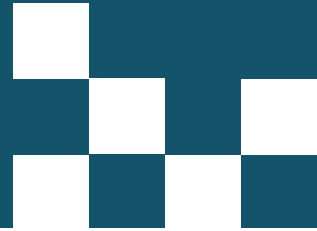


Annual Report 2011

Maldives Pension Administration Office



Chairperson's Statement



Iyaz Waheed
Chairman

On behalf of the Board of Maldives Pension Administration Office (MPAO), it is my pleasure to report the performance of MPAO for the year ended 31st December 2011.

The year 2011 was challenging in many ways with notable achievements. Following the successful participation of public sector in Maldives Retirement Pension Scheme (MRPS) in 2010, the primary objective in 2011 was to make the private sector participation in MRPS a success.

The complexity of identifying and registering the large number of private sector employers and adequately raising public awareness of the pension scheme within limited time and other constraints presented hurdles to overcome. Despite the challenges, I am pleased to report that this milestone has been achieved. In this implementation we have been well supported by Government Ministries and agencies, financial institutions, private sector employers and other stakeholders.

In the first two years of Pension Act enactment, the focus of MPAO was to set up as an effective institution by laying a solid foundation by formulating policies, publishing regulations and communicating about the new pension schemes. In 2011, the priority was to further enhance public confidence in the scheme by strengthening the institution. In this effort, significant developments include providing member access to Retirement Saving Accounts' Statements and on-going system development to provide a modern and efficient service to the pension scheme

participants. We also continue to strengthen the outreach programmes and public awareness activities and it will remain a critical component in our endeavor to deliver our intent to the public. Looking back, we are pleased with the progress made throughout the year.

With respect to the role of managing pension fund, we continue to seek opportunities to broaden our investment avenues. In order to address the issue of limited investment products, MPAO broadened its investment policy to allow investments in equity and bonds. To that end, major initiative of 2011 was investing in shares of Dhiraagu.

Good governance is critical to delivery of pension services and we remain committed to foster good governance practices in all aspect of the operation as articulated by the Capital Market Development Authority of the Maldives. In this respect, we placed particular focus on internal controls, record keeping and following international standards in reporting our performance.

As we move ahead, we recognize our pivotal role in the development of national social protection system of the country. Moreover, being potentially largest institutional investor in the country, we also recognize that our role is integral in the growth of capital market of the Maldives. In this respect, we plan to provide a nationally acclaimed platform to bring together industry experts and professionals of diverse experience to deliberate and share views to bring to the

fore financial market development issues and its relevance to the pension and social protection. With this, we hope to foster greater cooperation among financial institutions to promote initiatives that lead to investment opportunities, strengthen financial regulatory framework and promote the growth of the financial sector.

On behalf of MPAO board, I would like to express my appreciation to key stakeholders and Government Ministries and agencies for their continued support throughout the year and hope it will be extended in the years to come. I would also like to extend this appreciation to World Bank for providing their continuous support and expertise in the implementation of the pension project.

I would like to congratulate and thank the Management and all staff members of MPAO for their achievements, hard work and dedication. I would also like to thank my fellow Board Directors for their contributions and support during the past year

22 April 2013

Chief Executive Officer's Report



I am pleased to report that Maldives Pension Administration Office (MPAO) had another successful year in 2011. The year marked the attainment of new milestones for MPAO in its commitment to establish the very first Defined Contribution Pension Scheme in the country – Maldives Retirement Pension Scheme (MRPS).

Highlights of 2011

In 2011, the main focus was to increase membership base of MRPS by bringing in Private Sector into this pension scheme as set out in the Maldives Pension Act. This operation, given the diverse employer base and immense scale, was faced with new challenges compared to the participation of Public Sector in 2010. However, despite challenges faced, I am glad to note that in a relatively short period of time, MPAO was able to meet key targets.

At this juncture, it is important to note that at the very core of this achievement remained our nation-wide public awareness campaigns carried out to communicate pension reform to both employers and employees of private sector, where, hitherto, majority of employees had no access to any type of pension scheme. As part of the communication strategy, a series of information sessions were conducted, extensive media coverage in both TV and radio were used and participation of pension scheme was encouraged through outreach print materials and other targeted programmes. At the same time, MPAO staff worked together by effectively managing resources to respond to customer demand and providing the necessary trainings to the employers for participation in the scheme.

With expansion of membership base of MRPS, the need to take measures to protect the rights of the pension scheme members became paramount. In this regard, 2011 saw the setup and establishment of Compliance and Enforcement Department within the MPAO and commencement of inspection activities to ensure that employers complied with the Pension Act and regulations.

The major developments of 2011 were providing online member access to Retirement Savings Accounts' Statements and significant progress in the development of modern pension information system for employers and scheme participants to interact.

Let me close by expressing my pride in the MPAO staff team for bringing us to this point, and my gratitude to our stakeholders, for your unwavering support. I would also like to thank members of the Board for their contributions and guidance provided over the past year. I trust you all share our excitement about MPAO's performance and the way in which MPAO is helping to improve quality of life of thousands of Maldivians.

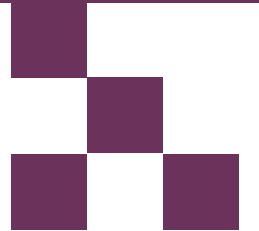
The year 2012 hold enormous promise to MPAO. We are uniquely positioned to deliver the benefits

of a growing Pension Fund, a fund that can now be tapped to help the country's socio-economic development. We also seek to work with other government institutions and agencies, financial institutions and stakeholders to collaborate and promote the Pension Fund by creating awareness of the opportunities. Going forward, our focus is to manage portfolio risk while providing the best returns of the investment for scheme participants.

22 April 2013

Report of the Board of Directors

The Board of Directors of the Maldives Pension Administration Office (MPAO) presents its Annual Report of the MPAO and Pension Fund together with the Independent Auditor's Report, Financial Statements and notes for the year ended 31st December 2011.



1. About MPAO

MPAO is an independent legal entity, established on 13th May 2009 pursuant to the Maldives Pension Act (8/2009).

MPAO's mandate, as set out in the Pension Act is as follows:

- Administer Maldives Retirement Pension Scheme (MRPS),
- Pay Old age Basic Pension (BP)
- Manage pension funds
- Establish standards, rules and guidelines related to the schemes
- Create public awareness and educate scheme participants





2. Profile of Pension Schemes

The pension system consists of two pension schemes, namely Maldives Retirement Pension Scheme (MRPS) and Old-age Basic Pension Scheme (BP). The primary objective of MRPS is to ensure individuals save during employment to cater for their livelihood in retirement and ultimately creating financial independence. MRPS is a defined contributory pension scheme funded from contributions of both employees and employers. Presently, the Pension Act mandates a contribution of 7% of the pensionable wage from both employee and employer and also allows voluntary contributions. Contributions to the scheme stops at the pensionable age of 65 and pensioner may start to drawdown on the pension plan at this age.

