Report No: FIN-2020-54 (E)

18 November 2020

HOUSING DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2019

AUDITOR GENERAL'S OFFICE

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بسم الله الرحمن الرحيم

AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF HOUSING DEVELOPMENT CORPORATION LIMITED

Opinion

We have audited the financial statements of Housing Development Corporation Limited (the "Corporation") which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 4 to 57.

In our opinion, Housing Development Corporation Limited's financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2019 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 IFRSs, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

18 November 2020

Hassan Ziyath
Auditor General

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2019	Note	2019 MVR	2018 MVR (Restated)
Revenue	6	335,467,455	1,213,575,534
Cost of sales	9	(57,575,757)	(357,145,036)
Gross profit		277,891,698	856,430,498
Other income	7	351,345,262	2,830,566,690
		629,236,960	3,686,997,188
Administrative expenses	9	(264,008,627)	(260,360,211)
Maintenance expenses	9	(80,139,716)	(615,446,769)
Selling and marketing expenses	9	(125,835,686)	(222,097,554)
Results from operating activities		159,252,931	2,589,092,655
Finance income	8	107,521,845	114,193,344
Finance costs	8	(184,864,519)	(103,257,105)
Net finance income		(77,342,674)	10,936,239
Share of loss of investment in associate		-	(50,598)
Profit before tax		81,910,257	2,599,978,296
Business profit tax	10	(19,945,563)	(390,490,281)
Profit for the year		61,964,694	2,209,488,016
Other comprehensive income			
Change in fair value of financial instruments	16.1	250,000	125,000
Deferred tax relating to change in fair value of financial instruments	10.3	(37,500)	(18,750)
Actuarial gains on defined benefit plan	25	56,447	-
Deferred tax relating to actuarial gains on defined benefit plans	10.3	(8,467)	-
Other comprehensive income / (loss) for the year, net of tax		260,480	106,250
Total comprehensive income for the year		62,225,174	2,209,594,266
Earnings per share	11	**1.40**	**49.99**

The notes on the pages 8 to 57 are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019	Note	31/12/2019 MVR	31/12/2018 MVR (Restated)	1/1/2018 MVR (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	125,907,936	150,438,099	124,470,502
Intangible assets	13	4,424,788	3,707,842	743,849
Investment properties	14	17,325,625,541	16,385,527,724	13,323,101,088
Investment in subsidiary / associate	15	-	-	11,973,477
Financial assets at fair value through other comprehensive income	16	1,250,000	1,000,000	875,000
Financial assets at amortised cost	17	6,500,000	500,000	500,000
Trade and other receivables	18	1,525,564,814	1,422,526,497	1,518,988,281
Amounts due from related parties	20	-	2,313,000	23,617,068
Total non-current assets		18,989,273,079	17,966,013,162	15,004,269,265
Current assets				
Inventories	19	8,380,367,041	5,534,088,952	2,056,935,830
Trade and other receivables	18	2,723,949,249	4,261,904,224	1,479,051,392
Amounts due from related parties	20	91,013,649	125,127,587	84,754,151
Cash and cash equivalents	21	98,252,618	57,820,391	183,157,365
Total current assets		11,293,582,557	9,978,941,154	3,803,898,738
Total assets		30,282,855,636	27,944,954,316	18,808,168,003
Equity and liabilities				
Equity				
Share capital	22	442,000,000	442,000,000	442,000,000
Share premium	22	61,129,607	61,129,607	61,129,607
Advance for share capital	22	3,786,002,939	3,518,511,704	3,467,679,586
Fair value reserve		260,480	-	(106,250)
Retained earnings		12,207,333,298	12,145,368,604	9,935,880,588
Total equity		16,496,726,324	16,167,009,915	13,906,583,531
Non-current liabilities				
Loans and borrowings	23	8,162,215,336	6,822,620,717	1,117,162,747
Deferred income	24	103,228,050	113,394,403	126,090,810
Deferred tax liability	10	1,319,459,683	1,299,468,153	924,766,674
Employee benefit obligation	25	1,104,435	1,297,284	-
Provisions	26	233,537,648	202,464,217	138,704,830
Trade and other payables	27	68,242,383	69,098,553	78,760,301
Total non-current liabilities		9,887,787,535	8,508,343,327	2,385,485,362
Current liabilities				
Loans and borrowings	23	1,570,816,922	674,272,341	679,621,136
Provisions	26	8,403,356	40,167,147	97,177,810
Current tax liabilities	10	198,541,656	198,541,656	185,919,181
Trade and other payables	27	2,120,411,522	2,344,104,760	1,540,865,812
Amounts due to related parties	28	168,321	12,515,170	12,515,171
Total current liabilities		3,898,341,777	3,269,601,074	2,516,099,110
Total liabilities		13,786,129,312	11,777,944,401	4,901,584,472
Total equity and liabilities		30,282,855,636	27,944,954,316	18,808,168,003

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

Name of the Director	**Signature**
Suhail Ahmed	
Ibrahim Afraath	

The notes on the pages 8 to 57 are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
As at 1st January 2018	442,000,000	61,129,607	3,467,679,586	(106,250)	10,027,038,177	13,997,741,120
Changes on initial application on IFRS 9	-	-	-	-	(115,587,144)	(115,587,144)
Changes on recognition of penal interest, net of tax (Note 33)	-	-	-	-	24,429,556	24,429,556
Restated balance as at 1st January 2018	442,000,000	61,129,607	3,467,679,586	(106,250)	9,935,880,588	13,906,583,531
Total comprehensive income for the year (restated)						
Profit for the year (restated)	-	-	-	-	2,209,488,016	2,209,488,016
Other comprehensive income, net of tax	-	-	-	106,250	-	106,250
Total comprehensive income for the year	-	-	-	106,250	2,209,488,016	2,209,594,266
Transactions with equity holders directly recognized in equity						
Capital contribution received during the year (Note 22.5)	-	-	50,832,118	-	-	50,832,118
Total transactions with equity holders directly recognized in equity	-	-	50,832,118	-	-	50,832,118
Balance as at 31st December 2018	442,000,000	61,129,607	3,518,511,704	-	12,145,368,604	16,167,009,915
As at 1st January 2019	442,000,000	61,129,607	3,518,511,704	-	12,145,368,604	16,167,009,915
Total comprehensive income for the year						
Profit for the year	-	-	-	-	61,964,694	61,964,694
Other comprehensive income, net of tax	-	-	-	260,480	-	260,480
Total comprehensive income for the year	-	-	-	260,480	61,964,694	62,225,174
Transactions with equity holders directly recognized in equity						
Capital contribution during the year (Note 22.5)	-	-	267,491,235	-	-	267,491,235
Total transactions with equity holders directly recognized in equity	-	-	267,491,235	-	-	267,491,235
As at 31st December 2019	442,000,000	61,129,607	3,786,002,939	260,480	12,207,333,298	16,496,726,324

The notes on the pages 8 to 57 are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	2019 MVR	2018 MVR (Restated)
Cash flows from operating activities			
Profit before tax		81,910,257	2,599,978,296
Adjustments for:			
Interest income	8	(107,521,845)	(114,193,344)
Finance expense	23.2	527,804,576	339,306,440
Facility fee expense	23.1	24,000,586	12,743,875
Depreciation of property, plant and equipment	12	20,134,178	18,294,177
Amortisation of intangible asset	13	355,427	1,263,539
Profit on disposal of property, plant and equipment	7	-	(418,713)
(Loss)/Profit on disposal of investment properties	7	884,587	(3,367,430)
Write off of property, plant and equipment		-	386,569
Provision for defined benefit plan	9.1	192,998	1,297,284
Impairment on investment in associate	15.1	-	11,922,879
(Reversal) / provision made for impairment loss on non interest bearing receivables	18.5	(11,429,651)	177,449,104
Provision made for impairment loss on interest bearing receivables	18.6	79,289,431	17,902,662
Provision made for impairment loss on other receivables	18.7	759,320	18,657,505
Gain on fair value of investment property	14.6	(313,205,002)	(2,777,414,936)
Share of loss in associate	15.1	-	50,598
Deferred income transferred to income statement during the year	24	(9,933,809)	(9,812,990)
Provision for future development cost	26	11,345,098	73,353,105
		304,586,151	367,398,620
Changes in working capital			
Change in inventories		(2,831,564,267)	(3,477,153,122)
Change in trade and other receivables		1,366,297,555	(2,900,400,319)
Change in amounts due from related parties		36,426,938	(19,069,368)
Change in amounts due to related parties		(12,346,849)	-
Change in trade and other payables		(224,549,408)	793,577,200
Change in deferred income		(232,544)	(2,883,417)
Change in provisions		(12,035,458)	(66,604,384)
Cash used in operations		(1,373,417,882)	(5,305,134,790)
Interest and LC usance charges paid	23	(369,668,503)	(229,154,870)
Employee benefit obligation paid	25	(329,400)	-
Income tax paid	10.2	-	(3,185,079)
Net cash used in operating activities		(1,743,415,785)	(5,537,474,739)
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	12	(10,317,836)	(45,512,348)
Purchase of intangible assets	13	(1,072,373)	(3,444,814)
Additions to investment property	14	(628,213,351)	(292,613,108)
Interest received	8	107,480,475	114,151,494
Receipt from investment in Islamic bonds	8	41,370	41,850
Proceeds from disposal of property, plant and equipment		-	500,000
Proceeds from disposal of investment properties		435,948	10,968,845
Investment made during the year	17.2	(6,000,000)	-
Net cash used in investing activities		(537,645,767)	(215,908,081)
Cash flows from financing activities			
Loans repayments during the year	23	(445,816,591)	(615,966,273)
Capital contribution received during the year	22.5	267,491,235	50,832,118
Borrowings during the year	23	2,544,279,220	6,252,897,296
Loan facility fees paid during the year	23.1	(16,547,771)	(87,629,608)
Net cash from financing activities		2,349,406,092	5,600,133,533
Net increase / (decrease) in cash and cash equivalents		68,344,540	(153,249,287)
Cash and cash equivalents at the beginning of the year		29,908,078	183,157,365
Cash and cash equivalents at the end of the year	21	98,252,618	29,908,078

The notes on the pages 8 to 57 are an integral part of these financial statements.

1 Reporting entity

Housing Development Corporation Limited (the "Corporation") is a Corporation incorporated and domiciled in the Republic of Maldives since 23rd March 2005 as a limited liability Corporation under Presidential Decree No. 2005/37 with its registered office at 3rd Floor, HDC Building, Hulhumale', the Republic of Maldives.

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

The Government of Maldives has transferred the ownership of Hulhule-Farukolhufushi Lagoon to the Corporation under the Presidential Decree No. 2005/37 on 23rd March 2005.

The main business activity of the Corporation is to reclaim land of Hulhule - Farukolhufushi Lagoon and to establish infrastructure and to provide residential, commercial and industrial developments for sale or lease.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following :
Investment properties - measured at fair value.
Financial assets at fair value through other comprehensive income - measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Maldivian Rufiyaa, which is the Corporation's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa, except for otherwise indicated.

(d) 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 recognised 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.

2.1 New standards and amendments

(i) New and amended standards adopted by the group

The corporation has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

2.1 New standards and amendments (continued)

IFRS 16 the new standard does not significantly change the accounting treatment for lessors. However, it does require lessees to recognise most leases on their balance sheet as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expenses recognised separately in the statement of comprehensive income.

The Corporation did not hold assets in the form of a lessee under any operating lease agreement and did not make any adjustment as a result of the adoption of IFRS 16.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Corporation.

3.1 Transactions in foreign currencies

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

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

3.2 Financial instruments

(a) Financial assets (non-derivative)

(i) Classification

From 1 January 2018, the Corporation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Corporation reclassifies debt investments when and only when its business model for managing those assets changes.

3.2 Financial instruments (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Corporation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Corporation's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Corporation classifies its debt instruments:

▪ Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

▪ FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Equity instruments

The Corporation subsequently measures all equity investments at fair value. Where the Corporation's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Corporation's right to receive payments is established.

(iv) Impairment

From 1 January 2018, the Corporation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Corporation applies the simplified and general approaches permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4.1.3 for further details.

3.2 Financial instruments (continued)

(b) Financial liabilities (non-derivative)

The Corporation 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 Corporation becomes a party to the contractual provisions of the instrument. The Corporation 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 Corporation 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 Corporation 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.

(c) Share capital

Ordinary shares

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

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment 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.

(ii) 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 Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.3 Property, plant and equipment (continued)

(iii) 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:

Freehold buildings & improvements	20 Years
Furniture and fittings and other equipment	7 Years
Computers and office equipment	4 Years
Vehicles and boats	4 Years
Plant and machinery	10 Years

Depreciation methods and useful lives 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 available for use.

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 available for use upon which the projects of completed construction works is transferred to appropriate category of property, plant and equipment.

3.4 Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) 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	Over 5 Years

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

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently measured at fair value. Changes in fair values are presented in profit and loss as part of other income.

