



Annual Report 2015



HOUSING
DEVELOPMENT
CORPORATION

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01

Our Story

In mid 1990s, the idea of creating an artificial island from an existing lagoon and transforming it into a futuristic urban city which would accommodate the excessive population of the central region was born. And the Hulhulé-Farukolhufushi region became the crux of this ambitious vision.

The Phase I of Hulhumalé reclamation, consisting of 188 hectares, began on 16th October 1997 and was completed by June 2002. Primary developments in terms of the required physical and social infrastructure and residential developments were completed in 2004.

The first settlement of Hulhumalé was officially inaugurated on the 12th of May 2004 with a resident population of just over 1,000.

At the end of 2013, Hulhumalé Phase I has reached a population of 30,000, which is the halfway mark of the target population of 80,000 to be achieved at the culmination of Phase I by the year 2020. With this in mind Phase II of Hulhumalé, consisting of 240 hectares, was launched in late 2014, catering to a total population of 240,000.

The initial vision of Hulhumalé has broadened to accommodate the growth of Hulhumalé and now envisions the establishment of higher standards in the quality of living in the Maldives. Hulhumalé Phase I and II will be a harmonious combination of residential, commercial and industrial components acting as a catalyst to entice broad based investments in the fields of commerce, education, health, recreation, tourism, fisheries and a number of other related areas by both foreign and local parties.

Hulhumalé Youth City, the city of hope.



02

Our Company

Housing Development Corporation Ltd. (HDC) is a 100% state owned enterprise formed by a presidential decree in 2009. The organization was initially established as Hulhumalé Development Unit in 2001 with the mandate of undertaking the Hulhumalé development project. The unit was later corporatized into Hulhumalé Development Corporation Ltd in 2005.

HDC has three major roles in fostering the development of Hulhumalé

Firstly, it acts as a master developer, delivering the vision, inspiration and imagination of the project in a manner that is feasible and commercially viable.

Secondly, HDC is a builder, investing in the infrastructure necessary for quality living and business prosperity. These include the development of roads, landscaping, and ensuring that basic utilities as well as other essential services are available for investors and residents.

Lastly, HDC acts as regulator, overseeing detailed planning, architectural guidelines and building regulations.

HDC deals with the lease and sale of land as well as developed property in Hulhumalé. The company focuses on four broad areas of development: residential, light industrial, hospitality and commercial.



03

Our Team



As we develop Hulhumalé into a unique island city, encompassing of various opportunities for youth and citizens of the city, it's our goal to attract, develop, engage and retain a dynamic and talented workforce to drive such a transformational change. We believe that developing a capable workforce able to adapt to the changing business environments is the key for success. We value our employees as the most valuable resource. It is for this reason we offer one of the best working conditions and compensation to our employees to value them and to reward them accordingly.

As such, company's salary structure was revised to make HDC compensation packages more attractive and ensure we get the most qualified and talented candidates for our vacancies. The salary review was also accompanied with several favorable changes to employment contract terms such as elimination of salary deduction during the probationary period and changes to leave entitlements. We saw a positive boost to employee morale due to these changes.

Similar to previous years, our training and development function continued their work on the areas of employee development and engagement. Several short term trainings along with overseas professional development trainings for the executives were also provided during the year for them to upgrade themselves and prepare them to face the challenges at work environment.

During the year several works and exercises were conducted to streamline organizational effectiveness through series of department structure revisions and functional structure revisions. Further standard operating procedures for all the key processes of the organization is identified and documented in accordance with ISO 9001 standard as a step towards achieving operational excellence and streamlining operations.

Our culture is performance oriented and our jobs are demanding giving ample opportunities for the employees to grow and develop themselves to be more competent and ready for the future. However, we understand the need to provide our employees time and facilities to refresh their mind away from work. It's where our recreational club (Club HDC) kicks in to provide employees with countless opportunities for recreational and fun-filled activities planned throughout the year. These activities ranges from picnic trips, fishing trips, sport tournaments etc.

In addition to club activities, several staff engagement and team building events were coordinated by the human resource department during the year. One of the most memorable such event was the staff annual event hosted to appreciate and value the outstanding performers and the most promising performer of the year.

Board Members' Profiles



Mr. Usamath Ismail (Acting Chairman / Board Director)

Mr. Usamath Ismail was appointed to the Board of Directors of HDC on the 06th of January 2014. Mr. Usamath Ismail currently works in the capacity of Director at Keystone International Pvt. Ltd. He has 7 years of experience working in the Government sector including Selected Island Development Unit and Ministry of Planning for World Bank Finance developments. He spent his early career in the construction and urban development sector and has worked in various positions in both local and international companies including the UK. Mr. Usamath Ismail holds a Bachelor of Science (Hons.) in Quantity Surveying, PMC, RICS from the University of Greenwich, London and certifications in Procurement and Network Administration.



Mr. Ahmed Ali Habeeb (Board Director)

Mr. Ahmed Ali Habeeb was appointed to the Board of Directors of HDC on the 06th of May 2012. Mr. Ahmed Ali Habeeb currently works in the capacity of Management Accountant at Apollo Holdings Pvt. Ltd. Mr. Ahmed Ali Habeeb spent his career in the Finance sector and is an internationally recognized professional in the field of Management & Finance, owning the membership titles ACMA (Associate Chartered Management Accountant of CIMA, UK) and CGMA (Chartered Global Management Accountant of AICPA, USA). Mr. Ahmed Ali Habeeb has an academic background in Management Accounting.



Mr. Mohamed Saiman (Board Director / Managing Director)

Mr Mohamed Saiman commenced his tenure at Housing Development Corporation as the Deputy Managing Director in January 2014 at a time when Hulhumalé was in need of great transformations. The change in the national agenda that made the city a priority, propelled changes in HDC.

As the corporation leading the development, Mr Saiman was at the forefront and pioneered the transformation of the core management functions and strategic plans of the company. He led the modifications to the Masterplan to meet the development vision of the futuristic Hulhumalé, in respect to both Phase I and Phase II. He soon moved up the rank to the post of Managing Director in March 2015, which allowed him to implement his innovative approach to the Hulhumalé development project.

Mr Saiman represented UNDP Maldives in Modernization and Reform of Public Administration prior to joining HDC. He has vast experience in the Maldives Tourism and Hospitality Industry as a training and management consultant in both the corporate and education sector. Mr Saiman holds a Master's Degree in Business Administration from University of Newcastle, Australia and a Bachelor's Degree in Tourism and Hospitality Management from University of Sunderland, UK. He is also a graduate of the international school SHATEC in Singapore.



Mr. Abdul Samad Abdul Rahman (Board Director)

Mr. Abdul Samad Abdul Rahman was appointed to the Board of Directors of HDC on the 06th of January 2014. Mr. Abdul Samad Abdul Rahman currently works in the capacity of Deputy Director General at The National Drug Agency (NDA). He spent his early career in the Health sector and has 30 year experience working in various positions in government since 1987 including Deputy Director General in many sections at the Ministry of Health. Mr. Abdul Samad Abdul Rahman holds a Graduate Diploma in Management from AVID College and other certifications in Management and Health and is currently pursuing his Masters in Business Administration.

The management team



Mr. Mohamed Shahid

Deputy Managing Director

Mr. Mohamed Shahid holds a Masters of Business Administration from University of Nottingham, Malaysia. He obtained his Bachelor's Degree in Business Management from Griffith University, Australia.

Prior to his career at HDC, he served as the Assistant Sales and Marketing Manager at Malé Aerated Water Company. He joined HDC as a Senior Administrative Officer and moved up the ranks to the position of Deputy Managing Director in 2012.



Ms. Nashwa Abdulla

Director, Business Development, Sales and Marketing

Ms. Nashwa Abdulla joined HDC in February 2015 as the Director of Business Development, Sales and Marketing, one of its biggest and most diverse departments. She handles some of HDC's core functions including investment management, evaluation of business proposals as well as the sales of land and properties. Ms. Nashwa holds a Master's Degree in Public Administration from the prestigious Lee Kuan Yew School of Public Policy, National University of Singapore. She obtained her Bachelor's in Business Management and Marketing, awarded by Charles Sturt University. Prior to joining HDC, she served the Government of Maldives for over 11 years. She began her career at Ministry of Tourism and competently moved up the ranks within civil service. She served as the Political Secretary for the Minister at the Ministry of Construction and Public Infrastructure where she was later appointed as the Deputy Director and shortly after, as the Deputy Director at Ministry of Housing, Transport and Environment. Under her directorship at HDC, she has successfully undertaken the large scale promotion of HDC and Hulhumalé on both local and global platforms.



Ms. Salfiyya Anwar

Director, Planning and Physical Development

Ms. Salfiyya holds a Master's of Arts Degree in Planning and Urban Design from University of Lincoln. She holds a double Bachelor's degree in Applied Science Architectural Science from Curtin University, Australia and in Architecture from Robert Gordon University.

Soon after her academic endeavours, she joined HDC in 2004 as a planning officer. She gave her insight to the formulation of Hulhumalé development master plan. She moved up the ranks to the Director of Planning and Physical Development in 2014.



Mr. Nawaz Shaugee

Director, Project Management and Development

Prior to commencing his tenure as the Director of Project Management and Development at HDC in 2015, Mr. Nawaz Shaugee served in the Maldives National Defence Force (MNDF) for over 10 years. Shortly after graduating from Arawullo University, Philippines with a Bachelors in Civil Engineering, Mr. Nawaz started his career at MNDF as a Civil Engineer.

Possessing great aptitude Mr. Nawaz moved up their military ranks, leading departments such as Project Implementation, Post Construction, Structural Design and Quantity Surveying and Construction. He was also appointed as a Commander of Military Engineering Services and Head of Directorate for Policy, Planning and Resource Management. During his time at MNDF, Mr. Nawaz built an impressive professional background, participating in courses and seminars overseas and working on large scale projects throughout the Maldives.



Mr. Hassan Shafeeq

Director, Legal Affairs

Prior to joining HDC, his long service in the field of law includes working in numerous government positions starting from the position of Legal Officer in Ministry of Justice. His notable career achievements include working as a lawyer and serving as the senior Judge in the civil court of Maldives under the Ministry of Justice. He joined HDC in 2004 as a legal officer and became the Director of Legal Affairs section in 2010.

Mr Shafeeq holds a Bachelor's Degree in Law from Al-Fathih University, Libya.



Mr. Ali Shareef

Director, Accounting and Finance

Mr. Ali Shareef served in the civil service for over 10 years, where he dedicated a great deal of his career to working at the Ministry of Finance and Treasury in the Maldives. At the Ministry, he worked at the Public Enterprises, Monitoring and Evaluation Board (PEMEB) and competently moved up the civil service ranks ultimately becoming the Technical Advisor to the Minister.

Preceding his tenure at HDC, Mr. Ali was the Chief Financial Officer at Housing Development Finance Corporation (HDFC). Mr. Ali joined as Director of Finance of HDC in 2015. He is presently a Board Member of Maldives Pension Administrative Office as well. Mr. Ali obtained his Bachelors in Accounting awarded by the University of Hertfordshire, UK. He is also a member of Association of Chartered Certified Accountants (ACCA, UK) and has completed CFA level 1.



Ms. Fathimath Nihaya

Corporate Affairs, Administration and ICT

Ms. Fathimath Nihaya has over 16 years of management experience. Her career began at the Ministry of Home Affairs. Ms. Nihaya obtained her Bachelor's Degree in Commerce in 2000, majoring in Accounting and Finance from Griffith University, Australia. Ms. Nihaya joined HDC in the year 2005, as a Senior Officer in Finance Department and soon obtained the Assistant Director position of Finance.

During this time, she was also leading the procurement functions of HDC and worked in various functions such as reporting, budget formulation and overseeing accounts payable function of the corporation, as well as in the devising of procurement strategies. In the year 2009, Ms. Nihaya competently moved up the corporation ranks and became the Director directly overseeing the overall management of Administration, Human Resources, and Procurement and ICT functions of the corporation. Since 2014, she has been the Director of Corporate Affairs, Administration and ICT at HDC.



Mr. Ahmed Mirshan

Director, Human Resources and Personnel Management

Mr. Ahmed Mirshan joined HDC in 2014, as the head of Human Resources and Personnel Management department. Prior to his work at HDC, he notable career includes his service in the Civil Service Commission of Maldives and his consultancy work as the lead local Consultant of the Conflict Resolution Dialogue at UNDP Maldives.

