, 31 st December	<u>96,287</u>	<u>19,593</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	150,982	-
Depreciation for the year	509,368	150,982
Disposal during the year	(518)	-
As at period ending, 31 st December	<u>659,832</u>	<u>150,982</u>
Leasehold Improvement		
As at period starting, 01 st January	-	-
Depreciation for the year	240,754	-
Disposal during the year	-	-
As at period ending, 31 st December	<u>240,754</u>	<u>-</u>
Furniture & Fittings		
As at period starting, 01 st January	21,642	-
Depreciation for the year	105,255	21,642
Disposal during the year	-	-
As at period ending, 31 st December	<u>126,897</u>	<u>21,642</u>
TOTAL ACCUMULATED DEPRECIATION	<u>1,123,770</u>	<u>192,217</u>
NET CARRYING VALUE		
Office Equipment	351,688	322,131
Computer Hardware & Accessories	1,276,175	1,137,636
Leasehold Improvement	213,710	-
Furniture & Fittings	1,497,399	906,873
	<u>3,338,971</u>	<u>2,366,641</u>



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	2022	2021
	MVR	MVR
15 Capital Work-in Progress		
As at period starting, 01 st January	470,264	-
Additions during the year	401,517	470,264
Transferred to Property Plant & Equipment	(766,526)	-
As at period ending, 31 st December	<u>105,254</u>	<u>470,264</u>

In 2022 capital work-in progress consist of investment on leasehold improvements at the new head office.

	2022	2021
	MVR	MVR
16 Right-Of-Use Asset		
COST		
As at period starting, 01 st January	11,962,804	9,559,117
Additions during the year	27,909,416	2,403,687
Disposals during the year	(17,887,583)	-
As at period ending, 31 st December	<u>21,984,637</u>	<u>11,962,804</u>
ACCUMULATED AMORTIZATION		
As at period starting, 01 st January	2,115,099	955,912
Amortization during the year	2,619,532	1,159,187
Disposals during the year	(3,176,656)	-
As at period ending, 31 st December	<u>1,557,975</u>	<u>2,115,099</u>
NET CARRYING VALUE	<u>20,426,663</u>	<u>9,847,706</u>

In November 2022, Tradenet's headquarters moved to G. Niusha, after terminating the existing lease of H. Palmeyra. The relocation was mainly driven by the organization's expansion necessitated by the requirements of the OSM Project.

	2022	2021
	MVR	MVR
17 Cash and Cash Equivalent		
Cash in Hand	6,332	4,450
Bank Balances	5,331,421	2,428,638
	<u>5,337,753</u>	<u>2,433,088</u>

	2022	2021
	MVR	MVR
18 Trade and Other Receivables		
Prepaid Expenses	704,722	44,417
Advances and Deposits	525,706	155,706
Other Receivables	1,350,764	893
Accrued Income	797,994	620,615
	<u>3,379,187</u>	<u>821,630</u>

Accrued income represents the anticipated reimbursement for recurring costs associated with the NSW project.

	2022	2021
	MVR	MVR
19 Amount Due from Related Parties		
Ministry of Economic Development	14,953,379	14,488,220
SME Development Finance Corporation	68,750	68,750
	<u>15,022,129</u>	<u>14,556,970</u>

Receivables from Ministry of Economic Development relates to the OSM Project.



TRA DENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

20 Ordinary Share Capital

20.1 Authorised Share Capital

The authorised share capital comprises of 15,000,000 ordinary shares of MVR 10 each.

20.2 Issued Share Capital

	2022	2021
	MVR	MVR
As at period starting, 01 st January	17,396,530	9,446,530
Issue of Ordinary Shares during the year	7,590,000	7,950,000
As at period ending, 31 st December	24,986,530	17,396,530

During the year 2022 the issued and fully paid-up share capital comprises of 759,000 (2021: 7950,000) shares, issued at a par value of MVR 10 per share.

	2022	2021
	MVR	MVR
21 Deferred Income		
As at period starting, 01 st January	1,369,530	801,875
Grant Assets Received during the year	2,261,618	686,497
Transferred to Grant Income	(331,014)	(118,842)
As at period ending, 31 st December	3,300,133	1,369,530

Capital expenditures acquired for the NSW project, financed from the grant, are capitalised under property plant and equipment. The corresponding grant income is recognized over the useful life of the asset.

	2022	2021
	MVR	MVR
22 Trade and Other Payables		
Trade Payables	421,241	340,280
Accrued Expense	436,126	447,926
Payroll Liabilities	157,301	83,715
Tax Liability	3,092,378	1,351,048
	4,107,046	2,222,969

Tax liability comprises the goods and services taxes applicable to both the contact centre income and OSM project income.

