

# ANNUAL REPORT 2022

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# About us

Fahi Dhiriulhun Corporation Limited (FDC) is a 100% state-owned enterprise that was incorporated in 2019 with the mandate to provide affordable housing to first time home buyers and to undertake housing development projects across the Maldives.

At present, FDC is concurrently undertaking 2 projects, each consisting of 2000 housing units. Allocation of the housing units is expected to start within the year 2023. Commercial units will be leased out to ensure that necessary amenities are made available for the residents.

FDC has experienced exponential growth in the 3 years since its incorporation and is on course to maintain this trajectory. We are committed to continuous improvement and innovation, and we are constantly exploring ways to enhance housing solutions and expand our reach.

We take pride in the quality of the housing units, and we are dedicated to providing safe, secure, and comfortable housing.

## Vision

ދިވެހިރާއްޖޭގެ ބެޓްރު ލައިވިންގ ފޯރު ބްރިކްޓް ފޯޓްޔަރ.

Better Living. Brighter Future.

## Mission

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Providing accessible and affordable housing solutions across Maldives.

## Values

- I Affordability
- I Accessibility
- I Secure Housing
- I Social Harmony

The values represent the underlying guiding principles that will be followed when planning and implementing housing development projects and formulating social housing

# Chairman's Statement

The past year has been a productive year for us. Project implementation work started in full swing and the corporation has grown to keep up with the pace of project progress.

Internal controls were strengthened with the formulation and implementation of required policies and procedures. During a span of 3 years,

**“THE CORPORATION HAS MOVED FROM INFANCY, CROSSED OVER ADOLESCENCE AND WILL SOON REACH MATURITY ”**

Our focus is now on project completion and revenue generation while ensuring that the project delivery is met without compromising quality. Along with my fellow board members and the FDC team, I'm eagerly waiting for families to move in to the housing units and see the real impact of our work.



Mohamed Azim  
Chairman



# Managing Director's Statement

2022 has been a year of rapid progress in project implementation and matching operational growth. We have continued to make significant strides in providing safe and affordable housing units for those in need, while expanding our operations and creating avenues for revenue generation through lease of commercial units. We have successfully started physical work on 15 towers in the past year and reached key milestones of project progress.

**“ WE ARE ON TRACK TO TRANSFORM THE SOCIAL HOUSING SECTOR ”**

Our team has worked diligently to streamline processes and increase efficiency across all aspects of the organization. This has included establishing an office in Hulhumale' to enable efficient project monitoring and quality control. We have invested in our staff's professional development and provided the necessary resources and training to help them grow in their respective roles.

Looking ahead to the coming year, we are optimistic about the potential for continued growth and revenue generation. We are actively pursuing new avenues for project implementation across the Maldives.

Our main focus is to provide affordable housing to those that are most deserving, and we are excitedly looking forward to seeing the units occupied by deserving families, truly making numerous lives better and brighter.

I would like to extend my appreciation to our staff, board members, and stakeholders for their unwavering support and contributions to the Corporation and look forward to another successful year ahead.

Salfiyya Anwar  
Managing Director



# Board of Directors

The Board consists of seven (7) members which is in accordance with the Corporation's Articles of Association. Of these 7 members, 6 are non-executive members with the Managing Director being the executive director.

Board Director Uz. Hassan Safwan resigned from the Board on 30th October 2022, and Mr. Riyaz Mansoor resigned from the Board on 27th November 2022. The Privatization and Corporatization Board (PCB) appointed Mr. Najeel Ahmed and Ms. Mariyam Nazima for the vacant board positions on 27th November 2022.



**Mr. Mohamed Azim**

Chairperson, Non-Executive Director  
Appointed on 21<sup>st</sup> March 2019

Mr. Mohamed Azim is an Urban Planner with more than 15 years of experience in land management, urban and regional planning and housing, primarily in the public sector. He spent 21 years as a civil servant, and last held the post of Director General (Housing) in the Ministry of Housing and Urban Development. He resigned from the Civil Service upon appointment as Deputy Minister at Ministry of Housing and Urban Development in December 2018.

He holds a Master's Degree in urban and regional planning, specializing in housing from the International Islamic University Malaysia, a B.Sc in Land Planning and Development from Otago University New Zealand and a Diploma in Town Planning from University of the South Pacific, Fiji.

Mr. Mohamed Azim is currently the Deputy Minister of National Planning, Housing and Infrastructure.



**Mrs. Salfiyya Anwar**

Managing Director  
Appointed on 21<sup>st</sup> March 2019

Prior to joining the FDC, Ms. Salfiyya spearheaded the Planning Department of the Housing Development Corporation Ltd and played an instrumental role in how the urban planning and development of Hulhumale' was carried out. She led the transformation of a barren lagoon to the booming metropolis that is now the modern-day Hulhumaale through thoughtful leadership and other initiatives such as the Geographic Information System (GIS) mapping of Hulhumale'.

Ms. Salfiyya Anwar, She studied Architecture from Malaysia, and the United Kingdom, where she graduated in Architecture from The Robert Gordon University in Scotland (2006).

She proceeded to complete her Master's degree in Planning and Urban Design from the University of Lincoln in the United Kingdom (2010).

# Board of Directors



**Mr. Ahmed Athif**

Non-Executive Director  
Appointed on 21<sup>st</sup> March 2019

He holds a Bachelor's Degree (honors) in Accounting from University of Hertfordshire in Malaysia.

With over 10 years of experience in his field, Mr. Athif has worked in the private sector, as well as the public sector including Bank of Maldives and Maldives Monetary Authority.

Further adding to his professional competency, Mr. Athif has been actively working in consultancy and Advisory services and special interest on Entrepreneurship development. He worked as a registered Auditor and Tax agent in private practice before his appointment to current position.



**Mr. Ahmed Musid**

Non-Executive Director  
Appointed on 21<sup>st</sup> March 2019

During the past 15 years Mr. Musid has worked in several positions of the public sector.

He is currently working as the Director, Corporate Affairs at Family Protection Authority.

He has knowledge and experience in Human Resource Management and holds a Bachelor of Arts Degree in Human Resource Management from Coventry University. He previously worked at the Civil Service Commission and Malé Municipality.



**Mr. Ibrahim Nizam**

Non-Executive Director  
Appointed on 21<sup>st</sup> March 2019

Mr. Ibrahim Nizam hold a Master's Degree in Commercial Property Development and a Bachelor's Degree in Quantity Surveying and Commercial Management from Liverpool John Moores University, UK.

During the past ten years he has worked in the housing development field in private and public sector, including his experience in oversight and implementation of government housing projects.

He previously held the post of Quantity Surveyor at a private company and currently serves as a Director at Ministry of National Planning, Housing and Infrastructure.



**Mr. Najeel Ahmed**

Non-Executive Director  
Appointed on 27<sup>th</sup> November 2022

Nr. Najeel Ahmed is the current chairperson of FDC Board's Audit Committee. Mr. Najeel also serves as the Chief Operating Officer of Maldives Hajj Corporation Ltd.

Mr. Najeel worked as an Assistant Accountant in Maldives Gas Pvt Ltd and has expertise in the HR sector and over five years of experience in the financial sector. He holds a Bachelor of Arts (Hons) in Accounting and Finance from the University of West of England.

Furthermore, Mr. Najeel has knowledge in the field of information technology. Additionally, He is also currently pursuing Master of Business Administration from the University of West of England.

# Board of Directors



**Mrs. Mariyam Nazima**  
Non-Executive Director  
Appointed on 27<sup>th</sup> November 2022

Ms. Mariyam Nazima is a Deputy Minister at the Ministry of Economic Development and was appointed to the Board of Directors of Fahi Dhiriulhun Corporation Ltd (FDC) on 27th November 2022.

Ms. Nazima has more than 25 years of experience in the area of Employment and Labor and out of which, 17 years was spent as a Civil Servant. She last held the position of Assistant Director General (Head of Employment Department) at the Ministry of Human Resources, Youth and Sports, till her resignation in the year 2008 upon her appointment to the Employment Tribunal of Maldives as the very first President of the Tribunal.

She holds a Degree majoring in Human Resource Management and Industrial Relations, and a Master's Degree in Human Resource Planning and Development from Curtin University of Technology.

## Share Capital

Number of Ordinary Shares

**3,709,007**

Ordinary Share Capital MVR

**37,090,067**

Authorized Share Capital comprises of MVR1,000,000,000 (100 million shares of MVR10.00 per share)

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT








FDC is governed by the Code of Corporate Governance (CG Code) for SOEs, in addition to the guidelines set by the Privatization and Corporatization Board. The Corporation has also adopted internal policies and SOPs determining the applicable procedures for employees and other relevant parties.

FDC is working continuously to meet the requirements of the CG Code and ensure its compliance to the Code. In this regard the Corporation is working to strengthen internal controls by setting up an internal audit function and a risk management system.



## BOARD MEETINGS

A total number of 16 meetings were held during the year 2022, Board meetings were held to discuss and take key decisions regarding projects and other major operational activities of the Corporation.

The agendas for the Board meetings were set and approved by the Chairperson, and the meetings were scheduled in advance. The notice of Board meetings along with the agenda and relevant documents were shared with the Board Directors prior to the Board meetings.

Mohamed Azim		16 / 16
Salfiyya Anwar		16 / 16
Ahmed Athif		9 / 16
Ahmed Musid		13 / 16
Hassan Safwan		12 / 16
Ibrahim Nizam		15 / 16
Riyaz Mansoor		9 / 16

The Board Meetings attended by Mr. Najeel Ahmed and Ms. Mariyam Nazima in the year 2022 from the date of joining to FDC's Board on 27th November 2022 is:

Najeel Ahmed		1 / 1
Mariyam Nazima		0 / 1



## Extraordinary General Meeting (EGM)

An Extraordinary General Meeting was held on 17<sup>th</sup> February 2022 to appoint Crowe Maldives LLP as the External Auditor of the Corporation.

