

ANNUAL REPORT

2020



CONTENTS

- 01** Introduction
- 02** Chairman's Statement
- 03** Managing Director's Statement
- 04** Board of Directors
- 06** Share Capital
- 07** Corporate Governance
- 11** Organization Structure
- 12** Executive Team
- 14** Human Resources
- 15** Our Work
- 19** Financial Performance 2020
- 20** Audited Financial Reports

INTRODUCTION

Established in the March 2019 with a Presidential Decree, Fahi Dhiriulhun Corporation is mandated with the primary objective of providing affordable housing at a subsidized rate for low- and middle-income segments of the population.

Year 2020 had its own unique challenges with the COVID-19 pandemic and its impact on the local and global economy. Despite these challenges, FDC engaged with various contractors through the USP model utilized by the Government of Maldives and initiated dialogue for the development of 8000 housing units. Negotiations were completed successfully for the development of 2000 housing units in Greater Male' region.

Efforts were made to strengthen internal capacity through recruitment and on improving housing models in light of discussions with relevant government authorities.

VISION

Better living. Brighter future.

MISSION

Providing accessible and affordable housing solutions across Maldives.

VALUES

*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

2020 was a year like no other. When the global COVID-19 pandemic first hit the country, we knew it was our responsibility and mandate to ensure that we continue to assist one of the most vulnerable groups within the community. Therefore, we immediately adopted a new purpose statement for the FDC, articulating what each of us has long felt is our reason for providing the crucial infrastructure to those who need it the most.

“ADJUSTING AND ADAPTING TO A YEAR LIKE NO OTHER”

With a new purpose for the year, we fulfilled all the goals we set out to achieve for the year through a combination of teamwork, adapting to the situation, care, and understanding, of both our team and the people we serve. Adaptability being the key to the current situation we wasted no time adjusting our mission, with our newly articulated purpose in mind, committed to very specific and clear objectives; to protect our team, to ensure the projects ran smoothly, and to provide an excellent service to anyone who came to us, without the pandemic hindering the work we do.

At the end of the fiscal year, despite the many unexpected challenges we faced together, we performed extremely well. We negotiated for nine projects, without the need to cancel nor push back any important deadlines on these important social housing projects.

It has been a difficult year for everyone. The good work the team and all extended parties have done and continue to do so is the reason why we have something to be proud of and celebrate. I would like to extend my heartfelt gratitude to all employees of Fahi Dhiriulhun Corporation for their resilience and dedication to ensure that the work we do will enable upward mobility and provide much-needed assistance to the people who require affordable social housing.



A handwritten signature in black ink, appearing to read 'Mohamed Azim', positioned above the printed name.

MR. MOHAMED AZIM

Chairman

MANAGING DIRECTOR'S STATEMENT

With the tumultuous pandemic fiscal year of 2020, we had to adapt and change the approach we had towards tackling the projects and goals we set for ourselves and the community.

Throughout the year, we continued our commitment to delivering the highest standards of quality and care despite the many difficulties we faced as a company/corporation. It did not stop us from making the year 2020 as successful, if not better than the previous year we had. We achieved this through resilience and dedication towards what we believe is the right thing to do in such extreme conditions thrown at us in every step of the organizational process.

“ FACING NEW CHALLENGES WITH A NEW APPROACH”

Although the pandemic raged on, we continued to implement new training, tools, and technology in our workflow process to ensure top-quality results and to achieve the goals set by the team for the people we are here to serve.

Overall, with the challenges we face during the year we have continued our efforts to keep in negotiation with 8 potential contractors, we had a successful year and achieved all the targets we set for the company. And this is all thanks to the highly efficient and resilient team of dedicated individuals I have had the pleasure of working with.



MS. SALFIYYA ANWAR
Managing Director

BOARD OF DIRECTORS

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

Board 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.

MR. MOHAMED AZIM

Non Executive - Chairman



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 Masters Degree in Urban and Regional Planning specializing in Housing from Islamic University of 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 holds an Honors Graduate degree in Software Engineering from the University of Queensland, Australia, and strives to bring greater efficiency through automation.

BOARD OF DIRECTORS

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. MOHAMED NIZAM

Non Executive Director



Appointed on 21st March 2019

Mr. Mohamed 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.

Uz. HASSAN SAFWAN

Non Executive Director



Appointed on 21st March 2019

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

SHARE CAPITAL

NUMBER OF ORDINARY SHARES

1,276,695

ORDINARY SHARE CAPITAL MVR

12,766,950

As at

31st December 2020

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

CORPORATE GOVERNANCE

The Corporate Governance Code of State-Owned Enterprises (CG Code) was endorsed by FDC Board on 18th December 2019. CG code is closely complied with, and Company Secretary ensures that regulatory requirements are met accordingly.

THE BOARD

The Board comprises of 7 (seven) Directors appointed by the Government of Maldives in the capacity of the Shareholder. The Board of Directors include highly qualified persons who has extensive experience and knowledge in their field, with allows for productive and constructive discussions leading to prompt and rational decisions at Board Meetings.

The Board sets Strategic Plan and Objectives of the Corporation with the recommendations from the Management and follows-up and monitor the progress of key projects and KPIs. The Board continues to act in the best interest of the Corporation and Shareholder.

An annual plan for board meetings along with tentative agendas were formulated, approved by the Board and shared with the Privatization and Corporatization Board (PCB) at the beginning of the year. Board meetings were held in line with this plan and in accordance with set procedures.

Annual Evaluation of the Board was carried out in February 2020 based on the policy and procedure approved by the Board. The evaluation report prepared was shared with PCB.

CORPORATE GOVERNANCE

THE CHAIRMAN

The Board meetings and the Annual General Meeting (AGM) were presided by the Chairman of the Board. The Chairman of the Board is a Non-Executive Director and is not involved in the day to the operations of the Corporation.

THE MANAGING DIRECTOR

The Managing Director (MD) oversees the day-to-day operations of the Corporation and sits on the Board as an Executive Director. The Management, under the guidance of the Managing Director, has proposed the Strategic Plan and Objectives, business plans and the budget which were presented to the Board for approval. Managing Director's primary focus is to achieve the strategic goals and objectives of the Company through clear and concise communications with relevant government authorities, contractors and financiers while managing the expectations of the target market. Managing Director is directly involved in high level negotiations and maintains an amicable relationship with key stakeholders.

