Report No: FIN-2021-71 (E)

31 August 2021

HOUSING DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the accompanying financial statements of Housing Development Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 7 to 61.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' 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"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 to be reviewed 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 auditors' 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 the Board.

- Conclude on the appropriateness of the Board'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 auditors' 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 auditors' 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 Board of Directors 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.

30th August 2021

H. Niyazy

Hussain Niyazy
Auditor General

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	2020 MVR	2019 MVR
Revenue	6	822,333,671	335,467,455
Cost of sales	10	(113,231,395)	(57,575,757)
Gross profit		709,102,276	277,891,698
Valuation gain on investment property	7	108,270,853	313,205,002
Other income	8	102,329,412	38,140,260
		919,702,541	629,236,960
Administrative expenses	10	(369,879,820)	(264,008,627)
Maintenance expenses	10	(25,150,420)	(80,139,716)
Selling and marketing expenses	10	(41,534,436)	(125,835,686)
Results from operating activities		483,137,865	159,252,931
Finance income	9	110,860,925	107,521,845
Finance costs	9	(195,714,672)	(184,864,519)
Net finance cost		(84,853,747)	(77,342,674)
Profit before tax		398,284,118	81,910,257
Income tax	11	(65,360,043)	(19,945,563)
Profit for the year		332,924,075	61,964,694
Other comprehensive income			
Change in fair value of financial instruments	17	(152,500)	250,000
Deferred tax relating to change in fair value of financial instruments	11.3	22,875	(37,500)
Actuarial (loss) / gains on defined benefit plan	26	(895,145)	56,447
Deferred tax relating to actuarial (loss) / income on defined benefit plans	11.3	134,272	(8,467)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		(890,498)	260,480
Total comprehensive income for the year		332,033,577	62,225,174
Earnings per share	12	**7.53**	**1.40**

AUDITOR GENERAL'S OFFICE

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HOUSING DEVELOPMENT CORPORATION LTD

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

AS AT	Note	31/12/2020 MVR	31/12/2019 MVR
Assets			
Non-current assets			
Property, plant and equipment	13	120,002,999	125,907,936
Intangible assets	14	4,326,902	4,424,788
Investment properties	15	22,283,090,483	17,325,625,541
Financial assets at fair value through other comprehensive income	17	2,097,500	1,250,000
Financial assets at amortised cost	18	50,500,000	6,500,000
Trade and other receivables	19	1,486,227,908	1,525,564,814
Total non-current assets		23,946,245,792	18,989,273,079
Current assets			
Inventories	20	9,961,619,041	8,380,367,041
Trade and other receivables	19	2,482,592,029	2,723,949,249
Amounts due from related parties	21	35,358,709	91,013,649
Cash and cash equivalents	22	130,372,790	98,252,618
Total current assets		12,609,942,569	11,293,582,557
Total assets		36,556,188,361	30,282,855,636
Equity and liabilities			
Equity			
Share capital	23	442,000,000	442,000,000
Share premium	23	61,129,607	61,129,607
Advance for share capital	23	9,714,300,700	3,786,002,939
Fair value reserve		(630,018)	260,480
Retained earnings		12,540,257,373	12,207,333,298
Total equity		22,757,057,662	16,496,726,324
Non-current liabilities			
Loans and borrowings	24	8,366,053,388	8,162,215,336
Deferred income	25	97,445,204	103,228,050
Deferred tax liability	11	1,329,090,473	1,319,459,683
Employee benefit obligation	26	2,327,047	1,104,435
Provisions	27	230,769,024	233,537,648
Trade and other payables	28	26,862,770	68,242,383
Total non-current liabilities		10,052,547,906	9,887,787,535
Current liabilities			
Loans and borrowings	24	2,320,431,263	1,570,816,922
Provisions	27	5,189,390	8,403,356
Current tax liabilities	11	240,817,003	198,541,656
Trade and other payables	28	1,164,689,941	2,120,411,522
Amounts due to related parties	29	15,452,696	168,321
Amounts due to a director	30	2,500	-
Total current liabilities		3,746,582,793	3,898,341,777
Total liabilities		13,799,130,699	13,786,129,312
Total equity and liabilities		36,556,188,361	30,282,855,636

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
....

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

	Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
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 received during the year (Note 23.5)	-	-	267,491,235	-	-	267,491,235
Total transactions with equity holders directly recognized in equity	-	-	267,491,235	-	-	267,491,235
Balance 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
As at 1st January 2020	442,000,000	61,129,607	3,786,002,939	260,480	12,207,333,298	16,496,726,324
Total comprehensive income for the year						
Profit for the year	-	-	-	-	332,924,075	332,924,075
Other comprehensive income, net of tax	-	-	-	(890,498)	-	(890,498)
Total comprehensive income for the year	-	-	-	(890,498)	332,924,075	332,033,577
Transactions with equity holders directly recognized in equity						
Capital contribution during the year (Note 23.5)	-	-	1,108,124,260	-	-	1,108,124,260
Capital contribution - value of net assets of the GMIZL (Note 35)			4,820,173,501			4,820,173,501
Total transactions with equity holders directly recognized in equity	-	-	5,928,297,761	-	-	5,928,297,761
As at 31st December 2020	442,000,000	61,129,607	9,714,300,700	(630,018)	12,540,257,373	22,757,057,662

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

	Note	2020 MVR	2019 MVR
Cash flows from operating activities			
Profit before tax		398,284,118	81,910,257
Adjustments for:			
Interest income	9	(110,860,925)	(107,521,845)
Finance expense	24.2	529,253,074	527,804,576
Facility fee expense	24.1	26,746,021	24,000,586
Depreciation of property, plant and equipment	13	21,115,153	20,134,178
Amortisation of intangible asset	14	304,659	355,427
(Loss)/Profit on disposal of investment properties	8	(84,892)	884,587
Provision for defined benefit plan	10.1	361,892	192,998
(Reversal) / provision made for impairment loss on non interest bearing receivables	19.5	-	(11,429,651)
Provision made for impairment loss on interest bearing receivables	19.6	35,908,258	79,289,431
Provision made for impairment loss on other receivables	19.7	(1,268,852)	759,320
Gain on fair value of investment property	15.6	(108,270,853)	(313,205,002)
Deferred income transferred to income statement during the year	25	(5,782,846)	(9,933,809)
Provision for future development cost	27	25,490,546	11,345,098
		811,195,353	304,586,151
Changes in working capital			
Change in inventories		(1,581,251,993)	(2,831,564,267)
Change in trade and other receivables		262,206,622	1,366,297,555
Change in amounts due from related parties		55,654,940	36,426,938
Change in amounts due to related parties		12,346,850	(12,346,849)
Change in trade and other payables		(1,019,676,661)	(224,549,408)
Change in deferred income		-	(232,544)
Change in provisions		(31,473,136)	(12,035,458)
Cash used in operations		(1,490,998,025)	(1,373,417,882)
Interest and LC usance charges paid	24	(329,641,317)	(369,668,503)
Employee benefit obligation paid	26	(34,425)	(329,400)
Income tax paid	11.2	(15,554,957)	-
Net cash used in operating activities		(1,836,228,724)	(1,743,415,785)
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	13	(4,207,548)	(10,317,836)
Purchase of intangible assets	14	(206,772)	(1,072,373)
Additions to investment property	15	(136,008,971)	(628,213,351)
Interest received	9	110,819,525	107,480,475
Receipt from investment in Islamic bonds	9	41,400	41,370
Cash received from GMIZL	35	106,534,958	-
Proceeds from disposal of investment properties		157,430	435,948
Investment made during the year	18	(44,000,000)	(6,000,000)
Net cash used in investing activities		33,130,022	(537,645,767)
Cash flows from financing activities			
Loans repayments during the year	24	(1,111,626,838)	(445,816,591)
Capital contribution received during the year	23.5	1,108,124,260	267,491,235
Borrowings during the year	24	1,853,035,583	2,544,279,220
Loan facility fees paid during the year	24.1	(14,314,131)	(16,547,771)
Net cash from financing activities		1,835,218,874	2,349,406,092
Net increase / (decrease) in cash and cash equivalents		32,120,172	68,344,540
Cash and cash equivalents at the beginning of the year		98,252,618	29,908,078
Cash and cash equivalents at the end of the year	22	130,372,790	98,252,618

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

(a) Merger of the Greater Male' Industrial Zone Limited ("GMIZL")

Pursuant to the decision taken by the Government of Maldives to merge the Greater Male' Industrial Zone Limited ("GMIZL") with Housing Development Corporation Limited ("HDC") a "Deed in Respect of Transferring Assets, Contracts and Liabilities" was signed between the Company and HDC on 23rd September 2020. As a result the GMIZL has transferred all its assets, contracts and liabilities to HDC at their carrying values. As of that date GMIZL ceased its commercial operations.

