

TRA DENET MALDIVES CORPORATION LIMITED

Audited Financial Statements for the year ended
31st December 2023



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

TRADENET MALDIVES CORPORATION LIMITED

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October 10, 2024

MHPA-106-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, 2023, 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, 2023, 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.

Emphasis of Matter

1. We draw attention to Note 23 in the financial statements, where a contingent liability is recorded under Trade and Other Payables amounting to MVR 362,385. This is due to a civil claim filed against the company for damages and legal costs. The Civil Court concluded the case on 20 February 2024, issuing a default judgment against the company. The company has appealed the judgment at the High Court of Maldives on procedural grounds, asserting that the Civil Court misinterpreted the Civil Procedure Act. The appeal has been accepted, and a stay order has been granted, halting the enforcement of the Civil Court's judgment. Our opinion is not modified in respect of this matter.
2. We draw attention to Note 30 in the financial statements, which indicates the restatement of the comparative information for the year ended 2022. The restatement is due to the correction of an error in the initial recognition of assets received from the Asian Development Bank (ADB) Grant.

These assets were received in 2022 but were not recorded in that year. Additionally, certain assets were recorded in 2022 with incorrect dates, and a few did not reflect the full cost of the assets. Our opinion is not modified in respect of this matter.

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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MHPA LLP
Chartered Accountants & CPAs



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MALDIVES BUSINESS AWARDS
2018



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TRA DENET MALDIVES CORPORATION LIMITED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 MVR	Restated 2022 MVR
Revenue	6	49,543,455	35,230,165
Cost of Services	7	29,862,491	19,821,044
GROSS PROFIT		19,680,964	15,409,122
Other Income	8	690	679,230
Administrative Expense	9	24,323,625	19,928,016
Marketing and Promotional Expense	10	1,299,827	138,198
Financing Cost	11	2,026,789	1,416,851
Profit / (Loss) Before Tax		(7,968,586)	(5,394,713)
Income Tax	12	(398,784)	70,837
NET PROFIT / (LOSS)		(7,569,802)	(5,465,550)
EARNINGS PER SHARE	13	(2.19)	(2.19)



TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	2023 MVR	Restated 2022 MVR
ASSETS			
Non-current Assets			
Property, Plant & Equipment	14	9,216,496	8,302,385
Project Assets	15	5,915,446	3,338,971
Capital Work-In Progress	16	528,604	105,254
ROU Assets	17	18,776,800	20,426,663
		34,437,346	32,173,273
Current Assets			
Cash and Cash Equivalents	18	2,271,458	5,337,753
Trade and Other Receivables	19	2,712,082	3,379,187
Amount Due from Related Parties	20	11,457,384	15,022,129
		16,440,924	23,739,068
TOTAL ASSETS		50,878,270	55,912,341
EQUITY & LIABILITIES			
Equity and Reserves			
Ordinary Share Capital	21	34,486,970	24,986,530
Retained Earnings		(23,292,710)	(15,824,475)
		11,194,260	9,162,055
Non-current Liabilities			
Deferred Tax	12.4	(9,987)	388,797
Deferred Income	22	7,856,879	7,040,716
Lease Liabilities	25	15,342,486	16,266,501
		23,189,378	23,696,013
Current Liabilities			
Trade and Other Payables	23	4,454,432	4,208,613
Amount Due to Related Parties	24	111,910	234,590
Lease Liabilities	25	4,601,457	4,451,972
Contract Liability	26	7,326,834	14,159,099
		16,494,632	23,054,273
TOTAL LIABILITIES		39,684,010	46,750,287
TOTAL EQUITY & LIABILITIES		50,878,270	55,912,341

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



Saeeda Umar
 Managing Director



Siyah Khaleel
 Chairman



TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 MVR	2022 MVR
Share Capital			
As at period starting, 01 st January		24,986,530	17,396,530
Issue of shares during the year	21	9,500,440	7,590,000
As at period ending 31 st December		34,486,970	24,986,530
Retained Earnings			
As at period starting, 01 st January		(15,487,403)	(10,021,853)
Profit / (loss) during the year		(7,569,802)	(5,465,550)
As at period ending 31 st December		(23,057,205)	(15,487,403)
		11,429,765	9,499,127