His academic qualifications include Bachelor of Arts Degree in the Staffordshire University of UK, Diploma in Human Resource Management, ABE UK, obtained from MAPS Institute of Maldives, and Practitioner's Diploma in Human Resource Management, ABE UK completed at Clique College Maldives.



Mr. Ibrahim Khaleel Abdulla

Municipal Administration, Civil and Public Infrastructure

Mr. Abdulla is a long serving member of the government prior to joining HDC. Most of his contributions in the government include his work in the health sector. He served as the post of Director General of Hulhumalé Hospital from 2008 to 2010. He was also a Member of the Parliament from 2004-2008.

He joined HDC as the Director for Municipal Administration in 2014.

Our Strategic Pillars

Economic drivers and creation of catalyst projects

- Diversify development and investment portfolio
- Strategic planning for continuous improvement
- Creating a healthy investment climate and proactive promotion of investment opportunities

Regulatory body promoting institutional frameworks

- Improving interdepartmental coordination, organizational alignment and system integration
- Enhancing organizational learning and knowledge management

Establishing catalyst for hard and soft infrastructure

- Strengthening connectivity and enhancing local and international accessibility
- Incorporating innovation, technology and ICT in all types of developments

Development of a consonant community and socio economic equity

- Establishing coordination mechanism with stakeholders and coordinated services planning
- Enhancing customer relationship management

Green Initiative

- Promoting green and environmentally friendly features in all developments

Our Values

“ We are visionary, we have passion for growth and consistent improvement for a brighter future.”

Transformative

We transform the style of living, we are agile and we continuously transform and respond to changes in the business environment.

Harmony

We strive to achieve harmony throughout our developments and in our business culture.

Responsible

We are responsible and we carry out our duties with the highest level of professionalism.

Innovative

We create value by implementing new ideas/ methods.

Excel

We consistently strive to provide superior value to our stakeholders.

Visionary

We are visionary, we have passion for growth and consistent improvement for a brighter future.



04

Development Sectors



Housing Developments

HDC being mandated with the development of Hulhumalé and real estate throughout the Maldives looks into many avenues to develop the Housing Sector. As such, the company provides support to the Ministry of Housing in its endeavors to develop Social Housing Projects. HDC goes on to contribute to the market by opening up opportunities for local investors to enter the Real Estate Market through projects such as the Local Developer Project and Apartment Complex Project. These projects are aimed to grow the Real Estate Sector within the Maldives and to provide Commercial Housing opportunities for the population. Aside from locals HDC also opens up opportunities to the international market as well.





Commercial Developments

In the development of Hulhumalé, HDC puts an emphasis on balancing developments by introducing adequate amounts of commercial and other services as required by the residents and visitors. Some of these commercial spaces are aimed at the budding entrepreneurs by providing platforms to venture into businesses in the form of commercial units. Aside from commercial units HDC offers a variety of commercial developments such office spaces, malls, hotels and convention centers.

Industrial Developments

Hulhumalé in its venture to make it a sustainable development looks into avenues to develop industries and create job opportunities within the city. With this aim Hulhumalé has an Industrial zone dedicated for developments such as fish processing factories, warehousing units, workshops and batching plants. The industrial zone also plays a major role in contributing to the every growing housing, commercial and infrastructure developments in Hulhumalé.

Infrastructure

As every growing city needs the necessary infrastructure to thrive HDC puts a special emphasis on infrastructure developments which are a basic necessity of the community such as water, electricity, mosques, hospitals and schools. HDC also develops infrastructure which contribute to harmonious and consonant communities such as parks and open spaces along with developments which add value to the island such as the Tree Top Hospital.

Tourism Related

As Tourism has always been one of the major industries in the Maldives and as urban tourism has become an uprising trend, HDC looks into ways to satisfy the needs of the tourist market by dedicating developments and areas specifically to cater for the international market without infringing on the needs of the existing population. Such developments include the Tourist Island Development, Hotels and convention centers. HDC aims to develop the tourist market to new heights with its upcoming projects such as the Yacht Marina and Cruise Terminal.



05

Business
Review



Business Review

Regular visitors to Hulhumalé over the past few years will have noticed the gradual transformation of the once barren land. What was once a lagoon transformed into an empty reclaimed area has come a long way in terms of development in housing, commercial, industrial, infrastructure and tourism. This mega project is one of a kind in the Maldives and is connected with many hopes of the population.

The year 2015 has seen a population growth totaling to 34,888 residents. The following chart depicts the growth in population up to date.

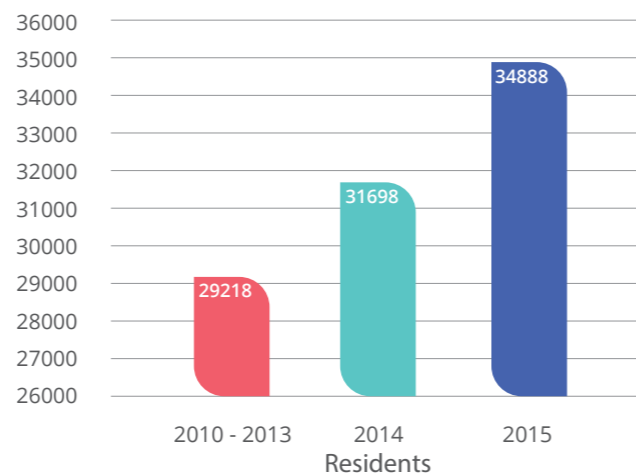
The gradual increase in population directly reflect the development of the Housing Sector in Hulhumalé. As such in the year 2015 HDC has signed with 2 major developers to develop and sell over 560 Housing Units. The physical construction of Amin Avenue and 40 row-houses targeted to the mid-market were initiated during the year.

To support the growing population of Hulhumalé HDC has engaged parties for the development of the commercial and infrastructure developments, such as, signing an agreement with Crown Holdings to develop a Multi – Specialist Hospital. Also HDC has awarded to develop the Youth Park, Beach Café, Quarantine Facility, Fuel Shed and has signed an agreement with Red Wave, a well-known supermarket chain in the Maldives, to operate the commercial block in Neighborhood 3.

In the development of infrastructure development HDC has initiated two projects, covering the main road network and the Shore Protection of Phase 2 as two separate projects. The Developments are projected to be completed within the next two years.

Aside from announcing and advertising projects both in the local and international market HDC has played an active role in seeking investors for its projects. Some notable events that HDC has marketed it products at are

Population Growth 2010-2015



the Maldives Investment Forum 2015 and the South Asia Expo held in Kunming, China.

Overall the Business of HDC has progressed at a constant rate from 2014 and has a lot of projects related to the Tourism sector along with Housing and commercial developments in the pipeline for 2016.

HDC also has a property management section which manages and maintains over 1900 Housing Flats, 6 Commercial Developments and Industrial Garage Units along with all vacant and non-vacant lands in Hulhumalé. During the year 2015 Hulhumalé has become home to a range of Shops which has created a range of goods targeted at the residents and office workers.

06

Business Performance

This section provides the summary details of some of the major projects undertaken by HDC during the year 2015



Completed Major Commercial Projects

Hulhumalé Mini Mall Project

Providing for the shopping needs of the community under one roof. The Mini Mall consists of Cafés, Bank, Salons, Shop Units and some health services.



N3 Commercial Block Project

A commercial building targeted for the needs of the Neighborhood 3 community, consists of 2 Story building including 8 commercial units and a café at first floor.



Completed Major Infrastructure Projects

Barbeque Area

The development of barbeque area, a bicycle track & a walkway of 126m length and a tuck shop has been completed in 2015.



Neighborhood 3 School

A 6 storey School Building in Neighborhood 3 was completed in 2015. The school has the capacity of 44 classrooms.



Phase One of Central Park

The Phase I of the Central Park in Hulhumalé was completed in the year 2015. Phase I consists one quarter of the whole park and green area.



Phase 2 Reclamation

With the Phase 1 of Hulhumalé nearly reaching the population targets set out, the company initiated and completed the reclamation of the second phase of Hulhumalé.



Major Projects initiated within the year

Development of Shore Protection in Phase 2

The protection work includes construction of armor rock revetment and sand haulage of Hulhumalé Phase II offshore islands (Yacht Marina and Cruise Terminal).



Development of Community Centre in Neighborhood 1

The development caters to the growing population of Hulhumalé with services and facilities such as badminton courts, cinema, gym, counselling facilities, café and communal spaces. It is expected to be completed within the next year.



07

Municipal Services

Providing city services to the Hulhumalé community lies under the Municipal Department of HDC whereby relevant permits required for the functioning of the city is issued coupled with the following core responsibilities.



Stakeholder Management

The Municipal function is responsible to establish coordination mechanisms with stakeholders in order to develop related infrastructure and services in a coordinated manner. This function ensures that the base needs of the population are met without any delays. The function also ensures that the services that are required by developers are available in an efficient and coherent manner. In order to achieve this aim the Municipal function has had various meetings throughout the year 2015 with the service providers and stakeholders to discuss their requirements, difficulties faced and suggestions.

Waste Management

The Municipal function was tasked with the development of a proposal for a sustainable waste management method to be implemented in Hulhumalé. To this end in the year 2015, extensive research was carried out on the most sustainable and efficient waste management methods. The identification of garbage disposal options, preparation of a waste management plan addressing, reuse, reduce and recycle along with cost comparisons with the existing waste disposal methods were also carried out within the year and a proposal was formulated on the way forward.

Building Maintenance services

HDC has a Building Management unit that provides maintenance services for the residential flats, commercial buildings, industrial garage units, parks and HDC premises. As part of our continuous improvement in services, we acquired additional quality tools such as bricklaying machine to further enhance our maintenance management. Some of the works carried out in the year are the paving of road and the complete installation of light poles at proposed areas.

Cleaning, Landscaping and greenery

Providing a clean environment to the visitors and residents of Hulhumalé is one of the focus areas of the municipality services to ensure a quality living is accessible. An in-house labor force is dedicated for this purpose in ensuring that roads are well maintained. In order to create an attractive urban city, landscaping and greenery plays a pivotal role. The city is beautified with "Fithuronu", "Dhugethi" and "Golden Ficus". During the year the Central Park Phase 1 landscaping was completed, the propagation of plants required for Phase 2 was initiated, Park in front of the HDC Main office Building was developed, the development of a Malaysian Coconut Palm Nursery were carried out along with general park and hedge maintenance and pruning of trees throughout Hulhumalé.

08

Financial Highlights



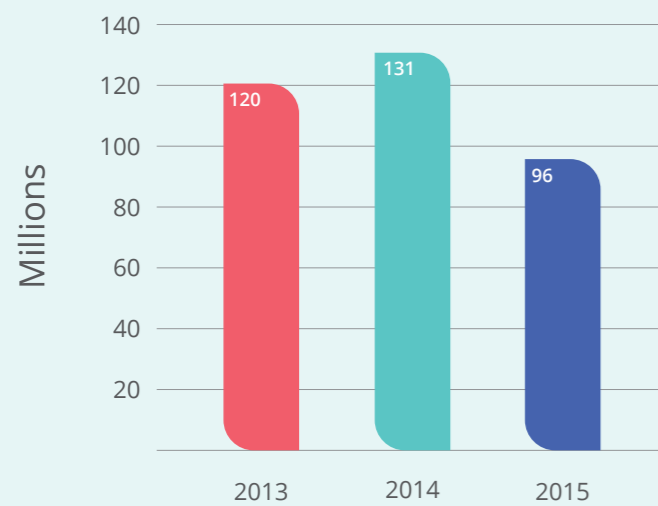
INCOME STATEMENT

	2011	2012	2013	2014	2015
Revenue	261,762,687	366,048,862	890,137,631	479,697,205	148,043,909
Sale of properties	215,469,740	307,879,007	821,894,678	404,315,743	66,468,882
Rental income	46,292,947	58,169,855	68,242,953	75,381,462	81,575,027
Cost of sales	(48,416,844)	(34,150,250)	(770,019,279)	(348,567,069)	(52,488,745)
Gross profit	213,345,843	331,898,612	120,118,352	13v1,130,136	95,555,164
Other operating income	7,952,681	2,745,188	6,930,349	8,671,007	21,385,742
Administrative Expenses	(53,380,331)	(59,718,345)	(74,572,940)	(119,568,085)	(134,944,109)
Maintenance Expenses	(5,709,882)	(9,834,498)	(8,021,219)	(17,002,788)	(15,486,443)
Selling & Distribution Costs	(406,911)	(613,968)	(1,341,865)	(3,516,204)	(4,997,931)
Other operating expenses					
Income from Operating Activities (PBIT)	161,801,400	264,476,989	43,112,677	(285,934)	(38,487,577)
Finance Income on Trade Receivable	69,206,529	95,182,670	103,764,378	142,841,673	151,525,354
Finance Cost (Interest)	(31,384,956)	(29,221,691)	(28,940,203)	(25,523,066)	(33,258,187)
Income from Operating Activities with net Finance Income	199,622,973	330,437,968	117,936,852	117,032,673	79,779,590
Other finance income (on fixed deposits)	12,410,969	14,705,146	13,815,877	50,000	250,000
Interest on investment held to maturity				4,200	
Exchange gain / loss					
Share of profit from JV		3,670,325	1,742,940	(1,250,697)	446,844
Profit Before Tax	212,033,942	348,813,439	133,495,669	115,836,176	80,476,434
Tax	(9,926,554)	(52,171,605)	(20,547,515)	(21,625,823)	(9,638,125)
Profit for the year (PAT)	202,107,388	296,641,834	112,948,154	94,210,353	70,838,309
Earning Per Share	4.57	6.71	2.56	2.13	1.60