Weekly management meetings were held under the directive of the Managing Director. These meetings were used as a platform to strategize, plan, monitor and evaluate the work of different departments and the company as a whole. Managing Director plays an active role in maintaining a positive and ethical work climate within the Company and ensures that the work climate is conducive to attract, retain and motivate the employees of the Company.

BOARD MEETINGS








In 2020, Board meetings were held to discuss and make key decisions regarding projects and other activities carried out by the Corporation and to monitor and follow up on the activities undertaken by the Management.

Board meeting agenda is set and approved by the Chairperson and meetings are scheduled in advance. Notice of Board meetings along with the meeting agenda, relevant information and documents are shared with all Board Directors prior to the Board Meetings. Directors review documents and information ahead of the meetings and comes prepared for discussions. In general, Board of Directors has allocated sufficient time to attend and contribute to Board meetings and discussions.

CORPORATE GOVERNANCE

BOARD MEETINGS

A total of 14 (fourteen) Board meetings were held during 2020. Due the lockdown and pandemic situation 10 (ten) meetings were held online via Microsoft teams. Board Meeting attendance is as follows.

Mohamed Azim		14/14 Attended
Salfiyya Anwar		14/14 Attended
Ahmed Athif		11/14 Attended
Ahmed Musid		09/14 Attended
Hassan Safwan		01/14 Attended
Ibrahim Nizam		11/14 Attended
Riyaz Mansoor		11/14 Attended

AUDITING

Internal Auditor

Internal Auditor was hired in January 2020. Audit methodology and a risk register was developed by the Internal Auditor and approved by the Audit Committee.

External Auditor

As the External Auditor, Auditor General's Office audited the Financial Statements 2020 and issued an unqualified audit report.

COMPANY SECRETARY

Since incorporation, a full-time staff member has taken over the roles and responsibilities of the Company Secretary. Ms. Aminath Nashwa Hameed, Business Development Consultant served as the Company Secretary of FDC until 22nd June 2020. Uz. Ahmed Ameen, Manager, Legal Affairs and Property Management was appointed as the Company Secretary by the Board on 23rd June 2020.

The Company Secretary competently carried out the secretariat work of the Board Meetings, Board Committee Meetings and AGM. The Company Secretary has offered advice and opinion to the Board and the Board Committees on compliance matters, procedures, rules and regulations and has been the focal point in relation to institutional and shareholder related matters. Meetings were held during 2020. Due the lockdown and pandemic situation 10 (ten) meetings were held online via Microsoft teams. Board Meeting attendance is as follows.

CORPORATE GOVERNANCE

BOARD COMMITTEES

FDC Board Consists of two committees, namely the Audit Committee and the Remuneration Committee.

7.1 Audit Committee

A total of 6 (six) Audit Committee Meetings were held in 2020. Audit Committee carries out its work in accordance with the Audit Charter endorsed by the Board on 16th September 2019. The Chairperson of the Audit Committee is a Non-Executive Director who has experience in finance, accounting and auditing. The Audit Committee of FDC comprises of the following non-executive directors.

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

Remuneration Committee

A total of two Remuneration Committee meetings were held in 2020. The Remuneration Committee Charter was formulated and approved by the Committee in 2020. The Committee comprises of the following three members.

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

MoA AMENDMENT

The Memorandum of Association of the Corporation was amended and approved by FDC Board on 13th October 2020. The amendment was brought to increase the range of financing opportunities available to FDC.

TRAINING AND DEVELOPMENT OF DIRECTORS

Due to the ongoing pandemic and limited training opportunities, Board of Directors were not able to participate in any trainings during 2020.

CODE OF ETHICS

Code of Ethics and Professional Conduct for Board Members and Management was approved by the Board on 9th February 2020. The Code addressed issues such as conflict of interest, confidentiality, compliance with laws, professional relationship, reporting on any possible illegal or unethical behavior, compliance procedures and more. The Board and the Management has adhered to this code.

CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING (AGM)

The first Annual General Meeting of FDC was held on 01st November 2020. The meeting was conducted online via Microsoft Teams. Annual Report and Annual Audited Financials were presented at the Annual General Meeting.

The meeting was attended by Mr. Hussain Hameem, Senior Policy Director of Ministry of Finance on behalf of the Shareholder the Government of Maldives. Auditor General's Office was also represented in the AGM in the capacity of the external auditor.

ANNUAL REPORT AND FINANCIAL STATEMENTS

Audited Financial Statements and Annual Report were approved by the Board of Directors before presenting to the AGM and subsequently submitted to the Registrar of Companies and the Privatization and Corporatization Board (PCB) on 10th November 2020.

WEBSITE

Corporate website was launched on 05th June 2020. The website includes news and information about the corporation and other relevant details for investors, stakeholders and the public.

STAKEHOLDERS

The stakeholders include government ministries, state institutions, state-owned enterprises, investors, contractors, private companies and most importantly the public. Continuous efforts are made to maintain good rapport with all the stakeholders.

