



Report No: FIN-2022-39 (E)

31 May 2022

HOUSING DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2021



آڈیٹر جنرل کے دفتر

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the accompanying financial statements of Housing Development Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 8 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



We communicate with 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.

31st May 2022



Hussain Niyazy
Auditor General



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

FOR THE YEAR ENDED 31 DECEMBER

	Note	2021 MVR	2020 MVR
Revenue	6	8,768,546,848	822,333,671
Cost of sales	10	<u>(7,267,883,519)</u>	<u>(113,231,395)</u>
Gross profit		1,500,663,329	709,102,276
Valuation (loss)/gain on investment property	7	184,101,792	108,270,853
Other income	8	<u>151,530,604</u>	<u>102,329,412</u>
		1,836,295,725	919,702,541
Administrative expenses	10	(364,991,083)	(369,879,820)
Maintenance expenses	10	(78,688,495)	(25,150,420)
Selling and marketing expenses	10	<u>(137,291,875)</u>	<u>(41,534,436)</u>
Results from operating activities		1,255,324,272	483,137,865
Finance income	9	303,344,030	110,860,925
Finance costs	9	(208,212,956)	(195,714,672)
Net finance cost		<u>95,131,074</u>	<u>(84,853,747)</u>
Profit before tax		<u>1,350,455,346</u>	<u>398,284,118</u>
Income tax	11	(191,916,424)	(65,360,043)
Profit for the year		<u>1,158,538,922</u>	<u>332,924,075</u>
Other comprehensive income			
Change in fair value of financial instruments	17	375,000	(152,500)
Deferred tax relating to change in fair value of financial instruments	11.3	(56,250)	22,875
Actuarial (loss) / gains on defined benefit plan	26	(2,768,750)	(895,145)
Deferred tax relating to actuarial (loss) / income on defined benefit plans	11.3	415,313	134,272
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<u>(2,034,687)</u>	<u>(890,498)</u>
Total comprehensive income for the year		<u>1,156,504,235</u>	<u>332,033,577</u>
Earnings per share	12	14.29	7.53

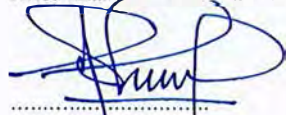


HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT

	Note	31/12/2021 MVR	31/12/2020 MVR
Assets			
Non-current assets			
Property, plant and equipment	13	141,808,164	120,002,999
Intangible assets	14	6,171,695	4,326,902
Investment properties	15	22,944,310,023	22,283,090,483
Right-of-use assets	16	672,481	-
Financial assets at fair value through other comprehensive income	17	2,472,500	2,097,500
Financial assets at amortised cost	18	77,000,000	50,500,000
Trade and other receivables	19	7,742,363,879	1,486,227,908
Total non-current assets		30,914,798,742	23,946,245,792
Current assets			
Inventories	20	3,814,653,602	9,961,619,041
Trade and other receivables	19	2,720,561,278	2,482,592,029
Amounts due from related parties	21	1,061,944,939	35,358,709
Cash and cash equivalents	22	722,383,448	130,372,790
Total current assets		8,319,543,267	12,609,942,569
Total assets		39,234,342,008	36,556,188,361
Equity and liabilities			
Equity			
Share capital	23	810,849,140	442,000,000
Share premium	23	10,525,978,261	61,129,607
Advance for share capital	23	-	9,714,300,700
Fair value reserve		(311,268)	(630,018)
Retained earnings		13,696,442,858	12,540,257,373
Total equity		25,032,958,991	22,757,057,662
Non-current liabilities			
Loans and borrowings	24	9,302,647,846	8,366,053,388
Deferred income	25	91,576,929	97,445,204
Deferred tax liability	11	1,307,474,564	1,329,090,473
Employee benefit obligation	26	5,829,705	2,327,047
Provisions	27	41,586,350	230,769,024
Trade and other payables	28	64,272,315	26,862,770
Total non-current liabilities		11,183,387,709	10,052,547,906
Current liabilities			
Loans and borrowings	24	1,578,937,535	2,320,431,263
Provisions	27	-	5,189,390
Current tax liabilities	11	346,370,116	240,817,003
Trade and other payables	28	1,064,959,832	1,164,689,941
Amounts due to related parties	29	26,943,327	15,452,696
Amounts due to a director	30	2,500	2,500
Lease liabilities	31	781,998	-
Total current liabilities		3,017,995,308	3,746,582,793
Total liabilities		14,201,383,017	13,799,130,699
Total equity and liabilities		39,234,342,008	36,556,188,361

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



 Suhail Ahmed
 Managing Director



 Abdul Munnim Mohamed Manik
 Audit Committee Chairperson

31 May 2022



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

	Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
As at 1st January 2020	442,000,000	61,129,607	3,786,002,939	260,480	12,207,333,298	16,496,726,324
Total comprehensive income for the year						
Profit for the year	-	-	-	-	332,924,075	332,924,075
Other comprehensive income, net of tax	-	-	-	(890,498)	-	(890,498)
Total comprehensive income for the year	-	-	-	(890,498)	332,924,075	332,033,577
Transactions with equity holders directly recognized in equity						
Capital contribution received during the year (Note 23.5)	-	-	1,108,124,260	-	-	1,108,124,260
Capital contribution - value of net assets of the GMIZL (Note 36)			4,820,173,501			
Total transactions with equity holders directly recognized in equity	-	-	5,928,297,761	-	-	5,928,297,761
Balance as at 31st December 2020	442,000,000	61,129,607	9,714,300,700	(630,018)	12,540,257,373	22,757,057,662
As at 1st January 2021	442,000,000	61,129,607	9,714,300,700	(630,018)	12,540,257,373	22,757,057,662
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,158,538,922	1,158,538,922
Other comprehensive income, net of tax	-	-	-	318,750	(2,353,437)	(2,034,687)
Total comprehensive income for the year	-	-	-	318,750	1,156,185,485	1,156,504,235
Transactions with equity holders directly recognized in equity						
Capital contribution during the year (Note 23.5)	-	-	1,119,397,094	-	-	1,119,397,094
New share issuance during the year	368,849,140	10,464,848,654	(10,833,697,794)			-
Total transactions with equity holders directly recognized in equity	368,849,140	10,464,848,654	(9,714,300,700)	-	-	1,119,397,094
Balance as at 31st December 2021	810,849,140	10,525,978,261	-	(311,268)	13,696,442,858	25,032,958,991



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

	Note	2021 MVR	2020 MVR
Cash flows from operating activities			
Profit before tax		1,350,455,346	398,284,118
<i>Adjustments for:</i>			
Interest income	9	(303,344,030)	(110,860,925)
Finance expense	24.2	406,030,994	529,253,074
Facility fee expense	24.1	21,007,441	26,746,021
Interest expense on lease liabilities	31	74,124	-
Depreciation of property, plant and equipment	13	20,084,392	21,115,153
Amortisation of intangible asset	14	285,636	304,659
Depreciation of right-of-use assets	16	35,394	-
Profit on disposal of property, plant and equipment	8	(216,486)	-
Profit on disposal of investment properties	8	-	(84,892)
Provision for defined benefit plan	10.1	896,158	361,892
Provision made for impairment loss on non interest bearing receivables	19.5	101,509,716	-
Provision made for impairment loss on interest bearing receivables	19.6	39,179,895	35,908,258
Provision/(reversal) made for impairment loss on other receivables	19.7	9,855,411	(1,268,852)
Gain on fair value of investment property	15.7	(184,101,792)	(108,270,853)
Deferred income transferred to income statement during the year	25	(5,868,275)	(5,782,846)
Provision for future development cost	27	180,817,326	25,490,546
		<u>1,636,701,251</u>	<u>811,195,353</u>
Changes in working capital			
Change in inventories		6,146,965,439	(1,581,251,993)
Change in trade and other receivables		(6,644,650,244)	262,206,622
Change in amounts due from related parties		(1,026,586,230)	55,654,940
Change in amounts due to related parties		11,490,631	12,346,850
Change in trade and other payables		(62,320,564)	(1,019,676,661)
Change in provisions		(5,189,387)	(31,473,136)
Cash used in operations		<u>57,118,770</u>	<u>(1,490,998,025)</u>
Interest and LC usance charges paid	24	(251,394,888)	(329,641,317)
Employee benefit obligation paid	26	(162,250)	(34,425)
Income tax paid	11.2	(107,620,158)	(15,554,957)
Net cash used in operating activities		<u>(302,058,525)</u>	<u>(1,836,228,724)</u>
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	13	(42,004,726)	(4,207,548)
Purchase of intangible assets	14	(2,130,429)	(206,772)
Additions to investment property	15	(477,117,748)	(136,008,971)
Interest received	9	303,302,870	110,819,525
Receipt from investment in Islamic bonds	9	41,160	41,400
Cash received from GMIZL	36	-	106,534,958
Proceeds from disposal of property, plant and equipment		331,655	-
Proceeds from disposal of investment properties		-	157,430
Investment made during the year	18	(26,500,000)	(44,000,000)
Net cash used in investing activities		<u>(244,785,093)</u>	<u>33,130,022</u>
Cash flows from financing activities			
Loans repayments during the year	24	(1,120,472,368)	(1,111,626,838)
Capital contribution received during the year	23.5	1,119,397,094	1,108,124,260
Borrowings during the year	24	1,151,705,256	1,853,035,583
Loan facility fees paid during the year	24.1	(11,775,705)	(14,314,131)
Net cash from financing activities		<u>1,138,854,276</u>	<u>1,835,218,874</u>
Net increase / (decrease) in cash and cash equivalents		<u>592,010,658</u>	<u>32,120,172</u>
Cash and cash equivalents at the beginning of the year		<u>130,372,790</u>	<u>98,252,618</u>
Cash and cash equivalents at the end of the year	22	<u><u>722,383,448</u></u>	<u><u>130,372,790</u></u>



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

1 Reporting entity

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

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

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

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

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

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following :

Investment properties - measured at fair value.

