

**HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2022**

**HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2022

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Independent Auditor's Report
To the shareholders of Housing Development Corporation Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Housing Development Corporation Limited (the "Company"), which comprise the statement of financial position as at 31st December 2022, the statements of profit or loss and other comprehensive income, changes in equity and 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 6 to 66.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2022 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 Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives 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.

Emphasis of Matter – Restatement of comparative information

We draw our attention to Note 39 to the financial statements, which indicates that the comparative information presented as at and for the year ended 31st December 2021 has been restated. Our opinion is not modified in respect of above matter.

Key Audit Matters

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

1. Recognition of Revenue

Refer Note 6 "Revenue" and significant accounting policies in Note 3.17 "Revenue" of the financial statements.

Risk Description	Our Response
The Company has recorded a revenue of MVR 2,268,545,895/- for the year ended 31st December 2022. The Company's revenue mainly consists of sale of properties and rent income. Revenue Recognition is one of the complex and judgmental area of accounting due to the different revenue schemes which require management to determine the time when the performance obligation is satisfied as per the terms and conditions in the revenue contracts and using management judgments. There is a potential risk that the revenue is subject to overstate. Therefore, the recognition of revenue has been identified as a key audit matter.	Our audit procedures included; - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice. - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition. - On a sample basis, inspecting the revenue contracts with customers and identify key terms and conditions, including contract parties, contract price, performance obligation and evaluating whether the revenue recognition is in line with requirements of IFRSs. - Assessing the appropriateness of the Company's accounting policies set out in Note 3.17, and adequacy of the disclosures for compliance with the revenue recognition requirements of IFRSs.

2. Valuation of Investment properties

Refer Note 16 "Investment Properties" and significant accounting policies in Note 3.5 "Investment Properties" of the financial statements.

Risk Description	Our Response
The Company Investment Properties are stated at fair value amounting to MVR 23,034,953,473/- as at 31st December 2022 and a fair value gain of MVR 123,487,622/- has been recognized during the year ended 31st December 2022. The fair value of investment properties is determined based on valuations performed by a qualified independent valuer in accordance with recognized industry standards. The valuation is underpinned by a number of estimates and assumptions such as per square price, property yields, rental growth, occupancy and property management costs.	Our audit procedures included; - Obtaining an understanding and testing the relevant controls over the investment property process. - Challenging the accuracy, completeness and consistency of the information provided to the external valuers by referring to the property registers. - Assessing the objectivity, independence, competency and capability of the external valuer engaged by the Company. - Discussing with the external valuers to understand and assess the key assumptions

A small change in these assumptions could have a significant impact on the fair value and there is an associate potential risk that the fair value can be overstated to meet the expectation of the management. Therefore, the valuation of investment properties has been identified as a key audit matter.	applied and conclusion made by the external valuer in arriving the fair value of the properties. - Engaging our own internal specialized resources to assess the reasonability of the valuation technique, estimates and assumptions. - Assessing the adequacy of disclosures made in relation to the fair value of investment properties in the financial statements.
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3. Recoverability of Loans and Receivables

Refer Note 20 "Loans and Other Receivables" and significant accounting policies in Note 3.2 and Note 10.1 "Impairment of financial assets" of the financial statements.

Risk Description	Our Response
The Company has recorded Loans and receivables (interest bearing and non-interest bearing) amounting to MVR 8,831,936,889/- as at 31st December 2022 after netting off of provision for impairment amounting to MVR 1,364,078,823/-. Impairment provision represents the management best estimate of the expected credit loss as at the reporting date. In assessing whether the trade receivable balances are recoverable and determining appropriate provision for expected credit loss require significant management judgement. Given the level of subjectivity and level of management judgment involve in determining the provision for impairment we have consider the recoverability of trade receivables as a key audit matter.	Our audit procedures included; - Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures. - Evaluating the appropriateness of the impairment methodology adopted by the Company in accordance with IFRS 9. - Challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management. - Evaluating the completeness, accuracy and relevance of data used in computation of the impairment provision. - Evaluating the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

Other Matter relating to comparative information

The financial statements of Housing Development Corporation Limited as at and for the years ended 31st December 2021 and 31st December 2020 from which the statement of financial position as at 1st January 2020 has been derived, excluding the adjustments described in Note 39 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 31st May 2022.

As part of our audit of the financial statements as at and for the year ended 31st December 2022, we audited the adjustments described in Note 39 that were applied to restate the comparative information presented as at and for the year ended 31st December 2021 and the statement of financial position as at 1st January 2020.

Other Matter relating to comparative information (Continued)

We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31st December 2021 or 31st December 2020 or to the statement of financial position as at 1st January 2020, other than with respect to the adjustments described in Note 39 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 39 are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is R.W.M.O.W Duminda B. Rathnadiwakara.



Chartered Accountants
For and on behalf of KPMG Maldives
29th May 2023
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HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 MVR	2021 MVR
Revenue	6	2,268,545,895	8,768,546,848
Cost of sales	9	(284,378,394)	(7,267,883,519)
Gross profit		1,984,167,501	1,500,663,329
Change in fair value of investment property	16	123,487,622	184,101,792
Other income	7	175,876,703	151,530,604
Administrative expenses	9	(443,341,202)	(364,991,083)
Maintenance expenses	9	(132,626,357)	(78,688,495)
Selling and marketing expenses	9	(8,499,853)	(6,645,825)
Provision for impairment of financial assets	10.1	(1,012,014,197)	(130,646,050)
Provision for impairment of non-financial assets	10.2	(456,476,229)	-
Results from operating activities		230,573,988	1,255,324,272
Finance income	8	539,220,386	303,344,030
Finance costs	8	(404,168,530)	(208,212,956)
Net finance income		135,051,856	95,131,074
Profit before tax		365,625,844	1,350,455,346
Taxation	11	(29,882,072)	(191,916,424)
Profit for the year		335,743,772	1,158,538,922
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI - Net change in fair value	18	1,962,500	375,000
Remeasurement of retirement benefit liability	28	(1,333,733)	(2,768,750)
Related tax	11.3	(195,190)	359,063
Total other comprehensive income, net of tax		433,577	(2,034,687)
Total comprehensive income for the year		336,177,349	1,156,504,235
Earnings per share	12	4.14	14.29

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 66. The Report of the Independent Auditors is given on pages 1 and 5.

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

AS AT

	Note	31/12/2022 MVR	31/12/2021 MVR (Restated)*	1/1/2021 MVR (Restated)*
Assets				
Non-current assets				
Property, plant and equipment	14	175,812,062	141,808,164	120,002,999
Intangible assets	15	6,732,501	6,171,695	4,326,902
Investment property	16	23,034,953,473	22,944,310,023	22,283,090,483
Right-of-use assets	17	637,087	672,481	-
Equity securities - at FVOCI	18	4,435,000	2,472,500	2,097,500
Financial assets at amortised cost	19	500,000	77,000,000	50,500,000
Loan and receivables	20	7,945,233,977	7,742,363,879	1,486,227,908
Deferred tax assets	11.3	142,016,175	4,235,395	-
Total non-current assets		31,310,320,275	30,919,034,136	23,946,245,792
Current assets				
Loans and receivables	20	1,633,055,243	2,455,521,620	2,212,789,249
Amounts in escrow accounts	21	326,515,424	265,039,658	269,802,780
Inventories	22	4,580,516,814	3,814,653,602	9,961,619,041
Amounts due from related parties	23	411,335,291	1,061,944,939	35,358,709
Cash and cash equivalents	24	774,648,209	722,383,448	130,372,790
Total current assets		7,726,070,982	8,319,543,267	12,609,942,569
Total assets		39,036,391,257	39,238,577,403	36,556,188,361
Equity and liabilities				
Equity				
Share capital	25	810,849,140	810,849,140	442,000,000
Share premium	25.3	10,525,978,261	10,525,978,261	61,129,607
Advance for share capital	25.5	302,783,365	-	9,714,300,700
Fair value reserve		1,255,982	(311,268)	(630,018)
Retained earnings		14,882,692,127	15,008,152,817	13,851,967,332
Total equity		26,523,558,875	26,344,668,950	24,068,767,621
Non-current liabilities				
Loans and borrowings	26	8,808,535,594	9,302,647,846	8,366,053,388
Deferred income	27	85,791,423	91,576,929	97,445,204
Deferred tax liability	11.3	-	-	17,380,514
Employee benefit obligation	28	7,678,165	5,829,705	2,327,047
Provisions	29	367,395,286	411,586,350	230,769,024
Trade and other payables	30.3	297,744,071	64,272,315	26,862,770
Total non-current liabilities		9,567,144,539	9,875,913,145	8,740,837,947
Current liabilities				
Loans and borrowings	26	1,872,366,334	1,578,937,535	2,320,431,263
Provisions	29	-	-	5,189,390
Income tax liability	11.2	354,780,232	346,370,116	240,817,003
Trade and other payables	30.3	636,143,708	1,064,959,832	1,164,689,941
Amounts due to related parties	31	81,531,185	26,943,327	15,452,696
Amounts due to a director	32	2,500	2,500	2,500
Lease liabilities	33	863,884	781,998	-
Total current liabilities		2,945,687,843	3,017,995,308	3,746,582,793
Total liabilities		12,512,832,382	12,893,908,453	12,487,420,740
Total equity and liabilities		39,036,391,257	39,238,577,403	36,556,188,361

*Refer Note No. 39

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 66. The Report of the Independent Auditors is given on pages 1 and 5.

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

Mr. Ahmed Athif
Managing Director

Mr. Abdulla Rameez
Board Director

29th May 2023



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

FOR THE YEAR ENDED 31ST DECEMBER

As at 1st January 2021, Previously Reported
Impact on Restatement (Note 39)

Restated* Balance as at 1st January 2021

Total comprehensive income for the year

Profit for the year

Other comprehensive income, net of tax

Total comprehensive income for the year

Transactions with equity holders directly recognized in equity

Capital contribution during the year (Note 25.5)

Share issued during the year (Note 25.5)

Total transactions with equity holders directly recognized in equity

Balance as at 31st December 2021 (Restated)

As at 1st January 2022

Total comprehensive income for the year

Profit for the year

Dividends declared (Note 13)

Other comprehensive income, net of tax

Total comprehensive income for the year

Transactions with equity holders directly recognized in equity

Capital contribution during the year (Note 25.5)

Total transactions with equity holders directly recognized in equity

Balance as at 31st December 2022

Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
442,000,000	61,129,607	9,714,300,700	(630,018)	12,540,257,373	22,757,057,662
-	-	-	-	1,311,709,959	1,311,709,959
442,000,000	61,129,607	9,714,300,700	(630,018)	13,851,967,332	24,068,767,621
-	-	-	-	1,158,538,922	1,158,538,922
-	-	-	318,750	(2,353,437)	(2,034,687)
-	-	-	318,750	1,156,185,485	1,156,504,235
-	-	1,119,397,094	-	-	1,119,397,094
368,849,140	10,464,848,654	(10,833,697,794)	-	-	-
368,849,140	10,464,848,654	(9,714,300,700)	-	-	1,119,397,094
810,849,140	10,525,978,261	-	(311,268)	15,008,152,817	26,344,668,950
810,849,140	10,525,978,261	-	(311,268)	15,008,152,817	26,344,668,950
-	-	-	-	335,743,772	335,743,772
-	-	-	-	(460,070,789)	(460,070,789)
-	-	-	1,567,250	(1,133,673)	433,577
-	-	-	1,567,250	(125,460,690)	(123,893,440)
-	-	302,783,365	-	-	302,783,365
-	-	302,783,365	-	-	302,783,365
810,849,140	10,525,978,261	302,783,365	1,255,982	14,882,692,127	26,523,558,875

*Refer Note No. 39

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 66. The Report of the Independent Auditors is given on pages 1 and 5.



