

ANNUAL REPORT 2019



CORPORATE INFORMATION

NAME OF COMPANY

Fahi Dhiriulhun Corporation Limited (FDC)

COMPANY REGISTRATION NO.

(C03132019)

HEAD OFFICE OF THE COMPANY

Fahi Dhiriulhun Corporation
6th Floor, Maldives Post Building,
Boduthakurufaanu Magu, 20026
Republic of Maldives
Telephone: +960 331 3244
Facsimile: +960 301 3846
E-Mail: info@fdc.com.mv
Website: www.fdc.mv

BANKERS

Bank of Maldives Plc.
Head office, No. 11
Boduthakurufaanu Magu, Henveiru
Malé, Maldives

COMPANY SECRETARY

Ms. Saadha Mohamed
From 28th March 2019 – 17th July 2019

Ms. Aminath Nashwa Hameed
From 18th July 2019 onwards

CHAIRPERSON

Mr. Mohamed Azim
Non-Executive Director
Appointed on 21st March 2019

DIRECTORS

Ms. Salfiyya Anwar
Managing Director
Appointed on 21st March 2019

Mr. Ahmed Athif
Non-Executive Director
Appointed on 21st March 2019

Mr. Hassan Safwan
Non-Executive Director
Appointed on 21st March 2019

Mr. Riyaz Mansoor
Non-Executive Director
Appointed on 21st March 2019

Mr. Ibrahim Nizam
Non-Executive Director
Appointed on 21st March 2019

Mr. Ahmed Musid
Non-Executive Director
Appointed on 21st March 2019

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COMPANY PROFILE

Fahi Dhiriulhun Corporation Limited (FDC) is a 100% state-owned company established by the Government of the Republic of the Maldives, with the primary objective of providing social housing to the citizens of Maldives. FDC was incorporated by a Presidential Decree on 12th March 2019.

FDC aims to transform the social housing environment of Maldives by introducing sustainable housing solutions that is affordable and accessible to the target population. The company's mandate includes providing housing at subsidized rates to vulnerable groups and to develop affordable housing to first time home buyers, and renovation and upkeep of government housing units.

Creating and retaining a stock of council housing and increasing the supply of affordable housing is a key objective of the corporation. The corporation aims to adapt a wholesome approach to address housing needs by introducing a mix of products and services including but not limited to housing subsidies, affordable housing finance instruments, and development aid.



Better Living. Brighter Future.

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Providing accessible and affordable housing solutions across Maldives

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Affordability

Accessibility

Secure Housing

Social Harmony

The vision statement captures FDC's ultimate objective while the mission statement expresses how the corporation aims to achieve it. The values represent the underlying guiding principles that will be followed when planning and implementing housing development projects and formulating social housing schemes.

CHAIRMAN'S STATEMENT

Since incorporation, FDC has been working tirelessly to secure financing and implementing housing projects aligned with the Strategic Action Plan of the government. During the first year of FDC, a large proportion of expenses was on operational cost required to get the company up and running, including office set up, recruitment, and travel costs associated with meeting with potential financiers and investors. Over the span of 9 months, FDC has signed several framework agreements with potential developers and continues to work with stakeholders to formulate and implement housing projects across the country.

In the coming year, emphasis will be on commencing physical work of housing projects and formulating alternative financing and development plans. FDC will work closely with line ministries and stakeholders to improve and expedite existing processes. I am confident that the management and team of FDC will remain focused on delivering the corporate mandate and expect to see significant progress on all fronts.

MANAGING DIRECTOR'S STATEMENT

FDC has an ambitious yet challenging responsibility of providing accessible and affordable housing to those with inadequate housing or do not have the means to secure housing within the confines of the prevailing market conditions. The circumstances are challenging, it creates an opportunity to introduce new housing schemes that targets specific market segments.

The corporation is working closely with line ministries and other relevant stakeholders to attract investors and source funding for the projects. Recruiting a high functioning management team and support staff was a key priority from the onset to ensure that a goal oriented, result driven culture is nurtured from the start.

Some highlights of the year include developing the product matrix, negotiating with investors and financiers, and signing framework agreements. In the coming year, concentrated efforts will be made to strengthen the financial position and formulate practical business models and housing schemes. With the support of the government and the vision of the board, I am excited for what we have in store for the people of the Maldives.

BOARD OF DIRECTORS

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

Board of Directors are mainly responsible for establishing the organization's strategic direction, overseeing the management of the corporation, overall governance, implementation of policies, and to delegate authority to the Managing Director to manage day to day operations of the corporation.

CHAIRPERSON

Mr. Mohamed Azim, Non-Executive Director

Appointed on 21st March 2019

Mr. Mohamed Azim was appointed as the Chairman of Fahi Dhiriulhun Corporation by the Government of Maldives on 21st March 2019.

Azim is an Urban Planner with more than 15 years of experience in land management, urban and regional planning and housing, primarily in the public sector. He spent 21 years as a civil servant, and last held the post of Director General (Housing) in the Ministry of Housing and Urban Development. He resigned from the Civil Service upon appointment as Deputy Minister at Ministry of Housing and Urban Development in December 2018. He holds a Master's Degree in Urban and Regional Planning specializing in Housing from the International Islamic University Malaysia, a BSc in Land Planning and Development from Otago University New Zealand and a Diploma in Town Planning from University of the South Pacific, Fiji.

Ms. Salfiyya Anwar, Managing Director

Appointed on 21st March 2019

As the Managing Director of FDC, Ms. Salfiyya Anwar is responsible for running all facets of FDC to achieve their long-term vision of better housing for all. She studied Architecture from Malaysia and the United Kingdom, where she graduated in Architecture from The Robert Gordon University in Scotland (2006). She proceeded to complete her Master's degree in Planning and Urban Design from the University of Lincoln in the United Kingdom (2010). The fusion of eastern and western education has had a great impact on her design thought process and is evident through her proven track record with over 15 years of experience in executive management in urban development and planning.