Financial assets at fair value through other comprehensive income - measured at fair value.

(c) Functional and presentation currency

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

(d) Business combination

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

• The assets and liabilities of the combining entities are reflected at their carrying amounts and any adjustment resulting

from realignment of accounting policies of the merged entities are recognized directly in equity at the date of merger.

• No new goodwill is recognized as a result of the combination.

Any difference between the consideration and the equity acquired is reflected within equity

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



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

2 Basis of preparation (continued)

Valuation of investment property

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

Provision for expected credit losses of trade receivables

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

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

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

2.1 New standards and amendments

(i) New and amended standards

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

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

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

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



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

2 Basis of preparation (continued)

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

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Corporation. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Standards issued but not yet effective

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

3 Significant accounting policies

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

3.1 Transactions in foreign currencies

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

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



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

3.2 Financial instruments

(a) Financial assets (non-derivative)

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

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

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



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3.2 Financial instruments (Continued)

Equity instruments

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

(iv) Impairment

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

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

(b) Financial liabilities (non-derivative)

The Corporation initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation has non-derivative financial liabilities such as trade and other payables, amount due to related parties and borrowings. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(c) Share capital

Ordinary shares

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



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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.

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 14 to the financial statements.

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Computer software Over 5 Years

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

3.5 Investment properties

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

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

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

3.6 Investments in associate

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

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



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3.7 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In the case of construction work-in-progress cost includes all expenditure related directly to specific projects.

3.8 Impairment of non-financial assets

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

3.9 Trade and other receivables

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

3.10 Cash and cash equivalents

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

3.11 Employee benefits

(a) Defined contribution plans

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

The Corporation pays 7% fixed contributions to employee pension fund and 3% fixed contribution to employee provident fund. Contributions are made for all Maldivian staff members on their last agreed basic salary.

The obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due.



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(b) Defined benefit plans

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

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

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

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

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

(c) Short-term benefits

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

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

3.12 Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

3.13 Borrowing costs

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



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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 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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3.16 Revenue (continued)

(b) Sale of development and sale rights

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

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

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

(c) Provision of services

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

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

(d) Interest income

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

(e) Rental Income

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

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

3.17 Operating expenses

All operating expenses incurred in the running of the Corporation and in maintaining the capital assets in a state of efficiency has been charged to the profits or loss for the year. Expenses incurred for the purpose of acquiring, expending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the Corporation have been treated as capital expenses.



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3.18 Finance income and finance costs

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

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

3.19 Tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

3.20 Government grants

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



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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 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 (refer note 4.1.3 (e)).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(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 70% haircut to the market value of the collateral to estimate force sale values for the facilities. Force sales values are then deducted from EAD to arrive LGD.

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

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

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

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



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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 identifies the GDP rate of Maldives is to be most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the GDP. Forecasted GDP growth rates obtained from the 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 :

	2022	2023
	MVR	MVR
GDP (millions)	75,554	82,153

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 2021 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
	MVR	MVR	MVR
Loss allowance as at 31 December 2021	331,532,143	331,226,644	330,990,432

(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 2021	2,176,538	4,656,621	285,213,587	292,046,747
Transfers:				
Transfer from Stage 1 to Stage 2	(232,505)	1,143,979	-	911,474
Transfer from Stage 1 to Stage 3	(90,176)	-	680,792	590,616
Transfer from Stage 2 to Stage 1	221,754	(3,054,171)	-	(2,832,417)
Transfer from Stage 3 to Stage 1	509,817	-	(9,988,143)	(9,478,325)
New financial assets originated	-	-	-	-
Transfers:				
Transfers from stage 2 to stage 3	-	(1,046,399)	1,273,009	226,609
Transfer from stage 3 to stage 2	-	491,571	(2,303,429)	(1,811,858)
Unwind of interest	-	-	19,898,973	19,898,973
Financial assets settled during the year	(1,759)	-	(385,022)	(386,781)
Other movements	(919,189)	(274,233)	33,255,027	32,061,606
Loss allowance at 31 December 2021	1,664,481	1,917,368	327,644,793	331,226,643



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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:

Although the interest bearing receivables settled during the period reducing the gross carrying amount of the receivable book by 80.4%, there was an increase in loss allowance amounting to MVR 39,179,896.

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

Interest bearing receivables	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Gross carrying amount as at 1 January 2021	828,692,219	134,478,912	711,230,918	1,674,402,049
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2	(21,585,230)	20,833,049	-	(752,181)
Transfer from Stage 1 to Stage 3	(17,209,887)	-	18,153,702	943,815
Transfer from Stage 2 to Stage 3	-	(18,946,721)	18,812,948	(133,772)
Transfer from Stage 3 to Stage 2	-	10,468,186	(12,983,115)	(2,514,929)
Transfer from Stage 2 to Stage 1	62,507,145	(68,208,537)	-	(5,701,392)
Transfer from Stage 3 to Stage 1	42,565,892	-	(47,083,728)	(4,517,836)
Financial assets settled during the year	(6,724,499)	-	(4,722,680)	(11,447,179)
New financial assets originated	6,919,544,599	-	2,021,181	6,921,565,780
Other movements	(36,645,290)	(3,151,151)	32,572,294	(7,224,147)
Gross carrying amount as at 31 December 2021	7,771,144,949	75,473,738	718,001,521	8,564,620,208

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 2021	Interest bearing receivables
Receivables collateralised by:	
- house property	8,564,620,208
Total	8,564,620,208
As of 31 December 2020	Interest bearing receivables
Receivables collateralised by:	
- house property	1,674,402,049
Total	1,674,402,049

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

4.1.3.6 Interest bearing receivables

Interest bearing receivables are summarised as follows:

	2021	2020
Neither past due nor impaired (less than 30 days)	7,771,331,366	723,570,526
Past due but not impaired (30-60 days)	51,256,765	105,308,110
Past due but not impaired (60-90 days)	24,221,829	78,307,875
Impaired (more than 90 days)	717,810,248	767,215,537
Gross interest bearing receivables	8,564,620,208	1,674,402,049
Less: allowance for impairment	(331,226,644)	(292,046,747)
Net interest bearing receivables	8,233,393,564	1,382,355,302

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



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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 331,226,644 (as compared to on 31 December 2020 when impaired receivables were MVR 292,046,747).

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 2021 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 2020				
Current	66%	86%	8,240,023	4,728,806
More than 30 days past due	84%	86%	9,568,307	6,902,206
More than 60 days past due	95%	86%	11,126,685	9,166,925
More than 90 days past due	100%	86%	292,386,170	252,388,675
Total			321,321,185	273,186,612
At 31 December 2021 - Lease receivable				
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



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The closing loss allowances for the non-interest bearing receivables, as at 31 December 2021 reconciles to the opening loss allowances as follows:

At 1 January 2021	273,186,612
Provision reversal during the year	(10,169,560)
Decrease in loss allowance recognised in profit or loss during the year	101,509,716
At 31 December 2021	364,526,767

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 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
31 December 2020	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	1,191,552,711	1,164,689,941	1,870,358	4,817,296	20,175,116
Amounts due to related parties	15,452,696	15,452,696	-	-	-
Loans and borrowings	10,761,465,006	2,337,056,932	1,386,997,252	2,906,376,960	4,131,033,862
Total	11,968,470,413	3,517,199,569	1,388,867,610	2,911,194,256	4,151,208,978

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	
	2021	2020
	MVR	MVR
Variable rate instruments		
Financial liabilities - loans and borrowings	8,610,619,648	8,740,857,034
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed rate instruments		
Financial liabilities - loans and borrowings	2,336,714,352	2,020,607,972
Financial assets - trade and other receivables	8,564,620,208	1,674,402,049
Financial assets - short term deposits	76,500,000	50,000,000
	8,641,120,208	1,724,402,049

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
2021		
Variable rate instruments	+100	(87,582,801)
	-100	87,582,801
2020		
Variable rate instruments	+100	(86,348,396)
	-100	86,348,396



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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:

	2021 US\$	2020 US\$
Cash and cash equivalents	2,613,905	436,556
Trade and other receivables	59,997,912	115,912,284
Loan and borrowings	(571,879,696)	(581,997,598)
Trade and other payables	(40,438,444)	(115,724,074)
Gross statement of financial position exposure	<u>(549,706,323)</u>	<u>(581,372,832)</u>

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
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.

	2021		2020	
	Strengthening MVR	Weakening MVR	Strengthening MVR	Weakening MVR
US\$ (1% Movement)	84,764,715	(84,764,715)	(89,647,691)	89,647,691

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 2021 and 31 December 2020 were as follows:

	2021	2020
	MVR	MVR
Total borrowings (Note 24)	10,947,333,999	10,761,465,006
Trade and other payables (Note 28)	1,129,232,147	1,191,552,711
Less: Cash and cash equivalents (Note 22)	(722,383,448)	(130,372,790)
Net debt	11,354,182,698	11,822,644,927
Total equity	25,032,958,991	22,757,057,662
Total capital	36,387,141,689	34,579,702,588
Gearing ratio	31%	34%

The gearing ratios of the Corporation in 2021 have decreased due to increase in total cash and cash equivalents during the year.