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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 MVR	2021 MVR
Cash flows from operating activities			
Profit before tax		365,625,844	1,350,455,346
<i>Adjustments for:</i>			
Interest income	8	(539,220,386)	(303,344,030)
Finance expense	26.2	499,510,251	406,030,994
Facility fee expense	26.1	19,632,384	21,007,441
Interest expense on lease liabilities	33	81,886	74,124
Depreciation of property, plant and equipment	14	19,855,832	20,084,392
Amortisation of intangible asset	15	1,369,622	285,636
Depreciation of right-of-use assets	17	35,394	35,394
Profit on disposal of property, plant and equipment	7	-	(216,486)
Provision for defined benefit plan	9.1	1,217,632	896,158
Provision made for impairment loss on non interest bearing receivables	20.5	115,182,719	101,509,716
Provision made for impairment loss on interest bearing receivables	20.6	574,192,525	39,179,895
Provision/(reversal) made for impairment loss on other receivables	20.7	366,100,488	9,855,411
Gain on fair value of investment property	16.7	(123,487,622)	(184,101,792)
Provision for impairment of inventories	22.1	17,929,518	-
Deferred income transferred to income statement during the year	27	(5,785,506)	(5,868,275)
Provision for future development cost	29	66,195,295	180,817,326
		<u>1,378,435,875</u>	<u>1,636,701,251</u>
Changes in working capital			
Change in inventories		(783,792,730)	6,146,965,439
Change in trade and other receivables		(435,879,453)	(6,649,413,366)
Change in escrow account		(61,475,766)	4,763,122
Change in amounts due from related parties		650,609,648	(1,026,586,230)
Change in amounts due to related parties		54,587,858	11,490,631
Change in trade and other payables		(195,344,368)	(62,320,564)
Change in provisions		(110,386,359)	(5,189,387)
Cash From Operating Activities		<u>496,754,704</u>	<u>57,118,770</u>
Interest and LC usance charges paid	26	(300,306,308)	(251,394,888)
Employee benefit obligation paid	28	(702,905)	(162,250)
Income tax paid	11.2	(153,096,658)	(107,620,158)
Net cash from/ (used in) operating activities		<u>42,648,833</u>	<u>(302,058,525)</u>
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	14	(53,171,301)	(42,004,726)
Purchase of intangible assets	15	(1,930,428)	(2,130,429)
Additions to investment property	16	(434,266,315)	(477,117,748)
Interest received	8	539,178,786	303,302,870
Receipt from investment in Islamic bonds	8	41,600	41,160
Proceeds from disposal of property, plant and equipment		-	331,655
Investment made during the year	19	76,500,000	(26,500,000)
Net cash from/ (used in) investing activities		<u>126,352,342</u>	<u>(244,785,093)</u>
Cash flows from financing activities			
Loans repayments during the year	26	(1,537,997,160)	(1,120,472,368)
Capital contribution received during the year	25.5	302,783,365	1,119,397,094
Borrowings during the year	26	1,130,793,290	1,151,705,256
Loan facility fees paid during the year	26.1	(12,315,910)	(11,775,705)
Net cash (used in)/ from financing activities		<u>(116,736,414)</u>	<u>1,138,854,276</u>
Net increase in cash and cash equivalents		<u>52,264,761</u>	<u>592,010,658</u>
Cash and cash equivalents at the beginning of the year		<u>722,383,448</u>	<u>130,372,790</u>
Cash and cash equivalents at the end of the year	24	<u>774,648,209</u>	<u>722,383,448</u>

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 66. The Report of the Independent Auditors is given on pages 1 and 5.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

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.

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) Going concern basis of accounting

The financial statements have been prepared on a going concern basis

(f) 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.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2022

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 16.

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

A number of new standards are effective from 1st January 2022, but they do not have a material effect on the Company's financial statements.

2.2 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1st January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

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.

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3.1 Transactions in foreign currencies (Continued)

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

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.

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3.2 Financial instruments (Continued)

(iii) Measurement (Continued)

Debt instruments (Continued)

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

Equity instruments

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

(iv) Impairment

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.

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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.

(iv) Transfer to investment properties

During 2022, a building was transferred to investment property, because it was no longer used by the Corporation and it was decided that the building would be leased to a third party. Immediately before the transfer, the Corporation remeasured the property to fair value and recognised the gain in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

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.

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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 15 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
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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.

(iv) Transfer to property, plant and equipment

During 2022, investment properties were transferred to property, plant and equipment, because it was started use by the Corporation. Immediately before the transfer, the Corporation remeasured the property to fair value and recognised the gain in profit or loss. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

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3.6 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In the case of construction work-in-progress cost includes all expenditure related directly to specific projects.

Transfer to investment properties

During 2022, a building, previously was under inventory was transferred to investment property, because it was no longer a purpose of selling the building and it was decided that the building would be leased to a third party. Immediately before the transfer, the Corporation remeasured the property to fair value and recognised the gain in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

3.7 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.

3.8 Loans 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.

3.9 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.

3.10 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.

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3.10 Employee benefits (Continued)

(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.

3.11 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.

3.12 Deferred income

The deferred income is recognized for the future loan recovery cost in relation to properties sold under instalment basis and future maintenance chargers of properties sold. The deferred income is recognized to the profit or loss over the settlement period.

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.

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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 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

3.17 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.

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3.17 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.

3.18 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.

3.19 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.

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3.20 Tax expense

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

The Corporation has determined that interest and penalties, related to income taxes including uncertain tax treatments do not meet the definition of income taxes, and therefore accounted for them under IAS 37 provisions.

(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.

3.21 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.

3.22 Leases

Government grants relating to costs are deferred and recognised At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

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3.22 Leases (Continued)

(i) As a Lessee (Continued)

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents the right-of-use assets and the lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) As a Lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above. Then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as the 'revenue'. Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

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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.

4.1.3.1 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.

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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.

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)	(Significant increase in credit risk since the initial recognition)	(credit impaired assets)
12 months expected credit losses	Lifetime expected credit losses	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.

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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 30% 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.

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(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 identified the GDP rate of Maldives as 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 2022 Government budget report available in the Ministry of Finance website.

Economic variable assumptions

Forecasted GDP growth rates

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

	2023	2024
	MVR	MVR
GDP (millions)	87,498	96,646

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 2022 that would result from reasonably possible changes in the parameter from the actual assumption used in Corporation's economic variable assumption.

	-1%	GDP	+1%
	MVR	No change	MVR
Loss allowance as at 31 December 2022	907,425,382	905,419,169	903,700,014

(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.

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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 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Interest bearing receivables				
Loss allowance as at 1 January 2022	1,664,481	1,917,368	327,644,793	331,226,643
Transfers:				
Transfer from Stage 1 to Stage 2	(30,311)	1,738,736	-	1,708,425
Transfer from Stage 1 to Stage 3	(436,854)	-	18,063,012	17,626,158
Transfer from Stage 2 to Stage 1	198,761	(1,374,986)	-	(1,176,225)
Transfer from Stage 3 to Stage 1	2,060,653	-	(41,385,106)	(39,324,453)
New financial assets originated	16,494,221	57,832,222	422,586,137	496,912,580
Transfers:				
Transfers from stage 2 to stage 3	-	(505,550)	3,291,161	2,785,611
Transfer from stage 3 to stage 2	-	2,553,940	(1,986,458)	567,482
Unwind of interest	-	-	47,373,433	47,373,433
Financial assets settled during the year	(5,862)	-	(22,890,016)	(22,895,878)
Other movements	251,180	929,716	69,434,495	70,615,391
Loss allowance at 31 December 2022	20,196,269	63,091,446	822,131,451	905,419,167

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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:

The interest-bearing receivables increased during the period resulting an increase in the gross carrying amount of the receivable book by 0.3%, there was an increase in loss allowance amounting to MVR 574,192,525:

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 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Interest bearing receivables				
Gross carrying amount as at 1 January 2022	7,771,144,949	75,473,738	718,001,521	8,564,620,208
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2	(892,600,913)	888,330,961	-	(4,269,952)
Transfer from Stage 1 to Stage 3	(3,356,965,792)	-	3,347,053,876	(9,911,916)
Transfer from Stage 2 to Stage 3	-	(25,325,464)	23,002,651	(2,322,813)
Transfer from Stage 3 to Stage 2	-	14,488,434	(15,805,897)	(1,317,463)
Transfer from Stage 2 to Stage 1	22,033,364	(23,677,176)	-	(1,643,812)
Transfer from Stage 3 to Stage 1	94,246,611	-	(114,922,446)	(20,675,835)
Financial assets settled during the year	(4,229,084)	(733,051)	(40,669,672)	(45,631,807)
New financial assets originated	45,518,244	17,325,309	40,806,120	103,649,673
Other movements	210,770,346	(1,556,810)	(205,268,548)	3,944,988
Gross carrying amount as at 31 December 2022	3,889,917,725	944,325,941	3,752,197,605	8,586,441,271

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.

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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.

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4.1.3 Credit risk - interest bearing receivables (continued)

Collateral information

As of 31 December 2022	Interest bearing receivables
Receivables collateralised by:	
- house property	8,586,441,272
Total	8,586,441,272
As of 31 December 2021	Interest bearing receivables
Receivables collateralised by:	
- house property	8,564,620,208
Total	8,564,620,208

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 2022	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	1,291,558,351	3,177,446,250	7,294,882,921	6,938,325,320
Total loans and advances	1,291,558,351	3,177,446,250	7,294,882,921	6,938,325,320
As of 31 December 2021	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	8,313,551,837	10,409,022,982	251,068,371	125,723,383
Total loans and advances	8,313,551,837	10,409,022,982	251,068,371	125,723,383

4.1.3.6 Interest bearing receivables

Interest bearing receivables are summarised as follows:

	2022	2021
Neither past due nor impaired (less than 30 days)	3,778,875,899	7,771,331,366
Past due but not impaired (30-60 days)	529,646,181	51,256,765
Past due but not impaired (60-90 days)	409,344,730	24,221,829
Impaired (more than 90 days)	3,868,574,462	717,810,248
Gross interest bearing receivables	8,586,441,272	8,564,620,208
Less: allowance for impairment	(905,419,169)	(331,226,643)
Net interest bearing receivables	7,681,022,103	8,233,393,565

Further information of the impairment allowance for loans and advances to customers are provided in Note 20.

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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 905,419,168 (as compared to on 31 December 2021 when impaired receivables were MVR 331,226,642).

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 2022 was determined as follows for non-interest bearing receivables.