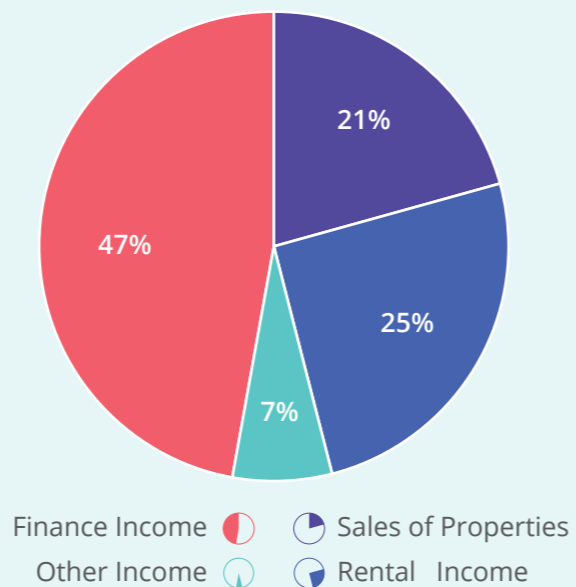
STATEMENT OF FINANCIAL POSITION

	2011	2012	2013	2014	2015
Non-Current Assets	3,389,512,075	3,480,376,640	2,051,197,465	2,380,798,269	2,796,498,786
Property, Plant and Equipment	2,568,171,120	2,561,653,273	36,013,612	38,815,674	72,846,977
Investment Properties	32,276,728	36,795,500	416,636,771	498,461,505	980,940,590
Intangible Assets					2,245,442
Investment available for sale	1,125,000	1,000,000	950,000	1,000,000	1,250,000
Investment held to maturity				500,000	500,000
Investments in JVs	13,124,782	16,795,107	12,996,047	11,745,350	12,022,650
Trade and Other Receivables	774,052,020	863,164,235	1,583,562,960	1,823,736,412	1,715,346,619
Deferred Tax Asset	762,425	968,525	1,038,075	6,539,328	11,346,508
Current Assets	749,906,062	878,343,969	1,375,927,230	1,013,267,686	1,499,863,047
Inventories	298,356,274	177,636,679	605,517,876	196,486,298	907,586,196
Trade and Other Receivables	103,213,749	275,126,332	315,834,892	304,388,642	376,993,389
Investment Held to Maturity					
Amounts Due from Related Parties	19,847,004	128,970,443	136,272,951	131,186,448	80,405,030
Cash and Cash Equivalents	328,489,035	296,610,515	318,301,511	381,206,298	134,878,432
TOTAL ASSETS	4,139,418,137	4,358,720,609	3,427,124,695	3,394,065,955	4,296,361,833
Authorised Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Equity	3,341,092,200	3,542,851,286	2,280,992,418	2,356,555,040	2,486,899,215
Share Capital	442,000,000	442,000,000	442,000,000	442,000,000	442,000,000
Share Premium	61,129,607	61,129,607	61,129,607.00	61,129,607.00	61,129,607.00
Revaluation Reserve	2,149,630,435	2,149,630,435	-	-	-
Fair Value Reserve	125,000	-	(50,000.00)	-	250,000.00
Share Application Pending for allocation	-	-	774,873,413.00	778,329,882.00	817,391,671.00
Retained Earnings	688,207,158	890,091,244	1,003,039,398.00	1,075,095,551.00	1,166,127,937.00
Non Current Liability	583,226,239	592,784,228	637,148,427	625,264,374	1,319,454,058
Loans and Borrowings	483,287,995	445,770,573	408,031,152	374,541,405	1,089,337,590
Deferred Income	23,021,608	22,099,721	102,257,963	134,454,504	115,792,367
Tax liability	3,914,275	4,843,786	5,525,620		
Trade and Other Payables	73,002,361	120,070,148	121,333,692	116,268,465	114,324,101
Capital Employed (Equity + Debt)	3,824,380,195	3,988,621,859	2,689,023,570	2,731,096,445	3,576,236,805
Current Liability	215,099,698	223,085,095	508,983,850	412,246,541	490,008,560
Loans and Borrowings	34,893,454	36,676,903	37,738,425	39,812,317	33,806,441
Provisions	53,457,243	91,380,044	381,833,154	257,015,659	254,463,014
Trade and Other Payables	101,049,125	69,149,619	73,747,154	99,739,948	201,739,105
Amounts Due to Related Parties	25,699,876	25,878,529	15,665,117	15,678,617	
Loans and Borrowings (CL +NCL)	518,181,449	482,447,476	445,769,577	414,353,722	1,123,144,031
Capital Employed (Equity + Debt+Def-ferred Income)	3,847,401,803	4,010,721,580	2,791,281,533	2,865,550,949	3,692,029,172
TOTAL EQUITY AND LIABILITIES	4,139,418,137	4,358,720,609	3,427,124,695	3,394,065,955	4,296,361,833

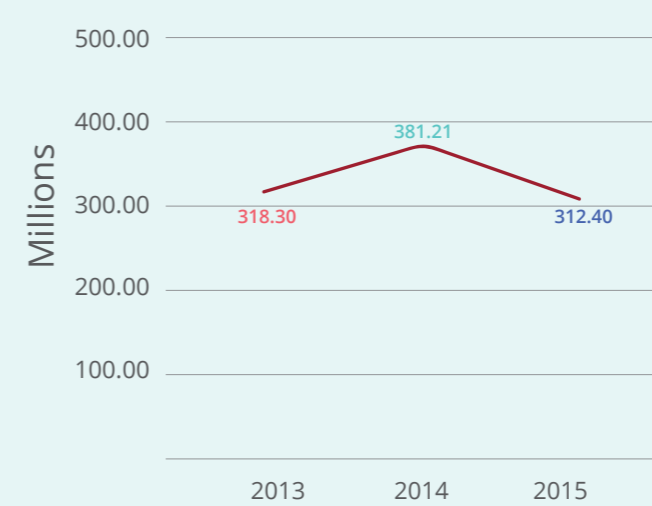
Gross Profit



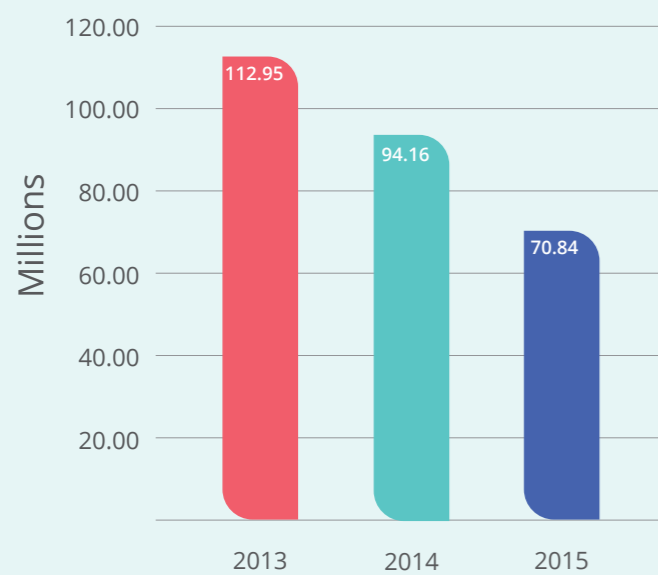
Revenue Resources 2015



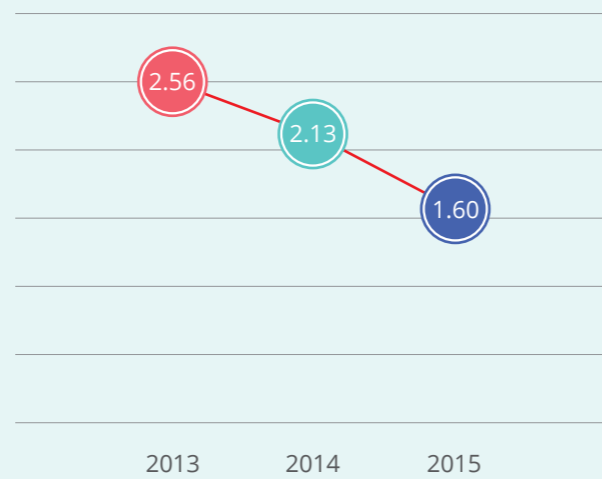
NET Cash Flow



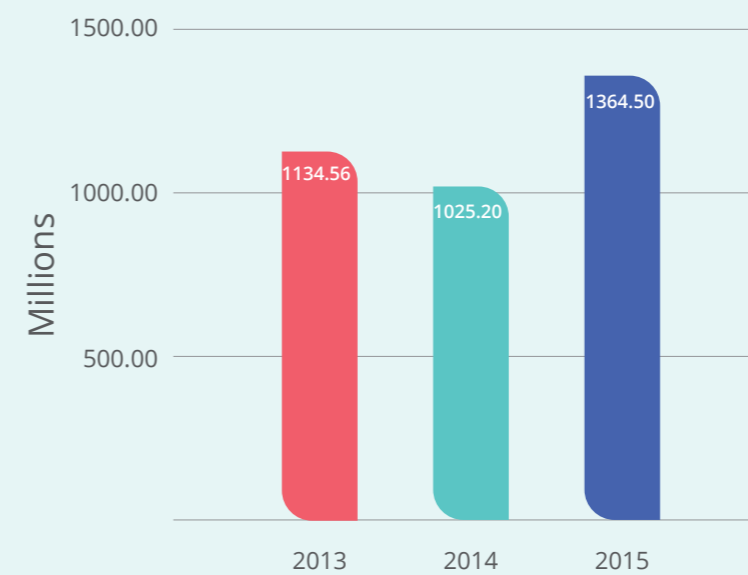
Profit after Interest and Tax



Earnings Per Share (EPS)



Total Liabilities



09

Financial
Review



REVENUE AND PROFITS

The year 2015 was a successful year in term of achieving its revenue targets set for the year. The company had achieved annual revenue of MVR 148 Million with a net profit of MVR 70.8 million.

The net profit for the year ended 31 December 2015 shows a decline compared to the year ended 31 December 2014 (331.6 million), due to fact that there was no sale of plots and sale of property. The decrease is also due to number housing projects falling in to the year 2015.

The major income source for the year was through finance income and rental income. As at 31st December the company recorded MVR 151.5 million from finance income and MVR 81.5 million from rental income.

Other incomes mainly include maintenance charge (income) amounting to MVR 7.4 million and miscellaneous income amounting to MVR 5.6 million.

The operations of HDC had drastically increased with more housing projects. As such, the scale of operations expanded resulting in an increase in overhead compared to 2014. Administrative expenses has increased by 10%, selling and marketing expenses has increased by 56% compared to 2014.

The company has been giving Municipal service for the residents of Hulhumalé at the very beginning on behalf of the government and company had been investing a significant amount to cater and improve the municipal services. It has subsumed a notable amount of the company overheads. In 2015 MVR 34.8 Million incurred which was 10% increase compared to 2014.