5 Determination of fair values

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

Measurement of fair values

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

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

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

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

(ii) Investment properties

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



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6 Revenue	2021 MVR	2020 MVR
Sales of properties	8,378,027,132	540,773,407
Rental income	390,519,716	281,560,264
	<u>8,768,546,848</u>	<u>822,333,671</u>
7 Fair value	2021 MVR	2020 MVR
Fair value (loss) / gain on investment property (Note 15)	184,101,792	108,270,853
	<u>184,101,792</u>	<u>108,270,853</u>
8 Other income	2021 MVR	2020 MVR
Maintenance revenue	10,059,288	9,852,060
Profit on sale of property, plant and equipment	216,486	-
Profit on sale of investment properties	-	84,892
Provision reversal for impairment loss of non-interest bearing receivable (Note 19.5)	-	4,978,595
Provision reversal for impairment loss of other receivables (Note 19.7)	-	1,268,852
Miscellaneous income	141,254,830	86,145,013
	<u>151,530,604</u>	<u>102,329,412</u>
9 Net finance income	2021 MVR	2020 MVR
Finance income		
Interest income on fixed deposits	4,086,816	656,169
Interest income on investment in Islamic bonds	41,160	41,400
Interest income on loans and receivables	299,216,054	110,163,356
	<u>303,344,030</u>	<u>110,860,925</u>
Finance costs		
Loan facility fees (Note 24.1)	(15,842,975)	(20,809,795)
Finance cost on Islamic finance facilities	(1,238,515)	(1,514,870)
Interest expense on loans	(191,057,342)	(173,390,007)
Interest expense on lease liabilities	(74,124)	-
	<u>(208,212,956)</u>	<u>(195,714,672)</u>
Net finance income	<u>95,131,074</u>	<u>(84,853,747)</u>
10 Expenses by nature	2021 MVR	2020 MVR
Cost of sales		
Cost of sale of building	6,866,135,146	14,713,820
Cost of sale of land	193,723,054	73,027,029
Provision for future development of land (Note 27)	208,025,319	25,490,546
	<u>7,267,883,519</u>	<u>113,231,395</u>
Administrative expenses		
Personnel costs (Note 10.1)	235,638,879	149,624,204
Others general & administrative expenses	71,125,919	184,249,204
Professional & consultancy expenses	27,091,166	7,128,691
Depreciation and amortization charge for the year	20,405,421	21,419,812
Bank fees & charges	3,374,574	2,795,379
Board directors' remuneration and fees (Note 37.1)	2,986,302	1,096,897
Supplies, requisites, tools & consumables	2,208,559	1,803,004
Trainings	1,672,933	1,053,639
CSR expenses	281,326	383,575
Travelling expenses	125,272	68,776
Rent & hiring expenses	80,732	256,639
	<u>364,991,083</u>	<u>369,879,820</u>



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10 Expenses by nature (continued)

	2021 MVR	2020 MVR
Maintenance expenses		
Building maintenance expense	19,197,157	10,446,193
Landscaping expenses	1,761,425	2,648,398
Public area maintenance expense	44,537,393	6,260,552
Vehicle & equipment running expenses	5,113,224	3,479,709
General maintenance expense	8,079,296	2,315,568
	<u>78,688,495</u>	<u>25,150,420</u>
Selling and marketing expenses		
Advertisement expenses	5,065,952	192,470
Meeting & ceremonial expenses	810,047	455,113
Promotional expenses	769,826	-
Provision made for impairment loss of non-interest bearing receivable (Note 19.5)	101,509,716	-
Provision made for impairment loss of other receivables (Note 19.7)	9,855,411	-
Provision made for impairment loss of interest bearing receivable (Note 19.6)	19,280,923	40,886,853
	<u>137,291,875</u>	<u>41,534,436</u>

10.1 Personnel costs

	2021 MVR	2020 MVR
Salaries and wages	87,821,388	61,446,928
Allowances	132,775,684	79,498,171
Contribution for pension fund	5,203,608	3,521,335
Medical expenses	3,689,884	2,574,667
Staff welfare and others	2,353,514	230,239
Travelling and visa	2,898,643	1,990,972
Defined benefit plan	896,158	361,892
	<u>235,638,879</u>	<u>149,624,204</u>

11 Tax expense

	2021 MVR	2020 MVR
Amount recognized in profit or loss		
Current tax expense (Note 11.2)	213,173,271	54,926,766
Deferred tax liability recognized (Note 11.3)	<u>(21,256,846)</u>	<u>10,433,277</u>
	<u>191,916,424</u>	<u>65,360,043</u>
Amounts recognized in other comprehensive income		
Deferred tax recognized through other comprehensive income (Note 11.3)	<u>(359,063)</u>	<u>(157,147)</u>
Income tax (Note 11.1)	<u>191,557,361</u>	<u>65,202,896</u>



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11 Tax expense (Continued)	2021	2020
	MVR	MVR
11.1 Reconciliation between accounting profit and taxable income:		
Profit before tax	1,350,455,346	398,284,118
Add: expenses not allowed for tax purposes	40,240,218	76,791,899
Adjustment due to the established deferred tax base in previous year	(113,146,483)	(39,890,035)
Tax free allowance	(500,000)	(500,000)
Total taxable income	<u>1,277,049,082</u>	<u>434,685,982</u>
Corporate Income tax @ 15%	<u>191,557,362</u>	<u>65,202,897</u>

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 Tax liability	2021	2020
	MVR	MVR
Balance as at 1st January	240,817,003	198,541,656
Tax charge for the year	213,173,271	54,926,767
Tax paid during the year	(107,620,158)	(15,554,957)
Amount transferred from GMIZL (Note 36)	-	2,903,537
Balance as at 31 st December	<u>346,370,116</u>	<u>240,817,003</u>

11.3 Net deferred tax liability	2021	2020
	MVR	MVR
Balance as at 1st January	(1,329,090,473)	(1,319,459,682)
Reversal in deferred tax asset during the year recognized through OCI	359,063	157,147
Amount transferred from GMIZL (Note 36)	-	645,339
Increase in deferred tax liability recognized through profit or loss	21,256,846	(10,433,277)
Balance as at 31 st December	<u>(1,307,474,564)</u>	<u>(1,329,090,473)</u>

Deferred tax liability is attributable to the following;

	2021		2020	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR	MVR
Property, plant and equipment	31,685,913	4,752,887	27,959,773	4,193,966
Intangible assets	(1,249,225)	(187,384)	(425,274)	(63,791)
Investment properties	(9,906,897,526)	(1,486,034,629)	(9,722,795,733)	(1,458,419,360)
Gratuity provision	3,060,955	459,143	1,431,902	214,785
Fair value change of investment	(375,000)	(56,250)	152,500	22,875
Actuarial (loss)/gains on defined benefit plans	2,768,750	415,313	895,145	134,272
Provision for impairment loss	779,068,645	116,860,297	643,319,232	96,497,885
Provision for land development costs	375,440,390	56,316,059	188,859,300	28,328,895
	<u>(8,716,497,097)</u>	<u>(1,307,474,564)</u>	<u>(8,860,603,155)</u>	<u>(1,329,090,473)</u>

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:

	2021	2020
	MVR	MVR
Profit for the period ended 31st December	1,158,538,922	332,924,075
Weighted average number of shares	81,084,914	44,200,000
Earnings per share	<u>14.29</u>	<u>7.53</u>



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13 Property, plant and equipment

	Freehold buildings & improvements	Computer and office equipment	Vehicles & boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total 2021	Total 2020
	MVR	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	224,519,562
Amount transferred from GMIZL (Note 36)	-	-	-	-	-	-	-	67,622,324
Additions during the year	3,378,343	5,907,316	586,850	2,141,039	1,154,708	6,014,179	19,182,435	4,207,548
Reclassification during the year (Note 13.2)	1,008,118	-	-	-	-	21,930,623	22,938,741	(56,619,656)
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	239,729,778
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	98,611,626
Reclassification during the year	-	-	-	-	-	-	-	-
Charge for the period	5,550,487	5,233,519	3,885,210	1,484,894	3,930,283	-	20,084,392	21,115,153
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	119,726,779
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	
As at 31 st December 2020	75,005,055	7,712,251	4,513,689	4,702,818	24,013,233	4,055,953		120,002,999

Capital work in progress represents the cost incurred for the projects office in Hulhumale' phase II, staff accommodation in Gulhifalhu, vehicle garage in Thilafushi, CCTV surveillance of Hiya flats, sales office development and development of Hiya flats management offices.

13.1

During the year ended 31 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.

13.2

From the amount transferred from GMIZL, the Corporation has reclassified freehold buildings and improvements amounting MVR 12,461,282 to investment property and capital work in progress amounting to MVR 44,158,374 to investment property during the year 2020.

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14 Intangible assets

Software	
2021	2020
MVR	MVR
Cost	
As at 1 st January	10,740,903
Additions during the year	437,565
Capital work in progress	1,692,864
As at 31 December	12,871,332
Accumulated amortization	
As at 1 st January	6,414,001
Amortization during the year	285,636
As at 31 December	6,699,637
Net book value	
As at 31 December	6,171,695

14.1 Amortisation

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

15 Investment properties

	Land	Buildings	Capital work in progress (at cost)	Total 2021	Total 2020
	MVR	MVR	MVR	MVR	MVR
At fair value					
As at 1st January	19,421,236,276	2,168,415,000	693,439,207	22,283,090,483	17,325,625,541
Disposals during the year	-	-	-	-	(72,538)
Additions/adjustments during the year	175,333,315	496,334	124,347,810	300,177,458	136,008,971
Amount transferred from GMIZL (Note 36)	-	-	-	-	4,656,638,000
Reclassification from Inventory during the year (Note 15.4)	-	-	177,948,408	177,948,408	56,619,656
Reclassification to PPE during the year (Note 15.5)	-	(1,008,118)	-	(1,008,118)	-
Transfer from capital work in progress	-	-	-	-	-
Gain on fair value	211,154,908	(27,053,116)	-	184,101,792	108,270,853
	19,807,724,499	2,140,850,100	995,735,425	22,944,310,023	22,283,090,483

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

15.2 Capital work in progress as at year end represents the cost incurred on the construction of office complex, vertical parking system, distribution center, esjehige relocation, outdoor sports arena, GPON network, telecom towers, container park and container storage facility.