TRADENET MALDIVES CORPORATION LIMITED
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 MVR	Restated 2022 MVR
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Tax		(7,968,586)	(5,394,713)
Adjustment for			
Deferred Income	22	(1,886,917)	(1,335,784)
Gain / Loss on Disposals		74,379	(679,137)
Depreciation & Amortization	14	4,324,068	2,708,381
ROU Amortization	17	3,559,522	2,619,532
ROU Lease Interest	25	2,026,755	1,416,851
Operating profit/(loss) before working capital changes		129,220	(664,870)
Working Capital Changes			
Trade and Other Receivables	19	667,105	(2,557,557)
Amount Due from Related Parties	20	3,564,745	(465,158)
Trade and Other Payables	23	571,205	2,353,256
Amount Due to Related Parties	24	(346,499)	(244,339)
Contract Liability	26	(6,832,265)	2,377,118
Cash generated from operating activities		(2,246,489)	798,451
Interest Paid (ROU)	25	(2,026,755)	(1,287,269)
Income Tax Paid	12	-	-
Net Cash Generated from / (Used in) Operating Activities		(4,273,244)	(488,819)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	14	(3,403,201)	(1,814,616)
Investment in Work-in Progress	16	(2,309,904)	(401,517)
Acquisition of Intangible Assets		-	-
Proceeds from Sales of Property, Plant & Equipment		-	-
Net Cash Used in Investing Activities		(5,713,105)	(2,216,133)
CASH FLOW FROM FINANCING ACTIVITIES			
Paid-up Ordinary Share Capital	21	9,500,440	7,590,000
Loan and Borrowing Received		-	-
Repayment of Borrowings		-	-
Principal Lease Payment (ROU)	25	(2,580,386)	(1,980,384)
Net Cash Generated from / (Used in) Financing Activities		6,920,054	5,609,616
Net Increase / (Decrease) in Cash and Cash Equivalents		(3,066,295)	2,904,665
Cash and Cash Equivalents at the Beginning of the Year		5,337,753	2,433,088
Cash and Cash Equivalents at the End of the Year		2,271,458	5,337,753



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 oneGov, 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 2023, the Company incurred a loss of MVR 7,569,802 and as of that reporting date, it had accumulated losses of MVR 23,292,710.

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 2023

(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 2023 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 2023.

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 2023

(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 2023

(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 2023

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 2023

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
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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 2023

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 2023 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



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	2023	Restated
	MVR	2022
		MVR
6 Revenue		
MNSW Grant Income	2,214,173	2,133,778
MNSW Management Fees	90,334	-
Service Income	778,302	2,265,958
Project Income	46,460,646	30,830,429
	49,543,455	35,230,165

Grant income comprises of financial support provided by the Asian Development Bank (ADB) under the SACEC's National Single Window project (NSW Project), for capital expenditures and reimbursements for specific recurring costs associated with the designated MNSW 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 Trade and the Company (oneGov Project). The progress is measured using the input method, by identifying cost incurred to meet its performance obligations.

	2023	2022
	MVR	MVR
7 Cost of Services		
Staff Cost of Contact Centre	702,107	1,464,342
Staff Cost of Projects	29,160,383	18,356,701
	29,862,491	19,821,044

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

	2023	2022
	MVR	MVR
8 Other Income		
Exchange Gain	-	93
Gain on Disposal	-	679,137
Other Income	690	-
	690	679,230



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	2023	Restated 2022
	MVR	MVR
9 Administrative Expense		
Salaries and Benefits	4,998,488	4,392,837
Professional Fees	3,409,435	4,242,332
Training Expense	345,054	209,884
Directors Remuneration	1,140,774	1,208,366
Pension	909,603	659,411
Recreational Expense	272,159	202,621
Utilities	530,297	319,721
Communication Expense	816,021	396,435
License and Subscriptions	1,977,909	1,068,432
Office Supplies and Stationaries	315,344	198,382
Refreshments and Entertainment	129,967	115,009
Bank Charges	14,949	9,541
Travel Expenses	574,999	939,629
Repair and Maintenance	167,129	203,375
IT Consumables	96,833	167,836
Depreciation	4,324,068	2,708,381
ROU Amortization	3,559,522	2,619,532
Office Cleaning	196,309	187,597
Transportation and Logistical Expenses	56,991	67,315
Rent	50,000	-
Fine and Penalties	363,393	11,380
Loss on Disposal	74,379	-
	24,323,625	19,928,016
	2023	2022
	MVR	MVR
10 Marketing and Promotional Expense		
Branding and Promotion Expense	1,299,827	138,198
	1,299,827	138,198
	2023	2022
	MVR	MVR
11 Financing Cost		
ROU Lease Interest	2,026,755	1,416,851
	2,026,789	1,416,851
	2023	2022
	MVR	MVR
12 Income Tax		
12.1 Income Tax		
Profit/ (Loss) Before Tax (Accounting Profit)	(7,968,586)	(5,394,713)
Disallowable Expenses	12,398,996	9,121,898
Allowable Expenses	(11,198,475)	(8,949,848)
Taxable Profit/ (Loss) Before Threshold Allowance	(6,768,065)	(5,222,663)
Taxable Capital Gain		1,177,114
Tax-free Threshold	(500,000)	(500,000)
Taxable Profit	-	677,114
Income Tax on Taxable Profit at 15%	-	101,567



