

Guidelines on Shariáh Compliance Review for Pre-IPO Securities

Formulated with the advice of Capital Market Shariáh Advisory Committee

Approved by the Board of Directors

Date: 26 May 2011



1. Preamble

- A. These guidelines, on review of pre-IPO securities for Shariáh compliance, are formulated by CMDA with the advice of CMDA's Capital Market Shariáh Advisory Committee and endorsed by the board of directors of CMDA
- B. The objective of these guidelines is to set out criteria used to classify a company as Shariáh compliant and to allow the applicant to furnish the relevant information which may not be available in the financial accounts in order to establish compliance of its securities with the principles of Shariáh.
- C. Under this guideline, it is the board of directors of CMDA that shall declare a company as Shariáh compliant based on the advice of the Capital Market Shariáh Advisory Committee.
- D. Any company requesting for screening should apply in the form specified in these Guidelines before submitting a listing application to the Stock Exchange.

2. Classification

- A. Companies whose activities are not contrary to the Shariáh principles will be classified as Shariáh compliant securities for issuance purposes.
- B. On the other hand, Companies whose activities are contrary to the Shariáh principles will be classified as non-Shariáh compliant securities.
- C. Companies will be classified as non-Shariáh compliant securities if they are involved in the following core activities:
 - i. Conventional riba (interest) based financial services;
 - ii. Gambling;
 - iii. Manufacture or sale of non-halal products or related products;
 - iv. Other activities deemed non-Shariáh compliant by the relevant Authorities.

3. Further Considerations

- A. CMDA also takes into account the level of contribution of interest income received by the company from conventional fixed deposits or other interest bearing financial instruments.
- B. In addition, dividends received from investment in non-Shariáh compliant securities are also considered in the analysis carried out by the Authority.

4. Shariáh Compliance Review

Please provide the following information (where applicable) if the company wishes to be reviewed at Pre-IPO stage:

PART 1

Background of The Company		
Name of the company		
Company registration Number		Enlarged Paid-up
Amount to be raised in Rf. (as quoted in the Prospectus)		
Group principal activities		
Consolidated Turnover (Rf)		
Consolidated Profit/Loss Before Tax (Rf)		
Consolidated Interest Income (Rf)		
Consolidated Investments: Quoted shares in Maldives (Rf)		
Total shareholders' funds (Rf)		

List of Subsidiaries	
Name of company	Principal activities
1.	
2.	
3.	
4.	

List of Associates	
Name of company	Principal activities
1.	
2.	
3.	
4.	

PART 2

In the event that holding, subsidiaries and/or associates have business operation or interest in any of non-Shariáh compliant activities as stipulated in the guidelines, please provide the following details:

1. Subsidiaries

Name	Turnover (Rf)	Profit Before Tax (Rf)

For each of the company listed above, please provide the following:

Name	non-Shariáh compliant	Contribution to Group Turnover (Rf)	Contribution to Group Profit Before Tax (Rf)

2. Associates

Name	Turnover (Rf)	Profit Before Tax (Rf)

For each of the company listed above, please provide the following:

Name	non-Shariáh compliant	Share of Profit/Loss (Rf)

3. Halal certification (where appropriate)

- A. For companies involve in the manufacturing, processing and producing:
- food and beverages
 - food and beverages related products
- B. Please provide halal certification from the relevant Authority or any recognized international Islamic organization.
- C. Please note that all facts and figures provided must be based on the latest 6 month audited report for the year-ended _____. If you wish to support these facts and figures with relevant documents, you may do so.

5. Processing Fee

The computation for the processing fee is based on the following:

Formula: Rf. 50,000 (fifty thousand Rufiya) and 0.05% (Total amount quoted to raise from public)

6. Declaration

I declare that the information enclosed are true and correct and are based on the audited accounts of financial year ended _____.

Signature of Company Representative

Name:

Designation:

Date:

(Company Seal)