15.3 Additions to the capital work in progress include borrowing cost capitalisation of MVR 9,375,307 for the year ended 31st December 2021 (2020: MVR 12,638,722).

15.4 During the year ended 31 December 2021, the Corporation has reclassified MVR 177,948,408 from inventory to investment property buildings.

In 2020 after taking over GMIZL assets, the Corporation has reclassified freehold buildings and improvements amounting MVR 12,461,282 to investment property and capital work in progress amounting to MVR 44,158,374 to investment property.

15.5 During the year ended 31 December 2021, the Corporation has reclassified MVR 1,008,118 from investment property to freehold buildings and improvements.



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15 Investment properties (continued)

15.6 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 recognised as a deemed cost. However, during the year ended 31st December 2017, the Company has changed its policy to recognize all of its Investment properties at fair value and accordingly a gain on fair value amounting to MVR 201,338,931 was recognized through profit or loss for the year ended 31st December 2021.

15.7 Amounts recognised in profit or loss for investment properties

	2021 MVR	2020 MVR
Rental income	390,519,716	281,560,264
Fair value gain recognised in other income	184,101,792	108,270,853

15.8 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 performed by KPMG Maldives, an independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued.

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

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

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

Valuation processes

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

Phase I - Land Income approach

Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data.

Market approach

Future market rates, adjustments for different zones, and adjustments for land plots are estimated by KPMG based on comparable transactions and industry data.

Phase I - Developed properties Income approach

Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data.

Phase II - Land Income approach

Discount rates, future rental income, and capitalization rates are estimated by KPMG based on comparable transactions and industry data.

Market approach

Future market rates, adjustments for different zones, and adjustments for land plots are estimated by KPMG based on comparable transactions and industry data.

15.9 Contractual obligations

Refer to Note 34 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.



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15.10 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 not recognised in the financial statements are receivable as follows:

	2021 MVR	2020 MVR
Year 01	555,930,551	271,015,657
Year 02	472,082,235	242,488,652
Year 03	403,225,289	209,907,795
Year 04	319,190,230	186,298,216
Year 05	264,067,891	148,994,073
Later than 5 years	2,031,005,125	1,069,027,761

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2020 and 31 December 2021 for recurring fair value measurements:

	Phase I - Land	Phase I - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Total
Opening balance 1 January 2019	7,909,414,004	1,795,423,000	7,005,123,998	-	-	16,709,961,002
Acquisitions	4,177,059	-	69,415,385	-	-	73,592,444
Transfer from GMIZL	-	-	-	4,566,085,000	90,553,000	4,656,638,000
Transfer from capital work in progress	-	30,187,613	-	-	-	30,187,613
Transfer from/(to) PPE	-	-	-	12,461,282	-	12,461,282
Disposals	-	(1,459,919)	-	-	-	(1,459,919)
Amounts recognised in profit or loss						
- Fair value gains recognised in other income	(112,318,063)	255,250,306	(37,676,390)	4,554,000	(1,539,000)	108,270,853
Closing balance 31 December 2020	7,801,273,000	2,079,401,000	7,036,862,993	4,583,100,282	89,014,000	21,589,651,275
	Phase I - Land	Phase I & II - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Total
Acquisitions	9,613,710	496,334	165,719,603	-	-	175,829,648
Transfer from capital work in progress	-	-	-	-	-	-
Transfer from to PPE	-	(1,008,118)	-	-	-	(1,008,118)
Disposals	-	-	-	-	-	-
Amounts recognised in profit or loss						
- Fair value gains recognised in other income	441,138,294	(82,238,216)	(343,709,603)	113,726,218	55,185,100	184,101,792
Closing balance 31 December 2021	8,252,025,004	1,996,651,000	6,858,872,993	4,696,826,500	144,199,100	21,948,574,597

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15 Investment properties (continued)

Valuation inputs and relationships to fair value

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

Category	Valuation technique	Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
			2021	2020	
Phase I - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 15 – MVR 20	MVR 15 – MVR 30	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 900 – MVR 2,600	MVR 1,300 – MVR 3,000	Higher the market rate higher the fair value
		Years purchase rate	7% – 9%	7% – 7.5%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base market rate per sq.ft.	(-30%) – 5%	(-5%) – (-10%)	Higher the adjustment lower the fair value
		Adjustment for land plot size	(-25%) – 15%	(-25%) – 20%	Higher the adjustment higher the fair value
		Outgoings	–	–	Higher the outgoing rate lower the fair value
Phase I - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 12.20 – MVR 35	MVR 12.20 – MVR 35	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 12.20 – MVR 35	MVR 12.20 – MVR 35	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 8%	6.5% – 7.5%	Higher the discount rate lower the fair value
		Outgoings	10%	10%	Higher the outgoing rate lower the fair value
Phase II - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 15	MVR 9 – MVR 30	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 900 – MVR 1,500	MVR 800 – MVR 1,300	Higher the market rate higher the fair value
		Years purchase rate	8% – 9%	7% – 9%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base value per sq.ft.	(-20%) – (+10%)	(-20%) – (+5%)	Higher the adjustment higher the fair value
		Adjustment for land plot size	(-25%) – (+20%)	(-30%) – (+10%)	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 9 – MVR 30	-	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 9 – MVR 30	-	Higher the market rate higher the fair value
		Years purchase rate	7% – 8%	-	Higher the discount rate lower the fair value
		Outgoings	10%	-	Higher the outgoing rate lower the fair value
Gulhifalhu and Thilafushi - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 4 – MVR 10	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 4 – MVR 10	MVR 4 – MVR 10	Higher the market rate higher the fair value
		Years purchase rate	7% – 8%	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 6 – MVR 40	MVR 10 – MVR 40	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 7.5%	6.5% – 7.5%	Higher the discount rate lower the fair value
		Outgoings	10% – 17%	10% – 17%	Higher the outgoing rate lower the fair value

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15 Investment properties (continued)

Sensitivity of assumptions employed in investment property valuation

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

								2021		2020	
								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%	(587,154,000)	(254,838,000)	(9,278,000)	(104,849,000)	(554,075,000)	(17,452,300)	(1,527,646,300)	(1,308,561,000)	(1,308,561,000)	(1,308,561,000)
Years purchase rate	(1%)	791,401,000	331,879,000	11,985,000	135,497,000	714,436,000	23,064,000	2,008,262,000	1,710,806,500	1,710,806,500	1,710,806,500
Outgoings	1%	-	(23,863,000)	-	(10,206,000)	-	(1,089,700)	(35,158,700)	(36,386,600)	(36,386,600)	(36,386,600)
Outgoings	(1%)	-	23,861,000	-	10,213,000	-	1,085,400	35,159,400	36,399,600	36,399,600	36,399,600
Adjustment for different zones	1%	41,703,000	-	73,716,000	-	-	-	115,419,000	80,968,000	80,968,000	80,968,000
Adjustment for different zones	(1%)	(41,692,000)	-	(73,646,000)	-	-	-	(115,338,000)	(81,044,000)	(81,044,000)	(81,044,000)
Adjustment for land plot size	1%	41,703,000	-	73,716,000	-	-	-	115,419,000	121,250,000	121,250,000	121,250,000
Adjustment for land plot size	(1%)	(41,692,000)	-	(73,646,000)	-	-	-	(115,338,000)	(121,330,000)	(121,330,000)	(121,330,000)

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16 Right-of-use assets

Building at fair value

**2021
MVR** **2020
MVR**

As at 1 January	-	-
Additions	707,875	-
Disposals/written-off	-	-
As at 31 December	<u>707,875</u>	<u>-</u>

Depreciation and impairment

As at 1 January	-	-
Depreciation charge for the year	35,394	-
Disposals/written-off	-	-
As at 31 December	<u>35,394</u>	<u>-</u>

Net book Value

As at 31 December	<u><u>672,481</u></u>	<u><u>-</u></u>
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The Corporation has elected not to revalue its asset class recognized under right-of-use assets



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17 Financial assets at fair value through other comprehensive income

	2021	2020
	MVR	MVR
State Trading Organization Plc (Note 17.1)	1,452,500	1,137,500
Dhivehi Raajjeyge Gulhun Plc (Note 17.2)	1,020,000	960,000
	<u>2,472,500</u>	<u>2,097,500</u>

17.1 State Trading Organization PLC

Balance as at 1 st January	1,137,500	1,250,000
Change in the fair value during the year	315,000	(112,500)
Balance as at 31 st December	<u>1,452,500</u>	<u>1,137,500</u>

The Corporation has invested in 2,500 ordinary shares of State Trading Organization PLC on 5th January 2010 at the rate of MVR 400/- each. The Market Value of a share as at 31 December 2021 was MVR 581/- (2020 : MVR 455/-) per share.