Prior to joining FDC, Ms. Salfiyya spearheaded the planning department of Housing Development Corporation and played an instrumental role in how the urban planning and development of Hulhumalé was carried out. She led the transformation of a barren lagoon to the booming metropolis that is now

the modern-day Hulhumalé through thoughtful leadership and other initiatives such as the Geographic Information System (GIS) mapping of Hulhumalé. With her unparalleled experience in city development, in 2019, the Government of Maldives appointed her as the Managing Director of Fahi Dhiriulhun Corporation.

Mr. Ahmed Athif, Non-Executive Director

Appointed on 21st March 2019

Mr. Ahmed Athif was appointed as a Board Director of FDC on the 21st of March 2019. He holds a Bachelor's Degree (honors) in Accounting from University of Hertfordshire in Malaysia.

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

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

Mr. Riyaz Mansoor, Non-Executive Director

Appointed on 21st March 2019

During the past 15 years, Mr Riyaz has worked in the Civil Service as a Director broadly overseeing trade regulatory issues, and worked as a consultant for both local and international institutions, primarily on the subject of trade regulations, including his most recent consultancy work with the Asian Development Bank. He also held the post of Manager of Operations at Maldives Pension Administration Office. Mr Riyaz currently works as Deputy Minister at the Ministry of Economic Development. Mr Riyaz has a Honours Graduate degree in Software Engineering from the University of Queensland, Australia, and strives to bring greater efficiency through automation.

Mr. Ahmed Musid, Non-Executive Director

Appointed on 21st March 2019

During the past 15 years Mr. Musid has worked in several positions of the public sector. He is currently working as the Director, Corporate Affairs at Family Protection Authority. He has knowledge and experience in Human Resource Management and holds a Bachelor of Arts Degree in Human Resource Management from Coventry University. He previously worked at the Civil Service Commission and Malé Municipality.

Mr. Ibrahim Nizam, Non-Executive Director

Appointed on 21st March 2019

Mr. Ibrahim Nizam hold a Master's Degree in Commercial Property Development and a Bachelor's Degree in Quantity Surveying and Commercial Management from Liverpool, John Moores University, UK. During the past ten years he has worked in the housing development field in private and public sector, including his experience in oversight and implementation of government housing projects. He previously held the post of Quantity Surveyor at a private company and currently serves as a Director at Ministry of National Planning, Housing and Infrastructure.

Mr. Hassan Safwan, Non-Executive Director

Appointed on 21st March 2019

Mr. Safwan holds a Bachelor of Shari'ah and Law and has been practicing law since 2014. During the past six years Mr. Safwan has worked in legal sector, including as a public prosecutor at Prosecutor General's Office. Mr. Safwan is currently working as a Senior Policy Director at the Ministry of Economic Development.

SHARE CAPITAL

The Company is fully owned by the Government of Maldives.

| | Number of Ordinary Shares | Ordinary Share Capital MVR |
|------------------------|----------------------------------|---------------------------------------|
| As at 31 December 2019 | 604, 352 | 6, 043,520 |

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

CORPORATE GOVERNANCE

Since the incorporation of the FDC, the company has been following the Corporate Governance Code of the Capital Market Development Authority (CMDA). The company has adhered to the Code of Corporate Governance for State Owned Enterprises (SEO's) by the Privatization and Corporatization Board (PCB), after it became effective on 01st May 2019. FDC complies with the requirements specified in the PCB's Code of Corporate Governance.

Chairman

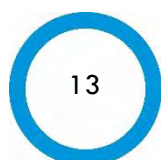
Chairman is responsible for presiding the Board meetings, Annual General Meeting and the General Meetings and is not involved in day to day management of FDC.

Managing Director

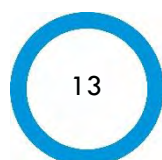
Managing Director is responsible to formulate strategies and implementation of the board decisions and policies. MD is the head of the corporation and is responsible for the overall management and operations of the Corporation by way of delegated authority from the Board.

Board Meetings and attendance

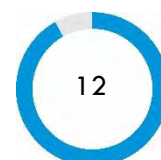
A total of 13 board meetings were held during the year 2019.



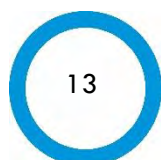
Mohamed Azim



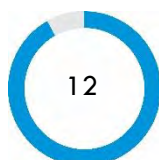
Salfiyya Anwar



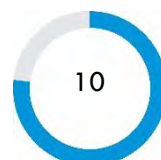
Ahmed Athif



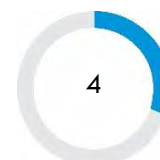
Ahmed Musid



Hassan Safwan



Ibrahim Nizam



Riyaz Mansoor

Board Committees

FDC's board established two board committees, an Audit Committee and a Remuneration Committee on 05th September 2019.

The Audit Committee runs as per the Audit Committee Charter endorsed by the Board on 16th September 2019.

In addition, the Minimum Requirements for Chief Internal Auditor was endorsed by the board on 05th November 2019 and the company began the process of hiring an Internal Auditor.