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	2023	Restated 2022
	MVR	MVR
12.2 Accumulated Tax Loss		
Taxable Loss Carried Forward as at period starting, 01 st January	(13,989,697)	(8,767,034)
Taxable Loss for the year	(6,768,065)	(5,222,663)
Accumulated Tax Loss as at period ending, 31 st December	<u>(20,757,762)</u>	<u>(13,989,697)</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%.

12.3 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.

	2023	Restated 2022
	MVR	MVR
Deferred Tax Asset (Note 12.4)	1,015,210	783,399
Deferred Tax Liability (Note 12.4)	(9,987)	388,797
Deferred Tax Asset as at 31 st December	<u>1,025,197</u>	<u>394,603</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.

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

	2023	Restated 2022
	MVR	MVR
Deferred Tax Asset		
Loss Before Tax	(7,968,586)	(5,394,713)
Disallowable Expenses	12,398,996	9,121,898
Allowable Expenses	(11,198,475)	(8,949,848)
Taxable Loss	(6,768,065)	(5,222,663)
Deferred Tax Asset on Tax Losses at 15%	1,015,210	783,399
Deferred Tax Liability		
Net Carrying Value as per Accounting Base	15,131,942	11,641,357
Written Down Value as per Tax Base	15,198,523	9,049,379
Temporary Difference	(66,581)	2,591,978
Deferred Tax Liability on Tax Losses at 15%	(9,987)	388,797

	2023	Restated 2022
	MVR	MVR
13 Earnings Per Share		
Profit/(Loss) for the year	(7,569,802)	(5,465,550)
Number of Ordinary Shares	3,448,697	2,498,653
	(2.19)	(2.19)

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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	2023 MVR	Restated 2022 MVR
14 Property, Plant and Equipment COST		
Office Equipment		
As at period starting, 01 st January	5,553,126	486,112
Acquisitions during the year	236,027	210,594
Grants Received during the year	2,703,081	4,857,669
Disposal during the year	(28,950)	(1,249)
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>8,463,284</u>	<u>5,553,126</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	1,804,304	1,348,677
Acquisitions during the year	83,451	97,964
Grants Received during the year	-	357,663
Disposal during the year	(25,970)	-
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>1,861,785</u>	<u>1,804,304</u>
Leasehold Improvement		
As at period starting, 01 st January	312,063	658,360
Acquisitions during the year	189,976	-
Grants Received during the year	-	-
Disposal during the year	-	(658,360)
Transferred from Capital Work-In Progress	7,394	312,063
As at period ending, 31 st December	<u>509,433</u>	<u>312,063</u>
Furniture & Fittings		
As at period starting, 01 st January	2,893,435	1,049,309
Acquisitions during the year	56,347	52,488
Grants Received during the year	-	1,791,638
Disposal during the year	(1,580)	-
Transferred from Capital Work-In Progress	-	-
As at period ending, 31 st December	<u>2,948,202</u>	<u>2,893,435</u>
TOTAL COST	<u>13,782,704</u>	<u>10,562,928</u>

The grants recognized under Property, Plant, and Equipment represent acquisitions financial support provided by the Asian Development Bank (ADB) under the SACEC National Single Window project.