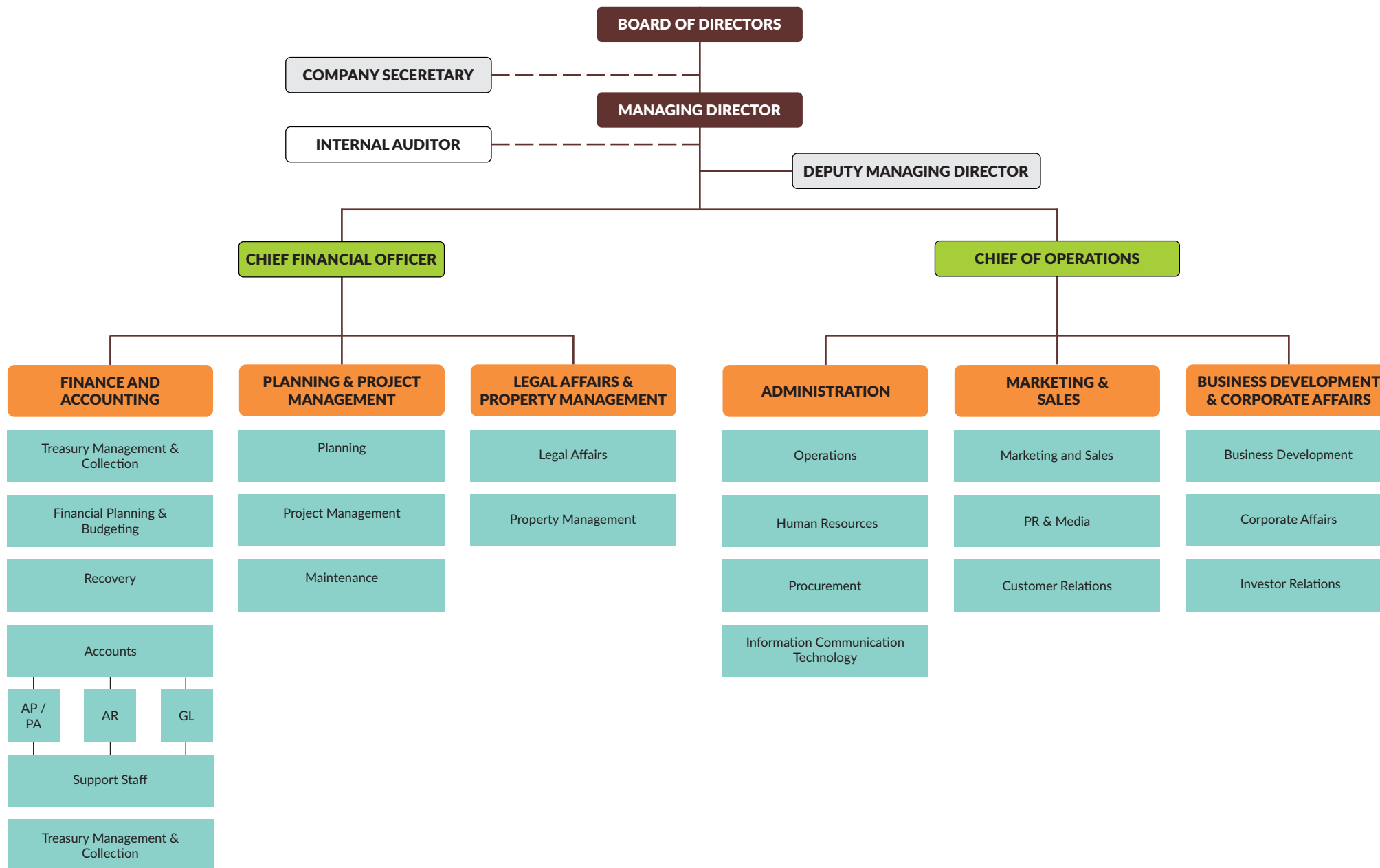
INTERNAL CONTROLS AND RISK MANAGEMENT

The process of improving internal control mechanisms, risk management and strengthening internal audit function is ongoing. These mechanisms are expected to be implemented and followed in the coming year.

COMPLIANCE

The Corporation has closely followed the CG Code and works to improve compliance by formulating and adopting relevant policies and procedures.

ORGANIZATIONAL CHART



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).

Executive Team includes 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 formulating and implementing core strategies and undertake a lead role in daily operations.

MR. JINAH SHAREEF

Chief Financial Officer

Mr. Ali Jinah Shareef joined FDC in 2019 as the finance manager. He is a qualified chartered accountant with more than 10 years of accounting and financial experience in the real estate industry. He was appointed as the Chief Financial Officer in June 2020. Prior to joining Fahi Dhiriulhun Corporation, he served as the Assistant Director of finance in Housing Development Corporation Ltd for 08 years. During his tenure at HDC, he has worked in various areas of finance including accounting, financial planning, budgeting, and raising finance for residential and commercial projects undertaken by the Company.

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

UZ. AHMED AMEEN

Manager – Legal Affairs and Property Management

Uz. Ahmed Ameen joined FDC on 1st March 2020 and currently holds the position of Manager in charge of the Legal Affairs and Property Management Department of the Corporation. Uz. Ameen was also appointed as the Company Secretary of FDC on 23rd June 2020.

Prior joining to FDC, Uz. Ameen held various posts at 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 a Master of Human Rights Law and Policy from the University of New South Wales (UNSW), Australia, LLB (Hons) from University of West of England (UWE) UK, and Bachelor of Business Administrations (BBA) from the University of East London (UEL) UK.

MS. NASHWA HAMEED

Chief of Operations

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

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

Ms. Nashwa has a Bachelor of Commerce from University of Adelaide and a Post Graduate Diploma in Business Administration from Anglia Ruskin University.

MR. HASSAN MANIH UMAR

Civil Engineer, Planning and Projects

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

Prior to joining FDC, Mr. Maanah has worked in Gedor Consulting Pvt Ltd. During this period, he has worked in the housing, commercial and industrial sector, with experience in designing and project management.

Mr. Maanah holds a MEng in Civil Engineering from University College London.

EXECUTIVE TEAM

MR. AHMED SHAMOOL ABDULLAH

Manager – Business Development and Corporate Affairs

Mr. Ahmed Shamool Abdullah joined FDC in 2019 as the Manager, Business Development and Corporate Affairs. Prior to joining FDC Mr. Shamool worked at Amāna Takaful (Maldives) PLC for a period of 8 years. During his tenure at Amāna Takaful (Maldives) PLC he has worked in a various aspect of Business Development function at the company. Areas include product development, service expansion, procurement, and marketing communications.

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

MS. AISHATH SHAAIFA IMAD

Assistant Manager - Administration

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

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

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

MS. SHIFA MOHAMED SAEED

Assistant Manager – Finance

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

Prior to joining FDC, Ms. Shifa held the position of Assistant Manager in Public Debt Management Division (PDMD) of MMA since 2015. During her tenure at MMA, Ms. Shifa was mostly involved in the government securities market operations.

She was also actively involved in the Government Securities Market Development Project undertaken by MMA which aims to make the government securities market more accessible to the public by improving the regulatory framework of the government securities market, implementing a Government Securities Central Securities Depository system, introducing a primary dealership system in the Maldives, and facilitating growth of the secondary market.

