Crowe

INDEPENDENT AUDITOR'S REPORT
FAHI DHIRIULHUN CORPORATION LIMITED
31st December 2021

Smart Decisions. Lasting Value.

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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 31st December 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 31st December 2021, 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.

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.

Recognition of land related to construction sites in the financial statements	
Key audit matter	***How our audit addressed the key audit matter***
The company had commenced two of their construction projects for construction of 2,000 Social Housing Units in Hulhumale during the year 2021. It was observed during the audit that the company had not secured the land related to the construction plots and recognized the same in the statement of financial position.	Our audit procedures included, among others, reviewing the tripartite agreement between the Company, landowner and relevant ministry, granting rights to the Company over the use of land to commence the construction work.

To the Shareholders of Fahi Dhiriulhun Corporation Limited

Report on the Audit of the Financial Statements (Continued...)

Other Matters

The financial statements of the Company for the year ended 31st December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 10th August 2021.

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.

To the Shareholders of Fahi Dhiriulhun Corporation Limited

Report on the Audit of the Financial Statements (Continued...)

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

26 June 2022

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

Crowe Maldives LLP
Reg no. P-02/2008

AUT: 61163757CM2022125

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
as of 31st December 2021
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-21 MVR	31-Dec-20 MVR
ASSETS			
Non-Current Assets			
Property, plant & equipment	6	1,402,772	543,992
Intangible assets	7	141,819	181,314
Right of use assets	8	1,610,765	2,628,091
		3,155,356	**3,353,397**
Current Assets			
Inventories - properties under construction	9	56,913,282	-
Other receivables	10	617,779,299	6,750
Cash & cash equivalents	11	18,572,924	1,925,915
		693,265,505	**1,932,665**
TOTAL ASSETS		**696,420,861**	**5,286,062**
EQUITY & LIABILITIES			
Equity & Reserves			
Share capital	12	39,660,663	12,766,950
Advance for shares	13	148,556,303	-
Accumulated losses		(19,493,126)	(9,985,872)
		168,723,840	**2,781,078**
Non-Current Liabilities			
Borrowings	14	524,935,350	-
Lease liabilities	15	591,300	1,528,366
		525,526,650	**1,528,366**
Current Liabilities			
Lease liabilities	15	937,067	848,245
Trade & other payables	16	1,233,304	128,373
		2,170,371	**976,618**
TOTAL EQUITY & LIABILITIES		**696,420,861**	**5,286,062**

The accompanying notes and policies form an integral part of these financial statements. The report of the auditor is set out on pages 1 to 3.

These financial statements were approved and authorised for issue on 8th June 2022.

The financial statements set out on pages 4 to 7, which have been prepared on the going concern basis were approved by the Board of Directors on the date of these financial statements and signed on behalf of the Board of Directors by:

Name	**Signature**
1. Salfiyya Anwar	------------------------------------
2. Mohamed Azim	------------------------------------

FAHI DHIRIULHUN CORPORATION — C03132019 —

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2021
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-21 MVR	31-Dec-20 MVR
Revenue		-	-
Cost of revenue		-	-
Other income	17	5,350	337,280
Administrative expenses	18	(9,321,781)	(7,116,525)
Operating loss		**(9,316,431)**	**(6,779,245)**
Other gains	19	-	15,406
Finance cost	20	(190,823)	(103,694)
Loss before tax		**(9,507,254)**	**(6,867,533)**
Income tax	21	-	-
Net loss for the year		**(9,507,254)**	**(6,867,533)**
Loss per share	24	(2)	(5)

The accompanying notes and policies form an integral part of these financial statements. The report of the auditor is set out on pages 1 to 3.

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2021
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-21 MVR	31-Dec-20 MVR
Operating profit before working capital changes	25	**(8,064,009)**	**(6,185,709)**
Other receivables		(617,772,549)	273,369
Trade & other payables		1,104,931	95,696
Inventories		(56,913,282)	-
Cash used in operating activities		**(681,644,909)**	**(5,816,644)**
Interest paid		(190,823)	(103,694)
Net cash used in operating activities		**(681,835,732)**	**(5,920,338)**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(1,054,381)	(721,597)
Proceeds from sale of property, plant & equipment		-	220,345
Net cash used in investing activities		**(1,054,381)**	**(501,252)**
Cash flows from financing activities			
Proceeds towards issue of share capital		175,450,016	6,723,430
Payment of lease liabilities		(848,244)	(329,252)
Borrowings obtained		524,935,350	-
Net cash flows from financing activities		**699,537,122**	**6,394,178**
Net increase / (decrease) in cash and cash equivalents		**16,647,009**	**(27,412)**
Cash and cash equivalents at the beginning of the year		1,925,915	1,953,327
Cash and cash equivalents at the end of the year		**18,572,924**	**1,925,915**

The accompanying notes and policies form an integral part of these financial statements. The report of the auditor is set out on pages 1 to 3.