3.5 Investment properties (continued)

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

In respect of the investment property under construction, the Corporation measures the work in progress at cost until the earlier of the date on which the fair value of the property can be measured reliably or the date on which the construction is completed.

3.6 Investments in associate

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.8.

3.7 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 work-in-progress cost includes all expenditure related directly to specific projects.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

3.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.11 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which Corporation makes a fixed contribution.

The Corporation pays 7% fixed contributions to employee pension fund and 3% fixed contribution 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 plans are recognised as an employee benefit expense in profit or loss when they are due.

(b) Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government treasury bonds, as there is no deep high-quality corporate bond market in Maldives.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(c) Short-term benefits

Short-term employee benefit obligations of the Corporation are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Corporation 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

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.13 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.

3.14 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.

3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.16 Revenue

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. Revenue is measured based on the consideration in a contract with a customer.

The following provides the information about the nature and timing of the satisfaction of performance obligations in contract with customers:

(a) Sale of land and developed properties.

The performance obligation is satisfied when the control of the properties has transferred, being when the properties are handed over to customers.

(b) Sale of development and sale rights

The performance obligation is satisfied when the control of the properties are transferred. Effectively the control get transfered when;

- the risk and rewards of ownership of land gets transferred in favour of the developer;
- the Corporation has right to payment of the price of the land;
- the possession of land transferred from the Corporation to developer and
- Developer has accepted the land.

However, revenue is recognized when developer completes minimum 20% of the development as that indicates the collectability of the sales proceeds.

3.16 Revenue (continued)

(c) Provision of services

Income from provision of services are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. In respect of the amounts collected for the future services, deferred income would be initially recognized and the revenue would be recognized over the period of service performed.

The nature and timing of the satisfaction of performance obligation were not significantly affected to the Corporation compared with previous accounting standards.

(d) Interest income

Interest income on interest bearing receivables, islamic bonds and bank deposits are recognized on a time-proportion basis using the effective interest method.

(e) Rental Income

Income from lease rent is recognized on straight line basis over the term of the lease period.

3.17 Operating expenses

All operating expenses incurred in the running of the Corporation 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 Corporation have been treated as capital expenses.

3.18 Finance income and finance costs

Finance income comprises interest income on funds invested and trade receivables. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings, LC Usance charges and exchange loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.19 Tax expense

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

(i) 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.

3.19 Tax expense (continued)

(ii) 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.

3.20 Government grants

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4 Financial risk management

4.1 Financial risk factors

4.1.1 Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

4.1.2 Risk management framework

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

4.1.3 Credit risk - interest bearing receivables

Credit risk arises from cash and cash equivalents and contractual cash flows of deposits with banks and financial institutions, as well as credit exposures to ordinary customers, including outstanding receivables.

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of interest bearing receivables entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. Corporation measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

4.1.3 Credit risk - interest bearing receivables (continued)

4.1.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on change in credit quality since initial recognition as summarised below:

• A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Corporation.

• If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 4.1.3 (a) for a description of how Corporation determines when a significant increase in credit risk has occurred.

• If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 4.1.3 (b) description of how Corporation defines credit-impaired and default.

• Financial instruments in stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 4.1.3 (c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

• A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 4.1.3 (d) includes an explanation of how Corporation has incorporated this in its ECL models.

Further explanation is also provided of how Corporation determines appropriate grouping when ECL is measured on a collective basis (refer note 4.1.3 (e)).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition) 12 months expected credit losses	(Significant increase in credit risk since the initial recognition) Lifetime expected credit losses	(credit impaired assets) Lifetime expected credit losses

The key judgements and assumptions adopted by Corporation in addressing the requirements of the standard are discussed below:

(a) Significant increase in credit risk

Corporation considers loans and receivables have experienced significant increase in credit risk when the arrears are past due for more than 30 days.

(b) Definition of default and credit-impaired assets

Corporation defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout Corporation's expected loss calculations.

90 days default presumption is not rebutted considering historical behaviour.

4.1.3 Credit risk - interest bearing receivables (continued)

(c) Measuring the ECL - explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition on whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 MN PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2013 to 2019.

EAD is based on the amounts Corporation expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

LGDs are determined based on the factors which impact the recoveries made post default. LGD is computed based on the projected collateral values, historical discounts to market/ book values to forced sales, time to repossession and recovery cost observed. When arriving the present value of cash flows after default, Corporation applies 70% haircut to the market value of the collateral to estimate force sale values for the facilities. Force sales values are then deducted from EAD to arrive LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by the product type. For amortising loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 4.1.3 (d) for an explanation of forward-looking information and its inclusion in ECL calculations.

(d) Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Corporation has identifies the GDP rate of Maldives is to be most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the GDP. Forecasted GDP growth rates obtained from the report available in the IMF website “IMF country report, April 2020”.

4.1.3 Credit risk - interest bearing receivables (continued)

Economic variable assumptions

Forecasted GDP growth rates

The forecasted GDP growth rates considered to determine the weightages along with weightages for each stage are as follows :

	2020	2021
GDP	-8.10%	13.20%

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Corporation considers these forecasts to represent its best estimate of the possible outcomes.

Other forward-looking considerations not otherwise incorporated, such as the impact of any regulatory or legislative, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

Sensitivity analysis

Set out below are the changes to the ECL as at 31 December 2019 that would result from reasonably possible changes in the parameter from the actual assumption used in Corporation's economic variable assumption.

		GDP	
	-1%	No change	+1%
	MVR	MVR	MVR
Loss allowance as at 31 December 2019	233,297,785	232,624,947	231,905,019

(e) Grouping of instruments for losses measured on a collective basis

For expected credit losses provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous.

4.1.3.2 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

-Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

-Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

-Impacts on the measurement of ECL due to changes made to models and assumptions;

-Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

-Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

4.1.3 Credit risk - interest bearing receivables (continued)

The following table explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Interest bearing receivables	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Loss allowance as at 1 January 2019	14,307,554	7,614,869	131,413,093	153,335,516
Transfers:				
Transfer from Stage 1 to Stage 2	(1,131,871)	1,967,391	-	835,521
Transfer from Stage 1 to Stage 3	(2,043,887)	-	6,017,920	3,974,033
Transfer from Stage 2 to Stage 1	285,358	(2,317,504)	-	(2,032,146)
Transfer from Stage 3 to Stage 1	177,186	-	(2,994,844)	(2,817,658)
New financial assets originated	5,694	-	-	5,694
Transfers:				-
Transfers from stage 2 to stage 3	-	(4,627,111)	7,518,841	2,891,730
Transfer from stage 3 to stage 2	-	2,164,871	(1,925,034)	239,837
Unwind of interest	-	-	15,272,923	15,272,923
Financial assets settled during the year	(79,623)		(939,072)	(1,018,696)
Other movements	(8,729,866)	64,431	70,603,628	61,938,193
Loss allowance at 31 December 2019	2,790,545	4,866,947	224,967,455	232,624,947

The unwind of interest on Stage 3 financial assets is reported within 'Interest income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

Significant changes in gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

Although the interest bearing receivables settled during the period reducing the gross carrying amount of the receivable book by 2.5%, there was an increase in loss allowance amounting to MVR 79,289,431.

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Interest bearing receivables	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Gross carrying amount as at 1 January 2019	1,181,108,649	79,477,399	483,359,947	1,743,945,995
Transfers:				
Transfer from Stage 1 to Stage 2	(55,850,635)	54,040,272		(1,810,364)
Transfer from Stage 1 to Stage 3	(46,918,629)		47,238,566	319,937
Transfer from Stage 2 to Stage 3		(42,915,100)	43,361,277	446,176
Transfer from Stage 3 to Stage 2		8,538,716	(8,541,828)	(3,112)
Transfer from Stage 2 to Stage 1	25,242,858	(27,406,817)		(2,163,960)
Transfer from Stage 3 to Stage 1	18,145,323		(19,531,295)	(1,385,972)
Financial assets settled during the year	(9,771,944)	(1,291,771)	(1,003,879)	(12,067,594)
New financial assets originated	419,079			419,079
Other movements	(59,440,118)	(308,964)	33,290,590	(26,458,492)
Gross carrying amount as at 31 December 2019	1,052,934,582	70,133,735	578,173,378	1,701,241,694

4.1.3 Credit risk - interest bearing receivables (continued)

4.1.3.3 Write-off policy

Corporation writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Corporation's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

4.1.3.4 Modification of financial assets

Corporation sometimes modifies the terms of loans provided to customers due to commercial renegotiations with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. Corporation monitors the subsequent performance of modified assets. Corporation may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). There were no modifications during the year.

4.1.3.5 Risk limit control and mitigation policies

The Corporation manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups. The Corporation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one customer, or groups of customers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Corporation employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for the receivables, which is a common practice. The Corporation implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral type for receivables is mortgage over housing unit that is financed by the Corporation.

The Corporation's policy is to sell the repossessed assets at the earliest possible opportunity and the Corporation's policies regarding obtaining collateral have not significantly changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Corporation since the prior period.

The Corporation closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Corporation will take possession of collateral to mitigate potential credit losses.

4.1.3 Credit risk - interest bearing receivables (continued)

Collateral information

As of 31 December 2019	Interest bearing receivables
Receivables collaterised by:	
- house property	1,701,241,694
Total	1,701,241,694

As of 31 December 2018	Interest bearing receivables
Receivables collaterised by:	
- house property	1,743,945,995
Total	1,743,945,995

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (over-collateralised assets) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral is as follows:

	Over-collateralised assets		Under-collateralised assets	
As of 31 December 2019	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	1,512,195,049	2,188,233,371	189,046,645	84,747,362
Total loans and advances	**1,512,195,049**	**2,188,233,371**	**189,046,645**	**84,747,362**

	Over-collateralised assets		Under-collateralised assets	
As of 31 December 2018	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	1,629,820,988	3,820,440,405	114,125,007	74,600,347
Total loans and advances	**1,629,820,988**	**3,820,440,405**	**114,125,007**	**74,600,347**

4.1.3.6 Interest bearing receivables

Interest bearing receivables are summarised as follows:

	2019	**2018**
Neither past due nor impaired (less than 30 days)	1,052,934,582	1,181,108,649
Past due but not impaired (30-60 days)	41,839,195	44,974,103
Past due but not impaired (60-90 days)	28,294,540	34,503,297
Impaired (more than 90 days)	578,173,378	483,359,947
Gross interest bearing receivables	1,701,241,695	1,743,945,995
Less: allowance for impairment	(232,624,947)	(153,335,516)
Net interest bearing receivables	**1,468,616,748**	**1,590,610,479**

Further information of the impairment allowance for loans and advances to customers are provided in Note 18.

(a) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

4.1.3 Credit risk - interest bearing receivables (continued)

(b) Loans and advances impaired

The impaired receivables from customers is MVR 578,173,378 (as compared to on 31 December 2018 when impaired receivables were MVR 483,359,947).

4.1.4 Credit risk - non-interest bearing receivables

The Corporation applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for non-interest bearing trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 1 January 2019, 36 months before 1 January 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP of Maldives to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at 31 December 2019 was determined as follows for non-interest bearing receivables.

Lease, development sale right receivables together :

At 31 December 2018	PD	LGD	Trade receivable - net of security deposit	Loss allowance
Current	26%	91%	493,454,802	117,948,644
More than 30 days past due	32%	91%	6,615,429	1,713,408
More than 60 days past due	37%	91%	5,892,874	1,718,679
More than 90 days past due	100%	91%	205,409,139	187,755,055
Total			711,372,243	309,135,786

At 31 December 2019 - Lease receivable	PD	LGD	Trade receivable - net of security deposit	Loss allowance
Current	62%	92%	2,906,942	1,664,088
More than 30 days past due	80%	92%	3,305,660	2,425,022
More than 60 days past due	91%	92%	3,979,479	3,339,995
More than 90 days past due	100%	92%	245,903,238	226,619,490
Total			256,095,319	234,048,595

4.1.4 Credit risk - non-interest bearing receivables (continued)

At 31 December 2019 - Development & sale right	Loss rate	Trade receivable - net of security deposit	Loss allowance
Current	0%	-	-
More than 30 days past due	0%	-	-
More than 60 days past due	0%	-	-
More than 90 days past due	50%	127,866,141	63,657,540
Total		127,866,141	63,657,540

The closing loss allowances for the non-interest bearing receivables. as at 31 December 2019 reconciles to the opening loss allowances as follows:

At 1 January 2019	309,135,786
Increase in loan loss allowance recognised in profit or loss during the year	(11,429,651)
At 31 December 2019	297,706,135

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a member to engage in a repayment plan with the Corporation, and failure to make contractual payments for a period of greater than 730 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.1.5 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation'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 Corporation's reputation.

The following are the contractual maturities of financial liabilities as at the year end.