17.2 Dhivehi Raajjeyge Gulhun PLC

Balance as at 1 st January	960,000	-
Amount transferred from GMIZL (Note 36)	-	1,000,000
Change in the fair value during the year	60,000	(40,000)
Balance as at 31 st December	<u>1,020,000</u>	<u>960,000</u>

Equity Investment Securities Designated at FVOCI are the investment made in quoted shares of Dhivehi Rajjeyge Gulhun PLC ("Dhiraagu"). The investment in Dhiraagu comprised of 10,000 shares with nominal value of MVR 2.5/- which were purchased at MVR 80/- per share. As at the reporting date, the shares were valued at MVR 102/- each

18 Financial assets at amortised cost

	2021	2020
	MVR	MVR
Housing Development Financing Corporation PLC (HDFC) (Note 18.1)	500,000	500,000
Habib Bank of Maldives (HBL) (Note 18.2)	76,500,000	50,000,000
	<u>77,000,000</u>	<u>50,500,000</u>

18.1 The fair value is not significantly different to the carrying amount of Islamic bond.

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

18.2 The Corporation has invested MVR 76,500,000 in HBL Fixed deposit at the rate of 4% per annum.

19 Trade and other receivables

	2021	2020
	MVR	MVR
Non-interest bearing:	1,298,017,179	1,195,528,517
Interest bearing trade receivables	8,564,620,208	1,674,402,049
	<u>9,862,637,387</u>	<u>2,869,930,566</u>
Less : provision for impairment loss on non-interest receivables (note 19.5)	(364,526,767)	(273,186,612)
Less : provision for impairment loss on interest bearing receivable (note 19.6)	<u>(331,226,644)</u>	<u>(292,046,747)</u>
	9,166,883,976	2,304,697,207
Prepayments and advances (note 19.2)	1,262,641,905	1,631,922,741
Other receivables (note 19.3)	171,361,446	160,306,748
Less : provision for impairment loss on other receivables (note 19.7)	<u>(137,962,170)</u>	<u>(128,106,759)</u>
	<u>10,462,925,157</u>	<u>3,968,819,937</u>

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

19.2 The Corporation's prepayments and advances include amount advance to contractor's MVR 988,070,254 (2020: MVR 1,356,420,208) and advance to suppliers MVR 7,512,177 (2020: MVR 3,760,624).

19.3 The Corporation's other receivables include warehouse shell security deposit at Maldives Islamic Bank amounting MVR 4,300,000/- (2020: MVR 4,300,000/-), Dollar purchase from IOF Corporation amounting MVR 10,794,000/- (2020: MVR 10,794,000/-), education loans to staff amounting MVR 4,916,900/- (2020: MVR 3,878,296/-) and receivable from the sale of Rock Boulders MVR 8,375,280/- (2020: MVR 8,375,280/-).

19.4 Analysis

	2021	2020
	MVR	MVR
Non-current	7,742,363,879	1,486,227,908
Current	2,720,561,278	2,482,592,029
Total	<u>10,462,925,157</u>	<u>3,968,819,937</u>



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19 Trade and other receivables (continued)

19.5 Provision for impairment loss on non-interest bearing receivables

	2021	2020
	MVR	MVR
Balance as at 1 st January	273,186,612	297,706,135
Amount transferred from GMIZL (Note 36)	-	62,801,872
Provision reversal during the year	(10,169,560)	(82,342,800)
Provision made during the year	101,509,716	(4,978,595)
Balance as at 31 st December	<u>364,526,767</u>	<u>273,186,612</u>

19.6 Provision for impairment loss - interest bearing receivables

	2021	2020
	MVR	MVR
Balance as at 1 st January	292,046,747	232,624,948
Provision made during the year	19,280,923	40,886,853
Unwinding of interest of stage 3 assets	19,898,973	18,534,946
Balance as at 31 st December	<u>331,226,644</u>	<u>292,046,747</u>

19.7 Provision for impairment loss - other receivables

	2021	2020
	MVR	MVR
Balance as at 1 st January	128,106,759	27,298,121
Amount transferred from GMIZL (Note 36)	-	102,077,490
Provision made during the year	9,855,411	(1,268,852)
Balance as at 31 st December	<u>137,962,170</u>	<u>128,106,759</u>

20 Inventories

	2021	2020
	MVR	MVR
Land inventories	852,773,615	936,600,244
Building inventories	573,944,715	23,291,910
Inventory work-in-progress	2,378,365,949	8,992,439,280
Raw materials inventory	9,569,323	9,287,607
	<u>3,814,653,602</u>	<u>9,961,619,041</u>

20.1 A bare housing land of 1844.33 square meter of land (lot no: 10618) has been mortgaged with Housing Development Finance Corporation PLC for the loan obtained as disclosed in Note 24 to the financial statements.

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

20.3 During the year ended 31 December 2021, the Corporation has reclassified MVR 21,930,623 to property, plant & equipment and MVR 177,948,408 to investment property from inventory.

20.4 Additions during the year include capitalised borrowing cost amounting to MVR 209,524,296 (2020: MVR 347,645,701).

21 Amounts due from related parties

	2021	2020
	MVR	MVR
Ministry of Education	850	850
Ministry of Islamic Affairs	3,807,675	3,807,675
Ministry of Finance (Transferred from GMIZL - Note 36)	5,486,200	5,486,200
Ministry of Finance	993,300,876	-
Ministry of National Planning and Infrastructure	16,326,641	1,680,152
Maldives of Economic Development	31,469,537	11,235,167
Ministry of Housing & Infrastructure	10,569,380	10,725,200
Maldives Industrial Fisheries Corporation	5,397,000	7,710,000
Road Development Corporation	1,961,424	1,961,424
Ministry of Environment	-	95,441
Ministry of Health	968,758	-
	<u>1,069,288,341</u>	<u>42,702,110</u>
Less: provision for impairment loss (Note 21.2)	<u>(7,343,401)</u>	<u>(7,343,401)</u>
	<u>1,061,944,939</u>	<u>35,358,709</u>

21.1 Analysis of Amounts due from related parties

	2021	2020
	MVR	MVR
Non-current	-	-
Current	1,061,944,939	35,358,709
Total	<u>1,061,944,939</u>	<u>35,358,709</u>

21.2 Provision for impairment loss

	2021	2020
	MVR	MVR
Balance as at 1 st January	7,343,401	1,857,201
Provision reversal during the year	-	-
Amount transferred from GMIZL (Note 36)	-	5,486,200
Balance as at 31 st December	<u>7,343,401</u>	<u>7,343,401</u>



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22	Cash and cash equivalents	2021	2020
		MVR	MVR
	Cash in hand	142,405	110,139
	Balances with banks	340,192,848	85,573,302
	Short term deposits	382,048,195	44,689,349
		<u>722,383,448</u>	<u>130,372,790</u>
22.1	Classification as cash equivalents		
	Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. The Interest rates of the deposits is 4% per annum.		
23	Share capital		
	No. of Shares	2021	2020
		MVR	MVR
	Authorized share capital	100,000,000	50,000,000
	Issued and fully paid share capital	81,084,914	44,200,000
23.1	Authorized share capital		
	Authorized share capital comprises of 100,000,000 ordinary shares of MVR 10/- each.		
23.2	Issued and fully paid share capital		
	The Issued and fully paid share capital comprises of 81,084,914 ordinary shares of MVR 10/- each.		
23.3	Share premium		
	This share premium represents the capital contribution by the shareholders in excess of the nominal value of the issued share capital.		
23.4	Dividends and voting rights		
	The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Corporation.		
	The Corporation has not declared any dividend for the Year ended 31st December 2021 (2020 : Nil).		
23.5	Advance for share capital		
	During the year ended 31st December 2015, the Corporation has received US\$ 4,000,000/- (MVR 61,410,000/-) as contribution for share capital from Government for which the shares have not been allotted as at reporting date.		
	During the year ended 31st December 2016, the Corporation has further received MVR 40,000/- as contribution for share capital from Government of Maldives for which the shares have not been allotted as at reporting date. Further, during the year ended 31st December 2017, the Corporation has received MVR 3,406,229,586/- as capital contribution from Government of Maldives as part of Farukolhufushi Island given to the Corporation for which the Corporation will be issuing shares on same. In addition, during the year ended 31st December 2021, the Corporation received MVR 1,119,397,094 (2020: MVR 1,108,124,260) as contribution for share capital from Government of Maldives. Further, pursuant to the decision taken by the Government of Maldives to merge GMIZL with HDC MVR 4,820,173,501 was contributed as the value of net assets of GMIZL as at 23rd September 2020. For the year ended 31st 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.		
24	Loans and borrowings	2021	2020
		MVR	MVR
	As at 1 st January	10,761,465,006	9,820,444,504
	Add: interest expense on loans (Note 24.2)	406,030,994	529,253,074
	Less: interest paid during the year	(251,394,888)	(329,641,317)
	Add: borrowing during the year	1,151,705,256	1,853,035,583
	Less : repayments during the year	(1,120,472,368)	(1,111,626,838)
		<u>10,947,333,999</u>	<u>10,761,465,006</u>
	Less: loan facility fees (Note 24.1)	(65,748,618)	(74,980,354)
	Balance as at 31 st December	<u>10,881,585,381</u>	<u>10,686,484,652</u>
	Non-current	9,302,647,846	8,366,053,388
	Current	<u>1,578,937,535</u>	<u>2,320,431,263</u>
	Total	<u>10,881,585,381</u>	<u>10,686,484,652</u>