On the other hand, BP is designed to provide financial security for individuals who had no access to employment based income prior to retirement age. BP scheme is a lifelong inflation indexed pension benefit, fully funded by the Government provided to all Maldivian Citizens who have reached the age of 65, subject to meeting the eligibility criteria of the scheme.





3. Major Developments in 2011

As per the Pension Act, MRPS was rolled out in two phases, where, public sector participated in May 2010 and private sector participated in May 2011. Private sector implementation presented major challenges for various reasons such as private sector had more employers than public sector and had no consistent reliable source for identification, lack of awareness on pension schemes and resistance to co-operate.

Participation was ensured through nationwide public awareness programmes, effective customer care service and providing the necessary trainings to the employers. MPAO also worked with other government agencies to identify private sector employers. In this regard, employer information was obtained from Maldives Inland Revenue Authority (MIRA), Ministry of Economic Development, Ministry of Tourism, Arts and Culture, Atoll and Island Councils. By the end of the year 2011, 41,354 employees working in the private sector were enrolled in the scheme which corresponds to 1321 private sector employers.

The foundation of MPAO was laid in 2010 and as such 2011 was focused to further strengthen the establishment in terms of IT infrastructure, development of procedures and other administrative arrangements. MPAO enabled members to access their Retirement Savings Accounts' (RSAs') Statements on-line, allowing them to view RSAs' information as and when they need. Additionally, a fully integrated MRPS system development was underway to provide a modern and efficient pension services to participants of the schemes. Other major development was MPAO broadening its scope to commence in April 2011 disbursements of state funded pensions, previously administered by Ministry of Finance and Treasury. This administrative arrangement ensured a centralized and uniform mechanism to distribute various state funded pensions.

With the expansion of MPAO operations in terms of staff strength and services, available office space was inadequate to provide service to the public. In addressing this, MPAO office was relocated to Ministry of Finance and Treasury building in August 2011. The relocated premise was custom built with convenient work spaces and spacious front office area ensuring friendly customer service experience.



4. Review of 2011 Activities

i. Information sessions for employers

In order to increase the level of awareness on pension schemes and to facilitate registrations in MRPS, information sessions were conducted to private sector employers, both in Male' and Atolls. During the year, total 126 sessions were conducted and in which 7172 persons participated. In addition, MPAO also organized public lectures targeted to mass audience. Total 22 lectures were held of which 11 in Male' and 11 in atolls and participants of the lectures were invited employers and persons who responded to an open invitation through media and MPAO website.

ii. Employer trainings

For effective participation of private sector employers in MRPS, training sessions were conducted both in Male' and atolls. The trainings on MRPS focused on providing support in understanding the process of registration, enrolment and contribution to the scheme. A total of 80 training sessions were conducted in Male' and 741 employers were trained. From 10 sessions held at atolls, 298 persons were trained and MPAO also visited 29 resorts and trained 58 persons. In addition to this, training video presentation was made by MPAO staff which was made available on CD and distributed to employers. Training materials were also made available through MPAO website. "Train the trainer" sessions in the atolls were also conducted to create a pool of trainers to cater the training requirement.

iii. Door to Door Campaign

For a more targeted outreach effort, "door-to-door campaign" was organized during the year. In the campaign around 123 businesses and companies located in various areas of Male' City was visited. During the visits employers and employees were provided with pension scheme information, noncompliant employers were identified and registrations of employers were facilitated.

iv. Media

General mass media including print, radio and TV were used to educate and create awareness of the pension schemes in 2011.

As part of long term awareness campaign total 5 radio and 4 TV advertisements were aired to the public which contains promotional messages on pension and savings. Registration in the scheme was encouraged through public announcements from radio and TV. Advertisements were also published in print media.

For mass audience communications, MPAO organized 5 panel discussions, participated in 8 radio shows and conducted 12 media briefings sessions during the year.

v. Event Participated

MPAO participated in "Do You Know Campaign" an event organized by UNDP. During the event around 400 people visited MPAO booth and received information of pension schemes. As part of the booth services, Retirement Savings Accounts' Statement access was facilitated.

vi. Road Show

A Road show was organized by MPAO from 21-22 March 2011 to create awareness on pension schemes. The road show was held on 21st in front of Nalahiya Hotel area, Local Market area and New Harbour area and on 22nd the locations were at Lonuziyaaraikolhu, Fisherman's Park and the new Harbour area. In addition to providing information on pension, more than 9000 leaflets containing pension scheme information were distributed in the event.

vii. Pension Photo Contest

A Photo contest was held from 22nd September to 15th November 2011, inviting participants to submit the photos on 4 themes developed by MPAO on the pension schemes. The photos submitted was used for MPAO desk calendar 2011, website and in other communication materials.

viii. Customer Care Service

With a view to build better client relations and for convenience of public, in addition to the existing hotlines for customer service, two mobile number (Wataniya and Dhiraagu) helplines were

introduced. Customers can enquire for information or assistance and even request for call backs by sending a SMS to these numbers in instances unable to reach through hotlines. In addition, to provide a friendly customer service, office hotline concept was redesigned providing direct extensions along the functional lines and allowing automatic queuing of calls.



5. Governance

a. The Board of Directors

Maldives Pension Act (8/2009) provides that the MPAO is an independent institution and is overseen by Board of Directors.

The Board is appointed by the President. The Chairperson and the four private sector representatives are selected by the Selection Committee formed jointly by the Civil Service Commission, Ministry of Finance and Treasury, and the Ministry responsible for social security which currently is the Ministry of Health and Family. All candidates for board membership are scrutinized by the Capital Market Development Authority (CMDA) for regulatory compliance. The term of each appointed Member is for three years. Members of the Board may be reappointed.

b. Board Structure

In meeting the requirements of the Pension Act, the current Board structure comprise of eight members, representing both Public and Private Sector. The composition of the Board is as follows.

Private Sector

	Name and Designation	Appointed Date	Term end date
	Chairperson Athifa Ali Head of International, Regional and Regulatory Dhiraagu	20th August 2009	
	Fareeha Shareef Managing Director FJS Consulting Pvt. Ltd	20th August 2009	
	Iyaz Waheed Group Manager Finance & Human Resources Universal Enterprises	20th August 2009	19th August 2011 Re-appointed
	Dheena Moosa Director Sealink Pvt.Ltd	20th August 2009	
	Hamid Sodique Projects Manager AAA & Trading Company Pvt. Ltd	20th August 2009	19th August 2011
	Mujuthaba Jaleel Head of Internal Audit Department Maldives Ports Limited	20th August 2011	

Public Sector

	Name and Designation	Appointed Date	Term end date
	Mariyam Visam Director General Capital Market Development Authority	20th August 2009	
	Mariyam Shafeeg Director General Ministry of Health and Family	20th August 2009	

Board Committees

Investment committee

The Investment Committee reviews and recommends to the Board the Statement of Investment Principles (SOIP) and monitors the investment activities. The Investment Committee comprises of two Board members representing private sector and the Board member representing the Ministry of Finance and Treasury.