31 December 2019	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	2,188,653,905	2,120,411,522	32,710,358	4,817,296	30,714,729
Amounts due to related parties	168,321	168,321	-	-	-
Loans and borrowings	9,820,444,504	1,589,295,742	1,568,468,961	3,298,624,908	3,364,054,893
Total	**12,009,266,730**	**3,709,875,585**	**1,601,179,319**	**3,303,442,204**	**3,394,769,622**

4.1.5 Liquidity risk (continued)

31st December 2018	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	2,413,203,313	2,344,104,760	16,326,386	29,386,250	23,385,917
Amounts due to related parties	12,515,171	12,515,171	-	-	-
Loans and borrowings	7,591,758,115	692,672,554	947,372,866	3,462,143,337	2,489,569,358
Total	**10,017,476,599**	**3,049,292,485**	**963,699,252**	**3,491,529,587**	**2,512,955,275**

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

4.1.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Profile

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

	Carrying amount 2019	Carrying amount 2018
Variable rate instruments	**MVR**	**MVR**
Financial liabilities - loans and borrowings	8,002,461,051	6,558,798,628
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed rate instruments		
Financial liabilities - loans and borrowings	1,817,983,453	1,005,047,174
Financial assets - trade and other receivables	1,701,241,694	1,707,581,470
Financial assets - short term deposits	6,000,000	28,048,595
	1,707,241,694	1,735,630,064

Sensitivity analysis

A change of 100 basis point in interest rates at the reporting date would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/ (decrease) in basis points	Effect on profit or loss MVR
2019		
Variable rate instruments	+100	(73,519,251)
	-100	73,519,251
2018		
Variable rate instruments	+100	(49,287,289)
	-100	49,287,289

4.1.6 Market risk (continued)

(b) Currency Risk

Exposure to currency risk

The Corporation's exposure to foreign currency risk is as follows based on the year end outstanding balance:

	2019 US$	2018 US$
Cash and cash equivalents	665,425	2,608,386
Trade and other receivables	115,912,284	213,289,748
Loan and borrowings	(537,720,663)	(452,205,696)
Trade and other payables	(115,724,074)	(136,608,183)
Gross statement of financial position exposure	**(536,867,028)**	**(372,915,746)**

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2019	**2018**	**2019**	**2018**
US$ 1: MVR	15.42	15.42	15.42	15.42

Sensitivity analysis

A strengthening / (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	2019		2018	
	Strengthening MVR	**Weakening MVR**	**Strengthening MVR**	**Weakening MVR**
US$ (1% Movement)	82,784,896	(82,784,896)	(57,503,608)	57,503,608

4.2 Capital risk management

The Corporation's objectives, when managing capital, are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for members and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the statement of financial position, plus net debt.

The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	2019 MVR	2018 MVR
Total borrowings (Note 23)	9,820,444,504	7,591,758,115
Trade and other payables (Note 27)	2,188,653,905	2,413,203,313
Less: Cash and cash equivalents (Note 21)	(98,252,618)	(57,820,391)
Net debt	11,910,845,791	9,947,141,038
Total equity	16,496,726,324	16,167,009,915
Total capital	28,407,572,115	26,114,150,953
Gearing ratio	42%	38%

The gearing ratios of the Corporation in 2019 have increased due to increase in total borrowings during the year.

5 Determination of fair values

A number of the Corporation'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.

Measurement of fair values

The Corporation 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 Corporation 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) Financial assets at fair value through other comprehensive income

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

(ii) Investment

The fair value of investment properties are determined by using significant unobservable inputs (level 3). Refer Note 14 for further disclosures.

6 Revenue

	2019 MVR	2018 MVR (Restated)
Sales of properties	120,049,548	1,036,053,568
Rental income	215,417,907	177,521,966
	335,467,455	1,213,575,534

7 Other income

	2019 MVR	2018 MVR
Maintenance revenue	9,805,773	8,949,172
Government grant income recognized (Note 24.4)	4,160,496	4,025,228
Profit on sale of property plant and equipment	-	418,713
Profit on sale of investment properties	-	3,367,430
Fair value gain on investment property (Note 14)	313,205,002	2,777,414,936
Provision reversal for impairment loss of non-interest bearing receivable (Note 18.5)	11,429,651	-
Miscellaneous income	12,744,340	36,391,211
	351,345,262	2,830,566,690

8 Net finance income

	2019 MVR	2018 MVR (Restated)
Finance income		
Interest income on fixed deposits	218,469	292,595
Interest income on investment in Islamic bonds	41,370	41,850
Interest income on loans and receivables	107,262,006	113,858,899
	107,521,845	114,193,344
Finance costs		
Loan facility fees (Note 23.1)	(18,713,551)	(7,492,467)
Finance cost on Islamic finance facilities	(1,922,885)	(2,530,163)
Interest expense on loans	(164,228,083)	(93,234,475)
	(184,864,519)	(103,257,105)
Net finance income	(77,342,674)	10,936,239

9 Expenses by nature

	2019 MVR	2018 MVR
Cost of sales		
Cost of sale of building	248,280	180,922,860
Cost of sale of land	45,982,379	102,869,070
Provision for future development of land (Note 26)	11,345,098	73,353,105
	57,575,757	357,145,036
Administrative expenses		
Bank fees & charges	1,999,895	2,485,828
Board directors' remuneration and fees (Note 34.1)	739,212	1,956,506
CSR expenses	-	3,963,326
Others general & administrative expenses	84,801,198	21,826,384
Professional & consultancy expenses	8,860,314	19,549,047
Rent & hiring expenses	-	1,819,460
Supplies, requisites, tools & consumables	1,380,399	1,770,792
Trainings	1,210,700	3,702,287
Travelling expenses	151,917	1,428,842
Impairment of investment in associate (Note 15.2)	-	11,922,879
Depreciation and amortization charge for the year	20,489,606	19,557,708
Loss on sale of investment properties	884,587	-
Personnel costs (Note 9.1)	143,490,799	170,377,153
	264,008,627	260,360,211

AUDITOR GENERAL'S OFFICE

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9 Expenses by nature (continued)

	2019 MVR	2018 MVR
Maintenance expenses		
Airport link road cost	59,518,908	535,670,171
Building maintenance expense	6,104,104	28,234,306
Landscaping expenses	788,753	5,850,768
Public area maintenance expense	7,838,838	34,394,837
Vehicle & equipment running expenses	2,789,204	9,373,266
General maintenance expense	3,099,909	1,923,422
	80,139,716	615,446,769
Selling and marketing expenses		
Advertisement expenses	135,839	5,135,300
Meeting & ceremonial expenses	387,731	10,386,866
Promotional expenses	297	1,009,656
Provision made for impairment loss of non-interest bearing receivable (Note 18.5)	-	177,449,104
Provision made for impairment loss of other receivables (Note 18.7)	759,320	18,657,505
Provision made for impairment loss of interest bearing receivable (Note 18.6)	64,016,508	9,459,124
Provision for Sealife customers (Note 27)	48,946,610	-
Provision for 1000 Flat A Category customers (Note 27)	11,589,381	-
	125,835,686	222,097,554

9.1 Personnel costs

	2019 MVR	2018 MVR
Salaries and wages	58,865,509	55,008,060
Allowances	74,229,067	100,679,723
Contribution for pension fund	3,178,611	2,834,477
Medical expenses	3,063,485	4,000,725
Staff welfare and others	1,827,378	4,057,920
Travelling and visa	2,133,751	2,498,964
Defined benefit plan	192,998	1,297,284
	143,490,799	170,377,153

10 Tax expense

	2019 MVR	2018 MVR (Restated)
Amount recognized in profit or loss		
Current tax expense (Note 10.2)	-	15,807,552
Deferred tax liability recognized (Note 10.3)	19,945,563	374,682,729
	19,945,563	390,490,281
Amounts recognized in other comprehensive income		
Deferred tax recognized through other comprehensive income (Note 10.3)	45,967	18,750

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10 Tax expense (Continued)

10.1 Reconciliation between accounting profit and taxable income:

Profit before tax	81,910,257	2,599,978,296
Add: expenses not allowed for tax purposes	22,246,411	4,957,559
Adjustment due to the established deferred tax base in previous year	29,120,197	(1,042,316)
Tax free allowance	-	(500,000)
Total taxable income	133,276,864	2,603,393,539
Business profit tax @ 15%	19,991,530	390,509,031

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, and relevant regulation and subsequent amendments thereto, the Corporation is liable for Business Profit Tax at the rate of 15% on its taxable income.

10.2 Tax liability

	2019 MVR	2018 MVR
Balance as at 1st January	198,541,656	185,919,183
Tax charge for the year	-	15,807,552
Tax paid during the year	-	(3,185,079)
Balance as at 31st December	198,541,656	198,541,656

10.3 Net deferred tax liability

	2019 MVR	2018 MVR
Balance as at 1st January	(1,299,468,153)	(945,164,405)
Adjustment on adoption of IFRS 9	-	20,397,731
Reversal in deferred tax asset during the year recognized through OCI	(45,967)	(18,750)
Increase in deferred tax liability recognized through profit or loss	(19,945,563)	(374,682,729)
Balance as at 31st December	(1,319,459,683)	(1,299,468,153)

Deferred tax liability is attributable to the following;

	2019		2018	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	21,380,806	3,207,121	18,292,608	2,743,891
Intangible assets	(357,265)	(53,590)	(11,905)	(1,786)
Investment properties	(9,614,524,880)	(1,442,178,732)	(9,301,319,879)	(1,395,197,982)
Gratuity provision	1,160,882	174,132	1,297,284	194,593
Fair value change of investment	(250,000)	(37,500)	-	-
Actuarial gains on defined benefit plans	(56,447)	(8,467)	-	-
Provision for impairment loss	529,529,972	79,429,496	482,548,483	72,382,272
Provision for land development costs	162,994,080	24,449,112	136,072,390	20,410,859
Tax loss Carried forward	103,724,970	15,558,746	-	-
	(8,796,397,882)	(1,319,459,683)	(8,663,121,018)	(1,299,468,153)

11 Earnings per share

The calculation of basic and diluted earnings per share is based on profit for the year attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year and calculated as follows:

	2019 MVR	2018 MVR
Profit for the year	61,964,694	2,209,488,016
Weighted average number of shares	44,200,000	44,200,000
Earnings per share	1.40	49.99

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12 Property, plant and equipment

	Freehold buildings & improvements	Computer and office equipment	Vehicles & boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total 2019	Total 2018
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost								
As at 1st January	96,802,222	31,950,614	30,143,336	14,121,610	41,246,585	14,651,179	228,915,547	186,553,853
Reclassification during the year **(Note 12.2)**	-	-	-	-	-	(14,713,821)	(14,713,821)	(2,297,701)
Additions during the year	252,065	881,599	-	128,557	8,048,369	1,007,246	10,317,836	45,512,348
Disposals during the year	-	-	-	-	-	-	-	(852,953)
As at 31st December	97,054,287	32,832,213	30,143,336	14,250,167	49,294,954	944,605	224,519,562	228,915,547
Accumulated depreciation								
As at 1st January	17,173,658	17,359,293	17,314,164	8,006,534	18,623,798	-	78,477,447	62,083,351
Reclassification during the year	-	-	-	-	-	-	-	(1,514,982)
Charge for the year	5,061,914	5,450,951	4,391,091	1,366,197	3,864,026	-	20,134,178	18,294,177
Disposals during the year	-	-	-	-	-	-	-	(385,098)
As at 31st December	22,235,572	22,810,244	21,705,254	9,372,731	22,487,824	-	98,611,626	78,477,448
Net carrying values								
As at 31st December 2019	74,818,716	10,021,969	8,438,081	4,877,436	26,807,130	944,605	125,907,936	
As at 31st December 2018	79,628,563	14,591,321	12,829,172	6,115,076	22,622,788	14,651,179		150,438,099

12.1 Capital work in progress represents the cost incurred for the projects office in phase II.

12.2 During the year ended 31 December 2019, the Corporation has reclassified capital work in progress amounting MVR 14,713,821 to inventory.

FOR THE YEAR ENDED 31ST DECEMBER 2019

13 Intangible assets

	Software 2019	Software 2018
	MVR	MVR
Cost		
As at 1st January	9,461,757	3,719,243
Reclassification from PPE during the year (Note 12)	-	2,297,701
Additions during the year	330,390	712,202
Capital work in progress	741,983	2,732,611
As at 31st December	10,534,131	9,461,757
Accumulated amortization		
As at 1st January	5,753,916	2,975,394
Reclassification from PPE during the year	-	1,514,982
Amortization for the year	355,427	1,263,539
As at 31st December	6,109,343	5,753,916
Net book value		
As at 31st December	4,424,788	3,707,842

13.1 Amortisation

The amortisation of Software is included in 'Administrative expenses' and the intangible assets are amortised over 5 years.