Uz. Ismail Amir, Legal officer of the Ministry of Finance joined the meeting on behalf of the Shareholder, the Government of Maldives.

## Annual General Meeting (AGM)

The 3<sup>rd</sup> Annual General Meeting of the Corporation was held on 30th June 2022. This meeting was conducted online via Microsoft Teams.

The Annual Report and the Audited Financials of 2021 were presented at the AGM. This meeting was attended by Mr. Ahmed Shareef, State Minister of the Ministry of Finance on behalf of the Shareholder, the Government of Maldives. Mr. Hassan Mohamed and the Managing Partner of Crowe Maldives LLP was present at the Annual General Meeting as the External Auditor of the Corporation. The Auditor General's Office was also invited to the AGM.

## Board Committees

FDC has two Board Committees which are the Audit Committee overseeing the Corporation's governance, risk management, and control over the financial aspects of the Corporation, and the Remuneration Committee mandated with overseeing other operational matters of the Corporation.

### Audit Committee – Twelve meetings held in 2022

The Audit Committee was re-composed twice within the year, once on 18th September 2022 with the expiration of the Committee term and the other on 6th December 2022 subsequent to the changes to the Board.

#### Audit Committee

1. Najeel Ahmed - Chairman
2. Ahmed Musid – Member
3. Ahmed Athif – Member

### Remuneration Committee – Five meetings held in 2022

Like the Audit Committee, Remuneration Committee was also re-composed twice within the year on 18th September 2022, and after the changes to the Board on 6th December 2022.

A Remuneration Committee Charter was formulated and approved by the Board in 2022 for the purpose of governing the work of the Remuneration Committee.

#### Remuneration Committee

1. Ibrahim Nazim - Chairman
2. Salfiyya Anwar - Member
3. Mariyam Nazima – Member

## Code of Ethics

The Code of Ethics and Professional Conduct for Board Members and Management was approved by the Board on 9<sup>th</sup> February 2020. The Code addresses issues of conflict of interest, confidentiality, compliance with laws, professional relationships, reporting on any possible illegal or unethical behavior, and more.

## Auditing

### Internal Auditor

A Chief Internal Auditor (CIA) was hired on 18<sup>th</sup> September 2022, with the approval by the Board and the recommendation from the Audit Committee.

Further, an Internal Audit Charter outlining the mission, independence, objectivity, scope, responsibility, authority, accountability, and standards that the Corporation will maintain in conducting internal audits, was formulated, and approved by the Board in 2022.

## Statement on Internal Audit and risk management

### Internal Controls and Risk Management

The management focuses on establishing a risk-aware culture. In 2022, FDC began the process of formulating a risk management policy and framework that will guide the operation to a risk-aware environment in business dealings. FDC also carried out engagements to assess risks and formulate a risk register. The company is also working towards establishing a risk management function in 2023 to oversee and manage risks entity-wide.

The Board acknowledges the responsibility for the effectiveness of the internal controls. The Board has set up committees to assist it in their oversight of the operations. An internal audit function was also established to ensure compliance with the policies and procedures and report on the effectiveness of the internal control system and highlight any non-compliance issues. The Audit Committee also has the role of reviewing the internal controls and reporting to the Board on any issues.

### External Auditors & disclosure of independence

The external Auditor of the Corporation for the year 2022 was Crowe Maldives LLP. Crowe Maldives LLP was appointed as the External Auditor for a fee of MVR 111147,36, through a fair and transparent bid evaluation process and with the approval of the Board of Directors and the Shareholders at the Extraordinary General Meeting (EGM).

### Corporation Structure including subsidiaries, branches etc

During the year 2022, FDC opened an extension of FDC's office in Hulhumale' to facilitate close inspection of the Corporation's project sites and Contractor's work. The Organizational Structure of the Corporation was revised during the year ended as well.

## Compensation of Directors

The Remuneration of the Chairman was as follows:

Board Allowance MVR 12,800

The Remuneration of the Non-Executive Directors are as follows.

Board Allowance MVR 7,500

Sitting Allowance MVR 500

### Disclosure of Loan to Directors, Shareholders, Management, Auditors, Lawyers etc

No loans were given to the Directors, Shareholders, Management, Auditors, Lawyers, or any party during the year 2022.

### Disclosure of Financial Assistance, aid, subsidies, grants etc from related parties

No financial aid or assistance was provided to any party during the year 2022.

### Disclosure of aggregate amount of Charitable Donation by the company

No donations were made by the Corporation during the year ended in 2022.

### List of related parties (value of transaction exceeding 2% of total assets)

FDC did not have any related party transaction during the year 2022.

### Board's Performance Evaluation

An evaluation of the Board's performance was carried out during the first quarter of 2022 and the report was shared with PCB on 25<sup>th</sup> May 2022.

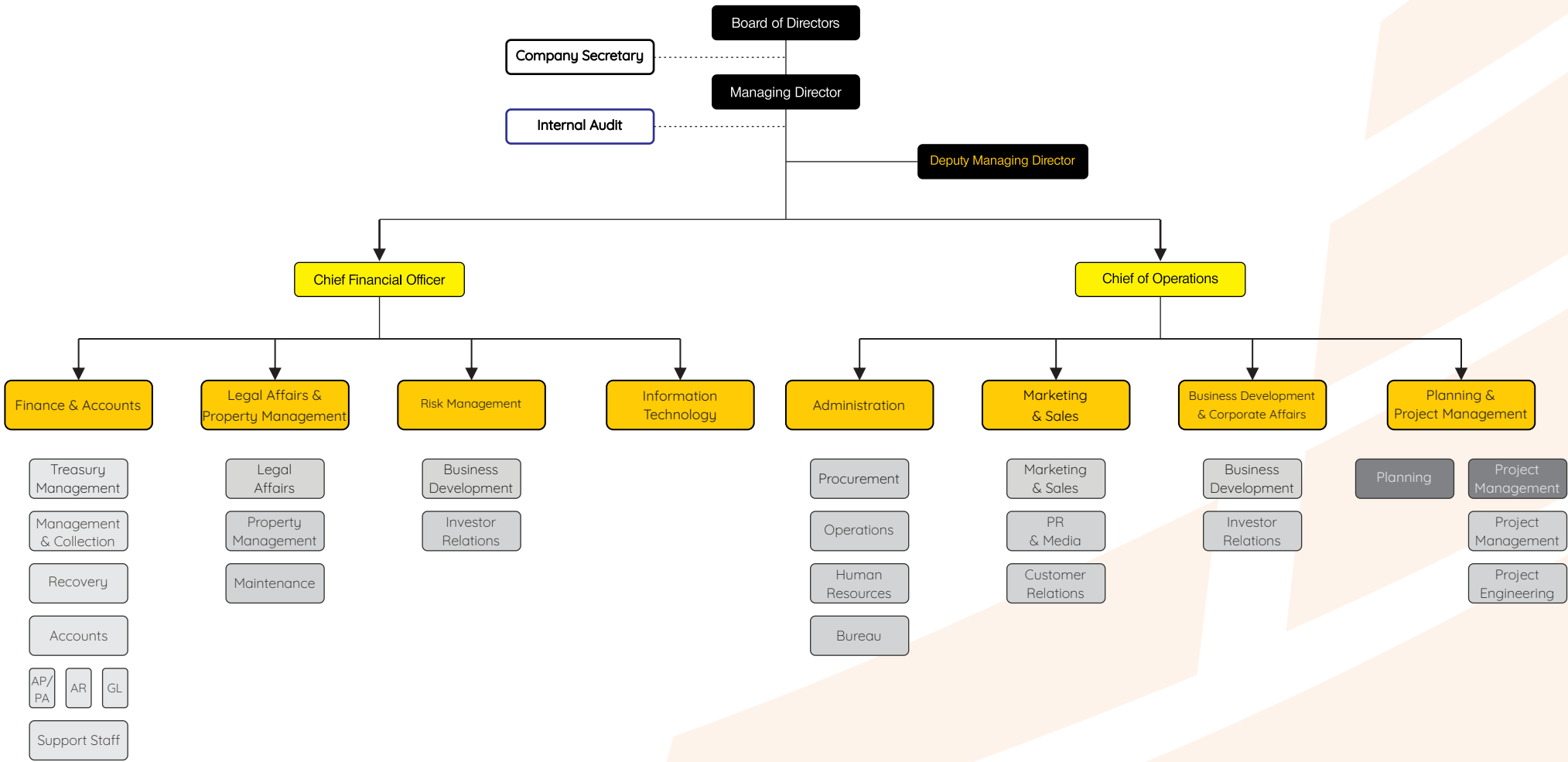
### External Auditor's Conclusion

(can be included from the external audit report - 2022)

## Compliance

Internal Audit has issued reports in relation to compliance with the CG Code during 2022. Issues such as delays in the document and report submission have been raised. These delays are caused by an external factor which the company had no control over. FDC Board gives utmost priority to meeting the CG Code objectives to achieve shareholder confidence. Except for the issues highlighted above, FDC has complied with the requirements of the CG Code.

# Organization Chart



# Executive Team



Salfiyya Anwar  
Managing Director



Ali Jinah Shareed  
Chief Financial Officer



Aminath Nashwa Hameed  
Chief of Operations



Ahmed Ameen  
Manager, Legal Affairs and Property  
Management | Company Secretary



Shaaifa Imad  
Manager, Administration



Shifa Mohamed Saeed  
Manager, Finance



Hassan Maanih Umar  
Manager, Projects & Planning



Ahmed Shamool Abdullah  
Manager, Business Development  
& Corporate Affairs

# Executive Team

The Executive Team comprises of Heads of Departments (HOD) and Head of Sections (HOS). Heads of Departments (HOD) report directly to the Managing Director whereas Head of Sections (HOS) report directly to their respective Heads of Departments (HOD).