By the end of the year 2011, members of the Investment Committee were Ms. Fareeha Shareef (Chairperson) Mr. Saamee Ageel, and Mr. Iyaz Waheed.

Audit Committee

The Audit Committee oversees financial reporting. This involves appointing internal auditors and recommending the external auditors for appointment by the Board, reviewing information systems and internal control policies and practices and reviewing the annual accounts for final approval of the board.

On 14th November 2011 Mr. Mujuthaba Jaleel was appointed as the Chairperson of Audit Committee as Mr. Iyaz Waheed who previously filled that position was appointed to Investment Committee. By the end of the year 2011, members of the Audit Committee were Mr. Mujuthaba Jaleel (Chairperson), Ms. Dheena Moosa and Ms. Mariyam Shafeeg.

Board and Board committee meetings attendance

During the year 2011, the Board met 15 times, Investment Committee met 4 times and the Audit Committee met 8 times. The Board and Board committee meetings' attendance are as follows:

Board Member	Board meeting attended	Investment committee attended	Audit Committee attended
Athifa Ali	13/15	N/A	N/A
Fareeha Shareef	12/15	4/4	N/A
Mariyam Visam	13/15	N/A	N/A
Dheena Moosa	14/15	N/A	8/8
Iyaz Waheed	11/15	1/1	8/8
Hamid Sodique	11/13	2/3	N/A
Mariyam Shafeeg	13/15	N/A	4/8
Saamee Ageel	10/15	3/4	N/A
Mujuthaba Jaleel	2/2	N/A	1/1



6. Administration and Other professional services

The day to day management of the MPAO is entrusted with the Senior Management Team headed by the Chief Executive Officer and is fully accountable to the Board. MPAO structure was composed of 3 divisions. The divisions include Stakeholder Relations Division, Operations Division and Finance and Administration Division. Apart from this, Pension and Social Protection Project Administration staff worked in MPAO.

Stakeholder Relations Division

The stakeholder relations Division was comprised of Media and Public Relations Department and Clients Relations Department. Media and Public relations Department administer public awareness programmes and is responsible for educating the scheme participants on pension schemes and communicate with public. Client Relations Department provides and facilitates service delivery to scheme participants.

Operations Division

The Operations Division is responsible for day to day pension scheme administration matters and aspects of IT hardware and software, security and data processing and storage.

Finance and Administration Division

This division is responsible for the implementation of MPAO office budget, management of human resources, legal affairs and the Compliance and Enforcement function which previously ran under Stakeholder Relations Division. Additionally, this Division also maintains all investment activities including daily fund valuation and unit price determination.

Other professional services

The Pension related operations at MPAO are administered with the support and assistance of the Pension and Social Protection Administration Project funded by the World Bank. The project employs local staff and also engages international consultants from time to time. In 2011, Mr. Peter Ratcliffe (Business Process Expert), Mr. Jeremy Gadbury (Investment Expert) and Mr. Wylie Wade (International consultant for System Analysis) worked as consultants for the project.

7. Legislative and Regulatory Developments

Amendment to the Maldives Pension Act (8/2009)

The First Amendment to the Maldives Pension Act (8/2009) was ratified on 24 April 2011. Notable changes effected by this amendment are as follows.

- Mandatory participation of foreign employees in MRPS was postponed for 3 years, till April 2014.
- MPAO to formulate Regulation on disbursement of Benefits to Foreign Employees within 12 (months) from the commencement of the 1st Amendment to Pension Act.
- The requirement to insure funds of pension scheme and its investment was repealed.

New regulations

- Regulation on Voluntary Contribution was published on 25th July 2011.



8. Training and Development

With the objective of equipping MPAO staff with the necessary skills and knowledge that is required to carry out their responsibilities effectively, a number of trainings opportunities were given during the year 2011. The trainings participated consisted of local and overseas programs in various areas such as customer service, IT, investment, financial and other office environment skills.

Programs participated are shown below:

Participated programs	Country	Training Institute	Period
Maldives Financial Sector Development strategy dissemination Forum	Maldives	Capital Market Development Authority	22nd Feb 2011
Government E-Letter Management System -NCIT	Maldives	National Centre for Information Technology	24th Feb 2011
Grooming & Etiquette Session	Maldives	Haleem & Group	17th May 2011
Software & Hardware standard -NCIT	Maldives	National Centre for Information Technology	12th July 2011
Workshop on the progress of Islamic Capital Market in the Maldives	Maldives	Capital Market Development Authority	16th Sept 2011
Shrodders Trainings Program in Singapore	Singapore	Shrodders	Oct 17-21, 2011
Time Management	Maldives	In-house trainer	26th Nov 2011
World Bank Core course on pensions -Washington Dc,	America	World Bank	Nov 7-18, 2011
R-Pata 7527 Workshop	Maldives	Capital Market Development Authority	16th Nov 2011
Dhivehi Bahun Vaahaka Dhehkumuge Adabuthah	Maldives	Former Minister Hussain Rasheed	11-Dec
Operations of Islamic Capital	Maldives	Capital Market development Authority	27th Nov-01st Dec 2011
Public accounting System workshop	Maldives	Capital Market development Authority	14th Dec 2011



9. Office Expenditure

MPAO expenditure is subsidized by the Government as the Pension Act stipulates until MPAO is fully operational from the income generated from MRPS. A total MVR 11,846,885 was allocated to MPAO as the budget for 2011. The expenses incurred relate to office administrative expenses, and other related to the payment towards the development of pension software.





10. Investments

All investment activities are currently performed by MPAO. Investments are carried out according to Statement of Investment Policy (SOIP) approved by the Board and overseen by Capital Market Development Authority (CMDA), the Pension Regulator. According to SOIP, as a measure of prudence investments of pension contributions are restricted to T-bills and Fixed Deposits during the interim period.

Investment developments

During the year, MPAO explored various investment opportunities of the pension fund and carried out the following activities.

- MPAO held discussions with financial industry stakeholders to share the opportunities to develop the investment appetite of the pension fund.
- Investment strategies were developed and financial statements of commercial banks were analysed.
- To diversify the investment portfolio the necessary changes to SOIP was made to invest in bonds and shares
- Completed Pension fund asset valuations.
- Established an investment fund reporting system to meet the requirements of the regulatory authority.
- Record keeping system established for custodian and fund movement

Distribution of Investments

There are four investment fund portfolios within the MRPS. The distributions of investments at the end of the year 2011 are shown below:

T-Bills			RF	%
	MMA	180 Days	50,014,537	7.46%
	MMA	181 Days	19,337,385	2.88%
	MMA	182 Days	476,986,420	71.16%
	Total T-Bills		546,338,342	81.50%
Fixed Deposits				
	Bank of Ceylon	6 Month FD	27,500,000	4.10%
	Habib Bank	6 Month FD	30,000,000	4.48%
	State Bank of India	6 Month FD	22,500,000	3.36%
	Bank of Maldives	6 Month FD	42,500,000	6.34%
	Total Fixed Deposits		122,500,000	18.27%
General Investment				
	Maldives Islamic Bank	3 Month GI	1,500,000	0.22%
	Total General Investment		1,500,000	0.22%
Total			670,338,342	100.00%

Investment Performance

During the year, a total of MVR 670.3 million were invested; MVR 546.3 million in T-Bills of maturities ranging from 180 days to 182 days, and MVR 122.4 million in fixed deposits of maturities 6 months across four commercial banks. Additionally, MVR 1.5 million was as general investment.