2 Basis of preparation

(a) Statement of compliance

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

(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) Business combination

Business combinations between entities under common control are accounted for using pooling of interest method prospectively from the date of combination. Accordingly:

• The assets and liabilities of the combining entities are reflected at their carrying amounts and any adjustment resulting from realignment of accounting policies of the merged entities are recognized directly in equity at the date of merger.
• No new goodwill is recognized as a result of the combination.
Any difference between the consideration and the equity acquired is reflected within equity

(e) 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.

2 Basis of preparation (continued)

Valuation of investment property

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment property is measured based on estimates prepared by independent real estate valuation experts. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 15.

Provision for expected credit losses of trade receivables

The Corporation uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, property type, customer type and rating, and coverage by credit insurance).

The provision matrix is initially based on the Corporation's historical observed default rates. The Corporation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in a customer segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the respective notes.

2.1 New standards and amendments

(i) New and amended standards

The following new standards and amendments became effective as at 1 January 2020:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

The Corporation has not disclosed details of these amended standards and interpretations as they either have no impact on the financial statements or are not relevant to the Corporations.

IFRS 16 the new standard does not significantly change the accounting treatment for lessors. However, it does require lessees to recognize 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.

2 Basis of preparation (continued)

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 2020 reporting periods and have not been early adopted by the Corporation. 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.

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below, if they are expected to have an impact on the Corporation's financial statements. The Corporation intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(i) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on its current accounting policies and whether the Corporation may wish to re-assess covenants in its existing loan agreements.

(ii) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Corporation will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(iii) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Corporation must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

(iv) Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16

In August 2020 the IASB issued Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a RFR.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a RFR.

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are allowed as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Corporation's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Corporation to amend the hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. The reliefs allow that changes to the method for assessing hedge effectiveness due to modifications required by IBOR reform, will not result in the discontinuation of hedge accounting. The Corporation will apply IBOR reform Phase 2 from 1 January 2021.

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.

(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.

3.2 Financial instruments (Continued)

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.

(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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(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.

(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

An intangible asset is an identifiable asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Details of intangible assets are given in Note 14 to the financial statements.

(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

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

(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.

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 obligation.

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

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Corporation incurs expenditures for the asset; (2) the Corporation incurs borrowing costs; and (3) the Corporation undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs such as facility fees that an entity incurs in connection with the borrowing of funds.

3.13 Borrowing costs (continued)

The interest capitalised is calculated using the Corporation's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

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 Corporation 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 sale of land and property constitutes a single performance obligation and the Corporation has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

3.16 Revenue (continued)

(b) Sale of development and sale rights

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

The Corporation has determined that it generally does not meet the criteria to recognise revenue over time. In these cases, revenue is recognized at a point in time when developer completes minimum 20% of the development as that indicates the collectability of the sales proceeds.

(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

The Corporation earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.

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.

(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 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.

4.1.3 Credit risk - interest bearing receivables (continued)

• 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".

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	-29.30%	13.50%

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 2020 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 2020	292,139,104	292,046,747	291,969,281

(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 Credit risk - interest bearing receivables (continued)

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.

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

	Stage 1	Stage 2	Stage 3	
Interest bearing receivables	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1 January 2019	2,790,545	4,866,947	224,967,455	232,624,947
Transfers:				
Transfer from Stage 1 to Stage 2	(353,082)	3,696,775	-	3,343,693
Transfer from Stage 1 to Stage 3	(569,133)	-	10,372,249	9,803,116
Transfer from Stage 2 to Stage 1	182,404	(1,183,908)	-	(1,001,503)
Transfer from Stage 3 to Stage 1	140,309	-	(4,700,372)	(4,560,064)
New financial assets originated	-	-	-	-
Transfers:				-
Transfers from stage 2 to stage 3	-	(2,974,232)	4,948,918	1,974,686
Transfer from stage 3 to stage 2	-	211,709	(955,456)	(743,748)
Unwind of interest	-	-	18,534,946	18,534,946
Financial assets settled during the year	(13,882)		-	(13,882)
Other movements	(623)	39,331	32,045,848	32,084,556
Loss allowance at 31 December 2020	2,176,538	4,656,621	285,213,587	292,046,747

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 1.6%, there was an increase in loss allowance amounting to MVR 59,421,800

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:

	Stage 1	Stage 2	Stage 3	
Interest bearing receivables	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Gross carrying amount as at 1 January 2020	1,052,934,582	70,133,735	578,173,378	1,701,241,694
Transfers:				
Transfer from Stage 1 to Stage 2	(123,095,952)	118,055,737		(5,040,216)
Transfer from Stage 1 to Stage 3	(93,271,177)		92,967,036	(304,141)
Transfer from Stage 2 to Stage 3		(42,938,337)	43,669,784	731,447
Transfer from Stage 3 to Stage 2		2,038,094	(2,218,541)	(180,446)
Transfer from Stage 2 to Stage 1	11,313,166	(12,321,652)		(1,008,486)
Transfer from Stage 3 to Stage 1	29,548,839		(31,956,513)	(2,407,674)
Financial assets settled during the year	(6,709,101)	-	(2,246,579)	(8,955,679)
New financial assets originated	-		165,534	165,534
Other movements	(42,028,138)	(488,664)	32,676,820	(9,839,983)
Gross carrying amount as at 31 December 2020	828,692,219	134,478,912	711,230,918	1,674,402,049

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 Credit risk - interest bearing receivables (continued)

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 2020	Interest bearing receivables
Receivables collaterised by:	
- house property	1,674,402,049
Total	1,674,402,049

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

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:

As of 31 December 2020	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	1,457,931,786	3,327,020,171	216,470,263	112,130,242
Total loans and advances	**1,457,931,786**	**3,327,020,171**	**216,470,263**	**112,130,242**

As of 31 December 2019	Over-collateralised assets		Under-collateralised assets	
	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:

	2020	**2019**
Neither past due nor impaired (less than 30 days)	723,570,526	1,052,934,582
Past due but not impaired (30-60 days)	105,308,110	41,839,195
Past due but not impaired (60-90 days)	78,307,875	28,294,540
Impaired (more than 90 days)	767,215,537	578,173,378
Gross interest bearing receivables	1,674,402,049	1,701,241,695
Less: allowance for impairment	(292,046,747)	(232,624,947)
Net interest bearing receivables	**1,382,355,302**	**1,468,616,748**

Further information of the impairment allowance for loans and advances to customers are provided in Note 19.

4.1.3 Credit risk - interest bearing receivables (continued)

(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.

(b) Loans and advances impaired

The impaired receivables from customers is MVR 292,046,747 (as compared to on 31 December 2019 when impaired receivables were MVR 232,624,948).

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 2020 was determined as follows for non-interest bearing receivables.

Lease, development sale right receivables together :

At 31 December 2019	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%	373,769,378	290,277,030
Total			383,961,459	297,706,135

At 31 December 2020 - Lease receivable	PD	LGD	Trade receivable - net of security deposit	Loss allowance
Current	66%	86%	8,240,023	4,728,806
More than 30 days past due	84%	86%	9,568,307	6,902,206
More than 60 days past due	95%	86%	11,126,685	9,166,925
More than 90 days past due	100%	86%	292,386,170	252,388,675
Total			321,321,185	273,186,612

The closing loss allowances for the non-interest bearing receivables. as at 31 December 2020 reconciles to the opening loss allowances as follows:

At 1 January 2020	297,706,135
Amount transferred from GMIZL (Note 35)	62,801,872
Provision reversal during the year	(82,342,800)
Decrease in loss allowance recognised in profit or loss during the year	(4,978,595)
At 31 December 2020	273,186,612

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 2020	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	1,191,552,711	1,164,689,941	1,870,358	4,817,296	20,175,116
Amounts due to related parties	15,452,696	15,452,696	-	-	-
Loans and borrowings	10,761,465,006	2,337,056,932	1,386,997,252	2,906,376,960	4,131,033,862
Total	**11,968,470,413**	**3,517,199,569**	**1,388,867,610**	**2,911,194,256**	**4,151,208,978**

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**

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	
	2020	2019
Variable rate instruments	MVR	MVR
Financial liabilities - loans and borrowings	8,740,857,034	8,002,461,051
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed rate instruments		
Financial liabilities - loans and borrowings	2,020,607,971	1,817,983,453
Financial assets - trade and other receivables	1,674,402,049	1,701,241,694
Financial assets - short term deposits	50,000,000	6,000,000
	1,724,402,049	1,707,241,694

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
2020		
Variable rate instruments	+100	(86,348,396)
	-100	86,348,396
2019		
Variable rate instruments	+100	(73,519,251)
	-100	73,519,251

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:

	2020 US$	2019 US$
Cash and cash equivalents	436,556	665,425
Trade and other receivables	115,912,284	115,912,284
Loan and borrowings	(581,997,598)	(537,720,663)
Trade and other payables	(115,724,074)	(115,724,074)
Gross statement of financial position exposure	**(581,372,832)**	**(536,867,028)**

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2020	**2019**	**2020**	**2019**
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.

