

CAPITAL MARKET DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS – 31 DECEMBER 2011



Independent auditor's report

To the Members of Capital Market Development Authority

We have audited the accompanying financial statements of the Capital Market Development Authority which comprise the balance sheet as of 31 December 2011 and the income and expenditure statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the disclosure requirements prescribed in Section 10 of the Maldives Securities Act No. 02/2006, of the Republic of Maldives. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Capital Market Development Authority as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the disclosure requirements prescribed in Section 10 of the Maldives Securities Act No. 02/2006, of the Republic of Maldives.

29 MARCH 2012
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[Signature]
CHARTERED ACCOUNTANTS

Capital Market Development Authority

31 December 2011

Balance sheet

(All amounts in Maldivian Rufiyaa unless otherwise stated)

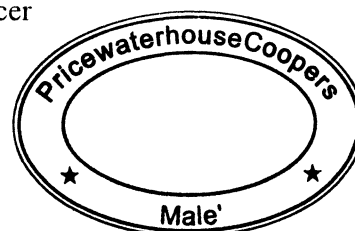
	Note	As at 31 December			
		2011	2011	2010	2010
ASSETS					
Non-current assets					
Property, plant and equipment	5	570,442		372,991	
Intangible assets	6	70,368		60,486	
Receivables	7	36,846		-	
			677,656		433,477
Current assets					
Receivables	7	171,606		477,934	
Investments held to maturity	8	1,150,000		1,150,000	
Cash and cash equivalents	9	6,198,904		5,002,357	
			7,520,510		6,630,291
Total assets			8,198,166		7,063,768
EQUITY					
Capital and Reserves					
Capital contributed by Government	10	3,000,000		3,000,000	
			3,000,000		3,000,000
LIABILITIES					
Non-current liabilities					
Compensation fund	11	200,000		-	
Current liabilities					
Payables	12	4,998,166		4,063,768	
Total liabilities			5,198,166		4,063,768
Total equity and liabilities			8,198,166		7,063,768

These financial statements were approved by the Board on... 29/03/2012

.....) Chief Executive Officer

.....) Director

Ilham Mohamed,.....) Director



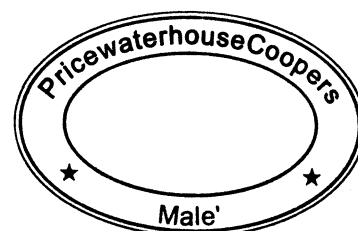
The notes on pages 7 to 16 are an integral part of these financial statements.

Income and expenditure statement

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2011	2010
Operating income	13	841,389	1,066,055
Operating expenses	14	(12,473,566)	(11,910,690)
Operating deficit for the year		(11,632,177)	(10,844,635)
Amount transferred from government budget received to offset the operating deficit		11,632,177	10,844,635
Net operating surplus / (deficit) for the year		-	-
Details on government budget received :			
Amount payable to Ministry of Finance and Treasury at the end of 2010/ (2009)	12	2,088,365	5,863,422
Less : Amount Return to government budget during the year 2011/ (2010)		(2,088,365)	(5,863,422)
Add : Amount Received from government budget during the year 2011 / (2010)		13,886,256	12,933,000
Total amount available from government budget - A		13,886,256	12,933,000
Less : Amount Proposed in budget for 2011 / (2010) - B		(13,886,256)	(12,933,000)
Excess amount return in 2011/ (2010) to Ministry of Finance and Treasury (A-B)		-	-

The notes on pages 7 to 16 are an integral part of these financial statements.

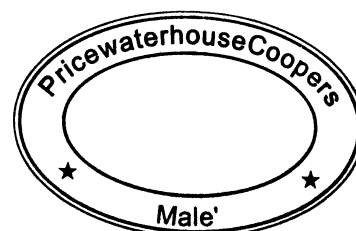


Statement of changes in equity

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Capital contributed by the Government	Accumulated surplus / (deficit)	Total
Balance as at 31 December 2010	3,000,000	-	3,000,000
Balance as at 1 January 2011	3,000,000	-	3,000,000
Balance as at 31 December 2011	3,000,000	-	3,000,000

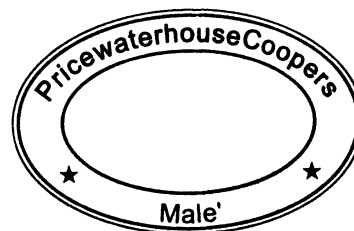
The notes on pages 7 to 16 are an integral part of these financial statements.