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2021
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Accumulated Losses MVR	Total Equity MVR
Balance as at 1st January 2020	6,043,520	(3,118,339)	2,925,181
Additions	6,723,430	-	6,723,430
Net loss for the year	-	(6,867,533)	(6,867,533)
Balance as at 31st December 2020	**12,766,950**	**(9,985,872)**	**2,781,078**
Balance as at 1st January 2021	12,766,950	(9,985,872)	2,781,078
Additions	26,893,713	-	26,893,713
Net loss for the year	-	(9,507,254)	(9,507,254)
Balance as at 31st December 2021	**39,660,663**	**(19,493,126)**	**20,167,537**

The accompanying notes and policies form an integral part of these financial statements. The report of the auditor is set out on pages 1 to 3.

1 Corporate Information

The financial statements of Fahi Dhiriulhun Corporation Limited for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the directors on 8th June 2022. Fahi Dhiriulhun Corporation Limited (the Company) is a limited company incorporated on 25 March 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 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

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 Inventory Property

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 inventory property, 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.

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

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

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

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:

- Buildings 20 years
- Furniture & Fittings 05 years
- Computer & Office Equipment 05 years
- Vehicles 10 years
- Plant and Machinery 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The charge for the depreciation commences from the month 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 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).

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 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 Taxes

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

4.12 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.

4.13 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 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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of The Company's financial statements are disclosed below, if they are expected to have an impact on The Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-currents

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, in November 2021, the IASB published an exposure draft which included a proposal to defer the effective date to no earlier than 1 January 2024.

The Company is monitoring the developments and is assessing the impact the amendments will have on its current accounting policies and whether the Company may wish to re-assess covenants in its existing loan agreements or whether existing loan agreements may require renegotiation.

5.2 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

5.3 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted.

5.4 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on The Company.

5.5 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on The Company's accounting policy disclosures.

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6 Property, Plant & Equipment

6.1 Cost

	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
Computer & Office Equipment	550,641	915,604	-	1,466,245
Furniture & fittings	145,379	138,777	-	284,156
	696,020	**1,054,381**	**-**	**1,750,401**

6.2 Depreciation

	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
Computer & Office Equipment	120,989	157,159	-	278,148
Furniture & fittings	31,039	38,442	-	69,481
	152,028	**195,601**	**-**	**347,629**
Net Book Value	**543,992**			**1,402,772**

7 Intangible Assets

7.1 Cost

	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
Computer software	197,475	-	-	197,475
	197,475	**-**	**-**	**197,475**

7.2 Amortisation

	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
Computer software	16,161	39,495	-	55,656
	16,161	**39,495**	**-**	**55,656**
Net Book Value	**181,314**			**141,819**

8 Right of Use Asset

8.1 Cost

	Balance As at 01-Jan-21	Additions	Disposals	Balance As at 31-Dec-21
Maldives Post Limited	3,051,977	-	-	3,051,977
	3,051,977	**-**	**-**	**3,051,977**

8.2	Amortisation	Balance As at 01-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
	Maldives Post Limited	423,886	1,017,326	-	1,441,212
		423,886	**1,017,326**	**-**	**1,441,212**
	Net Book Value	**2,628,091**			**1,610,765**

8.3 The company has obtained lease for an office space, 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. The Company's rights over the lease are secured against the lease title. Generally, the leases also include restrictions on assigning and subleasing the leased asset.

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-21	Additions during the year	Disposals	Balance As at 31-Dec-21
Construction of Social Housing Units	-	56,913,282	-	56,913,282
Total	**-**	**56,913,282**	**-**	**56,913,282**

Amounts inventorized under inventories - properties under construction consist of finance costs incurred during the year for the borrowings undertaken for the construction of social housing units.

		31-Dec-21 MVR	31-Dec-20 MVR
10	**Other Receivables**		
	Other receivables	208,299	6,750
	Contractor advances	617,571,000	-
	Total	**617,779,299**	**6,750**

Contractor advance consists of advance payments secured against performance guarantees and advance payment bonds, paid to contractors at the commencement of the project, deductible from future progress claims made by contractors against project milestones achieved as per the agreement.