Overall Performance of Portfolio		2011	2010	
Portfolio	Net Asset Value	Unit Price	Unit Price	Net Increase (%)
Investment	773,078,158	107.5501	102.4197	5.01%
Sharia	3,583,678	100.2171	100	0.22%
Conservative	45,293,340	1570.9418	1503.564	4.48%
Recognition Bond	2,604,456,207	1117.7947	1077.8338	3.71%
Total	3,426,411,384			





11. Outlook

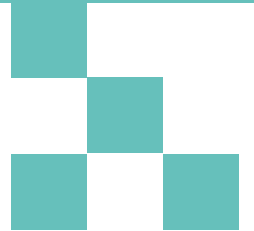
Moving forward, 2012 will be a year of milestone delivery. MPAO has planned various strategic initiatives to deliver the benefits of the pension fund to the scheme participants.

- 'Maldives Finance forum' a national event will be organized by MPAO with international experts, to discuss and deliberate on financial market development issues and its relevance to the pension and social protection and its contribution to the growth of the financial industry will be explored.
- Various discussions will be held with financial industry participants to expand the investment of pension fund.
- MPAO shall take measures to protect the rights of the pension scheme participants against non-compliant employers, by employer inspections and taking action to ensure compliance to Pension Act
- To meet and facilitate the services provided by MPAO through easier means both in Male' and atolls, MPAO plan to undertake MOUs with atoll councils and other service delivery channels.
- To remain transparent within the bounds of the Pension Act, MPAO shall take priority to provide access and most current information of the pension scheme participants account statements
- MPAO is also in the process of enabling facilitation of payments by employers through easier means, using the electronic transfer of payments of pension contributions.

22 April 2013

Audited Financial Statements

- Audited Financial Statements of Maldives Pension Administration Office
- Audited Financial Statements of Maldives Retirement Pension Scheme



**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)**

**FINANCIAL STATEMENTS
AS AT
31ST DECEMBER 2011**

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO 8 OF 2009)**

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2011



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Independent Auditors' Report

To the Board of Directors of Maldives Pension Administration Office

We have audited the accompanying financial statements of Maldives Pension Administration Office ("MPAO"), which comprises the statement of financial position as at 31st December 2011, and the statement of income and expenditure, changes in Accumulated Funds and cash flows for the period then ended and related notes exhibited in pages 3 to 17.

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. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to MPAO'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 MPAO'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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 7 to the financial statements, MPAO has recognized the management fee income of MRf. 4,041,100/- from Maldives Retirement Pension Scheme for the year ended 31st December 2011 and same amount has been recognized as Management fee receivable as disclosed in Note 10 to the financial statements. However, this management fee income does not include the assets management fee income of MRf 655,476/- which was applicable for the month of December 2011. As a result, the management fee income and income over expenses for the year ended 31st December 2011 has been understated by MRf. 655,476/- and management fee receivables as at 31st December 2011 has been understated by MRf. 655,476/-.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of MPAO as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

18th April 2013
Male'

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
INCOME AND EXPENDITURE STATEMENT**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2011 MRf	2010 MRf
Income			
Grants Received			
Management Fee	6	28,581,864	18,096,753
Total Income	7	<u>4,041,100</u>	<u>468,841</u>
		<u>32,622,964</u>	<u>18,565,594</u>
Expenditure			
Salaries and allowances	8	6,482,491	4,901,977
Stationery and Office Requisites		386,706	196,623
Other Administrative Supplies		227,816	91,122
Communication		528,384	343,023
Publication and Announcement		1,027,866	172,724
Carriage and Conveyance		117,639	125,167
Travel, Training and Seminars		645,585	435,397
Professional Services Fees		92,745	67,540
Maintenance and Repair		428,450	8,650
Electricity		499,109	158,856
Rent		520,000	390,000
Bank Charges		549,935	390,540
Depreciation		340,159	146,764
Total Expenditure		<u>11,846,885</u>	<u>7,428,383</u>
Income over expenses for the year		<u>20,776,079</u>	<u>11,137,211</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER

	Note	2011 MRf	2010 MRf
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	2,514,693	888,341
Intangible Assets	11	5,088,600	
Total Non-Current Assets		<u>7,603,293</u>	<u>888,341</u>
Current Assets			
Prepayment and Other Receivables	10	4,581,263	510,727
Cash and Cash Equivalents	12	10,772,967	11,064,863
Total Current Assets		<u>15,354,230</u>	<u>11,575,590</u>
Total Assets		<u>22,957,523</u>	<u>12,463,931</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds			
Accumulated Funds		22,120,122	11,530,269
Total Accumulated Funds Surplus		<u>22,120,122</u>	<u>11,530,269</u>
Current Liabilities			
Accrued Expenses and Other Payables	13	837,401	933,662
Total Current Liabilities		<u>837,401</u>	<u>933,662</u>
Total Accumulated Funds and Liabilities		<u>22,957,523</u>	<u>12,463,931</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

For and on behalf of the Board;

Name of the Director

IYAZ WAHEED

MUGUTHABA SALEEL

MOHAMMED HUSSAIN MANIKU

Signature

18th April 2013

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD ENDED 31ST DECEMBER 2011

	<u>Accumulated Funds MRf</u>
Balance as at 1st January 2010	393,058
Net Income over Expenditure for the year	11,137,211
Balance as at 31st December 2010	<u>11,530,269</u>
Balance as at 1st January 2011	11,530,269
Net Income over Expenditure for the year	20,776,079
Refund the Privies year excess funds	(10,186,226)
Balance as at 31st December 2011	<u><u>22,120,122</u></u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2011 MRf	2010 MRf
Cash Flows From Operating Activities			
Income Over Expenditure for the year		20,776,079	11,137,211
<i>Adjustments for</i>			
Depreciation for the Year		340,159	146,764
Operating Surplus before Work in Capital Changes		<u>21,116,238</u>	<u>11,283,975</u>
<i>Working capital change</i>			
Change in Prepayment and Other Receivables	10	(4,070,536)	(510,727)
Changes in Payables		(96,261)	909,110
Net Cash Flow from Operating Activities		<u>16,949,441</u>	<u>11,682,358</u>
Cash Flows from Investment Activities			
Acquisition of Property, Plant and Equipment	9	(1,966,511)	(618,358)
Acquisition of Intangible Assets		(5,088,600)	-
Net Cash Flow Used in Investment Activities		<u>(7,055,111)</u>	<u>(618,358)</u>
Cash Flows from Financing Activities			
Refund the Privies year excess funds		(10,186,226)	-
Net Cash from Financing Activities		<u>(10,186,226)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents		(291,896)	11,064,000
Cash and Cash Equivalents at Beginning of the Year		11,064,863	863
Cash and Cash Equivalents at End of the Year	11	<u>10,772,967</u>	<u>11,064,863</u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Pension Administration Office (“MPAO”) was formed on 13th May 2009 under Maldives Pension Act No 8/2009. The registered office is located at Ameene Magu, Republic of Maldives. MPAO is an independent legal entity with perpetual succession and with a separate seal under the Act.

