

FAHI DHIRIULHUN CORPORATION

Annual Report

2023



FAHI
DHIRIULHUN
CORPORATION



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Introduction

About Us

Fahi Dhiriulhun Corporation Limited (FDC) was established through a Presidential Decree on 25th March 2019 as a State-Owned Enterprise (SOE). The company's objective is to provide affordable and environmentally sustainable social housing solutions for the citizens of the Maldives. In its capacity as the exclusive executor of the Government's housing initiatives and schemes, FDC plays a pivotal role in reshaping communities and meeting the nation's housing needs.

Initially focused on social housing, FDC expanded its mandate in December 2023 to explore revenue-generating opportunities, aiming for self-sustainability with government funds. Beyond housing, FDC engages in sustainable community development, including residential and commercial projects and renovating government housing units. Our approach emphasizes creating vibrant, thriving communities that promote social well-being, economic prosperity, and environmental sustainability.



FDC remains committed to continuous improvement and innovation, enhancing housing solutions and expanding our reach. As we navigate the challenges and opportunities of 2023, we continue to uphold excellence, transparency, and innovation ensuring our housing units provide a safe, secure, and comfortable living environment.



Vision

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Better Living, Brighter Future

Mission

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Providing accessible and affordable housing solutions across the Maldives.

Core Values

- Affordability
- Accessibility
- Secure Housing
- Social Harmony

Strategic Goals

1. Provide Housing Solutions
2. Property and Asset Management
3. Establish String IT Infrastructure
4. Improve Financial Situation of the Corporation
5. Establish Research and Development Function
6. Strengthen Marketing and Public Relations Function
7. Improve Operation Efficiency to Provide Quality Services





Chairperson's Statement

Ms. Nashwa Abdulla

"As the Chairperson, I am proud to present the Annual Report for Fahi Dhiriulhun Corporation Limited for the year 2023. Our mission is to spearhead sustainable development in the Maldives, fostering a prosperous and inclusive society. Despite the unprecedented challenges posed by the global pandemic, we have achieved significant milestones, showcasing our resilience and determination. Looking forward, we are optimistic about the opportunities that await us and remain resolutely committed to shaping a brighter future for the people of the Maldives. I extend heartfelt gratitude to our stakeholders and employees for their unwavering support and dedication."

Nashwa Abdulla
Chairperson



Managing Director's Statement

Mr. Hamdhan Shakeel

"For the fiscal year 2023, I am pleased to emphasize Fahi Dhiriulhun Corporation Limited's ongoing dedication to addressing the housing needs and promoting sustainable development in the Maldives. Our strong commitment to quality, excellence, and customer satisfaction ensures that our projects have a positive impact on communities. By further diversifying our income and implementing long-term sustainable efforts through strategic partnerships, we are determined to become self-sustainable by embracing innovation, technology and investing in staff development. I express sincere gratitude to our Board of Directors for their trust, our team for their hard work, and our partners for their invaluable support. Moving forward, we are firmly committed to a brighter future for the Maldives while supporting sustainable development initiatives."

Hamdhan Shakeel
Managing Director

Board of Directors

The Board of Directors is comprised of seven directors, as outlined in the Corporation's Articles of Association. Among these seven directors, six are non-executive directors, while one serves as an executive director in the role of Managing Director.

The Board of Directors is responsible for providing entrepreneurial leadership to the company while operating within a framework of prudent and effective controls that facilitate risk assessment and management. It is the Board's duty to define the company's strategic objectives, ensure that appropriate financial and human resources are in place to achieve these objectives, and evaluate management performance.



Chairperson (8th January 2024 – Present)

Ms. Nashwa Abdulla

Ms. Nashwa Abdulla assumed the role of Chairperson of FDC on 8th January 2024, following her appointment by the Privatization and Corporatization Board. With a background in Investment, Public Administration, and Infrastructure, Ms. Nashwa formulates and implements efficient policies, seamlessly bridging the gap between Planning and Development initiatives. Her dedication to the advancement of public housing and infrastructure spans over 16 years of service within relevant Ministries of the Maldives, leading up to her tenure as a Director of the Housing Development Corporation until 2019.

Ms. Nashwa's academic credentials include a Master's degree in Public Administration from Lee Kuan Yew School of Public Policy (National University of Singapore), Singapore, and a Bachelor of Business (Business Management & Marketing) from Charles Stuart University, Malaysia. Furthermore, she holds multiple certifications from esteemed local and international training programs, showing her commitment to ongoing professional development.



Managing Director (28th November 2023 – Present)

Mr. Hamdhan Shakeel

Mr. Hamdhan Shakeel is an accomplished PR Consultant with over 9 years of experience in the field and currently holds the position of Managing Director at FDC. He has served within the market; at Male' City Council, playing a crucial role in devising PR strategies and creating content to promote the council's work. Hamdhan Shakeel obtained his Bachelor's Degree in Civil Engineering (Hons) from Infrastructure University Kuala Lumpur (IUKL), Malaysia. Additionally, he holds a Master's Degree in Digital Marketing from Cambridge College of Business Management, Sri Lanka.

Highly respected in the PR industry, Hamdhan Shakeel excels in managing media, crafting communication strategies, and overseeing marketing efforts. He has proven his expertise by successfully handling various projects and delivering results for his clients.

Mr. Hamdhan Shakeel was appointed as the Managing Director of FDC on 28th November 2023, following the resignation of Ms. Salfiyya Anwar.



Non-Executive Director (21st March 2019 – Present)

Mr. Ibrahim Nizam

Mr. Ibrahim Nizam holds a Master's Degree in Commercial Property Development and a Bachelor's Degree in Quantity Surveying and Commercial Management from Liverpool John Moores University, United Kingdom. He has extensive experience in the Housing Industry, with over ten years in both the private and public sectors, including his experience in oversight and implementation of government housing projects. After working as a Quantity Surveyor in a private firm, he held the position of Director at the Ministry of National Planning, Housing, and Infrastructure. Currently, he serves as a Minister of State for Housing, Land and Urban Development.



Non-Executive Director (24th December 2023 – Present)

Ms. Maryam Zoona

Maryam Zoona is an accomplished professional in the field of Strategic Planning with experience in the Maldives Government. She served at the Ministry of Planning and National Development, where she played a crucial role in Resource Management and Strategic Regional Planning.

Maryam Zoona obtained her Bachelor's Degree in International Business Management from Asia Pacific University of Technology, Malaysia. Additionally, she also completed a Research-Based Monitoring and Evaluation qualification from Queensland University, Australia.

Maryam Zoona is regarded as an individual with strong leadership qualities and analytical powers and is characterized by her passion for sustainable development and making a positive societal impact.



Non-Executive Director (27th November 2022 – 8th August 2024)

Mr. Najeel Ahmed

Mr. Najeel Ahmed has been the Chairperson of Audit & Risk Committee of FDC's Board since 6th December 2022. Externally, he serves as the Chief Operating Officer of Maldives Hajj Corporation Limited since 1st February 2022.

Mr. Najeel worked as an Assistant Accountant for Maldives Gas Pvt Ltd and has over five years of expertise in the financial sector, HR and Information Technology. Mr. Najeel Ahmed obtained his Bachelor of Arts (Hons) in Accounting and Finance from the University of the West of England. Additionally, he holds a Master of Business Administration from the University of the West of England.



Non-Executive Director (24th December 2023 – Present)

Mr. Mohamed Imthishal Ahmed

Mr. Mohamed Imthishal Ahmed is an esteemed entrepreneur with over a decade of experience in the tourism and construction industry of the Maldives. His invaluable understanding of the market paired with his academic background in Management and Marketing provides an in-depth skill applicable to strategy planning and development.



Non-Executive Director (12th February 2024 – Present)

Mr. Mohamed Saeed

Mr. Mohamed Saeed is a pioneer in the construction industry of the Maldives, boasting over three decades of invaluable experience both domestically and internationally. He heads Batch Construction Private Limited, specializing in comprehensive project planning, construction, and maintenance quality control services within the Greater Male' Region. As a member of the Maldives Association of Construction Industry (MACI), Mohamed Saeed has held the position of Executive Board Member, where he plays a role in shaping policy decisions and ensuring adherence to international standards within the construction sector.

Ms. Salfiyya Anwar tendered her resignation as Managing Director on 16th November 2023. The PCB subsequently terminated the positions of Mr. Mohamed Azim and Mr. Ahmed Musid on 24th December 2023, followed by Ms. Mariyam Nazima on 8th January 2024, Mr. Ahmed Athif on 12th February 2024, and Mr. Najeel Ahmed on 8th August 2024.

The year 2023 began with the following composition of the Board of Directors.

- | | |
|-----------------------|---------------------------------------|
| 1. Mr. Mohamed Azim | Chairperson, Non-Executive Director |
| 2. Ms. Salfiyya Anwar | Managing Director, Executive Director |
| 3. Mr. Ahmed Athif | Non-Executive Director |
| 4. Mr. Ibrahim Nizam | Non-Executive Director |
| 5. Mr. Ahmed Musid | Non-Executive Director |
| 6. Mr. Najeel Ahmed | Non-Executive Director |
| 7. Ms. Mariyam Nazima | Non-Executive Director |

Share Capital

Number of Shares	69,350,011
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Ordinary Share Capital	MVR 693,500,112
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Authorized Share Capital	MVR 2,000,000,000 200,000,000 (Two Hundred Million) shares of 10 (Ten) Rufiyaa each.
<hr/>	

Corporate Governance

FDC is governed by the Code of Corporate Governance (CG Code) for State-Owned Enterprises (SOE's), as well as the guidelines established by the Privatization and Corporatization Board (PCB). Additionally, the Corporation has implemented internal policies and Standard Operating Procedures (SOPs) that outline procedures for employees and other stakeholders.

FDC is dedicated to fulfilling the requirements of the CG Code and upholding compliance through its established Internal Audit and Risk Management functions.

Corporate Governance Report and Statement – Compliance Affirmation on Annual Report

FDC's Board of Directors is pleased to report that for the year ended 2023, the Company has been in full compliance with all clauses of the CG Code.



Board Meetings

In the year 2023, sixteen Board Meetings were held to discuss and take key decisions on potential and ongoing projects and other major operational activities of the Company.

The agendas for the Board Meetings were set under the guidance of the Chairperson and approved by them. Meetings were scheduled in advance, and all relevant documents, including but not limited to notices, agendas, and previous meeting minutes, were shared before the scheduled time.

Board Attendance 2023

	Total
Mohamed Azim	14/15
Salfiyya Anwar	14/14
Ahmed Athif	6/16
Ahmed Musid	14/15
Ibrahim Nizam	13/16
Mariyam Nazima	14/16
Najeel Ahmed	14/16

The Board Meetings attended by Managing Director, Mr. Hamdhan Shakeel from 28th November 2023, and by the Non-Executive Directors, Mr. Mohamed Imthishal Ahmed and Ms. Maryam Zoonaa from 24th December 2024, subsequent to their respective appointments are as follows:

Hamdhan Shakeel	2/2
Mohamed Imthishal Ahmed	1/1
Maryam Zoonaa	1/1

Extraordinary General Meeting (EGM)

Two Extraordinary General Meetings were held in the year 2023.

Date	Purpose
19 th March 2023	Appoint Crowe Maldives LLP as the External Auditor of the Corporation.
21 st May 2023	Approve the increase of Corporation's Authorized Share Capital by MVR 1 billion divided into 100,000,000 (One Hundred Million) shares of 10 (ten) Rufiyaa each. Amend the Memorandum of Association (MoA) reflecting the changes to the Authorized Share Capital of the Corporation.

Annual General Meeting (AGM)

The 4th Annual General Meeting of FDC was held online via Microsoft Teams on 12th October 2023. During the meeting, the 2022 Annual Report, 2022 Audited Financials, 2022-2027 Strategic Action Plan, and 2023 Annual Budget were presented. Crowe Maldives LLP was appointed as the External Auditor.

Uz. Asraf Rasheed, Senior Legal Counsel of the Ministry of Finance, attended the AGM on behalf of the Shareholder, the Government of Maldives. Mr. Ahmed Samweez, Manager of Audit & Assurance, represented Crowe Maldives LLP, while Ms. Fathimath Firushana Rasheed, Manager of Financial and Compliance Audit, represented the Auditor General's Office.