	2020		2019	
	Strengthening MVR	**Weakening MVR**	**Strengthening MVR**	**Weakening MVR**
US$ (1% Movement)	89,647,691	(89,647,691)	(82,784,896)	82,784,896

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.

4.2 Capital risk management (Continued)

The gearing ratios at 31 December 2020 and 31 December 2019 were as follows:

	2020 MVR	2019 MVR
Total borrowings (Note 24)	10,761,465,006	9,820,444,504
Trade and other payables (Note 28)	1,191,552,711	2,188,653,905
Less: Cash and cash equivalents (Note 22)	(130,372,790)	(98,252,618)
Net debt	11,822,644,927	11,910,845,791
Total equity	22,757,057,662	16,496,726,324
Total capital	34,579,702,588	28,407,572,115
Gearing ratio	34%	42%

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 properties

The fair value of investment properties are determined by using significant unobservable inputs (level 3). Refer Note 15 for further disclosures.

6 Revenue

	2020 MVR	2019 MVR
Sales of properties	540,773,407	120,049,548
Rental income	281,560,264	215,417,907
	822,333,671	335,467,455

7 Fair value

	2020 MVR	2019 MVR
Fair value gain on investment property (Note 15)	108,270,853	313,205,002
	108,270,853	313,205,002

8 Other income

	2020 MVR	2019 MVR
Maintenance revenue	9,852,060	9,805,773
Government grant income recognized (Note 25)	-	4,160,496
Profit on sale of investment properties	84,892	-
Provision reversal for impairment loss of non-interest bearing receivable (Note 19.5)	4,978,595	11,429,651
Provision reversal for impairment loss of other receivables (Note 19.7)	1,268,852	-
Miscellaneous income	86,145,013	12,744,340
	102,329,412	38,140,260

9 Net finance income

	2020 MVR	2019 MVR
Finance income		
Interest income on fixed deposits	656,169	218,469
Interest income on investment in Islamic bonds	41,400	41,370
Interest income on loans and receivables	110,163,356	107,262,006
	110,860,925	107,521,845
Finance costs		
Loan facility fees (Note 24.1)	(20,809,795)	(18,713,551)
Finance cost on Islamic finance facilities	(1,514,870)	(1,922,885)
Interest expense on loans	(173,390,007)	(164,228,083)
	(195,714,672)	(184,864,519)
Net finance income	(84,853,747)	(77,342,674)

10 Expenses by nature

	2020 MVR	2019 MVR
Cost of sales		
Cost of sale of building	14,713,820	248,280
Cost of sale of land	73,027,029	45,982,379
Provision for future development of land (Note 27)	25,490,546	11,345,098
	113,231,395	57,575,757
Administrative expenses		
Bank fees & charges	2,795,379	1,999,895
Board directors' remuneration and fees (Note 36.1)	1,096,897	739,212
CSR expenses	383,575	-
Others general & administrative expenses	184,249,204	84,801,198
Professional & consultancy expenses	7,128,691	8,860,314
Rent & hiring expenses	256,639	-
Supplies, requisites, tools & consumables	1,803,004	1,380,399
Trainings	1,053,639	1,210,700
Travelling expenses	68,776	151,917
Depreciation and amortization charge for the year	21,419,812	20,489,606
Loss on sale of investment properties	-	884,587
Personnel costs (Note 10.1)	149,624,204	143,490,799
	369,879,820	264,008,627

10 Expenses by nature (continued)

	2020 MVR	2019 MVR
Maintenance expenses		
Airport link road cost written off	-	59,518,908
Building maintenance expense	10,446,193	6,104,104
Landscaping expenses	2,648,398	788,753
Public area maintenance expense	6,260,552	7,838,838
Vehicle & equipment running expenses	3,479,709	2,789,204
General maintenance expense	2,315,568	3,099,909
	25,150,420	80,139,716
Selling and marketing expenses		
Advertisement expenses	192,470	135,839
Meeting & ceremonial expenses	455,113	387,731
Promotional expenses	-	297
Provision made for impairment loss of other receivables (Note 19.7)	-	759,320
Provision made for impairment loss of interest bearing receivable (Note 19.6)	40,886,853	64,016,508
Provision for Sealife customers (Note 28)	-	48,946,610
Provision for 1000 Flat A Category customers (Note 28)	-	11,589,381
	41,534,436	125,835,686

10.1 Personnel costs

	2020 MVR	2019 MVR
Salaries and wages	61,446,928	58,865,509
Allowances	79,498,171	74,229,067
Contribution for pension fund	3,521,335	3,178,611
Medical expenses	2,574,667	3,063,485
Staff welfare and others	230,239	1,827,378
Travelling and visa	1,990,972	2,133,751
Defined benefit plan	361,892	192,998
	149,624,204	143,490,799

11 Tax expense

	2020 MVR	2019 MVR
Amount recognized in profit or loss		
Current tax expense (Note 11.2)	54,926,766	-
Deferred tax liability recognized (Note 11.3)	10,433,277	19,945,563
	65,360,043	19,945,563
Amounts recognized in other comprehensive income		
Deferred tax recognized through other comprehensive income (Note 11.3)	(157,147)	45,967
Income tax (Note 11.1)	65,202,896	19,991,530

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		2020	2019
11	**Tax expense (Continued)**		
11.1	**Reconciliation between accounting profit and taxable income:**	**MVR**	**MVR**
	Profit before tax	398,284,118	81,910,257
	Add: expenses not allowed for tax purposes	76,791,899	22,246,411
	Adjustment due to the established deferred tax base in previous year	(39,890,035)	29,120,197
	Tax free allowance	(500,000)	-
	Total taxable income	434,685,982	133,276,864
	Business profit tax @ 15%	65,202,897	19,991,530

In accordance with the provisions of the Income Tax Act 25/2019, and relevant regulation and subsequent amendments thereto, the Corporation is liable for Business Profit Tax at the rate of 15% on its taxable income.

11.2	**Tax liability**	**2020** **MVR**	**2019** **MVR**
	Balance as at 1st January	198,541,656	198,541,656
	Tax charge for the year	54,926,767	-
	Tax paid during the year	(15,554,957)	-
	Amount transferred from GMIZL (Note 35)	2,903,537	
	Balance as at 31st December	240,817,003	198,541,656

11.3	**Net deferred tax liability**	**2020** **MVR**	**2019** **MVR**
	Balance as at 1st January	(1,319,459,682)	(1,299,468,153)
	Reversal in deferred tax asset during the year recognized through OCI	157,147	(45,967)
	Amount transferred from GMIZL (Note 35)	645,339	-
	Increase in deferred tax liability recognized through profit or loss	(10,433,277)	(19,945,563)
	Balance as at 31st December	(1,329,090,473)	(1,319,459,683)

Deferred tax liability is attributable to the following;

	2020		2019	
	Temporary difference MVR	**Tax effect MVR**	**Temporary difference MVR**	**Tax effect MVR**
Property, plant and equipment	27,959,773	4,193,966	21,380,806	3,207,121
Intangible assets	(425,274)	(63,791)	(357,265)	(53,590)
Investment properties	(9,722,795,733)	(1,458,419,360)	(9,614,524,880)	(1,442,178,732)
Gratuity provision	1,431,902	214,785	1,160,882	174,132
Fair value change of investment	152,500	22,875	(250,000)	(37,500)
Actuarial (loss)/gains on defined benefit plans	895,145	134,272	(56,447)	(8,467)
Provision for impairment loss	643,319,232	96,497,885	529,529,972	79,429,496
Provision for land development costs	188,859,300	28,328,895	162,994,080	24,449,112
Tax loss Carried forward	-	-	103,724,970	15,558,746
	(8,860,603,155)	(1,329,090,473)	(8,796,397,882)	(1,319,459,683)

12 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:

	2020 **MVR**	**2019** **MVR**
Profit for the period ended 31st December	332,924,075	61,964,694
Weighted average number of shares	44,200,000	44,200,000
Earnings per share	7.53	1.40

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13 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 2020	Total 2019
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost								
As at 1st January	97,054,287	32,832,213	30,143,336	14,250,167	49,294,954	944,605	224,519,562	228,915,547
Amount transferred from GMIZL (Note 35)	17,846,397	660,811	854,076	648,521	342,797	47,269,722	67,622,324	-
Additions during the year	-	2,592,998	119,206	552,593	942,751	-	4,207,548	10,317,836
Reclassification during the year (Note 13.2)	(12,461,282)	-	-	-	-	(44,158,374)	(56,619,656)	(14,713,821)
Disposals during the year	-	-	-	-	-	-	-	-
As at 31st December 2020	102,439,401	36,086,022	31,116,617	15,451,281	50,580,503	4,055,953	239,729,778	224,519,562
Accumulated depreciation								
As at 1st January	22,235,572	22,810,244	21,705,254	9,372,731	22,487,824	-	98,611,626	78,477,447
Reclassification during the year	-	-	-	-	-	-	-	-
Charge for the period	5,198,775	5,563,527	4,897,673	1,375,733	4,079,445	-	21,115,153	20,134,178
Disposals during the year	-	-	-	-	-	-	-	-
As at 31st December 2020	27,434,347	28,373,771	26,602,928	10,748,463	26,567,269	-	119,726,779	98,611,626
Net carrying values								
As at 31st December 2020	75,005,055	7,712,251	4,513,689	4,702,818	24,013,233	4,055,953	120,002,999	
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

13.1 Capital work in progress represents the cost incurred for the projects office in Hulhumle' phase II, staff accomodation in Gulhifalhu and vehicle garage in Thilafushi.