Lease, development sale right receivables together :

	PD	LGD	Trade receivable - net of security deposit	Loss allowance
At 31 December 2021				
Current	61%	85%	27,824,206	14,532,075
More than 30 days past due	77%	85%	20,492,696	13,450,610
More than 60 days past due	88%	85%	19,208,830	14,442,726
More than 90 days past due	100%	85%	376,740,785	322,101,356
Total			444,266,518	364,526,767
At 31 December 2022 - Lease receivable				
Current	44%	90%	21,348,860	8,385,448
More than 30 days past due	56%	90%	13,734,132	6,883,593
More than 60 days past due	64%	90%	13,213,859	7,568,879
More than 90 days past due	100%	90%	485,257,177	435,821,723
Total			533,554,028	458,659,643

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

The closing loss allowances for the non-interest bearing receivables, as at 31 December 2022 reconciles to the opening loss allowances as follows:

At 1 st January 2022	364,526,767
Provision reversal during the year	(21,049,833)
Decrease in loss allowance recognised in profit or loss during the year	115,182,719
At 31 st December 2022	458,659,643

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 2022	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	933,887,779	636,143,708	173,269,481	18,310,248	106,164,342
Amounts due to related parties	81,531,185	81,531,185	-	-	-
Loans and borrowings	10,739,334,072	1,891,364,359	1,106,095,078	2,994,118,071	4,747,756,564
Total	11,754,753,036	2,609,039,252	1,279,364,559	3,012,428,319	4,853,920,906
31 December 2021	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	1,129,232,147	1,064,959,832	1,810,555	4,359,812	58,101,948
Amounts due to related parties	26,943,327	26,943,327	-	-	-
Loans and borrowings	10,947,333,999	1,595,991,207	1,322,161,390	2,931,358,514	5,097,822,888
Total	12,103,509,473	2,687,894,366	1,323,971,945	2,935,718,326	5,155,924,836

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

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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	
	2022	2021
	MVR	MVR
Variable rate instruments		
Financial liabilities - loans and borrowings	8,329,808,422	8,610,619,648
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed rate instruments		
Financial liabilities - loans and borrowings	2,409,525,651	2,336,714,352
Financial assets - loan and receivables	8,586,441,272	8,564,620,208
Financial assets - short term deposits	-	76,500,000
	8,586,441,272	8,641,120,208

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
2022		
Variable rate instruments	+100	(83,603,559)
	-100	83,603,559
2021		
Variable rate instruments	+100	(87,582,801)
	-100	87,582,801

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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:

	2022	2021
	US\$	US\$
Cash and cash equivalents	850,213	2,613,905
Trade and other receivables	40,313,367	59,997,912
Loan and borrowings	(546,522,868)	(571,879,696)
Trade and other payables	(25,212,557)	(40,438,444)
Gross statement of financial position exposure	(530,571,845)	(549,706,323)

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
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.

	2022		2021	
	Strengthening	Weakening	Strengthening	Weakening
	MVR	MVR	MVR	MVR
US\$ (1% Movement)	81,814,179	(81,814,179)	(84,764,715)	84,764,715

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.

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4.2 Capital risk management (Continued)

The gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

	2022 MVR	2021 MVR
Total borrowings (Note 26)	10,739,334,072	10,947,333,999
Trade and other payables (Note 30)	933,887,779	1,129,232,147
Less: Cash and cash equivalents (Note 24)	(774,648,209)	(722,383,448)
Net debt	10,898,573,642	11,354,182,698
Total equity	26,523,558,876	26,344,668,950
Total capital	37,422,132,518	37,698,851,648
Gearing ratio	29%	30%

The gearing ratios of the Corporation in 2022 have decreased primarily due to decrease in total borrowings and trade payables.

5 Determination of fair values

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

Measurement of fair values

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

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

(i) Financial assets at fair value through other comprehensive income

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

(ii) Investment

The fair value of investment properties are determined by using significant unobservable inputs (level 3). Refer Note 16 for further disclosures.

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6	Revenue	2022 MVR	2021 MVR
	Sales of properties	1,774,172,551	8,378,027,132
	Rental income	494,373,344	390,519,716
		<u>2,268,545,895</u>	<u>8,768,546,848</u>
7	Other income	2022 MVR	2021 MVR
	Maintenance revenue	63,728,785	10,059,288
	Income from acquisition fees	23,685,927	9,341,835
	Profit on sale of property, plant and equipment	-	216,486
	Miscellaneous income	88,461,991	131,912,995
		<u>175,876,703</u>	<u>151,530,604</u>
8	Net finance income	2022 MVR	2021 MVR
	Finance income		
	Interest income on loans and receivables	533,845,767	299,216,054
	Interest income on fixed deposits	5,333,019	4,086,816
	Interest income on investment in Islamic bonds	41,600	41,160
		<u>539,220,386</u>	<u>303,344,030</u>
	Finance costs		
	Loan facility fees (Note 26.1)	(11,667,037)	(15,842,975)
	Finance cost on Islamic finance facilities (Note 26.2)	(550,003)	(1,238,515)
	Interest expense on loans (Note 26.2)	(391,869,604)	(191,057,342)
	Interest expense on lease liabilities	(81,885)	(74,124)
		<u>(404,168,530)</u>	<u>(208,212,956)</u>
	Net finance income	<u>135,051,856</u>	<u>95,131,074</u>
9	Expenses by nature	2022 MVR	2021 MVR
	Cost of sales		
	Cost of sales - buildings	132,680,130	6,866,135,146
	Cost of sales - lands	85,502,969	220,931,047
	Provision for future development costs (Note 29)	66,195,295	180,817,326
		<u>284,378,394</u>	<u>7,267,883,519</u>
	Administrative expenses		
	Personnel costs (Note 9.1)	323,917,011	235,638,879
	Others general and administrative expenses	46,822,114	71,125,919
	Professional and consultancy expenses	16,210,429	27,091,166
	Depreciation and amortization charge for the year	21,260,848	20,405,421
	Bank fees and charges	12,215,913	3,374,574
	Board directors' remuneration and fees (Note 38.1)	3,199,657	2,986,302
	Supplies, requisites, tools & consumables	2,932,101	2,208,559
	Trainings	5,259,875	1,672,933
	CSR expenses	10,430,956	281,326
	Travelling expenses	1,092,298	125,272
	Rent and hiring expenses	-	80,732
		<u>443,341,202</u>	<u>364,991,083</u>

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9 Expenses by nature (continued)

	2022 MVR	2021 MVR
Maintenance expenses		
Building maintenance expense	48,446,153	19,197,157
General maintenance expense	39,457,117	8,079,296
Public area maintenance expense	33,352,616	44,537,393
Vehicle and equipment running expenses	9,294,329	5,113,224
Landscaping expenses	2,076,142	1,761,425
	<u>132,626,357</u>	<u>78,688,495</u>
Selling and marketing expenses		
Advertisement expenses	7,143,924	5,065,952
Meeting and ceremonial expenses	1,112,375	810,047
Promotional expenses	193,554	769,826
	<u>8,499,853</u>	<u>6,645,825</u>

9.1 Personnel costs

	2022 MVR	2021 MVR
Salaries and wages	96,861,361	87,821,388
Allowances and bonus	211,306,182	132,775,684
Contribution for pension fund	5,820,650	5,203,608
Medical expenses	2,809,358	3,689,884
Staff welfare and others	4,132,301	2,353,514
Travelling and visa	1,769,527	2,898,643
Defined benefit plan (Note 28)	1,217,632	896,158
	<u>323,917,011</u>	<u>235,638,879</u>

10 Impairment

10.1 Impairment of financial assets

	2022 MVR	2021 MVR
Impairment loss on interest bearing receivables (Note 20.6)	526,819,092	19,280,923
Impairment loss on non-interest bearing receivables (Note 20.5)	115,182,719	101,509,716
Impairment loss on other receivables (Note 20.7)	366,100,488	9,855,411
Impairment loss on amounts due from related parties (Note 23.1)	3,911,898	-
	<u>1,012,014,197</u>	<u>130,646,050</u>

10.2 Impairment of non-financial assets

	2022 MVR	2021 MVR
Written off of investment property (Note 16)	419,155,086	-
Written off of inventories	19,391,625	-
Provision for impairment of inventories (Note 22.1)	17,929,518	-
	<u>456,476,229</u>	<u>-</u>

11 Taxation

	2022 MVR	2021 MVR
Amount recognized in profit or loss		
Tax charged for the year (Note 11.1)	167,858,042	213,173,271
Deferred tax asset recognized (Note 11.3)	(137,975,970)	(21,256,846)
	<u>29,882,072</u>	<u>191,916,424</u>

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11 Taxation (Continued)	2022	2021
11.1 Reconciliation between accounting profit and taxable income:	MVR	MVR
Profit before tax	365,625,844	1,350,455,346
Add: Deductions not allowed	1,989,843,668	603,397,691
Less: Deductions allowed	(1,235,915,900)	(532,197,897)
Tax free allowance	(500,000)	(500,000)
Total taxable income	1,119,053,612	1,421,155,140
Corporate Income tax @ 15%	167,858,042	213,173,271

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

11.2 Income tax liability	31/12/2022 MVR	31/12/2021 MVR
Balance as at 1 st January	346,370,116	240,817,003
Over provision with respect of previous years	(6,351,268)	-
Provision for the year	167,858,042	213,173,271
Payments during the year	(153,096,658)	(107,620,158)
Balance as at 31 st December	354,780,232	346,370,116
11.3 Net deferred tax asset/ liability	31/12/2022 MVR	31/12/2021 MVR (Restated)*
Balance as at 1 st January	4,235,395	(17,380,514)
(Reversal)/ recognition of deferred tax asset through OCI during the year	(195,190)	359,063
Recognition of deferred tax asset through profit or loss during the year	137,975,970	21,256,846
Balance as at 31 st December	142,016,175	4,235,395

Deferred tax asset/ (liability) is attributable to the following:

	31/12/2022		31/12/2021		1/1/2021*	
	Temporary difference	Tax effect	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR (Restated)	MVR (Restated)	MVR (Restated)	MVR (Restated)
Property, plant and equipment	32,840,779	4,926,117	31,685,913	4,752,887	27,959,773	4,193,966
Intangible assets	(623,556)	(93,533)	(1,249,225)	(187,384)	(425,274)	(63,791)
Investment property	(1,336,702,474)	(200,505,371)	(1,162,164,467)	(174,324,670)	(978,062,675)	(146,709,401)
Gratuity provision	6,344,432	951,665	3,060,955	459,142	1,431,902	214,785
Equity investment	(2,635,000)	(395,250)	(375,000)	(56,250)	152,500	22,875
Employee benefit obligation	1,333,733	200,060	2,768,750	415,313	895,145	134,272
Provision for impairment loss	1,878,821,296	281,823,194	779,068,645	116,860,297	643,319,232	96,497,885
Other provisions	367,395,286	55,109,293	375,440,390	56,316,059	188,859,300	28,328,895
	946,774,496	142,016,175	28,235,961	4,235,395	(115,870,097)	(17,380,514)

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:

	2022	2021
Profit for the year (MVR)	335,743,772	1,158,538,922
Weighted average number of shares	81,084,914	81,084,914
Earnings per share (MVR)	4.14	14.29

13 Dividends

At the annual general meeting held on 18th October 2022, a dividend amounting to MVR 460,070,789 was declared in respect of 2021 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

The corporation has not paid dividends from the declared amount to the Government of the Maldives and MVR 393,992,300 were set-off with the receivables from the Government. As at 31 December 2022, MVR 66,078,489 is recorded as a payable to the Government.