Board Committees

FDC has two Board Committees: the Audit and Risk Committee, responsible for overseeing the Corporation's governance, risk management, and internal control practices; and the Remuneration Committee, tasked with ensuring that the organization maintains an appropriate structure and size, and offers competitive remuneration packages to attract and retain the necessary skills to achieve corporate objectives while safeguarding the interests of the Shareholder

1. Audit and Risk Committee

In 2023, the Audit and Risk Committee held eight meetings with a quorum present. One meeting took place at the FDC Head Office, while the rest were conducted online via Microsoft Teams.

In 2023, the Audit and Risk Committee was made up of three Non-Executive Directors serving as Members.

Name	Designation	Committee Composition
Najeel Ahmed	Non-Executive Director	Chairperson
Ahmed Musid	Non-Executive Director	Member
Ahmed Athif	Non-Executive Director	Member

Highlights of the Meetings

During the year 2023, the Audit and Risk Committee discussed and approved items such as FDC Budget for the year 2023; Internal Audit plan for 2023; Quarterly Report for Quarter 1 2023; Quarter 4 2022 Report; Quarter 4 2022 Budget Review; Appointment of External Auditor of the Corporation; FDC's Budget Re-allocation; Quarterly Budget Review for Quarter 1 of 2023; Internal Audit Quarter 1 and 2 Updates; Quarterly Report for Quarter 1 2023; Provisional Financial Statement for 2022; Budget Review of Quarter ended 30th June 2023; Internal Audit Status Updates; Presentation of Audit Reports on Review of Physical Cash Handling, Review of Stock Management; and Review of the Recruitment Process; Revised Risk Register Template; Enterprise Risk Management Implementation Timeframe; External Audit Report; Quarter 3 Review; and Management Letter from External Auditors.

2. Remuneration Committee

During the year ending in 2023, two meetings of the Remuneration Committee were held, with a quorum present at each meeting. All meetings were conducted virtually via Microsoft Teams.

In 2023, the Remuneration Committee was composed of two Non-Executive Directors and the Managing Director serving as Members.

Name	Designation	Committee Composition
Ibrahim Nizam	Non-Executive Director	Chairperson
Salfiyya Anwar	Managing Director	Member
Mariam Nazima	Non-Executive Director	Member

Highlights of the Meetings

In 2023, the Remuneration Committee discussed and decided on matters such as 3rd Amendment to Compensation Policy; 2nd Amendment to Recruitment Policy; and 4th Amendment to Compensation Policy.

Code of Ethics

The Code of Ethics and Professional Conduct for Board Members and Management was approved by the Board on 9th February 2020. The Code addresses a multitude of issues mainly relating to conflict of interest, confidentiality, compliance with laws, professional relationships and reporting on any possible illegal or unethical behavior.

The Board approved the Code of Professional Conduct on 10th January 2022.

Statement on Internal Controls and Risk Management

Internal Controls and Risk Management

FDC has an approved Risk Management Policy and Risk Management Framework, detailing roles and responsibilities for identifying, assessing, and managing risks. The framework aligns with Corporate Governance Codes (compliant policies followed by FDC); the COSO ERM Framework 2017 and ISO 31000:2018 Risk Management – Guidelines. The Board of Directors oversees the company's risk management and internal control system.

Our approach focuses on prudently reducing risks to an acceptable level rather than eliminating them by identifying, mitigating, or transferring risks to achieve FDC's goals. FDC employs a three-line defence model:

- **First Line of Defence:**
Operational management owns and manages risks.
- **Second Line of Defence:**
The Enterprise Risk Management (ERM) department, ensures an effective control framework.
- **Third Line of Defence:**
The internal audit department provides independent assurance on risk management.

The ERM department facilitates company-wide risk management, oversees the process, and provide regular reports. The Audit and Risk Committee advises the Board on Risk Management.

Details of External Auditor and Disclosure of Independence

The External Auditor of the Corporation for the year 2023 was Crowe Maldives LLP, appointed for a fee of MVR 116,806.50 (One Hundred and Sixteen Thousand Eight Hundred and Six Rufiyaa and Fifty Laari only) through a fair and transparent bid evaluation process, with the approval of the Board of Directors and the Shareholders at the Extraordinary General Meeting.

Corporation Structure including Subsidiaries, Branches, etc.

In 2023, amendments were made to the organizational structure of FDC to improve operational efficiency in preparation for the completion of the two ongoing projects. Additionally, the Corporation is experiencing growth in its functions, leading to revisions in the salary structure and overall organization. The Planning and Project Management team operates out of the Hulhumale' Office, established in 2022, allowing for thorough inspections of project sites, on-site visits, and evaluations of contractor performance.

Compensation of Directors and Senior Management

Remuneration Details of the Board of Directors:

Chairperson	MVR 12,800.00
Non-Executive Director	MVR 7,500.00
Sitting Allowance	MVR 500

Compensation of Managing Director and Senior Management per annum:

Managing Director	MVR 555,257.36
Senior Management	MVR 4,305,884.80

Disclosure of Loans to Directors, Shareholders, Management, Auditors, Lawyers etc.

No loans were given to the Directors, Shareholders, Management, Auditors, Lawyers, or any party during the year 2023.

Disclosure of Financial Assistance, Aid, Subsidies, Grants etc from Related Parties

No financial assistance, aid, subsidies, or grants were received from related parties during the year 2023.

Disclosure of Aggregate Amount of Charitable Donation by the company

No donations were made by the Corporation during the year ended in 2023.

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

There were no related parties' transactions during the year 2023.

Board's Evaluation Confirmation

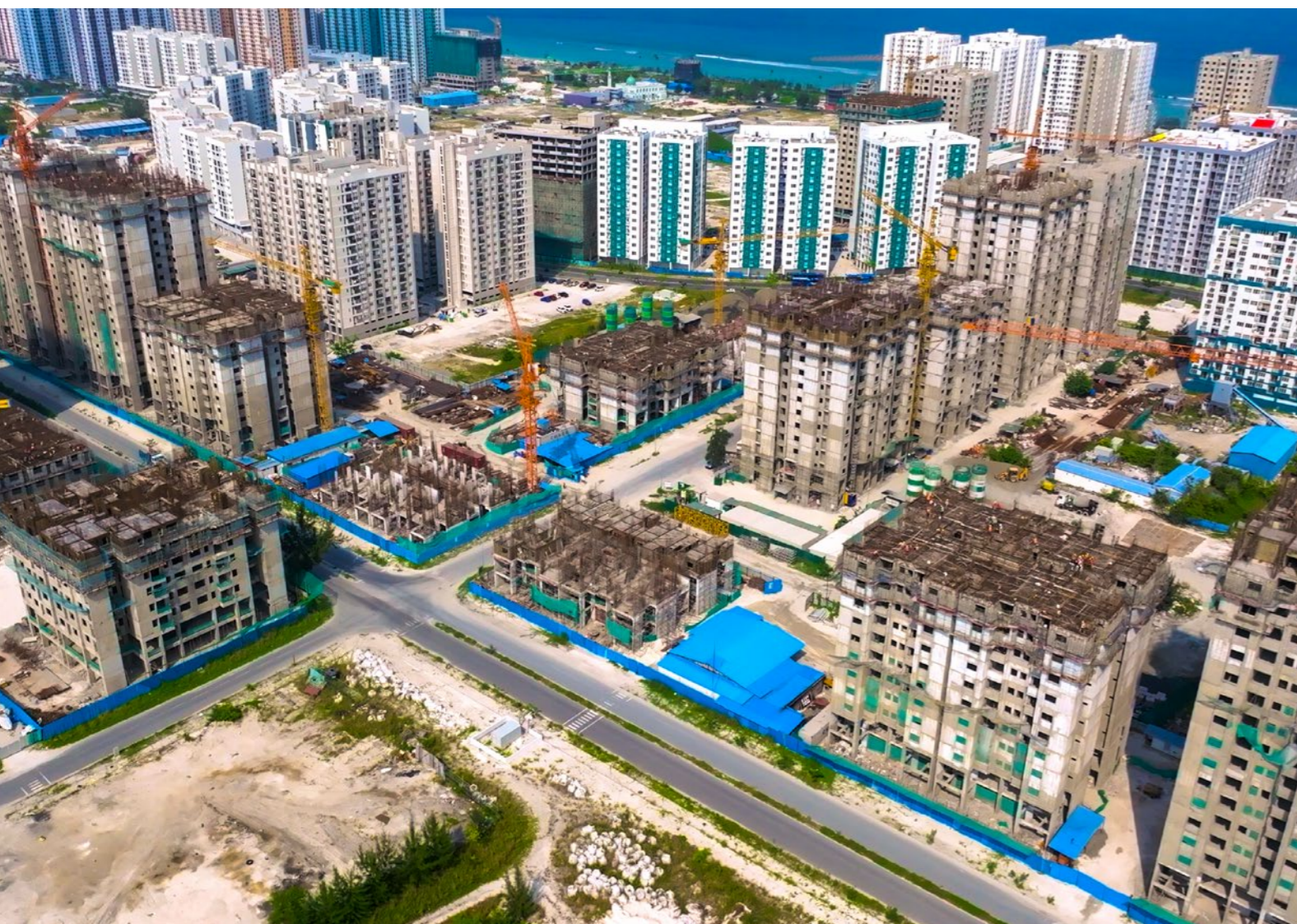
An evaluation of the Board's performance for the year 2022 was conducted in January 2023 and the Board Performance Evaluation Report was shared with PCB on 1st February 2023.

External Auditor's Conclusion

(Included in the External Auditor's Report for the year 2023)

Ownership Exercise Disclosure

Government of Maldives exercises the exclusive ownership of FDC.



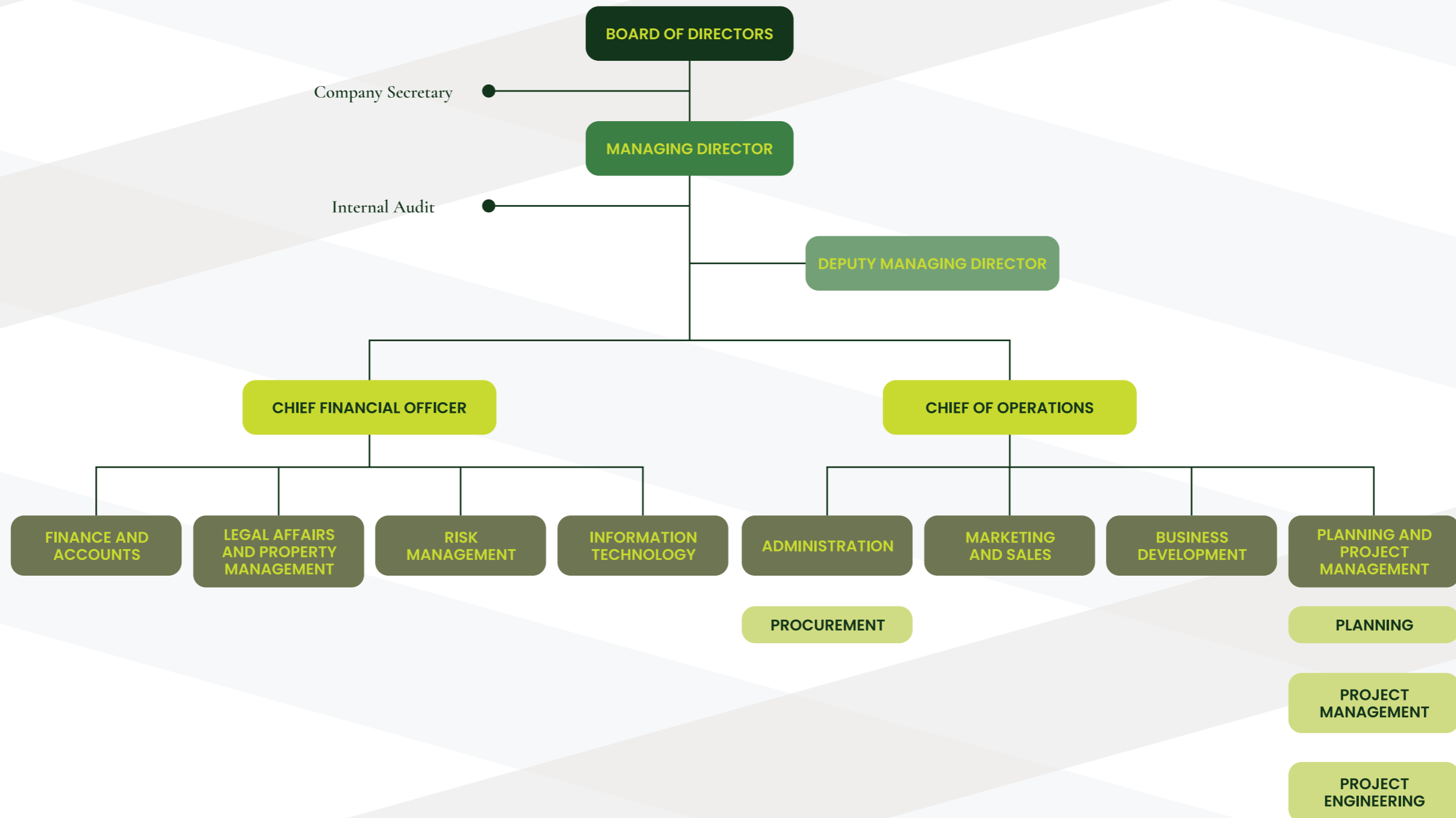
Internal Audit

Internal Audit function is an independent, objective assurance and consulting activity designed within FDC, in relation to enterprise risk management, governance, and internal control effectiveness on achieving FDC's strategic objectives. The Internal Audit Department is headed by the Chief Internal Audit (CIA) who reports to the Audit and Risk Committee.