Cash flow statement

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2011	2010
Cash flow from Operating activities			
Cash generated from / (used in) operations	16	1,633,387	(3,222,827)
Net cash generated from / (used in) operating activities		1,633,387	(3,222,827)
Cash flow from Investing activities			
Purchase of property, plant and equipment	5	(371,841)	(207,355)
Purchase of Intangible assets	6	(64,999)	(47,580)
Maturity of Treasury Bills & Fixed deposit	8	-	7,377,587
Net cash (used in) / generated from investing activities		(436,840)	7,122,652
Net increase in cash and cash equivalents		1,196,547	3,899,825
Cash and cash equivalents at beginning of the year	9	5,002,357	1,102,532
Cash and cash equivalents at end of the year	9	6,198,904	5,002,357



The notes on pages 7 to 16 are an integral part of these financial statements.

Notes to the financial statements

1 General information

These financial statements relate to Capital Market Development Authority (CMDA), a separate legal entity was registered on 26 th January 2006 under Maldives Securities Act No. 02/2006. The principal objective of the Authority is to develop and regulate a market in which securities can be issued and traded in a fair and orderly manner.

The address of its registered office is, 4 th Floor, MTCC Tower, Boduthakurufaanu Magu, Male', Republic of Maldives.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

2.2 Foreign currency translation

a) Functional and presentation currency

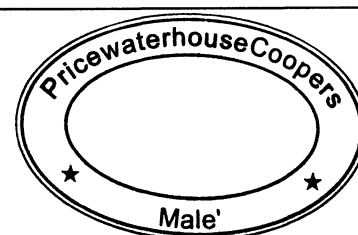
Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Authority's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



Notes to the financial statements (continued)

2.3 Property, plant and equipment (continued)

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values, over their estimated useful lives as follows:

Furniture and fittings	5 years
Office equipment	5 years
Computers & computers softwares	3 years
Assets transferred from Maldives Monetary Authority	2 years

The charge for the depreciation is commencing from the date on which the assets are purchased and no depreciation is charged in the year of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.4 Intangible assets

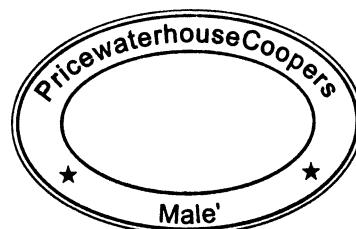
Costs associated with designing the Authority website and acquired computer software licenses are capitalised and amortised using the straight-line method over estimated useful life of three years. The carrying amount of intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.5 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Receivables

Receivables are recognised initially at fair value less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.



Notes to the financial statements (continued)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks.

2.8 Investments

Investments are classified as originated by the bank or held-to-maturity. Investment with fixed maturity as well the management has the intent and the ability to hold to maturity, are classified as investments held-to-maturity.

2.9 Employee benefits

Entity is liable to enroll the employees in the Retirement Pension Scheme with effect from 1 May 2010 based on the Regulation on Maldives Retirement Pension Scheme published by Government of Maldives and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the employees of age between 16 and 65 years to the pension office. Entity contribution to retirement pension scheme is at the rate of 7% on pensionable wages. Obligations for contributions to retirement pension scheme is recognized as staff salaries and allowances under income and expenditure statement.

2.10 Provisions

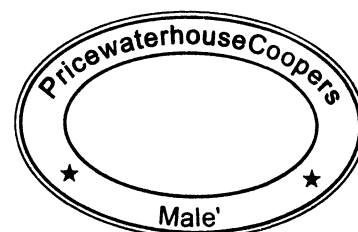
Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the risks specific to the obligations.

2.11 Revenue recognition

Income is recognized to the extent that is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Revenue is measured at the fair value of the consideration received or receivables.



2.11 Revenue recognition (Continued)

Rendering of services

Income from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Other income

Other income is recognized on an accrual basis.

3 Financial risk management

3.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks : liquidity risk and cash flow risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

(a) Liquidity risk

The Authority aims to maintain liquidity by obtaining funds from Government of Maldives.

(b) Cash flow risk

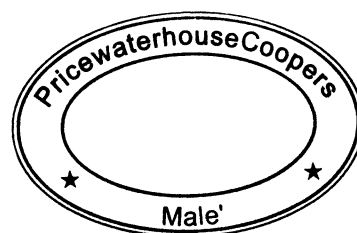
The Authority's income and operating cash flows are substantially independent of changes in market.