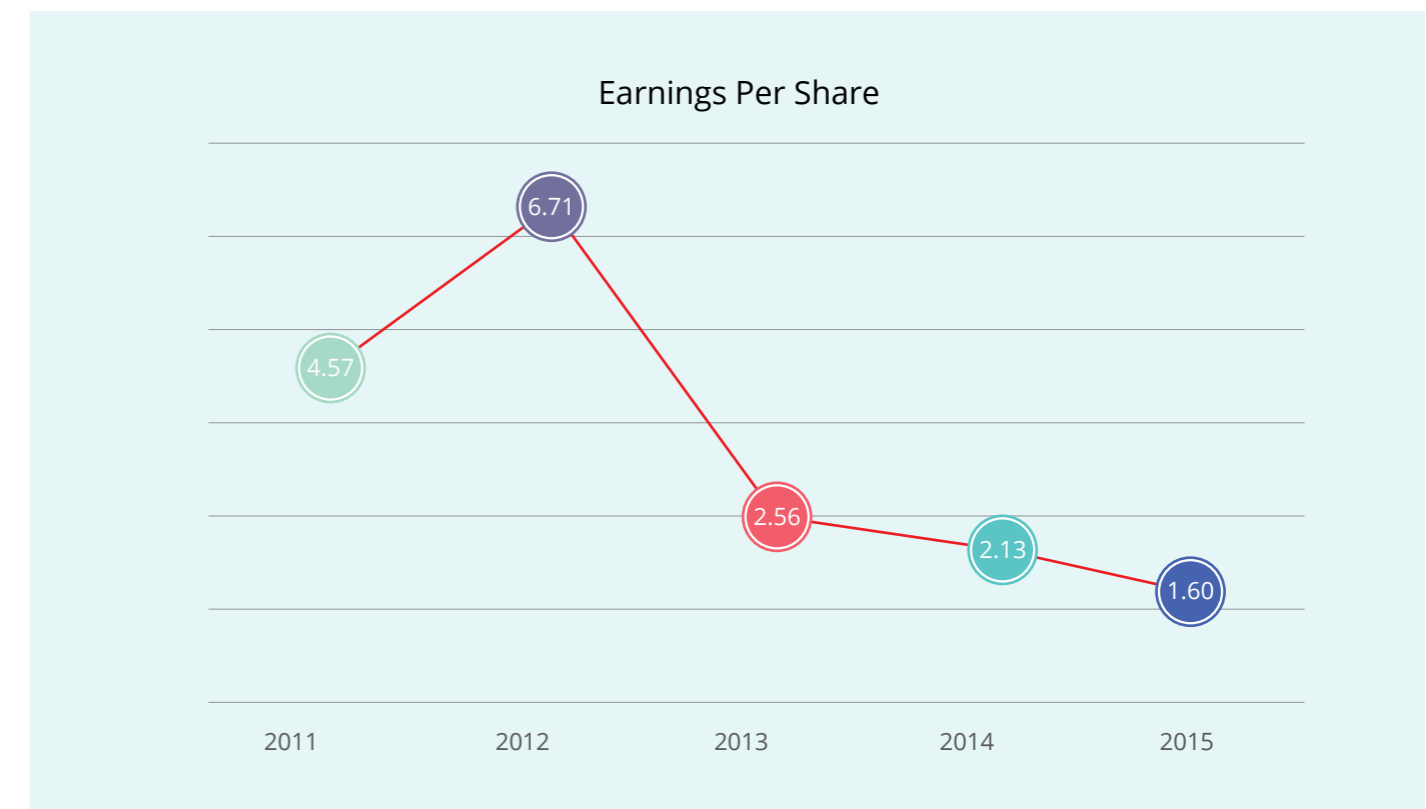
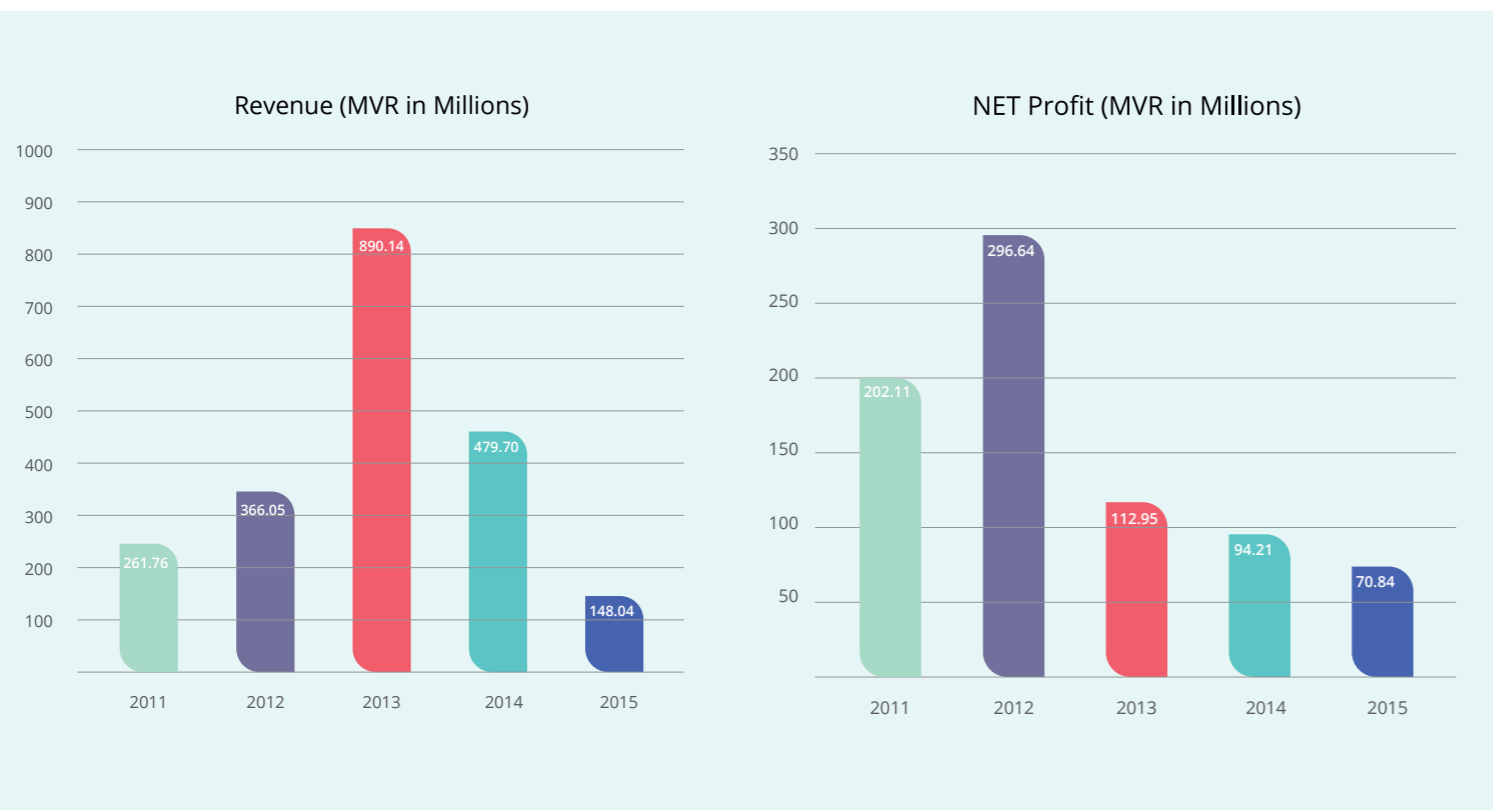
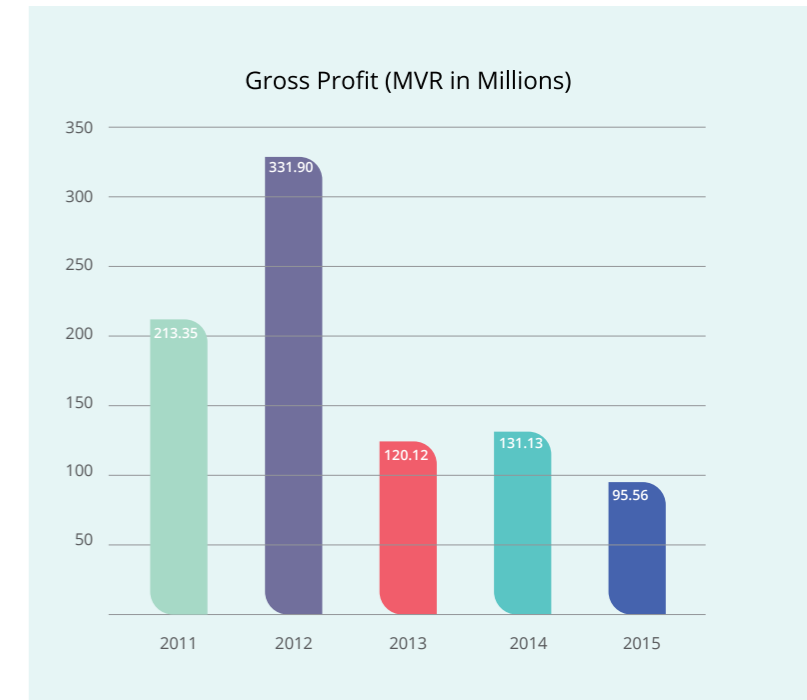
Net finance costs for the year ended 31 December 2015 recorded at MVR 33.2 million which was a 23% increase compared to 2014. Another notable fact is that the company took USD 30 million as a loan from BOC for the land reclamation of Hulhumalé Phase two.

INVESTMENTS

The company has made investments in capital assets during the year amounting to MVR 851.8 million which is MVR 353.4 million (71%) increase compared to 2014. Major investments conducted were the dredging and coastal protection work of land in phase II. The company had borrowed from financial institution to finance the planned capital investments during the year.

EQUITY AND DEBTS

The Company had borrowed MVR 459.1 million from Bank of Ceylon for reclamation of land in Phase II. The Company also repaid MVR 56.7 million short-term and long-term loans, and paid MVR 22.3 million as interest expenses over the outstanding loans.



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Directors' Report



The Board of Directors

The role of the Board of Directors is to ensure the corporation's prosperity by collectively directing the Corporation's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to determining the Corporation's systems and policies of management and governance, their role lies in establishing the vision, mission and values of the Corporation; setting business strategies and structure; work delegation to management; and exercise accountability to shareholders and responsibility to the stakeholders of the Corporation. The Board of Directors of the Corporation is appointed by the government of Maldives, the 100% shareholder of Housing Development Corporation. The members who served the Board of Directors of the Corporation during the year were;

- Mr. Mohamed Aseel Ahmed (Chairman)
- Mr. Mohamed Saiman (Managing Director)
- Mr. Abdul Samad Abdul Rahman
- Mr. Ahmed Ali Habeeb
- Mr. Usamath Ismail

Movements within the Board

On 19th February 2015, Mr. Suhail Ahmed (Managing Director) resigned from his post as Managing Director. On the 26th of February 2015, Mr. Mohamed Saiman was appointed as the new Managing Director of the Corporation.

On 16th November 2015, Mr. Mohamed Aseel Ahmed (Chairman) was dismissed from the Board of Directors. In the absence of the Chairman, the board members voted for Mr. Usamath Ismail to act in the capacity of the Chairman during meetings until a time where the Government appoints an official Chairman. The year ended with Mr. Usamath Ismail as the acting Chairman of the Board.

The Board of Directors officially met 20 (twenty) times throughout the year 2015, and executed 18 (Eighteen) board resolutions during the year 2015.

Executive Committee

The Board is assisted by the EXCOM (executive committee) of the Corporation, to ensure that the operations of the Corporation are properly implemented. During the year 2015, the EXCOM of the Corporation was served by the following members;

1. Suhail Ahmed
2. Mr. Mohamed Saiman
3. Mr. Mohamed Shahid
4. Mr. Ali Shareef
5. Mrs. Fathimath Nihaya
6. Mr. Hassan Shafeeq
7. Ms. Salfiyya Anwar
8. Mr. Ahmed Mirshan
9. Mr. Nawaz Shaugee
10. Mr. Ibrahim Khaleel Abdulla
11. Mrs. Nashwa Abdulla

Governance Report

The Company has complied with the Corporate Governance Code of Capital Market Development Authority (CG Code); the CGA and has followed international best practices on governance.