FDC is working on establishing a sound internal audit function in accordance with Global Internal Audit Standards and The International Professional Practices Framework (IPPF).

Internal Audit has carried out its first cycle of audit engagements based on the approved internal audit plan of 2023 and was able to share the findings and recommendations with Audit and Risk Committee. The committee has also approved the Audit Plan for 2024. The Internal Audit function is looking forward to making a positive contribution to the organization.

Organization Structure



Management Team

The composition of the Management Team consists of individuals holding managerial rank and above. This includes MD, DMD, C-Suite executives, directors and managers.

Within the framework of the Management Team, an Executive Committee (EXCO) is appointed by the Managing Director and granted the authority and executive decision-making powers on behalf of the Management. The EXCO consists of members holding the rank of Director and above, with the exception of Chief Internal Auditor and Head of Enterprise Risk Management who report to Audit and Risk Committee and the Board of Directors.

In 2023, FDC's Management Team consisted of the Managing Director, C-Suite executives, a Chief Internal Auditor, Heads of Departments, and Heads of Functions, with female members comprising 23% of the team. The primary role of the Management Team was to support the Managing Director in executing FDC's key strategies and overseeing the company's core business operations.

Executive Committee



Managing Director

Mr. Hamdhan Shakeel

Mr. Hamdhan Shakeel is an adept Public Relations Consultant with more than nine years of experience in the field. He currently holds the position of Managing Director at FDC. Before this, he worked at the Male' City Council, where he was instrumental in creating PR plans and developing content to showcase the council's activities.

Mr. Hamdhan received his Bachelor's Degree in Civil Engineering from Infrastructure University Kuala Lumpur in Malaysia. He also holds a Master's Degree in Digital Marketing from the Cambridge College of Business Management in Sri Lanka.

Highly respected in the PR industry, Mr. Hamdhan Shakeel excels in managing media, crafting communication strategies, and overseeing marketing efforts. He has proven his expertise by successfully handling various projects and delivering results for his clients.



Deputy Managing Director

Mr. Adam Mohamed

Mr. Adam Mohamed was appointed as the Deputy Managing Director of FDC on 18th December 2023 at the onset of Dr. Mohamed Muizzu's presidential administration. With expertise spanning graphic design, marketing, media coordination, public relations, and logistics across both public and private domains, Mr. Mohamed brings a substantial wealth of experience to his role.

Prior to joining FDC, Mr. Mohamed was the Media Coordinator & Senior Administrator at Fenaka Corporation Limited, ran a private media company, and fulfilled the role of Head of Marketing & Media Coordinator at a private media station. Mr. Mohamed holds a Bachelor's Degree in Business Management & Marketing.



Chief Financial Officer

Mr. Ali Jinah Shareef

Mr. Ali Jinah Shareef is a qualified Chartered Accountant with over 10 years of experience in accounting and finance within the Real Estate industry. He joined FDC as one of the first employees in June 2019 as the Finance Manager and was appointed as the Chief Financial Officer of FDC in June 2020.

Before joining FDC, Mr. Jinah served as the Assistant Director of Finance at HDC for eight years. During his tenure at HDC, he worked across various areas of his field, including accounting, financial planning, budgeting, financial negotiations, and raising funds for residential and commercial projects.

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



Director, Projects

Mr. Hassan Maanah Umar

Mr. Hassan Maanah Umar joined FDC on 16th February 2020 as the company's first engineer. He played a crucial role in establishing the Planning and Project Management Department. As the Director of Projects, he oversees the Projects Department, ensuring the successful execution of various projects. Mr. Maanah specializes in the technical evaluation of investor proposals and EPC negotiations, bringing his expertise and dedication to every aspect of his work.

Before his tenure at FDC, Mr. Maanah worked at Gedor Consulting Pvt Ltd. During this period, he undertook a diverse range of projects spanning the housing, commercial, hospitality, and industrial sectors, showcasing his expertise in structural design and project management consultancy. Mr. Maanah holds a Master of Engineering in Civil Engineering from University College London.



Director, Administration

Ms. Aishath Shaaifa Imad

Ms. Aishath Shaaifa Imad joined FDC in July 2019 and is currently serving as the Director of Administration. In this role, she oversees the Operations, HR, and Procurement Departments, providing administrative and operational support to the Corporation.

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 (MITDC). She has previously worked in key areas of the corporate environment such as Legal Affairs at HDC and Public Relations, Customer Service and front office management at National Social Protection Agency (NSPA). Ms. Shaaifa holds a Master of Business Administration from the University of the West of England.



Director, Legal Affairs

Uz. Ahmed Ameen

Uz. Ahmed Ameen joined FDC on 1st March 2020, as the Manager of Legal Affairs and Property Management and currently holds the position of Director, Legal Affairs. 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 Administration (BBA) from the University of East London (UEL) UK.



Director, Business Development & Marketing

Mr. Ahmed Shamool Abdullah

Mr. Ahmed Shamool Abdullah joined FDC in November 2020 as the Manager of Business Development and Corporate Affairs, and currently serves as the Director of Business Development and Marketing. With a Bachelor's Degree in Business Administration from Heriot-Watt University he brings extensive expertise to his role.

Before his tenure at FDC he worked at Amāna Takaful, as a senior executive in Business Development. During this period, he oversaw the Business Development Unit, focusing on enriching the corporate image through public relations and marketing communication. He also formulated and implemented strategies to increase efficiency and reliability, expanding sales channels through partnerships with various businesses.

In addition to his extensive experience in the Maldives, he has also gained valuable international experience working with the Amāna Takaful group in Sri Lanka. With over 10 years of experience in the business development sector, Shamool continues to drive innovative strategies at FDC, ensuring affordable and sustainable housing solutions in the Maldives.



Director, Planning

Mr. Ahmed Hassaan

Mr. Ahmed Hassaan joined FDC in 2021 and currently serves as the Director of Planning. With over 10 years of experience in architecture and event management, and 11 years in travel, tourism, and hospitality, he has significantly shaped FDC's strategic direction and growth. Hassaan began his career in tourism and hospitality, managing operations and guest experiences. After obtaining a Bachelor's Degree in Architecture from Maldives University, he worked on diverse projects, enhancing his skills in client and colleague interactions.

At the Ministry of National Planning, Housing and Infrastructure, he focused on housing projects, managing reviews and site visits. During his time at MTCC, he led a team of architects on notable projects such as the Faresmaathoda Airport design detailing, Muli Airport concept, and the Maafushi connecting bridge. At FDC, he oversees project formulation, architectural designs, site and factory inspections, and housing research across the Maldives. He has been pivotal in establishing a Research and Development unit to create innovative architectural solutions.

Hassaan's leadership blends strategic planning with practical implementation, fostering a culture of innovation and collaboration, motivating his team to excel and work cohesively within the company.



Director, IT & Infrastructure

Mr. Ahmed Naveen Mohamed

Ahmed Naveen Mohamed joined FDC in 2022 and currently serves as the Director of IT & Infrastructure. With more than 15 years of experience in the IT sector and over 7 years in managerial roles he brings a wealth of knowledge and expertise to the company.

Prior to joining FDC, Naveen served as the Director of IT Department and Projects Department at Maldives Integrated Tourism Development Corporation (MITDC). He also worked as a senior software engineer at the Department of Judicial Administration and as a Network Administrator at Maldives National University. Naveen holds a Master's Degree in Management from Taylors University and a Bachelor of Science in Information Technology from Stratford University.



Director, Finance & Accounting

Mr. Mohamed Rukhaam Nasheed

Mr. Mohamed Rukhaam Nasheed joined FDC in 2023 as the Manager of Finance and Accounting and currently holds the position of Director of Finance and Accounting. He brings over a decade of professional experience in financial management, holding critical positions across the tourism, housing, and banking sectors in the Maldives. He holds an MSc in Accounting & Finance from the University of West of England and a BA (Hons) in Accounting and Finance from East London University. Additionally, has obtained Certificate 1 in Taxation in Maldives from the Maldives Tax Academy.

Throughout his career, Mr. Rukhaam has demonstrated expertise in a wide range of financial disciplines, including critical data analysis, accounting and solvency, financial reporting, banking, taxation, international financial reporting standards, auditing, enterprise resource planning systems, and financial management advisory services.

Prior to his tenure at FDC, Mr. Rukhaam made significant contributions to the finance department of the Housing Development Finance Corporation (HDFC). His extensive training and experience in the banking, housing, and development sectors have enabled him to provide valuable services to various established companies, individuals, and corporations. His comprehensive skillset and dedicated service continue to drive the financial success and integrity of FDC.

Management



Director, Facilities Management

Mr. Mohamed Shivaz

Mr. Mohamed Shivaz joined FDC in July 2024 and currently holds the position of Director of Facilities Management. Prior to his current role, he served as a Municipal Head of Department at HDC and worked as a Media Coordinator at Muliaage.

He holds a Master of Business Administration awarded by Asia Pacific University in Malaysia. With 18 years of experience in the construction industry, he possesses a strong background in project management, operations, and strategic leadership. Mr. Shivaz is recognized for his ability to build and lead high-performing teams, optimize processes, and deliver exceptional results.



Chief Internal Auditor

Mr. Ismail Rasheed

Mr. Ismail Rasheed has been working in the field of Accounting, Finance and Auditing since March 2003. He joined FDC as Chief Internal Auditor in September 2022. Under his leadership, FDC has an established Internal Audit Department. Before joining FDC, Mr. Ismail worked at Auditor General Office of Maldives, the Supreme Audit Institute of Maldives. Mr. Ismail led Audits of various Ministries, Donor Funded Projects, Local Councils, and other Government organs. Prior to that, Mr. Ismail was the Financial Auditor and Assistant Director at Local Government Authority of Maldives, where he specialized in Local Council's Monitoring and formulating Local Council Performance Index.

Mr. Ismail Rasheed obtained Bachelor's Degree in Accounting and Finance from Oxford Brookes University in 2011. He is currently pursuing the Association of Chartered Certified Accountants (ACCA) qualification.



Manager, Project Management

Mr. Sampath Indika

Mr. Sampath Indika joined FDC in 2020. He is a professional Project Manager with more than 17 years of experience in the Real Estate and Construction industries. He was appointed as the Project Manager of ongoing social housing development projects in August 2021 and currently serves as the Manager, Project Management.

Prior to joining FDC, he served as Project Consultant, Contract Administrator, and Contract Manager in many government and private sector organizations such as MITDC, HDC, Faithful & Gould, Gharbia LLC, State Engineering Corporation, Maga Engineering Pvt Ltd for 13 years spreading across the continents of South Asia and Middle East. During 17 years of his career, he engaged in many landmark projects such as the construction of King Abdulaziz International Airport in Jeddah, Saudi Arabia, Centro Mall Hulhumale, Rehendhi School (Hulhumale), pre-tender and design stage works of Cinnamon red Kandy - Sri Lanka, Cinnamon Life - Colombo - Sri Lanka, Trizen Residencies - Sri Lanka, and Heritage Aarah Maldives.