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

HUMAN RESOURCES

The key objective of the Human Resources Department was to create an organizational structure that is suited to deliver the corporate mandate and formulate a competitive salary structure. Board approved the corporate Salary Structure and Organizational Chart on 1st March 2020. However, this objective was not fully achieved due to the directive of Privatization and Corporatization Board (PCB) via their Circular 2020/4, which required a reduction in operational cost including remuneration. This change was executed starting from 1st June 2020 and implementing the board endorsed salary structure was held off until the situation improved, and the directive was lifted.

Recruitment efforts were focused on seeking candidates required for planned projects and hiring support staff to cater to the expansion. 11 employees were recruited throughout the year including one foreign staff for technical requirement. Acquisition of the right talent was challenging during the year due to the pandemic and the impact on salary, which led to decrease in the number. The average turnover rate for the year was 34%, resulting from resignation/termination of 4 employees.

The total work force of the company included 16 staff, of which 44% were represented by female staff. The management of the company consisted of 8 members representing all departments and functions of the corporation. 50% of the management were represented by female members.

Major challenge during the pandemic was ensuring the safety of all employees at office when physical operations commenced. To overcome this, new safety guidelines were implemented with staff attending to work on alternative schedules to minimize contact. Flexible working and work from home arrangement aided in ensuring continuity of work during lockdown and quarantine periods.

TRAINING

While there were challenges and limited opportunities for training due to the unforeseen circumstances of Covid-19 pandemic, training opportunities were provided to staff in the following areas.

1. Company Secretaries Training Programme
2. Finance for Non-Finance Managers
3. Practical Use of FIDIC Conditions of Contract

OUR WORK

OPERATIONAL HIGHLIGHTS

The business plan sets out strategies which are implemented to meet social housing requirements and corporate objectives. The financial position of the corporation limits available financing options to undertake projects that are aligned with the corporate mandate. Current operations are focused on utilizing the Unsolicited Proposal Process of the government and sovereign guarantee backed loans to get the first round of projects off the ground. Once a steady revenue stream is established and assets are acquired, other financing options will be explored.

The USP model involves processes and approvals in various stages prior to materialization of the project. This includes negotiating and agreeing to a project cost and finalizing the loan process. These processes are carried out with close collaboration and communication with the USP Secretariate, Ministry of Economic Development, Ministry of Finance and Ministry of National Planning Housing and Infrastructure.

Negotiations were undertaken for the development of 8000 social housing units with 4 proponents. Successful negotiations were carried out with 1 party for the development of 2000 units. By the end of the year, this project was in EPC negotiation stages.

Supporting functions mainly centered around formulating and adopting required policies and procedures. This included approval of the compensation policy, salary structure, recruitment policy. The corporate office moved to a different location as part of the expansion plan to accommodate the expanding operations and workforce. Although training opportunities were limited during the year, 4 staff took part in programs in the areas of corporate governance, financial knowledge and FIDIC Contracts.

Despite the challenges of the COVID-19 pandemic the corporation was swiftly able to switch to working from home and use existing online platforms to continue operations without any interruptions.

RESPONSE TO COVID-19

With the lockdown imposed by the government in March 2020, Work from Home (WFH) arrangements were immediately adopted. As Office 365 was already being utilized and cloud services were being used for data storage and management, the transition to WFH was carried out smoothly. All meetings, discussions and negotiations with key stakeholders were held online to ensure the safety of staff and stakeholders.

FDC abided by the cost reduction measures which were imposed by the Ministry of Finance on all SOEs to mitigate the economic impact of Covid-19. This included reducing the remuneration of the Managing Director and all employees and consultants.

OUR WORK

BUSINESS SUSTAINABILITY

As a newly formed corporation, FDC is heavily reliant on the USP process for securing projects and on sovereign guarantee to secure loans. Revenue generation is not expected for 2 years. Current focus is on securing housing projects in target regions within the benchmarks set for project cost that enables achieving target Equated Monthly Installments for the beneficiaries. Under this model, revenue sources will be limited, and the main target will be to achieve business sustainability through the revenue sources.

The Business Plan endorsed on 15th November 2020 reflects this approach.

Key highlights of the business plan include:

- Creating and retaining a stock of council housing and increasing the supply of affordable housing.
- Introducing a mix of products and services including but not limited to housing subsidies.
- Affordable housing finance instruments, housing subsidies and development aid.

