



Independent auditor's report

To the Members of Capital Market Development Authority

We have audited the accompanying financial statements of Capital Market Development Authority which comprise the balance sheet as of 31 December 2010 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.

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Capital Market Development Authority as of 31 December 2010 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.

31 March 2011
MALE'

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CHARTERED ACCOUNTANTS

Capital Market Development Authority

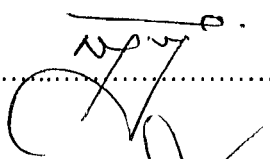
31 December 2010

Balance sheet

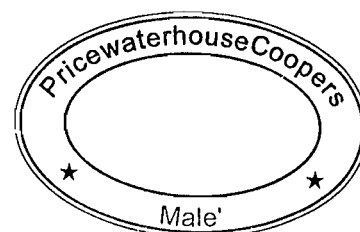
(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December			
		2010	2010	2009	2009
ASSETS					
Non-current assets					
Property, plant and equipment	5	372,991		327,880	
Intangible assets	6	<u>60,486</u>		<u>133,523</u>	
			433,477		461,403
Current assets					
Receivables	7	477,934		184,688	
Investments held to maturity	8	1,150,000		8,527,587	
Cash and cash equivalents	9	<u>5,002,357</u>		<u>1,102,532</u>	
			6,630,291		9,814,807
Total assets			<u>7,063,768</u>		<u>10,276,210</u>
EQUITY					
Capital and Reserves					
Capital contributed by Government	10	<u>3,000,000</u>		<u>3,000,000</u>	
			3,000,000		3,000,000
LIABILITIES					
Current liabilities					
Payables	11	<u>4,063,768</u>		<u>7,276,210</u>	
Total liabilities			<u>4,063,768</u>		<u>7,276,210</u>
Total equity and liabilities			<u>7,063,768</u>		<u>10,276,210</u>

These financial statements were approved by the Board on 30th MARCH 2011

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 Chairperson

.....
 Chief Executive Officer



The notes on pages 7 to 15 are an integral part of these financial statements.

Income and expenditure statement

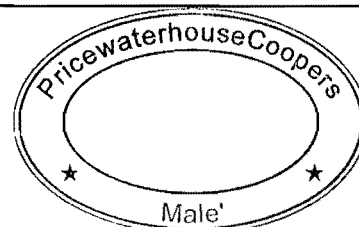
(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2010	2009
Operating income	12	1,066,055	1,164,404
Operating expenses	13	(11,910,690)	(8,234,805)
Operating deficit for the year		(10,844,635)	(7,070,401)
Amount transferred from government budget received to offset the operating deficit		10,844,635	7,070,401
Net operating profit for the year		-	-

Details on government budget received :

Amount payable to Ministry of Finance and Treasury at the end of 2009/ (2008)	11	5,863,422	5,843,065
Less : Amount returned to government budget during the year 2010 / (2009)		(5,863,422)	-
Add: Amount received from government budget during the year 2010 / (2009)		12,933,000	7,500,000
Total amount available from government budget - A		12,933,000	13,343,065
Less : Amount proposed in budget for 2010 / (2009) - B		(12,933,000)	(12,933,823)
Excess amount returned in 2010/ (2009) to Ministry of Finance and Treasury (A - B)		-	409,242

The notes on pages 7 to 15 are an integral part of these financial statements.



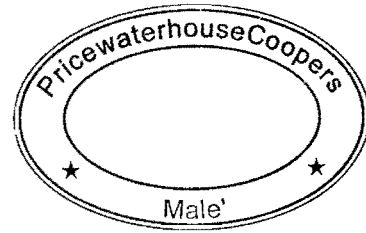
Capital Market Development Authority

31 December 2010

Statement of changes in equity

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Capital contributed by the Government	Accumulated deficit	Total
Balance as at 1 January 2009	<u>3,000,000</u>	-	<u>3,000,000</u>
Balance as at 1 January 2010	3,000,000	-	3,000,000
Balance as at 31 December 2010	<u>3,000,000</u>	-	<u>3,000,000</u>

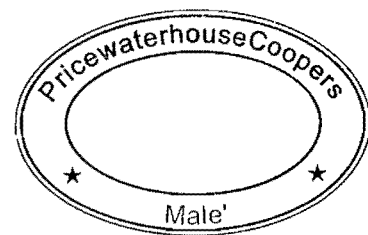


The notes on pages 7 to 15 are an integral part of these financial statements.