13.2 From the amount transferred from GMIZL, the Corporation has reclassified freehold buildings and improvements amounting MVR 12,461,282 to investment property and capital work in progress amounting to MVR 44,158,374 to investment property.

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

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14 Intangible assets

	Software 2020	Software 2019
	MVR	MVR
Cost		
As at 1st January	10,534,131	9,461,757
Additions during the year	-	330,390
Capital work in progress	206,772	741,983
As at 31st December	10,740,903	10,534,131
Accumulated amortization		
As at 1st January	6,109,343	5,753,916
Amortization during the year	304,659	355,427
As at 31st December	6,414,001	6,109,343
Net book value		
As at 31st December	4,326,902	4,424,788

14.1 Amortisation

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

15 Investment properties

	Land	Buildings	Capital work in progress (at cost)	Total 2020	Total 2019
	MVR	MVR	MVR	MVR	MVR
At fair value					
As at 1st January	14,914,538,002	1,795,423,000	615,664,539	17,325,625,541	16,385,527,724
Disposals during the year	-	(72,538)	-	(72,538)	(1,320,536)
Additions/adjustments during the year	73,592,445	(1,387,380)	63,803,907	136,008,971	628,213,351
Amount transferred from GMIZL (Note 35)	4,566,085,000	90,553,000	-	4,656,638,000	-
Reclassification from PPE during the year (Note 15.4)	12,461,282	-	44,158,374	56,619,656	-
Transfer from capital work in progress	-	30,187,613	(30,187,613)	-	-
Gain on fair value	(145,440,453)	253,711,306	-	108,270,853	313,205,002
	19,421,236,276	2,168,415,000	693,439,207	22,283,090,483	17,325,625,541

15.1 Land area of approximately 8,924 square meters has been mortgaged with Bank of Ceylon - Phase II dredging loan obtained as disclosed in Note 24 to the financial statements.

15.2 Capital work in progress as at year end represents the cost incurred on the construction of distribution center, outdoor sports arena, office complex and vertical parking system.

15.3 Additions to the capital work in progress include borrowing cost capitalisation of MVR 12,638,722 for the year ended 31st December 2020 (2019: MVR 6,814,437).

15.4 From the amount transferred from GMIZL, the Corporation has reclassified freehold buildings and improvements amounting MVR 12,461,282 to investment property.

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15 Investment properties (continued)

15.5 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 108,270,853 was recognized through profit or loss for the year ended 31st December 2020.

15.6 Amounts recognised in profit or loss for investment properties

	2020 MVR	2019 MVR
Rental income	281,560,264	215,417,907
Fair value gain recognised in other income	108,270,853	313,205,002

15.7 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 professional independent valuer. The management carries out the exercise to determine the fair value of the Corporation's investment property on annual basis. Valuation exercise for the year ended 31st December was performed by KPMG Maldives, an independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued.

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.

Valuation processes

- 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.

15.8 Contractual obligations

Refer to Note 33 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

15.9 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:

	2020 MVR	2019 MVR
Year 01	271,015,657	187,478,763
Year 02	242,488,652	187,005,219
Year 03	209,907,795	163,589,980
Year 04	186,298,216	132,363,604
Year 05	148,994,073	99,643,162
Later than 5 years	1,069,027,761	830,997,696

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 2019 and 31 December 2020 for recurring fair value measurements:

	Phase I - Land	Phase I - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Total
Opening balance 1 January 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
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**
Acquisitions	4,177,059	-	69,415,385	-		73,592,444
Transfer from GMIZL	-	-	-	4,566,085,000	90,553,000	4,656,638,000
Transfer from capital work in progress	-	30,187,613	-	-	-	30,187,613
Transfer from/(to) PPE	-	-	-	12,461,282	-	12,461,282
Disposals	-	(1,459,919)	-	-	-	(1,459,919)
Amounts recognised in profit or loss						
- Fair value gains recognised in other income	(112,318,063)	255,250,306	(37,676,390)	4,554,000	(1,539,000)	108,270,853
Closing balance 31 December 2020	**7,801,273,000**	**2,079,401,000**	**7,036,862,993**	**4,583,100,282**	**89,014,000**	**21,589,651,275**

15 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		Relationship of unobservable inputs to fair value
			2020	2019	
Phase I - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 15 – MVR 30	MVR 15 – MVR 30	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 1,300 – MVR 3,000	MVR 1,235 – MVR 3,300	Higher the market rate higher the fair value
		Years purchase rate	7% – 7.5%	6.5% – 12.5%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base market rate per sq.ft.	(-5%) – (-10%)	(-5%) – (-10%)	Higher the adjustment lower the fair value
		Adjustment for land plot size	(-25%) – 20%	(-25%) – 20%	Higher the adjustment higher the fair value
		Outgoings	–	–	Higher the outgoing rate lower 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 12.20 – MVR 35	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 12.20 – MVR 35	MVR 12.20 – MVR 35	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 7.5%	6.5% – 7.5%	Higher the discount rate lower the fair value
		Outgoings	10%	10%	Higher the outgoing rate lower the fair value
Phase II - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 9 – MVR 30	MVR 15 – MVR 30	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 800 – MVR 1,300	Higher the market rate higher the fair value
		Years purchase rate	7% – 9%	7% – 9%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base value per sq.ft.	(-20%) – (+5%)	(-20%) – (+5%)	Higher the adjustment higher the fair value
		Adjustment for land plot size	(-30%) – (+10%)	(-30%) – (+10%)	Higher the adjustment higher the fair value
		Outgoings	10%	10%	Higher the outgoing rate lower the fair value
Gulhifalhu and Thilafushi - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 4 – MVR 10	–	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 4 – MVR 10	–	Higher the market rate higher the fair value
		Years purchase rate	7% – 8%	–	Higher the discount rate lower the fair value
		Outgoings	10%	–	
Gulhifalhu and Thilafushi - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 15	–	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 10 – MVR 40	–	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 7.5%	–	Higher the discount rate lower the fair value
		Outgoings	10% – 17%	–	Higher the outgoing rate lower the fair value

15 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.

							2020		2019	
		Increase / (decrease) Phase I - Land	Increase / (decrease) Phase I - Developed properties	Increase / (decrease) Phase II - Land	Increase / (decrease) Gulhifalhu and Thilafushi - Land	Increase / (decrease) Gulhifalhu and Thilafushi - Developed properties	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)
Years purchase rate	1%	(349,235,000)	(285,398,000)	(118,092,000)	(545,178,500)	(10,657,500)	(1,308,561,000)	(1,308,561,000)	(784,174,000)	(784,174,000)
Years purchase rate	(1%)	459,590,000	375,188,000	155,011,000	706,987,900	14,029,600	1,710,806,500	1,710,806,500	1,043,179,000	1,043,179,000
Outgoings	1%	-	(25,499,000)	(10,394,000)	-	(493,600)	(36,386,600)	(36,386,600)	(31,850,000)	(31,850,000)
Outgoings	(1%)	-	25,499,000	10,407,000	-	493,600	36,399,600	36,399,600	31,845,000	31,845,000
Adjustment for different zones	1%	49,261,000	-	31,707,000	-	-	80,968,000	80,968,000	28,950,000	28,950,000
Adjustment for different zones	(1%)	(49,261,000)	-	(31,783,000)	-	-	(81,044,000)	(81,044,000)	(28,951,000)	(28,951,000)
Adjustment for land plot size	1%	49,261,000	-	71,989,000	-	-	121,250,000	121,250,000	103,394,000	103,394,000
Adjustment for land plot size	(1%)	(49,261,000)	-	(72,069,000)	-	-	(121,330,000)	(121,330,000)	(103,400,000)	(103,400,000)

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		2020	2019
16	**Investment in subsidiary / associate**	**MVR**	**MVR**
	Investment in subsidiary / associate (Note 16.1)	-	-

16.1	**Investment in subsidiary / associate**	**Subsidiary**	**Associate**
	Balance As at 1st January	-	11,973,477
	Share of loss during the year	-	(50,598)
	Impairment on investment (Note 16.2)	-	(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	**2020 MVR**	**2019 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

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

17 Financial assets at fair value through other comprehsive income

	2020 MVR	2019 MVR
State Trading Organization Plc (Note 17.1)	1,137,500	1,250,000
Dhivehi Raajjeyge Gulhun Plc (Note 17.2)	960,000	-
	2,097,500	1,250,000

17.1 State Trading Organization PLC

Balance as at 1st January	1,250,000	1,000,000
Change in the fair value during the year	(112,500)	250,000
Balance as at 31st December	1,137,500	1,250,000

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 2020 was MVR 455/- (2019 : MVR 500/-) per share.