	2022	2021
	MVR	MVR
23 Amount Due to Related Parties		
Fenaka Corporation Limited	34,219	1,282
Island Aviation Services Ltd	8,605	8,467
State Electric Company Limited	2,793	-
Dhivehi Raajjeyge Gulhun Plc	188,158	-
Waste management Corporation Limited	814	-
	234,590	9,749



TRADENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	MVR	MVR
24 Lease Liabilities		
As at period starting, 01 st January	10,547,901	8,952,658
Additions during the year	28,038,998	2,403,687
Interest charges for the year	1,287,269	930,359
Lease Terminations during the year	(15,888,042)	-
Interest paid during the year	(1,287,269)	(930,359)
Principle lease payments	(1,980,384)	(808,444)
As at period ending, 31 st December	<u>20,718,473</u>	<u>10,547,901</u>
Non-current Liabilities	<u>16,266,501</u>	<u>7,933,667</u>
Current Liabilities	<u>4,451,972</u>	<u>2,614,234</u>

In November 2022, Tradenet's headquarters moved to G. Niusha, after terminating the existing lease of H. Palmeyra. The relocation was mainly driven by the organization's expansion necessitated by the requirements of the OSM Project.

	2022	2021
	MVR	MVR
25 Contract Liability		
As at period starting, 01 st January	11,781,981	-
Progress billing during the year	33,207,547	20,916,667
Transferred to Income Statement (Project Revenue)	(30,830,429)	(9,134,686)
As at period ending, 31 st December	<u>14,159,099</u>	<u>11,781,981</u>

26 Related Party Transactions

The Government of Maldives holds 100% ownership of the Company. The Company engages in various transactions with entities under the direct or indirect control of the Government of Maldives, including government authorities, agencies, affiliations, and other organizations, collectively referred to as government entities. These transactions encompass a range of activities, such as sales, purchases, service provisions, leases, and the utilization of public utilities.

	2022	2021
	MVR	MVR
State Electric Company Limited		
Outstanding Payable as at 01 st January	-	8,818
Transactions during the year	142,099	105,941
Payments made during the year	139,306	114,759
Outstanding Payable as at 31 st December	<u>2,793</u>	<u>-</u>
Island Aviation Service Ltd		
Outstanding Payable as at 01 st January	8,467	-
Transactions during the year	231,081	96,029
Payments made during the year	230,942	87,562
Outstanding Payable as at 31 st December	<u>8,605</u>	<u>8,467</u>
Maldives Transport and Contracting Company Plc		
Outstanding Payable as at 01 st January	-	-
Transactions during the year	934,234	103,804
Payments made during the year	934,234	103,804
Outstanding Payable as at 31 st December	<u>-</u>	<u>-</u>



TRADENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 MVR	2021 MVR
Dhivehi Raajjeyge Gulhun Plc		
Outstanding Payable as at 01 st January	-	24,137
Transactions during the year	421,005	405,176
Payments made during the year	232,847	429,312
Outstanding Payable as at 31 st December	188,158	-
Waste Management Corporation Limited		
Outstanding Payable as at 01 st January	-	-
Transactions during the year	7,213	1,580
Payments made during the year	6,399	1,580
Outstanding Payable as at 31 st December	814	-
Fenaka Corporation Limited		
Outstanding Payable as at 01 st January	1,282	-
Transactions during the year	148,100	20,118
Payments made during the year	115,163	18,835
Outstanding Payable as at 31 st December	34,219	1,282
Male' Water and Sewerage Company		
Outstanding Payable as at 01 st January	-	4,112
Transactions during the year	12,376	16,661
Payments made during the year	12,376	20,773
Outstanding Payable as at 31 st December	-	-
State Trading Organization Plc		
Outstanding Payable as at 01st January	-	-
Transactions during the year	18,138	33,080
Payments made during the year	18,138	33,080
Outstanding Payable as at 31st December	-	-
Maldives Industrial Fisheries Company		
Outstanding Payable as at 01st January	-	-
Transactions during the year	14,280	-
Payments made during the year	14,280	-
Outstanding Payable as at 31st December	-	-
Maldives Airports Company Limited		
Outstanding Payable as at 01st January	-	-
Transactions during the year	142	724
Payments made during the year	142	724
Outstanding Payable as at 31st December	-	-
SME Development Finance Corporation		
Outstanding Receivable as at 01 st January	68,750	-
Transactions during the year	825,000	771,875
Payments received during the year	825,000	703,125
Outstanding Receivable as at 31 st December	68,750	68,750
Ministry of Economic Development		
Outstanding Receivable as at 01 st January	14,488,220	202,460
Transactions during the year	36,776,916	23,807,687
Payments received during the year	36,311,758	9,521,926
Outstanding Receivable as at 31 st December	14,953,379	14,488,220



TRA DENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Transactions with Key Management Personnel

Key Management Personnel (KMP) are individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. Key Management Personnel includes members of the Board of Directors and Senior Management. Senior Management consists of General Managers and the Company Secretary

The Company has made MVR 1,204,616 payments to the Board of Directors during the year ending 31st December 2022 (2021: MVR 1,128,984)

The Company has made MVR 1,793,246 payments to the Senior Management during the year ending 31st December 2022 (2021: MVR 1,603,596)

28 Events After Reporting Period

- 28.1 OSM contract signed between the Ministry of Economic Development and the Company, was amended in January 2023. The amendment was brought to reflect an increase in the contract scope, both the parties agreed to the change in scope and contract value was increased by MVR 10,397,372 accordingly.

Effective from June 2023 an additional amendment was brought to extend the contract period until the end of 2023. However, this amendment did not alter the scope of work or the obligations of the Company, instead the extension was solely to continue operating OSM with the existing 8 agencies as agreed in the original contract. Thus, the contract value was revised by MVR 22,774,673 to manage and operate OSM.



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