He holds a Master's Degree in Construction Project Management from Birmingham City University (UK) and Graduate Diploma in Civil Engineering from City and Guilds Institute - London. Further he holds an associate degree in Quantity Surveying and is an affiliate member of the Royal Institute of Chartered Surveyors (RICS).



Manager, Project Engineering

Mr. Mohamed Haikal Ibrahim

Mr. Mohamed Haikal Ibrahim joined FDC in September 2021, bringing over 11 years of experience in the construction industry. His expertise spans structural engineering, geotechnical engineering, project management, coastal engineering, waste management, and surveying. He was appointed as Civil Engineer for a 4000-unit social housing project, and currently serves as Manager, Project Engineering.

Haikal has served as a Civil/Structural Engineer and Project Manager for government, private sector, and multilateral organizations. He has led engineering teams in prominent consultancy firms in the Maldives and worked as a Lecturer at Maldives National University. His portfolio includes the execution of diverse projects ranging from residential and commercial buildings to resort developments and critical infrastructure such as coastal protection structures, harbors, and open-sea jetties.

He holds a Master of Business Administration from Maldives National University and a Bachelor of Engineering (Hons) from Melbourne University, Australia. Haikal is a Licensed Civil Engineer and an Accredited Structural Engineer. He is also an Associate Professional of the Green Building Council of Sri Lanka.



Manager, Human Resource

Ms. Fathimath Saahath

Ms. Fathimath Saahath joined FDC in December 2021 as the Assistant Manager of Administration and currently holds the position of HR Manager. She brings with her 15 years of extensive experience, including roles as the Company Secretary at Gulhifalhu Investment Limited, in Business Development at Greater Male' Industrial Zone Limited (GMIZL), and in Marketing at the Maldives Transport and Contracting Company (MTCC).

Ms. Saahath holds a Master's Degree in Business Management from the Australian Institute of Business, acquired in 2018, and a Bachelor's Degree from Staffordshire University, earned in 2011. Her areas of expertise span human resources, operations management, business development, corporate governance, and marketing.



Manager, Enterprise Risk Management

Mr. Nooh Ibrahim Didi

Mr. Nooh Ibrahim Didi joined FDC in 2023 and currently serves as the head of Enterprise Risk Management. He is a Chartered Accountant and a member of the Association of Chartered Certified Accountants (ACCA) as well as a fellow member of the Institute of Chartered Accountants of the Maldives (CA Maldives). He also holds a Bachelor's Degree in Accounting and Finance from University of Hertfordshire, United Kingdom.

Ms. Aminath Nashwa held the position of Chief of Operations of FDC until 12th December 2023.



Operational Highlights

In 2023, FDC made significant strides in enhancing operational efficiency across several key areas.

Key Highlights

Stock Management:

In 2023, we achieved a major milestone in stock and inventory control by implementing Microsoft Business Central in our Male and Hulhumale offices. This robust system has streamlined our stock management and record-keeping processes, ensuring better alignment between physical stock and our inventory system. Key achievements include the development of effective workflow structures and the resolution of issues identified during the testing phase. By the beginning of 2024, we successfully executed this system, resulting in improved accuracy, reduced discrepancies, and enhanced efficiency in stock handling.

Document Management:

We also made significant strides in document management with the introduction of Microsoft Dynamics in the first quarter of 2023. This new system has improved the transfer, storage, and recording of documents, establishing a secure and accessible document management infrastructure. We identified potential capabilities for further development, aiming to enhance the integration and efficiency of our document handling processes.

Vehicle Management:

To support our corporate operations and events, we acquired a Toyota Voxy van and Honda Air Blade 125cc motorbikes. These additions have facilitated faster workflows for our site engineers and provided efficient transportation solutions. We also developed a comprehensive Standard Operating Procedure (SOP) for vehicle fueling processes, ensuring standardized and efficient vehicle management.

Future Goals and Objectives:

Looking ahead, we aim to continuously enhance our stock management systems, further develop the capabilities of our Document Management System, and explore opportunities to expand and improve our transportation solutions. We are committed to implementing and refining SOPs to ensure standardized processes across all departments.

In conclusion, 2023 was a year of significant achievements and milestones for FDC's operations. As we move forward, we remain dedicated to driving operational excellence and delivering value to our stakeholders through continuous improvement and innovation.



Procurement Highlights

In 2023, FDC achieved significant milestones and made strategic advancements in its procurement operations, contributing to organizational efficiency and effectiveness.

Key Highlights

Contracts Signed for System Implementations:

FDC signed contracts with PiNetworks Pvt Ltd and Hello World for the implementation of an ERP system and HR software, respectively. These partnerships aimed to streamline processes, transition to a paperless environment, and enhance operational efficiency.

Vehicle Acquisition:

FDC acquired 5 vehicles, including a 7-seater van and 4 motorcycles, to meet transportation needs, facilitating smoother operations across the organization.

High Procurement Fulfillment Rate:

Demonstrating a commitment to meeting procurement demands, FDC addressed 100% of purchase requisitions, with 97.4% of them completed within the year.

Performance Metrics and Data:

FDC conducted staff assessments, analyzed procurement cycle times, raised 192 purchase requests, conducted 10 tenders, and placed 277 purchase orders, reflecting a comprehensive and active procurement approach.

Project Collaborations:

Collaborations with PiNetworks Pvt Ltd and Hello World were instrumental in developing the ERP and HR systems, respectively. These partnerships involved refining system functionalities, gathering user feedback, and customizing systems to align with FDC's specific needs and regulatory requirements.

Human Resources Highlights

Workforce Overview:

In 2023, FDC significantly expanded its workforce by welcoming 54 new staff members, including 20 females and 34 males. Of these new hires, 21 were recruited internationally, reflecting our commitment to diversity and global talent acquisition. Despite this growth, the turnover rate for the year was recorded at 29.45% resulting in a total workforce of 101 individuals. Within this workforce, male employees constituted 66.34%, while female employees comprised 33.66%. These statistics underscore our ongoing efforts to build a diverse and inclusive workplace while addressing the challenges of employee retention.

Training:

In 2023, FDC conducted nine training programs to support the professional development of our workforce, training 38 staff members through workshops, forums, and specialized sessions. Key initiatives included Performance Appraisal Training, Company Secretary training, and a Director Training Program. These programs aimed to enhance performance management skills, governance knowledge, and corporate leadership abilities. Additionally, our team members attended the 6th Annual Construction Excellence Conference and participated in industry forums such as the HR EXPO, FIDIC, IFRS, and ERM sessions, ensuring our team remains at the forefront of industry standards and practices.

HR Software Implementation:

In a bid to streamline operational functions and enhance efficiency, FDC discontinued the use of the Mint HR system and successfully implemented a new HR software, Hello World, in 2023. This transition facilitated seamless integration of attendance, payroll and operational functions within the HR department, laying the groundwork for further developments in recruitment and performance appraisal processes, resulting in improved efficiency and user satisfaction.

KPI-Based Performance Implementation:

To effectively assess and monitor employee performance, FDC introduced KPI-based performance evaluations across the organization in 2023. This initiative aimed to align employee performance with predefined KPIs, enhancing accountability and performance management. Plans for further development include the creation of a competency framework to harmonize job descriptions with KPIs and competencies.

Organizational and Salary Structure Review:

As part of our strategic goal to enhance operational efficiency and service quality, we revised our organizational structure to support expansion plans in customer service, property management, maintenance, and security. Concurrently, a comprehensive review of the salary structure was conducted to ensure alignment with market dynamics and compliance with minimum wage regulations. These changes will be implemented upon receiving approval from the PCB.

Staff Engagement Activities:

Throughout the year, various initiatives were implemented to enhance staff engagement and foster a cohesive corporate culture. This included sessions to develop a Corporate Culture Tool where all employees were engaged at different levels, as well as continued celebration and appreciation of employee on their work anniversaries. While we continued the popular Ramadan Quiz, #FDCthashibarimovement was launched in Ramadan where staff members exchange food, fostering a sense of sharing and community spirit.

Future Goals and Objectives:

Looking forward, FDC aims to further enhance recruitment and onboarding processes, develop training programs to meet evolving skill requirements, and implement a competency framework to improve performance appraisals. We will also implement the revised organizational and salary structures to support our expansion plans and continue organizing staff engagement activities to foster a positive work culture. By pursuing these goals, FDC is committed to strengthening our human resources capabilities, promoting continuous learning and development, and positioning our organization for sustained growth and success.

EXPOs and Events:

The Staff Annual Night event was held in Hotel Jen to celebrate the 4th Anniversary of FDC where highlights of the past year and future prospects were presented to the attendees and the first Annual HR Awards were inaugurated to recognize exceptional employee performance and contribution. Additionally, fun awards were hosted by the FRC along with a staff-organized play, adding excitement and entertainment to the celebration. Additionally, FDC participated in the MNU Fahi Furusathu Job Fair in 2023, facilitating skill development and recruitment opportunities for both employers and job seekers.



ICT Highlights

Implementation of Microsoft Business Central ERP System:

In our continuous effort to enhance operational efficiency, this year, we successfully implemented Microsoft Business Central ERP system. This strategic initiative focused on streamlining our finance, stock management, and procurement processes. In finance, we automated and integrated all major functions to enable real-time data access for better decision-making and financial planning. For stock management, the system provides a comprehensive view of inventory levels and facilitates prompt fulfillment of staff requests. In procurement, the system optimizes purchasing processes, enhancing efficiency in procurement cycles and improving the tracking of purchase orders.

Overall, the implementation marks a significant step towards our targets for operational efficiency and transparency. The system's integrated approach ensures seamless communication between departments, providing access to accurate and up-to-date information, which is crucial for improving internal processes.

Implementation of Document Management System (DMS):

Successfully implemented a robust Document Management System (DMS) to enhance our documentation processes. The new DMS has significantly streamlined the workflow of all incoming and outgoing letters and documentation, ensuring that documents are efficiently routed to the relevant departments. The system has also improved our acknowledgment processes, making it easier to track and manage documents throughout their lifecycle. By adopting this advanced DMS, we have achieved greater efficiency and accuracy in handling our documentation, thereby enhancing overall operational productivity.

Development of FDC Customer Portal (Phase 1)

In collaboration with the Property Department, we successfully developed Phase 1 of the FDC Customer Portal this year. This initiative is part of our ongoing commitment to enhance tenant experience and operational efficiency. The portal provides tenants with easy access to their unit information and has streamlined the agreement signing processes, making it more convenient and efficient. Additionally, we have created a comprehensive database of all plots, buildings, and units managed by FDC. This database serves as a centralized repository of information, ensuring accurate and up-to-date records for both tenants and internal departments.

Fahi Recreation Club Highlights

Throughout the year 2023, the Fahi Recreation Club (FRC) organized a diverse range of events aimed at fostering fellowship, promoting physical well-being, and celebrating various occasions. These events were planned to bring the staff together for engaging and memorable experiences.

Summary of Key Events

Faigathalhaa Foari (22nd February 2023):

FDC participated in the Faigathalhaa Tournament, marking its debut in official sports competitions. The boys' team reached the semi-finals, while the girls' team made it to the round of 16, showcasing commendable performances for FDC's inaugural tournament.

Women's Day (8th March 2023):

A celebration of Women's Day with a cake-cutting ceremony and a presentation or group discussion highlighting the significance of the occasion.

Family Day (18th May 2023):

An event dedicated to families, featuring various activities for kids and family members. Games such as fishing, snake and ladders, and selling ice cream and coconut balls were organized, along with rides on heavy-duty vehicles, creating a fun and memorable experience for all.

Mother's Day (19th March 2023):

FDC celebrated Mother's Day by distributing cupcakes and small cards to appreciate and honor the mothers within the organization.

Fahi Chat (21st March 2023):

An informative session led by Azra Abdul Sattar, a lecturer and Bachelor of Psychology course coordinator, discussing the importance of adult support in shaping the lives of children with Down Syndrome.