11	**Cash & Cash Equivalent**		
	Cash at bank	18,569,654	1,916,663
	Cash in hand	3,270	9,252
	Total	**18,572,924**	**1,925,915**
12	**Share Capital**		
	Issued share capital	39,660,663	12,766,950
	Total	**39,660,663**	**12,766,950**

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 3,966,066 ordinary shares of MVR 10 each. The company is fully owned by the Government of Maldives.

	31-Dec-21 MVR	31-Dec-20 MVR
13 Advance for Share Capital		
Advance for Share Capital	148,556,303	-
Total	**148,556,303**	**-**

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. The shares have not been alloted as at reporting date.

14 Borrowings		
Non- Current		
Long term loan NBCC EXIM	255,586,500	-
Long term JMC EXIM	269,348,850	-
Total borrowings	**524,935,350**	**-**

USD$ 116,450,000 bank loan

The Company has obtained a loan of US$116,450,000 from Export-Import Bank of India (EXIM) on 23rd September 2021 for the purpose of financing 85% of the contract value of 2,000 housing units developed under JMC-FDC housing project. The first disbursement of the loan was made on 08 December 2021. The loan repayment will commence on 08 June 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.

USD$ 110,500,000 Bank loan

The Company has obtained a loan of US$110,500,000 from Export-Import Bank of India (EXIM) on 23 September 2021 for the purpose of financing 85% of the contract value of 2000 housing units developed under NBCC-FDC housing project. The first disbursement of the loan was made on 14 December 2021. The loan repayment will commence on 14 June 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 loan, 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 and must ensure that its obligations will be direct, unconditional and ranking at least pari passu with all other unsecured obligations.

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 favor 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.

15 Lease liability

	Balance As at 01-Jan-21	Interest	Repayments	Balance As at 31-Dec-21
Maldives Post Limited	2,376,611	190,823	(1,039,067)	1,528,367
	2,376,611	**190,823**	**(1,039,067)**	**1,528,367**

Current lease liability	937,067
Non current lease liability	591,300
Total	**1,528,367**

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

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 29.

The following are the amounts recognised in profit or loss:

	31-Dec-21 MVR	31-Dec-20 MVR
Depreciation expense of right-of-use assets (Note 8.2)	1,017,326	423,886
Interest expense on lease liabilities (Note 15.1)	190,823	103,694
Total	**1,208,149**	**571,776**

The Company had a total cash outflow for leases of MVR 1,039,067 (MVR 432,946 in 2020).

The Company has certain 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.

			31-Dec-21 MVR	31-Dec-20 MVR
16	**Trade & Other Payables**			
	Trade payables		85,572	124,731
	Accrued expenses		152,112	3,642
	Other payable		2,990	-
	Interest payable		992,630	-
	Total		**1,233,304**	**128,373**
17	**Other Gains**			
	Miscellaneous Income		5,350	337,280
	Total		**5,350**	**337,280**
18	**Administrative Expenses**			
	Personnel cost	(Note 18.1)	5,996,271	4,591,049
	Office rent		-	700,000
	Audit fees		126,411	-
	Consultancy		990,111	743,327
	Depreciation and amortisation		1,252,423	593,536
	Utilities		497,548	309,457
	General advertisement		3,648	-
	Trade fees		4,004	5,600
	Travelling		-	51,503
	Printing and office supplies		149,945	39,328
	Small tools and equipments		36,597	37,192
	Bank charges		75,011	1,640
	Meals and entertainment		17,722	-
	Training		55,487	23,418
	Other general administrative expenses		116,603	20,475
	Total		**9,321,781**	**7,116,525**
18.1	**Personnel Cost**			
	Staff salaries and allowances		5,144,921	3,699,862
	Ramadan allowance		50,800	51,000
	Staff visa, insurance expenses & safety expenses		10,495	2,100
	Employee pension contributions		151,455	132,467
	Board remuneration and fees		638,600	705,620
	Total		**5,996,271**	**4,591,049**
19	**Other Gains**			
	Gain on disposal		-	15,406
	Total		**-**	**15,406**
20	**Finance Cost**			
	Interest on lease liabilities		190,823	103,694
	Total		**190,823**	**103,694**

21 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.

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21 Income Tax Expense (Continued...)