In 2019, the Executive Team of FDC included the Managing Director and 5 HODs with female members contributing to 67% of the team. The main responsibility of the Executive Team is to assist the Managing Director in implementing the core strategies of FDC and is responsible for managing the core business operations.

## Mr. Ali Jinah Shareef

Chief Financial Officer

Mr. Ali Jinah Shareef joined FDC in 2019 as the Finance Manager. He is a qualified Chartered Accountant with more than 10 years of accounting and financial experience in the real estate industry. He was appointed as the Chief Financial Officer in June 2020,

Prior to joining Fahi Dhiriulhun Corporation, he served as the Assistant Director of Finance in Housing Development Corporation Ltd for 8 years. During his tenure at HDC, he has worked in various areas of finance including accounting, financial planning, budgeting, and raising finance for residential and commercial projects undertaken by the Corporation.

He holds a Bachelor's Degree in Accounting from International Islamic University (IIUM) Malaysia and is a member of Association of Chartered Certified Accountants (UK).

## Ms. Nashwa Hameed

Chief of Operations

Ms. Aminath Nashwa Hameed joined FDC in 2019 as the Business Development Consultant. She now holds the position of Chief of Operations. She was appointed as the Company Secretary from July 2019 to June 2020.

With over 15 years of experience, Ms. Nashwa had previously worked at HDC and GMIZL. Her main area of interest is in housing development and industrial development. Over the years, she has worked in a range of areas including general management and administration, human resources, corporate affairs, procurement, business development and product development.

Ms. Nashwa has a Bachelor of Commerce and a Post Graduate Diploma in Business Administration.

# Executive Team

## UZ. AHMED AMEEN

Manager – Legal Affairs and Property Management

Uz. Ahmed Ameen joined FDC on 1st March 2020 and currently holds the position of Manager in charge of the Legal Affairs and Property Management Department of the Corporation. Uz. Ameen was also appointed as the Company Secretary of FDC on 23rd June 2020. Prior to joining FDC, Uz. Ameen held various posts at the Human Rights Commission of the Maldives (HRCM) for a period of 10 years, last serving as the Secretary General of HRCM.

He also has experience practicing corporate and commercial law. Uz. Ameen holds an LLM in Commercial Law from the University of West of England (UWE) UK, a Master of Human Rights Law and Policy from the University of New South Wales (UNSW) Australia, an LLB (Hons) from the University of West of England (UWE) UK, and Bachelor of Business Administrations (BBA) from the University of East London (UEL) UK.

## MR. HASSAN MANIH UMAR

Manager, Planning and Projects

Mr. Hassan Maanih Umar joined the team on 16th February 2020 and worked in the Planning and Project Management Department. His work mainly included evaluating investor proposals, EPC contract negotiations, monitoring progress towards meeting the Social Housing Quality Standard, preparing reports on progress, and making recommendations on actions required to achieve the given targets. Maanih currently, oversees the day-to-day operations of the Planning and Project Management Department.

## MR. AHMED SHAMOOL ABDULLAH

Manager – Business Development and Corporate Affairs

Mr. Ahmed Shamool Abdullah joined FDC in November 2020 as the Manager, Business Development and Corporate Affairs. Prior to joining FDC Mr. Shamool worked at Amāna Takaful (Maldives) PLC for a period of 8 years. During his tenure at Amāna Takaful (Maldives) PLC he has worked in a various aspect of Business Development function at the company. Areas include product development, service expansion, procurement, and marketing communications.

Mr. Shamool holds a Bachelor of Business Administration from the Heriot-Watt University, Scotland and is currently pursuing Postgraduate studies from University of the West of England.

## MS. AISHATH SHAAIFA IMAD

Manager-Administration

Ms. Aishath Shaaifa Imad joined the Administration Department of FDC in July 2019 and currently holds the position of Manager of Administration Department, overseeing and providing support to the organisation through the general operations, human resources, information technology and procurement functions.

Prior joining to FDC Ms. Aishath Shaaifa Imad was engaged in a similar role as the Head of Administration and HR Department at Maldives Integrated Tourism Development Corporation. She has previously worked in key areas of the corporate environment such as legal affairs in HDC and public relations, customer service and front office management in NSPA.

Ms. Shaaifa holds a Master of Business Administration from the University of the West of England.

# Executive Team

## MS. SHIFA MOHAMED SAEED

Manager – Finance

Ms. Shifa Mohamed Saeed joined FDC on 1st March 2020 as the Assistant Manager, Finance.

Prior to joining FDC, Ms. Shifa held the position of Assistant Manager in Public Debt Management Division (PDMD) of MMA since 2015. During her tenure at MMA, Ms. Shifa was mostly involved in the government securities market operations. She was also actively involved in the Government Securities Market Development Project undertaken by MMA which aims to make the government securities market more accessible to the public by improving the regulatory framework of the government securities market, implementing a Government Securities Central Securities Depository system, introducing a primary dealership system in the Maldives, and facilitating growth of the secondary market.

Ms. Shifa is a holder of M.Sc in Finance and Investment and BA (Hons) in Finance, Accounting and Management from the University of Nottingham.

# Human Resources and Administration

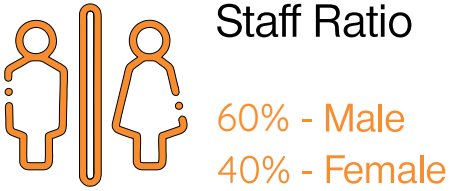
## NEW OFFICE SPACE

With the progress of the project, the operations of the office expanded simultaneously, and a new office space was set up in the Hulhumalé Apollo Towers. This new office can cater to the requirements of an increasing workforce of the Projects Team.

Additionally, corporate vehicles, 2 cycles and a double cab were acquired to enable easy access to the work sites and accommodate workflow efficiency.



## WORKFORCE OVERVIEW



Total number staff in the workforce by the end of 2022  
**63 Staff**

**Staff Turn over**  
25%  
**Number of Staff Hired - 32**  
21 - Male  
11 - Female

## Job Fairs and Open day Events

FDC participated in 2 job fairs, providing key information on the career paths and job opportunities available at the company. In that regard, FDC got exposure within the students, graduates and job seekers in the market through the MNU Fahi-Furusathu job fair held in June 2022. Additionally, FDC participated in the National Skill and Educational Career Expo organized by the Ministry of Higher Education and the Ministry of Youth, Sports, and Community Empowerment. Held in November 2022, the Expo aimed to provide insight to youth and jobseekers on a variety of areas, including building skills, higher education and training opportunities, jobs, and career pathways.

FDC held a successful open day event in 2022, where 15 vacancies were announced in Administration, IT, Planning and Project Management and Business Development. 30 candidates joined the walk-in interviews and among them, xx were hired for the relevant positions.



# Human Resources and Administration

## Trainings

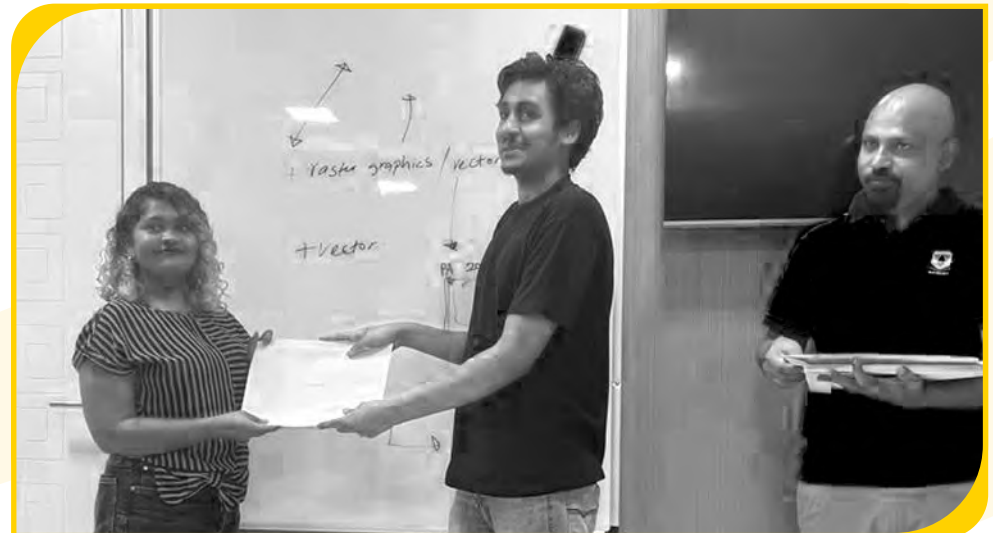
FDC prioritizes employee development by enhancing job knowledge and individual skills through on-the-job coaching and external training programs. These training programs are designed to provide employees with the tools and resources needed to improve job performance, increase productivity, and enhance overall organizational effectiveness. A total of 9 training programs were completed during the year, in which 48 staff and 7 board members were trained.

7 board members and 10 staff were enrolled in the Board and Leadership Training for SOEs which focused on corporate governance of the company. Additionally, employees from Finance and Procurement participated in the IFRS & ISA Forum 2022, while HR and Finance staff attended the National HR Convention and Expo 2022 and the Maldives Accountant Forum 2022 respectively. Additionally, staff were given training in job specific areas such as Customer Care training, Photoshop Illustrator training, and Whistleblower training.