Audit Committee

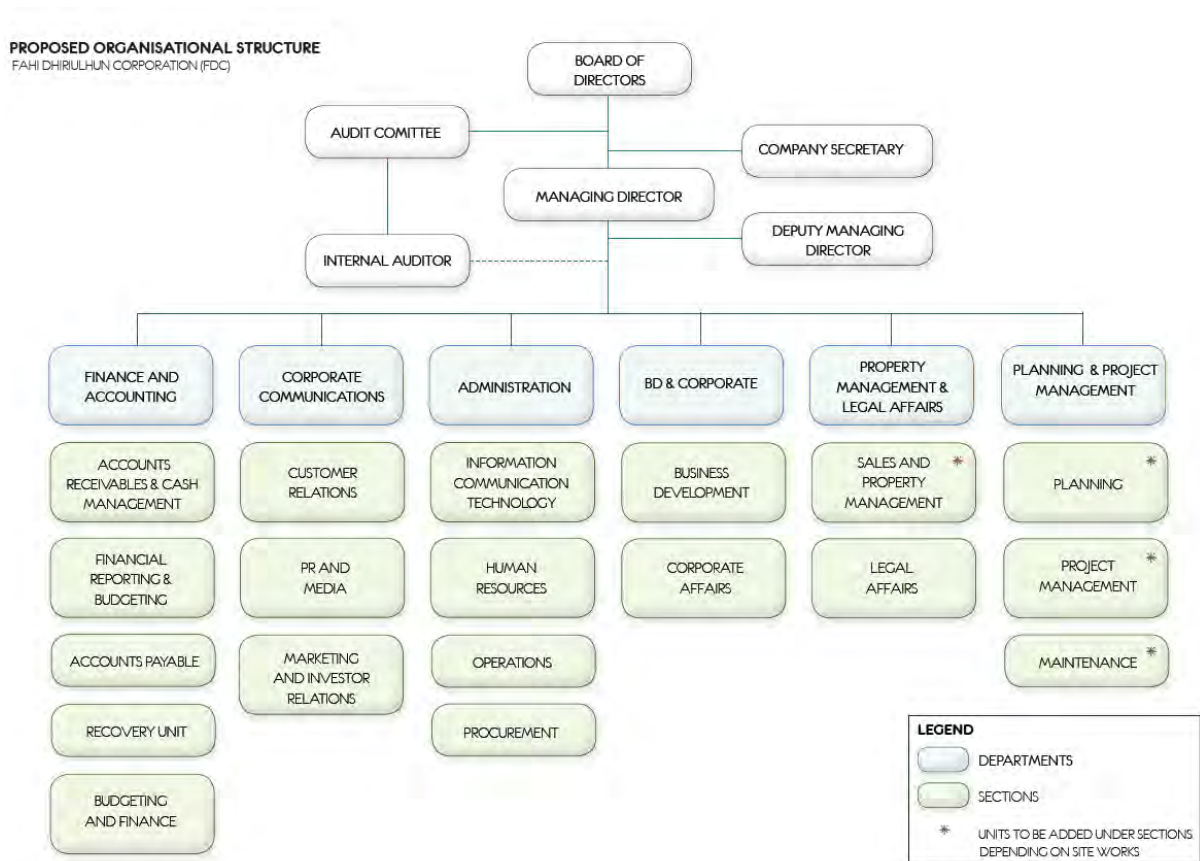
- | | | |
|---|-------------------|----------------|
| 1 | Mr. Ahmed Athif | Chairman |
| 2 | Mr. Riyaz Mansoor | Board Director |
| 3 | Mr. Hassan Safwan | Board Director |

Remuneration Committee

- | | | |
|---|--------------------|-------------------|
| 1 | Mr. Ahmed Musid | Chairman |
| 2 | Ms. Salfiyya Anwar | Managing Director |
| 3 | Mr. Ibrahim Nizam | Board Director |

ORGANIZATION STRUCTURE

The start-up organizational structure had five main layers: Board of Directors, Managing Director, Head of Departments (HOD), Head of Sections (HOS) and Head of Units (HOU).



EXECUTIVE TEAM

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

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

Mr. Ali Jinah Shareef

Manager, Finance

Mr. Ali Jinah Shareef was amongst the first two staff recruited and joined FDC on 9th June 2019. As the Head of Finance Department, he is directly responsible for internal financial management, auditing and reporting, budgeting, cash and liquidity management, recovery of loan agreements, ensuring end-user finances, and raising finance for housing projects as well as social housing schemes.

Ms. Aishath Niha

Manager, Corporate Communications

Ms. Aishath Niha was amongst the first two staff hired and joined FDC on 9th June 2019. As the Head of Corporate Communications Department, she plays a key role in how investors, employees and the public perceive the company. Her responsibilities include preparing media interviews, developing messages delivered to investors and employees, suggesting new initiatives to keep company's updates on the communication strategies with their stakeholders and managing the social media contents.

Ms. Aminath Nashwa Hameed

Business Development Consultant

Ms. Aminath Nashwa Hameed joined the team on 23rd June 2019. She leads the Business Development and Corporate Department focusing on business planning initiatives and formulating new business ventures/product models and concepts. She is also directly handling the corporate division and works closely with Government authorities, investors and stakeholders on all the social housing projects and allocations carried by the Government.

Ms. Aishath Shaaifa Imad**Assistant Manager, Administration**

Ms. Aishath Shaaifa Imad joined the team on 30th July 2019 as the head of the Administration Department. Her main tasks are providing administrative support to all other departments of the corporation. This includes management of the general operations, human resources, information technology and procurement functions that are under the purview of the Administration department. In that regard, the department also oversees the administrative operations of the office including operation of the front office/reception of the Corporate office, in addition to the human resource management functions such as recruitment, training and development of employees and payroll. Furthermore, she ensures that all purchasing related activities are carried out and implemented according to the procedures set out by the Procurement Policy.

Mr. Irfan Waheed**Planning and Technical Assistant Manager, Planning and Project Management Department**

Mr. Irfan Waheed joined the team on 28th June 2019 and worked in leading the Planning and Project Management Department. His work mainly included evaluating investor proposals, monitoring progress towards meeting the Social Housing Quality Standard, preparing reports on progress, and making recommendations on actions required to achieve the given targets. In addition to this, Mr. Irfan was responsible to manage the generation and preservation of Company Intellectual Property, including archiving and storage of designs, documentation of know-how, preparation of patent applications and general maintenance of the company's IP portfolio and housing stock.

HUMAN RESOURCES

FDC established its corporate office and commenced operations with three employees in June 2019. A total of nine employees were recruited throughout the year to engage in finance, business development, marketing, planning and administration functions.

FDC had no foreign recruitments in the year 2019 and by the end of the year, 50% of the workforce was represented by female staff.