*Refer Note No. 39

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14 Property, plant and equipment

	Freehold buildings and improvements	Computer and office equipment	Vehicles and boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total 31/12/2022
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost							
As at 1 st January	106,825,862	41,097,666	31,587,017	17,592,320	51,576,151	32,000,755	280,679,771
Additions during the year	-	13,962,346	2,609,154	2,122,044	3,109,446	31,368,313	53,171,303
Capitalized during the year	22,725,041	23,513,489	13,500	110,577	477,219	(46,839,826)	-
Reclassified from Investment Property (Note 14.2)	12,373,266	-	-	-	-	-	12,373,266
Reclassified to Investment Property (Note 14.2)	(7,012,989)	-	-	-	-	-	(7,012,989)
Reclassified from Inventory (Note 14.2)	2,052,660	-	-	-	-	-	2,052,660
Disposals during the year	-	(41,348)	(111,200)	-	-	-	(152,548)
Write-off during the year	-	-	-	-	-	(7,859,943)	(7,859,943)
As at 31 st December 2022	136,963,840	78,532,153	34,098,471	19,824,941	55,162,816	8,669,298	333,251,520
Accumulated depreciation							
As at 1 st January	32,984,834	32,743,280	30,488,137	12,233,357	30,421,999	-	138,871,608
Reclassified to Investment Property (Note 14.2)	(1,285,715)	-	-	-	-	-	(1,285,715)
Charge for the year	5,916,654	7,317,441	908,706	1,738,455	3,974,577	-	19,855,832
Disposals during the year	-	(2,267)	-	-	-	-	(2,267)
As at 31 st December 2022	37,615,773	40,058,454	31,396,843	13,971,812	34,396,576	-	157,439,458
Net carrying values							
As at 31 st December 2022	99,348,069	38,473,699	2,701,628	5,853,130	20,766,239	8,669,298	175,812,062

14.1 Capital work in progress as at 31st December 2022 represents the cost incurred for the projects office in Hulhumle' phase II, staff accommodation in Gulhifalhu and vehicle garage in Thilafushi.

14.2 During the year ended 31st December 2022, the Corporation has reclassified MVR 12,373,266 and MVR 2,052,660 to freehold buildings and improvements from investment property and inventory respectively. In addition, MVR 7,012,989 was reclassified from freehold buildings and improvements to investment property for the better presentation.

14.3 The value of fully depreciated property, plant and equipment as at 31st December 2022 amounted to MVR 84,244,250.

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14 Property, plant and equipment

	Freehold buildings and improvements	Computer and office equipment	Vehicles and boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total 2021
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost							
As at 1 st January	102,439,401	36,086,022	31,116,617	15,451,281	50,580,503	4,055,953	239,729,777
Additions during the year	3,378,343	5,907,316	586,850	2,141,039	1,154,708	6,014,179	19,182,435
Reclassification during the year (Note 14.4)	1,008,118	-	-	-	-	21,930,623	22,938,741
Disposals during the year	-	(895,672)	(116,450)	-	(159,060)	-	(1,171,181)
As at 31 st December 2021	106,825,862	41,097,666	31,587,017	17,592,320	51,576,151	32,000,755	280,679,772
Accumulated depreciation							
As at 1 st January	27,434,347	28,373,771	26,602,928	10,748,463	26,567,269	-	119,726,779
Charge for the year	5,550,487	5,233,519	3,885,210	1,484,894	3,930,283	-	20,084,392
Disposals during the year	-	(864,010)	-	-	(75,552)	-	(939,562)
As at 31 st December 2021	32,984,834	32,743,280	30,488,137	12,233,357	30,421,999	-	138,871,608
Net carrying values							
As at 31 st December 2021	73,841,029	8,354,386	1,098,880	5,358,963	21,154,151	32,000,755	141,808,164

14.4 During the year ended 31st December 2021, the Corporation has reclassified MVR 1,008,118 from investment property to freehold buildings and improvements. In addition, MVR 21,930,623 was reclassified from inventory to capital work in progress for the better presentation.

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15 Intangible assets

	Software	Capital work in progress	Total 2022	Total 2021
	MVR	MVR	MVR	MVR
Cost				
As at 1 st January	7,497,100	5,374,232	12,871,332	10,740,903
Additions during the year	1,930,428	-	1,930,428	2,130,429
Capitalized during the year	5,374,232	(5,374,232)	-	-
As at 31 st December	14,801,760	-	14,801,760	12,871,332
Accumulated amortization				
As at 1 st January	6,699,637	-	6,699,637	6,414,001
Amortization during the year	1,369,622	-	1,369,622	285,636
As at 31 st December	8,069,259	-	8,069,259	6,699,637
Net book value				
As at 31 st December	6,732,501	-	6,732,501	6,171,695

15.1 Amortization

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

16 Investment property

	Land	Buildings	Capital work in progress	Total 2022	Total 2021
	MVR	MVR	MVR	MVR	MVR
At fair value					
As at 1 st January	19,807,724,499	2,140,850,100	995,735,425	22,944,310,024	22,283,090,483
Additions during the year	173,589,165	57,748,818	140,628,596	371,966,579	300,177,458
Reclassification from Inventory during the year (Note 16.4)	-	20,990,326	-	20,990,326	177,948,408
Reclassification from PPE during the year (Note 16.5)	-	5,727,274	-	5,727,274	(1,008,118)
Reclassification to PPE during the year (Note 16.5)	-	(12,373,266)	-	(12,373,266)	-
Capitalized during the year	-	388,536,462	(388,536,462)	-	-
Written off during the year	-	-	(419,155,086)	(419,155,086)	-
Change in fair value	40,235,336	83,252,286	-	123,487,622	184,101,792
	20,021,549,000	2,684,732,000	328,672,473	23,034,953,473	22,944,310,023

- 16.1 Land area of approximately 8,924 square meters has been mortgaged with Bank of Ceylon - Phase II dredging loan obtained as disclosed in Note 26 to the financial statements.
- 16.2 Capital work in progress represents the cost incurred on the construction vertical parking system, esjehige relocation, GPON network, telecom towers, container park and container storage facility.
- 16.3 Additions include borrowing cost capitalization of MVR 12,009,609 for the year ended 31st December 2022 (2021: MVR 9,375,307).
- 16.4 During the year ended 31st December 2022, the Corporation has reclassified MVR 20,990,326 from inventory to investment property - buildings (2021: 177,948,408).
- 16.5 During the year ended 31st December 2022, the Corporation has reclassified MVR 12,373,266 from investment property to freehold buildings (2021: MVR 1,008,118). In addition, MVR 5,727,274 was reclassified from freehold buildings to investment property.

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16 Investment property (continued)

- 16.6** 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 recognized 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 correspondent gain or loss in profit or loss in each year. Accordingly the Company has recorded a gain on fair value amounting to MVR 123,487,622 in profit or loss for the year ended 31st December 2022 (2021: MVR 184,101,792).

16.7 Amounts recognized in profit or loss for investment property

	2022 MVR	2021 MVR
Rental income	494,373,344	390,519,716
Gain on fair value change	123,487,622	184,101,792

16.8 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 2022 performed by SFA Pvt Ltd, an independent valuer with a recognized 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.
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

Valuation processes

The main inputs used by the SFA Pvt Ltd are derived and evaluated as follows:

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

16.9 Contractual obligations

Refer to Note 36 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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16 Investment property (continued)

16.10 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 have not been recognized in the financial statements as receivable as

	31/12/2022	31/12/2021
	MVR	MVR
Year 01	408,250,846	555,930,551
Year 02	393,333,860	472,082,235
Year 03	354,286,245	403,225,289
Year 04	317,984,787	319,190,230
Year 05	240,108,988	264,067,891
More than 5 years	1,935,214,965	2,031,005,125
	<u>3,649,179,690</u>	<u>4,045,501,321</u>

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements:

2021	Phase I - Land	Phase I - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Total
	MVR	MVR	MVR	MVR	MVR	MVR
Opening balance 1 st January 2021	7,801,273,000	2,079,401,000	7,036,862,993	4,583,100,282	89,014,000	21,589,651,275
Additions during the year	9,613,710	496,334	165,719,603	-	-	175,829,648
Transfer from/(to) PPE	-	(1,008,118)	-	-	-	(1,008,118)
Amounts recognized in profit or loss						
Change in fair value	441,138,294	(82,238,216)	(343,709,603)	113,726,220	55,185,100	184,101,795
Closing balance 31 st December 2021	<u>8,252,025,004</u>	<u>1,996,651,000</u>	<u>6,858,872,993</u>	<u>4,696,826,502</u>	<u>144,199,100</u>	<u>21,948,574,599</u>
2022	Phase I - Land	Phase I & II - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Total
	MVR	MVR	MVR	MVR	MVR	MVR
Opening balance 1 st January 2022	8,252,025,004	1,996,651,000	6,858,872,993	4,696,826,502	144,199,100	21,948,574,599
Additions during the year	53,279,508	57,748,818	113,410,349	6,899,307	-	231,337,982
Transfer from capital work in progress	-	388,536,462	-	-	-	388,536,462
Transfer from/to PPE	-	5,727,274	-	-	-	5,727,274
	-	(12,373,266)	-	-	-	(12,373,266)
Transfer from/to Inventory	-	20,990,326	-	-	-	20,990,326
Amounts recognised in profit or loss						
Change in fair value	(94,119,508)	28,553,386	86,911,651	47,443,193	54,698,900	123,487,622
Closing balance 31 st December 2022	<u>8,211,185,004</u>	<u>2,485,834,000</u>	<u>7,059,194,993</u>	<u>4,751,169,002</u>	<u>198,898,000</u>	<u>22,706,281,000</u>

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16 Investment property (continued)

Valuation inputs and relationships to fair value

The following table summarizes 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
			2022	2021	
Phase I - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 12 – MVR 25	MVR 15 – MVR 20	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 400 – MVR 3,690	MVR 900 – MVR 2,600	Higher the market rate higher the fair value
		Years purchase rate	7% – 8%	7% – 9%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base market rate per sq.ft.	(-5%) – 2.50%	(-30%) – 5%	Higher the adjustment lower the fair value
		Adjustment for land plot size	(-20%) – 0%	(-25%) – 15%	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 25 – MVR 32	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 25 – MVR 32	MVR 12.20 – MVR 35	Higher the market rate higher the fair value
		Years purchase rate	4.5% – 8%	6.5% – 8%	Higher the discount rate lower the fair value
		Outgoings	15%	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 5 – MVR 15	MVR 15	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 450 – MVR 2,096	MVR 900 – MVR 1,500	Higher the market rate higher the fair value
		Years purchase rate	7.25% – 7.75%	8% – 9%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base value per sq.ft.	(-5%) – 2.50%	(-20%) – (+10%)	Higher the adjustment higher the fair value
		Adjustment for land plot size	(-20%) – 0%	(-25%) – (+20%)	Higher the adjustment higher the fair value
		Outgoings	—	—	Higher the outgoing rate lower the fair value
Phase II - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 18 – MVR 35	MVR 9 – MVR 30	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 18 – MVR 35	MVR 9 – MVR 30	Higher the market rate higher the fair value
		Years purchase rate	7.25% – 7.75%	7% – 8%	Higher the discount rate lower the fair value
		Outgoings	15%	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 7 – MVR 7.5	MVR 4 – MVR 10	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land	Future market rate per sq.ft.	MVR 7 – MVR 7.5	MVR 4 – MVR 10	Higher the market rate higher the fair value
		Years purchase rate	7% – 10%	7% – 8%	Higher the discount rate lower the fair value
		Outgoings	—	—	
Gulhifalhu and Thilafushi - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 15	MVR 15	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 8 – MVR 17.5	MVR 6 – MVR 40	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 8%	6.5% – 7.5%	Higher the discount rate lower the fair value
		Outgoings	15%	10% – 17%	Higher the outgoing rate lower the fair value

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16 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.