The principal activities of MPAO are;

- Administering the Pension Schemes established under the Act.
- Providing the Maldives Retirement Pension.
- Formulating regulations, standards and guidelines to operate the schemes established under the Act.
- Paying Maldives Old-Age Basic Pensions established under the Act.
- Conducting public awareness programmes on the pension schemes established under the Act.
- Taking measures considered necessary by the Pension Office in order to discharge its functions under the Act.

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in MPAO’s financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by MPAO.

3.1 Foreign Currency Transactions

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income and expenditure statement.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

MPAO initially recognises receivables and deposits on the date that they are originated.

MPAO derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by MPAO is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MPAO has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

MPAO has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalent

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise management fee receivables and other receivable.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

Cash and cash equivalents comprise cash in hand and balance with banks.

(ii) Financial Liabilities (Non-derivative)

MPAO recognizes financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which MPAO becomes a party to the contractual provisions of the instrument. MPAO derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MPAO has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

MPAO has other payables as non-derivative financial liabilities. This financial liability is 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.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

(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 MPAO, 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 MPAO will obtain ownership by the end of the lease term. Land is not depreciated.

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

Computers and communication equipment	3-5 years
Office equipment	3-5 years
Furniture and fittings	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month on which the property, plant and equipments are ready for use.

3.4 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

MPAO considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(i) Financial Assets (including receivables) (Continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

(ii) Non-financial Assets

The carrying amounts of the Society's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3.5 Provisions

A provision is recognized if, as a result of a past event, MPAO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income

Government and other grants are recognized only to the extent of the amount received. Income derived from Management fees has been recognized on accrual basis.

3.7 Events Occurring After the Reporting Date

The materiality of the events occurring after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. DETERMINATION OF FAIR VALUES

A number of MPAO's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2012. None of these is expected to have a significant effect on the financial statements MPAO.

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

6 GRANTS RECEIVED	2011	2010
	MRf	MRf
Grants Received from the Government	23,493,264	18,096,753
Grants Received from Pension and Social Administration Project (Note 11.1)	5,088,600	-
Total Grant Received	<u>28,581,864</u>	<u>18,096,753</u>

7 MANAGEMENT FEE	2011	2010
	MRf	MRf
Management fee	4,041,100	468,841
	<u>4,041,100</u>	<u>468,841</u>

Management Fee Income is the income recognized for managing the assets of Maldives Retirement Pension Scheme (MRPS). Management fee has been accounted for on accrual basis based on the daily asset value of the Fund at the rate of 1% per annum.

8 SALARIES AND ALLOWANCES	2011	2010
	MRf	MRf
Directors' Remuneration	978,210	957,000
Retirement Contribution Obligations	304,885	116,542
Employee Insurance	100,694	39,545
Salaries and Wages	5,098,702	3,788,890
	<u>6,482,491</u>	<u>4,901,977</u>

9 PROPERTY, PLANT AND EQUIPMENT

Please refer page no 14

10 OTHER RECEIVABLES	2011	2010
	MRf	MRf
Asset Management fee Receivables	4,509,941	510,727
Prepayments	71,322	-
	<u>4,581,263</u>	<u>510,727</u>

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

AS AT 31ST DECEMBER 2011

9 PROPERTY, PLANT AND EQUIPMENT

Cost

Opening Balance

Additions during the year

Closing Balance

Accumulated Depreciation

Opening Balance

Charge for the year

Closing Balance

Net Carrying Value

As at 31st December 2011

As at 31st December 2010

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

11	INTANGIBLE ASSETS	2011	2010
		MRf	MRf
	Intangible Assets Work in Progress		
	Balance as at 1st January	-	-
	Additions during the year	5,088,600	-
	Balance as at 31st December	<u>5,088,600</u>	<u>-</u>
11.1	As per the agreement signed between the Government of Maldives and Karvy Computershare Private Limited on 30th September 2010, Maldives Pension Administration office has contracted Karvy Computershare Private Limited to supply, customization Installation implementation of off the shelf pension system called "Karvy System". Intangible Assets Work in Progress represent the cost incurred by Maldives Pension and Social Protection Administration Project on behalf of Maldives Pension Administration Office up to 31st December 2011 to develop this system. The same amount has been recognized as a grant received from Maldives Pension and Social Protection Administration Project to Maldives Pension Administration Office during the year ended 31st December 2011.		
12	CASH AND CASH EQUIVALENTS	2011	2010
		MRf	MRf
	Cash at Bank	10,767,539	11,024,615
	Cash in Hand	5,428	40,248
		<u>10,772,967</u>	<u>11,064,863</u>
13	ACCRUED EXPENSES AND OTHER PAYABLES	2011	2010
		MRf	MRf
	Accrued Expenses	586,213	864,433
	Other Payables	251,188	69,229
		<u>837,401</u>	<u>933,662</u>
14	FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		

(i) Overview

The MPAO has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the MPAO's exposure to each of the above risks, MPAO's objectives, policies and processes for measuring and managing risk, and MPAO's management of capital. Further, quantitative disclosures are included throughout these MPAO's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the MPAO's risk management framework.

FOR THE YEAR ENDED 31ST DECEMBER

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit risk

Credit risk is the risk of financial loss to MPAO if a debtor fails to meet its contractual obligations, and arises principally from MPAO's receivables from members and other third parties.

	<u>Carrying Amount</u>	
	2011	2010
	MRf	MRf
Other Receivables	4,581,263	510,727
	<u>4,581,263</u>	<u>510,727</u>

The MPAO exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Impairment Losses

	<u>2011</u>		<u>2010</u>	
	Gross MRf	Impairment MRf	Gross MRf	Impairment MRf

The aging of trade and other receivables at the reporting date was:

Not Past Due				
Past Due 0-30 days	4,581,263	-	510,727	-
	<u>4,581,263</u>	<u>-</u>	<u>510,727</u>	<u>-</u>

(iv) Liquidity risk

Liquidity risk is the risk that MPAO will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. MPAO's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to MPAO's reputation.