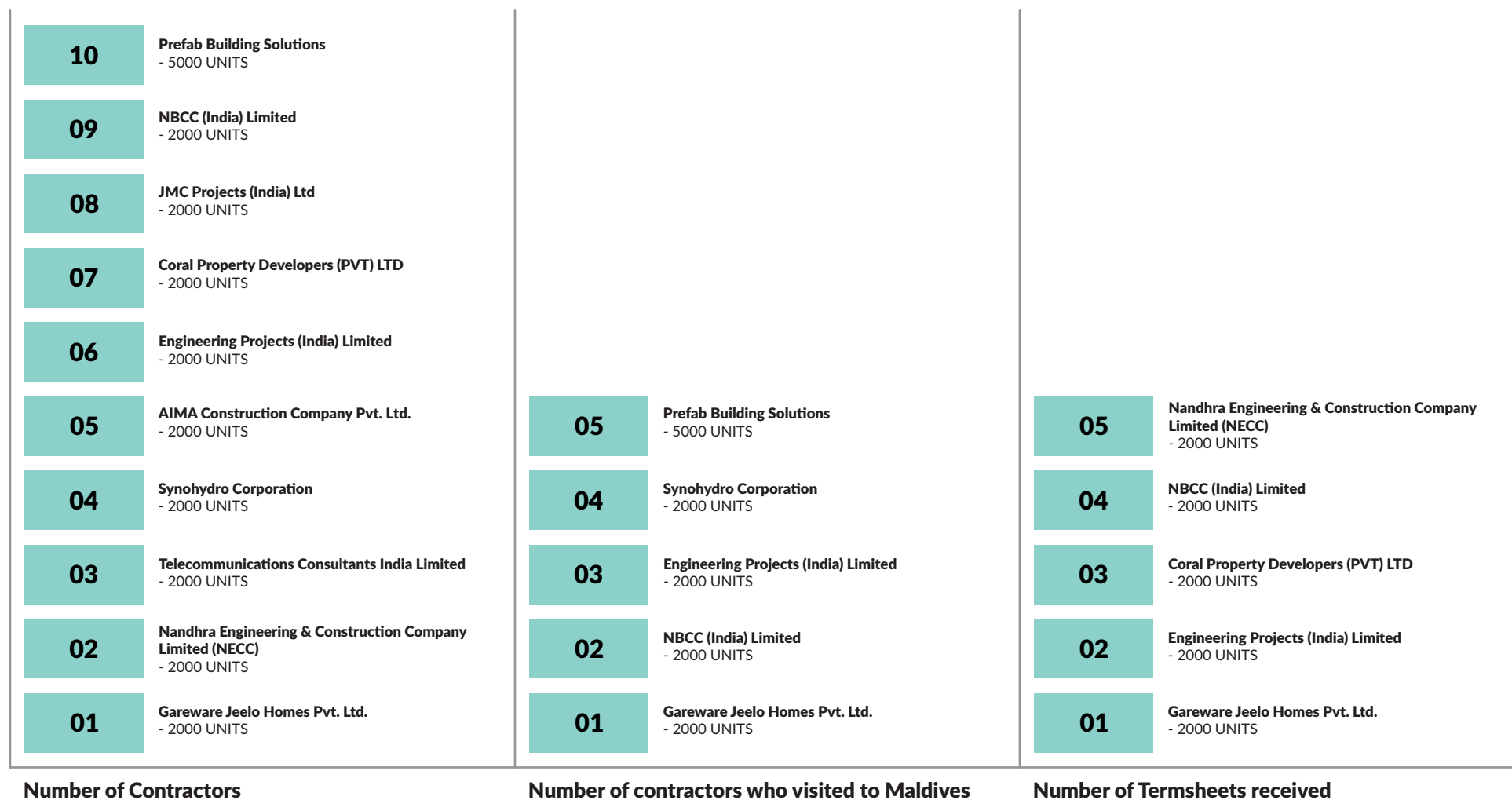
The business plan is focused on implementing and delivering housing projects and accommodating and implementing proactive plans to counter the high operational and capital expenditure during this period. As the mandate is to provide social housing at low cost, profit generation is not a key target for the coming years. Revenue generation is expected to start once housing units are allocated. Revenue will be utilized to repay loans and cover a percentage of operational expenses. Reliance on government will continue until revenue streams are sufficient to cover costs.

OUR WORK

BUSINESS PERFORMANCE

The main objective of the corporation is to provide social housing for vulnerable groups and provide opportunities for first time home buyers at an affordable rate.

A snapshot of the work carried out is provided below.

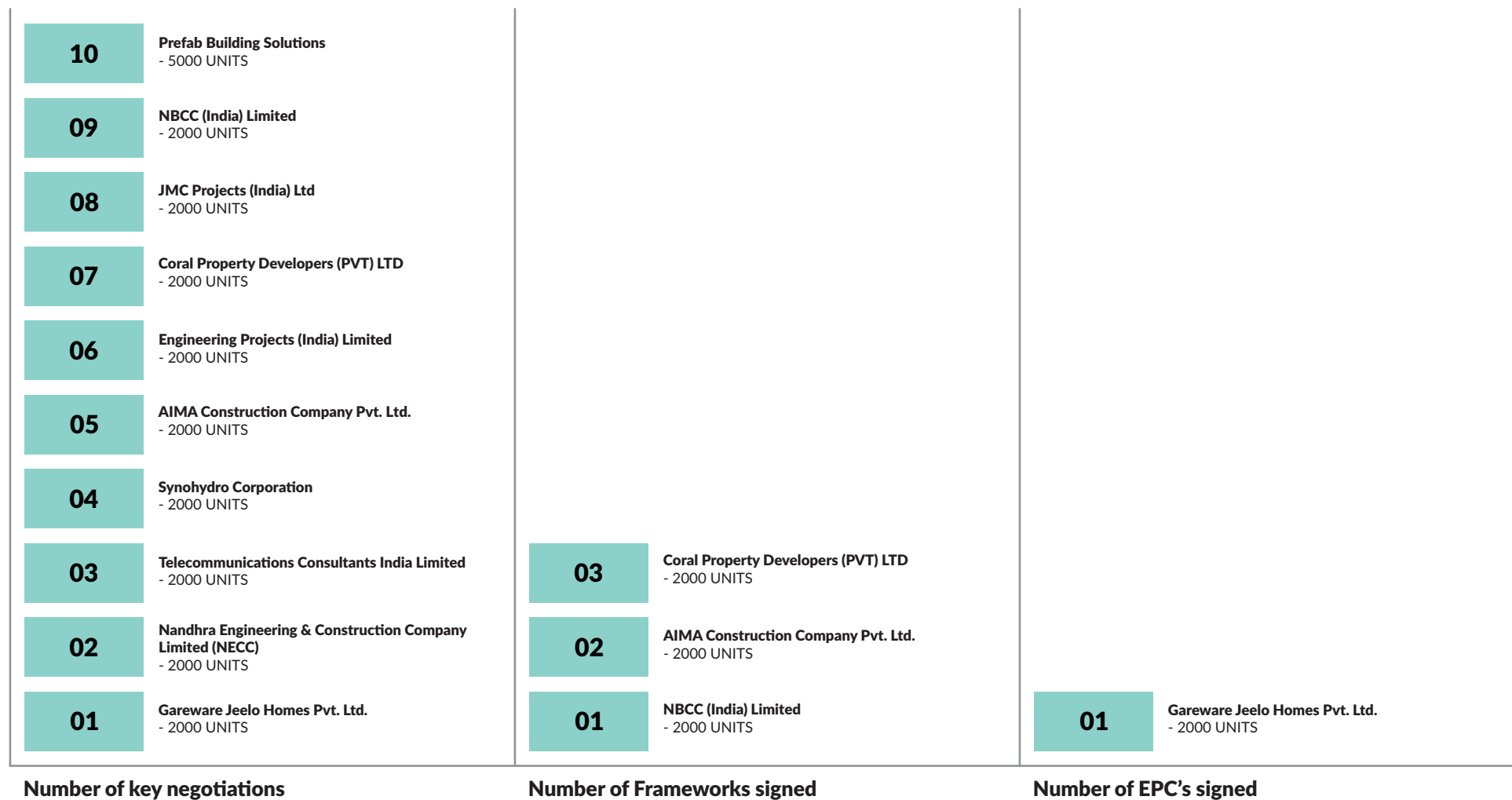


OUR WORK

BUSINESS PERFORMANCE

The main objective of the corporation is to provide social housing for vulnerable groups and provide opportunities for first time home buyers at an affordable rate.