The relevant accounting standards were considered and followed through in the preparation of the Company's Annual Accounts with proper explanations relating to material departures, proper and sufficient care has been given for the maintenance of adequate records in accordance with the provisions of the Companies Act of the Republic of Maldives (Law no. 10/96), the financial Statements were prepared on going-concern basis

The Board of Directors has 03 sub-committees advising the board on matter related to the committees as outlined in the charter for committees as approved by the Board. The 03 committees are;

1. Audit Committee
 - a. Mr. Ahmed Ali Habeeb
 - b. Mr. Usamath Ismail
 - c. Mr. Abdul Samad Abdul Rahman
2. Remuneration Committee
 - a. Mr. Mohamed Aseel
 - b. Mr. Mohamed Saiman
 - c. Mr. Abdul Samad Abdul Rahman
3. Projects Committee
 - a. Mr. Usamath Ismail
 - b. Mr. Mohamed Aseel
 - c. Mr. Mohamed Saiman

During the year 2015, a total of 02 Audit Committee Meetings and 02 Remuneration Committee Meetings were held.

11

Events, activities and celebrations in Hulhumalé 2015



Events, activities and celebrations in Hulhumalé 2015

In 2015, all the major events, celebrations and community engagement activities were conducted by the Public Relations Committee formed within the corporation. The committee conducted programs to raise awareness within the community as well.

The events held in the year 2015 were successful and garnered immense support from the community. Many of the events were held in partnership with the community, other government entities and non-profit organizations. Some of the notable events of 2015 include:

1. The Hulhumalé Cleaning event organized with Maldives Inland Revenue in March 2015 under the name "Heyvalla Thayyaaru". With the aim to clean the whole of Hulhumalé, teams from HDC, MIRA and the public enthusiastically joined hands to make this CSR initiative a success.



2. A Diabetes Screening Program in collaboration with Diabetes Society of Maldives was held on 24th April 2015, whereby the population of Hulhumalé was given the opportunity to get screened for diabetes. Additionally, awareness information about diabetes were also provided.



3. The fiftieth Independence Day of Maldives was celebrated grandly by HDC with the involvement of the whole Hulhumalé community. The celebrations included lighting up Hulhumalé, independence day floats and parades.



4. Deeming the importance and need of providing donors for the numerous blood transfusions in the country, a Blood Donation Camp was organized by HDC in collaboration with Maldivian Thalassaemia Society on 29 October 2015.



5. Organized by HDC, Youth Day Celebrations took place in Hulhumalé colourfully in November 2015. The events organized included soft opening of Central Park and Barbeque Area which went on with a grand music show that garnered youth and community engagement.





Report No: FIN-2017-32(E)

14 June 2017

**HOUSING DEVELOPMENT CORPORATION
LIMITED**
FINANCIAL YEAR 2015

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آڈیٹر جنرل آف پاکستان
AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

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

Introduction

1. We have audited the accompanying financial statements of Housing Development Corporation Limited (the "Company"), which comprise the statement of financial position as at 31st December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes exhibited on pages 4 to 34.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

4. In accordance with IAS 17 "Leases" the operating lease rentals should be recognised on straight line basis over the lease period or another systematic basis that is more representative of the pattern of the Company's benefits from the asset. However, the Company recognise rental income based on contractual cash flows which is not representative pattern herein determined by the Company and we were unable to determine whether any adjustment might be required to the financial statements as at and for the year ended 31st December 2015 in the absence of detailed calculation.
5. As disclosed in note 22.5.1 to the financial statements, the Government of Maldives ("GOM") has transferred 1,000 housing units as per the agreement entered with the Company subject to certain conditions to be fulfilled by the Company. However, the Company had recognised the value of the housing units as Advance for Share Capital MVR 755,981,671/- after deducting the expenses to be incurred by the Company on fulfilling the obligations and other related expenses.

According to the agreement, the transaction falls into the definition of a Government Grant as per the International Accounting Standard 20 ("IAS 20") "Accounting for Government Grants and Disclosure of Government Assistance" and the Company shall recognise the Government Grant and the related income in respect of the Housing units sold by the Company during the year. As a result, the Government grant income of MVR 1,725,032/- has not been recognised for the year ended 31st December 2015 (2014: MVR 225,706,717/-), deferred income has been understated by MVR 20,467,661/- and advance for share capital is overstated by MVR 755,981,671/- as at 31st December 2015, profit for the year ended has been understated by MVR 1,725,032/- and Retained earnings as at 31st December 2015 have been understated by MVR 736,066,605/-.

6. As disclosed in Note 3.5 to the financial statements, the Company has voluntarily changed its accounting policy to measure investment properties at cost less depreciation and impairment loss whereas no appropriate basis has been established by the Company on the change of the policy. As per International Accounting Standard 40 ("IAS 40") "Investment Property" it is highly unlikely that a change from the fair value model to the cost model will result in a more relevant presentation.
7. The Company has transferred the land to Investment Properties from Property, Plant and Equipment during the year ended 31st December 2011 when the revalued amount of the land stood at MVR 2,375,955,099/-. As per the policy change to measure the Investment Properties at cost less depreciation and impairment, the Company has derecognised the revaluation reserve of MVR 2,149,630,435/- during the year ended 31st December 2013. However, as per IAS 40, the value of the land transferred to the Investment Properties should be considered as deemed cost of MVR 2,375,955,099/-. Therefore, the de-recognition of MVR 2,149,630,435/- is not in accordance with IAS 40. As a result, Investment properties have been understated by MVR 2,149,630,435/- as at 31st December 2015 and revaluation reserve has been understated by the same amount as at 31st December 2015.
8. As disclosed in the Note 8 & 18 to the financial statements, the Company has recorded finance income from receivable of MVR 143,750,349/- and interest bearing receivable of MVR 1,878,297,455/- which includes accrued interest as at 31st December 2015. We were unable to verify the completeness and accuracy of the interest income and accrued interest in the absence of sufficient and appropriate audit evidence.

Qualified Opinion

9. In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Housing Development Corporation Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

7th June 2017



Hassan Ziyath
Auditor General

HOUSING DEVELOPMENT CORPORATION LIMITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2015		2015	2014
	Note	MVR	MVR
Revenue	6	148,043,909	479,697,205
Cost of Sales		(52,488,745)	(348,567,069)
Gross Profit		95,555,164	131,130,136
Other Income	7	21,385,742	9,241,840
		116,940,906	140,371,976
Administrative Expenses		(134,944,109)	(121,467,991)
Maintenance Expenses		(15,486,443)	(17,002,788)
Selling and Marketing Expenses		(4,997,931)	(2,187,131)
Results from Operating Activities		(38,487,577)	(285,934)
Finance Income	8	151,525,354	142,841,673
Finance Costs	8	(33,258,187)	(25,523,066)
Net Finance Income		118,267,167	117,318,607
Share of Profit/(Loss) of Investment in Joint Venture	15.1	446,844	(1,250,697)
Profit Before Tax	9	80,226,434	115,781,976
Tax Expense	10	(9,638,125)	(21,625,823)
Profit for the Year		70,588,309	94,156,153
Other Comprehensive Income			
Change in fair value of Investments Available-for-sale	16.1	250,000	50,000
Total Comprehensive Income for the Year		70,838,309	94,206,153
Basic and Diluted Earnings Per Share	11	1.60	2.13

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on page 8 to 34. The Report of the Independent Auditors is given in page 1 to 3.



HOUSING DEVELOPMENT CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2015

Note	2015 MVR	2014 MVR (Restated)	2013 MVR (Restated)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12 58,017,398	38,815,674	36,013,612
Intangible Assets	13 2,919,810	-	-
Investment Properties	14 851,874,677	498,461,505	416,636,771
Investment in Joint Venture	15 12,192,194	11,745,350	12,996,047
Investment Available-For-Sale	16 1,250,000	1,000,000	950,000
Investment Held to Maturity	17.1 500,000	500,000	-
Trade and Other Receivables	18 1,715,346,619	1,823,736,412	1,583,562,960
Deferred Tax Asset	10.3 11,346,508	6,539,328	-
Total Non-Current Assets	2,653,447,206	2,380,798,269	2,050,159,390
Current Assets			
Inventories	19 462,456,424	184,674,343	595,512,204
Trade and Other Receivables	18 344,341,247	327,148,745	315,834,892
Investment Held to Maturity	17.1 2,868,414	-	-
Amounts Due from Related Parties	20 55,946,087	108,426,345	136,272,951
Cash and Cash Equivalents	21 312,399,005	381,206,298	318,301,511
Total Current Assets	1,178,011,177	1,001,455,731	1,365,921,558
Total Assets	3,831,458,383	3,382,254,000	3,416,080,948
EQUITY AND LIABILITIES			
Equity			
Share Capital	22 442,000,000	442,000,000	442,000,000
Share Premium	22 61,129,607	61,129,607	61,129,607
Advance for Share Capital	22 817,391,671	778,329,882	774,873,413
Fair Value Reserve	250,000	-	(50,000)
Retained Earnings	1,146,185,071	1,075,596,762	1,003,540,609
Total Equity	2,466,956,349	2,357,056,251	2,281,493,629
Non-Current Liabilities			
Loans and Borrowings	23.2 805,258,378	374,541,405	408,031,152
Deferred Income	24 121,116,680	134,454,504	102,257,963
Deferred Tax Liability	10.2 -	-	4,487,545
Trade and Other Payables	26.1 101,227,584	116,268,465	121,333,692
Total Non-Current Liabilities	1,027,602,642	625,264,374	636,110,352
Current Liabilities			
Loans and Borrowings	23.3 33,806,441	39,812,317	44,505,888
Provisions	25 254,463,014	260,367,610	386,991,388
Trade and Other Payables	26.1 46,398,617	99,753,448	66,979,691
Amounts Due to Related Parties	27 2,231,320	-	-
Total Current Liabilities	336,899,392	399,933,375	498,476,967
Total Liabilities	1,364,502,034	1,025,197,749	1,134,587,319
Total Equity and Liabilities	3,831,458,383	3,382,254,000	3,416,080,948

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on page 8 to 34. The Report of the Independent Auditors is given in page 1 to 3.

These financial statements were approved by the board of directors and signed on its behalf by:

Name of the Director

Ahmed Ali Habeeb
Mohamed Saiman

Signature

[Handwritten Signatures]



HOUSING DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2015

	As at 1st January 2014	Impact of Restatement (Note 36)		Restated balance As at 1st January 2014	Total Comprehensive Income for the Year		Profit for the Year	Other Comprehensive Income	Total Comprehensive Income for the Year	Transactions with equity holders directly recognized in equity		Capital Contribution Received During the Year (Note 22.5)	Dividends Paid (Notes 22.4)	Total Transactions with equity holders directly recognized in equity	As at 31st December 2014
		As at 1st January 2014	Impact of Restatement (Note 36)		Profit for the Year	Other Comprehensive Income				Share Capital MVR	Share Premium MVR				
As at 1st January 2014	442,000,000	-	-	442,000,000	-	-	-	-	-	-	-	-	-	-	442,000,000
Impact of Restatement (Note 36)	-	61,129,607	-	61,129,607	-	-	-	-	-	-	-	-	-	-	61,129,607
Restated balance As at 1st January 2014	442,000,000	61,129,607	-	503,129,607	442,000,000	61,129,607	-	-	-	-	-	-	-	-	503,129,607
Total Comprehensive Income for the Year	-	-	-	-	94,156,153	-	94,156,153	-	94,156,153	-	-	-	-	-	94,156,153
Profit for the Year	-	-	-	-	94,156,153	-	94,156,153	-	94,156,153	-	-	-	-	-	94,156,153
Other Comprehensive Income	-	-	-	-	-	-	-	50,000	50,000	-	-	-	-	-	50,000
Total Comprehensive Income for the Year	-	-	-	-	94,156,153	-	94,156,153	50,000	144,156,153	-	-	-	-	-	144,156,153
Transactions with equity holders directly recognized in equity	-	-	-	-	-	-	-	-	-	3,456,469	-	-	-	-	3,456,469
Capital Contribution Received During the Year (Note 22.5)	-	-	-	-	-	-	-	-	-	3,456,469	-	-	-	-	3,456,469
Dividends Paid (Notes 22.4)	-	-	-	-	-	-	-	-	-	-	(22,100,000)	-	-	-	(22,100,000)
Total Transactions with equity holders directly recognized in equity	-	-	-	-	-	-	-	-	-	3,456,469	(22,100,000)	-	-	-	(18,643,531)
As at 31st December 2014	442,000,000	61,129,607	-	503,129,607	778,329,882	778,329,882	1,075,596,762	1,075,596,762	2,357,056,251	778,329,882	1,075,596,762	2,357,056,251	-	-	2,357,056,251
As at 1st January 2015	442,000,000	61,129,607	-	503,129,607	778,329,882	778,329,882	1,075,596,762	1,075,596,762	2,357,056,251	778,329,882	1,075,596,762	2,357,056,251	-	-	2,357,056,251
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders directly recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Contribution Received During the Year (Note 22.5)	-	-	-	-	-	-	-	-	-	70,588,309	-	-	-	-	70,588,309
Total Transactions with equity holders directly recognized in equity	-	-	-	-	-	-	-	-	-	70,588,309	-	-	-	-	70,588,309
As at 31st December 2015	442,000,000	61,129,607	-	503,129,607	817,391,671	817,391,671	1,146,185,071	1,146,185,071	2,466,956,349	817,391,671	1,146,185,071	2,466,956,349	-	-	2,466,956,349

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on page 8 to 34. The Report of the Independent Auditors is given in page 1 to 3.