31st December 2011

	<u>Carrying Amount MRf</u>	<u>0-6 Months MRf</u>	<u>6-12 Months MRf</u>	<u>More than 01 Years MRf</u>
Financial Liabilities (Non- Derivative)				
Accrued Expenses and Other Payables	837,401	837,401	-	-
	<u>837,401</u>	<u>837,401</u>	<u>-</u>	<u>-</u>

31st December 2010

	<u>Carrying Amount MRf</u>	<u>0-6 Months MRf</u>	<u>6-12 Months MRf</u>	<u>More than 01 Years MRf</u>
Financial Liabilities (Non- Derivative)				
Accrued Expenses and Other Payables	933,662	933,662	-	-
	<u>933,662</u>	<u>933,662</u>	<u>-</u>	<u>-</u>

FOR THE YEAR ENDED 31ST DECEMBER

14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect MPAO's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

15 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the date of the financial position.

16 CONTINGENT LIABILITIES

There were no contingent liabilities which require adjustments to / or disclosure in the financial statements as at the date of the financial position.

17 EVENTS AFTER REPORTING DATE

No circumstances have arisen since date of the financial position which require adjustments to / or disclosure in the financial statements.

18 COMPARATIVE INFORMATION

Comparative information of the financial statements have been reclassified whenever necessary to confirm with the current year's presentation.

18 RELATED PARTY TRANSACTIONS

18.1 Transactions with Key Management Personnel

The Board of Directors of MPAO are members of the key management personnel. The Company has paid an amount of MRf. 978,210/- as emoluments to the key management personnel during the year ended 31st December 2011 (2010 : MRf. 957,000/-).

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)**

**FINANCIAL STATEMENTS
AS AT
31ST DECEMBER 2011**

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)**

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2011



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Independent Auditors' Report
To the members of Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)

We have audited the accompanying financial statements of Maldives Retirement Pension Scheme ("MRPS"), which comprise the statement of net assets available for benefits as at 31st December 2011, the statements of changes in net assets available for benefits and cash flows for the year then ended and related notes exhibited in pages 3 to 16.

Management's Responsibility for the Financial Statements

Management of Maldives Pension Administration Office ("MPAO") is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the MRPS'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 MRPS'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 qualified audit opinion.

Basis for Qualified Opinion

As per Note 14 to the financial statements, Other Payables include an amount of MRf. 1,103,495/- as Excess Collection from Employers as at 31st December 2011 (2010: MRf. 4,097,112/-). However, this excess amount received should be paid back to the employers who have contributed to this amount and MRPS has not settled the money back to the employers up to the audit report date. Therefore, we were unable to determine any adjustments necessary to the financial statements as at 31st December 2011 in respect of the said amount.

Basis for Qualified Opinion (Continued)

In accordance with the Section 25 of the Maldives Pension Act No 8 of 2009, "public service employees" who have not reached the age of 65 years at the commencement of this Act shall have their Accrued Pension Rights deposited in their Retirement Savings Accounts in the form of Recognition Bonds of the Government. As explained in the Note 7 to the financial statements, MRPS has recognized revenue of MRf. 2,380,156,835/- as initial contribution from the Government on Accrued Pension Rights for the period ended 31st December 2010 and an amount of MRf. 11,907,774/- as net adjustments for contribution from the Government on initial Accrued Rights for the year ended 31st December 2011. Further, as explained in the Note 13 to the financial statements, an amount of MRf 2,343,522,470/- has been recognized as Accrued Pension Rights Receivables as at 31st December 2011 (2010: MRf. 2,362,430,240/-). However, Government of Maldives has not issued the Recognition Bonds for the amount of MRf 2,343,522,470/- as at 31st December 2011 (2010: MRf. 2,362,430,240/-). Further, in accordance with the agreement between Maldives Pension Administration Office and the Ministry of Finance and Treasury dated 19th September 2011, both parties have agreed to recognize the Initial Accrued Pension Rights of MRf. 2,380,156,835/- subject to a variation of 5% of the rights.

As per Note 6 to the financial statements, MRPS has recognized interest income from Recognition Bond of MRf. 91,617,739/- for the year ended 31st December 2011 (2010: MRf. 91,113,130/-), and as explained in the Note 10 to the financial statements, an amount of MRf 180,767,663/- has been recognized as Interest Receivables on Recognition Bonds as at 31st December 2011 (2010: MRf. 90,834,301/-). The interest income from Recognition Bond depends on the initial Recognition Bond value. Due to the matters described in the above paragraph, we are unable to verify the value of the recognition bond. Accordingly, we are unable to verify the completeness and accuracy of the interest income from Recognition Bond of MRf. 91,617,739/- for the year ended 31st December 2011 (2010: MRf. 93,113,130/-) and Interest Receivables on Recognition Bonds of MRf 180,767,663/- as at 31st December 2011 (2010: MRf. 90,834,301/-).

Qualified Opinion

In our opinion, except for the effects of the matters described in basis for qualified opinion paragraphs, the financial statements give a true and fair view of the financial position of the MRPS as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

18th April 2013.

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**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2011 MRf (365 Days)	2010 MRf (245 Days)
Income			
Interest income	6	114,939,547	93,272,138
Contribution revenue	7	602,808,389	2,547,688,412
Income from fines on late contributions		473,149	163,613
Total income		<u>718,221,085</u>	<u>2,641,124,163</u>
Expenses			
Management fee	8	(4,041,099)	(468,841)
Benefits paid to members		(7,963,652)	(794,587)
Total expenses		<u>(12,004,751)</u>	<u>(1,263,428)</u>
Net Increase in net asset available for benefits		706,216,334	2,639,860,735
Net assets available for benefits at the beginning of the period		2,639,860,735	-
Net assets available for benefits at the end of the period		<u>3,346,077,069</u>	<u>2,639,860,735</u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 6 to 16. The Report of the Independent Auditors is given in pages 1 and 2.

MALDIVES RETIREMENT PENSION SCHEME
 (ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
 STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31ST DECEMBER

	Note	2011 MRF	2010 MRF
ASSETS			
Cash and cash equivalents	9	59,403,881	19,767,116
Other receivables	10	190,361,995	92,853,260
Financial assets held to maturity	11	670,338,342	180,622,324
Available-for-sale investment	12	100,000,000	-
Accrued pension rights receivable	13	2,343,522,470	2,362,430,240
Total assets		<u>3,363,626,688</u>	<u>2,655,672,940</u>
LIABILITIES			
Other payables	14	8,666,971	5,040,599
Balance in Contribution Collection Account	15	8,882,648	10,771,606
Total liabilities		<u>17,549,619</u>	<u>15,812,205</u>
Net Assets available for benefits		<u>3,346,077,069</u>	<u>2,639,860,735</u>

REPRESENTED BY

Accumulated members balance	16	3,346,077,069	2,639,860,735
		<u>3,346,077,069</u>	<u>2,639,860,735</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 6 to 16. The Report of the Independent Auditors is given in pages 1 and 2.