MED One-Day Cup (19th May 2023):

FDC participated in the Ministry of Economic Development's International One-Day Cup, with the men's team competing in Futsal 6-a-side and the women's team in Handball 7-a-side. Despite reaching the group stage, the men's team received the fair play team award, showcasing sportsmanship and integrity.

Fishing Trip (17th August 2023):

The annual Fishing Trip aimed at fostering team bonding among staff members. Fun awards such as biggest catch and smallest catch added excitement to the trip, strengthening camaraderie among participants.

Men's Day (19th November 2023):

Organized by the women of FRC, a cake-cutting event celebrated Men's Day, acknowledging and appreciating the contributions of male staff members.

Maldives Long Run (8th December 2023):

FDC staff participated in The Maldives Long Run held at Hulhumale' Central Park, with everyone completing the race and receiving medals at the finish line.



Business Sustainability of the Company

Overview of Business Performance in 2023

In 2023, FDC focused on providing social housing for vulnerable groups and offering affordable housing opportunities for first-time home buyers. This primary objective aimed to address the pressing need for decent housing in the Maldives, ensuring that more citizens could access safe and affordable homes.

Mandate Evolution and Strategic Expansion

Later in the year, FDC expanded its mandate to include planning, developing, and managing housing and commercial projects, and renovating government housing units. This shift aims to create economically sustainable communities throughout the Maldives. Our efforts now ensure affordable and decent housing for a broader population, supporting the nation's economic and social development.



Key Highlights of the Business Plan

External Works for 4000 Housing Units

In 2023, FDC actively sought funding for the external works of 4,000 housing units, focusing on ensuring the functionality, safety, and visual appeal of the housing complex. To secure the necessary financial support, FDC approached numerous investors, engaged in detailed negotiations, and submitted comprehensive proposals. These efforts highlight our commitment not only to building housing units but also to creating vibrant and sustainable communities.

Commercial Unit Leasing Preparation

In 2023, FDC undertook a comprehensive study of commercial units within social housing developments in Hulhumale to understand the typical sizes and functions. This research informed the creation of a commercial masterplan aimed at fostering vibrant, livable communities by ensuring essential services are conveniently located within walking distance for residents. To maximize revenue from commercial leasing, we prepared a detailed Request for Proposal (RFP). This RFP outlines our strategy for commercial leasing, incorporating both closed and open bidding options to optimize returns and attract suitable tenants.

Asseyri Project

FDC sought to establish an affiliation with the Maldives Fund Management Corporation (MFMC) to engage in a collaborative effort focused on the design and construction of guesthouses as part of the Asseyri Project in Addu Atoll. FDC will oversee the construction process, working in tandem with the Maldives Integrated Tourism Development Corporation (MITDC) and the Ministry of Tourism to ensure successful project implementation.

Revitalizing Waqf Properties in Maldives

Collaborating with the Ministry of Islamic Affairs on Waqf projects enables FDC to contribute to a comprehensive infrastructure development approach. In line with our diversification efforts and new company mandate, FDC signed a Memorandum of Understanding with the Islamic Ministry to facilitate the design of infrastructure projects, formulate project proposals, and provide project management and technical consultancy services and establishment of building guidelines. Transitioning to Islamic Social Financing instruments aligns with sustainability goals and promotes shared prosperity by avoiding challenges associated with debt-based financing and promoting Riba.





Property Management Initiatives

Standard Operating Procedures (SOPs)

Comprehensive SOPs have been developed covering various aspects such as unit agreement signing, unit swapping, key handover, formation of Management Corporation, record-keeping, and reporting on property management to the management team.

Strata Guidelines (Gedhoruveriyaa)

Detailed Strata Guidelines have been formulated to provide clarity on property usage, covering subleasing, usage of public spaces and facilities, emergency plans, disaster management, health and safety standards, and incident reporting policies.

Development of Tenant Portal

Collaboration with developers has initiated the development of a Tenant Portal, aimed at providing tenants with updates on property progress and agreement signing updates, facilitating a smoother process.

Agreement Signing for 4000 Housing Units

Preparations for the signing of agreements for 4000 housing units (Gedhoruveriya) have been completed, including agreement printing and staff training.

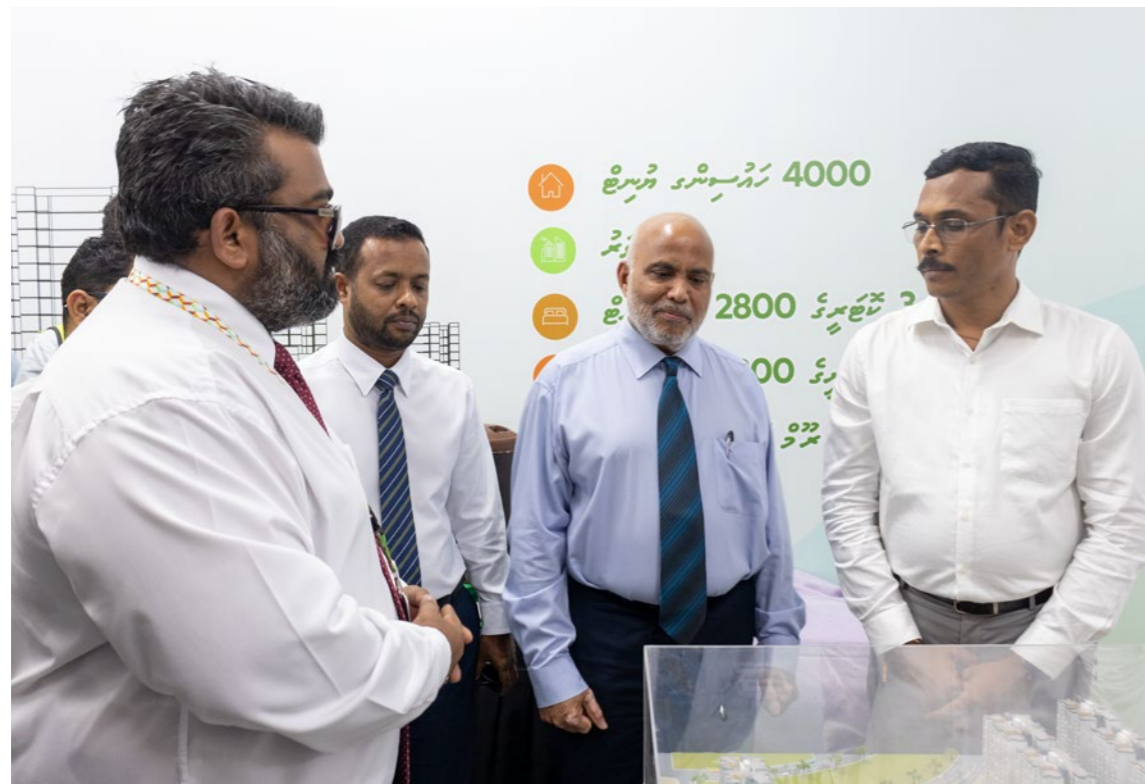
Permission Request Forms

Specific permission request forms have been introduced to formalize requests for unit swapping and alterations, ensuring proper documentation and adherence to guidelines.



Marketing Highlights

The organization inaugurated its Aman Udhares Experience Units on January 20, 2023, in the presence of President Ibrahim Mohamed Solih. This event marked the unveiling of two 3-bedroom unit designs, which were showcased over a period of more than 10 months. In September 2023, the organization further expanded its offerings by introducing two 2-bedroom unit designs as part of the experience. The opening of the Aman Dhoadhi 2-bedroom Experience Units on December 13, 2023, added another milestone to the year's achievements. Throughout the year, the Marketing and PR teams organized several media tours, including a significant event on December 28, 2023, that provided a comprehensive review of the year's progress.



Project Progress

Project 1: Amān Udhares – Kalpataru Projects International Limited

01. Contract Details

No.	Item	Description
01	Name of the Project	Design and Construction of 2000 Social Housing Units in Hulhumalé, Republic of Maldives.
02	Location of the Project	Hulhumalé, Phase 2
03	Employer	M/s Fahi Dhiriulhun Corporation Limited
04	Scope of Work	Civil, Architectural and Associated work and MEP work
05	Project Duration	37 Months (Including 2 months for design and mobilization)
06	LOA Date	8th March 2021
07	Plot handed over to JMC	18th November 2021
08	Project Start Date	9th December 2021
09	Project Finish Date	8th January 2025
10	Original Contract Value	\$ 137 million
11	No. of Towers	16 (3BHK – 11 Nos, 2BHK – 5 Nos)

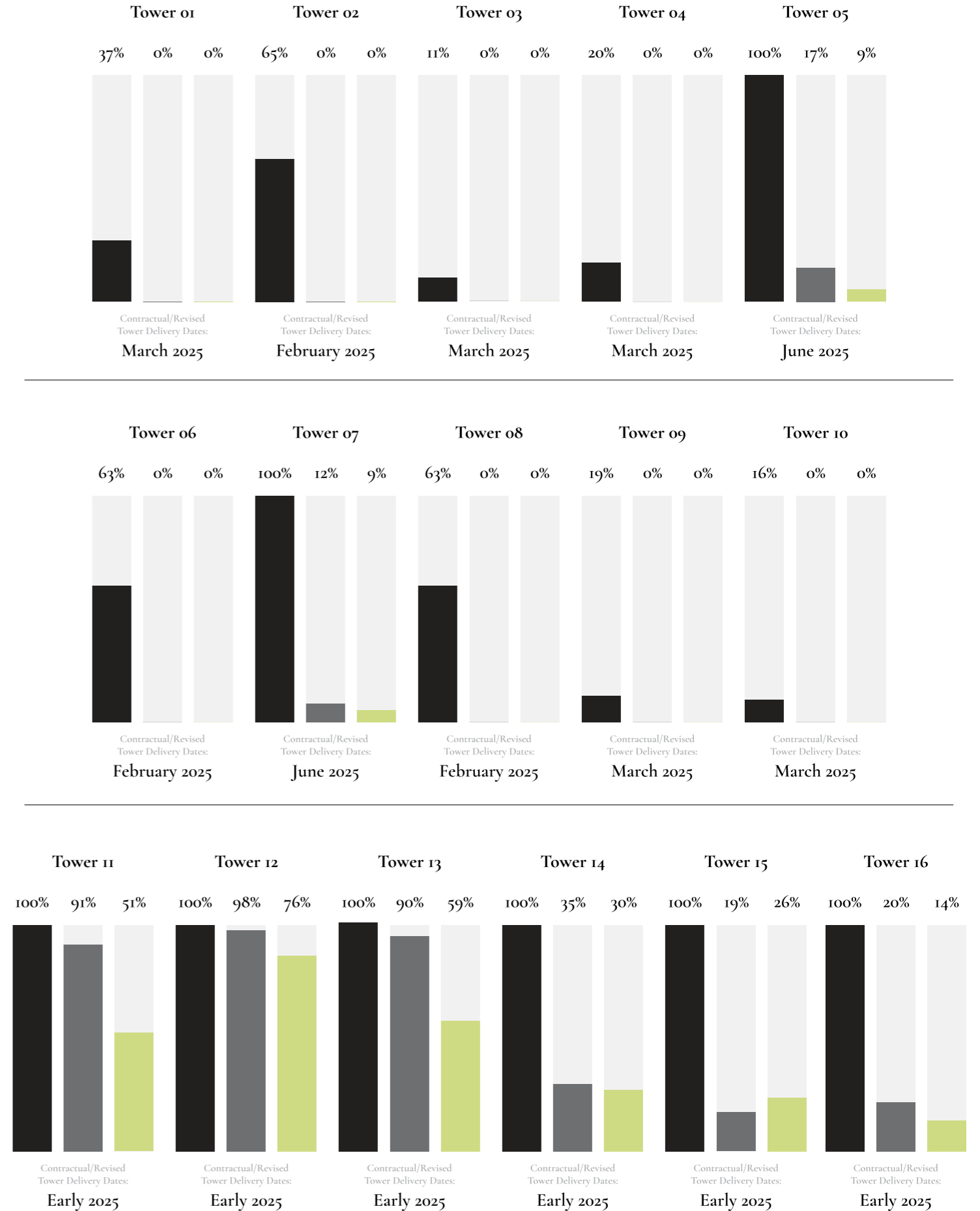
02. Scope of the Project

Design and Construction of 2000 Social Housing Units in Hulhumalé, Republic of Maldives consisting of 2B:600 Units & 3BR 1400 Units.