3.2 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

4 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



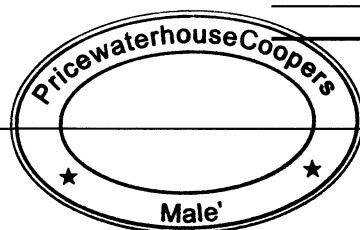
Capital Market Development Authority
31 December 2011

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment

	Furniture and fittings	Computer	Office equipment	Total
At 1 January 2010				
Cost	261,240	502,759	193,203	957,202
Accumulated depreciation	(143,848)	(380,399)	(105,075)	(629,322)
Net book amount	117,392	122,360	88,128	327,880
Year ended 31 December 2010				
Opening net book amount	117,392	122,360	88,128	327,880
Additions	70,795	128,800	7,760	207,355
Depreciation charge (Note 14)	(30,049)	(94,526)	(37,669)	(162,244)
Closing net book amount	158,138	156,634	58,219	372,991
At 31 December 2010				
Cost	332,035	631,559	200,963	1,164,557
Accumulated depreciation	(173,897)	(474,925)	(142,744)	(791,566)
Net book amount	158,138	156,634	58,219	372,991
Year ended 31 December 2011				
Opening net book amount	158,138	156,634	58,219	372,991
Additions	22,420	104,740	244,681	371,841
Disposals				
Cost of disposal	(1,960)	-	-	(1,960)
Accumulated depreciation on disposal	1,960	-	-	1,960
Depreciation charge (Note 14)	(47,240)	(76,402)	(50,748)	(174,390)
Closing net book amount	133,318	184,972	252,152	570,442
At 31 December 2011				
Cost	352,495	736,299	445,644	1,534,438
Accumulated depreciation	(219,177)	(551,327)	(193,492)	(963,996)
Net book amount	133,318	184,972	252,152	570,442



Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

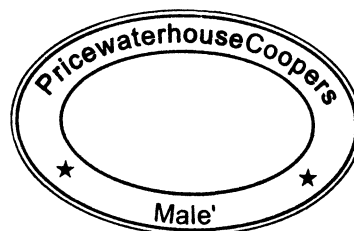
5 Property, plant and equipment (continued)

(a) The Authority operates from premises owned by a third party for which a sum of MRf 1,087,695 (2010 : MRf 1,047,636) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to MRf 628,458 (2010: MRf 550,840) were fully depreciated as at the balance sheet date.

6 Intangible assets

	Software and website	Total
At 1 January 2010		
Cost	285,020	285,020
Accumulated amortisation	(151,497)	(151,497)
Net book amount	133,523	133,523
Year ended 31 December 2010		
Opening net book amount	133,523	133,523
Additions	47,580	47,580
Amortisation charge (Note 14)	(84,173)	(84,173)
Impairment Loss	(36,444)	(36,444)
	60,486	60,486
At 31 December 2010		
Cost	250,600	250,600
Accumulated amortisation	(190,114)	(190,114)
Net book amount	60,486	60,486
Year ended 31 December 2011		
Opening net book amount	60,486	60,486
Additions	64,999	64,999
Amortisation charge (Note 14)	(55,117)	(55,117)
	70,368	70,368
At 31 December 2011		
Cost	315,599	315,599
Accumulated amortisation	(245,231)	(245,231)
Net book amount	70,368	70,368



Notes to the financial statements (continued)

7 Receivables

Current	2011	2010
Rent deposits	90,640	90,641
Receivable from Maldives Stock Exchange	52	58
Other receivables	80,914	387,235
	<u>171,606</u>	<u>477,934</u>
Non- current		
Other receivables	36,846	-
	<u>208,452</u>	<u>477,934</u>

Other receivables mainly include recoveries from staff on scholarship programme amounting to MRf 69,346. Receivables after one year are classified as non-current.

8 Investments held to Maturity

	2011	2010
Treasury bills	1,000,000	1,000,000
Fixed deposit	150,000	150,000
	<u>1,150,000</u>	<u>1,150,000</u>

9 Cash and cash equivalents

For the purpose of cash flow statement, the year-end cash and cash equivalents comprise the following :

	2011	2010
Cash in hand	500	405
Cash at bank	6,198,404	5,001,952
	<u>6,198,904</u>	<u>5,002,357</u>

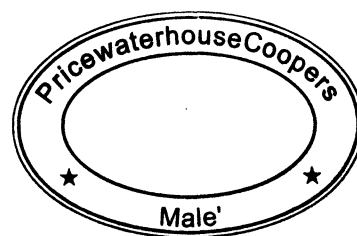
Cash at bank includes MRf 200,000 deposited in a separate bank account towards fund allocated for Compensation Fund.