Cash flow statement

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	<u>Year ended 31 December</u>	
		2010	2009
Cash flow from Operating activities			
Cash (used in) / generated from operations activities	15	<u>(3,222,827)</u>	49,499
Net cash (used in) / generated from operating activities		<u>(3,222,827)</u>	<u>49,499</u>
Cash flow from Investing activities			
Purchase of property, plant and equipment	5	(207,355)	(170,100)
Purchase of Intangible assets	6	(47,580)	(6,500)
Investment in Treasury Bills & Fixed deposit	8	<u>7,377,587</u>	<u>(2,365,021)</u>
Net cash generated from / (used in) investing activities		<u>7,122,652</u>	<u>(2,541,621)</u>
Net increase / (decrease) in cash and cash equivalents		3,899,825	(2,492,122)
Cash and cash equivalents at beginning of the year	9	<u>1,102,532</u>	<u>3,594,654</u>
Cash and cash equivalents at end of the year	9	<u>5,002,357</u>	<u>1,102,532</u>



The notes on pages 7 to 15 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 registered on 26 th January 2006 under Maldives Securities Act No. 02/2006. The principal objective is to develop and regulate the 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

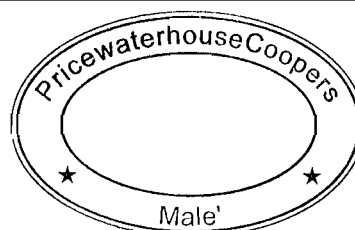
Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Authority's functional and presentation currency.

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, commencing from the date on which the assets are available for use and no depreciation is charged in the year of disposal. The estimated useful life of the assets are 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 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 amounts. These are included in the income statement.

2.4 Intangible assets

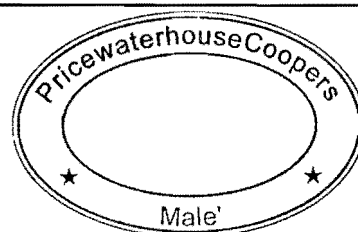
Costs associated with designing the Authority website are capitalised and amortised using the straight-line method over the estimated useful life of three years. The carrying amount of the intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

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 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.

2.10 Revenue recognition

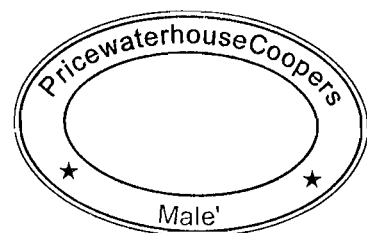
Income is recognized to the extent that is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Revenue is measured at the fair value of the consideration received or receivables.

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.



Notes to the financial statements (continued)

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

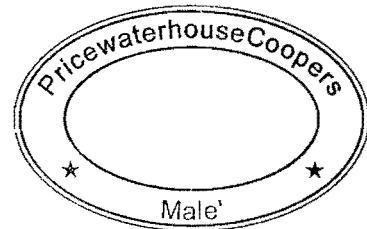
The Authority's income and operating cash flows are substantially independent of changes in market.

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

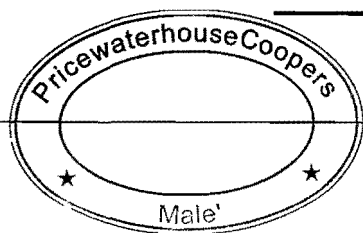
31 December 2010

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
Year ended 31 December 2009				
Opening net book amount	32,565	164,513	117,444	314,522
Additions	98,065	66,900	5,135	170,100
Depreciation charge (Note 13)	(13,238)	(109,053)	(34,451)	(156,742)
Closing net book amount	117,392	122,360	88,128	327,880
At 31 December 2009				
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 13)	(30,049)	(94,525)	(37,669)	(162,244)
Closing net book amount	158,138	156,635	58,219	372,991
At 31 December 2010				
Cost	332,035	631,559	200,963	1,164,557
Accumulated depreciation	(173,897)	(474,924)	(142,744)	(791,566)
Net book amount	158,138	156,635	58,219	372,991



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 1,047,636 (2009 : MRf 1,171,615) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to MRf 550,840 (2009: MRf 322,125) were fully depreciated as at the balance sheet date.