With the objective of creating a workforce that is motivated, proactive and cohesive, an outbound team building exercise was carried out in Kaafu Huraa where 41 staff participated. In addition to this, an ice-breaker session was initiated and carried out by HR at Farukolhufushi on 20<sup>th</sup> October 2022, where staff were engaged in competitive exercises focused on communication and team building.



Board & leadership training for SOE's - 07 Board members & 10 staffs trained.



Photoshop illustrator - 3 staff trained

# Human Resources and Administration



FIDIC Training



IFRS & ISA Forum 2022



National HR conventional & expo 2022



All staff team building

# Human Resources and Administration

### DEVELOPMENT OF CORPORATE CULTURE TOOL

In light of the corporation's multi-location operations and its diverse workforce, it is imperative to minimize communication gaps and foster a sense of connectedness among employees at the main office and various other locations. To this end, efforts were undertaken to develop a comprehensive toolset aimed at cultivating a culture of productivity, efficiency, and active engagement, in line with the company's vision.

### APPRENTICESHIP PROGRAM 2022

FDC conducted its first Apprenticeship Program from July 2022 to December 2022, as part of the National Apprenticeship Program 2022 by the Ministry of Youth, Sports, and Community Empowerment. Prior to commencement of the program, an information session was held for interested participants through which 6 students participated in the program. 2 apprentices successfully completed the program in December 2022.



Customer care training



National Apprenticeship Program



National Apprenticeship Program

# Human Resources and Administration



MNU engineering students visiting FDC sites

MNU engineering students visiting FDC sites

# Human Resources and Administration

## Capacity Development



National Skill and Educational Career Expo

Corporate Culture Tool

# Human Resources and Administration

## Capacity Development



MNU Fahi furusathu



FDC staff day at farukolhufushi event

# Human Resources and Administration

## Open Day 2022

An open day event with walk-in interviews were held on 25th & 26th October 2021.

The main objective of the event was to attain pool of candidates for the current and future job opportunities and to identify gaps in manpower requirements.



# Fahi Recreation Club

Steering Committee election for FDC Recreation Club.





# Fahi Recreation Club

## Introduction of Fahi Chat and FRC Logo



# Fahi Recreation Club

Mas'dhathuru

# FDC Annual Night



# Fahi Recreation Club

## Women's Day 2022



## Secret Friend within Staff



## Roadha Quiz 2022



## Family Day 2022



# Fahi Recreation Club

## FDC Shop Opening



## Father's Day



## Worldcup



## New Exco Members - FRC



# Fahi Recreation Club

## Men's Day 2022



# Business Sustainability

## Business Development and Corporate Affairs

FDC was incorporated in 2019 with the mandate to develop and deliver affordable housing. Currently, FDC is reliant on government support and sovereign backed loans to execute the projects. Revenue Generation will commence upon allocation of residential and lease of commercial units. As such, main focus is to meet the project completion timeline and securing funds to complete the external work of the residential areas.

Implementing projects in atolls are explored through negotiations with the interested parties. Additional project models and financing models are being considered as well.

### Business Performance

USP being on the key tool employed for the housing projects where a joint effort between the Ministry of Economic Development and Invest Maldives seeks potential investors for such undertaking. In the past-year we have been in negotiations with few parties. Following are the details.

No of Contractors: 3

Framework agreement signed: 3

# Project Progress

## NBCC (INDIA) LIMITED

Project Performance upto the end of the year 2022

### TOTAL NUMBER OF UNITS

# 2000

SOCIAL HOUSING UNITS

1400 (900 sqft)  
3 Bedroom Apartments

600 (650 sqft)  
2 Bedroom Apartments

### PROJECT DURATION

900  
DAYS

Estimated completion  
2024

### SITE HANDOVER

18TH NOVEMBER 2021  
Construction Site

22ND NOVEMBER 2021  
Temporary Site

### PROJECT VALUE

# 130,000,000

USD

Financed by

India Exim Bank

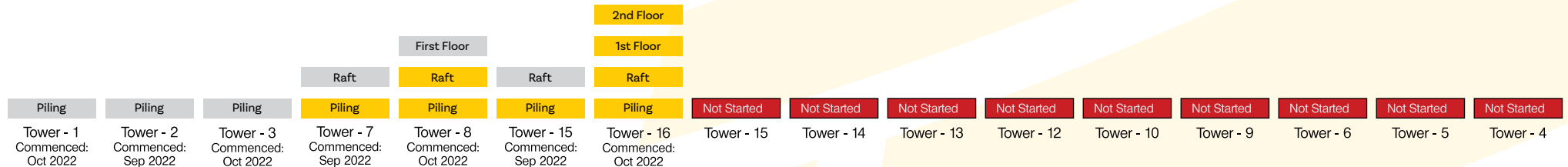
### EPC CONTRACT SIGNED

Engineering, procurement, and construction contract

2ND FEBRUARY 2021

### LOAN AGREEMENT SIGNED

23RD SEPTEMBER 2021



# Project Progress

## NBCC (INDIA) LIMITED

Quality Assurance and Quality Control works



NBCC Aluminium Formwork Approval, Bangaluru India  
20th June 2022 - 25th June 2022

A visit was made to bangaluru, India to undertake the first article inspection required for the 3BHK tower formwork system for NBCC.

2000 Housing Unit Project. Inspection is required to be conducted at the factory prior to the complete fabrication of the formwork system.



Courtesy visit by Managing Director and COO, Bangaluru and Pune India  
8th October 2022 - 14th October 2022

A Courtesy visit conducted to meet the management of NBCC. Additionally to undertake the preliminary material inspections



# Project Progress

## JMC PROJECTS (INDIA) LIMITED

Project Performance upto the end of the year 2022

### TOTAL NUMBER OF UNITS

**2000**

SOCIAL HOUSING UNITS

1400 (900 sqft)  
3 Bedroom Apartments

600 (650 sqft)  
2 Bedroom Apartments

### PROJECT DURATION

**900**  
DAYS

Estimated completion  
**2024**

### SITE HANDOVER

18TH NOVEMBER 2021  
Construction Site

22ND NOVEMBER 2021  
Temporary Site

### PROJECT VALUE

**130,000,000**

USD

Financed by

**India Exim Bank**

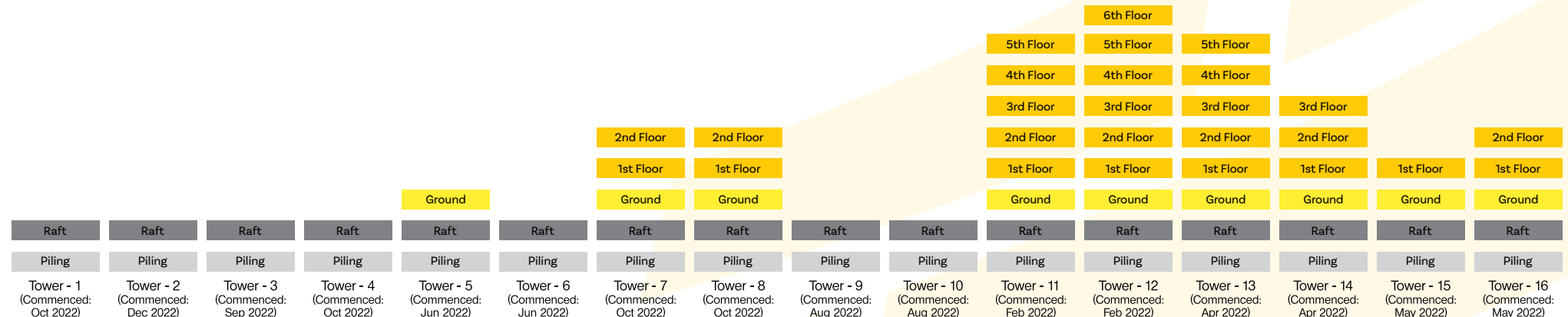
### EPC CONTRACT SIGNED

Engineering, procurement, and construction contract

**2ND FEBRUARY 2021**

### LOAN AGREEMENT SIGNED

**23RD SEPTEMBER 2021**



# Project Progress

## JMC PROJECTS (INDIA) LIMITED

Quality Control and Quality Assurance works



JMC Aluminium Formwork Approval, Bangaluru India  
20th April 2022 - 23rd April 2022

A visit was made to bangaluru, India to undertake the first article inspection required for the 3BHK tower formwork system for JMC.

2000 Housing Unit Project. Inspection is required to be conducted at the factory prior to the complete fabrication of the formwork system.



Courtesy visit by Managing Director and COO, Bangaluru and Pune India  
8th October 2022 - 14th October 2022

A Courtesy Visit conducted to meet the management of JMC. Additionally to undertake the preliminary material inspections

# Financial Performance



INDEPENDENT AUDITOR'S REPORT  
**FAHI DHIRIULHUN CORPORATION LIMITED**  
31<sup>st</sup> December 2022

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Fahi Dhiriulhun Corporation Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Fahi Dhiriulhun Corporation Limited ("Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 9 in the financial statements, which indicates that the Company has not recognised the cost of land associated with its 4,000 Social Housing units as the transfer of the legal title of land has not been completed as at December 31, 2022. Our opinion is not modified in respect of this matter.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Borrowings recorded in the financial statements</b>	
<b><u>Key audit matter</u></b>	<b><u>How our audit addressed the key audit matter</u></b>
<p>The Company has recorded borrowings of MVR 1,105,799,518 during the year ended December 31, 2022.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• We have obtained direct balance confirmations from the Export-Import Bank of India and</li> </ul>



## Key Audit Matter (Continued...)

### Borrowings recorded in the financial statements (Continued...)

Considering the significance of the facility agreements secured in relation to construction of the Company's Social Housing Projects and complexities involved in the treatment of associated finance costs, we have considered borrowings as a key audit matter.

reconciled these with the amounts recorded in the financial statements to ensure accuracy and completeness.