								2022		2021	
		Increase / (decrease) Phase I - Land MVR	Increase / (decrease) Phase I - Developed properties MVR	Increase / (decrease) Phase II - Land MVR	Increase / (decrease) Phase II - Developed properties MVR	Increase / (decrease) Gulhifalhu and Thilafushi - Land MVR	Increase / (decrease) Gulhifalhu and Thilafushi - Developed properties 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	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%	(605,382,000)	(210,597,000)	(9,967,000)	(90,015,000)	(493,973,000)	(17,500,000)	(1,427,434,000)	(1,427,434,000)	(1,527,646,300)	(1,527,646,300)
Years purchase rate	(1%)	800,304,000	278,751,000	12,929,000	116,461,000	611,621,000	22,964,000	1,843,030,000	1,843,030,000	2,008,262,000	2,008,262,000
Outgoings	1%	-	(19,975,000)	-	(9,018,000)	-	(1,501,000)	(30,494,000)	(30,494,000)	(35,158,700)	(35,158,700)
Outgoings	(1%)	-	19,970,000	-	9,015,000	-	1,510,000	30,495,000	30,495,000	35,159,400	35,159,400
Adjustment for different zones	1%	37,494,000	-	68,863,000	-	-	-	106,357,000	106,357,000	115,419,000	115,419,000
Adjustment for different zones	(1%)	(37,507,000)	-	(68,816,000)	-	-	-	(106,323,000)	(106,323,000)	(115,338,000)	(115,338,000)
Adjustment for land plot size	1%	42,736,000	-	78,967,000	-	-	-	121,703,000	121,703,000	115,419,000	115,419,000
Adjustment for land plot size	(1%)	(42,745,000)	-	(78,919,000)	-	-	-	(121,664,000)	(121,664,000)	(115,338,000)	(115,338,000)

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17	Right-of-use assets	31/12/2022 MVR	31/12/2021 MVR
	As at 1 st January	707,875	-
	Additions during the year	-	707,875
	As at 31 st December	707,875	707,875
	Accumulated Amortization		
	As at 1 st January	35,394	-
	Amortization for the year	35,394	35,394
	As at 31 st December	70,788	35,394
	Net book Value		
	As at 31 December	637,087	672,481

The Corporation has elected not to revalue its asset class recognized under right-of-use assets.

18	Equity securities - at FVOCI	31/12/2022 MVR	31/12/2021 MVR
	State Trading Organization PLC (Note 18.1)	3,325,000	1,452,500
	Dhivehi Raajjeyge Gulhun PLC (Note 18.2)	1,110,000	1,020,000
		4,435,000	2,472,500

18.1	State Trading Organization PLC	31/12/2022 MVR	31/12/2021 MVR
	Balance as at 1 st January	1,452,500	1,137,500
	Change in fair value during the year	1,872,500	315,000
	Balance as at 31 st December	3,325,000	1,452,500

The Corporation has invested in 2,500 ordinary shares of State Trading Organization PLC at the rate of MVR 400/- each. As at the reporting date, the shares were valued at MVR 1.330/- (2021 : MVR 581/-) per share.

18.2	Dhivehi Raajjeyge Gulhun PLC	31/12/2022 MVR	31/12/2021 MVR
	Balance as at 1 st January	1,020,000	960,000
	Change in the fair value during the year	90,000	60,000
	Balance as at 31 st December	1,110,000	1,020,000

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 111/- (2021 : MVR 102/-) per share.

19	Financial assets at amortised cost	31/12/2022 MVR	31/12/2021 MVR
	Housing Development Financing Corporation PLC (HDFC) (Note 19.1)	500,000	500,000
	Habib Bank of Maldives (HBL) (Note 19.2)	-	76,500,000
		500,000	77,000,000

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

The Corporation has invested in 1000 listed Sukuks issued by HDFC at the rate of MVR 500/- each for which HDFC has allotted the Sukuks 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.

19.2 Corporation has invested MVR 76,500,000 in HBL Fixed deposit at the rate of 4% per annum as at 31st Decmeber 2021.

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20	Loans and receivables	31/12/2022	31/12/2021
		MVR	MVR
	Non-interest bearing receivables	1,609,574,440	1,298,017,179
	Interest bearing loans and receivables	8,586,441,272	8,564,620,208
		<u>10,196,015,712</u>	<u>9,862,637,387</u>
	Less : Provision for impairment loss on non-interest receivables (Note 20.5)	(458,659,653)	(364,526,767)
	Less : Provision for impairment loss on interest bearing receivable (Note 20.6)	<u>(905,419,170)</u>	<u>(331,226,644)</u>
		8,831,936,889	9,166,883,976
	Prepayments and advances (Note 20.2)	729,934,471	997,602,247
	Other receivables (Note 20.3)	520,480,518	171,361,446
	Less : provision for impairment loss on other receivables (Note 20.7)	<u>(504,062,658)</u>	<u>(137,962,170)</u>
		<u><u>9,578,289,220</u></u>	<u><u>10,197,885,499</u></u>
20.1	The carrying amount is considered to be the same as the fair value as of the reporting date.		
20.2	The Corporation's prepayments and advances include amount advance to contractors amounting to MVR 718,547,646 (2021: MVR 988,070,254) and advance made to suppliers amounting to MVR 9,358,508 as at 31 st December 2022 (2021: MVR 7,512,177).		
20.3	The Corporation's other receivables include receivable from STELCO for the electricity project in phase II amounting to MVR 358,081,247, receivable from Global Project Developers (GPD) amounting to MVR 85,123,445 (2021: MVR 85,123,445) Warehouse shell security deposit at Maldives Islamic Bank amounting MVR 4,300,000 (2021: MVR 4,300,000), Dollar purchase from IOF Corporation amounting MVR 10,794,000 (2021: MVR 10,794,000), education loans to staff amounting MVR 4,376,072 (2021: MVR 4,916,900) and receivable from the sale of Rock Boulders MVR 8,375,280 (2021: MVR 8,375,280).		
20.4	Analysis	31/12/2022	31/12/2021
		MVR	MVR
	Non-current	7,945,233,977	7,742,363,879
	Current	<u>1,633,055,243</u>	<u>2,455,521,620</u>
	Total	<u><u>9,578,289,220</u></u>	<u><u>10,197,885,499</u></u>
20.5	Provision for impairment loss on non-interest bearing receivables	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	364,526,767	273,186,612
	Written off during the year	(21,049,833)	(10,169,560)
	Provision made during the year	<u>115,182,719</u>	<u>101,509,716</u>
	Balance as at 31 st December	<u><u>458,659,653</u></u>	<u><u>364,526,767</u></u>
20.6	Provision for impairment loss on interest bearing receivables	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	331,226,644	292,046,747
	Provision made during the year	526,819,092	19,280,923
	Unwinding of interest of stage 3 assets	<u>47,373,433</u>	<u>19,898,974</u>
	Balance as at 31 st December	<u><u>905,419,170</u></u>	<u><u>331,226,644</u></u>
20.7	Provision for impairment loss on other receivables	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	137,962,170	128,106,759
	Provision made during the year (Note 20.8)	<u>366,100,488</u>	<u>9,855,411</u>
	Balance as at 31 st December	<u><u>504,062,658</u></u>	<u><u>137,962,170</u></u>
20.8	Provision made during the year includes an impairment loss recognized for the receivable from STELCO amounting to MVR 358,081,247.		

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21	Amounts in escrow accounts	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	265,039,658	269,802,780
	Additions/ (deduction) during the year	61,475,766	(4,763,122)
	Balance as at 31 st December	<u>326,515,424</u>	<u>265,039,658</u>
The amounts in escrow accounts include funds deposited at Bank of Maldives against loan obtained from China Development Bank for the 1530 housing project and the deposit does not carry any interest.			
22	Inventories	31/12/2022	31/12/2021
		MVR	MVR
	Land inventories	836,078,623	852,773,615
	Building inventories	462,576,041	573,944,715
	Inventory work-in-progress buildings	3,293,331,238	2,378,365,949
	Raw materials inventories	6,460,430	9,569,323
		<u>4,598,446,332</u>	<u>3,814,653,602</u>
	Provision for impairment (Note 22.1)	(17,929,518)	-
		<u>4,580,516,814</u>	<u>3,814,653,602</u>
22.1	Provision for impairment	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	-	-
	Provision made during the year	17,929,518	-
	Balance as at 31 st December	<u>17,929,518</u>	<u>-</u>
22.2	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 26 to the financial statements.		
22.3	Inventory work-in progress represents the cost incurred on the construction of 1530 housing and hiyaa-vehi housing project.		
22.4	During the year ended 31 st December 2022, the Corporation has reclassified MVR 2,052,660 to property, plant & equipment and MVR 20,990,326 to investment property from inventory.		
22.5	Additions during the year include capitalised borrowing cost amounting to MVR 116,468,208 (2021: MVR 209,524,296).		
23	Amounts due from related parties	31/12/2022	31/12/2021
		MVR	MVR
	Ministry of Education	9,359,403	850
	Ministry of Islamic Affairs	3,807,675	3,807,675
	Ministry of Finance	351,327,241	998,787,076
	Ministry of National Planning, Housing and Infrastructure	18,586,612	26,896,021
	Maldives of Economic Development	6,059,366	31,469,537
	Maldives Industrial Fisheries Corporation	1,542,000	5,397,000
	Road Development Corporation	1,961,424	1,961,424
	Ministry of Health	29,946,869	968,758
		<u>422,590,591</u>	<u>1,069,288,340</u>
	Less: Provision for impairment loss (Note 23.1)	(11,255,299)	(7,343,401)
		<u>411,335,291</u>	<u>1,061,944,939</u>
23.1	Provision for impairment loss	31/12/2022	31/12/2021
		MVR	MVR
	Balance as at 1 st January	7,343,401	7,343,401
	Provision made during the year	3,911,898	-
	Balance as at 31 st December	<u>11,255,299</u>	<u>7,343,401</u>