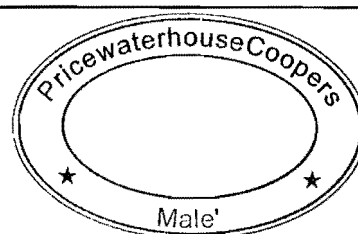
6 Intangible assets

	Software and website	Work - in - progress	Total
Year ended 31 December 2009			
Opening net book amount	125,682	82,000	207,682
Additions	6,500	-	6,500
Transfer / Disposal	82,000	(82,000)	-
Amortisation charge (Note 13)	(80,659)	-	(80,659)
	133,523	-	133,523
At 31 December 2009			
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 13)	(84,173)	-	(84,173)
Impairment Loss (Note 13)	(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

7 Receivables

	2010	2009
Rent deposits	90,641	46,331
Receivable from Maldives Stock Exchange	58	70,716
Other receivables	387,235	67,641
	477,934	184,688

Other receivables include the amount receivable from Pension and Social Protection Administration Project (MPAO) amounting to MRf 336,083.



Notes to the financial statements (continued)

8 Investments held to Maturity

	2010	2009
Treasury bills	1,000,000	8,377,587
Fixed deposit	150,000	150,000
	<u>1,150,000</u>	<u>8,527,587</u>

9 Cash and cash equivalents

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

	2010	2009
Cash in hand	405	455
Cash at bank	5,001,952	1,102,077
	<u>5,002,357</u>	<u>1,102,532</u>

10 Capital and Reserves

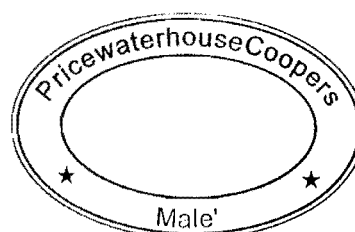
	2010	2009
Capital contributed by Government	<u>3,000,000</u>	<u>3,000,000</u>

11 Payables

	2010	2009
Amount due to Ministry of Finance and Treasury	2,088,365	5,863,422
Accrued expenses	438,438	262,788
Liquidity margin from dealing companies	150,000	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	-
	<u>4,063,768</u>	<u>7,276,210</u>

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

	2010	2009
Budget amount available with CMDA for the year	12,933,000	12,933,823
Less : Amount transferred from government budget received	(10,844,635)	(7,070,401)
Net amount due to Ministry of finance and treasury	<u>2,088,365</u>	<u>5,863,422</u>



Notes to the financial statements (continued)

12 Operating income

	2010	2009
Annual Licensing fees	166,009	112,908
Application fee	73,947	50
Trade processing fee from Maldives Stock Exchange	1,769	4,546
Fees from training programmes	266,700	483,300
Treasury bills and fixed deposit interest	174,060	495,165
Sundry income	383,570	68,435
	<u>1,066,055</u>	<u>1,164,404</u>

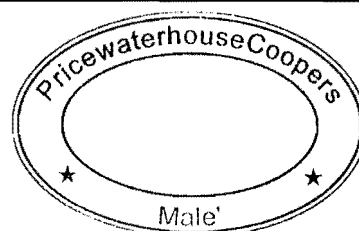
Sundry income includes the income from CIS and fund management training amounting to MRf 281,359.

13 Operating expenses

	2010	2009
Staff salaries and allowances	6,144,521	3,351,137
Rent	1,047,636	1,171,615
Board expenses	886,161	581,749
Expert expenses	573,808	472,280
Travelling	17,721	76,644
Training courses and scholarship	399,252	702,007
Printing and stationery	72,589	96,997
Internal and external audit fees	35,338	55,127
Electricity expenses	302,120	183,649
General office expenses	67,054	51,645
Depreciation and amortization (Note 5 and 6)	246,417	237,401
Telephone expenses	128,549	153,781
Media related expenses	11,556	11,668
Legal & regulatory expenses	167,070	118,904
Repair & maintenace	79,607	134,887
Training programme expenses	918,397	390,636
Membership fees	265,748	259,274
Investor education expenses	129,328	185,404
Provision for accrued PF rights to terminated staff	381,374	-
Impairment loss written off (Note 6)	36,444	-
Total operating expenses	<u>11,910,690</u>	<u>8,234,805</u>

14 Taxation

There is no incidence of taxation on profits and income earned in the Republic of Maldives. Accordingly, the Authority is not liable to income tax on profits and income earned in the Republic of Maldives.



Notes to the financial statements (continued)

15 Cash (used in)/ generated from operations

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

	2010	2009
Net operating profit / deficit for the year	-	-
Adjustments for:		
- Depreciation (Note 5)	162,244	156,742
- Amortization (Note 6)	84,173	80,659
- Impairment loss written off (Note 6)	36,444	-
Changes in working capital:		
- Receivables and prepayments	(293,246)	36,517
- Payables	(3,212,442)	(224,419)
Cash (used in) / generated from operations	<u>(3,222,827)</u>	<u>49,499</u>

16 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.

17 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.

20 Post balance sheet events

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