17.2 Dhivehi Raajjeyge Gulhun PLC

Balance as at 1st January	-	-
Amount transferred from GMIZL (Note 35)	1,000,000	-
Change in the fair value during the year	(40,000)	-
Balance as at 31st December	960,000	-

Equity Investment Securities Designated at FVOCI are the investment made in quoted shares of Dhivehi Rajjeyge Gulhun PLC ("Dhiraagu"). The investment in Dhiraagu comprised of 10,000 shares with nominal value of MVR 2.5/- which were purchased at MVR 80/- per share. As at the reporting date, the shares were valued at MVR 96/- each

18 Financial assets at amortised cost

	2020 MVR	2019 MVR
Housing Development Financing Corporation PLC (HDFC) (Note 18.1)	500,000	500,000
Habib Bank of Maldives (HBL) (Note 18.2)	50,000,000	6,000,000
	50,500,000	6,500,000

18.1 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.

18.2 The Corporation has invested MVR 50,000,000 in HBL Fixed deposit at the rate of 4% per annum.

19 Trade and other receivables

	2020 MVR	2019 MVR
Non-interest bearing:	1,195,528,517	1,189,146,052
Interest bearing trade receivables	1,674,402,049	1,701,241,694
	2,869,930,566	2,890,387,746
Less : provision for impairment loss on non-interest receivables (note 19.5)	(273,186,612)	(297,706,135)
Less : provision for impairment loss on interest bearing receivable (note 19.6)	(292,046,747)	(232,624,948)
	2,304,697,207	2,360,056,663
Prepayments and advances (note 19.2)	1,631,922,741	1,878,647,307
Other receivables (note 19.3)	160,306,748	38,108,213
Less : provision for impairment loss on other receivables (note 19.7)	(128,106,759)	(27,298,121)
	3,968,819,937	4,249,514,062

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

19.2 The Corporation's prepayments and advances include amount advance to contractor's MVR 1,356,420,208 (2019: MVR 1,872,176,844) and advance to suppliers MVR 3,760,624 (2019: MVR 4,819,844).

19.3 The Corporation's other receivables include warehouse shell secuirty deposit at Maldives Islamic Bank amounting MVR 4,300,000/- (2019: MVR 4,300,000//-), Dollar purchase from IOF Corporation amounting MVR 10,794,000/- (2019: MVR 10,794,000/-), education loans to staff amounting MVR 3,878,296/- (2019: MVR 4,084,025/-) and receivable from the sale of Rock Boulders MVR 8,375,280/- (2019: MVR 9,146,280/-).

19.4 Analysis

	2020 MVR	2019 MVR
Non-current	1,486,227,908	1,525,564,814
Current	2,482,592,029	2,723,949,249
Total	3,968,819,937	4,249,514,062

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19 Trade and other receivables (continued)

19.5 Provision for impairment loss on non-interest bearing receivables

	2020 MVR	2019 MVR
Balance as at 1st January	297,706,135	309,135,786
Amount transferred from GMIZL (Note 35)	62,801,872	-
Provision reversal during the year	(82,342,800)	-
Provision made during the year	(4,978,595)	(11,429,651)
Balance as at 31st December	273,186,612	297,706,135

19.6 Provision for impairment loss - interest bearing receivables

	2020 MVR	2019 MVR
Balance as at 1st January	232,624,948	153,335,516
Provision made during the year	40,886,853	64,016,508
Unwinding of interest of stage 3 assets	18,534,946	15,272,923
Balance as at 31st December	292,046,747	232,624,948

19.7 Provision for impairment loss - other receivables

	2020 MVR	2019 MVR
Balance as at 1st January	27,298,121	26,538,801
Amount transferred from GMIZL (Note 35)	102,077,490	-
Provision made during the year	(1,268,852)	759,320
Balance as at 31st December	128,106,759	27,298,121

20 Inventories

	2020 MVR	2019 MVR
Land inventories	936,600,244	960,006,288
Building inventories	23,291,910	23,291,910
Inventory work-in-progress	8,992,439,280	7,387,514,394
Raw materials inventory	9,287,607	9,554,449
	9,961,619,041	8,380,367,041

20.1 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 24 to the financial statements.

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

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

20.4 Additions during the year include capitalised borrowing cost amounting to MVR 347,645,701 (2019: MVR 360,126,205).

21 Amounts due from related parties

	2020 MVR	2019 MVR
Ministry of Education	850	850
Ministry of Islamic Affairs	3,807,675	3,807,675
Ministry of Finance (Transferred from GMIZL - Note 35)	5,486,200	-
Ministry of National Planning and Infrastructure	1,680,152	1,680,152
Maldives of Economic Development	11,235,167	-
Ministry of Housing & Infrastructure	10,725,200	75,817,173
Maldives Industrial Fisheries Corporation	7,710,000	11,565,000
Road Development Corporation	1,961,424	-
Ministry of Enviroment	95,441	-
	42,702,110	92,870,850
Less: provision for impairment loss (Note 21.2)	(7,343,401)	(1,857,201)
	35,358,709	91,013,649

21.1 Analysis of Amounts due from related parties

	2020 MVR	2019 MVR
Non-current	-	-
Current	35,358,709	91,013,649
Total	35,358,709	91,013,649

21.2 Provision for impairment loss

	2020 MVR	2019 MVR
Balance as at 1st January	1,857,201	1,981,919
Provision reversal during the year	-	(124,718)
Amount transferred from GMIZL (Note 35)	5,486,200	-
Balance as at 31st December	7,343,401	1,857,201

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22 Cash and cash equivalents

	2020 MVR	2019 MVR
Cash in hand	110,139	75,866
Balances with banks	105,519,747	98,176,752
Short term deposits	24,742,904	-
	130,372,790	98,252,618

22.1 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.

23 Share capital

No. of Shares	2020 MVR	2019 MVR
Authorized share capital	50,000,000	50,000,000
Issued and fully paid share capital	44,200,000	44,200,000

23.1 Authorized share capital

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

23.2 Issued and fully paid share capital

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

23.3 Share premium

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

23.4 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).

23.5 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 2020, the Corporation received MVR 1,108,124,260 (2019: MVR 267,491,235/-) as contribution for share capital from Government of Maldives. Further, pursuant to the decision taken by the Government of Maldives to merge GMIZL with HDC MVR 4,820,173,501 was contributed as the value of net assets of GMIZL as at 23rd September 2020.

24 Loans and borrowings

	2020 MVR	2019 MVR
As at 1st January	9,820,444,504	7,563,845,802
Add: interest expense on loans (Note 24.2)	529,253,074	527,804,576
Less: interest paid during the year	(329,641,317)	(369,668,503)
Add: borrowing during the year	1,853,035,583	2,544,279,220
Less : repayments during the year	(1,111,626,838)	(445,816,591)
	10,761,465,006	9,820,444,504
Less: loan facility fees (Note 24.1)	(74,980,355)	(87,412,245)
Balance as at 31st December	10,686,484,651	9,733,032,259
Non-current	8,366,053,388	8,162,215,336
Current	2,320,431,263	1,570,816,923
Total	10,686,484,651	9,733,032,259

HOUSING DEVELOPMENT CORPORATION LTD

24 Loans and borrowings (continued)

24.1 Loan facility fees

	2020 MVR	2019 MVR
As at 1st January	87,412,245	94,865,059
Payments during the year	14,314,131	16,547,771
Facility fee expense	(20,809,795)	(18,713,551)
Less : facility fee capitalized	(5,936,226)	(5,287,035)
As at 31st December	74,980,355	87,412,245
Analysis of loan facility fees		
Non-current	58,026,222	68,933,425
Current	16,954,132	18,478,820
Total	74,980,354	87,412,245

24.2 Finance cost

	2020 MVR	2019 MVR
Interest expense on loans	529,253,074	527,804,576
Less : interest capitalized	(354,348,197)	(361,653,608)
Finance cost expensed	174,904,877	166,150,968