Trainings

FDC engaged in the following training programs for its board directors and staff to enhance their technical knowledge and skillset. During the year 2019, all seven board members and three staff participated in the below mentioned training programs.

Corporate Governance

1. Directors' Training Programme
2. Company Secretaries Training Programme

Human Resources and Administration

3. Learning and Development Conference 2019

Finance

4. Risk & Control Monitoring Framework
5. Insurance Insights Seminar Series 3rd Edition: Emerging Risks for Professionals

OUR WORK

Operational Highlights for 2019

In line with FDC's mandate, FDC aims to transform the social housing environment by introducing sustainable housing solutions that are affordable and accessible to the target population. Although it has been just one year since operations started, FDC has utilized every available opportunity to strengthen and improve operational processes.

As a newly incorporated corporation, our main focus during 2019 was on developing the business model and our product matrix in accordance with our mandate. On this note, FDC's activities mainly centred around formulating and adopting the required operational policies and procedures, building capacity, enhancing stakeholder relationships and most importantly, working towards securing housing projects and seeking investors to finance these projects. FDC's business model offers various investment opportunities ranging from development and finance of social housing units, provision of housing units for the first-time home buyers and availing financing development aid for private properties.

In selecting suitable contractors for the housing projects, FDC follows the Unsolicited Proposals Policy (USP Policy) issued by the Government of Maldives on 28th January 2019. On this note, FDC has worked

closely with the Ministry of Economic Development to process the USPs received from various interested parties. FDC also worked closely with the Ministry of Finance to secure Sovereign Guarantees for project financing, in accordance with the corporation's own procedures as well as that of the Government. Additionally, fruitful discussions were held with the Ministry of Housing and Urban Development to determine the housing requirements and housing allocations for the atolls as well as the Greater Malé area. During the nine months of operations in 2019, a total of seven framework agreements were signed to finance and develop social housing units throughout the country.

Stakeholders Engagement

Maintaining stakeholder relations is critical for the sustainable growth of FDC's business. Our primary stakeholders include the Government as the shareholder, regulatory authorities, contractors, potential financiers and, the final consumers of FDC's products. FDC endeavours to create stakeholder value by ensuring that FDC's activities are aligned towards achieving the best possible outcomes for each stakeholder group.

To align FDC's operational activities with the best interests of the Government as the shareholder, FDC's first step was to ensure alignment with the corporate governance structure to promote best practices, accountability, and transparency. As such, FDC's Board of Directors closely monitors all operational activities of FDC on a regular basis. Additionally, to support this, FDC implemented its first Procurement Policy in September 2019 to streamline the procurement process such that all the goods and services acquired by FDC are resultant from transparent, objective and, cost-effective decision making. At the same time, FDC implemented its Human Resources Policy to govern the principles and parameters for FDC in carrying out its responsibilities with regard to its human resource management. These policies laid the groundwork towards assuring the Government and potential investors that FDC's operations are geared towards achieving their best interests.

To engage potential contractors suitable to undertake the housing projects, FDC's paper on "Information for Social Housing Project" compiled during 2019 elaborates all the steps involved in securing housing projects for potential contractors. The paper provides general guidelines to potential contractors with regard to pricing the social housing units within FDC's benchmark prices, arranging financing for the projects in accordance with the "Guidelines for the Issuance of Sovereign Guarantees" issued by the Ministry of Finance in the year 2017 and, ensuring that the quality of the final housing units meet FDC's minimum requirements and specifications. As such, these guidelines help potential contractors to focus their project management efforts towards ensuring that the respective projects result in good quality housing units to the final consumers at reasonable prices.

In addition to this, FDC also finalized its product matrix during 2019. This product matrix considers the different income levels of the final consumers and offers products depending on their income level. The product matrix categorizes the housing products under Social housing, Affordable Housing and, Housing

Development and Financing. FDC's products are structured in a way that different income and population segments have the opportunity to secure housing.

Securing Housing Development Projects

As a newly formed company, seeking investors and securing funds has been challenging given the current conditions of the global financial market. During 2019, corporation largely relied on USP process and transfer of projects from Housing Development Corporation to initiate negotiations and move ahead with projects.

Unsolicited Proposals

Unsolicited proposals (USP) related to social housing development is directed to FDC by the USP Secretariat at the Ministry of Economic Development (MED). FDC currently requires the contractor to source 100% of financing backed by Sovereign Guarantee. USPs that align closely in terms of price and financing terms are negotiated further until an agreement is reached. Following this, a framework agreement is signed with the contractor.

Summary of Framework Agreements signed under USP process

| # | Allocated Locations | Number of Units | # | Allocated Locations | Number of Units |
|---|---------------------|-----------------|---|---------------------|-----------------|
| 1 | Addu | 1,500 | 4 | Haa Alif | 1,500 |
| | Fuvahmulah | 800 | | Haa Dhaal | 1,500 |
| | Gaafu Alifu | 750 | 6 | Baa | 1,000 |
| | Gaafu Dhaalu | 750 | | Raa | 1,500 |
| | Laamu | 1,200 | | Lhaviyani | 850 |
| 2 | Hulhumale' | 4,200 | 7 | Meemu | 800 |
| 3 | Shaviyani | 1,000 | | Faafu | 800 |
| | Noonu | 1,000 | | Dhaalu | 900 |
| | | | | Thaa | 1,000 |

So far none of the parties with which framework agreements were signed were able to provide financing term sheets that meet the requirements as per the respective framework agreements. FDC has worked with relevant authorities to improve the efficiency of the process including, reducing the duration of the framework agreement and obtaining more concrete documents in the initial stages.

Transfers from Housing Development Corporation (HDC)

Projects that were initiated by the Housing Development Corporation (HDC) that were not progressing was transferred to FDC to explore the possibilities of pursuing these projects under our mandate. Under this, two framework agreements were transferred, and a tripartite agreement was negotiated and agreed to for the implementation of one project. A summary is provided below.