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24	Cash and cash equivalents		31/12/2022	31/12/2021
			MVR	MVR
	Cash in hand		256,735	142,405
	Balances with banks		766,648,382	340,192,848
	Short term deposits (Note 24.1)		7,743,092	382,048,195
			<u>774,648,209</u>	<u>722,383,448</u>
24.1	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.			
25	Share capital		31/12/2022	31/12/2021
			No. of shares	MVR
	Authorized share capital	100,000,000	1,000,000,000	100,000,000
	Issued and fully paid share capital	81,084,914	810,849,140	81,084,914
25.1	Authorized share capital			
	Authorized share capital comprises of 100,000,000 ordinary shares of MVR 10/- each.			
25.2	Issued and fully paid share capital			
	The Issued and fully paid share capital comprises of 81,084,914 ordinary shares of MVR 10/- each.			
25.3	Share premium			
	This share premium represents the capital contribution by the shareholders in excess of the nominal value of the issued share capital.			
25.4	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 declared MVR 460,070,789 as dividend during the year ended 31 st December 2022 (2021 : Nil).			
25.5	Advance for share capital			
	During the year ended 31 st December 2022, the Corporation received MVR 302,783,365 (2021: MVR 1,119,397,094) as contribution for share capital from Government of Maldives. During the year ended 31 st December 2021, 36,884,914 new shares were issued for the advanced share capital at a rate of MVR 294/- each with MVR 10/- each being the nominal value.			
26	Loans and borrowings		31/12/2022	31/12/2021
			MVR	MVR
	As at 1 st January		10,947,333,999	10,761,465,006
	Interest for the year (Note 26.2)		499,510,251	406,030,994
	Interest paid during the year		(300,306,308)	(251,394,888)
	Borrowing during the year		1,130,793,290	1,151,705,256
	Repayments during the year		(1,537,997,160)	(1,120,472,368)
			<u>10,739,334,072</u>	<u>10,947,333,999</u>
	Unamortized loan facility fees (Note 26.1)		(58,432,144)	(65,748,618)
	Balance as at 31 st December		<u>10,680,901,928</u>	<u>10,881,585,381</u>
	Non-current (Note 26.4)		8,808,535,594	9,302,647,846
	Current (Note 26.5)		1,872,366,334	1,578,937,535
	Total		<u>10,680,901,928</u>	<u>10,881,585,381</u>
	Maturity analysis of undiscounted contractual cashflows (including accrued interest as at the year end) are as follows:		31/12/2022	31/12/2021
			MVR	MVR
	Less than one Year		1,537,061,322	1,376,639,259
	Between one and five Years		4,100,213,149	4,253,519,904
	More than five Years		4,747,756,591	5,097,822,888
			<u>10,385,031,062</u>	<u>10,727,982,051</u>

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26	Loans and borrowings (continued)	31/12/2022 MVR	31/12/2021 MVR
26.1	Unamortized loan facility fees		
	As at 1 st January	65,748,618	74,980,355
	Payments during the year	12,315,910	11,775,705
	Facility fee amortization recognized in profit or loss	(11,667,037)	(15,842,975)
	Facility amortization capitalized	(7,965,347)	(5,164,466)
	As at 31 st December	58,432,144	65,748,618
	Analysis of loan facility fees		
	Non-current	39,434,134	48,694,946
	Current	18,998,010	17,053,672
	Total	58,432,144	65,748,618
26.2	Finance cost	2022 MVR	2021 MVR
	Interest for the year	499,510,251	406,030,994
	Interest capitalized as borrowing costs	(107,090,644)	(213,735,137)
	Interest recognized in profit or loss	392,419,607	192,295,857
	Finance cost on Islamic finance facilities	550,003	1,238,515
	Interest expense on loans	391,869,604	191,057,342
		392,419,607	192,295,857
26.3	Sources of finance	31/12/2022 MVR	31/12/2021 MVR
	Ministry of Finance (Note 26.7)	203,612,512	194,124,226
	Ministry of Finance - Basic Flats down payment loan (Note 26.8)	891,325	1,103,125
	Ministry of Finance - 504 Housing project loan- I (Note 26.9)	66,425,436	63,520,618
	Ministry of Finance - 504 Housing project loan-II (Note 26.9)	101,998,145	99,149,160
	Housing Development Finance Corporation PLC - Basic flats (Note 26.10)	1,209,332	1,763,332
	Bank of Ceylon - Phase II Dredging Loan (Note 26.11)	196,120,378	280,168,253
	Maldives Islamic Bank Private Limited - Murabaha Facility (Note 26.12)	3,451,941	11,494,166
	Ministry of Finance - TATA housing units Refinance (Note 26.13)	36,243,576	113,165,380
	Export-Import Bank of India - Phase II Road Network Project - Stage I-2015 (Note 26.14)	327,413,546	376,723,072
	Seylan Bank - 1530 Housing Units (Note 24.15)	-	-
	Ministry of Finance - subsidiary loan agreement - Phase II Development (Note 26.15)	698,301,983	547,608,599
	Bank of Maldives - Indoor Sports Arena (Note 26.16)	22,846,381	24,942,190
	China Development Bank - 1530 Housing Units (Note 26.17)	1,871,322,631	1,530,853,725
	Industrial and Commercial Bank of China - Airport Link Road (Note 26.18)	258,977,577	316,277,543
	Seylan Bank - Phase II Electricity Network (Note 26.19)	57,588,618	115,159,416
	Credit Suisse Bank - 7000 Housing units (Note 26.20)	172,500,829	509,692,485
	Industrial and Commercial Bank of China - 7000 Housing units (Note 26.21)	4,861,536,195	5,277,963,916
	Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena (Note 26.22)	-	15,252,009
	Ministry of Finance - ICBC Interest Refinance Loan (Note 26.23)	-	122,776,334
	Habib Bank of Maldives - Distribution Center (Note 26.24)	23,772,631	37,356,991
	Ministry of Finance - Credit Suisse Interest Refinance Loan (Note 26.25)	-	38,684,970
	Ministry of Finance - ICBC Interest Refinance Loan (Note 26.26)	-	132,672,526
	Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 26.27)	-	103,627,754
	Ministry of Finance - Credit suisse and Bank of China Refinance Loan (Note 26.28)	-	45,643,085
	Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan (Note 26.29)	-	36,879,832
	Ministry of Finance - CDB Interest Refinance Loan (Note 26.30)	-	33,518,647
	Ministry of Finance - 1530 Housing units (Note 26.31)	257,476,388	246,834,605
	Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 26.32)	-	129,237,808
	Bank of China - 2500 Housing Units (Note 26.33)	106,756,860	209,140,368
	Export-Import Bank of India - Phase II Remaining roads (Note 26.34)	235,899,084	96,300,369
	Ministry of Finance - Subsidiary Loan (Note 26.35)	165,200,000	156,339,904
	Browns-CMEC - Phase II Electricity Project (Note 26.36)	335,814,937	79,359,593
	Bank of Maldives - Reethigas Project (Note 26.38)	26,168,813	-
	Bank of Maldives - Working Capital (Note 26.37)	64,764,000	-
	Ministry of Finance - Refinance Loan (Note 26.39)	643,040,954	-
		10,739,334,072	10,947,333,999

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26 Loans and borrowings (continued)

26.4 Non current	31/12/2022 MVR	31/12/2021 MVR
Secured loans:		
Housing Development Finance Corporation Plc - Basic Flats	604,864	1,209,332
Bank of Ceylon - Phase II Dredging Loan	84,809,244	239,009,553
Maldives Islamic Bank Private Limited - Murabaha Facility	-	3,363,366
Export-Import Bank of India - Phase II Road Network Project - Stage I-2015	275,216,850	325,632,910
Bank of Maldives - Indoor Sports Arena	17,437,908	20,142,543
China Development Bank - 1530 Housing Units	1,620,811,620	1,308,916,242
Industrial and Commercial Bank of China - Airport Link Road	201,073,878	258,523,558
Seylan Bank - Phase II Electricity Network	-	57,568,000
Credit Suisse Bank - 7000 Housing units	-	167,641,614
Industrial and Commercial Bank of China - 7000 Housing units	4,327,982,713	4,785,320,847
Habib Bank of Maldives - Distribution Center	10,188,270	23,772,631
Export-Import Bank of India - Phase II Remaining roads	208,191,335	79,555,829
Bank of China - 2500 Housing Units	-	103,547,532
Bank of Maldives - Reethigas Project	12,638,609	-
Browns-CMEC - Phase II Electricity Project	277,477,697	79,123,424
Bank of Maldives - Working Capital	58,754,498	-
Unsecured loans:		
Ministry of Finance	66,584,471	141,491,984
Ministry of Finance - Basic Flats down payment loan	679,525	891,325
Ministry of Finance - 504 Housing project loan - I	29,201,346	47,973,640
Ministry of Finance - 504 Housing project loan - II	49,275,756	80,953,028
Ministry of Finance - Subsidiary Loan agreement - Phase II Development	560,156,615	500,499,098
Ministry of Finance - ICBC Interest Refinance Loan	-	33,518,647
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	129,237,808
Ministry of Finance - 1530 Housing units	220,000,000	220,000,000
Ministry of Finance - TATA housing units Refinance	35,625,835	113,165,380
Ministry of Finance and Treasury - ICBC Interest Refinance Loan	-	122,776,334
Ministry of Finance - Credit Suisse Interest Refinance Loan	-	38,684,970
Ministry of Finance - ICBC Interest Refinance Loan	-	132,672,526
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	103,627,754
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan	-	45,643,085
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	36,879,832
Ministry of Finance - Subsidiary Loan	150,000,000	150,000,000
Ministry of Finance - Refinance Loan	641,258,694	-
	8,847,969,728	9,351,342,792
	(39,434,134)	(48,694,946)
	8,808,535,594	9,302,647,846
Unamortized loan facility fees		
26.5 Current	31/12/2022 MVR	31/12/2021 MVR
Ministry of Finance	137,028,041	52,632,242
Ministry of Finance - Basic Flats down payment loan	211,800	211,800
Ministry of Finance - 504 Housing project loan-I	37,224,089	15,546,978
Ministry of Finance - 504 Housing project loan - II	52,722,389	18,196,132
Housing Development Finance Corporation Plc - Basic flats	604,468	554,000
Bank of Ceylon - Phase II Dredging Loan	111,311,134	41,158,700
Maldives Islamic Bank Private Limited - Murabaha Facility	3,451,941	8,130,800
Export-Import Bank of India - Phase II Road Network Project - Stage I-2015	52,196,697	51,090,162
Ministry of Finance - TATA housing units Refinance	617,741	-
Ministry of Finance - Subsidiary Loan agreement - Phase II Development	138,145,367	47,109,500
Bank of Maldives - Indoor Sports Arena	5,408,474	4,799,647
China Development Bank - 1530 Housing Units	250,511,011	221,937,481
Industrial and Commercial Bank of China - Airport Link Road	57,903,699	57,753,985
Seylan Bank - Phase II Electricity Network	57,588,618	57,591,417
Credit Suisse Bank - 7000 Housing units	172,500,829	342,050,871
Industrial and Commercial Bank of China - 7000 Housing units	533,553,483	492,643,068
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	-	15,252,006
Habib Bank of Maldives - Distribution Center	13,584,360	13,584,360
Ministry of Finance - 1530 Housing units	37,476,389	26,834,605
Export-Import Bank of India - Phase II Remaining roads	27,707,749	16,744,540
Ministry of Finance - Subsidiary Loan	15,200,001	6,339,905
Browns-CMEC - Phase II Electricity Project	58,337,239	236,170
Bank of China - 2500 Housing Units	106,756,860	105,592,836
Bank of Maldives - Reethigas Project	13,530,204	-
Bank of Maldives - Working Capital	6,009,502	-
	1,782,259	-
	1,891,364,344	1,595,991,207
	(18,998,010)	(17,053,672)
	1,872,366,334	1,578,937,535
Unamortized loan facility fees		

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26 Loans and borrowings (continued)

26.6 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.

26.7 Ministry of Finance

The Corporation has obtained an unsecured loan of MVR 332,922,295/- from Ministry of Finance at an interest rate of 6% per annum on 26th October 2002. This loan is to be repayable 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.

26.8 Ministry of Finance - Basic Flats down payment loan

The Corporation has obtained unsecured loan of MVR 4,236,000/- from Ministry of Finance 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.