- We have evaluated the appropriateness and completeness of the disclosures related to borrowings in the financial statements, ensuring their compliance with IFRS 7 - Financial Instruments: Disclosures.
- We have assessed the Company's compliance with both affirmative and negative covenants stipulated in the borrowing agreements to ensure adherence to all terms and conditions.
- We have conducted substantive testing on the amounts capitalized under 'Inventories – Properties Under Construction,' particularly focusing on interest and other borrowing costs. We verified that the accounting treatment aligns with the guidelines set forth in IAS 23 - Borrowing Costs.

## Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

31 August 2023

  
.....  
Hassan Mohamed  
Managing Partner  
License No: ICAM-FL-GX6



AUT: 872323935222082023

**FAHI DHIRIULHUN CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
as of 31st December 2022  
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	6	4,956,543	1,402,772
Intangible assets	7	115,666	141,819
Right of use assets	8	4,979,780	1,610,765
		<b>10,051,989</b>	<b>3,155,356</b>
<b>Current Assets</b>			
Inventories - properties under construction	9	915,031,715	56,913,282
Other receivables	10	557,278,228	617,779,299
Cash and cash equivalents	11	24,456,965	18,572,924
		<b>1,496,766,908</b>	<b>693,265,505</b>
<b>TOTAL ASSETS</b>		<b>1,506,818,897</b>	<b>696,420,861</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and Reserves</b>			
Share capital	12	370,909,067	39,660,663
Advance for shares	13	-	148,556,303
Accumulated losses		(37,350,300)	(19,493,126)
		<b>333,558,767</b>	<b>168,723,840</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	15	4,474,220	591,300
Borrowings	14	1,105,799,518	524,935,350
		<b>1,110,273,738</b>	<b>525,526,650</b>
<b>Current Liabilities</b>			
Lease liabilities	15	897,618	937,067
Trade and other payables	16	62,088,775	1,233,304
		<b>62,986,393</b>	<b>2,170,371</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,506,818,897</b>	<b>696,420,861</b>

We draw your attention to accounting policies and notes on page 8 through 30, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.

These financial statements were approved by the Board of Directors and signed on its behalf by

**For and on behalf of the Board of Directors:**

Name	Signature
1. Mohamed Azim	
2. Salfiyya Anwar	

30<sup>th</sup> August 2023





**FAHI DHIRIULHUN CORPORATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Revenue		-	-
Cost of revenue		-	-
Other income		-	5,350
Administrative expenses	18	(17,306,608)	(9,321,781)
<b>Operating loss</b>		<b>(17,306,608)</b>	<b>(9,316,431)</b>
Finance cost	19	(550,566)	(190,823)
<b>Loss before tax</b>		<b>(17,857,174)</b>	<b>(9,507,254)</b>
Income tax	20	-	-
<b>Loss for the year</b>		<b>(17,857,174)</b>	<b>(9,507,254)</b>
Losses per share	23	(0.5)	(2.4)

We draw your attention to accounting policies and notes on page 8 through 30, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS**

for the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
<b>Operating loss before working capital changes</b>	24	<b>(15,091,834)</b>	<b>(8,064,009)</b>
Inventories - properties under construction		(826,296,442)	(56,913,282)
Other receivables		60,501,071	(617,772,549)
Trade and other payables		60,855,471	1,104,931
<b>Cash used in operating activities</b>		<b>(720,031,734)</b>	<b>(681,644,909)</b>
Interest paid		(31,821,991)	-
<b>Net cash used in operating activities</b>		<b>(751,853,725)</b>	<b>(681,644,909)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(4,228,599)	(1,054,381)
Acquisition of intangible assets		(13,568)	-
<b>Net cash used in investing activities</b>		<b>(4,242,167)</b>	<b>(1,054,381)</b>
<b>Cash flows from financing activities</b>			
Proceeds towards issue of share capital		182,692,101	175,450,016
Principal payment of lease liabilities		(1,025,770)	(848,244)
Payments for interest portion of lease liabilities		(550,566)	(190,823)
Borrowings obtained		580,864,168	524,935,350
<b>Net cash flows from financing activities</b>		<b>761,979,933</b>	<b>699,346,299</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,884,041</b>	<b>16,647,009</b>
Cash and cash equivalents at the beginning of the year		18,572,924	1,925,915
<b>Cash and cash equivalents at the end of the year</b>		<b>24,456,965</b>	<b>18,572,924</b>

We draw your attention to accounting policies and notes on page 8 through 30, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



**FAHI DHIRIULHUN CORPORATION LIMITED****STATEMENT OF CHANGES IN EQUITY**

as of 31st December 2022

*All amounts are stated in Maldivian Rufiyaa*

	<b>Share Capital MVR</b>	<b>Advance for Shares MVR</b>	<b>Accumulated Losses MVR</b>	<b>Total Equity MVR</b>
Balance as at 1st January 2021	12,766,950	-	(9,985,872)	2,781,078
Additions	26,893,713	148,556,303	-	175,450,016
Net loss for the year	-	-	(9,507,254)	(9,507,254)
<b>Balance as at 31st December 2021</b>	<b>39,660,663</b>	<b>148,556,303</b>	<b>(19,493,126)</b>	<b>168,723,840</b>
Balance as at 1st January 2022	39,660,663	148,556,303	(19,493,126)	168,723,840
Additions	182,692,101	-	-	182,692,101
Shares allotted for advance for shares	148,556,303	(148,556,303)	-	-
Net loss for the year	-	-	(17,857,174)	(17,857,174)
<b>Balance as at 31st December 2022</b>	<b>370,909,067</b>	<b>-</b>	<b>(37,350,300)</b>	<b>333,558,767</b>



We draw your attention to accounting policies and notes on page 8 through 30, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2022

*All amounts are stated in Maldivian Rufiyaa*

**1. Corporate Information**

The financial statements of Fahi Dhiriulhun Corporation Limited (the “Company”) for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the directors on August 30, 2023. The Company is a limited company incorporated on March 25, 2019 as a limited liability Company under Presidential Decree No. 02/2019 and domiciled in the Republic of Maldives. The Government of Maldives holds 100% shares of the Company.

The registered office of the Company is Ministry of Housing and Urban Development, Ameenee Magu, Male’, the Republic of Maldives.

The Company is principally engaged in providing various classes of housing projects, at an affordable price, under a single roof to provide a better standard of living for the citizens of the Maldives.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Maldivian Rufiyaa (MVR) and all values are rounded to the nearest rufiyaa, except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements provide comparative information in respect of the previous period.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

**3.1. Judgements**

In the process of applying The Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**3.1.1. Leases:**

The Company applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

➤ **Determination of the lease term:**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessee, The Company has a lease contract for the use of office space that includes an extension and a termination option. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, The Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2022

All amounts are stated in Maldivian Rufiyaa

**Determination of lease term (Continued...)**

to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

**3.1.2. Interest rate benchmark reform**

➤ **Economically equivalent:**

IBOR reform Phase 2 requires, as a practical expedient, for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate of interest, provided the transition from IBOR to an RFR takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform.

**3.2. Estimates and Assumptions**

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of The Company. Such changes are reflected in the assumptions when they occur.

**3.2.1. Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available.

**4. Summary of significant accounting policies**

**4.1. Current vs Non-Current Classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2022

*All amounts are stated in Maldivian Rufiyaa*

**4.1 Current vs Non-Current Classification (Continued...)**

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

**4.2. Transactions in foreign currencies**

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated to Maldivian Rufiyaa at the foreign exchange rate ruling as at that date. Foreign exchange differences arising on translations are recognized in the profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

**4.3. Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalization commences when:

1. The Company incurs expenditures for the asset.
2. The Company incurs borrowing costs; and
3. The Company undertakes activities that are necessary to prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using The Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized; 1) from the commencement of the project until the date of practical completion, i.e., when substantially all the development work is completed and 2) when the loan drawdown is part of the condition of the commencement. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

**4.4. Inventories - property under construction**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventories – property under construction, and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Company develops and intends to sell before, or on completion of, development.



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2022

*All amounts are stated in Maldivian Rufiyaa*

**4.4. Inventories - property under construction (Continued...)**

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Borrowing Cost during Construction
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

**4.5. Property Plant and Equipment**

**4.5.1. Recognition and Measurement**

Items of property, plant and equipment except freehold land 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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**4.5.2. Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**4.5.3. Depreciation**

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.

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

- |                                 |   |
|---------------------------------|---|
| • Furniture and fittings        | 05 years  |
| • Computer and office equipment | 05 years  |
| • Vehicles                      | 10 years  |
| • Plant and machinery           | 10 years  |
| • Leasehold improvements        | Shorter of useful life and remaining lease term |

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 in which the Property, Plant and equipment are recognized in profit or loss as incurred.

**4.5.4. Capital Work in Progress**

Capital work in progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects. Capital work in progress is not depreciated until its completion of construction



**FAHI DHIRIULHUN CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2022

*All amounts are stated in Maldivian Rufiyaa*

**4.5.4. Capital Work in Progress (Continued...)**

and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of property, plant and equipment.

**4.6. Intangible assets**

**4.6.1. Recognition and Measurement**

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

**4.6.2. Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

**4.6.3. Amortization**

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected patterns of consumption of the future economic benefits embodied in the assets. The estimated useful lives for the current and comparative periods are as follows:

- Computer Software                      05 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**4.7. Employee Benefits**

A defined contribution plan is a post-employment benefit plan under which Company makes a fixed contribution. The Company pays 7% fixed contributions to employee provident fund. Contributions are made for all Maldivian staff members on their last agreed basic salary. The obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

**4.8. Fair value measurement**

A number of the Company'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.