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	2023 MVR	Restated 2022 MVR
14 Property, Plant & Equipment (continued)		
ACCUMULATED DEPRECIATION		
Office Equipment		
As at period starting, 01 st January	1,153,361	95,929
Depreciation for the year	1,481,278	1,057,830
Disposal during the year	(17,404)	(398)
As at period ending, 31 st December	<u>2,617,234</u>	<u>1,153,361</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	837,186	311,657
Depreciation for the year	517,353	525,529
Disposal during the year	(25,970)	-
As at period ending, 31 st December	<u>1,328,569</u>	<u>837,186</u>
Leasehold Improvement		
As at period starting, 01 st January	2,357	101,914
Depreciation for the year	59,226	65,309
Disposal during the year	-	(164,865)
As at period ending, 31 st December	<u>61,584</u>	<u>2,357</u>
Furniture & Fittings		
As at period starting, 01 st January	267,639	139,996
Depreciation for the year	291,572	127,643
Disposal during the year	(389)	-
As at period ending, 31 st December	<u>558,821</u>	<u>267,639</u>
TOTAL ACCUMULATED DEPRECIATION	<u>4,566,208</u>	<u>2,260,542</u>
NET CARRYING VALUE		
Office Equipment	5,846,050	4,399,766
Computer Hardware & Accessories	533,216	967,118
Leasehold Improvement	447,849	309,705
Furniture & Fittings	2,389,381	2,625,796
	<u>9,216,496</u>	<u>8,302,385</u>



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	2023 MVR	2022 MVR
15 Project Assets		
COST		
Office Equipment		
As at period starting, 01 st January	447,974	341,724
Acquisitions during the year	536,776	106,250
Disposal during the year	-	-
As at period ending, 31 st December	984,750	447,974
Computer Hardware & Accessories		
As at period starting, 01 st January	1,936,007	1,288,618
Acquisitions during the year	1,529,598	651,539
Disposal during the year	-	(4,150)
As at period ending, 31 st December	3,465,605	1,936,007
Leasehold Improvement		
As at period starting, 01 st January	454,464	-
Acquisitions during the year	29,697	-
Disposal during the year	-	-
Transferred from Capital Work-In Progress	1,853,629	454,464
As at period ending, 31 st December	2,337,791	454,464
Furniture & Fittings		
As at period starting, 01 st January	1,624,296	928,515
Acquisitions during the year	675,102	695,781
Disposal during the year	(85,900)	-
As at period ending, 31 st December	2,213,498	1,624,296
TOTAL COST	9,001,643	4,462,741

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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	2023 MVR	2022 MVR
15 Project Assets (continued)		
ACCUMULATED DEPRECIATION		
Office Equipment		
As at period starting, 01 st January	96,287	19,593
Depreciation for the year	158,556	76,693
Disposal during the year	-	-
As at period ending, 31 st December	<u>254,843</u>	<u>96,287</u>
Computer Hardware & Accessories		
As at period starting, 01 st January	659,832	150,982
Depreciation for the year	828,043	509,368
Disposal during the year	-	(518)
As at period ending, 31 st December	<u>1,487,875</u>	<u>659,832</u>
Leasehold Improvement		
As at period starting, 01 st January	240,754	-
Depreciation for the year	792,532	240,754
Disposal during the year	-	-
As at period ending, 31 st December	<u>1,033,286</u>	<u>240,754</u>
Furniture & Fittings		
As at period starting, 01 st January	126,897	21,642
Depreciation for the year	195,508	105,255
Disposal during the year	(12,211)	-
As at period ending, 31 st December	<u>310,194</u>	<u>126,897</u>
TOTAL ACCUMULATED DEPRECIATION	<u>3,086,198</u>	<u>1,123,770</u>
NET CARRYING VALUE		
Office Equipment	729,907	351,688
Computer Hardware & Accessories	1,977,729	1,276,175
Leasehold Improvement	1,304,505	213,710
Furniture & Fittings	1,903,304	1,497,399
	<u>5,915,446</u>	<u>3,338,971</u>



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	2023	2022
	MVR	MVR
16 Capital Work-in Progress		
As at period starting, 01 st January	105,254	470,264
Additions during the year	2,284,374	401,517
Transferred to Property Plant & Equipment	(1,861,024)	(766,526)
As at period ending, 31 st December	528,604	105,254

In 2023 capital work-in progress mainly consist of;

- (i) investment on leasehold improvements for the expansion of office space.
- (ii) investment on leasehold improvements for additional oneGov support centres.