24.3 Sources of finance

	2020 MVR	2019 MVR
Ministry of Finance and Treasury (Note 24.7)	184,635,940	175,147,654
Ministry of Finance and Treasury - Basic Flats down payment loan (Note 24.8)	1,314,925	1,526,725
Ministry of Finance and Treasury - 504 Housing project loan- I (Note 24.9)	60,491,195	57,453,473
Ministry of Finance and Treasury - 504 Housing project loan-II (Note 24.9)	96,177,959	93,198,618
Housing Development Finance Corporation PLC - Basic flats (Note 24.10)	2,271,079	2,736,433
Bank of Ceylon - Phase II Dredging Loan (Note 24.11)	280,288,431	316,910,811
Maldives Islamic Bank Private Limited - Murabaha Facility (Note 24.12)	18,183,525	20,966,202
Ministry of Finance and Treasury - TATA housing units Refinance (Note 24.13)	108,660,031	96,429,763
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015 (Note 24.14)	427,274,728	478,608,987
Seylan Bank - 1530 Housing Units (Note 24.15)	62,793,803	125,562,824
Ministry of Finance and Treasury - subsidiary loan agreement - Phase II Development (Note 24.16)	403,228,204	263,487,806
Bank of Maldives - Indoor Sports Arena (Note 24.17)	26,211,586	25,217,930
China Development Bank - 1530 Housing Units (Note 24.18)	959,326,078	945,300,900
Industrial and Commercial Bank of China - Airport Link Road (Note 24.19)	344,987,087	398,162,064
Seylan Bank - Phase II Electricity Network (Note 24.20)	172,741,124	230,272,000
Credit Suisse Bank - 7000 Housing units (Note 24.21)	849,713,201	1,027,634,628
Industrial and Commercial Bank of China - 7000 Housing units (Note 24.22)	5,514,568,317	4,387,656,561
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena (Note 24.23)	31,251,935	44,513,185
Ministry of Finance and Treasury - ICBC Interest Refinance Loan (Note 24.24)	118,505,898	106,486,402
Habib Bank of Maldives - Distribution Center (Note 24.25)	50,941,351	37,119,909
Ministry of Finance - Credit Suisse Interest Refinance Loan (Note 24.26)	37,168,659	33,050,574
Ministry of Finance - ICBC Interest Refinance Loan (Note 24.27)	127,648,390	114,295,903
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 24.28)	99,744,922	89,440,433
Ministry of Finance - Credit suisse and Bank of China Refinance Loan (Note 24.29)	44,012,165	39,239,035
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan (Note 24.30)	35,560,225	31,731,101
Ministry of Finance - CDB Interest Refinance Loan (Note 24.31)	32,230,512	28,791,127
Ministry of Finance - 1530 Housing units (Note 24.32)	233,653,968	221,177,159
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 24.33)	124,605,032	112,261,828
Bank of China - 2500 Housing Units (Note 24.34)	313,274,735	316,064,467
	10,761,465,005	9,820,444,504

24 Loans and borrowings (continued)

24.4 Non current

	2020 MVR	2019 MVR
Secured loans:		
Housing Development Finance Corporation Plc - Basic Flats	1,763,332	2,309,931
Bank of Ceylon - Phase II Dredging Loan	185,039,445	223,589,522
Maldives Islamic Bank Private Limited - Murabaha Facility	10,993,845	11,914,071
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	376,048,970	426,018,158
Seylan Bank - 1530 Housing Units	-	62,781,396
Bank of Maldives - Indoor Sports Arena	22,726,443	22,736,901
China Development Bank - 1530 Housing Units	759,427,490	741,058,869
Industrial and Commercial Bank of China - Airport Link Road	291,667,604	344,698,077
Seylan Bank - Phase II Electricity Network	115,136,000	172,704,000
Credit Suisse Bank - 7000 Housing units	502,121,768	836,601,923
Industrial and Commercial Bank of China - 7000 Housing units	5,032,079,773	4,123,697,856
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	15,222,072	29,188,689
Habib Bank of Maldives - Distribution Center	36,379,266	37,119,909
Bank of China - 2500 Housing Units	205,862,356	308,177,180
Unsecured loans:		
Ministry of Finance and Treasury	141,491,984	133,168,927
Ministry of Finance and Treasury - Basic Flats down payment loan	1,103,125	1,314,925
Ministry of Finance and Treasury - 504 Housing project loan - I	47,973,640	45,887,830
Ministry of Finance and Treasury - 504 Housing project loan -II	80,953,028	77,433,332
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	378,089,470	256,528,957
Ministry of Finance - ICBC Interest Refinance Loan (Note 24.27)	-	19,254,315
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 24.28)	-	22,826,761
Ministry of Finance - 1530 Housing units	220,000,000	220,000,000
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	112,137,231
	8,424,079,610	8,231,148,761
Loan facility fees	(58,026,222)	(68,933,425)
	8,366,053,388	8,162,215,336

24.5 Current

	2020 MVR	2019 MVR
Ministry of Finance and Treasury	43,143,956	41,978,727
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	211,800
Ministry of Finance and Treasury - 504 Housing project loan-I	12,517,555	11,565,643
Ministry of Finance and Treasury - 504 Housing project loan - II	15,224,931	15,765,286
Housing Development Finance Corporation Plc - Basic flats	507,747	426,502
Bank of Ceylon - Phase II Dredging Loan	95,248,986	93,321,289
Maldives Islamic Bank Private Limited - Murabaha Facility	7,189,681	9,052,131
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	51,225,759	52,590,828
Seylan Bank - 1530 Housing Units	62,793,803	62,781,429
Ministry of Finance and Treasury - TATA housing units Refinance	108,660,031	96,429,763
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	25,138,734	6,958,849
Bank of Maldives - Indoor Sports Arena	3,485,143	2,481,029
China Development Bank - 1530 Housing Units	199,898,589	204,242,031
Industrial and Commercial Bank of China - Airport Link Road	53,319,483	53,463,987
Seylan Bank - Phase II Electricity Network	57,605,124	57,568,000
Credit Suisse Bank - 7000 Housing units	347,591,433	191,032,705
Industrial and Commercial Bank of China - 7000 Housing units	482,488,544	263,958,706
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	16,029,863	15,324,496
Ministry of Finance and Treasury - ICBC Interest Refinance Loan	118,505,898	106,486,402
Habib Bank of Maldives - Distribution Center	14,562,085	-
Ministry of Finance - Credit Suisse Interest Refinance Loan	37,168,659	33,050,574
Ministry of Finance - ICBC Interest Refinance Loan	127,648,390	95,041,588
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	99,744,922	66,613,672
Ministry of Finance - Credit suisse and Bank of China Refinance Loan	44,012,165	39,239,035
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan	35,560,225	31,731,101
Ministry of Finance - CDB Interest Refinance Loan	32,230,511	28,791,127
Ministry of Finance - 1530 Housing units	13,653,968	1,177,159
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	124,605,032	124,597
Bank of China - 2500 Housing Units	107,412,379	7,887,287
	2,337,385,395	1,589,295,743
Loan facility fees	(16,954,132)	(18,478,820)
	2,320,431,263	1,570,816,923

24 Loans and borrowings (continued)

24.6 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 current market rates or the borrowings are of a short-term nature.

24.7 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 instalments 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.

24.8 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 instalments of MVR 17,650/- commencing from 6th March 2007.

24.9 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 instalments 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 instalments commencing from 1st April 2011.

24.10 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% up to 31st October 2006 and 9% from 1st November 2006. Loan is to be repaid in 219 equal monthly instalments 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).

24.11 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 instalments 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/-.

24.12 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 instalments 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.

24 Loans and borrowings (continued)

24.13 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.

24.14 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 instalments 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.

24.15 Seylan Bank - 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.

24.16 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 arrangement.

24.17 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.

24 Loans and borrowings (continued)

24.18 China Development Bank - 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.

24.19 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.

24.20 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.

24.21 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.

24.22 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.

24 Loans and borrowings (continued)

24.23 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.

24.24 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.

24.25 Habib Bank of Maldives - Distribution 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.

24.26 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.

24 Loans and borrowings (continued)

24.27 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.

24.28 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.

24.29 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.

24.30 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.

24.31 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.

24.32 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%.

24 Loans and borrowings (continued)

24.33 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.

24.34 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 basis points.

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

25 Deferred income

	2020 MVR	2019 MVR
Balance as at 1st January	103,228,050	113,394,403
1000 Flat A category adjustment during the year	-	(232,544)
Transferred to other income from government grant (Note 8)	-	(4,160,496)
Transferred to other income from maintenance and collection cost	(5,782,846)	(5,773,313)
Balance as at 31st December 2020	97,445,204	103,228,050

25.1 Analysis of deferred income

	2020	2019
Outstanding collection costs (Note: 25.2)	19,546,613	20,828,632
Future maintenance fee (Note: 25.3)	77,898,591	82,399,418
	97,445,204	103,228,050

25.2 Outstanding collection costs

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

25 Deferred income (continued)

25.3 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.