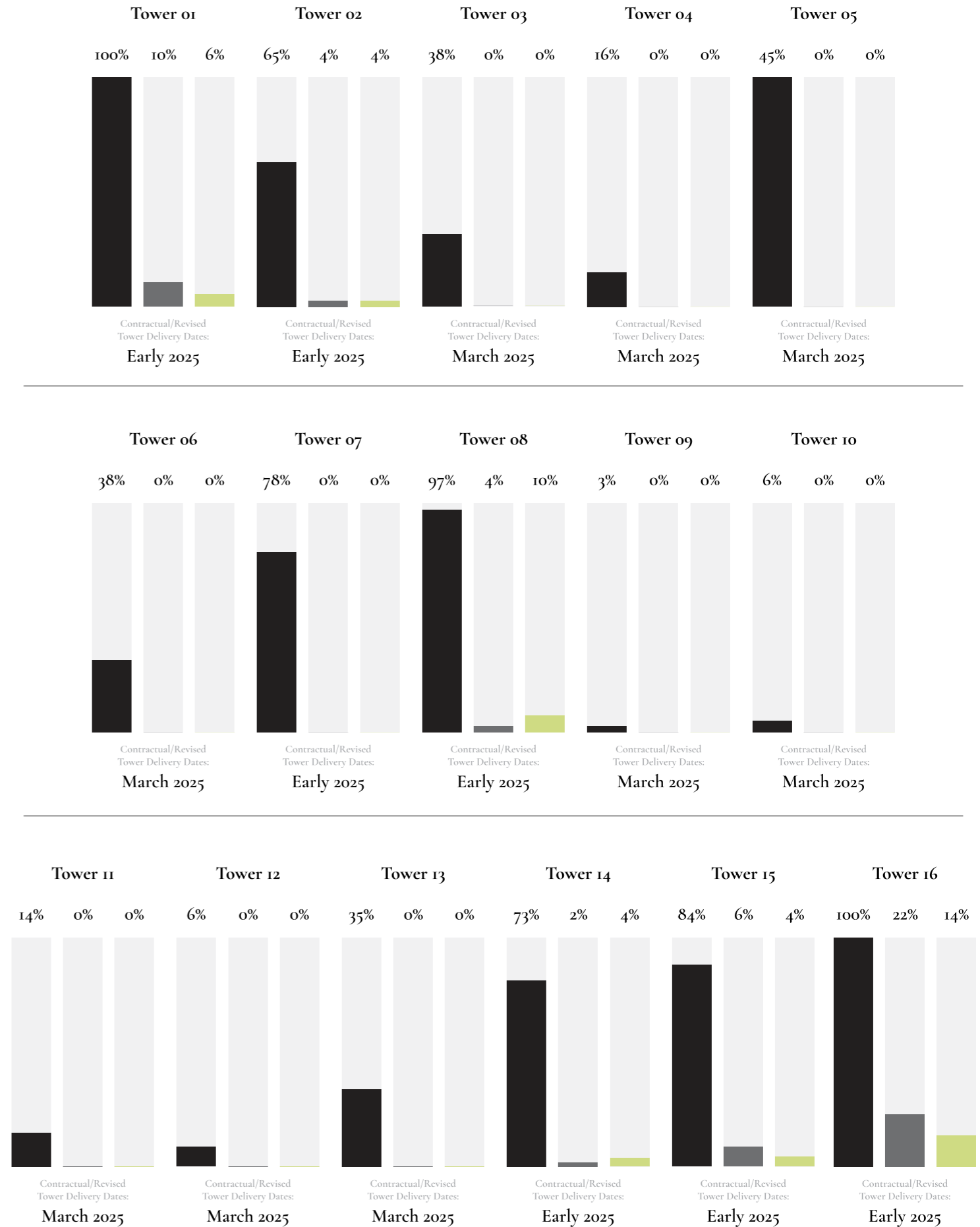
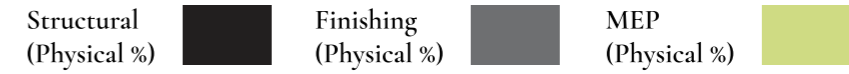
- Towers of 18 floors of 2BHK – 1280 units
- 1 Tower of 17 floors of 3BHK – 120 units
- 5 Towers of 17 floors of 2BHK – 600 units
- Ground floor for parking, commercial and entrance lobbies
- 1st floor for commercial and circulation area

03. Tower Updates as of December 2023

Structural (Physical %) Finishing (Physical %) MEP (Physical %)



03. Tower Updates as of December 2023



Project 2: Amān Dhoadhi – NBCC (India) Limited

01. Contract Details

No.	Item	Description
01	Name of the Project	Design and Construction of 2000 Social Housing Units in Hulhumalé, Republic of Maldives.
02	Location of the Project	Hulhumalé, Phase 2
03	Employer	M/s Fahi Dhiriulhun Corporation Limited
04	Scope of Work	Civil, Architectural and Associated work and MEP work
05	Project Duration	965 calendar days
06	Plot handed over to NBCC	19th December 2021
07	Project Start Date	19th January 2022
08	Project Finish Date	9th September 2024 (EOT not yet finalized)
09	Original Contract Value	\$ 130 million
10	No. of Towers	16 (3BHK – 11 Nos, 2BHK – 5 Nos)

02. Scope of the Project

Design and Construction of 2000 Social Housing Units in Hulhumalé, Republic of Maldives consisting of 2B:600 Units & 3BR 1400 Units.

- Package 1 (2BHK) – 600 units
- Package 2 (3BHK) – 768 units
- Package 3 (3BHK) – 632 units
- 2BHK area = 650 sqft
- 3BHK area = 900 sqft



INDEPENDENT AUDITOR'S REPORT
FAHI DHIRIULHUN CORPORATION LIMITED
31st December 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FAHI DHIRIULHUN CORPORATION LIMITED

Report on the Audit of the Financial statements

Qualified Opinion

We have audited the financial statements of Fahi Dhiriulhun Corporation Limited (the Company), which comprise the statement of financial position as at December 31, 2023, 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 material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standard as issued by International Accounting Standards Board.

Basis for Qualified Opinion

The inventories - properties under construction are carried in the statement of financial position at MVR 2,266,536,181. During the year 2023, the selling prices of these properties are substantially reduced as initially determined by the management, which indicates that the net realizable value (NRV) could be lower than the cost. Management has not carried out an assessment and stated inventory at the lower of cost and NRV but has stated them solely at cost, which constitutes departure from IFRS. We were unable to carry out any practical alternative procedures, and we were unable to obtain adequate evidence on the valuation of these inventories at net realizable value. Consequently, we were unable to determine whether any adjustments might have been necessary in the statements of financial position and comprehensive income.

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 (including International Independence Standards) (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 qualified opinion.

Key Audit Matters

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



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Key Audit Matters (continued...)

Borrowings recorded in the financial statements	
Key audit matter	How our audit addressed the key audit matter
<p>The Company has recorded borrowings of MVR 1,494,311,058 during the year ended December 31, 2023.</p> <p>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 including interest rate benchmark reform, we have considered borrowings as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We have obtained direct balance confirmations from the Export-Import Bank of India and 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 tested that the accounting treatment aligns with the guidelines set forth in IAS 23 - Borrowing Costs. • We have reviewed the progress of the Company in completing its transition from LIBOR to SOFR benchmark rates with reference to amendments made to borrowing agreements. Further, we have ensured that sufficient and appropriate disclosures have been made with regards to the change in annual interest rate benchmark from LIBOR + 325 basis points to SOFR + 325 basis points and the nature and extent of interest rate risks arising due to this transition.

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, 2023. Our opinion is not modified in respect of this matter.

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.

Other Information (Continued...)

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 and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board 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.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

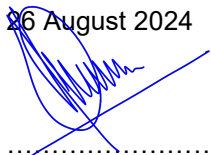
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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.

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, actions taken to eliminate threats or safeguards applied.

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

26 August 2024



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



FAHI DHIRIULHUN CORPORATION LIMITED**STATEMENT OF FINANCIAL POSITION**

as of 31st December 2023

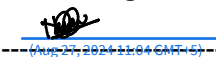

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	6,690,046	4,956,543
Intangible assets	7	880,591	115,666
Right of use assets	8	4,639,386	4,979,780
		12,210,023	10,051,989
Current Assets			
Inventories - properties under construction	9	2,266,536,181	915,031,715
Inventories	10	403,084	-
Other receivables	11	433,108,016	557,278,228
Cash and cash equivalents	12	10,939,738	24,456,965
		2,710,987,019	1,496,766,908
TOTAL ASSETS		2,723,197,042	1,506,818,897
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	13	535,845,601	370,909,067
Advance for shares	14	157,654,511	-
Accumulated losses		(70,113,040)	(37,350,300)
		623,387,072	333,558,767
Non-Current Liabilities			
Borrowings	15	1,494,311,058	1,105,799,518
Lease liabilities	16	4,135,828	4,474,220
		1,498,446,886	1,110,273,738
Current Liabilities			
Borrowings	15	126,414,508	-
Lease liabilities	16	1,089,562	897,617
Trade and other payables	17	473,723,122	62,023,143
Due to related party	18	135,892	65,632
		601,363,084	62,986,392
TOTAL EQUITY AND LIABILITIES		2,723,197,042	1,506,818,897

We draw your attention to accounting policies and notes on page 9 through 35, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 4.

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. Nashwa Abdulla	 <small>(Aug 27, 2024 11:04 GMT+5)</small>
2. Mariyam Zoona	 <small>(Aug 27, 2024 11:04 GMT+5)</small>
3. Mohamed Saeed	 <small>Mohamed saeed (Aug 29, 2024 22:00 GMT+8)</small>

20/08/2024



FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2023

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR
Revenue		-	-
Cost of revenue		-	-
Other income		22,000	-
Administrative expenses	20	(32,266,319)	(17,306,608)
Operating loss		(32,244,319)	(17,306,608)
Other gains	21	215	
Finance cost	22	(518,636)	(550,566)
Loss before tax		(32,762,740)	(17,857,174)
Income tax	23	-	-
Loss for the year		(32,762,740)	(17,857,174)
Loss per share	27	(0.6)	(0.5)

We draw your attention to accounting policies and notes on page 9 through 35, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 4.



FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF CASH FLOWS

for the year ended 31st December 2023

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR
Cash flows from operating activities			
Operating loss before working capital changes	28	(29,201,227)	(15,091,834)
Inventories - properties under construction		(1,239,617,537)	(826,296,442)
Inventories		(403,084)	-
Other receivables		124,170,212	60,501,071
Trade and other payables		411,699,979	60,796,632
Due to related party		70,259	58,839
Cash used in operating activities		(733,281,397)	(720,031,734)
Interest paid		(111,886,929)	(31,821,991)
Net cash used in operating activities		(845,168,326)	(751,853,725)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,011,848)	(4,228,599)
Acquisition of intangible assets		(927,440)	(13,568)
Net cash used in investing activities		(3,939,288)	(4,242,167)
Cash flows from financing activities			
Proceeds towards issue of share capital		322,591,045	182,692,101
Principal payment of lease liabilities		(1,408,070)	(1,025,770)
Payments for interest portion of lease liabilities		(518,636)	(550,566)
Loan disbursements		514,926,048	580,864,168
Net cash flows from financing activities		835,590,387	761,979,933
Net (decrease) / increase in cash and cash equivalents		(13,517,227)	5,884,041
Cash and cash equivalents at the beginning of the year		24,456,965	18,572,924
Cash and cash equivalents at the end of the year		10,939,738	24,456,965

We draw your attention to accounting policies and notes on page 9 through 35, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 4.



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

as of 31st December 2023

All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Advance for Shares MVR	Accumulated Losses MVR	Total Equity MVR
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)
Balance as at 31st December 2022	<u>370,909,067</u>	<u>-</u>	<u>(37,350,300)</u>	<u>333,558,767</u>
Balance as at 1st January 2023	370,909,067	-	(37,350,300)	333,558,767
Additions	164,936,534	-	-	164,936,534
Advance for shares	-	157,654,511	-	157,654,511
Net loss for the year	-	-	(32,762,740)	(32,762,740)
Balance as at 31st December 2023	<u>535,845,601</u>	<u>157,654,511</u>	<u>(70,113,040)</u>	<u>623,387,072</u>

We draw your attention to accounting policies and notes on page 9 through 35, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 4.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2023

1. Corporate Information

The financial statements of Fahi Dhiriulhun Corporation Limited (the “Company”) for the year ended December 31, 2023 were authorized for issue in accordance with a resolution of the directors on August 20, 2024. 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.