	31-Dec-21 MVR	31-Dec-20 MVR
Loss before tax	(9,507,254)	(6,867,533)
Add:		
Depreciation expense	1,252,422	(254,236)
Other disallowable expenses	1,457,513	1,387,986
	(6,797,319)	(5,733,783)
Less:		
Capital allowances	172,158	153,256
Other allowable expenses	2,474,839	1,358,370
	2,646,997	1,511,626
Taxable loss for the period	**(9,444,316)**	**(7,245,409)**

22 Accumulated Tax Losses

Loss carried forward from the previous tax year	(9,333,391)	(2,087,982)
Tax loss for the current year of assessment	(9,444,316)	(7,245,409)
Total	**(18,777,707)**	**(9,333,391)**

23 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	(Note 24.1)	1,416,647	1,150,394
Deferred tax asset / (liability) on temporary differences	(Note 24.2)	30,861	(1,568)
Total		**1,447,509**	**1,148,827**

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.

24 Loss Per Share

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

Loss for the year	(9,507,254)	(6,867,533)
Weighted average number of ordinary shares	3,966,066	1,276,695
Loss per share	**(2)**	**(5)**

25 Operating Loss before Working Capital Changes

Net loss	(9,507,254)	(6,867,533)
Depreciation	1,252,422	593,536
Gain on disposal	-	(15,406)
Finance cost	190,823	103,694
Total	**(8,064,009)**	**(6,185,709)**

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26 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.

	31-Dec-21 MVR	31-Dec-20 MVR
Maldives Fund Management Corporation		
Rentals	-	557,622
Receipts	-	(557,622)
CMDA		
Training	-	1,000
Payments	-	(1,000)
Dhiraagu		
Telephone and internet expenses	75,681	72,992
Payments	(69,199)	(65,194)
HDC		
Lease deposit	193,800	-
Payments	(193,800)	-
MED		
Work permit deposits	4,000	4,000
Payments	(4,000)	(4,000)
MPL		
Rentals	1,039,068	432,945
Payments	(1,039,068)	(432,945)
MWSC		
Water	-	1,139
Payments	-	(1,139)
STO		
General administration	1,890	4,215
Payments	(1,890)	(4,215)
STELCO		
Electricity	195,763	80,236
Payments	(195,763)	(20,118)
WAMCO		
Garbage disposal	4,140	1,862
Payment	(3,832)	(1,040)

26.1 Transactions with Key Management Personnel

The Board of Directors and Managing Director are the members of the key management personnel. During the year end 31 December 2021, total remuneration paid to Directors including Managing Director was MVR 1,115,235 (2020: MVR 1,217,927).

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27 Contingencies and Commitments

27.1 Commitments

The Company has a lease contract that has not yet commenced as at 31 December 2021. The future lease payments for this lease contract are MVR 577,938 Within one year, MVR 3,852,918 Within five years and MVR 3,274,980 there after.

28 Changes in liabilities arising from financing activities

31st December 2020	01-Jan-20	Cash flows	Foreign exchange movements	New Leases	Other Movements	31-Dec-20
Current portion of lease liabilities	-	(329,252)	-	329,252	848,245	848,245
Non-current interest bearing loans and borrowings	-	-	-	-	-	-
Non-current portion of lease liabilities	-	-	-	2,376,611	(848,245)	1,528,366
Total Liabilities from financing activities	**-**	**(329,252)**	**-**	**2,705,863**	**-**	**2,376,611**

31st December 2021	01-Jan-21	Cash flows	Foreign exchange movements	New Leases	Other Movements	31-Dec-21
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
Total Liabilities from financing activities	**2,376,611**	**524,087,106**	**-**	**-**	**-**	**526,463,717**

29 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

29.1 Risk Management Framework

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

29.2 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.

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

29.3 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):

31st December 2020	On demand	less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Non-current interest bearing loans and borrowings	-	-	-	-	-	-
Current portion of lease liabilities	-	173,178	865,890	1,645,191	-	2,684,259
Non-current portion of lease liabilities	-	128,373	-	-	-	128,373
Total Liabilities from financing activities	**-**	**301,551**	**865,890**	**1,645,191**	**-**	**2,812,632**

31st December 2021	On demand	less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Non-current interest bearing loans and borrowings	-	-	-	102,745,361	422,189,989	524,935,350
Current portion of lease liabilities	-	173,178	865,890	606,123	-	1,645,191
Non-current portion of lease liabilities	-	129,526	-	-	-	129,526
Total Liabilities from financing activities	**-**	**302,704**	**865,890**	**103,351,484**	**422,189,989**	**526,710,067**

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29.4 Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Corporation 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.

30 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 referecing 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.

31 Directors Responsibility

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

32 Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on 8th June 2022.