26 Employee benefit obligations	**2020** **MVR**	**2019** **MVR**
As at 1 January	1,104,435	1,297,284
Interest Cost	50,804	59,675
Current service cost	311,088	133,323
Past service cost	-	-
As at 31 December	1,466,327	1,490,282
Less: payments during the year	(34,425)	(329,400)
Less: actuarial gain on defined benefit plan	895,145	(56,447)
Closing balance	2,327,047	1,104,435

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

	2020 **MVR**	**2019** **MVR**
Amount recognized in income statement		
Current service cost	311,088	133,323
Interest cost	50,804	59,675
Past service cost	-	-
	361,892	192,998

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:

	2020 **MVR**	**2019** **MVR**
Discount rate	4.60%	4.60%
Salary growth rate	2.40%	2.00%

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26 Employee benefit obligations (continued)

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

	2020 MVR		2019 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%	(83,640)	+0.5%	(48,759)
	-0.5%	90,224	-0.5%	52,636
Change in salary increase	+0.5%	91,491	+0.5%	43,459
	-0.5%	(85,530)	-0.5%	(50,007)

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.

27 Provisions

	2020 MVR	2019 MVR
Balance as at 1st January	241,941,004	242,631,365
Provision on future development cost of sold properties	25,490,546	11,345,098
Actual cost incurred on defect corrections	(28,259,170)	(495,615)
Actual cost incurred on land developments	-	20,223,947
Actual cost incurred on school construction	(3,213,967)	(12,779,712)
Additional provision for future construction cost of school (Note 27.4)	-	(18,984,079)
Balance as at 31st December	235,958,414	241,941,004

		2020 MVR	2019 MVR
27.1	Provision for land development costs (Note 27.2)	220,363,665	194,873,119
	Warranty provision for construction defects (Note 27.3)	10,405,359	38,664,529
	Provision for future construction cost of school (Note 27.4)	5,189,390	8,403,356
		235,958,414	241,941,004
	Analysis		
	Non-current	230,769,024	233,537,648
	Current	5,189,390	8,403,356
	Total	235,958,414	241,941,004

27.2 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.

27.3 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.

27.4 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.

28	Trade and other payables	2020 MVR	2019 MVR
	Municipal tax payable	54,730,508	54,730,508
	Payable to contractors	559,207,346	1,363,980,908
	Contract liability	189,789,156	206,630,013
	Retention from contractors	88,998,850	329,254,186
	Lease deposits	70,333,084	54,862,361
	Sealife Payable (Note 28.2)	1,543,998	24,521,487
	1000 Flat A Category customers payable	11,310,121	11,589,381
	Accruals, deposits and other payables	215,639,648	143,085,061
		1,191,552,711	2,188,653,905

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

28.2 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 22,977,489 (2019: MVR 24,425,123) was paid to customers of Sealife Global during the year 2020.

28.3	Analysis of trade and other payables		
	Payable after one year	26,862,770	68,242,383
	Payable within one year	1,164,689,941	2,120,411,522
		1,191,552,711	2,188,653,905

29	Amounts due to related parties	2020 MVR	2019 MVR
	Ministry of Islamic Affairs	168,321	168,321
	Ministry of Finance (Transferred from GMIZL - Note 35)	2,937,525	-
	Ministry of Housing & Infrastructure	12,346,850	-
		15,452,696	168,321

30	Amounts due to a director	2020 MVR	2019 MVR
	Amount transferred from GMIZL (Note 35)	2,500	-
		2,500	-

31 Events after the reporting period

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.

32 Directors' responsibility

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

33 Capital commitments and contingencies

33.1 Capital Commitments

The Corporation has total capital commitment value of MVR 4.2 billion as at 31 December 2020 (2019 : MVR 5 billion) which mainly includes MVR 2 billion (2019 : MVR 3.5 billion) for housing projects, MVR 1.3 billion (2019 : MVR 1.3 billion) for phase II electricity network, MVR 314 million for phase II remaining roads and MVR 558 million for other relevant projects.

33 Capital commitments and contingencies (continued)

33.2 Contingencies

The Company vs Parkaven Investment Private Limited

Parkaven Investment (Pvt) Ltd ("PIPL") filed a case in Civil Court against GMIZL, (Civil Court Case No. 4412/Cv-C/2019) on 20th November 2019. The case was decided against GMIZL and court ordered GMIZL to pay USD 597,800 on 21st October 2020. GMIZL has filed an appeal of the Civil Court Verdict in case no. 4412/Cv-C/2019 in High Court on 9th November 2020. The Appeal has been registered and enforcement of the Civil Court Verdict will be stayed pending a final decision of the High Court. No hearing has been scheduled to date.

Parkaven Investment (Pvt) Ltd ("PIPL") has filed a case in Civil Court against GMIZL (Civil Court Case No. 1915/Cv-C/2020) on 16th September 2020. GMIZL engaged Parkaven Investment (Pvt)Ltd. to salvage a vessel (Sea Home Sapphire) on the basis that Parkaven will have the right to deal with the vessel in any manner they decide on completion of the salvage and removal of the vessel from Gulhifalhu/Thilafushi area. No fees are payable by GMIZL to Parkaven for the salvage. Subsequently, Maldives Police Service instructed Parkaven to stop dealing with the vessel. The PIPL claims USD 1,008,000 against GMIZL as land rent for the plot where the vessel is currently kept.The PIPL has also applied for an Interim Injunction to cease the liquidation process of GMIZL pending the final outcome. One hearing has been held to date regarding the Interim Injunction, no hearing has been scheduled for the substantive dispute.

The Company vs Blue Whale Impex Private Limited

Blue Whale Impex (Pvt) Ltd ("BWIPL") has filed a case in Civil Court against GMIZL, (Civil Court Case No. 4412/Cv-C/2019) on 6 th January 2020. This claim relates to the termination of land lease of two plots of land in Gulhifalhu (Plot A, 265,282.84 SQFT, and Plot I, 93,566.69 SQFT) by GMIZL. The grounds for termination of the lease is that the lessee (BWIPL) has failed to pay the lease rent as per the lease agreement. The BWIPL contends that the leased land was never handed over to the lessee, and the charging of land rent and the subsequent termination was wrongful. The BWIPL has made a claim of MVR 118,817,742.00 as damages and compensation. The BWIPL has not sought the remedy to reinstate the lease. The BWIPL has also applied for an Interim Injunction to cease the liquidation process of GMIZL pending the final outcome. One hearing has been held to date regarding the Interim Injunction, no hearing has been scheduled for the substantive dispute and witnesses are to be presented to the Civil Court on 6th September 2021.

The Company vs Global Projects Development Company Private Limited

The Company has entered in to a concession agreement with Global Projects Development Company Private Limited ("GPD") in relation to the reclamation and development of Gulhifalhu Island ("GIL") which is owned by the Company. The development project had four phases and GPD should settle concession fees for each phase separately. However, GPD was not able to settle concession fees as agreed upon. Accordingly, the Company has terminated the agreement on 4th November 2015 with GPD by considering the agreement was material and repudiatory breached. As a result of termination of the agreement, GPD commenced the Arbitration process at "Singapore International Arbitration Centre" against the Company on 19th October 2019 Further, GPD is seeking to claim USD 120,747,431/- (MVR equivalent to 1,861,925,391/-) for loss of its investment into the project to date and no claims have been estimated for loss of profits and loss of opportunity to extend the period of the agreement as at the date of financial statements are authorized to issue.

Further, the Company denies the breach and has demanded a counter claim in respect of outstanding concession fees for Phase 1,11 and III amounting to MVR 22,961,896/-, MVR 31,645,866 and MVR 30,515,656/- respectively from GPD.

Subsequent to the commencement of the Arbitration process, both parties have mutually agreed to temporarily hold the Arbitration process and resolve this dispute by mediation. The mediation is conducted by "Singapore International Mediation Centre with mediation number M2428SA21. The mediation has been held on 2nd and 3rd August 2021 and the Company is currently considering the claims demanded by GPD.

As the agreement is governed by Singapore Law and the Arbitration is processing in Singapore, the Company has obtained a legal advise from contracted international lawyers for the above dispute. Pursuant to the legal advise, amount of the claim or possibility to successfully defend the Company's position will be dependent upon the Tribunal determination on whether the agreement is validly terminated or not.

Management is of view that the Corporation will be able to successfully defend the above cases filled against the merged entity and accordingly, no additional provision is required to be recognized in these financial statements

Other than disclosed above, there were no other contingent liabilities as at the reporting date which require disclosure in the financial statements

34 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 2020	**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	-	2,097,500	-	-	2,097,500	2,097,500	-	-	2,097,500

35 Merger of Greater Male' Industrial Zone Limited (Continued)

As of that date assets and liabilities of GMIZL are as follows in there carrying value .