For and on behalf of the Board;

Name of the Director

IVAZ WAHEED

MUSHTABA JALEEL

MOHAMED HUSSAIN MANIKU

Signature

18th April 2013

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF CASH FLOWS**

FOR THE PERIOD ENDED 31 DECEMBER

	Note	2011 Mrf	2010 Mrf
Cash flows from operating activities			
Contribution received to Contribution Collection Account (CCA)		589,011,657	182,400,295
Contribution from government on accrued rights		34,612,260	17,726,595
Fine on late contribution		473,149	163,613
Interest received		13,462,073	418,878
Excess collection refund during the year		(2,998,452)	-
Benefit paid to members		(7,199,699)	(319,941)
Net Cash from operating activities		<u>627,360,988</u>	<u>200,389,440</u>
Cash flows from investing activities			
Proceed from sale of investments		701,262,515	13,500,000
Payments for purchase of investments		(1,288,986,738)	(194,122,324)
Net Cash used in investment activities		<u>(587,724,223)</u>	<u>(180,622,324)</u>
Net Increase in cash and cash equivalents		39,636,765	19,767,116
Cash and cash equivalents at beginning of the period		19,767,116	-
Cash and cash equivalents at end of the period	9	<u>59,403,881</u>	<u>19,767,116</u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 6 to 16. The Report of the Independent Auditors is given in pages 1 and 2.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Retirement Pension Scheme (MRPS) was established under Maldives Pension Act No 8/2009 on 13th May 2009. The registered office is located at Ministry of Finance and Treasury Building, Ameenee Magu, Male', Republic of Maldives.

The objective of MRPS is to provide a stable retirement income for the participants of the scheme based on the contributions made and performance of the investments. This forms an important pillar of the national social protection system. The MRPS is a Defined Contribution Scheme, where the employee and employer together contribute 14% of the pensionable wage on a monthly basis to the scheme. The pension payout starts at retirement and pensioners are currently provided with monthly pension benefits for life expected at the time of retirement. The MRPS commenced in May 2010 with contribution from public Sector employees and in May 2011 with private sector employees.

The Investment and administration activities of MRPS are managed and administered by Maldives Pension Administration Office (MPAO) in accordance with the requirements of the Act.

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except financial instruments which are measured at fair value.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the MRPS's financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by MRPS.

3.1 Foreign Currency Transactions

Transactions in foreign currency are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of changes in net assets available for benefits.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The MRPS initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the MRPS becomes a party to the contractual provisions of the instrument.

The MRPS derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the MRPS is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the MRPS has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The MRPS has the following financial assets (non-derivative):

- Receivables
- Cash and cash equivalents
- Investment Securities

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise contribution receivables from members and other receivables.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

Cash and cash equivalent

Cash and cash equivalents comprise balances at banks.

Investment Securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit and loss, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available for sale.

Held-To-Maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the MRPS has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the MRPS from classifying investment securities as held to maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value
- Sales or reclassifications after the MRPS has collected substantially all of the asset's original principal
- Sales or reclassifications attributable to non-recurring isolated events beyond the MRPS's control that could not have been reasonably anticipated.

Available-for-sale

The MRPS's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available-for sale equity instruments is recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Financial Liabilities (Non-derivative)

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the MRPS becomes a party to the contractual provisions of the instrument. The MRPS derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the MRPS has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The MRPS has other payables as non-derivative financial liabilities. 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.

3.3 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The MRPS considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

The carrying amounts of the MRPS's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment (Continued)

(ii) Non-financial Assets

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in statement of changes in net assets available for benefits.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3.4 Provisions

A provision is recognized if, as a result of a past event, the MRPS has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.5 Investment Income

Interest income is recognized as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortization of any discount or premium, transaction cost or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

3.6 Contribution Revenue

Contribution revenue from employees and members is recognized when the control and the benefits from the revenue have transferred to the Fund. Any un-reconciled contributions are held in Contribution Collection Account and are not recognized as revenue.

Contribution revenue from accrued rights is recognized when the government issues the recognition bonds for respective employees.

Revenue from fines on late contribution payments are recognized on accrual basis to the extent that the amount is recoverable.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 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. DETERMINATION OF FAIR VALUES

A number of the MRPS's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2012 and have not been applied in preparing these financial statements.

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 2011

6 INTEREST INCOME	2011 MRf (365 Days)	2010 MRf (245 Days)
Interest income from treasury bills	18,935,802	1,564,023
Interest income from fixed deposits	4,386,006	594,985
Interest income from recognition bonds (Note 6.1)	91,617,739	91,113,130
	<u>114,939,547</u>	<u>93,272,138</u>

6.1 Interest income from recognition bonds.

Interest on Recognition Bonds is calculated quarterly every year using compound interest basis based on the value of recognition bonds deposited to individual retirement savings account. The bonds attract interest based on quarterly consumer price index (CPI) and quarterly gross domestic product (GDP) growth in the Maldives.

7 CONTRIBUTION REVENUE	2011 MRf (365 Days)	2010 MRf (245 Days)
Contributions from members	277,421,860	78,017,023
Contributions from employers	313,478,755	89,514,554
Contribution from government on initial accrued rights	-	2,380,156,835
Net adjustment to Contribution from government on initial accrued rights (Note 7.1)	11,907,774	-
	<u>602,808,389</u>	<u>2,547,688,412</u>

7.1 Net adjustment to government on initial accrued rights

In accordance with section 25 of the Maldives Pension Act 8 of 2009, "public service employees" who have not reached the age of 65 years at the commencement of this Act shall have their Accrued Pension Rights deposited in their Retirement Savings Accounts in the form of Recognition Bonds of the Government. As per the agreement between Maldives Pension Administration Office and the Ministry of Finance and Treasury dated 19th September 2011, both parties have agreed to recognize the Accrued Pension Rights of MRf. 2,380,156,835/- subject to a variation of 5% of the rights. Accordingly, MRPS has recognized revenue of MRf. 2,380,156,835/- as contribution from the Government on Accrued Pension Rights during the period ended 31st December 2010. However due to subsequent changes to initial recognition bond value, MRPS has recognized net contribution of MRf. 11,907,774/- for the adjustment of initial recognition bond amount.

8 MANAGEMENT FEE	2011 MRf (365 Days)	2010 MRf (245 Days)
Management fee	4,041,099	468,841
	<u>4,041,099</u>	<u>468,841</u>

In accordance with the section 6 (d) of Maldives Pension Act 8/2009, the MPAO is entitled to charge a fee towards the administration of the scheme from the members. Based on the daily asset value of the Fund, Management Fees are accounted for on accrual basis at the rate of 1% per annum.