HOUSING DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	2015 MYR	2014 MYR
Cash Flows From Operating Activities			
Profit Before Tax		80,226,434	115,781,976
Adjustments for:			
Interest Income	8	(151,525,354)	(142,841,673)
Finance Expense	8	31,439,864	25,523,066
Depreciation of Property, Plant and Equipment	12	6,372,593	5,501,076
Amortisation of Intangible asset	13	729,953	-
Depreciation of Investment Properties	14	18,997,527	14,144,847
Loss/(Profit) on Disposal of Property, Plant and Equipment	7, 9	99,218	(2,925)
Loss on Disposal of Investment Properties	9	220,100	1,410,451
Provision for Impairment Loss on Trade and Other Receivables	18.1, 18.2	14,057,461	11,665,923
Provision for Impairment Loss on Amounts due from Related Parties	20.1	11,794,229	-
Share of (Profit)/Loss of Joint Venture	15	(446,844)	1,250,697
Write back of Deferred income	7	(8,261,663)	-
Deferred Income realised during the year	24	(6,680,561)	(5,984,469)
Provision for future development cost	9	7,411,529	14,164,183
Profit before Working Capital Changes		4,434,486	40,613,152
Changes in			
Change in Inventories		(291,561,179)	409,031,578
Change in Trade and Other Receivables		77,139,830	(245,170,692)
Change in Amounts Due from Related Parties		40,686,029	3,575,204
Change in Amounts due to Related Parties		2,231,320	13,500
Change in Trade and Other Payables		(82,841,017)	30,011,766
Deferred Income Recognized		1,604,400	38,181,010
Change in Provisions		(30,765,419)	(138,981,678)
Cash (Used in)/ Generated from Operations		(279,071,550)	137,273,840
Interest and LC Usance Charges Paid		(35,613,513)	(19,200,494)
Income tax paid		-	(25,724,097)
Net Cash (Used in)/ From Operating Activities		(314,685,063)	92,349,249
Cash Flows from Investing Activities			
Purchase and Construction of Property, Plant and Equipment	12	(25,673,535)	(8,304,406)
Purchase of Intangible assets	13	(3,649,763)	-
Additions to Investment property	14	(360,491,307)	(97,380,032)
Interest Received	8	151,525,354	142,841,673
Proceeds from Disposal of Property, Plant and Equipment		-	4,193
Investment made during the year		(2,868,414)	-
Net Cash (used in)/ from Investing Activities		(241,157,665)	37,161,428
Cash Flows from Financing Activities			
Loans repayments during the year		(33,505,065)	(44,505,890)
Capital Contribution received during the year	22.5	61,410,000	-
Borrowings during the year	23	459,130,500	-
Dividend paid during the year	22.4	-	(22,100,000)
Net Cash From/ (Used) in Financing Activities		487,035,435	(66,605,890)
Net (Decrease)/ Increase in Cash and Cash Equivalents		(68,807,293)	62,904,787
Cash and Cash Equivalents at the beginning of the Year		381,206,298	318,301,511
Cash and Cash Equivalents at the end of the year	21	312,399,005	381,206,298

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on page 8 to 34. The Report of the Independent Auditors is given in page 1 to 3.



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Housing Development Corporation Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives since 23rd March 2005 as a limited liability Company 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 Company.

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except assets and liabilities which are stated as their fair value.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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



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 Company.

3.1 Transactions in Foreign Currencies

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

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

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 Company has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalents
- Available-for-Sale Investments
- Held to maturity Investments

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables and amounts due from related parties.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

Financial Assets (Non-derivative) (Continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, bank balances and term deposits with original maturities of three months or less.

Available-for-sale Investments

Instruments in equity Securities held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly in equity, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Held to Maturity Investments

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest rate method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial year.

(ii) Financial liabilities (Non-derivative)

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

(iii) Share Capital

Ordinary Shares

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



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment except freehold land are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(ii) Subsequent Costs

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

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



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible Assets (Continued)

Recognition and Measurement

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

Subsequent expenditure

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

Amortization

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

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

Computer Software	Over 5 Years
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Amortization methods, useful lives and residual values 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 at cost less accumulated depreciation and impairment losses.

Depreciation on investment properties is recognized on a straight line basis over the following estimated useful lives. Land is not depreciated.

Buildings	20 years
Roads and other developments	20 Years

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

3.6 Investments in Joint Ventures

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The investment made in joint venture entities are accounted under the equity method of accounting.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 working progress cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on the normal operating capacity.

3.8 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets and inventories (Refer Note 3.6) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Non-financial Assets (Continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9 Employee Benefits

(a) Defined contribution plans

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

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

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

(b) Short-term benefits

Short-term employee benefit obligations of the Company 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 Company 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.

3.10 Provisions

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

3.11 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 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.

3.13 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale or lease of residential, commercial and industrial developments in the ordinary course of the Company's activities. Revenue is recognized as follows:

(a) Sales of Residential, Commercial and Industrial Developments

Income from sale of residential, commercial and industrial developments is recognized when the significant risks and rewards of ownership have been transferred to the customers, when the recovery of the consideration is probable, there is no continuing management involvement and amount of revenue can be measured reliably.

(b) Provision of Services

Income from provision of services are recognized in the accounting period in which the service 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.

(c) Interest Income

Interest income on interest bearing trade receivables is recognized using the effective interest method. Income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

(d) Rental Income

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

3.14 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.15 Operating Expenses

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



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 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.

3.17 Tax Expense

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

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.

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.



4. DETERMINATION OF FAIR VALUES

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

Measurement of Fair Values

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

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

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iii) Available for Sale Investment

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

(iv) Held to Maturity Investments

The fair value of held to maturity investment is estimated as the present value of future cash flows, discounted at the market rate of interest rate at the reporting date. This fair value is determined for disclosure purposes.



5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2016 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

Title	Effective Date	Description	Expected adoption date and impact on the Company
IFRS 9 Financial Instruments	Annual period beginning on or after 1 st January 2018	This IFRS requires that entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contract with customers	Annual period beginning on or after 1 st January 2018	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.
IFRS 16 Leases	Annual period beginning on or after 1 st January 2019.	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a lease contract.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

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

- Clarification of acceptable methods of Depreciation and amortization (Amendments to IAS 16 and IAS 38)
- Annual Improvements to IFRSs 2012-2014 cycle.
- Disclosure Initiative (Amendments to IAS 1).



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

6 REVENUE	2015 MVR	2014 MVR
Sales of Properties	66,468,882	404,315,743
Rental Income	81,575,027	75,381,462
	<u>148,043,909</u>	<u>479,697,205</u>
7 OTHER INCOME	2015 MVR	2014 MVR
Maintenance Charges	7,444,147	3,171,773
Write back of Deferred Income	8,261,663	-
Profit on Sale of Property Plant and Equipment	-	2,925
Miscellaneous Income	5,679,932	6,067,142
	<u>21,385,742</u>	<u>9,241,840</u>
8 NET FINANCE INCOME	2015 MVR	2014 MVR
Finance Income		
Interest Income on Fixed Deposits	7,749,685	14,529,981
Interest Income on Investments held to maturity	25,320	4,200
Interest Income on Trade Receivables	143,750,349	128,307,492
	<u>151,525,354</u>	<u>142,841,673</u>
Finance Costs		
Foreign Exchange Loss	(1,818,323)	-
L.C Usance Charges	(9,093,134)	-
Interest Expense on Loans	(22,346,730)	(25,523,066)
	<u>(33,258,187)</u>	<u>(25,523,066)</u>
Net Finance Income	<u>118,267,167</u>	<u>117,318,607</u>
9 PROFIT BEFORE TAX	2015 MVR	2014 MVR
<i>Is stated after charging all the expenses including the followings;</i>		
Audit Fees	223,590	185,000
Loss on disposal of Property, Plant and Equipment	99,218	-
Loss on Disposal of Investment property	220,100	1,410,451
Provision made for Impairment Loss of Trade and Other Receivables	14,057,461	11,665,923
Provision for Impairment Loss of Amount due from Related Parties	11,794,229	-
Provision for future development of land	7,411,529	14,164,183
Directors' Remuneration and Fees	5,110,179	4,312,154
Personnel Costs (Note 9.1)	50,023,021	39,547,320
	<u>143,939,327</u>	<u>101,129,011</u>
9.1 Personnel Costs		
Salaries and Wages	21,326,545	17,082,867
Allowances	24,578,410	19,110,549
Contribution for Provident Fund	1,259,222	616,898
Medical Expenses	1,249,021	861,259
Staff Welfare	590,742	781,192
Travelling and Visa	1,019,081	1,094,555
	<u>50,023,021</u>	<u>39,547,320</u>



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

10 TAX EXPENSE	2015 MVR	2014 MVR		
Current Tax Expense (Note 10.1)	14,445,305	32,652,696		
Deferred Tax Liability Reversed (Note 10.2)	-	(4,487,545)		
Deferred Tax Asset Recognized (Note 10.3)	(4,807,180)	(6,539,328)		
	<u>9,638,125</u>	<u>21,625,823</u>		
10.1 Reconciliation between Accounting profit and Taxable income:				
Profit Before Tax	80,226,434	115,781,976		
Aggregate Disallowable Items	90,386,053	161,911,697		
Aggregate Allowable Items	(73,810,454)	(59,509,033)		
Tax Free Allowance	(500,000)	(500,000)		
Total Taxable Income	<u>96,302,033</u>	<u>217,684,640</u>		
Business Profit Tax @ 15%	<u>14,445,305</u>	<u>32,652,696</u>		
In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, and relevant regulation and subsequent amendments thereto, the Company is liable for Business Profit Tax at the rate of 15% on its taxable income.				
10.2 Deferred Tax Liability	2015 MVR	2014 MVR		
Balance as at 1st January	-	4,487,545		
Reversed during the year	-	(4,487,545)		
Balance as at 31st December	<u>-</u>	<u>-</u>		
10.3 Deferred Tax Asset	2015 MVR	2014 MVR		
Balance as at 1st January	6,539,328	-		
Recognized during the year	4,807,180	6,539,328		
Balance as at 31st December	<u>11,346,508</u>	<u>6,539,328</u>		
Deferred tax Asset is attributable to the following:				
	31/12/2015	31/12/2014		
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, Plant and Equipment	9,702,802	1,455,420	4,608,451	691,268
Intangible Assets	(486,635)	(72,995)	-	-
Investment Properties	(38,257,625)	(5,738,644)	(35,423,296)	(5,313,494)
Provision for Impairment Loss	37,430,051	5,614,508	-	-
Fair value change of Investment	(250,000)	(37,500)	-	-
Provision for Land Development Costs	67,504,792	10,125,719	74,410,362	11,161,554
	<u>75,643,385</u>	<u>11,346,508</u>	<u>43,595,517</u>	<u>6,539,328</u>
11 BASIC AND DILUTED 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:				
	2015	2014		
Profit for the Year - MVR	70,588,309	94,156,153		
Weighted Average Number of Shares	44,200,000	44,200,000		
Basic and Diluted Earnings Per Share - MVR	<u>1.60</u>	<u>2.13</u>		



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold Buildings & Improvements		Computer and Office Equipment		Vehicles & Boats		Furniture, Fittings and Other Equipment		Plant and Machinery		Capital Work in Progress		Total	
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost														
As at 1st January	32,986,032	10,448,502	12,763,004	7,422,411	15,851,382	771,616	80,242,947	72,078,948						
Additions during the year	176,807	2,094,352	55,970	1,038,477	5,320,931	16,986,998	25,673,535	8,304,406						
Disposals During the year	-	(396,873)	-	-	-	-	(396,873)	(140,407)						
As at 31st December	33,162,839	12,145,981	12,818,974	8,460,888	21,172,313	17,758,614	105,519,609	80,242,947						
Accumulated Depreciation														
As at 1st January	9,685,376	7,855,802	10,702,302	3,757,670	9,426,123	-	41,427,273	36,065,336						
Charge for the Year	1,650,038	1,304,743	684,597	914,386	1,818,829	-	6,372,593	5,501,076						
Disposals During the year	-	(297,655)	-	-	-	-	(297,655)	(139,139)						
As at 31st December	11,335,414	8,862,890	11,386,899	4,672,056	11,244,952	-	47,502,211	41,427,273						
Net Carrying Values														
As at 31st December 2015	21,827,425	3,283,091	1,432,075	3,788,832	9,927,361	17,758,614	58,017,398	38,815,671						
As at 31st December 2014	23,300,656	2,592,700	2,060,702	3,664,741	6,425,259	771,616								

12.1 Capital work in progress represents the cost incurred on the construction of labour quarter, community center and bus shed for the purpose of business operations.