Summary of framework agreements and projects transferred by HDC

| # | Allocated Locations | Number of Units |
|----------|---------------------|-----------------|
| 1 | Kaafu | 1,000 |
| | Hulhumale' | 1,000 |
| 2 | Hulhumale' | 1000 |
| | Atolls' | 1000 |
| 3 | Hulhumale' | 1700 |

Ongoing Negotiations

During 2019, FDC was in preliminary talks with a potential contractor to design and develop 4200 social housing units in Hulhumalé. This project is likely to progress to EPC signing stage during the year 2020, provided that the party is able to submit a financing term sheet that meets FDC's requirements.

Business Model Development

The management focused on developing the business model and product matrix that align with FDC's mandate. While the directive is to develop social housing, formulating a sustainable business model was considered as a prerequisite to minimize the reliance on government funding and to strengthen the financial position of the company. These two factors will in turn push the corporation towards a more favourable financial position to secure funding independently of the government.

Formulating Policies and Procedures

Necessary policies and procedures such as procurement policy, organisational structure and compensation structure were developed to guide the operational functions of the corporation. These policies and procedures are endorsed by the Board and followed by the Management and staff of FDC. Additionally, the HR plan was approved and implemented to ensure strategic recruitment and employee management. These Board approved policies have streamlined the operational procedures and increased the accountability of FDC's Management and staff. Further policies and SOPs such as recruitment, compensation, attendance policies and departmental manuals are currently being developed for endorsement in 2020.

Challenges

FDC will be subsidized by the Government until such time that projects are developed, and revenue generation reaches a level at which the corporation can become self-sufficient. Building and strengthening stakeholder relationships with key state authorities have proved to be beneficial in streamlining the operational processes. Reliable and timely communication was a key strategy that the management utilized to boost investor confidence. The corporation is working with Ministry of National Planning, Housing and Infrastructure (previously Ministry of Housing and Urban Development) to transfer the existing Government social housing stock to FDC during the year 2020. This will allow FDC to jump-start a revenue stream and improve FDC's financial position in the future.

Some hurdles were faced in recruiting the candidates of required calibre, but it has since been rectified by implementing a competitive salary structure.

Though it has been just one year since operations started, the corporation utilized all available opportunities to strengthen and improve operational processes.

FINANCIAL PERFORMANCE 2019

During 2019, FDC's operational activities centered around business set-up, formulating policies and procedures, and building rapport with contractors, financiers and other stakeholders. FDC did not generate any revenues for 2019 and faced a Net Loss of MVR 3.1 million during the first year of its operations. This is expected as a newly formed SOE subsidized by the government that has just begun started operations. As a result, FDC faced a Net Loss of MVR 3.1 million during the first year of its operations.

As initial start-up capital for FDC, the Government injected MVR 6.04 million as ordinary share capital. By the end of 2019, total Shareholders' Funds had declined to MVR 2.96 million owing to the Net Loss incurred during the year.

FDC remains reliant on Government funding until the planned social housing projects are completed, and the units start generating revenues. Revenue generation is expected to start in the year 2023.

AUDITED FINANCIAL REPORTS



Report No: FIN-2020-37 (E)

16 August 2020

FAHI DHIRIULHUN CORPORATION LIMITED
25 MARCH 2019 – 31 DECEMBER 2019



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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FAHI DHIRIULHUN CORPORATION LIMITED

Opinion

We have audited the financial statements of Fahi Dhiriulhun Corporation Limited (the “Company”) which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards (IFRS).

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 the International Financial Reporting Standards (IFRS), 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 interim financial statements.

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

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

16th August 2020



Hassan Ziyath
Auditor General



FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Comprehensive Income
for the period from 25 March 2019 to 31 December 2019
(in Maldivian Rufiyaa)

| | | 2019 |
|--------------------------------------|------|---------------------------|
| | Note | |
| Revenue | 4 | - |
| Cost of Sales | 5 | <u>-</u> |
| Gross Profit | | - |
| Other Income | 6 | 190,968 |
| Selling and Distribution Expenses | | - |
| Administrative costs | 7 | <u>(3,309,307)</u> |
| Operating Profit/(loss) | | (3,118,339) |
| Finance Income | | - |
| Finance Cost | | <u>-</u> |
| Net Finance Costs | | <u>-</u> |
| Profit/(Loss) before taxes | | (3,118,339) |
| Business profit tax | 8 | <u>-</u> |
| Profit/ (Loss) for the Period | | <u>(3,118,339)</u> |
| Loss per Share | 9 | <u>(5.16)</u> |



FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Financial Position as of 31 December 2019
(in Maldivian Rufiyaa)

| | Note | 2019 |
|--------------------------------------|------|------------------|
| Assets | | |
| Property plant and equipment | 10 | 707,037 |
| Intangible Assets | 11 | 17,376 |
| Deferred Tax Assets | | - |
| Non-current Assets | | <u>724,413</u> |
| Inventories | 12 | - |
| Trade and other receivables | 13 | 280,118 |
| Cash and cash equivalent | 14 | 1,953,327 |
| Total current assets | | <u>2,233,445</u> |
| Total Assets | | <u>2,957,858</u> |
| Equity | | |
| Share capital | 15 | 6,043,520 |
| Retained earning | 16 | (3,118,339) |
| Total Equity | | <u>2,925,181</u> |
| Liabilities | | |
| Loans and borrowing | | - |
| Total Non-Current Liabilities | | <u>-</u> |
| Trade and other payables | 17 | 32,677 |
| Total current liabilities | | <u>32,677</u> |
| Total liabilities | | <u>32,677</u> |
| Total equity and liabilities | | <u>2,957,858</u> |

The Financial Statements were approved by the Board of Directors and signed on its behalf by:

Name of the Director:

15 August 2020

Mohamed Azim

Salfiyya Anwar



Signature

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FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Changes in Equity
For the Period from 25 March 2019 to 31 December 2019

| | Notes | Share Capital | Reserves | Retained Earnings | Total |
|---------------------------------------|-------|------------------|----------|--------------------|------------------|
| Balance as at 25 March 2019 | | - | - | - | - |
| Net Profit/(loss) for the Year ended | 16 | | | (3,118,339) | (3,118,339) |
| Additions | 15 | 6,043,520 | | | 6,043,520 |
| Transfer to Reserves | | | - | | |
| Balance as at 31 December 2019 | | 6,043,520 | - | (3,118,339) | 2,925,181 |



FAHI DHIRIULHUN CORPORATION LIMITED
Cash flow Statement for the period ended 31 December 2019
(in Maldivian Rufiyaa)

| | 2019 |
|---|--------------------|
| Profit for the Period | (3,118,339) |
| Adjustments for: | |
| Depreciation & amortization | 40,490 |
| | (3,077,849) |
| Changes in: | |
| Inventories | - |
| Trade and other receivables | (280,118) |
| Trade and other payables | 32,677 |
| Cash flow from operating activities | (247,441) |
| Interest Paid | - |
| Business profit tax paid | - |
| Net cash from operating activities | (3,325,290) |
| Cash flow from investing activities | |
| Acquisition of property, plant and equipment | (764,903) |
| Net cash used in investing activities | (764,903) |
| Cash flow from financing activities | |
| Proceeds from issue of share capital | 6,043,520 |
| Net cash from financing activities | 6,043,520 |
| Net increase/ decrease in cash and cash equivalent | 1,953,327 |
| Cash and cash equivalent at beginning | - |
| Cash and cash equivalents at 31 December 2020 | 1,953,327 |

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FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

1. REPORTING ENTITY

Fahi Dhiriulhun Corporation Limited (the “Company”) is a Company incorporated and domiciled in the Republic of Maldives. The Company was incorporated on 25 March 2019 as a limited liability Company under Presidential Decree No. 02/2019 with its registered office at Ministry of Housing and Urban Development, Ameenee Magu, Male’, the Republic of Maldives.

The Government of Maldives holds 100% shares of the Company.

The purpose of the company is to provide and carry out various classes of housing projects, at an affordable price, under a single roof in order to provide a better standard of living for the citizens of the Maldives.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

These financial statements have been prepared on the historical cost basis except assets and liabilities which are stated as their fair value except for the Investment property accounting policy as disclosed under note 3.5.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Maldivian Rufiyaa, which is the Company’s functional currency. All amounts have been rounded to the nearest Rufiyaa, unless otherwise indicated.

2.4 Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the respective notes.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in the financial statements, except if mentioned otherwise.

3.1 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.

3.2 Financial instruments

3.2.1 Financial Assets (Non-derivative)

The Company initially recognizes loans, receivables, and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

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

1. Receivables
2. Cash and Cash Equivalents

3.2.1.1 Receivables

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

Receivables comprise trade and other receivables and amounts due from related parties.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3.2.1.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, bank balances and term deposits with original maturities of three months or less.

3.2.2 Financial liabilities (Non-derivative)

The Company initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Company has non-derivative financial liabilities such as trade and other payables, amount due to related parties and borrowings. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.3 Share Capital

3.3.1 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

3.4 Property, Plant and Equipment

3.4.1 Recognition and Measurement

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

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

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

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



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3.4.2 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.

3.4.3 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

| | |
|--------------------------------|----------|
| Buildings | 20 years |
| Furniture and Fittings | 05 years |
| Computers and Office Equipment | 05 years |
| Vehicles | 10 years |
| Plant and Machinery | 10 years |

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The charge for the depreciation commences from the month in which the Property, Plant and equipment are recognized in profit or loss as incurred.

3.4.4 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.

3.5 Intangible Assets

3.5.1 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.

3.5.2 Subsequent expenditure

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



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3.5.3 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.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In the case of construction working progress cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on the normal operating capacity.

3.7 Impairment

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

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

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



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3.8 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.

3.9 Provisions

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

3.10 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.11 Interest – Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.12 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale or lease of residential, in the ordinary course of the Company's activities.

3.13 Events Occurring After the Reporting Date

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

3.14 Operating Expenses

All operating expenses incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged to the profits or loss for the year. Expenses incurred for the purpose of acquiring, expending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the Company have been treated as capital expenses.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

3.15 Tax Expense

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

3.15.1 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.

3.15.2 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.

3.16 Determination of fair values

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.

3.16.1 Measurement of Fair Values

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

i- Trade and other receivables

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

ii- Financial liabilities (Non-derivative)

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



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

| | 2019 |
|--|-----------------------------|
| 4 Revenue | <u> </u> |
| 5 Cost of Sales | <u> </u> |
| 6 Other Income- Miscellaneous | |
| Income from renting extra office space | 190,968 |
| Total | <u>190,968</u> |
| | |
| 7 Administrative costs | |
| Personnel Cost (Note 7.1) | 1,828,402 |
| Office Rent | 581,264 |
| Consultancy | 246,027 |
| Trade fees | 257,730 |
| Travelling | 95,539 |
| Utilities | 71,614 |
| Miscellaneous Expenses | 64,967 |
| Printing & Office Supplies | 55,122 |
| Depreciation & Amortisation (Note 10 & 11) | 40,490 |
| Small Tools & Equipments | 33,944 |
| General Advisterment | 11,164 |
| Training | 8,000 |
| Bank Charges | 1,388 |
| Other General Administrative Expenses | 13,656 |
| | <u>3,309,307</u> |
| | |
| 7.1 Personnel Cost | |
| Staff Salaries and Allowances | 1,201,797 |
| Ramadan Allowance | 3,000 |
| Employee Pension Contributions | 55,851 |
| Board Remuneration and Fees | 567,754 |
| | <u>1,828,402</u> |



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FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

| | |
|--|-------------|
| 8 Income tax expense | 2019 |
| | MVR |
| Tax on business profit (8.1) | - |
| Deferred tax on temporary differences (8.3) | - |
| Income tax expense reported in the income statement | <u>-</u> |

In accordance with the provisions of the Business Profit Tax Act No.5 of 2011, the relevant regulations and subsequent amendments thereto, the Company is liable for Business Profit Tax on its taxable profits at the rate of 15%. However, no tax provision has been recognized since the Company has incurred tax loss for the year.