3. Significant accounting judgements, estimates and assumptions (Continued...)

3.1. Judgements (Continued...)

3.1.1 Leases (Continued...)

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



4. Summary of material accounting policies (Continued...)

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

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. Summary of material accounting policies (Continued...)

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.

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 |



4. Summary of material accounting policies (Continued...)

4.5. Property Plant and Equipment (Continued...)

4.5.3. Depreciation (Continued...)

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. Summary of material accounting policies (Continued...)

4.8. Fair value measurement (Continued...)

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. Summary of material accounting policies (Continued...)

4.10. Leases (Continued...)

4.10.1. Company as a lessee (Continued...)

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. 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.

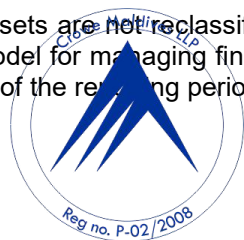
A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A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



4. Summary of material accounting policies (Continued...)

4.11. Financial instruments (Continued...)

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

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.

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.



4. Summary of material accounting policies (Continued...)

4.11. Financial instruments (Continued...)

4.11.4. Financial liabilities - Classification, subsequent measurement gains and losses (Continued...)

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 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. Summary of material accounting policies (Continued...)

4.12. Impairment

4.12.2. 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.

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.

4.12.3. 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.



4. Summary of material accounting policies (Continued...)

4.12. Impairment (Continued...)

4.12.3. Non-financial assets (Continued...)

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

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. New Standards and Interpretations not yet adopted

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 Estimates – Amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)



5. New Standards and Interpretations not yet adopted (Continued...)

Other Standards

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

- IFRS 17 – Insurance Contracts (Amendments to IFRS 17)

The following amendment to IFRS have been applied by the Company in preparation of these financial statements which became effective on May 23, 2023:

- International Tax Reform Pillar Two Model Rules – Amendments to IAS 12



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6 Property, plant and equipment

6.1 Cost	Balance As at 1-Jan-23 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Computer and office equipment	2,762,851	1,474,877	25,843	4,211,885
Vehicle	995,180	1,374,640	-	2,369,820
Plant and machinery	109,187	-	-	109,187
Furniture and fittings	978,760	162,331	-	1,141,091
Leasehold improvements	1,133,022	-	-	1,133,022
	5,979,000	3,011,848	25,843	8,965,005
6.2 Depreciation	Balance As at 1-Jan-23 MVR	Charge for the year MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Computer and office equipment	697,986	750,046	22,828	1,425,204
Vehicle	50,716	184,306	-	235,022
Plant and machinery	3,704	10,919	-	14,623
Furniture and fittings	192,134	211,730	-	403,864
Leasehold improvements	77,917	118,329	-	196,246
	1,022,457	1,275,330	22,828	2,274,959
Net book value	4,956,543			6,690,046
6.3 Cost	Balance As at 1-Jan-22 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-22 MVR
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
	1,750,401	4,228,599	-	5,979,000
6.4 Depreciation	Balance As at 1-Jan-22 MVR	Charge for the year MVR	Disposals MVR	Balance As at 31-Dec-22 MVR
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
	347,629	674,828	-	1,022,457
Net book value	1,402,772			4,956,543



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7 Intangible assets

7.1 Cost	Balance As at 1-Jan-23 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Computer software	211,043	927,440	-	1,138,483
	211,043	927,440	-	1,138,483

7.2 Amortisation	Balance As at 1-Jan-23 MVR	Charge for the year MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Computer software	95,377	162,515	-	257,892
	95,377	162,515	-	257,892
Net book value	115,666			880,591

7.3 Cost	Balance As at 1-Jan-22 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-22 MVR
Computer software	197,475	13,568	-	211,043
	197,475	13,568	-	211,043

7.4 Amortisation	Balance As at 1-Jan-22 MVR	Charge for the year MVR	Disposals MVR	Balance As at 31-Dec-22 MVR
Computer software	55,656	39,721	-	95,377
	55,656	39,721	-	95,377
Net book value	141,819			115,666

8 Right of use asset

8.1 Cost	Balance As at 1-Jan-23 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Maldives Post Limited	3,051,977	1,261,623	-	4,313,600
Apollo Towers Hulhumale'	4,869,240	-	-	4,869,240
	7,921,217	1,261,623	-	9,182,840



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8 Right of use asset (Continued...)

8.2 Amortisation	Balance As at 01-Jan-23 MVR	Charge for the year MVR	Disposals MVR	Balance As at 31-Dec-23 MVR
Maldives Post Limited	2,458,537	1,119,117	-	3,577,654
Apollo Towers Hulhumale'	482,900	482,900	-	965,800
	2,941,437	1,602,017	-	4,543,454
Net book value	4,979,780			4,639,386
8.3 Cost	Balance As at 01-Jan-22 MVR	Additions MVR	Disposals MVR	Balance As at 31-Dec-22 MVR
Maldives Post Limited	3,051,977	-	-	3,051,977
Apollo Towers Hulhumale'	-	4,869,240	-	4,869,240
	3,051,977	4,869,240	-	7,921,217
8.4 Depreciation	Balance As at 01-Jan-22 MVR	Charge for the year MVR	Disposals MVR	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
	1,441,212	1,500,225	-	2,941,437
Net Book Value	1,610,765			4,979,780

8.5 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. The lease was renewed on July 2023.

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-23 MVR	Additions during the year MVR	Transfers MVR	Balance As at 31-Dec-23 MVR
Construction of social housing units	915,031,715	1,351,504,466	-	2,266,536,181
Total	915,031,715	1,351,504,466	-	2,266,536,181

Amounts inventorized under inventories - properties under construction consist of costs incurred on the construction of 2000 Social Housing Units under Fahi Dhiriulhun KPIL 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.



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9 Inventories - properties under construction (Continued...)

- 9.1 During the year 2023, MVR 1,351,504,466 (2022: MVR 858,118,433) 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-23 MVR	31-Dec-22 MVR
Kalpataru Projects International (India) Limited: Design and Construction of 2000 Social Housing Units in Hulhumale', Maldives		
Opening balance	517,811,256	29,061,826
Value of construction work completed during the year	714,237,883	453,109,976
Finance cost inventorized	69,766,735	21,245,486
Loan facility fees	16,037,307	14,393,968
Closing balance	1,317,853,181	517,811,256

NBCC (India) Limited: Design and Construction of 2000 Social Housing Units in Hulhumale', Maldives

Opening balance	396,937,126	27,851,456
Value of construction work completed during the year	485,828,364	339,178,320
Finance cost inventorized	54,459,964	17,678,937
Loan facility fees	11,174,213	12,228,413
Closing balance	948,399,667	396,937,126

Consultancy expenses	283,333	283,333
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Total	2,266,536,181	915,031,715
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10 Inventories

Inventories - Office Items	403,084	-
Total	403,084	-

11 Other receivables

Staff loans	4,633	19,815
Advance payments with suppliers	97,470	32,750
Other advances	323,938	248,948
Funds receivable	70,425,356	-
Contractor advances	362,256,619	556,976,715
Total	433,108,016	557,278,228

- 11.1 Funds receivable includes amounts to be received from Ministry of Construction and Infrastructure for 15% equity contribution towards the progress payments of KPIL (India) and NBCC (India) social housing projects, as well as loan facility fees payable for the Company's borrowings.

- 11.2 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.

Advance payments for social housing projects

Opening balance	525,806,309	617,571,000
Recoveries made during the year	(281,227,467)	(91,764,691)
Closing balance	244,578,842	525,806,309

Advance payments for materials at site

Opening balance	31,170,406	-
Advance payments made during the year	186,698,277	36,887,239
Recoveries made during the year	(100,190,906)	(5,716,833)
Closing balance	117,677,777	31,170,406

Total	362,256,619	556,976,715
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FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

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	<u>31-Dec-23</u> MVR	<u>31-Dec-22</u> MVR
12 Cash and cash equivalents		
Cash at bank	10,930,360	24,446,373
Cash in hand	9,378	10,592
Total	<u>10,939,738</u>	<u>24,456,965</u>

13 Share capital

13.1 Authorized share capital

Authorized Share Capital comprises of 200,000,000 (2022 : 100,000,000) ordinary shares with a par value of MVR 10 each. During the year 2023, Board Resolution SR-02/2023 was approved in Extraordinary General Meeting to increase the authorized share capital of the Corporation by an additional MVR 1,000,000,000 divided into 100,000,000 shares of MVR 10 each.

13.2 Issued share capital

Issued and paid up share capital comprises of 53,584,558 (2022: 37,090,905) ordinary shares of MVR 10 (2022: MVR 10) each . The Company is fully owned by the Government of Maldives.

Issued share capital (53,584,558 / 37,090,905 Ordinary shares of MVR 10 each)	535,845,601	370,909,067
Total	<u>535,845,601</u>	<u>370,909,067</u>

The total authorised number of ordinary shares is 200,000,000 shares with a par value of MVR 10 per share. Issued and paid up share capital comprises of 53,584,558 (2022: 37,090,905) ordinary shares of MVR 10 (2022: MVR 10) each . The Company is fully owned by the Government of Maldives. The Company has issued 16,493,653 shares during the year 2023 (2022: 33,124,841 shares).

14 Advance for share capital

Opening balance	-	148,556,303
Advance for share capital received	322,591,045	-
Shares allotted	(164,936,534)	(148,556,303)
Total	<u>157,654,511</u>	<u>-</u>

During the year 2023, the Company has received MVR 322,591,045 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 2023, shares have been allotted for MVR 164,936,534 and has been recognised as share capital.

15 Borrowings

Opening balance	1,105,799,518	524,935,350
Disbursements during the year	514,926,048	580,864,168
Closing balance	<u>1,620,725,566</u>	<u>1,105,799,518</u>

Export-Import Bank of India (EXIM) - KPIL 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 KPIL-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 annual interest rate of the loan is SOFR + 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 annual interest rate of the loan is SOFR + 325 basis points.

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



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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15 Borrowings (Continued...)

15.1 Loan covenants

In accordance with the Buyer's Credit Facility of USD 116,450,000 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.

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.

15.2 Maturity analysis	31-Dec-23	31-Dec-22
	MVR	MVR
Non- Current		
Long term loan NBCC EXIM	519,267,973	501,841,039
Long term KPIL EXIM	975,043,085	603,958,479
	1,494,311,058	1,105,799,518
Current		
Long term loan NBCC EXIM	126,414,508	-
Long term KPIL EXIM	-	-
	126,414,508	-
Total borrowings	1,620,725,566	1,105,799,518
The repayment of non-current liabilities are scheduled as follows:		
More than one year, less than two years	343,381,316	126,414,508
More than two years, less than three years	280,708,250	277,846,316
More than three years, less than four years	280,708,250	280,708,250
More than four years	589,513,242	420,830,444
	1,494,311,058	1,105,799,518
16 Lease liability		
Opening balance	5,371,837	1,528,367
New leases recognised	1,261,623	4,869,240
Accrued interest	518,636	550,566
Interest paid	(518,636)	(550,566)
Principal element of lease paid	(1,408,070)	(1,025,770)
Closing balance	5,225,390	5,371,837
Current lease liability	1,089,562	897,617
Non current lease liability	4,135,828	4,474,220
Total	5,225,390	5,371,837



FAHI DHIRIULHUN CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31st December 2023*All amounts are stated in Maldivian Rufiyaa***16 Lease liability (Continued...)**

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 8.5

The maturity analysis of lease liabilities are disclosed in Note 34.3.

The reconciliation of the changes in liabilities arising from financing activities is provided in Note 32.

The following are the amounts recognised in profit or loss:

		31-Dec-23	31-Dec-22
		MVR	MVR
Depreciation expense of right-of-use assets	Note 8.2	1,602,017	1,500,225
Interest expense on lease liabilities	Note 22	518,636	550,566
Total		2,120,653	2,050,791

The Company had a total cash outflow for leases of MVR 1,926,707 (2022: MVR 1,576,336).

