بسم الله الرحمن الرحيم

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Auditor General's Office

Entry No: 2023 / O/1535 14/09/2023

Received: Aminath Nubua Ali

Sent To: Fathimath Firushana Rasheed

Crowe

INDEPENDENT AUDITOR'S REPORT

FAHI DHIRIULHUN CORPORATION LIMITED

31st December 2022

Smart Decisions. Lasting Value.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fahi Dhiriulhun Corporation Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matter

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

Borrowings recorded in the financial statements	
Key audit matter	***How our audit addressed the key audit matter***
The Company has recorded borrowings of MVR 1,105,799,518 during the year ended December 31, 2022.	Our audit procedures included, among others: • We have obtained direct balance confirmations from the Export-Import Bank of India and

Key Audit Matter (Continued…)

Borrowings recorded in the financial statements (Continued...)	
Considering the significance of the facility agreements secured in relation to construction of the Company's Social Housing Projects and complexities involved in the treatment of associated finance costs, we have considered borrowings as a key audit matter.	reconciled these with the amounts recorded in the financial statements to ensure accuracy and completeness. • We have evaluated the appropriateness and completeness of the disclosures related to borrowings in the financial statements, ensuring their compliance with IFRS 7 - Financial Instruments: Disclosures. • We have assessed the Company's compliance with both affirmative and negative covenants stipulated in the borrowing agreements to ensure adherence to all terms and conditions. • We have conducted substantive testing on the amounts capitalized under 'Inventories – Properties Under Construction,' particularly focusing on interest and other borrowing costs. We verified that the accounting treatment aligns with the guidelines set forth in IAS 23 - Borrowing Costs.

Other Information

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

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

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

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

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

31 August 2023

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

AUT: 872323935222082023

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

	Note	31-Dec-22 MVR	31-Dec-21 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	4,956,543	1,402,772
Intangible assets	7	115,666	141,819
Right of use assets	8	4,979,780	1,610,765
		10,051,989	**3,155,356**
Current Assets			
Inventories - properties under construction	9	915,031,715	56,913,282
Other receivables	10	557,278,228	617,779,299
Cash and cash equivalents	11	24,456,965	18,572,924
		1,496,766,908	**693,265,505**
TOTAL ASSETS		**1,506,818,897**	**696,420,861**
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	12	370,909,067	39,660,663
Advance for shares	13	-	148,556,303
Accumulated losses		(37,350,300)	(19,493,126)
		333,558,767	**168,723,840**
Non-Current Liabilities			
Lease liabilities	15	897,618	591,300
Borrowings	14	1,105,799,518	524,935,350
		1,106,697,136	**525,526,650**
Current Liabilities			
Lease liabilities	15	4,474,220	937,067
Trade and other payables	16	62,088,775	1,233,304
		66,562,995	**2,170,371**
TOTAL EQUITY AND LIABILITIES		**1,506,818,897**	**696,420,861**

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

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

For and on behalf of the Board of Directors:

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

30th August 2023

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FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

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

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

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

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

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

FAHI DHIRIULHUN CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2022
All amounts are stated in Maldivian Rufiyaa

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

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

1. Corporate Information

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

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

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

2. Basis of preparation

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

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

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

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

3. Significant accounting judgements, estimates and assumptions

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

3.1. Judgements

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

3.1.1. Leases:

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

- **Determination of the lease term**:

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

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

Determination of lease term (Continued…)

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

3.1.2. Interest rate benchmark reform

- **Economically equivalent:**

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

3.2. Estimates and Assumptions

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

3.2.1. Leases - Estimating the incremental borrowing rate

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

4. Summary of significant accounting policies

4.1. Current vs Non-Current Classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

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4.1 Current vs Non-Current Classification (Continued…)

Or

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

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

The Company classifies all other liabilities as non-current.

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

4.2. Transactions in foreign currencies

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

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

4.3. Borrowing Cost

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

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

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

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

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

4.4. Inventories - property under construction

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

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

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4.4. Inventories - property under construction (Continued…)

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

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

4.5. Property Plant and Equipment

4.5.1. Recognition and Measurement

Items of property, plant and equipment except freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

4.5.2. Subsequent Costs

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

4.5.3. Depreciation

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

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

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

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

4.5.4. Capital Work in Progress

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

4.5.4. Capital Work in Progress (Continued…)

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

4.6. Intangible assets

4.6.1. Recognition and Measurement

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

4.6.2. Subsequent expenditure

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

4.6.3. Amortization

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

- Computer Software 05 years

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

4.7. Employee Benefits

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

4.8. Fair value measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.8.1. Measurement of Fair values

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

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

4.9. Cash and short-term deposits

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

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

4.10. Leases

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

4.10.1. Company as a lessee

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

4.10.1.1. Right-of-use assets

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

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

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

4.10.1.2. Lease liabilities

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

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

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4.10.1.2 Lease liabilities (Continued…)