**4.8.1. Measurement of Fair values**

The Company has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).





**FAHI DHIRIULHUN CORPORATION LIMITED**  
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**4.9. Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of The Company's cash management.

**4.10. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**4.10.1. Company as a lessee**

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets.

**4.10.1.1. Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In such cases, The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, The Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in this note.

**4.10.1.2. Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the



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**4.10.1.2 Lease liabilities (Continued...)**

assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset

**4.10.1.3. Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**4.11. Financial instruments**

**4.11.1. Recognition and initial measurement**

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**4.11.2. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets- Business Model Assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.



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**4.11.2. Classification and subsequent measurement (Continued...)**

**Financial assets - Assessment Whether Cash Flows are Solely Payments of Principal and Interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

**4.11.3. Financial assets - Subsequent measurement and gains and losses**

**Financial Assets at Amortized Cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

**4.11.4. Financial liabilities - Classification, subsequent measurement gains and losses**

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

**Interest Rate Benchmark Reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

**4.11.5. Derecognition**

**Financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does



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**4.11.5 Derecognition (Continued...)**

not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

**Financial liabilities**

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**4.11.6. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**4.12. Impairment**

**4.12.1. Non-derivative financial assets**

**Financial Instruments**

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.



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**4.12.1. Non-derivative financial assets (Continued...)**

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**4.12.2. Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.13. Taxes**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

**4.14. Current Tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

**4.15. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on



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**4.15. Deferred tax (Continued...)**

different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax assets are recognized for temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

**5. Standards issued but not yet effective**

A number of new standards are effective for annual periods beginning after January 1, 2023, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is currently assessing the impact of the following amendments:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (IAS 8)

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-Current (Amendments IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)



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**6 Property, Plant and Equipment**

<b>6.1 Cost</b>	<b>Balance As at 01-Jan-22 MVR</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance As at 31-Dec-22 MVR</b>
Computer and office equipment	1,466,245	1,296,606	-	2,762,851
Vehicle	-	995,180	-	995,180
Plant and machinery	-	109,187	-	109,187
Furniture and fittings	284,156	694,604	-	978,760
Leasehold improvements	-	1,133,022	-	1,133,022
	<b>1,750,401</b>	<b>4,228,599</b>	<b>-</b>	<b>5,979,000</b>
<b>6.2 Depreciation</b>	<b>Balance As at 01-Jan-22 MVR</b>	<b>Charge for the year</b>	<b>Disposals</b>	<b>Balance As at 31-Dec-22 MVR</b>
Computer and office equipment	278,148	419,838	-	697,986
Vehicle	-	50,716	-	50,716
Plant and machinery	-	3,704	-	3,704
Furniture and fittings	69,481	122,653	-	192,134
Leasehold improvements	-	77,917	-	77,917
	<b>347,629</b>	<b>674,828</b>	<b>-</b>	<b>1,022,457</b>
<b>Net Book Value</b>	<b>1,402,772</b>			<b>4,956,543</b>

**7 Intangible Assets**

<b>7.1 Cost</b>	<b>Balance As at 01-Jan-22 MVR</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance As at 31-Dec-22 MVR</b>
Computer software	197,475	13,568	-	211,043
	<b>197,475</b>	<b>13,568</b>	<b>-</b>	<b>211,043</b>
<b>7.2 Amortisation</b>	<b>Balance As at 01-Jan-22 MVR</b>	<b>Charge for the year</b>	<b>Disposals</b>	<b>Balance As at 31-Dec-22 MVR</b>
Computer software	55,656	39,721	-	95,377
	<b>55,656</b>	<b>39,721</b>	<b>-</b>	<b>95,377</b>
<b>Net Book Value</b>	<b>141,819</b>			<b>115,666</b>



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**8 Right of Use Asset**

8.1 Cost	Balance As at 01-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Maldives Post Limited	3,051,977	-	-	3,051,977
Apollo Towers Hulhumale'	-	4,869,240	-	4,869,240
	<b>3,051,977</b>	<b>4,869,240</b>	<b>-</b>	<b>7,921,217</b>
8.2 Depreciation	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Maldives Post Limited	1,441,212	1,017,325	-	2,458,537
Apollo Towers Hulhumale'	-	482,900	-	482,900
	<b>1,441,212</b>	<b>1,500,225</b>	<b>-</b>	<b>2,941,437</b>
<b>Net Book Value</b>	<b>1,610,765</b>			<b>4,979,780</b>

8.3 The Company has obtained lease for an office space from Maldives Post Limited, with a lease term of three years. The original lease term ends in 2023 with the option to renew the lease for an additional term of five years.

During the year 2022, Company also obtained additional lease for an office space from Apollo Tower Hulhumale', with a lease term of ten years. The original lease term ends in 2032 with the option to renew the lease by mutual agreement. The lease includes restrictions on assigning, subleasing or sharing the possession of the leased asset.

The Company's rights over its leases are secured against the lease titles.

Set out above are the carrying amounts of right-of-use assets recognised and the movements during the period.

**9 Inventories - properties under construction**

	Balance As at 01-Jan-22 MVR	Additions during the year	Transfers	Balance As at 31-Dec-22 MVR
Construction of Social Housing Units	56,913,282	858,118,433	-	915,031,715
<b>Total</b>	<b>56,913,282</b>	<b>858,118,433</b>	<b>-</b>	<b>915,031,715</b>

Amounts inventorized under inventories - properties under construction consist of costs incurred on the construction of 2000 Social Housing Units under Fahi Dhiriulhun JMC Housing Project and 2000 Social Housing units under Fahi Dhiriulhun NBCC Housing Project. However, transfer of the legal title of the land on which housing units are being constructed on is in process. Consequently, the Company has not recognised the value of land under inventories.

9.1 During the year 2022, MVR 858,118,433 (2021: MVR 56,913,282) has been inventorized under inventories - properties under construction. This amount represents the gross value of work completed and costs incurred during the year for the borrowings undertaken for the construction of social housing units.

	31-Dec-22 MVR	31-Dec-21 MVR
<b>JMC Projects (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale', Maldives</b>		
Opening balance	29,061,826	-
Value of construction work completed during the year	453,109,976	-
Finance cost inventorized	21,245,486	389,053
Loan facility fees	14,393,968	28,672,773
Closing balance	<b>517,811,256</b>	<b>29,061,826</b>





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	<u>31-Dec-22</u> MVR	<u>31-Dec-21</u> MVR
<b>9 Inventories - properties under construction (Continued...)</b>		
<b>NBCC (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale', Maldives</b>		
Opening balance	27,851,456	-
Value of construction work completed during the year	339,178,320	-
Finance cost inventorized	17,678,937	603,576
Loan facility fees	12,228,413	27,247,880
Closing balance	<b>396,937,126</b>	<b>27,851,456</b>
Consultancy expenses	283,333	-
<b>Total</b>	<b>915,031,715</b>	<b>56,913,282</b>
<b>10 Other Receivables</b>		
Staff loans	19,815	-
Advance payments with suppliers	32,750	-
Other advances	248,948	208,299
Contractor advances	556,976,715	617,571,000
<b>Total</b>	<b>557,278,228</b>	<b>617,779,299</b>
<b>10.1</b>	Contractor advance consists of advance payments secured against performance guarantees / advance payment bonds, paid to contractors at the commencement of the project and advance payments paid to contractors for materials at site, deductible from future progress claims made by contractors against project milestones achieved as per the agreement.	
<b>Advance payments for Social housing projects</b>		
Opening balance	617,571,000	-
Advance payments made during the year	-	617,571,000
Recoveries made during the year	(91,764,691)	-
<b>Closing balance</b>	<b>525,806,309</b>	<b>617,571,000</b>
<b>Advance payments for Materials at site</b>		
Opening balance	-	-
Advance payments made during the year	36,887,239	-
Recoveries made during the year	(5,716,833)	-
<b>Closing balance</b>	<b>31,170,406</b>	<b>-</b>
<b>Total</b>	<b>556,976,715</b>	<b>617,571,000</b>
<b>11 Cash and Cash Equivalents</b>		
Cash at bank	24,446,373	18,569,654
Cash in hand	10,592	3,270
<b>Total</b>	<b>24,456,965</b>	<b>18,572,924</b>
<b>12 Share Capital</b>		
<b>12.1 Authorized share capital</b>	Authorized Share Capital comprises of 100,000,000 (2021 : 100,000,000) ordinary shares with a par value of MVR 10 each.	
<b>12.2 Issued share capital</b>	Issued and paid up share capital comprises of 37,090,907 (2021: 3,966,066) ordinary shares of MVR 10 (2021: MVR 10) each . The Company is fully owned by the Government of Maldives.	
Issued share capital (37,090,907 / 3,966,066 Ordinary shares of MVR 10 each)	370,909,067	39,660,663
<b>Total</b>	<b>370,909,067</b>	<b>39,660,663</b>



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**12 Share Capital (Continued...)**

The total authorised number of ordinary shares is 100,000,000 shares with a par value of MVR 10 per share. Issued and paid up share capital comprises of 37,090,907 (2021: 3,966,066) ordinary shares of MVR 10 (2021: MVR 10) each. The Company is fully owned by the Government of Maldives. The Company has issued 33,124,841 shares during the year 2022 (2,689,371 shares).

As per note 13, during the year 2022, 14,855,630 shares of MVR 10 each were allotted for capital contribution which was received from the Government of Maldives during the year 2021. Consequently, MVR 182,692,101 was received as share capital during the year (2021: MVR 26,893,713).