The closing balance as at 31 December 2023 consist of investments made to L. Gan oneGov Support Centre development and Fuvahmulah additional office space leased to consolidate the Fuvahmulah Contact Centre and Support Centre under one roof.

During 2024 a Board Resolution was passed to terminate the L. Gan and Fuvahmulah centralisation project, due to cashflow constrains and to cut down operating costs.

	2023	2022
	MVR	MVR
17 Right-Of-Use Asset		
COST		
As at period starting, 01 st January	21,984,637	11,962,804
Additions during the year	1,909,659	27,909,416
Disposals during the year	-	(17,887,583)
As at period ending, 31 st December	23,894,297	21,984,637
ACCUMULATED AMORTIZATION		
As at period starting, 01 st January	1,557,975	2,115,099
Amortization during the year	3,559,522	2,619,532
Disposals during the year	-	(3,176,656)
As at period ending, 31 st December	5,117,496	1,557,975
NET CARRYING VALUE	18,776,800	20,426,663

During 2023, Tradenet leased out new office spaces to operate oneGov Support Centres at L. Gan and Addu. Additionally, Tradenet renewed its contract with Maldives Transport and Contracting Company for the office space leased to operate oneGov Support Centre in Male' for one year.

	2023	2022
	MVR	MVR
18 Cash and Cash Equivalent		
Cash in Hand	9,209	6,332
Bank Balances	2,262,249	5,337,091
	2,271,458	5,337,753

	2023	2022
	MVR	MVR
19 Trade and Other Receivables		
Prepaid Expenses	135,313	704,722
Advances and Deposits	770,924	525,706
Other Receivables	1,388,275	1,350,764
Accrued Income	417,569	797,994
	2,712,082	3,379,187

Accrued income represents the anticipated reimbursement for recurring costs associated with the MNSW Project.



TRA DENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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	2023 MVR	2022 MVR
20 Amount Due from Related Parties		
Ministry of Economic Development	11,387,336	14,953,379
SME Development Finance Corporation	70,047	68,750
	<u>11,457,384</u>	<u>15,022,129</u>

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

21 Ordinary Share Capital

21.1 Authorised Share Capital

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

	2023 MVR	2022 MVR
21.2 Issued Share Capital		
As at period starting, 01 st January	24,986,530	17,396,530
Issue of Ordinary Shares during the year	9,500,440	7,590,000
As at period ending, 31 st December	<u>34,486,970</u>	<u>24,986,530</u>

During the year 2023 the issued and fully paid-up share capital comprises of 950,044 (2022: 795,000) shares, issued at a par value of MVR 10 per share.

	2023 MVR	Restated 2022 MVR
22 Deferred Income		
As at period starting, 01 st January	7,040,716	1,369,530
Grant Assets Received during the year	2,703,081	7,006,970
Transferred to Grant Income	(1,886,917)	(1,335,784)
As at period ending, 31 st December	<u>7,856,879</u>	<u>7,040,716</u>

Capital expenditures acquired for the MNSW 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.

	2023 MVR	Restated 2022 MVR
23 Trade and Other Payables		
Trade Payables	255,362	421,241
Accrued Expense	614,092	436,126
Payroll Liabilities	177,237	157,301
Tax Liability	3,045,357	3,193,945
Contingent Liability	362,385	-
	<u>4,454,432</u>	<u>4,208,613</u>

Tax liability comprises the goods and services taxes applicable to both the Contact Centre income and project income.

A contingent Liability has been recognised due to a civil claim that was submitted by a third party against Tradenet claiming for MVR 362,385.54 as damages and other legal costs. Civil Court concluded the case (on 20 February 2024) through a default judgement issued against Tradenet. Tradenet has submitted for an appeal at the High Court of Maldives based on procedural grounds stating that Civil Court erred in interpreting the Civil Procedure Act whilst there are reasonable grounds to accept the review application submitted by Tradenet. This appeal has been accepted along with a stay order on enforcement of judgement issued by the Civil Court.