26.9 Ministry of Finance - 504 housing project loan - I

The Corporation has obtained an unsecured loan of MVR 83,432,418/- from Ministry of Finance 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 - 504 housing project loan- II

The Corporation has obtained an unsecured loan of MVR 140,787,876/- from Ministry of Finance 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.

26.10 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).

26.11 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/-.

26.12 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.

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26 Loans and borrowings (continued)

26.13 Ministry of Finance - TATA housing units Refinance

The Corporation has obtained a loan from Ministry of Finance 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.

Pursuant to an amendment brought to the loan agreement as at 07 June 2022, lender agrees to defer the principal remaining amount and interest thereon shall not accrue for a period from 30 April 2021 to 31 December 2029. Interest accrued upto 30 April 2021 shall be paid according to the schedule agreed between the parties. Upon the expiry of the grace period borrower agrees to repay the balance due, together with interest which will accrue at a maximum rate of 10.5% per annum.

26.14 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.

26.15 Ministry of Finance - Subsidiary Loan agreement - Phase II Development

In relation to the loan agreement signed between Ministry of Finance (MOF) 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.

26.16 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.

26.17 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.

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26 Loans and borrowings (continued)

26.18 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.

26.19 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.

26.20 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.

26.21 Industrial and Commercial Bank of China - 7000 Housing units

The Corporation has entered into a US\$ 368,900,000/- 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.

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26 Loans and borrowings (continued)

26.22 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.

26.23 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.

26.24 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 Hulhumalé 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.

26.25 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.

26.26 Ministry of Finance - ICBC Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 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.

26.27 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.

26.28 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.

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26 Loans and borrowings (continued)

26.29 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.

26.30 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.

26.31 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%.

26.32 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.

26.33 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

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

FOR THE YEAR ENDED 31ST DECEMBER 2022

26 Loans and borrowings (continued)

26.34 Export-Import Bank of India - Phase II Remaining roads

The Corporation has entered into a US\$ 19,250,000/- facility agreement with Export-Import Bank of India (EXIM) on 27th August 2020 for the purpose of obtaining finance for development of Hulhumale Phase 1 remaining roads and Phase 2 Stage 2 roads. The first disbursement of the loan was made on 20th April 2021 which would be followed with a grace period of 18 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 12 years in 22 bi-annual largely equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+150 basis points.

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

26.35 Ministry of Finance - Subsidiary Loan

The Corporation has entered into a MVR 150,000,000/- 5 year term loan agreement with Ministry of Finance on 22nd April 2021 for the purpose of 7000 Housing Supporting Development Projects. The loan was fully disbursed on 10th June 2021. Interest on the Loan will thereafter be payable over a period of 5 years in 10 bi-annual equal, consecutive instalments starting on 25th July 2021 coinciding with each interest period (of 6 months) and the principal will be payable as a lump sum with the last interest instalment. The loan carries an annual interest of 6%.

26.36 Brown-CMEC - Phase II Electricity Network

The design and construction of Electricity Network in Hulhumalé Phase II was awarded to the contractor, BROWNS-CMEC to undertake the 80% of project value on their own finance. The contract agreement with contractor reflects the financing and repayment terms of the contract under which 80% of the project value, US\$ 67,313,002.67 repaid in instalments bi-annually, over a period of 10 (Ten) years excluding the grace period. The construction period as well as the repayment period 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.

26.37 Bank of Maldives - 64 Million Working Capital Loan

The Corporation has entered into a MVR 64,764,000/- demand loan agreement with Bank of Maldives PLC on 06th January 2022 to finance the working capital requirements. The first disbursement of the loan was made on 24th March 2022. 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 84 months 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. 20519, within 72,156.71 square feet and all buildings thereon including future developments.

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26 Loans and borrowings (continued)

26.38 Bank of Maldives - Reethigas Loan

The Corporation has entered into a MVR 335,236,000/- demand loan agreement with Bank of Maldives PLC on 24th May 2022 to finance the project 'Hiyaavehi' (Reethigas Residence). The first disbursement of the loan was made on 24th August 2022. 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 84 months 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 mortgaging the following land plots (including all the future buildings thereon): Hulhumalé Lot No. 20529 - 17,442.68 sq.ft, Hulhumalé Lot No. 20530 - 17,470.46 sq.ft, Hulhumalé Lot No. 20531 - 23,409.44 sq.ft, Hulhumalé Lot No. 20532 - 23,420.74 sq.ft, Hulhumalé Lot No. 20533 - 17,281.98 sq.ft, Hulhumalé Lot No. 20534 - 17,269.82 sq.ft, Hulhumalé Lot No. 20535 - 36,742.14 sq.ft, Hulhumalé Lot No. 20536 - 32,022.6 sq.ft, Hulhumalé Lot No. 20537 - 31,000.03 sq.ft, Hulhumalé Lot No. 20538 - 29,349.07 sq.ft, Hulhumalé Lot No. 20539 - 24,311.78 sq.ft, Hulhumalé Lot No. 20540 - 23,686.82 sq.ft, Hulhumalé Lot No. 20541 - 44,663.08 sq.ft

26.39 Ministry of Finance - Refinance Loans Deferred

Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate the below mentioned refinance loans into a single loan, and to defer the principal amount and interest thereon shall not accrue for a period from 30 April 2021 to 31 December 2029. Interest accrued upto 30 April 2021 shall be paid according to the schedule agreed between the parties. Upon the expiry of the grace period borrower agrees to repay the balance due, together with interest which will accrue at a maximum rate of 10.5% per annum.

The consolidated refinance loans include: 'Ministry of Finance - ICBC Interest Refinance Loan (18 October 2018)', 'Ministry of Finance - Credit Suisse Interest Refinance Loan (29 January 2019)', 'Ministry of Finance - ICBC Interest Refinance Loan (22 April 2019)', 'Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan (20 June 2019)', 'Ministry of Finance - Credit suisse and Bank of China Interest Refinance Loan (18 July 2019)', 'Ministry of Finance - Exim Bank of India Interest & Principal Refinance Loan (22 August 2019)', 'Ministry of Finance - CDB Interest Refinance Loan (18 September 2019)', 'Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan (26 December 2019)'.

27 Deferred income	31/12/2022	31/12/2021
	MVR	MVR
Balance as at 1 st January	91,576,929	97,445,204
Amortized during the year	(5,785,506)	(5,868,275)
As at 31 st December	<u>85,791,423</u>	<u>91,576,929</u>
27.1 Analysis of deferred income		
Outstanding collection costs (Note: 27.2)	16,960,286	18,249,165
Future maintenance fee (Note: 27.3)	68,831,137	73,327,764
	<u>85,791,423</u>	<u>91,576,929</u>

27.2 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.

27.3 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.

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28	Employee benefit obligations	31/12/2022 MVR	31/12/2021 MVR
	As at 1 st January	5,829,705	2,327,047
	Interest Cost for the year	268,166	107,044
	Current service cost for the year	949,466	789,114
	Payments during the year	(702,905)	(162,250)
	Actuarial loss on obligation	1,333,733	2,768,750
	Closing balance	<u>7,678,165</u>	<u>5,829,705</u>

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

	2022 MVR	2021 MVR
<i>Amount recognized in</i>		
Current service cost recognized in profit or loss	949,466	789,114
Interest cost for the year	268,166	107,044
	<u>1,217,632</u>	<u>896,158</u>

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:

	2022 MVR	2021 MVR
Discount rate	4.60%	4.60%
Salary growth rate	2.50%	2.70%

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

	31/12/2022 MVR		31/12/2021 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%	(323,519)	+0.5%	(255,918)
	-0.5%	620,599	-0.5%	490,358
Change in salary increase	+0.5%	494,886	+0.5%	390,529
	-0.5%	(448,042)	-0.5%	(353,362)

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 recognized in the balance sheet.

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29	Provisions	31/12/2022 MVR	31/12/2021 MVR
	Balance as at 1 st January	411,586,350	235,958,414
	Recognized as cost of sales during the year	66,195,295	180,817,326
	Actual cost incurred on land developments	(62,225,524)	-
	Reversal of provision for construction defects	(10,405,359)	-
	Reversal of provision for land development costs	(37,755,476)	-
	Actual cost incurred on school construction	-	(3,808,157)
	Additional provision for future construction cost of school	-	(1,381,233)
	Balance as at 31 st December	<u>367,395,286</u>	<u>411,586,350</u>
29.1	Provision for land development costs (Note 29.2)	367,395,286	401,180,991
	Warranty provision for construction defects (Note 29.3)	-	10,405,359
		<u>367,395,286</u>	<u>411,586,350</u>
29.2	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.		
29.3	The Corporation had recognized warranty provision for rectification of construction defects of 1,000 housing units received under Veshifah 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.		
30	Trade and other payables	31/12/2022 MVR	31/12/2021 MVR
	Municipal tax payable	54,730,508	54,730,508
	Payable to contractors	91,338,305	386,117,278
	Contract liability	190,267,456	144,230,488
	Retention from contractors	176,268,651	146,765,233
	Lease deposits	116,667,604	91,329,836
	Sealife payable (Note 30.2)	750,021	1,293,998
	GST and tax payable	152,056,943	166,990,781
	1000 Flat A Category customers payable	10,934,121	10,934,121
	Accruals, deposits and other payables	140,874,170	126,839,904
		<u>933,887,779</u>	<u>1,129,232,147</u>
30.1	The carrying amount is considered to be the same as the fair value as of the reporting date.		
30.2	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 result 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 543,977 (2021: MVR 250,000) was paid to customers of Sealife Global during the year 2022.		

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30	Trade and other payables (Continued)	31/12/2022	31/12/2021
		MVR	MVR
30.3	Analysis of trade and other payables		
	Payable after one year	297,744,071	64,272,315
	Payable within one year	636,143,708	1,064,959,832
		<u>933,887,779</u>	<u>1,129,232,147</u>
31	Amounts due to related parties	31/12/2022	31/12/2021
		MVR	MVR
	Ministry of Islamic Affairs	168,321	168,321
	Ministry of Finance	69,016,014	2,937,525
	Ministry of National Planning, Housing and Infrastructure	12,346,850	12,346,850
	Maldives Tourism Development Corporation	-	11,490,631
		<u>81,531,185</u>	<u>26,943,327</u>
32	Amounts due to a director	31/12/2022	31/12/2021
		MVR	MVR
	Amount transferred from GMIZL	2,500	2,500
		<u>2,500</u>	<u>2,500</u>
33	Lease liability	31/12/2022	31/12/2021
		MVR	MVR
	This note provides for leases where the Corporation is a lessee		
	As at 1 st January	781,998	-
	Additions during the year	-	707,875
	Interest for the year	81,886	74,124
	As at 31 st December	<u>863,884</u>	<u>781,998</u>
34	Events after the reporting period		
	No circumstances have arisen since reporting date which require adjustments to / or disclosure in the financial statements.		
35	Directors' responsibility		
	The Board of Directors of the Corporation is responsible for the preparation and presentation of these financial statements.		
36	Capital commitments and contingencies		
36.1	Capital Commitments		
	The Corporation has total capital commitment value of MVR 7.4 billion as at 31 December 2022 (2021 : MVR 3.3 billion) which mainly includes MVR 3.7 billion for Thilafushi Dredging & Shore Protection, MVR 687 million (2021 : MVR 1.5 billion) for housing projects, MVR 1 billion (2021 : MVR 1.3 billion) for phase II electricity network, MVR 704 million for Worker accommodation project, MVR 564 million for Auto Center Development and MVR 650 million for other relevant projects.		