8.1 Tax on business profit

Business Profit Tax Act No. 05/2011. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December 2019 is as follows:

| | |
|--|-------------|
| | 2019 |
| | MVR |
| Loss before tax | (3,118,339) |
| Add: Depreciation charge for the period | 40,490 |
| Other disallowable expenses | 1,059,899 |
| Less: Capital allowances | 6,269 |
| Other allowable expenses | (76,301) |
| Taxable loss before adjustments | (2,087,982) |
| Apportioned loss | - |
| Less: Tax free allowance(MVR 500,000) | (386,301) |
| Total Taxable loss | - |
| Income tax on taxable profit @ 15% | <u>-</u> |

8.2 Accumulated Tax Losses

| | |
|---|--------------------|
| | 2019 |
| | MVR |
| Loss carried forward from the previous tax year | - |
| Tax loss for the year of assessment | (2,087,982) |
| At the end of the year | <u>(2,087,982)</u> |



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

8.3 Unrecognized Deferred Tax Asset

The deferred tax is arrived at by applying the income tax rate of 15% to the timing differences as at 31 December 2019.

| | 2019 |
|---|----------------|
| | MVR |
| Deferred tax asset (Note 8.4) | 315,493 |
| Deferred tax liability | - |
| Deferred tax asset as at 31 December | 315,493 |

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

8.4 Deferred tax assets / (liability) are attributable to the following:

| | 2019 |
|---------------------------------------|-------------|
| | MVR |
| Deferred tax asset | |
| Loss before tax | (3,118,339) |
| Add: Disallowable expenses | 1,079,939 |
| Less: Allowable expenses | (62,120) |
| Tax based loss | (2,100,520) |
| 15% | 315,078 |
| Deferred tax assets on tax losses | 315,078 |
| Net book value as per accounting base | 724,413 |
| Written down value as per tax base | 727,179 |
| Temporary difference | (2,766.00) |
| 15% | 415 |
| Deferred tax asset on PPE | 415 |

9 Loss Per Share

| | |
|-----------------------|---------------|
| Loss for the period | (3,118,339) |
| Share Capital | 6,043,520 |
| value per share | 10 |
| Loss per share | (5.16) |



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

10 Property, Plant and Equipment

| Cost | Computer and Office Equip | Furniture, Fittings | 2019 |
|---|---------------------------|---------------------|----------------|
| Balance at the beginning of the period | - | - | - |
| Additions during the year | 419,597 | 327,331 | 746,928 |
| Disposals during the year | - | - | - |
| Balance at the end of the period | 419,597 | 327,331 | 746,928 |
| Accumulated Depreciation | | | |
| Balance at the beginning of the period | - | - | - |
| Depreciation charge for the period | 18,122 | 21,769 | 39,891 |
| Depreciation on disposals | - | - | - |
| Balance at the end of the period | 18,122 | 21,769 | 39,891 |
| Net Book Value at the end of the Period | 401,475 | 305,562 | 707,037 |

11 Intangible Assets

| Cost | Software | 2019 |
|---|---------------|---------------|
| Balance at the beginning of the period | - | - |
| Additions during the year | 17,975 | 17,975 |
| Disposals during the year | - | - |
| Balance at the end of the period | 17,975 | 17,975 |
| Accumulated Depreciation | | |
| Balance at the beginning of the period | - | - |
| Depreciation charge for the period | 599 | 599 |
| Depreciation on disposals | - | - |
| Balance at the end of the period | 599 | 599 |
| Net Book Value at the end of the Period | 17,376 | 17,376 |



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FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

| | | |
|-----------|------------------------------------|------------------|
| 12 | Inventory | <u>2019</u> |
| | | <u>-</u> |
| | | <u>-</u> |
| 13 | Trade and other receivables | |
| | Prepaid Expenses | 80,118 |
| | Accounts Receivable | - |
| | Other current assets | 200,000 |
| | | <u>280,118</u> |
| 14 | Cash and cash equivalents | |
| | Cash in Hand | 6,168 |
| | Balances with Banks | 1,947,159 |
| | | <u>1,953,327</u> |

The Company maintained all of its bank accounts at Bank of Maldives.

| | | | |
|-----------|-------------------------------|-------------------------|------------------------|
| 15 | Share Capital | Number of Shares | Ordinary Shares |
| | | | MVR |
| | As at 31 December 2019 | 604,352 | 6,043,520 |

Authorised Share Capital comprises of MVR 1,000,000,000 (100million shares @ MVR 10/s

The issued and fully paid up share capital comprises of 604,352 ordinary shares of MVR 10/

The company is fully owned by the Government of Maldives

| | | |
|-----------|-----------------------------|--------------------|
| 16 | Retained earnings | |
| | Beginning Retained Earnings | - |
| | Net Income/ (Expenses) | <u>(3,118,339)</u> |
| | Ending Retained Earnings | <u>(3,118,339)</u> |

| | | |
|-----------|---------------------------------|---------------|
| 17 | Trade and other payables | |
| | Accounts payables | 32,677 |
| | Accrued Expenses | - |
| | Other current liabilities | - |
| | | <u>32,677</u> |

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FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 25 March 2019 to 31 December 2019

18 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. Liquidity risk
- b. Operational risk

Risk management framework

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

Role of Audit Committee

The Board Audit committee reviews the effectiveness of the Company's risk management framework related to the identification, measurement, monitoring and controlling of risks. The committee also reviews and monitors the integrity of the Company's financial statements and financial reporting process and its systems of internal accounting and financial controls. In addition, the committee reviews, and challenges where necessary the consistency of, and any changes to, accounting policies. The committee reviews the compliance of the Company with legal and regulatory requirements including its disclosure requirements, controls, and procedures. Furthermore, the committee reviews the engagement of the external auditors and the evaluation of the independence, objectivity, and performance of the external auditors.