AS AT	23/9/2020 MVR
Assets	
Non-current assets	
Property, plant and equipment	67,622,324
Investment properties	4,656,638,000
Financial assets at fair value through other comprehensive income	1,000,000
Deferred tax asset	645,339
Total non-current assets	4,725,905,663
Current assets	
Trade receivables	75,760,190
Allowance for impairment loss on trade receivables	(62,801,872)
Other receivables	105,007,733
Allowance for impairment loss on other receivables	(102,077,490)
Prepayments and advances	263,348
Amounts due from related parties	5,486,200
Allowance for impairment loss on related parties	(5,486,200)
Cash and cash equivalents	106,534,958
Total current assets	122,686,867
Total assets	4,848,592,530
Equity and liabilities	
Equity	
Share capital	100,000,000
Other reserve	4,257,556,941
Fair value reserve	170,000
Retained earnings	462,446,560
Total equity	4,820,173,501
Current liabilities	
Current tax liabilities	2,903,537
Trade and other payables	22,575,467
Amounts due to related parties	2,937,525
Amount due to a director	2,500
Total current liabilities	28,419,029
Total liabilities	28,419,029
Total equity and liabilities	4,848,592,530

36 Related party transactions

Name of the related party	Relationship	Nature of the transactions	Amount 2020	Amount 2019	Amount due from/ (to)			
					2020		2019	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Ministry of Education	Government affiliates	Lease rentals	2,967,205	2,964,883	-	-	-	-
		Receipts	(483,438)	(484,774)	33,820,626	-	31,336,858	-
		Payments made on behalf	-	-	-	850	-	850
Aasandha Corporation Limited	Government affiliates	Lease Rentals	3,859,457	3,952,764	-	-	-	-
		Receipts	(1,627,109)	(2,062,863)	9,316,250	-	7,083,902	-
Ministry of Islamic Affairs	Government affiliates	Payments made on behalf	-	-	-	3,807,675	-	3,807,675
		Receipts	-	(124,718)	-	-	-	-
		Advance received	-	-	-	(168,321)	-	(168,321)
		Settlements	-	-	-	-	-	-
Maldives Industrial Fisheries Corporation	Government affiliates	Lease rentals	177,200	166,320	-	-	-	-
		Receipts	(215,173)	(166,320)	(38,363)	-	(390)	-
		Purchase of goods	(3,855,000)	(9,252,000)	-	7,710,000	-	11,565,000
Department of Judicial Administration	Government affiliates	Lease rentals	162,000	151,200	-	-	-	-
		Receipts	(154,800)	(202,185)	3,600	-	(3,600)	-
Maldives Transport and Contracting Corporation Plc	Government affiliates	Lease rentals	1,557,800	1,527,740	-	-	-	-
		Receipts	(1,427,779)	(1,527,740)	130,020	-	-	-
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease rentals	1,185,223	970,529	-	-	-	-
		Receipts	(1,359,589)	(1,156,086)	(388,739)	-	(214,373)	-
Maldives Ports Limited	Government affiliates	Lease rentals	7,299,290	7,160,373	-	-	-	-
		Receipts	(5,912,704)	(7,160,373)	1,386,587	-	-	-
Maldives Police Service	Government affiliates	Lease rentals	451,536	452,932	-	-	-	-
		Receipts	(274,500)	(388,600)	906,032	-	728,996	-
Maldives National Defense Force	Government affiliates	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	-	-	-	-	-
		Receipts	-	-	-	-	-	-
		Lease rentals	187,200	172,800	172,800	-	158,400	-
		Receipts	(172,800)	(187,200)	-	-	-	-

36 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2020	Amount 2019	Amount due from/ (to) 2020 Trade receivable	2020 Other receivable	2019 Trade receivable	2019 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Male' City Council	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Lease rentals	-	-	153,459	-	153,459	-
		Receipts	-	-	-	-	-	-
State Trading Organization Plc	Government affiliates	Lease rentals	18,671,493	29,101,295	-	-	-	-
		Receipts	(107,497,377)	(6,634,737)	2,929,654	-	91,755,538	-
Ministry of Finance and Treasury	Government affiliates	Payments made on behalf	5,486,200	-	-	5,486,200	-	-
		Receipt	-	(925,200)	-	-	-	-
(Loan balances are disclosed in Note 23)		Payments	297,800	310,259	-	(1,707,539,565)	-	(1,463,619,142)
		Disbursements	(123,627,851)	(817,843,302)	-	-	-	-
		Interest on loans	(120,590,371)	(65,184,565)	-	-	-	-
		Settlements	-	-	-	-	-	-
Maldives Water & Sewerage Corporation Limited	Government affiliates	Lease rentals	5,235,656	4,442,671	-	-	-	-
		Receipts	(5,286,082)	(4,538,546)	(145,103)	-	(94,676)	-
State Electric Corporation Limited	Government affiliates	Lease rentals	10,266,717	10,140,830	-	-	-	-
		Receipts	(10,261,393)	(10,139,654)	(233,751)	-	(239,076)	-
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	11,235,167	-	-	11,235,167	-	-
		Lease rentals	336,557	356,676	337,138	-	431,774	-
		Receipts	(431,193)	(218,833)	-	-	-	-
Bank of Maldives	Government affiliates	Lease rentals	3,876,596	3,070,139	(59,222)	-	547,087	-
		Receipts	(4,482,905)	(2,592,805)	-	-	-	-
Indhira Gandhi Memorial Hospital	Government affiliates	Lease rentals	4,365,323	1,561,548	49,562,240	-	51,350,239	-
		Receipts	(6,153,323)	(3,892,145)	-	-	-	-
		Sale of goods & services	-	-	-	-	-	-

36 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2020	Amount 2019	Amount due from/ (to) 2020 Trade receivable	2020 Other receivable	2019 Trade receivable	2019 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Maldives Hajj Corporation	Government affiliates	Lease rentals	-	302,998	-	-	-	-
		Receipts	-	(326,841)	158,254	-	158,254	-
Maldives Post Limited	Government affiliates	Lease rentals	119,523	99,831	-	-	-	-
		Receipts	(119,511)	(98,881)	1,079	-	1,068	-
Maldives Inland Revenue Authority	Government affiliates	Lease rentals	61,394	63,347	-	-	-	-
		Receipts	(65,796)	(84,970)	(23,135)	-	(18,733)	-
Maldives Gas	Government affiliates	Lease rentals	994,069	1,055,148	-	-	-	-
		Receipts	(994,069)	(1,055,217)	-	-	-	-
Ministry of Youth	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Receipts	-	(15,583,039)	-	-	-	-
Ministry of National Planning and Infrastructure	Government affiliates	Payments made on behalf	1,680,152	1,680,152	-	-	-	-
		Receipts	-	-	-	1,680,152	-	1,680,152
Ministry of Fisheries	Government affiliates	Lease rentals	187,699	187,094	31,986	-	81	-
		Receipts	(155,794)	(191,603)	-	-	-	-
Waste Management Corporation	Government affiliates	Lease rentals	-	17,815	17,815	-	17,815	-
		Receipts	-	-	-	-	-	-
Maldives Islamic Bank	Government affiliates	Lease rentals	442,215	-	(9,880)	-	-	-
		Receipts	(452,095)	-	-	-	-	-
Maldives Monetary Authority	Government affiliates	Lease rentals	316,409	-	-	-	-	-
		Receipts	(316,409)	-	-	-	-	-
Ministry of Enviroment	Government affiliates	Payments made on behalf	695,441	-	-	95,441	-	-
		Receipts	(600,000)	-	-	-	-	-
Sabah Maldives Cooperative Scoiety	Government affiliates	Lease rentals	120,720	-	91,140	-	-	-
		Receipts	(29,580)					
Road Development Corporation	Government affiliates	Payments made on behalf	1,961,424	-	-	1,961,424	-	-
		Receipts	-	-	-	-	-	-

36.1 Transactions with key management personnel

During the year, the Corporation has paid MVR 6,205,887/- (2019 : MVR 4,996,844/-) as remuneration to the members of the senior management and MVR 1,096,897/- (2019 : MVR 739,212/-) as remuneration and fees to the Board of Directors.

37 Merger of Greater Male' Industrial Zone Limited

HDC was instructed by the parliament through an instruction letter to Amalgamate its operations with GMIZL. Consequentially, such instruction was executed through a signed transfer deed on 23/09/2020 by HDC and post Amalgamation HDC considered to the be the continuing entity whilst GMIZL will get liquidated. The Amalgamation is effective from 23 September 2020.

The accounting for amalgamation has been concluded to be made based on the pooling of interest method and HDC elected to ally pooling of interest method prospectively from the date of Amalgamation

Pursuant to the decision taken by the Government of Maldives to merge the Greater Male' Industrial Zone Limited ("GMIZL") with Housing Development Corporation Limited ("HDC") a "Deed in Respect of Transferring Assets, Contracts and Liabilities" was signed between the Company and HDC on 23rd September 2020. The intention of the merger was to liquidate the GMIZL after the Deed and take all the assets and liabilities to HDC. As a result the GMIZL has transferred all its assets, contracts and liabilities to HDC at their carrying values. As of that date GMIZL ceased its commercial operations. All inter-company balances and transactions stood cancelled. The Corporation received MVR 4,360,361,315/- as the capital contribution from the Government of Maldives, being difference between the value of net assets of the GMIZL transferred to the Corporation, for which the Corporation will be issuing shares on same.

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