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36 Capital commitments and contingencies (continued)

36.2 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 ("BWIP") has filed a case in Civil Court against GMIZL (Civil Court Case No. 4412/Cv-C/2019) on 6th 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 1, 93,566.69 SQFT) by GMIZL. The grounds for termination of the lease is that the lessee (BWIP) has failed to pay the lease rent as per the lease agreement. The BWIP 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 BWIP has made a claim of MVR 118,817,742.00 as damages and compensation. The BWIP has not sought the remedy to reinstate the lease. The BWIP 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 I, II 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 M2428SA2I. 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 filed 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.

37 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.

31 December 2022	Carrying amount				Fair value				
	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	-	4,435,000	-	-	4,435,000	4,435,000	-	-	4,435,000



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38 Related party transactions

Name of the related party	Relationship	Nature of the transactions	Amount 2022	Amount 2021	Amount due from/ (to)			
					31/12/2022		31/12/2021	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Ministry of Education	Government affiliates	Lease rentals	2,951,528	2,951,528	-	-	-	-
		Receipts	(455,062)	(506,200)	38,762,419	-	36,265,953	-
		Payments made on behalf	-	-	-	850	-	850
Ministry of Health	Government affiliates	Lease rentals	2,233,792	25,262,670	-	-	-	-
		Receipts	(679,500)	(679,500)	26,406,260	-	24,851,969	-
		Payments made on behalf	-	968,758	-	-	-	968,758
Aasandha Corporation Limited	Government affiliates	Lease Rentals	37,555,300	3,738,457	-	-	-	-
		Receipts	(1,528,537)	(2,086,662)	46,726,010	-	10,699,246	-
Ministry of Islamic Affairs	Government affiliates	Payments made on behalf	-	-	-	3,807,675	-	3,807,675
		Receipts	-	-	-	-	-	-
		Advance received	-	-	-	(168,321)	-	(168,321)
		Lease rentals	24,600	24,600	-	-	-	-
		Receipts	(24,600)	(24,600)	-	-	-	-
Maldives Industrial Fisheries Corporation	Government affiliates	Lease rentals	178,186	178,186	-	-	-	-
		Receipts	(178,186)	(178,186)	(38,363)	-	(38,363)	-
		Purchase of goods	(3,855,000)	(2,313,000)	-	1,542,000	-	5,397,000
Department of Judicial Administration	Government affiliates	Lease rentals	151,200	151,200	-	-	-	-
		Receipts	(259,200)	(43,200)	3,600	-	111,600	-
Maldives Transport and Contracting Corporation Plc	Government affiliates	Lease rentals	12,329,094	21,295,193	-	-	-	-
		Receipts	(11,055,168)	(15,371,438)	13,402,701	-	12,128,775	-
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease rentals	2,612,472	1,387,699	-	-	-	-
		Receipts	(2,648,962)	(925,435)	53,665	-	90,156	-
Maldives Ports Limited	Government affiliates	Lease rentals	17,273,885	14,397,484	-	-	-	-
		Receipts	(17,106,968)	(16,608,866)	52,976,527	-	52,809,610	-
Maldives Police Service	Government affiliates	Lease rentals	300,204	232,268	-	-	-	-
		Receipts	(169,950)	(325,800)	942,754	-	812,500	-
Maldives National Defense Force	Government affiliates	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	-	-	-	-	-
		Lease rentals	172,800	172,800	-	-	-	-
		Receipts	(187,200)	(331,200)	-	-	14,400	-

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38 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2022	Amount 2021	Amount due from/ (to)			
					31/12/2022	31/12/2021		
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	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	21,999,203	21,999,203	-	-	-	-
		Receipts	(10,897,392)	(10,897,392)	25,133,275	-	14,031,464	-
Ministry of Finance (Loan balances are disclosed in Note 23)	Government affiliates	Payments made on behalf	-	-	-	5,486,200	-	5,486,200
		Payments	77,193,940	211,800	-	(2,173,190,318)	-	(2,064,886,572)
		Disbursements	(121,337,517)	(272,597,265)	-	-	-	-
		Interest on loans	(64,160,170)	(84,863,083)	-	-	-	-
		Sale of goods & services	277,393,568	1,429,601,419	-	-	-	-
		Settlements	(924,853,402)	(436,300,543)	351,327,242	-	998,787,076	-
Maldives Water & Sewerage Corporation Limited	Government affiliates	Lease rentals	46,451,440	40,889,745	-	-	-	-
		Receipts	(51,220,648)	(7,833,841)	28,060,033	-	32,829,241	-
					-	-	-	-
State Electric Corporation Limited	Government affiliates	Lease rentals	12,056,306	11,467,065	-	-	-	-
		Receipts	(58,978,378)	(11,459,384)	11,856,841	-	58,778,914	-
Ministry of National Planning, Housing and Infrastructure	Government affiliates	Payments made on behalf	14,490,669	14,490,669	-	41,386,691	-	26,896,022
		Sale of goods & services	-	-	-	-	-	-
		Purchase of goods	-	-	-	-	-	-
		Lease rentals	3,138,184	3,138,184	11,266,872	-	8,128,688	-
Ministry of Economic Development	Government affiliates	Payments made on behalf	-	20,234,369	-	31,469,537	-	31,469,537
		Lease rentals	223,832	384,887	(61,902)	-	358,566	-
		Receipts	(644,300)	(363,459)	-	-	-	-
Bank of Maldives	Government affiliates	Lease rentals	9,330,668	9,330,668	(45,147)	-	(52,184)	-
		Receipts	(9,323,631)	(9,323,631)	-	-	-	-
Indhira Gandhi Memorial Hospital	Government affiliates	Lease rentals	4,526,522	4,441,177	47,662,277	-	47,338,162	-
		Receipts	(4,202,406)	(6,665,254)	-	-	-	-
		Sale of goods & services	-	-	-	-	-	-

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38 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2022	Amount 2021	Amount due from/ (to)			
					31/12/2022	31/12/2021		
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable MVR
Maldives Hajj Corporation	Government affiliates	Lease rentals	-	-	-	-	-	-
		Receipts	-	(158,254)	-	-	-	-
Maldives Post Limited	Government affiliates	Lease rentals	590,934	139,378	-	-	-	-
		Receipts	(450,921)	(140,457)	140,013	-	-	-
Maldives Inland Revenue Authority	Government affiliates	Lease rentals	90,054	61,799	-	-	-	-
		Receipts	(43,020)	(60,734)	24,964	-	(22,070)	-
Maldives Gas	Government affiliates	Lease rentals	3,969,893	4,140,513	-	-	-	-
		Receipts	(3,991,031)	(4,119,375)	-	-	21,138	-
Maldives Airports Company Limited	Government affiliates	Sale of goods & services	2,269,908	-	4,404,409	-	26,834,378	-
		Receipts	(24,699,877)	-	-	-	-	-
Department of Public Health	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Lease rentals	97,000	158,600	238,800	-	141,800	-
		Receipts	-	-	-	-	-	-
Ministry of Fisheries Marine Resources and Agriculture	Government affiliates	Lease rentals	187,629	188,166	2,617	-	2,041	-
		Receipts	(187,053)	(218,111)	-	-	-	-
Waste Management Corporation	Government affiliates	Lease rentals	2,000,726	2,509,000	206,866	-	891,136	-
		Receipts	(2,684,995)	(1,669,280)	-	-	-	-
Maldives Islamic Bank	Government affiliates	Lease rentals	1,162,089	1,190,850	9,573	-	6,996	-
		Receipts	(1,159,511)	(1,173,974)	-	-	-	-
Maldives Monetary Authority	Government affiliates	Lease rentals	521,091	492,033	-	-	-	-
		Receipts	(521,091)	(492,033)	-	-	-	-
Ministry of Environment, Climate Change and Technology	Government affiliates	Payments made on behalf	-	(95,441)	-	-	-	-
		Lease rentals	43,614	70,392	(1,994)	-	18,192	-
		Receipts	(63,800)	(63,800)	-	-	-	-
Sabah Maldives Cooperative Society	Government affiliates	Lease rentals	127,260	127,260	188,160	-	186,900	-
		Receipts	(126,000)	(31,500)	-	-	-	-
Road Development Corporation	Government affiliates	Payments made on behalf	-	-	-	1,961,424	-	1,961,424
		Lease rentals	1,179,386	4,513,048	6,183,059	-	5,003,673	-

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38 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2022	Amount 2021	Amount due from/ (to)			
					31/12/2022	31/12/2021	Trade receivable	Other receivable
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable MVR
Maldives Tourism Development Corporation	Government affiliates	Receipts on behalf	22,981,261 (11,490,631)	(11,490,631)	-	-	(11,490,631)	-
Fuel Supplies Maldives Pvt Ltd	Government affiliates	Payments made on behalf						
		Lease rentals	1,928,608	1,975,177	9,635	-	41,752	-
		Receipts	(1,960,725)	(1,933,425)	-	-	-	-
Health Protection Agency	Government affiliates	Payments made on behalf						
		Lease rentals	70,296	106,140	(126,384)	-	153,120	-
		Receipts	(349,800)					
Ministry of Gender, Family & Social Services	Government affiliates	Payments made on behalf						
		Lease rentals	4,792	163,894	168,686	-	163,894	-
Ministry of Tourism	Government affiliates	Payments made on behalf						
		Lease rentals	458,664	366,250	(109,805)	-	117,812	-
		Receipts	(686,281)	(248,439)	-	-	-	-

38.1 Transactions with key management personnel

During the year, the Corporation has paid MVR 9,787,586/- (2021 : MVR 8,291,434/-) as remuneration to the members of the senior management and MVR 3,199,657/- (2021 : MVR 2,986,302/-) as remuneration and fees to the Board of Directors.

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39 CORRECTION OF ERRORS

The Company has erroneously accounted the deferred tax liability as at 31st December 2020. As of that, deferred tax liability was overestimated and this error has been corrected by restating each of the affected financial statement line items for the prior period. The Following table summarizes the impact on the Company's financial statements.

As at 1st January 2021

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	As Restated MVR
Total assets	36,556,188,361	-	36,556,188,361
Retained earnings	12,540,257,373	1,311,709,959	13,851,967,332
Others	10,216,800,289	-	10,216,800,289
Total equity	22,757,057,662	1,311,709,959	24,068,767,621
Deferred tax liability	1,329,090,473	(1,311,709,959)	17,380,514
Others	12,470,040,226	-	12,470,040,226
Total liabilities	13,799,130,699	(1,311,709,959)	12,487,420,740

As at 31st December 2021

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	As Restated MVR
Deferred tax assets	-	4,235,395	4,235,395
Others	39,234,342,008	-	39,234,342,008
Total assets	39,234,342,008	4,235,395	39,238,577,403
Retained earnings	13,696,442,858	1,311,709,959	15,008,152,817
Others	11,336,516,133	-	11,336,516,133
Total equity	25,032,958,991	1,311,709,959	26,344,668,950
Deferred tax liability	1,307,474,564	(1,307,474,564)	-
Others	12,893,908,453	-	12,893,908,453
Total liabilities	14,201,383,017	(1,307,474,564)	12,893,908,453

40 COMPARATIVE FIGURES

The comparative figures of the financial statements have been reclassified to confirm with current year's classification.