TRADENET MALDIVES CORPORATION LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	MVR	MVR
24 Amount Due to Related Parties		
Fenaka Corporation Limited	-	34,219
Island Aviation Services Ltd	8,106	8,605
State Electric Company Limited	-	2,793
Dhivehi Raajjeyge Gulhun Plc	-	188,158
Waste management Corporation Limited	-	814
Maldives Transport and Contracting Company	103,804	-
	111,910	234,590
	2023	2022
	MVR	MVR
25 Lease Liabilities		
As at period starting, 01 st January	20,718,473	10,547,901
Additions during the year	1,805,856	12,150,956
Interest charges for the year	2,026,755	1,287,269
Lease Terminations during the year	-	(15,888,042)
Interest paid during the year	(2,026,755)	(1,287,269)
Principle lease payments	(2,580,386)	(1,980,384)
As at period ending, 31 st December	19,943,943	20,718,473
Non-current Liabilities	15,342,486	16,266,501
Current Liabilities	4,601,457	4,451,972
<p>During 2023, Tradenet leased out new office spaces to operate oneGov Support Centres at L. Gan and Addu. Additionally Tradenet renewed its contract with Maldives Transport and Contracting Company for the office space leased to operate oneGov Support Centre in Male' for one year.</p>		
	2023	2022
	MVR	MVR
26 Contract Liability		
As at period starting, 01 st January	14,159,099	11,781,981
Progress billing during the year	39,628,381	33,207,547
Transferred to Income Statement (Project Revenue)	(46,460,646)	(30,830,429)
As at period ending, 31 st December	7,326,834	14,159,099



TRA DENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

27 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.

	2023 MVR	2022 MVR
State Electric Company Limited		
Outstanding Payable as at 01 st January	2,793	-
Transactions during the year	249,703	142,099
Payments made during the year	252,497	139,306
Outstanding Payable as at 31 st December	<u>-</u>	<u>2,793</u>
Island Aviation Service Ltd		
Outstanding Payable as at 01 st January	8,605	8,467
Transactions during the year	330,639	231,081
Payments made during the year	331,138	230,942
Outstanding Payable as at 31 st December	<u>8,106</u>	<u>8,605</u>
Maldives Transport and Contracting Company Plc		
Outstanding Payable as at 01 st January	-	-
Transactions during the year	934,234	934,234
Payments made during the year	830,430	934,234
Outstanding Payable as at 31 st December	<u>103,804</u>	<u>-</u>
Dhivehi Raajjeyge Gulhun Plc		
Outstanding Payable as at 01 st January	188,158	-
Transactions during the year	789,166	421,005
Payments made during the year	977,324	232,847
Outstanding Payable as at 31 st December	<u>-</u>	<u>188,158</u>
Waste Management Corporation Limited		
Outstanding Payable as at 01 st January	814	-
Transactions during the year	21,319	7,213
Payments made during the year	22,133	6,399
Outstanding Payable as at 31 st December	<u>-</u>	<u>814</u>
Fenaka Corporation Limited		
Outstanding Payable as at 01 st January	34,219	1,282
Transactions during the year	219,646	148,100
Payments made during the year	253,865	115,163
Outstanding Payable as at 31 st December	<u>-</u>	<u>34,219</u>
Male' Water and Sewerage Company		
Outstanding Payable as at 01 st January	-	-
Transactions during the year	20,664	12,376
Payments made during the year	20,664	12,376
Outstanding Payable as at 31 st December	<u>-</u>	<u>-</u>
State Trading Organization Plc		
Outstanding Payable as at 01 st January	-	-
Transactions during the year	14,122	18,138
Payments made during the year	14,122	18,138
Outstanding Payable as at 31 st December	<u>-</u>	<u>-</u>



TRA DENET MALDIVES CORPORATION LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 MVR	2022 MVR
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	<u>-</u>	<u>-</u>
Maldives Airports Company Limited		
Outstanding Payable as at 01st January	-	-
Transactions during the year	-	142
Payments made during the year	-	142
Outstanding Payable as at 31st December	<u>-</u>	<u>-</u>
Institute of Chartered Accountants of the Maldives		
Outstanding Payable as at 01st January	-	-
Transactions during the year	4,000	-
Payments made during the year	4,000	-
Outstanding Payable as at 31st December	<u>-</u>	<u>-</u>
Housing Development Corporation		
Outstanding Payable as at 01st January	-	-
Transactions during the year	146,425	-
Payments made during the year	146,425	-
Outstanding Payable as at 31st December	<u>-</u>	<u>-</u>
Public Service Media		
Outstanding Payable as at 01st January	-	-
Transactions during the year	104,506	-
Payments made during the year	104,506	-
Outstanding Payable as at 31st December	<u>-</u>	<u>-</u>
Addu City Council		
Outstanding Payable as at 01st January	-	-
Transactions during the year	38,377	-
Payments made during the year	38,377	-
Outstanding Payable as at 31st December	<u>-</u>	<u>-</u>
SME Development Finance Corporation		
Outstanding Receivable as at 01 st January	68,750	68,750
Transactions during the year	996,271	825,000
Payments received during the year	994,974	825,000
Outstanding Receivable as at 31 st December	<u>70,047</u>	<u>68,750</u>
Ministry of Economic Development		
Outstanding Receivable as at 01 st January	14,953,379	14,488,220
Transactions during the year	42,798,651	36,776,916
Payments received during the year	46,364,694	36,311,758
Outstanding Receivable as at 31 st December	<u>11,387,336</u>	<u>14,953,379</u>