14 Investment properties

	Land (at fair value)	Buildings (at fair value)	Capital work in progress (at cost)	Total 2019	Total 2018
	MVR	MVR	MVR	MVR	MVR
Fair value / cost					
As at 1st January as originally presented	14,615,686,944	1,608,215,804	161,624,976	16,385,527,724	19,400,113,472
Impact of correction of errors	-	-	-	-	(6,077,012,378)
As at 1st January (Restated)	14,615,686,944	1,608,215,804	161,624,976	16,385,527,724	13,323,101,094
Disposals during the year	-	(1,320,536)	-	(1,320,536)	(7,601,414)
Additions during the year	148,405,500	-	479,807,851	628,213,351	375,744,931
Transfer from capital work in progress	-	25,768,288	(25,768,288)	-	-
Transfer to inventory (Note 14.3)	-	-	-	-	(83,131,823)
Gain on fair value (Note 14.7)	150,445,557	162,759,445	-	313,205,002	2,777,414,936
As at 31st December	14,914,538,002	1,795,423,000	615,664,539	17,325,625,541	16,385,527,724

14.1 Land area of approximately 8,924 square meters has been mortgaged with Bank of Ceylon - Phase II dredging loan obtained as disclosed in Note 23 to the financial statements.

14.2 Capital work in progress as at year end represents the cost incurred on the construction of local market and food store, distribution center, outdoor sports arena and vertical parking system.

14.3 During the year 31 December 2018 land use plan was changed and resulted a change in the cost allocation percentage between investment property and inventory. This resulted a transfer of MVR 83,131,823 from investment property to inventory.

14.4 Additions to the capital work in progress include borrowing cost capitalisation of MVR 6,814,437 for the year ended 31st December 2019 (2018: MVR 11,640,889).

14 Investment properties (continued)

14.5 The Phase I of the land reclaimed and developed under Hulhumale' development Master Plan was initially revalued by a professional valuer on 31st December 2006. The difference between the land development cost up to 31st December 2006 and the revalued amount was recognized through profit or loss in the Financial Statements. During the year ended 31st December 2013, the Company has changed its accounting policy to measure land classified as investment properties at cost less impairment loss and the carrying amount prior to the change of the policy has been recognised as a deemed cost. However, during the year ended 31st December 2017, the Company has changed its policy to recognize all of its Investment properties at fair value and accordingly a gain on fair value amounting to MVR 313,205,002 was recognized through profit or loss during the year 2019 (2018: MVR 2,777,414,936).

14.6 Amounts recognised in profit or loss for investment properties

	2019 MVR	2018 MVR
Rental income	215,417,907	194,873,739
Fair value gain recognised in other income	313,205,002	2,777,414,936

14.7 Significant estimate - fair value of investment property

Valuation techniques used to determine level 3 fair values

The fair value of investment property was determined by the KPMG. The management carries out the exercise to determine the fair value of the Corporation's investment property on annual basis.

The fair value measurement for all of the investment properties have been categories as a Level 3 fair value based on the inputs to the valuation technique used.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- average prices in a sales transaction for properties of similar nature or average prices in a sales transaction of different properties, owned by the Corporation.
- discounted cash flow projections based on reliable estimates of future cash flows.
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2018 and 31 December 2019 for recurring fair value measurements:

	Phase I - Land	Phase I - Developed properties	Phase II - Land	Total
Opening balance 1 January 2018	6,540,754,153	1,282,685,819	5,493,113,785	13,316,553,757
Acquisitions	24,597,011	25,645,065	169,698,466	219,940,542
Transfer from capital work in progress	-	726,750	-	726,750
Transfer from/(to) inventory	(221,641,590)	-	138,509,767	(83,131,823)
Disposals	(317,669)	(7,283,745)	-	(7,601,414)
Amounts recognised in profit or loss				
- Fair value gains recognised in other income	1,525,858,953	306,441,915	945,114,068	2,777,414,936
Closing balance 31 December 2018	**7,869,250,857**	**1,608,215,804**	**6,746,436,087**	**16,223,902,748**
Acquisitions	5,162,466	-	143,243,034	148,405,500
Transfer from capital work in progress	-	25,768,288	-	25,768,288
Transfer from/(to) inventory	-	-	-	-
Disposals	-	(1,320,536)	-	(1,320,536)
Amounts recognised in profit or loss				
- Fair value gains recognised in other income	35,000,680	162,759,445	115,444,877	313,205,002
Closing balance 31 December 2019	**7,909,414,004**	**1,795,423,000**	**7,005,123,998**	**16,709,961,002**

14 Investment properties (continued)

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Category	Valuation technique	Significant unobservable inputs	Range of inputs 2019	Range of inputs 2018	Relationship of unobservable inputs to fair value
Phase I - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 15 – MVR 30	MVR 5 – MVR 25	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 1,235 – MVR 3,300	MVR 1,250 – MVR 3,500	Higher the market rate higher the fair value
		Discount rate	6.5% – 12.5%	7.5% – 8.5%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base market rate per sq.ft.	(-5%) – (-10%)	–	Higher the adjustment lower the fair value
		Adjustment for land plot size	(-25%) – 20%	–	Higher the adjustment higher the fair value
		Capitalisation rate	6.5% – 12.5%	5% – 6%	Higher the capitalisation rate lower the fair value
		Rental growth rate	–	2.5%	Higher the growth rate higher the fair value
Phase I - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 12.20 – MVR 35	MVR 12.50 – MVR 30	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	–	MVR 2,400 – MVR 4,500	Higher the market rate higher the fair value
		Discount rate	6.5% – 7.5%	9.5% – 10.5%	Higher the discount rate lower the fair value
		Capitalisation rate	6.5% – 7.5%	7% – 8%	Higher the capitalisation rate lower the fair value
		Rental growth rate	–	2.5%	Higher the growth rate higher the fair value
Phase II - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 15 – MVR 30	MVR 5 – MVR 25	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 800 – MVR 1,300	MVR 500 – MVR 6,000	Higher the market rate higher the fair value
		Discount rate	7% – 9%	11% – 12%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base value per sq.ft.	(-20%) – (+5%)	–	Higher the adjustment higher the fair value
		Adjustment for land plot size	(-30%) – (+10%)	–	Higher the adjustment higher the fair value
		Capitalisation rate	7% – 9%	7% – 8%	Higher the capitalisation rate lower the fair value
		Rental growth rate	–	2.5%	Higher the growth rate higher the fair value
		Estimated cost to completion	Not used	1,753,549,233	The higher the estimated costs the lower the fair value

14 Investment properties (continued)

Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

					2019		2018	
		Increase / (decrease) Phase I - Land	Increase / (decrease) Phase I - Developed properties	Increase / (decrease) Phase I - Land	Sensitivity effect on income statement increase/ (decrease) in results for the year (MVR)	Sensitivity effect on investment property increase/ (decrease) in the asset (MVR)	Sensitivity effect on income statement increase/ (decrease) in results for the year (MVR)	Sensitivity effect on investment property increase/ (decrease) in the asset (MVR)
Discount rate	1%	(491,272,000)	(170,391,000)	(122,511,000)	(784,174,000)	(784,174,000)	(2,410,623,218)	(2,410,623,218)
Discount rate	(1%)	656,671,000	224,108,000	162,400,000	1,043,179,000	1,043,179,000	3,288,941,543	3,288,941,543
Outgoings	1%	-	(21,740,000)	(10,110,000)	(31,850,000)	(31,850,000)	-	-
Outgoings	(1%)	-	21,743,000	10,102,000	31,845,000	31,845,000	-	-
Adjustment for different zones	1%	10,447,000	-	18,503,000	28,950,000	28,950,000	-	-
Adjustment for different zones	(1%)	(10,448,000)	-	(18,503,000)	(28,951,000)	(28,951,000)	-	-
Adjustment for land plot size	1%	35,001,000	-	68,393,000	103,394,000	103,394,000	-	-
Adjustment for land plot size	(1%)	(35,004,000)	-	(68,396,000)	(103,400,000)	(103,400,000)	-	-
Rental growth rate	1%	-	-	-	-	-	2,533,759,733	2,533,759,733
Rental growth rate	(1%)	-	-	-	-	-	(1,851,425,876)	(1,851,425,876)
Market Rate	1%	-	-	-	-	-	170,610,070	170,610,070
Market Rate	(1%)	-	-	-	-	-	(170,610,070)	(170,610,070)
Estimated cost to completion	1%	-	-	-	-	-	(17,535,492)	(17,535,492)
Estimated cost to completion	(1%)	-	-	-	-	-	17,535,492	17,535,492

14 Investment properties (continued)

Valuation processes

- As at 31 December 2019, the fair values of the investment properties have been determined by the independent and qualified valuer KPMG.

- The main level 3 inputs used by the KPMG are derived and evaluated as follows:

Phase I - Land	**Income approach** Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data. **Market approach** Future market rates, adjustments for different zones, and adjustments for land plots are estimated by KPMG based on comparable transactions and industry data.
Phase I - Developed properties	**Income approach** Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data.
Phase II - Land	**Income approach** Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data. **Market approach** Future market rates, adjustments for different zones, and adjustments for land plots are estimated by KPMG based on comparable transactions and industry data.

14.8 Contractual obligations

Refer to Note 31 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14.9 Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals receivable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease receipts under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:	2019 MVR	2018 MVR
Within one year	187,478,763	177,912,439
Later than one year but not later than 5 years	648,689,541	582,574,005
Later than 5 years	764,910,120	950,039,521

15 Investment in subsidiary / associate

	2019 MVR	2018 MVR
Investment in subsidiary / associate **(Note 15.1)**	-	-

15.1 Investment in subsidiary / associate

	Subsidiary	Associate
Balance As at 1st January	11,922,879	11,973,477
Share of loss during the year	-	(50,598)
Impairment on investment **(Note 15.2)**	(11,922,879)	(11,922,879)
Balance As at 31st December	-	-

As per the Joint Venture Agreement dated 19th July 2010, the Corporation held 127,500 equity shares and the right to acquire 127,500 ordinary shares of Pruksa-HDC Housing Private Limited at the rate of MVR 100/- each which represents 20% of the shareholding of the Corporation. The corporation acquired all the assets of the associate company for a consideration and subsequently on 22 November 2019 the corporation acquired shares held by Pruksa International Company Limited free of cost and as at the reporting date, the Corporation holds 100% ordinary shares of Pruksa-HDC Housing Private Limited. As a result Pruksa-HDC Housing Private Limited has become a fully owned subsidiary of Housing Development Corporation. However the subsidiary company remained dormant and did not have material assets, liabilities, income and expenses as at / during the year and therefore the corporation has not prepared a set of consolidated financial statements.

Summarized financial information of associate	2019 MVR	2018 MVR
Loss	-	(252,988)
Total assets	-	60,619,971
Total liabilities	-	(1,005,575)
Net assets (100%)	-	59,614,396
Corporation's share of net assets (20%)	-	11,922,879

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15 Investment in subsidiary / associate (continued)

15.2 The Corporation Board of Directors have approved to wind up the Pruksa-HDC Housing Private Limited before 31 December 2019.

16 Financial assets at fair value through other comprehsive income	2019 MVR	2018 MVR
State Trading Organization Plc (Note 16.1)	1,250,000	875,000

16.1 State Trading Organization PLC

Balance as at 1st January	1,000,000	875,000
Change in the fair value during the year	250,000	125,000
Balance as at 31st December	1,250,000	1,000,000

The Corporation has invested in 2,500 ordinary shares of State Trading Organization PLC on 5th January 2010 at the rate of MVR 400/- each. The Market Value of a share as at 31st December 2019 was MVR 500/- (2018 : MVR 400/-) per share.

17 Financial assets at amortised cost	2019 MVR	2018 MVR
Housing Development Financing Corporation PLC (HDFC) **(Note 17.1)**	500,000	500,000
Habib Bank of Maldives (HBL) **(Note 17.2)**	6,000,000	-
	6,500,000	500,000

17.1 The fair value is not significantly different to the carrying amount of islamic bond.

The Corporation has invested in 1,000 listed Islamic bonds issued by HDFC at the rate of MVR 500/- each for which HDFC has allotted the bonds on 27th January 2014. The profit is payable in every six months from date of allotment, until maturity (10 years).The profit will be shared between Sukuk holder (Rabb al Mal) and HDFC (Mudarib) at a rate of 65% and 35% respectively.

17.2 The Corporation has invested MVR 6,000,000 in HBL Fixed deposit at the rate of 4% per annum on 22 November 2019.

18 Trade and other receivables	2019 MVR	2018 MVR (Restated)
Non-interest bearing trade receivables	1,189,146,052	1,114,315,632
Interest bearing trade receivables	1,701,241,694	1,743,945,995
	2,890,387,746	2,858,261,627
Less : provision for impairment loss on non-interest receivables (note 18.5)	(297,706,135)	(309,135,786)
Less : provision for impairment loss on interest bearing receivable (note 18.6)	(232,624,947)	(153,335,516)
	2,360,056,664	2,395,790,325
Prepayments and advances (note 18.2)	1,878,647,307	3,276,496,784
Other receivables (note 18.3)	38,108,213	38,682,413
Less : provision for impairment loss on other receivables (note 18.7)	(27,298,121)	(26,538,801)
	4,249,514,063	5,684,430,722

18.1 The carrying amount is considered to be the same as the fair value as of the reporting date.

18.2 The Corporation's prepayments and advances include amount advance to contractor's MVR 1,872,176,844 (2018: MVR 3,266,316,617) and advance to suppliers MVR 4,819,844 (2018: MVR 8,050,420).