A snapshot of the work carried out is provided below.



FINANCIAL PERFORMANCE

As no revenue generating activities were undertaken during the year 2020, FDC incurred a Net Loss of MVR 6.8 million. During the year, FDC's operations were mainly focused on formulating and negotiating housing projects. The company expects to start the physical construction works of these projects during the year 2021. Until the company can initiate revenue generation in 2023 with the final completion of the housing projects to be undertaken in the year 2021, FDC remains reliant on Government funding.

Further, during 2020, Government of Maldives injected a total of MVR 6.7 million as capital to support administrative expenses. By the end of 2020, total Shareholder's Funds declined to MVR 2.7 million owing to the Net Loss incurred during the year.



Report No: FIN-2021-54 (E)

10 August 2021

FAHI DHIRIULHUN CORPORATION LIMITED

FINANCIAL YEAR 2020



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AUDITOR GENERAL'S OFFICE

TABLE OF CONTENTS

Auditor General’s Report 1

Financial Statement

 Statement of Comprehensive Income..... 3

 Statement of Financial Position..... 4

 Statement of Changes in Equity 5

 Statement of Cashflow 6

 Notes to Financial Statement..... 7

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 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, in all material respects, give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

10th August 2021



Hussain Niyazy
Auditor General



FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Comprehensive Income
for the period from 01 January 2020 - 31 December 2020
(in Maldivian Rufiya)

		2020	2019
	Note		
Revenue	4	-	-
Cost of Sales	5	-	-
Gross Profit		-	-
Other Income	6	352,686	190,968
Selling and Distribution Expenses		-	-
Administrative costs	7	(7,116,525)	(3,309,307)
Operating Profit/(loss)		(6,763,839)	(3,118,339)
Finance Income			
Finance Cost	18	(103,694)	
Net Finance Costs		(103,694)	-
Profit/(Loss) before taxes		(6,867,533)	(3,118,339)
Income Tax	8	-	-
Profit for the Period		(6,867,533)	(3,118,339)
Loss per Share	9	(5.38)	(5.16)



FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Financial Position as at 31 December 2020
(in Maldivian Rufiya)

		2,020.00	2019
	Note		
Assets			
Property plant and equipment	10	543,992.00	707,037
Intangible Assets	11	181,314.00	17,376
Right of Use Assets	12	2,628,091.00	
Non-current Assets		3,353,397.00	724,413
Inventories	13	-	-
Trade and other receivables	14	6,750.00	280,118
Cash and cash equivalent	15	1,925,915.00	1,953,327
Total current assets		1,932,665.00	2,233,445
Total Assets		5,286,062.00	2,957,858
Equity			
Share capital	16	12,766,950.00	6,043,520
Retained earning	17	(9,985,872.00)	(3,118,339)
Total Equity		2,781,078.00	2,925,181
Liabilities			
Lease Liabilities	18	1,528,366.00	-
Total Non-Current Liabilities		1,528,366.00	-
Current Liabilities			
Trade and other payables	19	128,373.00	32,677
Lease Liabilities		848,245.00	
Total current liabilities		976,618.00	32,677
Total liabilities		2,504,984.00	32,677
Total equity and liabilities		5,286,062.00	2,957,858

The Board of Directors is responsible for the preparation and Presentation of these financial Statements,

Signed for and on behalf of the Board by;

Name of the Director

Signature

Mohamed Azim



Salfiyya Anwar



10-August-2021



FAHI DHIRIULHUN CORPORATION LIMITED
Statement of Changes in Equity as at 31 December 2020
For the Period from 01 January 2020 to 31 December 2020

	Notes	Share Capital	Reserves	Retained Earnir	Total
Balance as at 25 March 2019		-	-	-	-
Net Profit for the Year ended	17			(3,118,339)	(3,118,339)
Additions	16	6,043,520			6,043,520
Transfer to Reserves			-		
Balance as at 31 December 2019		6,043,520	-	(3,118,339)	2,925,181
	Notes	Share Capital	Reserves	Retained Earnir	Total
as at 01 Jan 2020		6,043,520	-	(3,118,339)	2,925,181
Net Profit for the Year ended	17			(6,867,533)	(6,867,533)
Additions	16	6,723,430			6,723,430
Transfer to Reserves			-		
Balance as at 31 December 2020		12,766,950	-	(9,985,872)	2,781,078



FAHI DHIRIULHUN CORPORATION LIMITED
Cash flow Statement for the period ended 31 December 2020
(in Maldivian Rufiya)

	Notes	2,020	2019
Profit for the Period		(6,867,533)	(3,118,339)
Adjustments for:			
Depreciation & amortization		593,536	40,490
Gain on sale of property plant and equipment		(15,406)	
Interest on lease liabilities		103,694	
		<u>(6,185,709)</u>	<u>(3,077,849)</u>
Changes in:			
Inventories		-	-
Trade and other receivables		273,369	(280,118)
Trade and other payables		95,696	32,677
		<u>(5,816,644)</u>	<u>(3,325,290)</u>
Cash flow from operating activities		(5,816,644)	(3,325,290)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(721,597)	(764,903)
Proceeds from sale of property, plant and equipment		220,345	
Net cash used in investing activities		(501,252)	(764,903)
Cash flow from financing activities			
Proceeds from issue of share capital		6,723,430	6,043,520
Payment of Lease liabilities		(432,946)	
Net cash from financing activities		6,290,484	6,043,520
Net increase/ decrease in cash and cash equivalent		(27,412)	1,953,327
Cash and cash equivalent at beginning		1,953,327	-
Net increase/ decrease in cash and cash equivalent		(27,412)	
Cash and cash equivalents at 31 December 2020		1,925,915	1,953,327



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

1 REPORTING ENTITY

Fahi Dhirulhun 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 recognised in the financial statements is included in the respective notes.