TRADENET MALDIVES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

28 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 1,228,430 payments to the Board of Directors during the year ending 31st December 2023 (2022: MVR 1,204,616)

The Company has made MVR 2,106,900 payments to the Senior Management during the year ending 31st December 2023 (2022: MVR 1,793,246).

29 Events After Reporting Period

- 29.1 The OSSS Contract (oneGov) signed between the Ministry of Economic Development and Trade and Tradenet was amended in January 2023. The amendment was brought to reflect changes in the contract scope, with the parties agreeing to the change in scope and the contract value was increased by MVR 10,397,372 accordingly.

Effective from June 2023, an additional amendment was made to extend the contract period until the end of 2023. However, this amendment did not alter the scope of work or the obligations of Tradenet, instead the extension was solely to accommodate the continued operation of oneGov 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 oneGov.

In January 2024, another amendment was made to extend the contract period again until the end of 2024. This amendment, similar to the last amendment, did not alter the scope of work or the obligations of Tradenet and was made to continue the operations of oneGov with the contractually obligated number of 8 agencies. This amendment further increased the contract value by MVR 45,549,345.

- 29.2 On 15th September 2023, the Ministry of Economic Development and Trade took a significant step forward by signing an agreement with a new turnkey vendor, officially restarting the Maldives National Single Window (MNSW) project.

A comprehensive two-phase implementation plan was developed, with Phase 1 scheduled for launch in November 2024, and Phase 2 expected to be completed by the first quarter of 2025.

On 3rd September 2024, the MNSW platform, branded as "Tradian," was unveiled to the public. The platform (Phase 1) is anticipated to go live on 1st November 2024.

Additionally, Tradenet is projected to begin generating revenue from the Tradian platform starting from its go-live



TRADENET MALDIVES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

30 Prior Period Adjustment

30.1 Underrecognition of Grant Assets

Grant assets recognised during the financial year 2022 were understated due to a clerical error. A portion of the grant assets received in 2022 was recognised on incorrect dates, and a significant portion was recognised in 2023. Since this error has a material impact on the financial statements, the 2022 financials have been restated as follows:

	Previously stated at	Restated to
Statements of Profit or Loss		
MNSW Grant Income	1,129,009	2,133,778
Depreciation	1,703,612	2,708,381
Income Tax *	13,833	(30,730)

The net effect of these transactions has improved the net profit by MVR 44,563.

Statements of Financial Position

Office Equipment (Net Carrying Value)	627,966	4,399,766
Furniture & Fittings (Net Carrying Value)	2,570,517	2,625,796
Computer Hardware & Accessories (Net Carrying Value)	1,053,614	967,118
Deferred Income	3,300,133	7,040,716

The net effect of these transactions has increased the Total Assets and Total Liabilities by MVR 3,740,583.

30.2 Adjustment to Income Tax

A tax liability was not recognised in the financial statements for the year 2022. This liability arose due to a taxable capital gain from the disposal of leasehold premises during 2022. The tax liability was not reflected in the income tax computations, and it was not recognised under current liabilities. The financial impact of this adjustment is shown below:

	Previously stated at	Restated to
Statements of Profit or Loss		
Income Tax *		101,567

The net effect of this transaction has reduced the net profit by MVR 101,567.

Statements of Financial Position

Trade and Other Payables	4,107,046	4,208,613
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The net effect of this transaction has increased the Total Liabilities by MVR 101,567.

Income Tax - Net Impact of the Adjustments	13,833	70,837
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Comparative figures for the 2022 financial statements have been restated accordingly to reflect these changes.