18.3 The Corporation's other receivables include warehouse shell secuirty deposit at Maldives Islamic Bank amounting MVR 4,300,000/- (2018: MVR 4,300,000//-), Dollar purchase from IOF Corporation amounting MVR 10,794,000/- (2018: MVR 10,794,000/-), education loans to staff amounting MVR 4,084,025/- (2018: MVR 4,472,631/-) and receivable from the sale of Rock Boulders MVR 9,146,280/- (2018: MVR 9,146,280/-).

18.4 Analysis	2019 MVR	2018 MVR (Restated)
Non-current	1,525,564,814	1,422,526,497
Current	2,723,949,249	4,261,904,224
Total	4,249,514,063	5,684,430,722

18.5 Provision for impairment loss on non-interest bearing receivables	2019 MVR	2018 MVR
Balance as at 1st January	309,135,786	131,134,659
Amount restated through opening retained earnings	-	552,023
Provision (reversal) / made during the year	(11,429,651)	177,449,104
Balance as at 31st December	297,706,135	309,135,786

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18 Trade and other receivables (continued)

18.6 Provision for impairment loss - interest bearing receivables

	2019 MVR	2018 MVR
Balance as at 1st January	153,335,516	-
Amount restated through opening retained earnings	-	135,432,853
Provision made during the year	64,016,508	9,459,124
Unwinding of interest of stage 3 assets	15,272,923	8,443,538
Balance as at 31st December	232,624,947	153,335,516

18.7 Provision for impairment loss - other receivables

	2019 MVR	2018 MVR
Balance as at 1st January	26,538,801	7,881,296
Provision made during the year	759,320	18,657,505
Balance as at 31st December	27,298,121	26,538,801

19 Inventories

	2019 MVR	2018 MVR
Land inventories	960,006,288	896,605,529
Building inventories	23,291,910	23,291,911
Inventory work-in-progress	7,387,514,394	4,602,478,321
Raw materials inventory	9,554,449	11,713,191
	8,380,367,041	5,534,088,952

19.1 A bare housing land of 1844.33 square meter of land (lot no: 10618) has been mortgaged with Housing Development Finance Corporation PLC for the loan obtained as disclosed in Note 23 to the financial statements.

19.2 Inventory work-in progress represents the cost incurred on the construction of 7000 housing, 1530 housing and hiyaa-vehi housing project.

19.3 During the year ended 31 December 2019, the Corporation has reclassified MVR 14,713,821 from property, plant & equipment to inventory.

19.4 During the year 31 December 2018 land use plan was changed and resulted a change in the cost allocation percentage between investment property and inventory. This resulted a transfer of MVR 83,131,823 from investment property to inventory.

19.5 Additions during the year include capitalised borrowing cost amounting to MVR 360,126,205 (2018: MVR 237,152,321).

20 Amounts due from related parties

	2019 MVR	2018 MVR
Ministry of Education	850	850
Ministry of Islamic Affairs	3,807,675	3,932,393
Ministry of Finance	-	925,200
Ministry of National Planning and Infrastructure	1,680,152	-
Ministry of Housing & Infrastructure	75,817,173	88,164,024
Maldives Industrial Fisheries Corporation	11,565,000	20,817,000
Ministry of Youth	-	15,583,039
	92,870,850	129,422,506
Less: provision for impairment loss **(Note 20.2)**	(1,857,201)	(1,981,919)
	91,013,649	127,440,587

20.1 Analysis of Amounts due from related parties

	2019 MVR	2018 MVR
Non-current	-	2,313,000
Current	91,013,649	125,127,587
Total	91,013,649	127,440,587

20.2 Provision for impairment loss

	2019 MVR	2018 MVR
Balance as at 1st January	1,981,919	1,981,919
Provision reversal during the year	(124,718)	-
Balance as at 31st December	1,857,201	1,981,919

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21 Cash and cash equivalents

	2019 MVR	2018 MVR
Cash in hand	75,866	138,352
Balances with banks	98,176,752	29,633,445
Short term deposits	-	28,048,595
	98,252,618	57,820,391

21.1 Reconciliation to cash flow statement

	2019 MVR	2018 MVR
Balances as above	98,252,618	57,820,391
Bank overdraft **(Note 23)**	-	(27,912,313)
Balances per statement of cash flows	98,252,618	29,908,078

21.2 Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. The Interest rates of the deposits is 4% per annum.

22 Share capital

22.1 Authorized share capital

Authorized share capital comprises of 50,000,000 (2018 : 50,000,000) ordinary shares of MVR 10/- each.

22.2 Issued and fully paid share capital

The Issued and fully paid share capital comprises of 44,200,000 (2018 : 44,200,000) ordinary shares of MVR 10/- each.

22.3 Share premium

This share premium represents the capital contribution by the shareholders in excess of the nominal value of the issued share capital.

22.4 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Corporation.

The Corporation has not declared any dividend for the Year ended 31st December 2019 (2018 : Nil).

22.5 Advance for share capital

During the year ended 31st December 2015, the Corporation has received US$ 4,000,000/- (MVR 61,410,000/-) as contribution for share capital from Government for which the shares have not been allotted as at reporting date.

During the year ended 31st December 2016, the Corporation has further received MVR 40,000/- as contribution for share capital from Government of Maldives for which the shares have not been allotted as at reporting date. Further, during the year ended 31st December 2017, the Corporation has received MVR 3,406,229,586/- as capital contribution from Government of Maldives as part of Farukolhufushi Island given to the Corporation for which the Corporation will be issuing shares on same. In addition, during the year ended 31st December 2019, the Corporation received MVR 267,491,235 (2018:MVR 50,832,118/-) as contribution for share capital from Government of Maldives.

23 Loans and borrowings

	2019 MVR	2018 MVR
As at 1st January	7,563,845,802	1,816,763,209
Add: interest expense on loans (Note 23.2)	527,804,576	339,306,440
Less: interest paid during the year	(369,668,503)	(229,154,870)
Add: borrowing during the year	2,544,279,220	6,252,897,296
Less : repayments during the year	(445,816,591)	(615,966,273)
	9,820,444,504	7,563,845,802
Add: bank overdraft (Note 21.1)	-	27,912,313
	9,820,444,504	7,591,758,115
Less: loan facility fees (Note 23.1)	(87,412,245)	(94,865,059)
As at 31st December	9,733,032,259	7,496,893,056

23 Loans and borrowings (continued)

23.1 Loan facility fees

	2019 MVR	2018 MVR
As at 1st January	94,865,059	19,979,326
Payments during the year	16,547,771	87,629,608
Facility fee expense during the year	(18,713,551)	(7,492,467)
Less : facility fee capitalized	(5,287,035)	(5,251,409)
As at 31st December	87,412,245	94,865,059

Analysis of loan facility fees

	2019 MVR	2018 MVR
Non-current	68,933,425	76,478,696
Current	18,478,820	18,386,363
Total	87,412,245	94,865,059

23.2 Finance cost

	2019 MVR	2018 MVR
Interest expense on loans	527,804,576	339,306,440
Less : interest capitalized	(361,653,608)	(243,541,801)
Finance cost expensed	166,150,968	95,764,638

23.3 Sources of finance

	2019 MVR	2018 MVR
Ministry of Finance and Treasury (Note 23.7)	175,147,654	165,659,368
Ministry of Finance and Treasury - Basic Flats down payment loan (Note 23.8)	1,526,725	1,738,525
Ministry of Finance and Treasury - 504 Housing project loan- I (Note 23.9)	57,453,473	54,424,051
Ministry of Finance and Treasury - 504 Housing project loan-II (Note 23.9)	93,198,618	90,227,417
Housing Development Finance Corporation PLC - Basic flats (Note 23.10)	2,736,433	3,162,936
Bank of Ceylon - Phase II Dredging Loan (Note 23.11)	316,910,811	409,665,466
Maldives Islamic Bank Private Limited - Murabaha Facility (Note 23.12)	20,966,202	28,095,447
Ministry of Finance and Treasury - TATA housing units Refinance (Note 23.13)	96,429,763	85,114,279
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015 (Note 23.14)	478,608,987	529,471,918
Seylan Bank - CMEC 1530 Housing Units (Note 23.15)	125,562,824	188,344,275
Ministry of Finance and Treasury - subsidiary loan agreement - Phase II Development (Note 23.16)	263,487,806	88,036,361
Bank of Maldives - Indoor Sports Arena (Note 23.17)	25,217,930	14,742,815
China Development Bank - CMEC 1530 Housing Units (Note 23.18)	945,300,900	658,421,108
Industrial and Commercial Bank of China - Airport Link Road (Note 23.19)	398,162,064	353,206,244
Seylan Bank - Phase II Electricity Network (Note 23.20)	230,272,000	259,056,000
Credit Suisse Bank - 7000 Housing units (Note 23.21)	1,027,634,628	1,030,533,681
Industrial and Commercial Bank of China - 7000 Housing units (Note 23.22)	4,387,656,561	3,449,537,985
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena (Note 23.23)	44,513,185	38,767,393
Habib Bank of Maldives - Revolving Facility (Note 23.24)	-	13,000,000
Habib Bank of Maldives - Revolving Facility (Note 23.25)	-	6,939,000
Ministry of Finance and Treasury - ICBC Interest Refinance Loan (Note 23.26)	106,486,402	95,701,533
Habib Bank of Maldives - Distribution Center (Note 23.27)	37,119,909	-
Ministry of Finance - Credit Suisse Interest Refinance Loan (Note 23.28)	33,050,574	-
Ministry of Finance - ICBC Interest Refinance Loan (Note 23.29)	114,295,903	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 23.30)	89,440,433	-
Ministry of Finance - Credit suisse and Bank of China Refinance Loan (Note 23.31)	39,239,035	-
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan (Note 23.32)	31,731,101	-
Ministry of Finance - CDB Interest Refinance Loan (Note 23.33)	28,791,127	-
Ministry of Finance - 1530 Housing units (Note 23.34)	221,177,159	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 23.35)	112,261,828	
Bank of China - 2500 Housing Units (Note 23.36)	316,064,467	-
Bank of Ceylon - bank overdraft (Note 21.1)	-	27,912,313
	9,820,444,504	7,591,758,116

23 Loans and borrowings (continued)

23.4 Non current

	2019 MVR	2018 MVR
Secured loans:		
Housing Development Finance Corporation Plc - Basic Flats	2,309,931	2,736,434
Bank of Ceylon - Phase II Dredging Loan	223,589,522	316,109,707
Maldives Islamic Bank Private Limited - Murabaha Facility	11,914,071	20,952,717
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	426,018,158	476,881,090
Seylan Bank - CMEC 1530 Housing Units	62,781,396	125,562,846
Bank of Maldives - Indoor Sports Arena	22,736,901	13,698,003
China Development Bank - CMEC 1530 Housing Units	741,058,869	647,639,445
Industrial and Commercial Bank of China - Airport Link Road	344,698,077	299,544,962
Seylan Bank - Phase II Electricity Network	172,704,000	201,488,000
Credit Suisse Bank - 7000 Housing units	836,601,923	1,003,842,000
Industrial and Commercial Bank of China - 7000 Housing units	4,123,697,856	3,409,336,355
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	29,188,689	23,393,451
Habib Bank of Maldives - Distribution Center	37,119,909	
Bank of China - 2500 Housing Units	308,177,180	-
Unsecured loans:		
Ministry of Finance and Treasury	133,168,927	141,491,984
Ministry of Finance and Treasury - Basic Flats down payment loan	1,314,925	1,526,725
Ministry of Finance and Treasury - 504 Housing project loan - I	45,887,830	47,973,641
Ministry of Finance and Treasury - 504 Housing project loan -II	77,433,332	80,953,029
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	256,528,957	85,969,023
Ministry of Finance - ICBC Interest Refinance Loan (Note 23.29)	19,254,315	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 23.30)	22,826,761	-
Ministry of Finance - 1530 Housing units	220,000,000	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	112,137,231	-
	8,231,148,761	6,899,099,413
Loan facility fees	(68,933,425)	(76,478,696)
	8,162,215,336	6,822,620,717

23.5 Current

	2019 MVR	2018 MVR
Ministry of Finance and Treasury	41,978,727	24,167,384
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	211,800
Ministry of Finance and Treasury - 504 Housing project loan-I	11,565,643	6,450,410
Ministry of Finance and Treasury - 504 Housing project loan - II	15,765,286	9,274,388
Housing Development Finance Corporation Plc - Basic flats	426,502	426,502
Bank of Ceylon - Phase II Dredging Loan	93,321,289	93,555,759
Maldives Islamic Bank Private Limited - Murabaha Facility	9,052,131	7,142,730
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	52,590,828	52,590,828
Seylan Bank - CMEC 1530 Housing Units	62,781,429	62,781,429
Ministry of Finance and Treasury - TATA housing units Refinance	96,429,763	85,114,279
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	6,958,849	2,067,338
Bank of Maldives - Indoor Sports Arena	2,481,029	1,044,812
China Development Bank - CMEC 1530 Housing Units	204,242,031	10,781,664
Industrial and Commercial Bank of China - Airport Link Road	53,463,987	53,661,282
Seylan Bank - Phase II Electricity Network	57,568,000	57,568,000
Credit Suisse Bank - 7000 Housing units	191,032,705	26,691,681
Industrial and Commercial Bank of China - 7000 Housing units	263,958,706	40,201,630
Habib Bank of Maldives - Revolving Facility	-	13,000,000
Habib Bank of Maldives - Revolving Facility	-	6,939,000
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	15,324,496	15,373,942
Ministry of Finance and Treasury - ICBC Interest Refinance Loan	106,486,402	95,701,533
Habib Bank of Maldives - Distribution Center	-	-
Ministry of Finance - Credit Suisse Interest Refinance Loan	33,050,574	-
Ministry of Finance - ICBC Interest Refinance Loan	95,041,588	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	66,613,672	-
Ministry of Finance - Credit suisse and Bank of China Refinance Loan	39,239,035	-
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan	31,731,101	-
Ministry of Finance - CDB Interest Refinance Loan	28,791,127	-
Ministry of Finance - 1530 Housing units	1,177,159	-
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	124,597	-
Bank of China - 2500 Housing Units	7,887,287	-
Bank of Ceylon - Bank Overdraft	-	27,912,313
	1,589,295,742	692,658,704
Loan facility fees	(18,478,820)	(18,386,363)
	1,570,816,922	674,272,341

23 Loans and borrowings (continued)

23.6 The fair value of the borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to currrent market rates or the borrowings are of a short-term nature.