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.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

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.

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.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

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.

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

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 01 January 2020 to 31 December 2020

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

3.7.1 Financial Assets (including receivables)

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.

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.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

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.

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.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

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).

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.

	2020	2019
4 Revenue	-	-
5 Cost of Sales	-	-
6 Other Income- Miscellaneous		
Miscellaneous Income	337,280	190,968
Gain on disposal of Assets	15,406	
Total	352,686	190,968
7 Administrative costs		
Personnel Cost (Note 7.1)	4,591,049	1,828,402
Office Rent	700,000	581,264
Consultancy	743,327	246,027
Trade fees	5,600	257,730
Travelling	51,503	95,539
Utilities	309,457	71,614
Miscellaneous Expenses	-	64,967
Printing & Office Supplies	39,328	55,122
Depreciation & Amortisation (Note 10, 11&12)	593,536	40,490
Small Tools & Equipments	37,192	33,944
General Advisterment	-	11,164
Training	23,418	8,000
Bank Charges	1,640	1,388
Other General Administrative Expenses	20,475	13,656
	7,116,525	3,309,307
7.1 Personnel Cost		
Staff Salaries and Allowances	3,699,862	1,201,797
Ramadan Allowance	51,000	3,000
Staff Visa Expenses	2,100	
Employee Pension Contributions	132,467	55,851
Board Remuneration and Fees	705,620	567,754
	4,591,049	1,828,402



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

8 Income tax expense	2020 MVR	2019 MVR
Tax on business profit (8.1)	-	-
Deferred tax on temporary differences (8.3)	-	-
Income tax expense reported in the income statement	-	-

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 recognized since the Company has incurred tax loss for the year.

8.1 Tax on business profit

Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December 2020 is as follows:

	2020 MVR	2019 MVR
Loss before tax	(6,867,533)	(3,118,339)
Add: Depreciation charge for the period	(254,236)	40,490
Other disallowable expenses	1,387,986	1,059,899
Less: Capital allowances	(153,256)	(6,269)
Other allowable expenses	(1,358,370)	(76,301)
Taxable loss before adjustments	(7,245,409)	(2,087,982)
Apportioned loss	-	-
Less: Tax free allowance(MVR 500,000)	(500,000)	(386,301)
Total Taxable loss	-	-
Income tax on taxable profit @ 15%	-	-

8.2 Accumulated Tax Losses	2020 MVR	2019 MVR
Loss carried forward from the previous tax year	(2,087,982)	-
Tax loss for the year of assessment	(7,245,409)	(2,087,982)
At the end of the year	(9,333,391)	(2,087,982)

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.

	2020 MVR	2019 MVR
Deferred tax asset (Note 8.4)	1,150,394	315,078
Deferred tax liability (Note 8.4)	(1,568)	415
Deferred tax asset as at 31 December	1,148,827	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.



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

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

	2020	2019
	MVR	MVR
Deferred tax asset		
Loss before tax	(6,867,533.00)	(3,118,339.00)
Add: Disallowable expenses		
Depreciation	(254,236.00)	40,490.00
Balancing Charge	3,032.32	
Pension Contribution	132,467.00	55,851.00
Other Deductions not allowed	26,583.34	
	(6,959,686.34)	(2,038,399.76)
Less: Allowable expenses		
Capital Allowance	(577,142.00)	(6,269.00)
Pension Contribution	(132,467.00)	(55,851.00)
Tax based loss	(7,669,295.34)	(2,100,519.76)
15%	1,150,394.30	315,077.96
Deferred tax assets on tax losses	1,150,394.30	315,077.96
Deferred tax liability		
Net book value as per accounting base	725,306	724,413
Written down value as per tax base	714,854	727,179
Temporary difference	10,452	(2,766)
15%		
Deferred tax liability	(1,568)	415
Deferred tax assets on tax losses	1,148,827	315,493
9 Loss Per Share		
Loss for the period	(6,867,533)	(3,118,339)
Share Capital	12,766,950	6,043,520
value per share	10	10
Loss per share	(5.38)	(5.16)



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

10 Property, Plant and Equipment

Cost	Computer and Office Equip	Furniture, Fittings	2020
Balance at the beginning of the period	419,597	327,331	746,928
Additions during the year	158,544	37,439	195,983
Disposals during the year	(27,500)	(219,391)	(246,891)
Balance at the end of the period	550,641	145,379	696,020
Accumulated Depreciation			
Balance at the beginning of the period	18,122	21,769	39,891
Depreciation charge for the period	103,783	50,305	154,088.00
Depreciation on disposals	(916)	(41,035)	(41,951)
Balance at the end of the period	120,989	31,039	152,028
Net Book Value at the end of the Period	429,652	114,340	543,992

11 Intangible Assets

Cost	Software	2020
Balance at the beginning of the period	17,975	17,975
Additions during the year	179,500	179,500
Disposals during the year	-	-
Balance at the end of the period	197,475	197,475
Accumulated Depreciation		
Balance at the beginning of the period	599	599
Depreciation charge for the period	15,562	15,562
Depreciation on disposals	-	-
Balance at the end of the period	16,161	16,161
Net Book Value at the end of the Period	181,314	181,314



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

12 Right of use Asset

Leasehold office space of the Company is classified as Right of Use Asset. The right of use asset is depreciated over the short of the asset's useful life and the lease term on straight line basis

At fair value	2020
As at 01 January 2020	-
Additions during the period	3,051,977
As at 31 December 2020	<u>3,051,977</u>
Depreciation	
as at 01 Jan 2020	-
Depreciation for the Period	423,886
As at 31 December 2020	<u>423,886</u>
Net Book Value	2,628,091