10 Capital and Reserves

	2011	2010
Capital contributed by Government	<u>3,000,000</u>	<u>3,000,000</u>

11 Compensation fund

	2011
Balance as at 1 January	-
Add : Amount transferred from government budget towards contribution to Compensation Fund (Note 12)	200,000
Less : Compensation paid	-
Balance as at 31 December	<u>200,000</u>



Notes to the financial statements (continued)

11 Compensation fund (Continued)

The Authority has established an Investor Compensation Fund under Securities (Compensation Fund) Regulations, for the purpose of compensating persons who suffer pecuniary loss from any defalcation or fraud committed by any licensed dealer, its representative or investment adviser or any employee of such dealer or investment adviser or by any officer or employee of a Stock Exchange.

12 Payables

	2011	2010
Amount due to Ministry of Finance and Treasury	2,054,079	2,088,365
Accrued expenses	1,811,910	438,438
Liquidity margin from dealing companies	100,000	150,000
Deposit from Maldives Stock Exchange	1,000,000	1,000,000
Treasury bills interest received in advance	-	5,591
Provisions for accrued PF rights to terminated staff	-	381,374
Pension Payable	32,177	-
	<u>4,998,166</u>	<u>4,063,768</u>

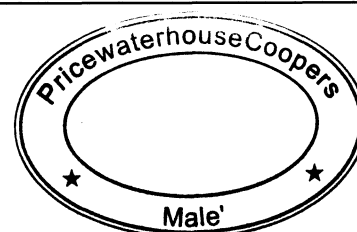
Note :

Amount due to Ministry of Finance and Treasury at the end of the year :

	2011	2010
Budget amount available with CMDA for the year	13,886,256	12,933,000
Less : Amount transferred from government budget received to offset the operating deficit	(11,632,177)	(10,844,635)
Less : Contribution for Compensation Fund received from government budget (Note 11)	(200,000)	-
Net amount due to Ministry of Finance and Treasury	<u>2,054,079</u>	<u>2,088,365</u>

13 Operating income

	2011	2010
Annual licensing fees	351,001	166,009
Application fee	143,700	73,947
Trade processing fee from Maldives Stock Exchange	633	1,769
Fees from training programmes	173,600	266,700
Treasury bills and fixed deposit interest	27,713	174,060
Sundry income	134,413	383,570
Exchange gain	10,329	-
	<u>841,389</u>	<u>1,066,055</u>



Notes to the financial statements (continued)

14 Operating expenses

	2011	2010
Staff salaries and allowances	5,026,166	6,144,521
Rent	1,087,695	1,047,636
Board expenses	943,158	886,161
Expert expenses	734,389	573,808
Travelling	4,850	17,721
Training courses and scholarship	1,040,706	399,252
Printing and stationery	97,041	72,589
Internal and external audit fees	42,405	35,338
Electricity expenses	396,308	302,120
General office expenses	107,386	67,054
Depreciation and amortization	229,507	246,417
Telephone expenses	178,313	128,549
Media related expenses	10,146	11,556
Legal & regulatory expenses	322,426	167,070
Repair & maintenance	99,835	79,607
Training programme expenses	990,815	918,397
Membership fees	658,965	265,748
Investor education expenses	503,455	129,328
Provision for accrued rights for terminated staff	-	381,374
Impairment loss	-	36,444
	<u>12,473,566</u>	<u>11,910,690</u>

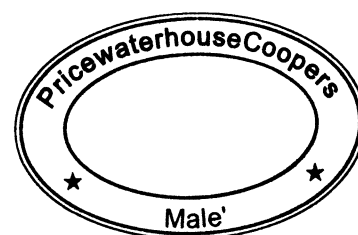
15 Taxation

Business Profit Tax has been introduced from Government of Maldives with effect from 18 July 2011. The Authority is exempted from business profit tax and not liable to pay any business profit tax on profits earned.

16 Cash generated from operations

Reconciliation of net surplus / (deficit) to cash generated from / (used in) operations:

	2011	2010
Net operating surplus / (deficit) for the year	-	-
Adjustments for:		
Depreciation (Note 5)	174,390	162,244
Amortization (Note 6)	55,117	84,173
Impairment loss (Note 6)	-	36,444
Changes in working capital:		
- Receivables and prepayments	269,482	(293,247)
- Increase in compensation fund	200,000	-
- Payables	934,398	(3,212,441)
Cash generated from / (used in) operations	<u>1,633,387</u>	<u>(3,222,827)</u>



Notes to the financial statements (continued)

17 Contingencies

Contingent liabilities

There were no contingent liabilities outstanding at the balance sheet date.

Contingent assets

There were no contingent assets recognised at the balance sheet date.

18 Commitments

Capital commitments

There were no capital commitments at the balance sheet date.

Operating lease commitments

There were no material operating lease commitments at the balance sheet date.

Financial commitments

There were no material financial commitments at the balance sheet date.

19 Post balance sheet events

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.