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

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

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

4.11. Financial instruments

4.11.1. Recognition and initial measurement

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

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

4.11.2. Classification and subsequent measurement

Financial assets

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

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

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

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

Financial assets- Business Model Assessment

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

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

4.11.2. Classification and subsequent measurement (Continued…)

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

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

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

4.11.3. Financial assets - Subsequent measurement and gains and losses

Financial Assets at Amortized Cost

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

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

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

Interest Rate Benchmark Reform

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

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

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

4.11.5. Derecognition

Financial assets

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

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4.11.5 Derecognition (Continued…)

not retain control of the financial asset.

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

Financial liabilities

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

4.11.6. Offsetting

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

4.12. Impairment

4.12.1. Non-derivative financial assets

Financial Instruments

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

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

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

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

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

Measurement of ECLs

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

4.12.1. Non-derivative financial assets (Continued…)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

4.12.2. Non-financial assets

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

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

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

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

4.13. Taxes

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

4.14. Current Tax

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

4.15. Deferred tax

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

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

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4.15. Deferred tax (Continued…)

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

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

5. Standards issued but not yet effective

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

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

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

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

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

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6 Property, Plant and Equipment

6.1 Cost

	Balance As at 01-Jan-22 MVR	Additions	Disposals	Balance As at 31-Dec-22 MVR
Computer and office equipment	1,466,245	1,296,606	-	2,762,851
Vehicle	-	995,180	-	995,180
Plant and machinery	-	109,187	-	109,187
Furniture and fittings	284,156	694,604	-	978,760
Leasehold improvements	-	1,133,022	-	1,133,022
	1,750,401	**4,228,599**	**-**	**5,979,000**

6.2 Depreciation

	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Computer and office equipment	278,148	419,838	-	697,986
Vehicle	-	50,716	-	50,716
Plant and machinery	-	3,704	-	3,704
Furniture and fittings	69,481	122,653	-	192,134
Leasehold improvements	-	77,917	-	77,917
	347,629	**674,828**	**-**	**1,022,457**
Net Book Value	**1,402,772**			**4,956,543**

7 Intangible Assets

7.1 Cost

	Balance As at 01-Jan-22 MVR	Additions	Disposals	Balance As at 31-Dec-22 MVR
Computer software	197,475	13,568	-	211,043
	197,475	**13,568**	**-**	**211,043**

7.2 Amortisation

	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Computer software	55,656	39,721	-	95,377
	55,656	**39,721**	**-**	**95,377**
Net Book Value	**141,819**			**115,666**

8 Right of Use Asset

8.1 Cost

	Balance As at 01-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Maldives Post Limited	3,051,977	-	-	3,051,977
Apollo Towers Hulhumale'	-	4,869,240	-	4,869,240
	3,051,977	**4,869,240**	**-**	**7,921,217**

8.2 Depreciation

	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Maldives Post Limited	1,441,212	1,017,325	-	2,458,537
Apollo Towers Hulhumale'	-	482,900		482,900
	1,441,212	**1,500,225**	**-**	**2,941,437**
Net Book Value	**1,610,765**			**4,979,780**

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

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

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

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

9 Inventories - properties under construction

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

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

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

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

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			31-Dec-22 MVR	31-Dec-21 MVR
9	**Inventories - properties under construction (Continued…)**			
	NBCC (India) Limited: Design and Construction of 2000 Social Housing units in Hulhumale', Maldives			
	Opening balance		27,851,456	-
	Value of construction work completed during the year		339,178,320	-
	Finance cost inventorized		17,678,937	603,576
	Loan facility fees		12,228,413	27,247,880
	Closing balance		**396,937,126**	**27,851,456**
	Consultancy expenses		283,333	-
	Total		**915,031,715**	**56,913,282**
10	**Other Receivables**			
	Staff loans		19,815	-
	Advance payments with suppliers		32,750	-
	Other advances		248,948	208,299
	Contractor advances	Note 10.1	556,976,715	617,571,000
	Total		**557,278,228**	**617,779,299**

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

	31-Dec-22 MVR	31-Dec-21 MVR
Advance payments for Social housing projects		
Opening balance	617,571,000	-
Advance payments made during the year	-	617,571,000
Recoveries made during the year	(91,764,691)	-
Closing balance	**525,806,309**	**617,571,000**
Advance payments for Materials at site		
Opening balance	-	-
Advance payments made during the year	36,887,239	-
Recoveries made during the year	(5,716,833)	-
Closing balance	**31,170,406**	**-**
Total	**556,976,715**	**617,571,000**

		31-Dec-22 MVR	31-Dec-21 MVR
11	**Cash and Cash Equivalents**		
	Cash at bank	24,446,373	18,569,654
	Cash in hand	10,592	3,270
	Total	**24,456,965**	**18,572,924**

12 Share Capital

12.1 Authorized share capital
Authorized Share Capital comprises of 100,000,000 (2021 : 100,000,000) ordinary shares with a par value of MVR 10 each.