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24 Loans and borrowings (continued)	2021 MVR	2020 MVR
24.1 Loan facility fees		
As at 1 st January	74,980,355	87,412,245
Payments during the year	11,775,705	14,314,131
Facility fee expense	(15,842,975)	(20,809,795)
Less : facility fee capitalized	(5,164,466)	(5,936,226)
As at 31st December	<u>65,748,618</u>	<u>74,980,355</u>
Analysis of loan facility fees		
Non-current	48,694,946	58,026,222
Current	17,053,672	16,954,132
Total	<u>65,748,618</u>	<u>74,980,354</u>
24.2 Finance cost		
Interest expense on loans	406,030,994	529,253,074
Less : interest capitalized	(213,735,137)	(354,348,197)
Finance cost expensed	<u>192,295,857</u>	<u>174,904,877</u>
24.3 Sources of finance	2021 MVR	2020 MVR
Ministry of Finance and Treasury (Note 24.7)	194,124,226	184,635,940
Ministry of Finance and Treasury - Basic Flats down payment loan (Note 24.8)	1,103,125	1,314,925
Ministry of Finance and Treasury - 504 Housing project loan- I (Note 24.9)	63,520,618	60,491,195
Ministry of Finance and Treasury - 504 Housing project loan-II (Note 24.9)	99,149,160	96,177,959
Housing Development Finance Corporation PLC - Basic flats (Note 24.10)	1,763,332	2,271,079
Bank of Ceylon - Phase II Dredging Loan (Note 24.11)	280,168,253	280,288,431
Maldives Islamic Bank Private Limited - Murabaha Facility (Note 24.12)	11,494,166	18,183,525
Ministry of Finance and Treasury - TATA housing units Refinance (Note 24.13)	113,165,380	108,660,031
Export-Import Bank of India - Phase II Road Network Project - Stage I-2015 (Note 24.14)	376,723,072	427,274,728
Seylan Bank - 1530 Housing Units (Note 24.15)	-	62,793,803
Ministry of Finance and Treasury - subsidiary loan agreement - Phase II Development (Note 24.16)	547,608,599	403,228,204
Bank of Maldives - Indoor Sports Arena (Note 24.17)	24,942,190	26,211,586
China Development Bank - 1530 Housing Units (Note 24.18)	1,530,853,724	959,326,078
Industrial and Commercial Bank of China - Airport Link Road (Note 24.19)	316,277,543	344,987,087
Seylan Bank - Phase II Electricity Network (Note 24.20)	115,159,416	172,741,124
Credit Suisse Bank - 7000 Housing units (Note 24.21)	509,692,485	849,713,201
Industrial and Commercial Bank of China - 7000 Housing units (Note 24.22)	5,277,963,916	5,514,568,317
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena (Note 24.23)	15,252,008	31,251,935
Ministry of Finance and Treasury - ICBC Interest Refinance Loan (Note 24.24)	122,776,334	118,505,898
Habib Bank of Maldives - Distribution Center (Note 24.25)	37,356,991	50,941,351
Ministry of Finance - Credit Suisse Interest Refinance Loan (Note 24.26)	38,684,970	37,168,659
Ministry of Finance - ICBC Interest Refinance Loan (Note 24.27)	132,672,526	127,648,390
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 24.28)	103,627,754	99,744,922
Ministry of Finance - Credit suisse and Bank of China Refinance Loan (Note 24.29)	45,643,085	44,012,165
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan (Note 24.30)	36,879,832	35,560,225
Ministry of Finance - CDB Interest Refinance Loan (Note 24.31)	33,518,647	32,230,512
Ministry of Finance - 1530 Housing units (Note 24.32)	246,834,605	233,653,968
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan (Note 24.33)	129,237,808	124,605,032
Bank of China - 2500 Housing Units (Note 24.34)	209,140,368	313,274,735
Export-Import Bank of India - Phase II Remaining roads (Note 24.35)	96,300,368	-
Ministry of Finance - Subsidiary Loan (Note 24.36)	156,339,904	-
Browns-CMEC - Phase II Electricity Project (Note 24.37)	79,359,593	-
	<u>10,947,333,999</u>	<u>10,761,465,005</u>



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24 Loans and borrowings (continued)

24.4 Non current

Secured loans:

	2021 MVR	2020 MVR
Housing Development Finance Corporation Plc - Basic Flats	1,209,332	1,763,332
Bank of Ceylon - Phase II Dredging Loan	239,009,553	185,039,445
Maldives Islamic Bank Private Limited - Murabaha Facility	3,363,366	10,993,845
Export-Import Bank of India - Phase II Road Network Project - Stage I-2015	325,632,910	376,048,970
Bank of Maldives - Indoor Sports Arena	20,142,543	22,726,443
China Development Bank - 1530 Housing Units	1,308,916,242	759,427,490
Industrial and Commercial Bank of China - Airport Link Road	258,523,558	291,667,604
Seylan Bank - Phase II Electricity Network	57,568,000	115,136,000
Credit Suisse Bank - 7000 Housing units	167,641,614	502,121,768
Industrial and Commercial Bank of China - 7000 Housing units	4,785,320,847	5,032,079,773
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	-	15,222,072
Habib Bank of Maldives - Distribution Center	23,772,631	36,379,266
Export-Import Bank of India - Phase II Remaining roads	79,555,829	-
Bank of China - 2500 Housing Units	103,547,532	205,862,356

Unsecured loans:

Ministry of Finance and Treasury	141,491,984	141,491,984
Ministry of Finance and Treasury - Basic Flats down payment loan	891,325	1,103,125
Ministry of Finance and Treasury - 504 Housing project loan - I	47,973,640	47,973,640
Ministry of Finance and Treasury - 504 Housing project loan - II	80,953,028	80,953,028
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	500,499,098	378,089,470
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 and Treasury - TATA housing units Refinance	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	-
Browns-CMEC - Phase II Electricity Project	79,123,424	-
Loan facility fees	9,351,342,792	8,424,079,610
	(48,694,946)	(58,026,222)
	<u>9,302,647,846</u>	<u>8,366,053,388</u>

24.5 Current

	2021 MVR	2020 MVR
Ministry of Finance and Treasury	52,632,242	43,143,956
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	211,800
Ministry of Finance and Treasury - 504 Housing project loan-I	15,546,978	12,517,555
Ministry of Finance and Treasury - 504 Housing project loan - II	18,196,132	15,224,931
Housing Development Finance Corporation Plc - Basic flats	554,000	507,747
Bank of Ceylon - Phase II Dredging Loan	41,158,700	95,248,986
Maldives Islamic Bank Private Limited - Murabaha Facility	8,130,800	7,189,681
Export-Import Bank of India - Phase II Road Network Project - Stage I-2015	51,090,162	51,225,759
Seylan Bank - 1530 Housing Units	-	62,793,803
Ministry of Finance and Treasury - TATA housing units Refinance	-	108,660,031
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	47,109,500	25,138,734
Bank of Maldives - Indoor Sports Arena	4,799,647	3,485,143
China Development Bank - 1530 Housing Units	221,937,481	199,898,589
Industrial and Commercial Bank of China - Airport Link Road	57,753,985	53,319,483
Seylan Bank - Phase II Electricity Network	57,591,417	57,605,124
Credit Suisse Bank - 7000 Housing units	342,050,871	347,591,433
Industrial and Commercial Bank of China - 7000 Housing units	492,643,068	482,488,544
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	15,252,006	16,029,863
Ministry of Finance and Treasury - ICBC Interest Refinance Loan	-	118,505,898
Habib Bank of Maldives - Distribution Center	13,584,360	14,562,085
Ministry of Finance - Credit Suisse Interest Refinance Loan	-	37,168,659
Ministry of Finance - ICBC Interest Refinance Loan	-	127,648,390
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	99,744,922
Ministry of Finance - Credit suisse and Bank of China Refinance Loan	-	44,012,165
Ministry of Finance - Exim Bank of India Interest and Principal Refinance Loan	-	35,560,225
Ministry of Finance - CDB Interest Refinance Loan	-	32,230,511
Ministry of Finance - 1530 Housing units	26,834,605	13,653,968
Ministry of Finance - ICBC and Seylan Interest & Principal Refinance Loan	-	124,605,032
Export-Import Bank of India - Phase II Remaining roads	16,744,540	-
Ministry of Finance - Subsidiary Loan	6,339,905	-
Browns-CMEC - Phase II Electricity Project	236,170	-
Bank of China - 2500 Housing Units	105,592,836	107,412,379
Loan facility fees	1,595,991,207	2,337,385,395
	(17,053,672)	(16,954,132)
	<u>1,578,937,535</u>	<u>2,320,431,263</u>



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24 Loans and borrowings (continued)

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

24.7 Ministry of Finance and Treasury

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

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

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

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

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

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

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

24.10 Housing Development Finance Corporation PLC.

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

24.11 Bank of Ceylon - Phase II Dredging Loan

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

This Loan is secured by;

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

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

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

24.12 Maldives Islamic Bank Private Limited - Murabaha Facility

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

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

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24 Loans and borrowings (continued)

24.13 Ministry of Finance and Treasury - TATA housing units Refinance

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

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

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

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

24.15 Seylan Bank - 1530 Housing Units

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

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

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

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

24.17 Bank of Maldives - Indoor Sports Arena

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

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

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24 Loans and borrowings (continued)

24.18 China Development Bank - 1530 Housing Units

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

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

24.19 Industrial and Commercial Bank of China - Airport Link Road

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

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

24.20 Seylan Bank - Phase II Electricity Network

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

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

24.21 Credit Suisse Bank - 7000 Housing units

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

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

24.22 Industrial and Commercial Bank of China - 7000 Housing units

The Corporation has entered into a US\$ 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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24 Loans and borrowings (continued)

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

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

24.24 Ministry of Finance - ICBC Interest Refinance Loan

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

24.25 Habib Bank of Maldives - Distribution Center

The Corporation has entered into a 5 year term loan agreement with Habib Bank Limited on 21st August 2019 for the purpose of obtaining finance amounting to 15% of the contract value of Distribution center development in 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.