23.7 Ministry of Finance and Treasury

The Corporation has obtained an unsecured loan of MVR 332,922,295/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 26th October 2002. This loan is to be repaid in 40 semi - annual installments of MVR 16,646,114/- commencing on the first available payment date falling 5 years after the first withdrawal of loan proceeds which is 24th March 2008.

23.8 Ministry of Finance and Treasury - Basic Flats down payment loan

The Corporation has obtained unsecured loan of MVR 4,236,000/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 6th March 2007. Loan is to be repaid in 240 equal monthly installments of MVR 17,650/- commencing from 6th March 2007.

23.9 Ministry of Finance and Treasury - 504 housing project loan - I

The Corporation has obtained an unsecured loan of MVR 83,432,418/- from Ministry of Finance and Treasury at an interest of 6.5% per annum, for the 504 housing project. Interest will thereafter be reset at 182 day Treasury Bill rate prevailing on 1st October 2012, plus 1.5% for administrative charges. The loan is to be repaid in 40 equal semi - annual installments commencing from 1st April 2011.

Ministry of Finance and Treasury - 504 housing project loan- II

The Corporation has obtained an unsecured loan of MVR 140,787,876/- from Ministry of Finance and Treasury at an interest rate of six months LIBOR + 3% per annum for the 504 housing project. The loan is to be repaid in 40 equal semi annual installments commencing from 1st April 2011.

23.10 Housing Development Finance Corporation PLC.

The Corporation has obtained a loan of MVR 6,141,987/- from Housing Development Finance Corporation PLC on 13th January 2005 at an interest rate of 7% upto 31st October 2006 and 9% from 1st November 2006. Loan is to be repaid in 219 equal monthly installments of MVR 57,202/- commencing after 21 months grace period. This loan is secured by bare housing land of 1844.33 square meter of land (lot no: 10618).

23.11 Bank of Ceylon - Phase II Dredging Loan

The Corporation has obtained a loan of US$ 30,000,000/- from Bank of Ceylon under LC Usance facility for which the Bank converted the facility into loan on 20th May 2016 which is considered to be the disbursement date for the loan which is the end of the LC usance facility period. The Loan is subject to a grace period of 2 years and will be repaid in 60 monthly installments and the loan carries an interest rate of 8.5%.

This Loan is secured by;

(1) Income from the 1,000 units of 3 bedroom flats, spread among 64 blocks on a land area of approximately 60,678 square meters. The development value of the 1,000 units (excluding land value) is approximately US$ 77,000,000/- and the recurrent income from these units to HDC (the Borrower) is approximately US$ 400,000/- per month.

(2) Freehold land of approximately 49,845 square meters (City Center Park Land) at an estimated value of US$ 34,000,000/-.

(3) Freehold land of approximately 8,924 square meters (Waterfront land) at an estimated value of US$ 16,000,000/-.

23.12 Maldives Islamic Bank Private Limited - Murabaha Facility

The Corporation has entered into a contract to acquire prefabricated structures for the construction of 36 units of warehousing and storage units in Hulhumale' through Murabaha general asset financing facility amounting to US$ 2,412,478/- from Maldives Islamic Bank Private Limited at a profit rate of 8% per annum. The transactions made pursuant to each Purchase requisition under this facility shall be subject to payment of 68 monthly installments which includes a grace period of 8 months.

This Facility is secured by the mortgage over the Land plot no: 10635, measuring a total of 26,909.75 square feet owned by HDC, and the proposed warehouse units which will be built on this land.

The Corporation has obtained a short term facility of MVR 385,500,000/- from Ministry of Finance & Treasury in order to commence the physical work of the 7000 housing units project in Hulhumale' Phase II as per the loan agreement signed dated 29th November 2017 for which the loan has been fully disbursed on the same date. The loan carries an annual interest rate of 8% and no security is pledged under this loan as this is a short term loan.

23 Loans and borrowings (continued)

23.13 Ministry of Finance and Treasury - TATA housing units Refinance

The Corporation has obtained a loan from Ministry of Finance and Treasury amounting to MVR 146,680,082/- on 25th October 2017 for the purpose of refinancing Corporation's general cash flow for the payment of second instalment of Maldives Islamic Bank Private Limited - Diminishing Musharakah Facility. The loan which was fully disbursed on 15th November 2017 and is a short term facility. There is no security pledged under this facility. The loan however carries interest at the annual rate of 8% on the principal amount outstanding.

23.14 Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015

The Corporation has obtained a loan of US$ 34,330,000/- from Export-Import Bank of India (EXIM) on 3rd October 2016 which is considered to be the disbursement date for the loan based on terminal disbursement Date. The Loan is subject to a grace period of 2 years and will be repaid in 12 years Semi-annual installments and the loan carries an interest rate of LIBOR+175 margin.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.15 Seylan Bank - CMEC 1530 Housing Units

The Corporation has entered into a 4 year term loan agreement with Seylan Bank PLC (Sri Lanka) on 2nd November 2017 for the purpose of obtaining finance amounting to 7.6% of the contract value of 1530 housing units in Hulhumale' Phase II . The loan was fully disbursed on 22nd December 2017 which would be followed with a grace period of 12 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 3 years in 7 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+330 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.16 Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development

In relation to the loan agreement signed between Ministry of Finance & Treasury (MOFT) and Saudi Fund for Development (SFD) for the developments in Hulhumale' which are specifically the development of infrastructure projects such as construction of harbours, channels, bridges and coastal/shore protection, a Subsidiary Loan Agreement (SLA) was signed between MOFT and the Corporation amounting to a maximum fund limit of 300,000,000/- Saudi Riyals (equivalent to USD 80,000,000/-) on 23rd January 2017. Under the SLA, the repayments will be made over a period of 20 years (involving 40 semi-annual consecutive instalments) with a grace period of 5 years from the first drawdown date which is 29th September 2017. The loan carries an annual interest of 5% per annum on the amount withdrawn and outstanding from time to time. There is no security pledged under the financing arrangment.

23.17 Bank of Maldives - Indoor Sports Arena

The Corporation has entered into a MVR 31,500,000/- demand loan agreement with Bank of Maldives PLC on 26th April 2018 for the purpose of obtaining finance for 70% of the contract value of development of an Indoor Sports Complex in Hulhumalé. The first disbursement of the loan was made on 10th June 2018. The loan repayments will commence from the month 13 onwards from the first utilization date and will be followed with monthly repayment instalments. The loan was for a period of 10 years from the first utilization date (including the grace period of 12 months). The loan carries an annual interest of 11% p.a. (1.0% p.a. above BML base rate) payable monthly.

This Loan is secured by the mortgage over land in Hulhumalé Lot No. 10328, within 14,723 square feet and all buildings thereon including future developments.

23 Loans and borrowings (continued)

23.18 China Development Bank - CMEC 1530 Housing Units

The Corporation has entered into a US$ 159,000,000/- term loan facility agreement with China Development Bank (China) on 14th July 2017 for the purpose of obtaining finance for 84.8% of the contract value of 1530 housing units in Hulhumalé Phase II. The first disbursement of the loan was made on 1st March 2018. The loan repayments will commence on the date falling 24 months after the first utilization date and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 14 years from the first utilization date (including the grace period of 24 months). The loan carries an annual interest of LIBOR+300 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.19 Industrial and Commercial Bank of China - Airport Link Road

The Corporation has entered into a 10 year term loan agreement with Industrial and Commercial Bank of China (China) on 7th December 2017 for the purpose of obtaining finance amounting to 85% of the contract value of Airport Link Road . The first disbursement of the loan was made on 05th March 2018 which will be followed with a grace period of 12 months. The loan repayments will commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 09 years in 18 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+300 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.20 Seylan Bank - Phase II Electricity Network

The Corporation has entered into a 5 year term loan agreement of US$ 16,800,000/- with Seylan Bank PLC (Sri Lanka) on 16th August 2018 for the purpose of obtaining finance for 20% of the contract value of Design and Construction of Electricity System and Open Access Network of Hulhumalé Phase II. The loan was fully disbursed on 18th and 25th September 2018 which will be followed with a grace period of 12 months starting from the first drawdown date. The loan repayments will commence upon the date falling on the first day after expiration of the grace period, and principal of the Loan and interest there on will be payable over a period of 4 years in 9 bi-annual equal, consecutive instalments coinciding with each interest period of 6 months. The loan carries an annual interest of LIBOR+350 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.21 Credit Suisse Bank - 7000 Housing units

The Corporation has entered into a US$ 65,100,000/- facility agreement with Credit Suisse AG, Singapore Branch (Credit Suisse) on 13th December 2017 for the purpose of obtaining finance for 15% of the contract value of 7000 housing unit project in Hulhumalé Phase II. The first disbursement of the loan was made on 29th January 2018. The loan repayments has commenced on the date falling 30 months from the utilization date and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 5 years from the utilization date (including a grace period of 30 months). The loan carries an annual interest of LIBOR+330 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.22 Industrial and Commercial Bank of China - 7000 Housing units

The Corporation has entered into a US$ 65,100,000/- facility agreement with Industrial and Commercial Bank of China Limited (ICBC) on 24th April 2017 for the purpose of obtaining finance for 85% of the contract value of 7000 housing unit project in Hulhumalé Phase II. The first disbursement of the loan was made on 20th April 2018. The loan repayments has accordingly commenced from 6 months after the end of grace period of 24 months and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 15 years from the utilization date (including a grace period of 24 months). The loan carries an annual interest of LIBOR+330 basis points.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23 Loans and borrowings (continued)

23.23 Rotime Engineering and Technology Co. Ltd - Outdoor Sports Arena

The design and construction of Outdoor Sports Arena (Stage 1) in Hulhumalé Phase I was awarded to the contractor, Rotime Engineering Technology Co. Ltd to undertake the 85% of project value on their own finance. The contract agreement with contractor reflects the financing and repayment terms of the contract under which 85% of the project value, US$ 3,489,546 will accordingly be repaid to contractor semi-annually over a period of 42 months starting from the completion date of the project. The construction period as well as the repayment period carries an annual interest of 5% p.a. payable semi-annually.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance & Treasury.

23.24 Habib Bank of Maldives - Revolving Facility (MVR 13,000,000/-)

The Corporation has entered into a revolving short term loan agreement with Habib Bank Limited amounting to MVR 13,000,000/- on 16th August 2018 for the purpose of meeting working capital requirement of the Corporation. The disbursement of the loan was made on 04th September 2018. The loan is for a duration of 90 days on a revolving basis and repayment upon expiry of the duration with monthly serviced interest of 8% p.a. or 91 days T-Bill + 4% whichever is higher.

This Loan is secured by the mortgage agreement for the mortgage of freehold land measuring 44,060.52 square feet of Hulhumalé.

23.25 Habib Bank of Maldives - Revolving Facility (MVR 6,939,000/-)

The Corporation has entered into a revolving short term loan agreement with Habib Bank Limited amounting to MVR 6,939,000/- on 15th August 2018 for the purpose of meeting working capital requirement of the Corporation. The disbursement of the loan was made on 27th August 2018. The loan is for a duration of 1 year on a revolving basis and repayment upon expiry of the duration with monthly serviced interest of 8% p.a. or 91 days T-Bill + 4% whichever is higher. The loan was fully repaid on 27 August 2019.

This Loan is secured by the lien of Security Deposit amounting to US$ 500,000.