12.2 Issued share capital
Issued and paid up share capital comprises of 37,090,907 (2021: 3,966,066) ordinary shares of MVR 10 (2021: MVR 10) each . The Company is fully owned by the Government of Maldives.

	31-Dec-22 MVR	31-Dec-21 MVR
Issued share capital (37,090,907 / 3,966,066 Ordinary shares of MVR 10 each)	370,909,067	39,660,663
Total	**370,909,067**	**39,660,663**

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12 Share Capital (Continued…)

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

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

		31-Dec-22 MVR	31-Dec-21 MVR
13	**Advance for Share Capital**		
	Advance for Share Capital	-	148,556,303
	Total	**-**	**148,556,303**

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

14 Borrowings

	31-Dec-22 MVR	31-Dec-21 MVR
Opening balance	524,935,350	-
Disbursements during the year	580,864,168	524,935,350
Closing balance	**1,105,799,518**	**524,935,350**

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

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

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

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

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

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

14.1 Loan Covenants

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

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

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14.1 Loan Covenants (Continued...)

Negative Covenants

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

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

	31-Dec-22 MVR	31-Dec-21 MVR
14.2 Maturity Analysis		
Non- Current		
Long term loan NBCC EXIM	501,841,039	255,586,500
Long term JMC EXIM	603,958,479	269,348,850
	1,105,799,518	**524,935,350**
Current		
Long term loan NBCC EXIM	-	-
Long term JMC EXIM	-	-
	-	**-**
Total borrowings	**1,105,799,518**	**524,935,350**
The repayment of non-current liabilities are scheduled as follows:		
More than one year, less than two years	126,414,508	-
More than two years, less than three years	277,846,316	126,414,508
More than three years, less than four years	280,708,250	277,846,316
More than four years	420,830,444	120,674,526
	1,105,799,518	**524,935,350**

15 Lease liability

Opening balance		1,528,367	2,376,611
New leases recognised	Note 8.3	4,869,240	-
Accrued interest	Note 19	550,566	190,823
Interest paid		(550,566)	(190,823)
Principal element of lease paid		(1,025,770)	(848,244)
Closing balance		**5,371,837**	**1,528,367**
Current lease liability		897,618	591,300
Non current lease liability		4,474,220	937,067
Total		**5,371,837**	**1,528,367**

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

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

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

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

The following are the amounts recognised in profit or loss:

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

15 Lease liability (Continued…)

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

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

			31-Dec-22 MVR	31-Dec-21 MVR
16	**Trade and Other Payables**			
	Trade payables		6,437,745	85,572
	Accrued expenses		190,789	152,112
	Other payables		14,307	2,990
	Interest payable		7,102,432	992,630
	Retention payable	Note 16.1	48,343,502	-
	Total		**62,088,775**	**1,233,304**

16.1 The Company has entered into construction contracts with JMC Projects (India) Limited and NBCC (India) Limited for social housing projects that include retention provisions for 5% of the contract price. Retention payables represent amounts withheld from payments to the contractors pending the satisfactory completion of contractual obligations.

As of the December 31, 2022, the Company has retained an amount of MVR 22,655,499 for JMC social housing project, MVR 25,668,903 for NBCC social housing project and MVR 19,100 for other suppliers in retention payables.

			31-Dec-22 MVR	31-Dec-21 MVR
17	**Other Income**			
	Miscellaneous Income		-	5,350
	Total		**-**	**5,350**
18	**Administrative Expenses**			
	Personnel cost	Note 18.1	11,911,532	5,996,271
	Audit fees		154,503	126,411
	Consultancy		357,321	990,111
	Depreciation	Note 6.2, 7.2, 8.2	2,214,774	1,252,423
	Utilities		747,987	497,548
	General advertisement		13,000	3,648
	Trade fees		2,600	4,004
	Travelling		427,118	-
	Printing and office supplies		390,210	149,945
	Small tools and equipment		118,287	36,597
	Bank charges		308,538	75,011
	Meals and entertainment		7,175	17,722
	Training		241,453	55,487
	Other general administrative expenses		412,110	116,603
	Total		**17,306,608**	**9,321,781**
18.1	**Personnel Cost**			
	Staff salaries and allowances		10,744,453	5,144,921
	Ramadan allowance		97,900	50,800
	Staff visa, insurance expenses and safety expenses		170,450	10,495
	Employee pension contributions		250,629	151,455
	Board remuneration and fees		648,100	638,600
	Total		**11,911,532**	**5,996,271**
19	**Finance Cost**			
	Interest on lease liabilities		550,566	190,823
	Total		**550,566**	**190,823**