24.26 Ministry of Finance - Credit Suisse Interest Refinance Loan

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

24.27 Ministry of Finance - ICBC Interest Refinance Loan

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

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

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

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

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



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24 Loans and borrowings (continued)

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

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

24.31 Ministry of Finance - CDB Interest Refinance Loan

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

24.32 Ministry of Finance - 1530 Housing units

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

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

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

24.34 Bank of China - 2500 Housing units

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

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

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24 Loans and borrowings (continued)

24.35 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.

24.36 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%.

24.37 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.

	2021	2020
	MVR	MVR
Balance as at 1 st January	97,445,204	103,228,050
1000 Flat A category adjustment during the year	-	-
Recognized during the year	-	-
Transferred to other income from maintenance and collection cost	(5,868,275)	(5,782,846)
As at 1 December 2021	<u>91,576,929</u>	<u>97,445,204</u>

25.1 Analysis of deferred income

Outstanding collection costs (Note: 25.2)	18,249,165	19,546,613
Future maintenance fee (Note: 25.3)	73,327,764	77,898,591
	<u>91,576,929</u>	<u>97,445,204</u>

25.2 Outstanding collection costs

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



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25 Deferred income (continued)

25.3 Future maintenance fee

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

26 Employee benefit obligations

	2021	2020
	MVR	MVR
As at 1 January	2,327,047	1,104,435
Interest Cost	107,044	50,804
Current service cost	789,114	311,088
Past service cost	-	-
As at 31 December	3,223,205	1,466,327
Less: payments during the year	(162,250)	(34,425)
Actuarial gain on obligation	2,768,750	895,145
Closing balance	<u>5,829,705</u>	<u>2,327,047</u>

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

	2021	2020
	MVR	MVR
<i>Amount recognized in income statement</i>		
Current service cost	789,114	311,088
Interest cost	107,044	50,804
Past service cost	-	-
	<u>896,158</u>	<u>361,892</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:

	2021	2020
	MVR	MVR
Discount rate	4.60%	4.60%
Salary growth rate	2.70%	2.70%



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26 Employee benefit obligations (continued)

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

	2021 MVR		2020 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%	(255,918)	+0.5%	(83,640)
	-0.5%	490,358	-0.5%	90,224
Change in salary increase	+0.5%	390,529	+0.5%	91,491
	-0.5%	(353,362)	-0.5%	(85,530)

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

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

27 Provisions

	2021 MVR	2020 MVR
Balance as at 1 st January	235,958,414	241,941,004
Provision on future development cost of sold properties	180,817,326	25,490,546
Actual cost incurred on defect corrections	-	(28,259,170)
Actual cost incurred on school construction	(3,808,157)	(3,213,967)
Additional provision for future construction cost of school (Note 27.4)	(1,381,233)	-
Balance as at 31 st December	<u>411,586,350</u>	<u>235,958,414</u>
27.1 Provision for land development costs (Note 27.2)	401,180,991	220,363,665
Warranty provision for construction defects (Note 27.3)	10,405,359	10,405,359
Provision for future construction cost of school (Note 27.4)	-	5,189,390
	<u>411,586,350</u>	<u>235,958,414</u>
Analysis		
Non-current	411,586,350	230,769,024
Current	-	5,189,390
Total	<u>411,586,350</u>	<u>235,958,414</u>

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

27.3 The Corporation had recognized warranty provision for rectification of construction defects of 1,000 housing units received under Veshifahi Grant. Based on engineer's estimates, an initial provision had been recognized at 3% of the total building value of the Housing units at the time of transfer of housing units to the Corporation.

27.4 The Government of Maldives ("GoM") has transferred 1,000 constructed housing units to HDC on 22 February 2012 at a free of charge during the year with certain conditions including that the Corporation should construct 2 school buildings in Hulhumale'. The Corporation has completed the construction of 2 school building and handed over to the Government.



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28 Trade and other payables	2021 MVR	2020 MVR
Municipal tax payable	54,730,508	54,730,508
Payable to contractors	386,117,278	559,207,346
Contract liability	144,230,488	189,789,156
Retention from contractors	146,765,233	88,998,850
Lease deposits	91,329,836	70,333,084
Sealife Payable (Note 28.2)	1,293,998	1,543,998
1000 Flat A Category customers payable	10,934,121	11,310,121
Accruals, deposits and other payables	293,830,685	215,639,648
	<u>1,129,232,147</u>	<u>1,191,552,711</u>

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

28.2 During the year 2019, Government decided to pay back the booking fees and down payments paid by the customers to Sealife Global. Obligation was created as a 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 250,000 (2020: MVR 22,977,489) was paid to customers of Sealife Global during the year 2021.

28.3 Analysis of trade and other payables

Payable after one year	64,272,315	26,862,770
Payable within one year	<u>1,064,959,832</u>	<u>1,164,689,941</u>
	<u>1,129,232,147</u>	<u>1,191,552,711</u>

29 Amounts due to related parties

	2021 MVR	2020 MVR
Ministry of Islamic Affairs	168,321	168,321
Ministry of Finance (Transferred from GMIZL - Note 36)	2,937,525	2,937,525
Ministry of Housing & Infrastructure	12,346,850	12,346,850
Maldives Tourism Development Corporation	11,490,631	-
	<u>26,943,327</u>	<u>15,452,696</u>

30 Amounts due to a director

	2021 MVR	2020 MVR
Amount transferred from GMIZL (Note 36)	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

31 Lease liability

This note provides for leases where the Corporation is a lessee

	2021 MVR	2020 MVR
As at 1 January	-	-
Contracts added during the year	707,875	-
Finance cost	74,124	-
Lease payments during the year	-	-
As at 31 December	<u>781,998</u>	<u>-</u>

32 Events after the reporting period

No circumstances have arisen since reporting date which require adjustments to / or disclosure in the financial statements.

33 Directors' responsibility

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

34 Capital commitments and contingencies

34.1 Capital Commitments

The Corporation has total capital commitment value of MVR 3.3 billion as at 31 December 2021 (2020 : MVR 4.2 billion) which mainly includes MVR 1.5 billion (2020 : MVR 2 billion) for housing projects, MVR 1.3 billion (2020 : MVR 1.3 billion) for phase II electricity network, MVR 235 million (2020 : MVR 314 million) for phase II remaining roads and MVR 308 million (2020 : MVR 558 million) for other relevant projects.



34 Capital commitments and contingencies (continued)

34.2 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 I, 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 into 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 M2428SA21. The mediation has been held on 2nd and 3rd August 2021 and the Company is currently considering the claims demanded by GPD.

As the agreement is governed by Singapore Law and the Arbitration is processing in Singapore, the Company has obtained a legal advice from contracted international lawyers for the above dispute. Pursuant to the legal advice, 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

35 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.

	Financial assets at amortised cost	Financial assets through FVOCI	Carrying amount		Total	Fair value			
			Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
31 December 2021									
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets measured at fair value									
Financial Assets at FVOCI	-	2,472,500	-	-	2,472,500	2,472,500	-	-	2,472,500



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

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

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



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37

Related party transactions

Name of the related party	Relationship	Nature of the transactions	Amount		Amount due from/ (to)			
			2021'	2020'	2021'	2020'	2021'	2020'
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable MVR
Ministry of Education	Government affiliates	Lease rentals	2,951,528	2,967,205	-	-	-	-
		Receipts	(506,200)	(483,438)	36,265,953	-	33,820,626	-
		Payments made on behalf	-	-	-	850	-	850
Ministry of Health	Government affiliates	Lease rentals	25,262,670	-	-	-	-	-
		Receipts	(679,500)	-	24,851,969	-	268,799	-
		Payments made on behalf	968,758	-	-	968,758	-	-
Aasandha Corporation Limited	Government affiliates	Lease Rentals	3,738,457	3,859,457	-	-	-	-
		Receipts	(2,086,662)	(1,627,109)	10,699,246	-	9,047,451	-
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	-	-	-	-	-
		Receipts	(24,600)	-	-	-	-	-
Maldives Industrial Fisheries Corporation	Government affiliates	Lease rentals	178,186	177,200	-	-	-	-
		Receipts	(178,186)	(215,173)	(38,363)	-	(38,363)	-
		Purchase of goods	(2,313,000)	(3,855,000)	-	5,397,000	-	7,710,000
Department of Judicial Administration	Government affiliates	Lease rentals	151,200	162,000	-	-	-	-
		Receipts	(43,200)	(154,800)	111,600	-	3,600	-
Maldives Transport and Contracting Corporation Plc	Government affiliates	Lease rentals	21,295,193	1,557,800	-	-	-	-
		Receipts	(15,371,438)	(1,427,779)	12,128,775	-	6,205,020	-
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease rentals	1,387,699	1,185,223	-	-	-	-
		Receipts	(925,435)	(1,359,589)	90,156	-	(372,108)	-
Maldives Ports Limited	Government affiliates	Lease rentals	14,397,484	7,299,290	-	-	-	-
		Receipts	(16,608,866)	(5,912,704)	52,809,610	-	55,020,992	-
Maldives Police Service	Government affiliates	Lease rentals	232,268	451,536	-	-	-	-
		Receipts	(325,800)	(274,500)	812,500	-	906,032	-
Maldives National Defense Force	Government affiliates	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	-	-	-	-	-
		Lease rentals	172,800	187,200	-	-	-	-
		Receipts	(331,200)	(172,800)	14,400	-	172,800	-