23.26 Ministry of Finance - ICBC Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 94,000,000/- on 18th October 2018 for the purpose of refinancing the interest payment obligation falling due in the month of October 2018 under the loan agreement of ICBC entered for the purpose of financing the 85% of 7000 housing unit project. The disbursement of the loan was made on 18th October 2018. The loan is obtained for a duration of 6 months, repayable over two equal instalments with first repayment starting after a grace period of 2 months from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 9% per annum.

23.27 Habib Bank of Maldives - Distribiution Center

The Corporation has entered into a 5 year term loan agreement with Habib Bank Limited on 21st August 2019 for the purpose of obtaining finance amounting to 15% of the contract value of Distribution center development in Hulhumale' Phase I . The first disbursement of the loan was made on August 2019. The loan carries an annual interest of 8% p.a. or 91 days T-Bill + 4% whichever is higher.

This Loan is secured by the mortgage agreement for the mortgage of freehold land measuring 44,060.52 square feet of Hulhumalé.

23.28 Ministry of Finance - Credit suisse Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 29,905,232/- on 29th January 2019 for the purpose of refinancing the interest payment obligation falling due in the month of January 2019 under the loan agreement of Credit Suisse entered for the purpose of financing the 15% of 7000 housing unit project. The disbursement of the loan was made on 29th January 2019. The loan is obtained for a duration of 6 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23 Loans and borrowings (continued)

23.29 Ministry of Finance - ICBC Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 106,496,611/- on 22nd April 2019 for the purpose of refinancing the interest payment obligation falling due in the month of April 2019 under the loan agreement of ICBC entered for the purpose of financing the 85% of 7000 housing unit project. The disbursement of the loan was made on 22nd April 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.30 Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 84,764,552/- on 20th June 2019 for the purpose of refinancing the interest payment obligation falling due in the month of June 2019 under the loan agreement of ICBC and Seylan Bank entered for the purpose of financing the 7.6% of 1530 housing unit project and 85% Airport Link road development project. The disbursement of the loan was made on 20th June 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.31 Ministry of Finance - Credit suisse and Bank of China Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 37,464,962.45/- on 18th July 2019 for the purpose of refinancing the interest payment obligation falling due in the month of July 2019 under the loan agreement of Credit Suisse entered for the purpose of financing the 15% of 7000 housing unit project and 15% of 2500 housing project. The disbursement of the loan was made on 18th July 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.32 Ministry of Finance - Exim Bank of India Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 30,602,637.32/- on 22nd August 2019 for the purpose of refinancing the interest payment obligation falling due in the month of August 2019 under the loan agreement of Exim India entered for the purpose of financing the 85% of Phase II road development project. The disbursement of the loan was made on 22nd August 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.33 Ministry of Finance - CDB Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 27,979,480/- on 18th September 2019 for the purpose of refinancing the interest payment obligation falling due in the month of September 2019 under the loan agreement of CDB entered for the purpose of financing the 85% of 1530 housing unit project. The disbursement of the loan was made on 18th September 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.34 Ministry of Finance - 1530 Housing units

The Corporation has entered into a 7 year term loan agreement with Ministry of Finance on 25th November 2019 for the purpose of obtaining finance amounting to 7.6% of the contract value of 1530 housing units in Hulhumale' Phase II . The loan was fully disbursed on 25th November 2019 which would be followed with a grace period of 12 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 5 years in 10 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of 5.5%.

23 Loans and borrowings (continued)

23.35 Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 112,137,231/- on 26th December 2019 for the purpose of refinancing the interest payment obligation falling due in the month of December 2019 under the loan agreement of ICBC and Seylan Bank entered for the purpose of financing the 7.6% of 1530 housing unit project and 85% Airport Link road development project. The disbursement of the loan was made on 26th December 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum.

23.36 Bank of China - 2500 Housing units

The Corporation has entered into a 5 year term loan agreement with Bank of China on 17th July 2018 for the purpose of obtaining finance amounting to 15% of the contract value of 2500 housing units in Hulhumale' Phase II . The loan was fully disbursed on 15th March 2019 which would be followed with a grace period of 24 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 3 years in 6 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+330

24 Deferred income

	2019 MVR	2018 MVR
Balance as at 1st January	113,394,403	126,090,810
Additional provision for future construction cost of school (Note 24.4)	-	(3,180,211)
1000 Flat A category adjustment during the year	(232,544)	296,794
Transferred to other income from government grant (Note 7)	(4,160,496)	(4,025,227)
Transferred to other income from maintenance and collection cost	(5,773,313)	(5,787,763)
Balance as at 31st December	103,228,050	113,394,403

24.1 Analysis of deferred income

	2019	2018
Outstanding collection costs (Note: 24.2)	20,828,632	22,101,118
Future maintenance fee (Note: 24.3)	82,399,418	86,900,246
Government grant (Note: 24.4)	-	4,393,040
	103,228,050	113,394,403

24.2 Outstanding collection costs

The deferred income represents the amounts charged from customers for the future loan recovery cost in relation to properties sold under installment basis. The deferred income is recognized over the settlement period.

24 Deferred income (continued)

24.3 Future maintenance fee

The Deferred income represents the amounts charged from the customers for the future Maintenance of Properties sold. The deferred income is recognized over the period of 20 to 25 years.

24.4 Government grant

The Corporation had entered into an agreement with the Government of Maldives ("GoM") for sale and transfer of rights and obligations over housing units being developed under the Government Housing Scheme and as per the agreement, the GoM has transferred 1,000 constructed housing units worth of MVR 1,087,110,000/- to the Corporation. Value of the housing units have been determined as US$ 70,500/- each unit converted at the rate of 15.42/-.

As per the agreement, the Corporation should;

a.) construct 2 school buildings in Hulhumale' at its own cost.

b.) transfer 25 housing units free of charge including the land to specified individuals by the Ministry of Housing and Environment ("MHE").

c.) any surplus funds generated from the housing units transferred shall be invested by Housing and Housing Related capital expenditure.

The Corporation has recognized the value of the housing units as Government grant amounting to MVR 774,873,413/- after deducting the expenses to be incurred by the Corporation on fulfilling the above obligations during the year ended 31st December 2013. During the year 2018, an additional provision of MVR 3,180,211 was recognized for development of school due to variations in the project.

During the year ended 31st December 2013, the Corporation has recognized a liability of MVR 5,944,040/- in relation to the GST payable on veshifahi flats and deducted from the Government grant. However, pursuant to the ruling issued by tax authority in relation to the exemption of GST on housing flats, the remaining unpaid amount of liability amounting to MVR 3,456,469/- has been added back to Government grant during the year ended 31st December 2014.

Pursuant to the decision with the Government of Maldives "GoM", the GoM has confirmed that the assets provided to the Corporation is a Grant by the Government. During the year 2018, the Corporation has charged MVR 3,180,211/- against deferred income on Government grant in relation to the revisions of the estimate in provision for the remaining school construction which is an obligation to be fulfilled by the Corporation as part of Veshifahi flats Grant received during the year ended 31st December 2013. Further, the Corporation has recognized MVR 4,160,496 (2018: MVR 4,025,227) as the Grant income realised for the year ended 31 December 2019.

25 Employee benefit obligations

	2019 MVR	2018 MVR
As at 1 January	1,297,284	-
Interest Cost	59,675	-
Current service cost	133,323	188,519
Past service cost	-	1,108,765
As at 31 December	1,490,282	1,297,284
Less: payments during the year	(329,400)	-
Less: actuarial gain on defined benefit plan	(56,447)	-
Closing balance	1,104,435	1,297,284

Following amounts are recognized in profit or loss during the year in respect of retirement benefit obligation.

	2019 MVR	2018 MVR
Amount recognized in income statement		
Current service cost	133,323	188,519
Interest cost	59,675	-
Past service cost	-	1,108,765
	192,998	1,297,284

The retirement benefit obligation of the company is estimated based on the calculation performed by the actuarial valuer. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows:

	2019 MVR	2018 MVR
Discount rate	4.60%	4.60%
Salary growth rate	2.40%	2.00%

25 Employee benefit obligations (continued)

The sensivity of the defined benefit obligation to changes in the weighted principal assumption is:

	2019 MVR		2018 MVR	
	Increase/ (decrease) in basis points	Effect on Profit or loss MVR	Increase/ (decrease) in basis points	Effect on Profit or loss MVR
Change in discount rate	+0.5%	(48,759)	+0.5%	(12,202)
	-0.5%	52,636	-0.5%	14,317
Change in salary increase	+0.5%	43,459	+0.5%	14,618
	-0.5%	(50,007)	-0.5%	(12,864)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these were not calculated.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

26 Provisions

	2019 MVR	2018 MVR
Balance as at 1st January	242,631,365	235,882,644
Provision on future development cost of sold properties	11,345,098	73,353,105
Actual cost incurred on defect corrections	(495,615)	(2,265,385)
Actual cost incurred on land developments	20,223,947	(7,328,336)
Actual cost incurred on school construction	(12,779,712)	(60,190,874)
Additional provision for future construction cost of school (Note 24.4)	(18,984,079)	3,180,211
Balance as at 31st December	241,941,004	242,631,365

26.1

	2019 MVR	2018 MVR
Provision for land development costs (Note 26.2)	194,873,119	163,304,074
Warranty provision for construction defects (Note 26.3)	38,664,529	39,160,144
Provision for future construction cost of school (Note 26.4)	8,403,356	40,167,147
	241,941,004	242,631,366
Analysis		
Non-current	233,537,648	202,464,218
Current	8,403,356	40,167,147
Total	241,941,004	242,631,365

26.2 Land development cost comprises the provision made for cost to be incurred in future for development of Hulhumale' Island in respect of the land plots sold by the Corporation.

26.3 The Corporation had recognized warranty provision for rectification of construction defects of 1,000 housing units received under Veshifahi Grant. Based on engineer's estimates, an initial provision had been recognized at 3% of the total building value of the Housing units at the time of transfer of housing units to the Corporation. Further, during the year ended 31st December 2015, the Corporation has done a re-assessment of the warranty provision with the engineer's assessment on the construction defects. Based on the assessment, the management had made an additional warranty provision of MVR 11,725,481/- which is recognized against the Deferred income on Government grant during the year ended 31st December 2015.

26.4 The Government of Maldives ("GoM") has transferred 1,000 constructed housing units to HDC on 22 February 2012 at a free of charge during the year with certain conditions including that the Corporation should construct 2 school buildings in Hulhumale'. The Corporation has completed the construction of 2 school building and handed over to the Government. The estimated cost of future remaining works of the school is MVR 8,403,356/-.

27 Trade and other payables

	2019 MVR	2018 MVR
Municipal tax payable	54,730,508	52,352,050
Payable to contractors	1,570,610,921	2,012,529,569
Retention from contractors	329,254,186	176,777,194
Lease deposits	54,862,361	42,666,833
Sealife Payable (Note 27.2)	24,521,487	-
1000 Flat A Category customers payable	11,589,381	-
Accruals, deposits and other payables	143,085,061	128,877,667
	2,188,653,905	2,413,203,313

27.1 The carrying amount is considered to be the same as the fair value as of the reporting date.

27.2 During the year 2019, Government decided to pay back the booking fees and down payments paid by the customers to Sealife Global. Obligation was created as a reult of outside court settlement agreed between Government, HDC and customers. With the decision, we have recorded a provision for the total amount MVR 48,946,610 to be paid for customers of sealife global. From the total provision recognized, MVR 24,425,123 was paid to customers of Sealife Global during the year 2019.

27.3 Analysis of trade and other payables

Payable after one year	68,242,383	69,098,553
Payable within one year	2,120,411,522	2,344,104,760
	2,188,653,905	2,413,203,313

28 Amounts due to related parties

	2019 MVR	2018 MVR
Ministry of Islamic Affairs	168,321	168,320
Ministry of Housing & Infrastructure	-	12,346,850
	168,321	12,515,170

29 Events after the reporting period

29.1 The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe and Maldives, causing disruptions to businesses and economic activity. The Corporation considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Corporation.

29.2 In accordance with the deed of the agreement dated 23rd September 2020 signed between Housing Development Corporation Limited (HDC) and Greater Male Industrial Zone Limited (GMIZL), it was agreed to transfer 99% shares of GMIZL to HDC and the remaining 1% of shares to Fahi Dhiriulhan Corporation Limited (FDC). GMIZL was formed by a combination of Thilafushi Corporation Limited and Gulhifalhu Investment Limited. All the assets and liabilities will be transferred to HDC under the deed. The intention of the merger was to liquidate the GMIZL after the Deed and take all the assets and liabilities to HDC.

30 Directors' responsibility

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

31 Capital commitments

The Corporation has total capital commitment value of MVR 5 billion as at 31 December 2019 (2018 : MVR 9.61 billion) which mainly includes MVR 3.5 billion (2018 : MVR 7.6 billion) for housing projects, MVR 1.3 billion (2018 : MVR 1.3 billion) for phase II electricity network, MVR 122 million for phase II fire hydrant system and MVR 70.9 million for other relevant projects.