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>MVR</b>	<b>MVR</b>
<b>13 Advance for Share Capital</b>		
Advance for Share Capital	-	148,556,303
<b>Total</b>	<b>-</b>	<b>148,556,303</b>

During the year 2021, the Company has received MVR 148,556,303 as capital contribution from the Government of Maldives as part of equity payment for housing projects and to pay facility fees of the related borrowings. During the year 2022, shares have been allotted for these amounts received and has been recognised as share capital.

**14 Borrowings**

Opening balance	524,935,350	-
Disbursements during the year	580,864,168	524,935,350
<b>Closing balance</b>	<b>1,105,799,518</b>	<b>524,935,350</b>

**Export-Import Bank of India (EXIM) - JMC 2000 Social Housing units**

The Company has entered into a credit facility arrangement of USD 116,450,000 (MVR 1,795,659,000) from Export-Import Bank of India (EXIM) on September 23, 2021 for the purpose of financing 85% of the contract value of 2,000 housing units developed under JMC-FDC housing project. Disbursements of the credit facility are received based on the construction progress. The loan repayment will commence on June 8, 2025. The loan is to be repaid over a period of 15 years including 3.5 years of grace period. The loan annual interest rate is LIBOR+325 basis points.

This loan is secured against the Sovereign Guarantee of the Government of Maldives.

**Export-Import Bank of India (EXIM) - NBCC 2000 Social Housing units**

The Company has entered into a credit facility arrangement of USD 110,500,000 (MVR 1,703,910,000) from Export-Import Bank of India (EXIM) on September 23, 2021 for the purpose of financing 85% of the contract value of 2000 housing units developed under NBCC-FDC housing project. Disbursements of the credit facility are received based on the construction progress. The loan repayment will commence on June 14, 2024. The loan is to be repaid over a period of 15 years including 2.5 years of grace period. The loan annual interest rate is LIBOR+325 basis points.

This loan is secured against the Sovereign Guarantee of the Government of Maldives.

**14.1 Loan Covenants**

In accordance with the Buyer's Credit Facility of USD 115,450,000 and USD 110,500,000 loans, the Company has agreed to the following Affirmative and Negative Covenants.

**Affirmative Covenants**

The Company has agreed to utilize the Credit Facility for financing execution of the Contract, comply and do all that is necessary as per laws and regulations of Maldives in order to enable the Company to enter into the Credit Agreement and Escrow Agreement and perform as required, promptly inform EXIM bank of any events that is or may lead to default, promptly inform EXIM Bank of any claims that made against the Company or its assets that may adversely affect the financial condition or ability to perform its obligations under the credit agreement, settle or ensure the settlement of all legitimate claims that could potentially burden the borrower's assets, revenues, income, or profits unless the claims are genuinely contested where necessary provisions should be made in the financial statements, ensure that its obligations will be direct, unconditional and ranking at least Pari-passu with all other unsecured obligations and to designate a process agent as required by EXIM Bank.



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**14.1 Loan Covenants (Continued...)**

**Negative Covenants**

The Company is required to follow several covenants including restriction on merger or consolidate with any other entity, not take any step with a view to effect liquidation, may not purchase or redeem any of its issued shares or reduce its share capital or make a distribution of assets or capital to its shareholders, not declare dividend or any other income distribution to shareholders if an event of default, may not materially change the nature of its business or sell, transfer, deal with or dispose any part of business unless in good consideration in the ordinary course of its business, should not create any charge over all or any part of its property, assets or revenues unless such a charge is contemporaneously created in favour of Exim Bank, except (i) any possessory lien arising by operation of law in the ordinary course of its business (ii) a charge affecting any property, assets or revenues which does not form part of the property pertaining to the project.

With regard to the above covenants, the Company has not defaulted on any of the clauses.

**14.2 Maturity Analysis**

**Non- Current**

Long term loan NBCC EXIM  
 Long term JMC EXIM

	<u>31-Dec-22</u> <u>MVR</u>	<u>31-Dec-21</u> <u>MVR</u>
	501,841,039	255,586,500
	603,958,479	269,348,850
	<b><u>1,105,799,518</u></b>	<b><u>524,935,350</u></b>

**Current**

Long term loan NBCC EXIM  
 Long term JMC EXIM

	-	-
	-	-

**Total borrowings**

	<b><u>1,105,799,518</u></b>	<b><u>524,935,350</u></b>
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The repayment of non-current liabilities are scheduled as follows:

More than one year, less than two years	126,414,508	-
More than two years, less than three years	277,846,316	126,414,508
More than three years, less than four years	280,708,250	277,846,316
More than four years	420,830,444	120,674,526
	<b><u>1,105,799,518</u></b>	<b><u>524,935,350</u></b>

**15 Lease liability**

Opening balance  
 New leases recognised  
 Accrued interest  
 Interest paid  
 Principal element of lease paid  
**Closing balance**

Note 8.3  
 Note 19

	1,528,367	2,376,611
	4,869,240	-
	550,566	190,823
	(550,566)	(190,823)
	(1,025,770)	(848,244)
	<b><u>5,371,837</u></b>	<b><u>1,528,367</u></b>

Current lease liability  
 Non current lease liability  
**Total**

	897,618	937,067
	4,474,220	591,300
	<b><u>5,371,837</u></b>	<b><u>1,528,367</u></b>

Set out above are the carrying amounts of lease liabilities and the movements during the period.

The right of use assets associated with lease liabilities are disclosed in note 8.3

The maturity analysis of lease liabilities are disclosed in Note 30.3.

The reconciliation of the changes in liabilities arising from financing activities is provided in Note 28.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets (Note 8.2)	1,500,225	1,017,326
Interest expense on lease liabilities (Note 15.1)	550,566	190,823
<b>Total</b>	<b><u>2,050,791</u></b>	<b><u>1,208,149</u></b>



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**15 Lease liability (Continued...)**

The Company had a total cash outflow for leases of MVR 1,576,336 (MVR 1,039,067 in 2021).

The Company has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

		<b>31-Dec-22</b>	<b>31-Dec-21</b>
		<b>MVR</b>	<b>MVR</b>
<b>16 Trade and Other Payables</b>			
Trade payables		6,437,745	85,572
Accrued expenses		190,789	152,112
Other payables		14,307	2,990
Interest payable		7,102,432	992,630
Retention payable	Note 16.1	48,343,502	-
<b>Total</b>		<b>62,088,775</b>	<b>1,233,304</b>
<b>16.1</b>	The Company has entered into construction contracts with JMC Projects (India) Limited and NBCC (India) Limited for social housing projects that include retention provisions for 5% of the contract price. Retention payables represent amounts withheld from payments to the contractors pending the satisfactory completion of contractual obligations.		
	As of the December 31, 2022, the Company has retained an amount of MVR 22,655,499 for JMC social housing project, MVR 25,668,903 for NBCC social housing project and MVR 19,100 for other suppliers in retention payables.		
<b>17 Other Income</b>			
Miscellaneous Income		-	5,350
<b>Total</b>		<b>-</b>	<b>5,350</b>
<b>18 Administrative Expenses</b>			
Personnel cost	Note 18.1	11,911,532	5,996,271
Audit fees		154,503	126,411
Consultancy		357,321	990,111
Depreciation	Note 6.2, 7.2, 8.2	2,214,774	1,252,423
Utilities		747,987	497,548
General advertisement		13,000	3,648
Trade fees		2,600	4,004
Travelling		427,118	-
Printing and office supplies		390,210	149,945
Small tools and equipment		118,287	36,597
Bank charges		308,538	75,011
Meals and entertainment		7,175	17,722
Training		241,453	55,487
Other general administrative expenses		412,110	116,603
<b>Total</b>		<b>17,306,608</b>	<b>9,321,781</b>
<b>18.1 Personnel Cost</b>			
Staff salaries and allowances		10,744,453	5,144,921
Ramadan allowance		97,900	50,800
Staff visa, insurance expenses and safety expenses		170,450	10,495
Employee pension contributions		250,629	151,455
Board remuneration and fees		648,100	638,600
<b>Total</b>		<b>11,911,532</b>	<b>5,996,271</b>
<b>19 Finance Cost</b>			
Interest on lease liabilities		550,566	190,823
<b>Total</b>		<b>550,566</b>	<b>190,823</b>



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**20 Income Tax Expense**

In accordance with the provisions of the Income Tax Act No.25 of 2019, the relevant regulations and subsequent amendments thereto, the Company is liable for Income Tax on its taxable income at the rate of 15%. However, no tax provision has been recognised since the Company has incurred tax loss for the year.

	<u>31-Dec-22</u> MVR	<u>31-Dec-21</u> MVR
Loss before tax	(17,857,174)	(9,507,254)
<b>Add:</b>		
Depreciation expense	714,549	1,252,422
Other disallowable expenses	<u>1,469,392</u>	<u>1,457,513</u>
	2,183,941	2,709,935
<b>Less:</b>		
Capital allowances	646,624	172,158
Other allowable expenses	<u>1,469,392</u>	<u>2,474,839</u>
	2,116,016	2,646,997
<b>Taxable loss for the period</b>	<b><u>(17,789,249)</u></b>	<b><u>(9,444,316)</u></b>

**21 Accumulated Tax Losses**

Loss carried forward from the previous tax year	(18,777,707)	(9,333,391)
Tax loss for the current year of assessment	<u>(17,789,249)</u>	<u>(9,444,316)</u>
<b>Total</b>	<b><u>(36,566,956)</u></b>	<b><u>(18,777,707)</u></b>

**22 Unrecognised Deferred Tax Asset**

The deferred tax is arrived at by applying the income tax rate of 15% to the timing differences as at 31 December 2021.