A. 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.

| | Less than 3 Months | 3 to 12 months | 1 to 05 years | more than 05 years | Total |
|------------------------------|-----------------------|----------------|---------------|-----------------------|-----------|
| Financial Assets | | | | | |
| Cash | 1,953,327 | | | | 1,953,327 |
| Receivable | | | 280,118 | | 280,118 |
| | 1,953,327 | - | 280,118 | - | 2,233,445 |
| Financial Liabilities | | | | | |
| Trade and Other Payables | 32,677 | | | | 32,677 |
| | 32,677 | | | | 32,677 |
| Maturity Gap | 1,920,650 | - | 280,118 | - | 2,200,768 |
| Cumulative Maturity Gap | 1,920,650 | 1,920,650 | 2,200,768 | 2,200,768 | |

FAHI DHIRIULHUN CORPORATION LIMITED
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B. Operational Risk

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

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.

| Name of the Related Party | Relationship | Nature of Transactions | Amount 2019 | Amount Due From/to 2019 |
|--|--------------|------------------------|-------------|-------------------------|
| Maldives Fund Management Corporation | Government | Receivables | 190,968 | |
| | Affiliates | Receipts | (190,968) | - |
| Capital Market Development Authority | Government | Payables | 6,000 | |
| | Affiliates | Payments | (6,000) | |
| Dhiraagu | Government | Payables | 29,983 | |
| | Affiliates | Payments | (29,664) | 319 |
| Male' Water and Sewerage Company Pvt Ltd | Government | Payables | 1,303 | |
| | Affiliates | Payments | (1,303) | - |
| State Trading Organisation | Government | Payables | 43,163 | - |
| | Affiliates | Payments | (43,163) | - |
| State Electric Company Limited | Government | Payables | 12,191 | |
| | Affiliates | Payments | (9,296) | 2,895 |
| Waste Management Corporation Limited | Government | Payables | 1,556 | |
| | Affiliates | Payments | (1,188) | 368 |

Transactions with Key Management Personnel

The Board of Directors and Managing Director are the members of the key management personnel. During the year end 31 December 2019, total remuneration paid to Directors including Managing Director was MVR 983,589/-



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Events after the Reporting Date

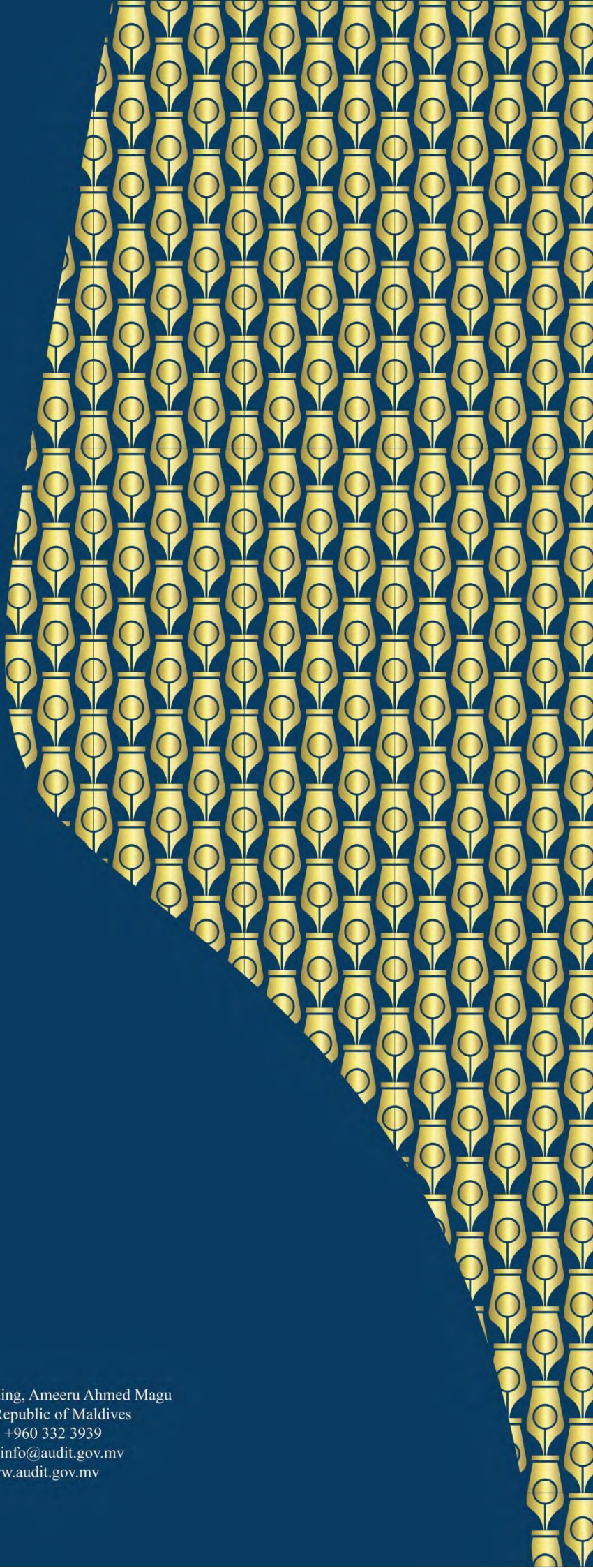
Termination of lease of office space

The Company has elected not to recognize right-of use asset and lease liability for the lease of its leased office space. The lease agreement was terminated on 31st July 2020. The term of this lease is 12 months. Hence, the company has recognized the lease payment associated with this lease as an expense on a straight-line basis over the lease term

Directors Responsibility

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





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