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2011

9	CASH AND CASH EQUIVALENTS	2011 MRf	2010 MRf
	Cash at bank (Note 9.1)	59,403,881	19,767,116
		<u>59,403,881</u>	<u>19,767,116</u>
9.1	Cash at Bank		
	Cash balance in Contribution Holding Account	46,823,721	8,995,510
	Cash balance in Contribution Collection Account	12,470,248	10,771,606
	Cash balance in Maldives Islamic Bank	109,912	-
		<u>59,403,881</u>	<u>19,767,116</u>
10	OTHER RECEIVABLES	2011 MRf	2010 MRf
	Interest receivable on treasury bills	7,945,868	1,423,974
	Interest receivable on fixed deposits	1,648,464	594,985
	Interest receivable on recognition bonds	180,767,663	90,834,301
		<u>190,361,995</u>	<u>92,853,260</u>
11	FINANCIAL ASSETS HELD TO MATURITY	2011 MRf	2010 MRf
	Treasury bills	546,338,342	131,130,807
	Fixed deposits	124,000,000	49,491,517
		<u>670,338,342</u>	<u>180,622,324</u>
12	AVAILABLE-FOR-SALE INVESTMENT	2011 MRf	2010 MRf
	Dhivehi Rajjeyge Gulhun PLC		
	Opening balance	-	-
	Additions during the year	100,000,000	-
	Change in the Fair Value during the year	-	-
	Balance as at 31st December	<u>100,000,000</u>	<u>-</u>
13	ACCRUED PENSION RIGHTS RECEIVABLES	2011 MRf	2010 MRf
	Opening balance	2,362,430,240	-
	Contribution during the year	-	2,380,156,835
	Net adjustment to contribution from government on initial accrued rights	11,907,774	-
	Fund received from the government	(30,815,544)	(17,726,595)
	Closing balance	<u>2,343,522,470</u>	<u>2,362,430,240</u>

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2011

13 ACCRUED PENSION RIGHTS RECEIVABLES (CONTINUED)

As per the section 25 of the Maldives Pension Act No 8 of 2009 of Maldives, the accrued rights of employees who were in employment with the government organizations at the time of the commencement of this Act should be protected. In this regard, Ministry of Finance and Treasury (MoFT) issued recognition bonds to all eligible employees. The face value of the bond and accrued interest thereon is encashed on retirement or on the death of a member.

14 OTHER PAYABLES	2011 Mrf	2010 Mrf
Accrued pension benefit payout	763,953	474,646
Management fee payable	4,509,956	468,841
Excess collection from members	1,103,495	4,097,112
Accrued rights excess collection payable	2,289,567	-
	<u>8,666,971</u>	<u>5,040,599</u>
15 CONTRIBUTION COLLECTION ACCOUNTS	2011 Mrf	2010 Mrf
Contribution received into Contribution Collection Account	599,783,263	182,400,295
Contribution transferred to Contribution Holding Account	(590,900,615)	(167,531,577)
Excess collection from members to be refunded	-	(4,097,112)
Balance in Contribution Collection Accounts	<u>8,882,648</u>	<u>10,771,606</u>
16 ACCUMULATED MEMBERS' BALANCES	2011 Mrf	2010 Mrf
Opening Balance	2,639,860,735	-
Members balance collected	603,281,538	2,547,852,025
Benefits paid directly to participants	(7,963,652)	(794,587)
Benefits earned during the period and allocated Allocated to members (Note 16.1)	110,898,448	-
	<u>3,346,077,069</u>	<u>2,547,057,438</u>
Benefits earned during the period but not yet allocated (Note 16.2)	-	92,803,297
	<u>3,346,077,069</u>	<u>2,639,860,735</u>

16.1 Amount represents contributions balances holding the credit of each member as at the reporting date.

16.2 Amount represents net investment income earned during the period but not distributed and allocated.

17 COMMITMENTS

There were no material capital commitments approved or contracted as at the reporting date.

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2011

18 CONTINGENT LIABILITIES

There were no contingent liabilities which require adjustments to / or disclosure in the financial statements as at the reporting date.

19 FINANCIAL INSTRUMENTS

(i) Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2011 Mrf.	2010 Mrf.
Balances with Banks	59,403,881	19,767,116
Other Receivables	190,361,995	92,853,260
Short term Investments	670,338,342	180,622,324
Accrued Pension Rights Receivable	2,343,522,470	2,362,430,240
	<u>3,263,626,688</u>	<u>2,655,672,940</u>

(ii) Liquidity Risk

The followings are the contractual maturities of financial liabilities

31st December 2011	Carrying Amount Mrf.	0-6 Months Mrf.	6-12 Months Mrf.	1-2 Years US\$
Financial Liabilities (Non- Derivative)				
Accrued Pension Benefit Payout	763,953	763,953	-	-
Management Fee Payable	4,509,956	2,593,983	1,447,132	468,841
Excess Collection from Members	1,103,495	-	-	1,103,495
Accrued Rights Excess Collection Payable	2,289,567	-	-	-
Contribution Payable Balance	-	-	-	-
Balance in Contribution Collection Account	8,882,648	-	-	-
Total	<u>8,666,971</u>	<u>3,357,936</u>	<u>1,447,132</u>	<u>1,572,336</u>

31st December 2010	Carrying Amount Mrf.	0-6 Months Mrf.	6-12 Months Mrf.	1-2 Years US\$
Financial Liabilities (Non- Derivative)				
Accrued Pension Benefit Payout	474,646	474,646	-	-
Management Fee Payable	468,841	-	468,841	-
Excess Collection from Members	4,097,112	4,097,112	-	-
Contribution Collection Account	10,771,606	10,771,606	-	-
Total	<u>15,812,205</u>	<u>15,343,364</u>	<u>468,841</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

AS AT 31ST DECEMBER 2011

19 FINANCIAL INSTRUMENTS

(iii) Market Risk

(a) Interest Rate Risk

Profile

At the reporting date, the interest rate profile of MRPS's interest bearing financial instruments was:

	2011	2010
	MRf.	MRf.
Variable Rate Instruments		
Financial Assets	2,343,522,470	2,362,430,240
	<u>2,343,522,470</u>	<u>2,362,430,240</u>
Fixed Rate Instruments		
Financial Assets	670,338,342	180,622,324
	<u>670,338,342</u>	<u>180,622,324</u>

(b) Currency Risk

There are no foreign currency assets and liabilities as at the reporting date. Hence, MRPS does not face any currency risk as at the reporting date.

20 COMPARATIVE INFORMATION

Comparative figures have been reclassified wherever appropriate to confirm with the current year presentation. Comparative figures have been presented for a period of 245 days ended 31st December 2010 where as current period figures have been presented for a period of 365 days ended 31st December 2011. Due to those reason, the comparative figures are not fully comparable with the current years' presentation.

21 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustments to / or disclosure in the financial statements.

22 MANagements' RESPONSIBILITIES

The management of the MRPS is responsible for the preparation and presentation of these financial statements.