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20 Income Tax Expense

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

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

21 Accumulated Tax Losses

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

22 Unrecognised Deferred Tax Asset

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

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

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

23 Losses Per Share

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

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

24 Operating Loss before Working Capital Changes

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

25 Related Party Transactions

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

Dhivehi Raajjeyge Gulhun Plc		
Telephone and internet expenses	159,456	75,681
Payments	(159,456)	(69,199)
	-	6,482
Urbanco		
Lease deposit	537,268	193,800
Payments	(537,268)	(193,800)
	-	-
Ministry of Economic Development		
Work permit deposits	37,700	4,000
Payments	(37,700)	(4,000)
	-	-
Maldives Ports Limited		
Rentals	1,039,068	1,039,068
Payments	(1,039,068)	(1,039,068)
	-	-
Male' Water and Sewerage Company		
Water	19,557	-
Payments	(18,600)	-
	957	-
State Trading Organisation		
General administration	-	1,890
Payments	-	(1,890)
	-	-
State Electric Company Limited		
Electricity	225,351	195,763
Payments	(225,351)	(195,763)
	-	-
Waste Management Corporation Limited		
Garbage disposal	7,700	4,140
Payment	(6,818)	(3,832)
	882	308
Maldives Islamic Bank		
Staff loan	66,381	8,970
Payment	(66,381)	(8,970)
	-	-
Bank of Maldives		
Bank charges	314,990	50,505
Payments	(314,990)	(50,505)
	-	-
Maldives Inland Revenue Authority		
Annual fee	2,000	2,000
Payments	(2,000)	(2,000)
	-	-
Maldives Airports Company Limited		
Purchase of Dollar	360,211	-
Payments	(360,211)	-
	-	-
Equity contributions		
Ministry of Finance and other government entities		
Funds received	182,692,101	175,450,015

26 Transactions with Key Management Personnel

The Board of Directors and Managing Director are the members of the key management personnel. During the year end December 31, 2022, total remuneration paid to Directors including Managing Director was MVR 1,204,443 (2021: MVR 1,115,235).

27 Contingencies and Commitments

27.1 Commitments

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

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

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

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

28 Changes in liabilities arising from financing activities

31st December 2021	01-Jan-21	Cash flows	Foreign exchange movements	New Leases	Other Movements	31-Dec-21
Current portion of lease liabilities	848,245	(848,244)	-	-	937,067	937,068
Non-current interest bearing loans and borrowings	-	524,935,350	-	-	-	524,935,350
Non-current portion of lease liabilities	1,528,366	-	-	-	(937,067)	591,299
Total Liabilities from financing activities	**2,376,611**	**524,087,106**	**-**	**-**	**-**	**526,463,717**

31st December 2022	01-Jan-22	Cash flows	Foreign exchange movements	New Leases	Other Movements	31-Dec-22
Current portion of lease liabilities	937,067	(1,025,770)	-	88,703	897,618	897,618
Non-current interest bearing loans and borrowings	524,935,350	580,864,168	-	-	-	1,105,799,518
Non-current portion of lease liabilities	591,300	-	-	4,780,537	(897,618)	4,474,220
Total Liabilities from financing activities	**526,463,717**	**579,838,398**	**-**	**4,869,240**	**-**	**1,111,171,355**

29 Capital Management

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

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

30 Risk Management

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

30.1 Risk Management Framework

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

30.2 Market Risk

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

a. Interest Rate Risk

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

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

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

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

30.2 Market Risk (Continued…)

b. Currency Risk

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

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

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

The following significant exchange rate applied during the year:

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

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

30.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

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

31st December 2021	**On demand**	**less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Non-current interest bearing loans and borrowings	-	-	-	524,935,350	-	524,935,350
Current portion of lease liabilities	-	225,592	711,475		-	937,067
Non-current portion of lease liabilities	-			591,300	-	591,300
Total Liabilities from financing activities	**-**	**225,592**	**711,475**	**525,526,650**	**-**	**526,463,717**

31st December 2022	**On demand**	**less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Non-current interest bearing loans and borrowings	-	-	-	1,105,799,518	-	1,105,799,518
Current portion of lease liabilities	-	322,958	574,670	-	-	897,628
Non-current portion of lease liabilities	-	-	-	2,250,457	2,223,763	4,474,220
Total Liabilities from financing activities	**-**	**322,958**	**574,670**	**1,108,049,975**	**2,223,763**	**1,111,171,366**

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

30.4 Operational Risk

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

31 Contingent Liabilities

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

32 Events After the End of the Reporting Period

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

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

33 Directors Responsibility

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

34 Comparative figures

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

35 Approval of Financial Statements

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