32 Classification of financial assets and liabilities

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
31 December 2019	**Financial assets at amortised cost**	**Financial assets through FVOCI**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	MVR	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**
Financial assets measured at fair value									
Financial Assets at FVOCI	-	1,250,000	-	-	1,250,000	1,250,000	-	-	1,250,000

33 Prior period restatement

Prior period restatement in trade and other receivables, taxation and retained earnings

During the year ended 31st December 2019, the Corporation has identified that financial statement has been erroneously stated in the prior year financial statement due to the following reasons:

(a) In prior periods, the Corporation did not recognize penalty charges on over-due lease receivables and over-due loan receivables. During the year 2019, Corporation decided to recognize penal interest on accrual basis and assessment was carried out to record the penal interest in the financial statement. From the assessment it was identified that the unrecognized penal interest relating to prior periods was amounting to MVR 41,673,681.As a result, trade and other receivable receivable balance and retained earnings have been understated in prior periods.

(b) During the year ended 31st December 2019, the Corporation has identified that straight line calculation on lease rent income had been erroneously calculated in the prior year financial statement. As a consequence, trade and other receivable receivable balance and retained earnings have been overstated by MVR 17,351,773 in prior periods.

(c) As a result of the above-mentioned restatements to prior period financial statement, current tax liability is understated by MVR 3,608,335.

33.1 The errors has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Trade and other receivables	2017	2018
As previously stated as at 31st December	3,105,330,896	5,660,108,814
Penal interest on overdue loans (Note 33 (a))	26,263,005	36,364,525
Penal interest on overdue lease (Note 33 (a))	2,430,648	5,309,155
Straight-line impact (Note 33 (b))	-	(17,351,773)
As restated as at 31st December	3,134,024,549	5,684,430,721
Changes on initial application on IFRS 9	(135,984,875)	
As restated as at 1st January 2018	2,998,039,674	

Current tax liability	2017	2018
As previously stated as at 31st December	181,655,084	194,933,321
Current tax impact on restatements (Note 33 (c))	4,264,097	3,608,335
As restated as at 31st December	185,919,181	198,541,656

Deferred tax liability	2017	2018
As previously stated as at 31st December	945,164,405	1,299,468,153
As restated as at 31st December	945,164,405	1,299,468,153
Deferred tax impact of application on IFRS 9	(20,397,731)	
As restated as at 1st January 2018	924,766,674	

Retained earnings	2017	2018
As previously stated as at 31st December	10,027,038,177	12,124,655,032
Penal interst (Note 33 (a))	28,693,652	41,673,681
Straight-line impact (Note 33 (b))	-	(17,351,773)
Current tax impact on restatements (Note 33 (c))	(4,264,097)	(3,608,335)
As restated as at 31st December	10,051,467,732	12,145,368,605
Changes on initial application on IFRS 9	(115,587,144)	
As restated as at 1st January 2018	9,935,880,588	

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33.2 Impact on restatement

(d) Statement of financial position

1st January 2018	Impact on restatement			
	As previously reported	IFRS 9 application	Restatement adjustment	As restated
Trade and other receivables (current)	1,586,342,615	(135,984,875)	28,693,652	1,479,051,392
Others	17,329,116,611	-	-	17,329,116,611
Total assets	**18,915,459,226**	**(135,984,875)**	**28,693,652**	**18,808,168,003**
Retained earnings	(10,027,038,177)	115,587,144	(24,429,555)	(9,935,880,588)
Others	(3,970,702,943)	-	-	(3,970,702,943)
Total equity	**(13,997,741,120)**	**115,587,144**	**(24,429,555)**	**(13,906,583,531)**
Current liabilities	(2,511,835,013)	-	(4,264,097)	(2,516,099,110)
Non-current liabilities	(2,405,883,093)	20,397,731	-	(2,385,485,362)
Total liabilities	**(4,917,718,106)**	**20,397,731**	**(4,264,097)**	**(4,901,584,472)**

31st December 2018	Impact on restatement			
	As previously reported	IFRS 9 application	Restatement adjustment	As restated
Trade and other receivables (current)	4,237,582,317	-	24,321,907	4,261,904,224
Others	23,683,050,092	-	-	23,683,050,092
Total assets	**27,920,632,409**	**-**	**24,321,907**	**27,944,954,316**
Retained earnings	(12,124,655,032)	-	(20,713,572)	(12,145,368,604)
Others	(4,021,641,311)	-	-	(4,021,641,311)
Total equity	**(16,146,296,343)**	**-**	**(20,713,572)**	**(16,167,009,915)**
Current liabilities	(3,265,992,739)	-	(3,608,335)	(3,269,601,074)
Non-current liabilities	(8,508,343,327)	-	-	(8,508,343,327)
Total liabilities	**(11,774,336,066)**	**-**	**(3,608,335)**	**(11,777,944,401)**

(e) Statement of comprehensive income

For the year ended 31st December 2018	Impact on restatement			
	As previously reported	IFRS 9 application	Restatement adjustment	As restated
Revenue	1,230,927,307	-	(17,351,773)	1,213,575,534
Other income	2,830,566,690	-	-	2,830,566,690
Finance income	101,213,316	-	12,980,028	114,193,344
Cost of sales	(357,145,036)	-	-	(357,145,036)
Administrative expenses	(260,360,211)	-	-	(260,360,211)
Maintenance expenses	(615,446,769)	-	-	(615,446,769)
Selling and marketing expenses	(222,097,554)	-	-	(222,097,554)
Tax expense	(391,146,043)	-	655,762	(390,490,281)
Others	(103,307,703)	-	-	(103,307,703)
Profit	**2,213,203,999**	**-**	**(3,715,983)**	**2,209,488,016**
Total comprehensive income	**2,213,310,249**	**-**	**(3,715,983)**	**2,209,594,266**

34 Related party transactions

Name of the related party	Relationship	Nature of the transactions	Amount 2019	Amount 2018	Amount due from/ (to) 2019 Trade receivable	2019 Other receivable	2018 Trade receivable	2018 Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Ministry of Education	Government affiliates	Lease rentals	2,964,883	2,945,182	-	-	-	-
		Receipts	(484,774)	(458,708)	31,336,858	-	28,856,749	-
		Payments made on behalf	-	-	-	850	-	850
Aasandha Corporation Limited	Government affiliates	Lease Rentals	3,952,764	3,277,124	-	-	-	-
		Receipts	(2,062,863)	(716,073)	7,083,902	-	5,194,001	-
Ministry of Islamic Affairs	Government affiliates	Payments made on behalf	-	2,386,362	-	3,807,675	-	3,932,393
		Receipts	(124,718)	(8,888,044)	-	-	-	-
		Advance received	-	-	-	(168,321)	-	(168,321)
		Settlements	-	-	-	-	-	-
Maldives Industrial Fisheries Corporation	Government affiliates	Lease rentals	166,320	166,317	-	-	-	-
		Receipts	(166,320)	(183,041)	(390)	-	(390)	-
		Purchase of goods	(9,252,000)	(6,168,000)	-	11,565,000	-	20,817,000
Department of Judicial Administration	Government affiliates	Lease rentals	151,200	151,200	-	-	-	-
		Receipts	(202,185)	(259,200)	(3,600)	-	47,385	-
Maldives Transport and Contracting Corporation Plc	Government affiliates	Lease rentals	1,527,740	1,527,740	-	-	-	-
		Receipts	(1,527,740)	(1,527,740)	-	-	-	-
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease rentals	970,529	1,068,252	-	-	-	-
		Receipts	(1,156,086)	(1,102,738)	(214,373)	-	(28,816)	-
Maldives Ports Limited	Government affiliates	Lease rentals	7,160,373	7,160,373	-	-	-	-
		Receipts	(7,160,373)	(7,160,373)	-	-	-	-
Maldives Police Service	Government affiliates	Lease rentals	452,932	405,598	-	-	-	-
		Receipts	(388,600)	(270,200)	728,996	-	664,664	-
Maldives National Defense Force	Government affiliates	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	-	-	-	-	-
		Receipts	-	(10,670,250)	-	-	-	-
		Lease rentals	172,800	172,800	158,400	-	172,800	-
		Receipts	(187,200)	(57,600)	-	-	-	-

34 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2019	Amount 2018	Amount due from/ (to) 2019 Trade receivable	2019 Other receivable	2018 Trade receivable	2018 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Male' City Council	Government affiliates	Payments made on behalf	-	(19,795)	-	-	-	-
		Lease rentals	-	29,589	153,459	-	153,459	-
		Receipts	-	(145,068)	-	-	-	-
State Trading Organization Plc	Government affiliates	Lease rentals	29,101,295	26,414,188	-	-	-	-
		Receipts	(6,634,737)	(6,390,122)	91,755,538	-	69,288,979	-
Ministry of Finance and Treasury	Government affiliates	Payments made on behalf	-	-	-	-	-	925,200
		Receipt	(925,200)	(50,865,322)	-	-	-	-
(Loan balances are disclosed in Note 23)		Payments	310,259	490,028,496	-	(1,463,619,142)	-	(580,901,534)
		Disbursements	(817,843,302)	(162,704,968)	-	-	-	-
		Interest on loans	(65,184,565)	(35,518,681)	-	-	-	-
		Settlements	-	-	-	-	-	-
Maldives Water & Sewerage Corporation Limited	Government affiliates	Lease rentals	4,442,671	3,444,125	-	-	-	-
		Receipts	(4,538,546)	(3,442,929)	(94,676)	-	1,199	-
State Electric Corporation Limited	Government affiliates	Lease rentals	10,140,830	10,186,883	-	-	-	-
		Receipts	(10,139,654)	(10,973,378)	(239,076)	-	(240,252)	-
Ministry of Housing & Infrastructure	Government affiliates	Payments made on behalf	-	-	-	10,725,201	-	10,725,201
		Finance income	-	-	-	-	-	-
		Sale of goods & services			-	77,438,823	-	77,438,823
		Purchase of goods	-	-	-	(12,346,850)	-	(12,346,850)
Ministry of Economic Development	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Lease rentals	356,676	293,931	431,774	-	293,931	-
		Receipts	(218,833)	-	-	-	-	-
Bank of Maldives	Government affiliates	Lease rentals	3,070,139	2,696,316	547,035	-	69,700	-
		Receipts	(2,592,805)	(3,210,198)	-	-	-	-
Indhira Gandhi Memorial Hospital	Government affiliates	Lease rentals	1,561,548	1,647,162	51,350,239	-	53,680,836	-
		Receipts	(3,892,145)	(9,059,510)	-	-	-	-
		Sale of goods & services	-	7,366,708	-	-	-	-

34 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2019	Amount 2018	Amount due from/ (to) 2019 Trade receivable	2019 Other receivable	2018 Trade receivable	2018 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Maldives Hajj	Government affiliates	Lease rentals	302,998	182,097	-	-	-	-
Corporation		Receipts	(326,841)	-	158,254	-	182,097	-
Maldives Post Limited	Government affiliates	Lease rentals	99,831	80,143	-	-	-	-
		Receipts	(98,881)	(81,754)	1,068	-	118	-
Maldives Inland Revenue	Government affiliates	Lease rentals	63,347	61,026	-	-	-	-
Authority		Receipts	(84,970)	(60,734)	(18,733)	-	2,890	-
Maldives Gas	Government affiliates	Lease rentals	1,055,148	1,037,177	-	-	-	-
		Receipts	(1,055,217)	(1,037,108)	-	-	69	-
Ministry of Youth	Government affiliates	Payments made	-	-	-	-	-	-
		on behalf	-	15,583,039	-	-	-	15,583,039
		Receipts	(15,583,039)	-	-	-	-	-
Ministry of National Planning	Government affiliates	Payments made	-	-	-	-	-	-
and Infrastructure		on behalf	1,680,152	-	-	-	-	-
		Receipts	-	-	-	1,680,152	-	-
Ministry of Fisheries	Government affiliates	Lease rentals	187,094	-	81	-	4,591	-
		Receipts	(191,603)	-	-	-	-	-
Waste Management	Government affiliates	Lease rentals	17,815	-	17,815	-	-	-
Corporation		Receipts	-	-	-	-	-	-

34.1 Transactions with key management personnel

During the year, the Corporation has paid MVR 4,996,844/- (2018 : MVR 5,180,298/-) as remuneration to the members of the senior management and MVR 739,212/- (2018 : MVR 1,956,506/-) as remuneration and fees to the Board of Directors.

35 Comparative figures

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

36 Contingent liability

The Corporation has unpaid accumulated business profit tax liability amounting to MVR 198,541,656/- as at 31 December 2019 (as at 31 December 2018: MVR 185,919,183). Out of the total outstanding tax liability, MVR 107,612,082/- pertains to the tax on the income for grant received from the Government of Maldives. The Ministry of Finance with its letter 25 December 2017 and 27 June 2018 informed that the Company is entitled to get an exemption from business profit tax on the income from government grants. The Corporation has requested the Maldives Inland Revenue Authority for payment of outstanding tax liability amounting to MVR 90,929,574/- in installments and relief from fines. However, the Maldives Inland Revenue Authority has not yet confirmed the waiver of tax and fine. The fines for the delay in payment of tax has not been determined.

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