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.

17 Trade and other payables

Trade payables		396,029,377	6,431,870
Accrued expenses		139,754	131,032
Other payables		62,514	14,307
Interest payable		12,339,770	7,102,432
Retention payable	Note 17.1	65,151,707	48,343,502
Total		473,723,122	62,023,143

- 17.1** The Company has entered into construction contracts with KPIL (India) 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, 2023, the Company has retained an amount of MVR 15,191,393 (2022: MVR 22,655,499) for KPIL social housing project, MVR 49,960,314 (2022: MVR 25,668,903) for NBCC social housing project and Nil (2022: MVR 19,100) for other suppliers in retention payables.

18 Due to related party

Fuel Supply Maldives		4,975	4,036
Male' Water and Sewage Company		2,551	957
Ministry of Economic Development		26,500	-
State Electric Company Limited		70,947	27,318
Dhivehi Raajjeyge Gulhun Plc		30,919	32,439
Waste Management Corporation Limited		-	882
Total		135,892	65,632

19 Other income

Miscellaneous Income		22,000	-
Total		22,000	-

20 Administrative expenses

Personnel cost	Note 20.1	23,417,257	11,911,532
Audit fees		116,807	154,503
Consultancy		1,163,745	357,321
Depreciation and amortisation	Note 6.2, 7.2, 8.2	3,039,859	2,214,774
Utilities		740,298	747,987
Advertisement		183,911	13,000
Trade fees		1,574,578	2,600
Travelling		164,133	427,118
Printing and office supplies		261,794	390,210



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		31-Dec-23	31-Dec-22
		MVR	MVR
20 Administrative expenses (Continued...)			
Small tools and equipment		18,717	118,287
Bank charges		346,057	308,538
Meals and entertainment		216	7,175
Training		107,280	241,453
Other general administrative expenses		850,792	412,110
Others		280,875	-
Total		32,266,319	17,306,608
20.1 Personnel cost			
Staff salaries and allowances		21,777,625	10,744,453
Ramadan allowance		189,000	97,900
Staff visa, insurance expenses and safety expenses		401,555	170,450
Employee pension contributions		404,977	250,629
Board remuneration and fees		644,100	648,100
Total		23,417,257	11,911,532
21 Other gains / loss			
Gain or loss on disposal	Note 21.1	215	-
Total		215	-
21.1 Gain on disposal			
Cost		25,843	-
Accumulated depreciation		(22,828)	-
		3,015	-
Proceeds		3,230	-
Gain on disposal		215	-
22 Finance cost			
Interest on lease liabilities		518,636	550,566
Total		518,636	550,566
23 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.			
Loss before tax		(32,762,740)	(17,857,174)
Add:			
Depreciation expense		1,437,843	714,549
Other disallowable expenses		1,494,408	1,469,392
		2,932,251	2,183,941
Less:			
Capital allowances		1,759,086	646,624
Other allowable expenses		1,488,472	1,469,392
		3,247,558	2,116,016
Taxable loss for the period		(33,078,046)	(17,789,249)
24 Accumulated tax losses			
Loss carried forward from the previous tax year		(36,566,956)	(18,777,707)
Tax loss for the current year of assessment		(33,078,046)	(17,789,249)
Total		(69,645,002)	(36,566,956)



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	<u>31-Dec-23</u> MVR	<u>31-Dec-22</u> MVR
25 Unrecognised deferred tax asset		
The deferred tax is arrived at by applying the income tax rate of 15% to the timing differences as at December 31, 2023.		
Deferred tax asset on carry forward losses	10,446,750	5,485,043
Deferred tax asset on temporary differences	-	22,726
Total	<u>10,446,750</u>	<u>5,507,769</u>

26 Unrecognised deferred tax liability

The deferred tax is arrived at by applying the income tax rate of 15% to the temporary differences of non-current assets as at 31 December 2023.

Temporary differences of non-current assets	(177,049)	151,505
Deferred tax (liability) / asset	<u>(26,557)</u>	<u>22,726</u>

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.

27 Loss per share

Basic Loss 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	(32,762,740)	(17,857,174)
Weighted average number of ordinary shares	53,584,558	37,090,905
Loss per share	<u>(0.6)</u>	<u>(0.5)</u>

28 Operating loss before working capital changes

Net loss	(32,762,740)	(17,857,174)
Gain on disposal	3,015	-
Depreciation and amortisation	3,039,862	2,214,774
Finance cost	518,636	550,566
Total	<u>(29,201,227)</u>	<u>(15,091,834)</u>

29 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.

29.1 Due to related parties

Name	Nature of relationship		
Dhivehi Raajjeyge Gulhun Plc	Government institute		
Telephone and internet expenses		317,393	191,895
Payments		(286,474)	(159,456)
Closing balance		<u>30,919</u>	<u>32,439</u>

Name	Nature of relationship		
Urbanco	Government institute		
Lease deposit		642,153	537,268
Payments		(642,153)	(537,268)
Closing balance		<u>-</u>	<u>-</u>



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29.1 Due to related parties (Continued...)

		<u>31-Dec-23</u> MVR	<u>31-Dec-22</u> MVR
Name	Nature of relationship		
Ministry of Economic Development	Government institute		
Work permit deposits		405,710	37,700
Payments		<u>(379,210)</u>	<u>(37,700)</u>
Closing balance		<u>26,500</u>	<u>-</u>
Name	Nature of relationship		
Maldives Ports Limited	Government institute		
Rentals		982,945	1,039,068
Payments		<u>(982,945)</u>	<u>(1,039,068)</u>
Closing balance		<u>-</u>	<u>-</u>
Name	Nature of relationship		
Male' Water and Sewerage Company	Government institute		
Water		23,475	19,557
Payments		<u>(20,924)</u>	<u>(18,600)</u>
Closing balance		<u>2,551</u>	<u>957</u>
Name	Nature of relationship		
State Trading Organisation	Government institute		
General administration		9,546	-
Payments		<u>(9,546)</u>	<u>-</u>
Closing balance		<u>-</u>	<u>-</u>
Name	Nature of relationship		
State Electric Company Limited	Government institute		
Electricity		350,436	252,669
Payments		<u>(279,489)</u>	<u>(225,351)</u>
Closing balance		<u>70,947</u>	<u>27,318</u>
Name	Nature of relationship		
Waste Management Corporation Limited	Government institute		
Garbage disposal		57,953	7,700
Payment		<u>(57,953)</u>	<u>(6,818)</u>
Closing balance		<u>-</u>	<u>882</u>
Name	Nature of relationship		
Maldives Islamic Bank	Government institute		
Staff loan		235,543	66,381
Payment		<u>(235,543)</u>	<u>(66,381)</u>
Closing balance		<u>-</u>	<u>-</u>
Name	Nature of relationship		
Bank of Maldives	Government institute		
Bank charges		343,982	314,990
Payments		<u>(343,982)</u>	<u>(314,990)</u>
Closing balance		<u>-</u>	<u>-</u>
Name	Nature of relationship		
Maldives Inland Revenue Authority	Government institute		
Annual fee		-	2,000
Payments		<u>-</u>	<u>(2,000)</u>
Closing balance		<u>-</u>	<u>-</u>



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29.1 Due to related parties (Continued...)

		31-Dec-23	31-Dec-22
		MVR	MVR
Name	Nature of relationship		
Maldives Airports Company Limited	Government institute		
Purchase of Dollar		-	360,211
Payments		-	(360,211)
Closing balance		-	-
Name	Nature of relationship		
Fuel Supply Maldives	Government institute		
Purchase of fuel		60,266	4,036
Payments		(55,291)	
Closing balance		4,975	4,036
Total		109,392	65,632

30 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, 2023, total remuneration paid to Directors including Managing Director was MVR 1,190,960 (2022: MVR 1,204,443).



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31 Contingencies and commitments

31.1 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, 2023, all land plots have not been transferred to the Company.

During the financial year 2021, the Company has contracted with KPIL (India) 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.

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

	31-Dec-23 MVR	31-Dec-22 MVR
KPIL (India): Design and Construction of 2000 Social Housing units in Hulhumale', Maldives	1,021,502,583	1,682,966,821
NBCC (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale'	1,475,257,472	1,639,078,365
Total	2,496,760,055	3,322,045,186

32 Changes in liabilities arising from financing activities

31st December 2022

	01-Jan-22 MVR	Cash flows MVR	Foreign exchange movements MVR	New Leases MVR	Other Movements MVR	31-Dec-22 MVR
Non-current portion of Interest bearing loans and borrowings	524,935,350	580,864,168	-	-	-	1,105,799,518
Current portion of lease liabilities	937,068	(1,025,770)	-	88,702	897,617	897,617
Non-current portion of lease liabilities	591,299	-	-	4,780,538	(897,617)	4,474,220
Total liabilities from financing activities	526,463,717	579,838,398	-	4,869,240	-	1,111,171,355

31st December 2023

	01-Jan-23 MVR	Cash flows MVR	Foreign exchange movements MVR	New Leases MVR	Other Movements MVR	31-Dec-23 MVR
Non-current portion of Interest bearing loans and borrowings	1,105,799,518	514,926,048	-	-	(126,414,508)	1,494,311,058
Current portion of Interest bearing loans and borrowings	-	-	-	-	126,414,508	126,414,508
Current portion of lease liabilities	897,617	(1,408,070)	-	1,261,623	338,392	1,089,562
Non-current portion of lease liabilities	4,474,220	-	-	-	(338,392)	4,135,828
Total liabilities from financing activities	1,111,171,355	513,517,978	-	1,261,623	-	1,625,950,956



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33 Capital management

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

	31-Dec-23	31-Dec-22
	MVR	MVR
Interest bearing loans and borrowings	1,620,725,566	1,105,799,518
Trade and other payables	473,723,122	62,023,143
Less: Cash and cash equivalents	<u>(10,939,738)</u>	<u>(24,456,965)</u>
Net debt	2,083,508,950	1,143,365,696
Total equity	623,296,855	333,513,841
Total capital	2,706,805,805	1,476,879,537
Gearing	77%	77%

34 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

34.1 Risk management framework

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

34.2 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:

	31-Dec-23	31-Dec-22
	MVR	MVR
Variable rate instruments		
Loans and borrowings	<u>1,620,725,566</u>	<u>1,105,799,518</u>

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended December 31, 2023 by MVR 16,207,256 (2022 : MVR 11,057,995). This analysis assumes that all the other variables remain constant.



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All amounts are stated in Maldivian Rufiyaa

34 Risk management (Continued...)

34.2 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:

	31-Dec-23 USD	31-Dec-22 USD
Cash and cash equivalents	149	9,781
Other payables	497,621	398,447
Loans and borrowings	105,105,419	71,712,031
Total	105,603,189	72,120,260

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2023	2022	31-Dec-23	31-Dec-22
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 pegged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.

34.3 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 2022	On demand	less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Non-current interest bearing loans and borrowings	-	-	-	1,105,799,518	-	1,105,799,518
Current portion of lease liabilities	-	322,958	574,659	-	-	897,617
Non-current portion of lease liabilities	-	-	-	2,250,457	2,223,763	4,474,220
Total liabilities from financing activities	-	322,958	574,659	1,108,049,975	2,223,763	1,111,171,355
31st December 2023	On demand	less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Non-current interest bearing loans and borrowings	-	-	-	1,494,311,058	-	1,494,311,058
Current interest bearing loans and borrowings	-	-	126,414,508	-	-	126,414,508
Current portion of lease liabilities	-	398,060	691,502	-	-	1,089,562
Non-current portion of lease liabilities	-	-	-	1,912,064	2,223,763	4,135,828
Total liabilities from financing activities	-	398,060	127,106,011	1,496,223,122	2,223,763	1,625,950,956

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



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34 Risk management (Continued...)

34.4 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.

35 Contingent liabilities

There were no material contingent liabilities that require disclosure in the financial statement as at December 31, 2023.

36 Events after the end of the reporting period

There are no significant events after the balance sheet date that require adjustments to or disclosure in the financial statements.

37 Directors responsibility

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

38 Comparative figures

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

39 Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on August 20, 2024.