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

13 INTANGIBLE ASSETS

	Software	
	2015 MVR	2014 MVR
Cost		
Additions during the Year	3,649,763	-
As at 31st December	3,649,763	-
Accumulated Amortization		
Amortization for the year	729,953	-
As at 31st December	729,953	-
Net Book Value		
As at 31st December	2,919,810	-

13.1 Amortisation

The amortisation of Software is included in 'Administrative Expenses'.

14 INVESTMENT PROPERTIES

	Land	Buildings	Roads & other developments	Capital Work in Progress	Total 2015	Total 2014
	MVR	MVR	MVR	MVR	MVR	MVR
Cost						
Balance as at 1st January	260,764,655	105,670,602	249,097,606	18,178,285	633,711,148	538,023,958
Disposals during the year (Note 14.3)	(2,259,306)	-	(2,859,711)	-	(5,119,017)	(1,692,842)
Additions during the year (Note 14.2)	318,537,772	-	39,066,164	19,925,780	377,529,716	90,848,873
Transfer from Inventory Work in progress	-	-	-	-	-	6,531,159
Balance as at 31st December	577,043,121	105,670,602	285,304,059	38,104,065	1,006,121,847	633,711,148
Accumulated Depreciation						
Balance as at 1st January	-	62,315,967	72,933,676	-	135,249,643	121,387,187
Charge for the Year	-	5,311,770	13,685,757	-	18,997,527	14,144,847
Disposals during the year	-	-	-	-	-	(282,391)
Balance As at 31st December	-	67,627,737	86,619,433	-	154,247,170	135,249,643
Net Book Values						
As at 31st December 2015	577,043,121	38,042,865	198,684,626	38,104,065	851,874,677	498,461,505
As at 31st December 2014	260,764,655	43,354,635	176,163,930	18,178,285		

14.1 Capital work in progress represents the cost incurred on the construction of Mini mall, Commercial block and a warehouse.

14.2 Additions to the land include cost incurred for the dredging and coastal protection work of land for Phase II project which is inclusive of borrowing cost capitalisation of MVR 1,606,117/-.

14.3 The land area donated together with the school constructed was in relation to the requirement of the Veshifahi flats received from Government of Maldives. Accordingly, the cost of disposal of land area of school has been charged through Advance for share capital.

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

14.5 During the year ended 31st December 2015, the Company has received the Farukolhufushi island from the Government of Maldives ("GoM"), to be considered as part of the Phase II development project whereas the value of the island has not been specifically agreed by the parties. Further, as per the letter dated 30th April 2017, the GoM has instructed the Company to carry out an independent valuation of the island to determine the value and agree with the GoM. However, the Company has not carried out the valuation of the island received upto now. Hence, the management is not in a position to determine the value of the asset reliably and accordingly, the value of the island received has not been recognized in these Financial statements.

15 INVESTMENT IN JOINT VENTURE

	2015 MVR	2014 MVR
	Investment in Joint Venture (Note 15.1)	12,192,194
15.1 Investment in Joint Venture		
Opening Balance	11,745,350	12,996,047
Share of Profit(Loss) during the year	446,844	(1,250,697)
Balance As at 31st December	12,192,194	11,745,350



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

15 INVESTMENT IN JOINT VENTURE (CONTINUED)

15.1 Investment in Joint Venture (Continued)

As per the Joint Venture Agreement dated 19th July 2010, the Company holds the right to acquire 255,000 ordinary shares of Pruksa-HDC Housing Private Limited at the rate of MVR 100/- each which represents 20% of the shareholding of the Company. As at the reporting date, the Company has acquired 127,500 ordinary shares at the rate of MVR 100/- each which represent 20% of the Issued Share Capital of Pruksa-HDC Housing Private Limited

Summarized Financial Information of Joint Venture

	31/12/2015 MVR	31/12/2014 MVR
Total Assets	61,338,614	61,349,381
Total Liabilities	(377,642)	(2,622,629)
Net assets (100%)	60,960,972	58,726,752
Company's share of net assets (20%)	12,192,194	11,745,350
Results from the operations for the year ended		
Profit/(Loss) after Tax	2,234,220	(6,253,486)

16 INVESTMENT AVAILABLE-FOR-SALE

State Trading Organization Plc (Note 16.1)

	2015 MVR	2014 MVR
State Trading Organization Plc	1,250,000	1,000,000

16.1 State Trading Organization Plc

	2015 MVR	2014 MVR
Balance as at 1st January	1,000,000	950,000
Change in the fair value during the year	250,000	50,000
Balance as at 31st December	1,250,000	1,000,000

The Company has invested in 2,500 ordinary shares of State Trading Organization Plc on 5th January 2010 at the rate of MVR 400/- each. The Market Value of a share as at 31st December 2015 was MVR 500/- (2014 : MVR 400/-) per share.

17 INVESTMENT HELD TO MATURITY

	2015 MVR	2014 MVR
Housing Development Financing Corporation Plc (HDFC) (Note 17.2)	500,000	500,000
Investment in Treasury bills (Note 17.3)	2,868,414	-
	3,368,414	500,000

17.1 Analysis

	2015 MVR	2014 MVR
Non-current	500,000	500,000
Current	2,868,414	-
	3,368,414	500,000

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

17.3 Investment in treasury bill carries an interest rate of 4.6% per annum and matures within one year.

18 TRADE AND OTHER RECEIVABLES

	2015 MVR	2014 MVR
Non-Interest Bearing Trade Receivables	72,845,803	57,498,208
Interest Bearing Trade Receivables	1,878,297,455	1,964,232,239
	1,951,143,258	2,021,730,447
Less : Provision for Impairment Loss on trade receivables (Note 18.1)	(37,430,051)	(27,405,069)
	1,913,713,207	1,994,325,378
Prepayments and Advances	136,020,016	145,676,584
Other Receivables	13,987,122	10,883,195
Less : Provision for Impairment Loss on other receivables (Note 18.2)	(4,032,479)	-
	2,059,687,866	2,150,885,157
Non-current (Note 18.3)	1,715,346,619	1,823,736,412
Current	344,341,247	327,148,745
Total	2,059,687,866	2,150,885,157

18.1 Provision for Impairment Loss - Trade Receivables

	2015 MVR	2014 MVR
Balance as at 1st January	27,405,069	15,739,146
Provision made during the year	10,024,982	11,665,923
Balance as at 31st December	37,430,051	27,405,069

18.2 Provision for Impairment Loss - Other Receivables

	2015 MVR	2014 MVR
Provision made during the year	4,032,479	-
Balance as at 31st December	4,032,479	-

18.3 Analysis of Non-Current Interest Bearing Trade Receivables

	2015 MVR	2014 MVR
Less than two years	153,569,851	268,026,631
More than two years less than five years	90,957,683	147,886,407
More than five years	1,470,819,085	1,407,823,374
	1,715,346,619	1,823,736,412

HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

19 INVENTORIES

	2015 MVR	2014 MVR (Restated)
Inventories	460,547,365	127,327,954
Work in Progress	1,521,933	57,346,389
Raw materials Inventory	387,126	-
	462,456,424	184,674,343

19.1 The additions during the year includes cost incurred for dredging and coastal protection of Hulhumale' lagoon which is inclusive of MVR 1,653,194/- as borrowing cost capitalisation.

19.2 Land value equal to 125% of initial loan of MVR 6,141,987/- has been mortgaged with Housing Development Finance Corporation Plc for the loan obtained as disclosed in Note 23 to the financial statements.

19.3 Government of Maldives ("GoM") has transferred 1,000 constructed housing units to HDC at free of charge during the year ended 31st December 2013 with certain conditions disclosed in note 22.5 to the financial statements. The Company has recognized the housing units as inventory for a value of US\$ 70,500/- each converted at the rate of MVR 15.42/- per 1 US\$.

20 AMOUNTS DUE FROM RELATED PARTIES

	2015 MVR	2014 MVR
Ministry of Islamic Affairs	2,142,479	-
Ministry of Finance and Treasury	58,971,146	108,426,345
Maldives Water & Sewerage Company Limited	1,423,488	-
Ministry of Housing & Infrastructure	4,221,726	-
Maldives Ports Limited	981,477	-
	67,740,316	108,426,345
Less: Provision for Impairment Loss (20.1)	(11,794,229)	-
	55,946,087	108,426,345

20.1 Provision for Impairment Loss

	2015 MVR	2014 MVR
Provision made during the year	11,794,229	-
As at 31st December	11,794,229	-

21 CASH AND CASH EQUIVALENTS

	2015 MVR	2014 MVR
Cash in Hand	31,364	123,035
Balances with Banks	252,465,187	155,843,884
Short Term Deposits	59,902,454	225,239,379
	312,399,005	381,206,298

21.1 Investment in treasury bill carries an interest rate of 4.6% per annum and matures within one month.



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

22 SHARE CAPITAL

22.1 Authorized Share Capital

Authorized share capital comprises of 50,000,000 (2014 : 50,000,000) ordinary shares of MVR 10/- each.

22.2 Issued and Fully Paid Share Capital

The Issued and fully paid share capital comprises of 44,200,000 (2014 : 44,200,000) ordinary shares of MVR 10/- each.

22.3 Share Premium

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

22.4 Dividends and Voting Rights

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

The Board of Directors has not declared any dividend for the Year ended 31st December 2015 (2014 : MVR 22,100,000/-).

22.5 Advance for Share Capital

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

As per the agreement, the Company should;

- construct 2 school buildings in Hulhumale' at its own cost.
- transfer 25 housing units free of charge including the land to specified individuals by the Ministry of Housing and Environment ("MHE").
- any surplus funds generated from the housing units transferred shall be invested by Housing and Housing Related capital expenditure.

The Company has initially recognized the value of the housing units as Advance for Share Capital MVR 774,873,413/- after deducting the expenses to be incurred by the Company on fulfilling the above obligations during the year ended 31st December 2013.

During the year ended 31st December 2013, the Company has recognized a liability of MVR 5,944,040/- in relation to the GST payable on veshifahi flats. However, pursuant to the ruling issued by tax authority in relation to the exemption of GST on housing flats, the remaining unpaid amount of liability amounting to MVR 3,456,469/- has been recognized as Advance for Share Capital during the year ended 31st December 2014.

The Company has charged MVR 10,622,730/- against Advance for share capital in relation to the revisions of the estimate in provision for the remaining school construction which is an obligation to be fulfilled by the Company as part of grant of Veshifahi flats during the year ended 31st December 2013. Further, the Company has made an additional provision for the construction defects of Veshifahi flats amounting to MVR 11,725,481/- during the year and the advance for share capital has been deducted by the same amount. The net results of the above transactions amounting to MVR 18,891,742/- has been recognized under advance for share capital as at 31st December 2015.