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37 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount		Amount due from/ (to)			
			2021'	2020'	2021'	2020'	2021'	2020'
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable MVR
Male' City Council	Government affiliates	Payments made on behalf Lease rentals Receipts	- - -	- - -	- 153,459 -	- - -	- 153,459 -	- -
State Trading Organization Plc	Government affiliates	Lease rentals Receipts	21,999,203 (10,897,392)	18,671,493 (107,497,377)	- 14,031,464	- -	- 2,929,654	- -
Ministry of Finance and Treasury (Loan balances are disclosed in Note 23)	Government affiliates	Payments made on behalf Payments Disbursements Interest on loans Sale of goods & services Settlements	- 211,800 (272,597,265) (84,863,083) 1,429,601,419 (436,300,543)	5,486,200 297,800 (123,627,851) (120,590,371) - -	- - - - 993,300,876 -	5,486,200 (2,064,886,572) - - - -	- - - - - -	5,486,200 (1,707,638,024) - - - -
Maldives Water & Sewerage Corporation Limited	Government affiliates	Lease rentals Receipts	40,889,745 (7,833,841)	5,235,656 (5,286,082)	- 32,829,241	- -	- (226,663)	- -
State Electric Corporation Limited	Government affiliates	Lease rentals Receipts	11,467,065 (11,459,384)	10,266,717 (10,261,393)	- 58,778,914	- -	- 58,771,233	- -
Ministry of Housing & Infrastructure	Government affiliates	Payments made on behalf Sale of goods & services Purchase of goods Lease rentals	14,490,669 - - 3,138,184	1,680,152 (77,438,823) - -	- - - 8,128,688	26,896,022 - - -	- - - 4,990,504	12,405,353 - (12,346,850) -
Ministry of Economic Development	Government affiliates	Payments made on behalf Lease rentals Receipts	20,234,369 384,887 (363,459)	11,235,167 336,557 (431,193)	- 358,566 -	31,469,537 - -	- 337,138 -	11,235,167 -
Bank of Maldives	Government affiliates	Lease rentals Receipts	9,330,668 (9,323,631)	3,876,596 (4,482,905)	- (52,184)	- -	- (59,222)	- -
Indhira Gandhi Memorial Hospital	Government affiliates	Lease rentals Receipts Sale of goods & services	4,441,177 (6,665,254) -	4,365,323 (6,153,323) -	47,338,162 - -	- - -	49,562,240 - -	- -

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED

37 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount		Amount due from/ (to)			
			2021'	2020'	2021'	2020'	2021'	2020'
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable MVR
Maldives Hajj Corporation	Government affiliates	Lease rentals Receipts	-	-	-	-	-	-
			(158,254)	-	-	-	158,254	-
Maldives Post Limited	Government affiliates	Lease rentals Receipts	139,378	119,523	-	-	-	-
			(140,457)	(119,511)	-	-	-	-
Maldives Inland Revenue Authority	Government affiliates	Lease rentals Receipts	61,799	61,394	-	-	-	-
			(60,734)	(65,796)	(22,070)	-	(23,135)	-
Maldives Gas	Government affiliates	Lease rentals Receipts	4,140,513	994,069	-	-	-	-
			(4,119,375)	(994,069)	21,138	-	-	-
Maldives Airports Company Limited	Government affiliates	Sale of goods & services Receipts	-	-	26,834,378	-	26,834,378	-
Department of Public Health	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Lease rentals Receipts	158,600	-	141,800	-	-	-
			-	-	-	-	(16,800)	-
Ministry of Fisheries	Government affiliates	Lease rentals Receipts	188,166	187,699	2,041	-	31,986	-
			(218,111)	(155,794)	-	-	-	-
Waste Management Corporation	Government affiliates	Lease rentals Receipts	2,509,000	-	891,136	-	51,415	-
			(1,669,280)	-	-	-	-	-
Maldives Islamic Bank	Government affiliates	Lease rentals Receipts	1,190,850	442,215	6,996	-	(9,880)	-
			(1,173,974)	(452,095)	-	-	-	-
Maldives Monetary Authority	Government affiliates	Lease rentals Receipts	492,033	316,409	-	-	-	-
			(492,033)	(316,409)	-	-	-	-
Ministry of Environment	Government affiliates	Payments made on behalf	(95,441)	695,441	-	-	-	95,441
		Lease rentals Receipts	70,392	-	18,192	-	11,600	-
			(63,800)	(600,000)	-	-	-	-
Sabah Maldives Cooperative Society	Government affiliates	Lease rentals Receipts	127,260	120,720	186,900	-	91,140	-
			(31,500)	(29,580)	-	-	-	-
Road Development Corporation	Government affiliates	Payments made on behalf	-	1,961,424	-	1,961,424	-	1,961,424
		Lease rentals	4,513,048	490,625	5,003,673	-	490,625	-

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED

37 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount		Amount due from/ (to)			
			MVR	MVR	Trade receivable MVR	Other receivable MVR	Trade receivable MVR	Other receivable
Maldives Tourism Development Corporation	Government affiliates	Receipts on behalf	(11,490,631)	-	(11,490,631)	-	-	-
Fuel Supplies Maldives Pvt Ltd	Government affiliates	Payments made on behalf Lease rentals	1,975,177	-	41,752	-	-	-
		Receipts	(1,933,425)	-	-	-	-	-
Health Protection Agency	Government affiliates	Payments made on behalf Lease rentals	106,140	-	153,120	-	46,980	-
Ministry of Gender, Family & Social Services	Government affiliates	Payments made on behalf Lease rentals	163,894	-	163,894	-	-	-
Ministry of Tourism	Government affiliates	Payments made on behalf Lease rentals	366,250	-	117,812	-	-	-
		Receipts	(248,439)	-	-	-	-	-

37.1 Transactions with key management personnel

During the year, the Corporation has paid MVR 8,291,434/- (2020 : MVR 6,205,887/-) as remuneration to the members of the senior management and MVR 2,986,302/- (2020 : MVR 1,096,897/-) as remuneration and fees to the Board of Directors.

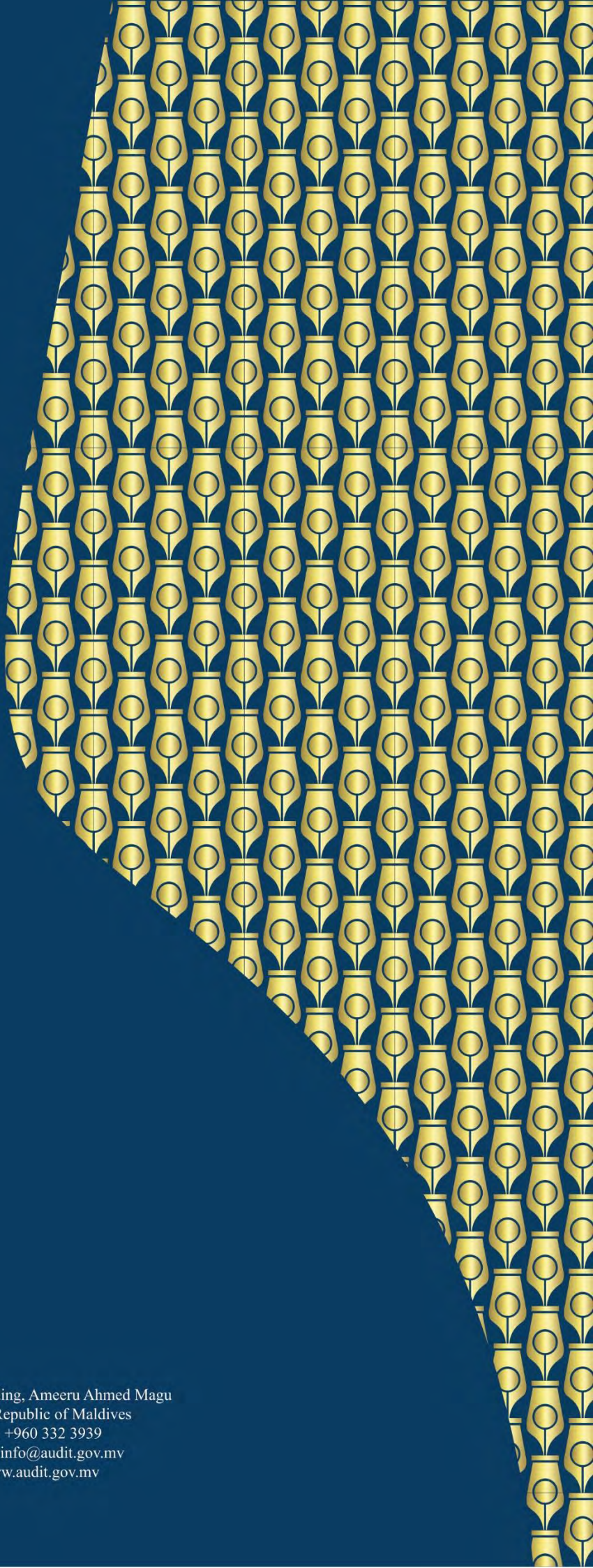
38 Merger of Greater Male' Industrial Zone Limited

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

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

Pursuant to the decision taken by the Government of Maldives to merge the Greater Male' Industrial Zone Limited ("GMIZL") with Housing Development Corporation Limited ("HDC") a "Deed in Respect of Transferring Assets, Contracts and Liabilities" was signed between the Company and HDC on 23rd September 2020. The intention of the merger was to liquidate the GMIZL after the Deed and take all the assets and liabilities to HDC. As a result the GMIZL has transferred all its assets, contracts and liabilities to HDC at their carrying values. As of that date GMIZL ceased its commercial operations. All inter-company balances and transactions stood cancelled. The Corporation received MVR 4,360,361.315/- as the capital contribution from the Government of Maldives, being difference between the value of net assets of the GMIZL transferred to the Corporation, for which the Corporation will be issuing shares on same.





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