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

	2020	2019
13 Inventory	-	-
14 Trade and other receivables		
Prepaid Expenses	-	80,118
Accounts Receivable	2,750	-
Other current assets	4,000	200,000
	6,750	280,118
15 Cash and cash equivalents		
Cash in Hand	9,252	6,168
Balances with Banks	1,916,663	1,947,159
	1,925,915	1,953,327

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

16 Share Capital	Number of Shares	Ordinary Shares MVR
As at 31 December 2020	1,276,695	12,766,950

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

The issued and fully paid up share capital comprises of 1,276,695 ordinary shares of MVR 10/- each

The company is fully owned by the Government of Maldives

	2020	2019
17 Retained earnings		
Beginning Retained Earnings	(3,118,339)	-
Net Income/ (Expenses)	(6,867,533)	(3,118,339)
Ending Retained Earnings	(9,985,872)	(3,118,339)
18 Lease Liability		
As at 01 January	-	-
Additions during the year	2,705,863	-
Interest on lease liabilities	103,694	-
Payment of lease liabilities	(432,946)	-
As at 31 December	2,376,611	-
Lease liabilities included in the financial statement as at the year end		
Current lease liabilities	848,245	-
Non-current lease liabilities	1,528,366	-
Total lease liabilities	2,376,611	-
19 Trade and other payables		
Accounts payables	124,731	32,677
Accrued Expenses	3,642	-
Other current liabilities	-	-
	128,373	32,677



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

20 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

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.

The following are the Financial Assets and the Financial Liabilities as at 31 December 2019

	Less than 3 Months	3 to 12 months	1 to 05 years	more than 05 years	Total
Financial Assets					
Cash	1,925,915				1,925,915
Receivable			6,750		6,750
	<u>1,925,915</u>	<u>-</u>	<u>6,750</u>	<u>-</u>	<u>1,932,665</u>
Financial Liabilities					
Trade and Other Payables	128,373				128,373
	<u>128,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,373</u>
Maturity Gap	1,797,542	-	6,750	-	1,804,292
Cumulative Maturity Gap	1,797,542	1,797,542	1,804,292	1,804,292	



FAHI DHIRIULHUN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Period from 01 January 2020 to 31 December 2020

21 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.

22 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 Due		Amount 2019
			Amount 2020	From/to 2020	
Maldives Fund Management Corporation	Affiliates	Rentals	557,622		190,968
		Receipts	(557,622)	-	(190,968)
CMDA		Training	1,000		6,000
		Payments	(1,000)	-	(6,000)
Dhiraagu		Telephone & Internet	72,992		29,983
		Payments	(65,194)	7,798	(29,664)
MED		WP Deposit	4,000		
		Payments	(4,000)	-	
MWSC		Water	1,139		1,303
		Payments	(1,139)	-	(1,303)
STO		General Admin expenses	4,215		43,163
		Payments	(4,215)	-	(43,163)
STELCO		Electricity	80,236		12,191
		Payments	(20,118)	60,118	(9,296)
WAMCO		Garbage Disposal	1,862		1,556
		Payments	(1,040)	822	(1,188)

23 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 2020, total remuneration paid to Directors including Managing Director was MVR 1,217,927/-

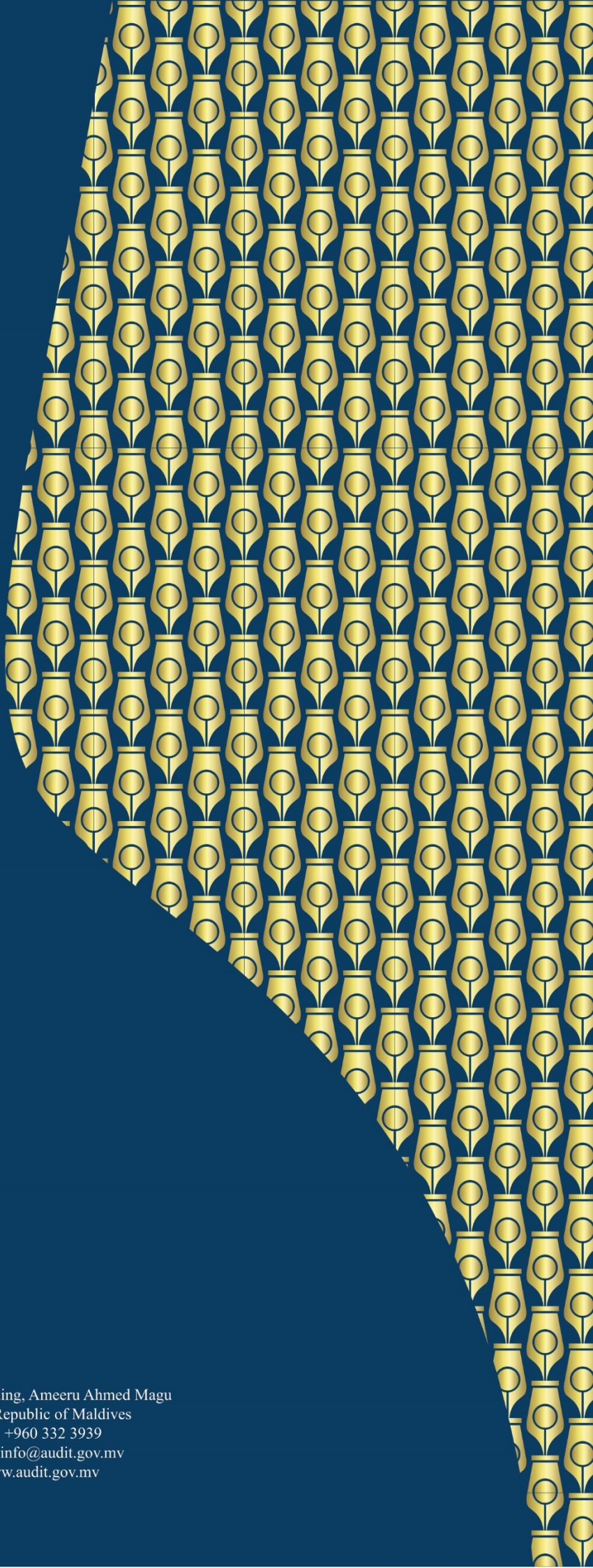
24 Events after the Reporting Date

There are no significant events after reporting period.

25 Directors Responsibility

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





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