Deferred tax asset on carry forward losses	5,485,043	2,816,656
Deferred tax asset on temporary differences	<u>22,726</u>	<u>30,861</u>
<b>Total</b>	<b><u>5,507,769</u></b>	<b><u>2,847,517</u></b>

The deferred tax resulting from carried forwarded tax losses and on temporary differences has not been recognised in these financial statements since it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

**23 Losses Per Share**

Basic Losses Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Loss for the year	(17,857,174)	(9,507,254)
Weighted average number of ordinary shares	<u>37,090,907</u>	<u>3,966,066</u>
Losses per share	<b><u>(0.5)</u></b>	<b><u>(2.4)</u></b>

**24 Operating Loss before Working Capital Changes**

Net loss	(17,857,174)	(9,507,254)
Depreciation	2,214,774	1,252,422
Finance cost	550,566	190,823
<b>Total</b>	<b><u>(15,091,834)</u></b>	<b><u>(8,064,009)</u></b>



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**25 Related Party Transactions**

Government of Maldives is the 100% Shareholder of the Company. Transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organisations, collectively referred to as government entities, are considered as related party transactions.

***Dhivehi Raajjeyge Gulhun Plc***

Telephone and internet expenses	159,456	75,681
Payments	(159,456)	(69,199)
	-	6,482

***Urbanco***

Lease deposit	537,268	193,800
Payments	(537,268)	(193,800)
	-	-

***Ministry of Economic Development***

Work permit deposits	37,700	4,000
Payments	(37,700)	(4,000)
	-	-

***Maldives Ports Limited***

Rentals	1,039,068	1,039,068
Payments	(1,039,068)	(1,039,068)
	-	-

***Male' Water and Sewerage Company***

Water	19,557	-
Payments	(18,600)	-
	957	-

***State Trading Organisation***

General administration	-	1,890
Payments	-	(1,890)
	-	-

***State Electric Company Limited***

Electricity	225,351	195,763
Payments	(225,351)	(195,763)
	-	-

***Waste Management Corporation Limited***

Garbage disposal	7,700	4,140
Payment	(6,818)	(3,832)
	882	308

***Maldives Islamic Bank***

Staff loan	66,381	8,970
Payment	(66,381)	(8,970)
	-	-

***Bank of Maldives***

Bank charges	314,990	50,505
Payments	(314,990)	(50,505)
	-	-

***Maldives Inland Revenue Authority***

Annual fee	2,000	2,000
Payments	(2,000)	(2,000)
	-	-

***Maldives Airports Company Limited***

Purchase of Dollar	360,211	-
Payments	(360,211)	-
	-	-

**Equity contributions**

***Ministry of Finance and other government entities***

Funds received	182,692,101	175,450,015
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**26 Transactions with Key Management Personnel**

The Board of Directors and Managing Director are the members of the key management personnel. During the year end December 31, 2022, total remuneration paid to Directors including Managing Director was MVR 1,204,443 (2021: MVR



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**27 Contingencies and Commitments**

**27.1 Commitments**

The Company has entered into a tripartite agreement with Government of Maldives and Urbanco (previously Housing Development Corporation) for the purchase of land for the development of housing units. As per this agreement the Land will initially be sold to the Ministry of Finance by Urbanco and then transferred to the Company. As of December 31, 2022, the land has not been transferred to the Company.

During the financial year 2021, the Company has contracted with JMC Projects (India) Limited and NBCC (India) Limited for the construction of social housing units with a contract price of USD 137,000,000 (MVR 2,112,540,000) and USD 130,000,000 (MVR 2,004,600,000) respectively. 85% of the contract price is financed through borrowings from Export-Import Bank of India (EXIM) and the 15% balance amount of the contract price is financed through equity contributions from Ministry of National Planning, Housing and Infrastructure.

Capital expenditure contracted for but not yet incurred for construction projects are as follows:

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>MVR</b>	<b>MVR</b>
JMC Projects (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale', Maldives	1,750,052,019	2,112,540,000
NBCC (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale'	1,714,888,778	2,004,600,000
<b>Total</b>	<b>3,464,940,797</b>	<b>4,117,140,000</b>

**28 Changes in liabilities arising from financing activities**

<b>31st December 2021</b>	<b>01-Jan-21</b>	<b>Cash flows</b>	<b>Foreign exchange movements</b>	<b>New Leases</b>	<b>Other Movements</b>	<b>31-Dec-21</b>
Current portion of lease liabilities	848,245	(848,244)	-	-	937,067	937,068
Non-current interest bearing loans and borrowings	-	524,935,350	-	-	-	524,935,350
Non-current portion of lease liabilities	1,528,366	-	-	-	(937,067)	591,299
<b>Total Liabilities from financing activities</b>	<b>2,376,611</b>	<b>524,087,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>526,463,717</b>
<b>31st December 2022</b>	<b>01-Jan-22</b>	<b>Cash flows</b>	<b>Foreign exchange movements</b>	<b>New Leases</b>	<b>Other Movements</b>	<b>31-Dec-22</b>
Current portion of lease liabilities	937,067	(1,025,770)	-	88,703	897,618	897,618
Non-current interest bearing loans and borrowings	524,935,350	580,864,168	-	-	-	1,105,799,518
Non-current portion of lease liabilities	591,300	-	-	4,780,537	(897,618)	4,474,220
<b>Total Liabilities from financing activities</b>	<b>526,463,717</b>	<b>579,838,398</b>	<b>-</b>	<b>4,869,240</b>	<b>-</b>	<b>1,111,171,355</b>



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**29 Capital Management**

The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>MVR</b>	<b>MVR</b>
Interest bearing loans and borrowings	1,105,799,518	524,935,350
Trade and other payables	62,088,775	1,233,304
Less: Cash and cash equivalents	(24,456,965)	(18,572,924)
Net debt	1,143,431,328	507,595,730
Total equity	333,558,767	168,723,840
Total capital	1,476,990,095	676,319,570
<b>Gearing</b>	<b>77%</b>	<b>75%</b>

**30 Risk Management**

Risk management is an ongoing process of identification, measurement and monitoring, and is subject to risk limits and internal controls as outlined in the Corporation's risk management policy. During the year, the Company has exposure to the following risks:

- a. Market Risk
- b. Liquidity Risk

**30.1 Risk Management Framework**

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

**30.2 Market Risk**

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. The financial instruments held by the Company that are affected by market risk are the loans and borrowings.

**a. Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to the long-term debt obligations with floating interest rates.

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

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>MVR</b>	<b>MVR</b>
<b>Variable rate instruments</b>		
Loans and borrowings	1,105,799,518	524,935,350

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended December 31, 2022 by MVR 11,057,995 (2021 : MVR 5,249,354). This analysis assumes that all the other variables remain constant.





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**30.2 Market Risk (Continued...)**

**b. Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to loans and borrowings.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	<b>31-Dec-22</b> <b>USD</b>	<b>31-Dec-21</b> <b>USD</b>
Cash and cash equivalents	9,781	1,330
Other payables	398,447	-
Loans and borrowings	71,712,031	34,042,500
	<u>72,120,260</u>	<u>34,043,830</u>

The following significant exchange rate applied during the year:

	<b>Average Rate</b>		<b>Reporting Date</b> <b>Spot Rate</b>	
	<b>2022</b>	<b>2021</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
1 USD : MVR	15.42	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in MVR, the Company has limited currency risk exposure on such balances since the Maldivian Rufiyaa is pledged to the US Dollar within a band to fluctuate within  $\pm 20\%$  of the mid-point of exchange rate.

**30.3 Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 the Company's reputation.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

	<b>On demand</b>	<b>less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>31st December 2021</b>						
Non-current interest bearing loans and borrowings	-	-	-	524,935,350	-	524,935,350
Current portion of lease liabilities	-	225,592	711,475	-	-	937,067
Non-current portion of lease liabilities	-	-	-	591,300	-	591,300
<b>Total Liabilities from financing activities</b>	<u>-</u>	<u>225,592</u>	<u>711,475</u>	<u>525,526,650</u>	<u>-</u>	<u>526,463,717</u>
<b>31st December 2022</b>						
Non-current interest bearing loans and borrowings	-	-	-	1,105,799,518	-	1,105,799,518
Current portion of lease liabilities	-	322,958	574,670	-	-	897,628
Non-current portion of lease liabilities	-	-	-	2,250,457	2,223,763	4,474,220
<b>Total Liabilities from financing activities</b>	<u>-</u>	<u>322,958</u>	<u>574,670</u>	<u>1,108,049,975</u>	<u>2,223,763</u>	<u>1,111,171,366</u>

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



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**30.4 Operational Risk**

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company manages and controls operational risk by identifying and controlling risks in all activities according to a set of pre-determined parameters by applying appropriate management policies and procedures.

**31 Contingent Liabilities**

There were no material contingent liabilities that require disclosure in the financial statement as at December 31, 2022.

**32 Events After the End of the Reporting Period**

The Company is in negotiations with the Lender whereby on 1 January 2022 the loan changed from referencing LIBOR + 3.25% to SOFR + 3.75%. This addition of a fallback is necessary because as a result of interest rate benchmark reform, LIBOR would cease to be published immediately after 31 December 2021 and the loan would have to transition to a replacement interest rate. The Company has not yet finalised the LIBOR transition.

The Company is in the process of increasing its Authorised Share Capital to 200,000,000 ordinary shares with a par value of MVR 10 each in order to accommodate the value of land plots where the Social Housing projects are being constructed on. Ministry of Finance is currently in the process of transferring the land titles to the Company and has approved the increase of share capital of the Company.

**33 Directors Responsibility**

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

**34 Comparative figures**

Comparative figures of the financial statements have been reclassified wherever appropriate to confirm with current year's presentation.

**35 Approval of Financial Statements**

These financial statements were approved by the board of directors and authorised for issue on August 30, 2023.