22.5.2 During the year ended 31st December 2015, the Company 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.

23 LOANS AND BORROWINGS

	2015 MVR	2014 MVR
As at 1st January	414,353,722	452,537,040
Add: Interest accrued during the year	22,346,730	25,523,066
Add: Borrowing during the year	459,130,500	-
Less : Repayments during the year	(56,766,133)	(63,706,384)
As at 31st December	839,064,819	414,353,722

HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

23 LOANS AND BORROWINGS (CONTINUED)

	2015 MVR	2014 MVR
23.1 Sources of Finance		
Ministry of Finance and Treasury (Note 23.4)	203,276,506	220,238,120
Ministry of Finance and Treasury - Basic Flats down payment loan (Note 23.5)	2,373,925	2,585,725
Ministry of Finance and Treasury - 504 Housing project loan-I (Note 23.6)	63,499,374	68,276,357
Ministry of Finance and Treasury - 504 Housing project loan-II (Note 23.6)	106,535,636	113,583,824
Housing Development Finance Corporation Plc - Basic flats (Note 23.7)	4,248,878	4,538,586
Housing Development Finance Corporation Plc - 504 Down Payment (Note 23.8)	-	5,131,110
Bank of Ceylon - Phase II Dredging Loan (Note 23.9)	459,130,500	-
	<u>839,064,819</u>	<u>414,353,722</u>
23.2 Non Current		
Secured Loans:		
Housing Development Finance Corporation Plc - Basic Flats	3,904,280	4,248,878
Bank of Ceylon - Phase II Dredging Loan	459,130,500	-
Unsecured Loans:		
Ministry of Finance and Treasury	183,107,269	199,753,383
Ministry of Finance and Treasury - Basic Flats down payment loan	2,162,125	2,373,925
Ministry of Finance and Treasury - 504 Housing project loan - I	58,402,692	62,574,313
Ministry of Finance and Treasury - 504 Housing project loan - II	98,551,512	105,590,906
	<u>805,258,378</u>	<u>374,541,405</u>
The repayment of non-current liabilities are scheduled as follows:		
More than one year, less than two years	28,418,139	28,385,814
More than two years, less than three years	82,421,005	28,415,540
More than three years, less than five years	242,053,020	56,896,109
More than five years	452,366,214	260,843,942
	<u>805,258,378</u>	<u>374,541,405</u>
23.3 Current		
Ministry of Finance and Treasury	20,169,237	20,484,737
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	211,800
Ministry of Finance and Treasury - 504 Housing project loan-I	5,096,682	5,702,044
Ministry of Finance and Treasury - 504 Housing project loan - II	7,984,124	7,992,918
Housing Development Finance Corporation Plc - Basic flats	344,598	289,708
Housing Development Finance Corporation Plc - 504 Down Payment loan	-	5,131,110
	<u>33,806,441</u>	<u>39,812,317</u>
23.4 Ministry of Finance and Treasury		
The Company has obtained an unsecured loan of MVR 332,922,295/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 26th October 2002. This loan is to be repaid in 40 semi - annual installments of MVR 11,113,278/- commencing on the first available payment date falling 5 years after the first withdrawal of loan proceeds.		
23.5 Ministry of Finance and Treasury - Basic Flats down payment loan		
The Company has obtained unsecured loan of MVR 4,236,000/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 6th March 2007. Loan is to be repaid in 240 equal monthly installments of MVR 17,650/- commencing from 6th March 2007.		
23.6 Ministry of Finance and Treasury - 504 housing project loan - I		
The Company has obtained an unsecured loan of MVR 83,432,418/- from Ministry of Finance and Treasury at an interest of 6.5% per annum, for the 504 housing project. Interest will thereafter be reset at 182 day Treasury Bill rate prevailing on 1st October 2012, plus 1.5% for administrative charges. The loan is to be repaid in 40 equal semi - annual installments commencing from 1st April 2011.		
Ministry of Finance and Treasury - 504 housing project loan- II		
The Company has obtained an unsecured loan of MVR 140,787,876/- from Ministry of Finance and Treasury at an interest rate of six months LIBOR + 3% per annum for the 504 housing project. The loan is to be repaid in 40 equal semi annual installments commencing from 1st April 2011.		



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

23 LOANS AND BORROWINGS (CONTINUED)

23.7 Housing Development Finance Corporation Plc.

The Company 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 installments of MVR 57,202/- commencing after 21 months grace period. This loan is secured by a land worth 125% of the initial loan amount.

23.8 Housing Development Finance Corporation Plc - 504 Down Payment Loan

The Company had obtained a loan of MVR 40,000,000/- from Housing Development Finance Corporation Plc on 10th June 2010 at an interest rate of 11.75% per annum. However, this loan has been fully settled during the year ended 31st December 2015.

23.9 Bank of Ceylon - Phase II Dredging Loan

The Company has obtained a loan of US\$ 30,000,000/- from Bank of Ceylon under L.C Usance facility for which the Bank will be converting 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 L.C usance facility period. The Loan is subject to a grace period of 2 years and will be repaid in 60 installments where as 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. As added security, the Borrower shall also escrow part of the current income from these properties to the Lenders to build up a repayment buffer prior to the disbursement of the Loan.

(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 DEFERRED INCOME	2015 MVR	2014 MVR
Balance as at 1st January	134,454,504	102,257,963
Recognized during the year	1,604,400	38,181,010
Realized during the Year	(6,680,561)	(5,984,469)
Write back of Deferred Income	(8,261,663)	-
Balance as at 31st December	121,116,680	134,454,504

24.1 Analysis of Deferred Income

Outstanding Collection Costs (Note: 24.2)	25,001,804	26,391,797
Future Maintenance Fee (Note: 24.3)	96,114,876	108,062,707
	121,116,680	134,454,504

24.2 Outstanding Collection Costs

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

24.3 Future Maintenance Fee

The Deferred income represents the amounts charged from the customers for the future Maintenance of Properties sold under veshifahi project and 504 flats. The deferred income is recognized over the period of 20 to 25 years.

25 PROVISIONS	2015 MVR	2014 MVR (Restated)
Provision for Land Development Costs (Note 25.1)	67,504,792	77,762,313
Warranty provision for Construction defects (Note 25.2)	43,765,323	32,613,300
Provision for future construction cost of two schools (Note 25.3)	143,192,899	149,991,997
	254,463,014	260,367,610

25.1 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 Company.

25.2 The Company has recognized warranty provision for rectification of construction defects of 1,000 housing units constructed under Veshifahi project. 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 Company. Further, during the year ended 31st December 2015, the Company has done a re-assessment of the warranty provision with the engineer's assessment on the construction defects. Based on the assessment, the management and has made an additional warranty provision of MVR 11,725,481/- which is recognized against the Advance for share capital.

25.3 The Government of Maldives ("GoM") has transferred 1,000 constructed housing units to HDC at a free of charge during the year with certain conditions including that the Company should construct 2 school buildings in Hulhumale'. The total cost of future construction of two schools is estimated as MVR 245,112,101/- including the land value as at 31st December 2013. The Company has Completed the Construction of 1 school building and handed over to the Government. Accordingly, the estimated cost of future construction of the remaining school is MVR 143,192,899/-.



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

26 TRADE AND OTHER PAYABLES

	2015 MVR	2014 MVR
Municipal Tax Payable	90,306,522	106,475,789
Accruals, Deposits and Other Payables	41,734,641	108,406,391
Income Tax Payable	15,585,038	1,139,733
	147,626,201	216,008,413

26.1 Analysis of Trade and Other Payables

Payable After one year	101,227,584	116,268,465
Payable within one year	46,398,617	99,753,448
	147,626,201	216,021,913

Analysis of Trade and Other Payables

Payable After one year

Lease Deposits	10,921,062	9,860,351
Municipal Tax Payable	90,306,522	106,408,114
	101,227,584	116,268,465

Payable within one year

Accruals and Other Payables	30,813,579	98,613,715
Income Tax Payable	15,585,038	1,139,733
	46,398,617	99,753,448

27 AMOUNTS DUE TO RELATED PARTIES

	2015 MVR	2014 MVR (Restated)
Ministry of Finance and Treasury	2,231,320	-

28 UNRECOGNIZED REVENUE ON DEVELOPMENT AND SALE OF PROPERTIES AGREEMENTS

The Company enters into Agreements with third parties in order to transfer development and sale rights of the plots of lands of Hulhumale' for a total consideration of MVR 177,785,382/-. According to the agreements, the third party acquirers obtains the right to develop and sell residential units developed on those plots of lands to the prospective Maldivian buyers and to instruct the Company to execute the transfer of ownership of those plots of lands to the buyers as specified by the Acquirer. In some of the agreements, the consideration will be paid upon the sale of the residential properties by the developer to the third parties whereas in some of the agreements, a part of the total consideration would be settled by handing over the commercial units of the building which will be developed by these third parties not depending upon the sale of the properties and the remaining consideration would be settled upon the sale of the properties developed by the same parties. However, the management has not recognised the revenue of such transactions based on the consideration of the commercial units.

29 COMMITMENTS

29.1 The Company has entered in to a tri party agreement with Ministry of Finance and Treasury and Ministry of Housing and Environment on 22nd February 2012. According to the agreement HDC committed to purchase of 196 housing units at the rate of US\$ 72,500/- from the Kargwal 18SG Developers Private Limited, If the nominated purchasers identified by the Government of Maldives are unable to secure mortgage finance. Total commitment of the Company is amounting to MVR 219,118,200/- as at the reporting date.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

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



FOR THE YEAR ENDED 31ST DECEMBER 2015

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(iii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	31/12/2015 MVR	31/12/2014 MVR
Trade and Other Receivables	1,965,130,380	2,032,613,642
Held to Maturity Investments	3,368,414	500,000
Amounts Due from Related Parties	67,740,316	108,426,345
Balances with banks	312,367,641	381,083,263
	<u>2,348,606,751</u>	<u>2,522,623,250</u>

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

	31/12/2015		31/12/2014	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
Trade and Other Receivables				
Neither past due nor impaired	1,884,868,897	-	1,895,519,131	-
Less than one year	26,866,392	7,650,040	49,839,322	6,758,174
One to three years	32,486,178	16,328,970	68,101,517	8,876,814
More than three years less than five Years	6,686,488	3,261,095	8,922,945	2,834,854
More than five years	14,222,425	14,222,425	10,230,727	8,935,227
Total	<u>1,965,130,380</u>	<u>41,462,530</u>	<u>2,032,613,642</u>	<u>27,405,069</u>
Amounts Due from Related Parties				
Not Past Due	6,626,691	-	-	-
Less than one year	2,142,479	-	-	-
One to three years	58,971,146	11,794,229	108,426,345	-
Total	<u>67,740,316</u>	<u>11,794,229</u>	<u>108,426,345</u>	<u>-</u>
Grand Total	<u>2,032,870,696</u>	<u>53,256,759</u>	<u>2,141,039,987</u>	<u>27,405,069</u>

The movement in the provision for impairment in respect of trade and other receivables is given in Note 18.1 and 18.2 to the financial statements.

The Company believes that the unimpaired amounts that are outstanding for less than one year are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, no further provision for impairment is necessary in respect of trade and other receivables outstanding as at the reporting date.



FOR THE YEAR ENDED 31ST DECEMBER 2015

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk

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

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

31st December 2015	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	132,041,163	30,813,579	101,227,584	-	-
Loans and Borrowings	839,064,819	33,806,441	28,418,139	324,474,025	452,366,214
Total	<u>971,105,982</u>	<u>64,620,020</u>	<u>129,645,723</u>	<u>324,474,025</u>	<u>452,366,214</u>
31st December 2014 (Restated)	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	214,882,180	98,613,715	116,268,465	-	-
Loans and Borrowings	414,353,722	39,812,317	28,385,814	85,311,649	260,843,942
Total	<u>629,235,902</u>	<u>138,426,032</u>	<u>144,654,279</u>	<u>85,311,649</u>	<u>260,843,942</u>

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

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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 Company's interest - bearing financial instrument was:

	Carrying Amount	
	31/12/2015 MVR	31/12/2014 MVR
Variable Rate Instruments		
Financial Liabilities - Loans and Borrowings	106,535,636	113,583,824
Financial Assets - Held to Maturity Investments	3,368,414	500,000
Fixed Rate Instruments		
Financial Liabilities - Loans and Borrowings	732,529,183	300,769,898
Financial Assets - Trade and Other Receivables	1,878,297,455	1,964,232,239
Financial Assets - Short Term Deposits	59,902,454	225,239,379
Total	<u>1,938,199,909</u>	<u>2,189,471,618</u>

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
31/12/2015		
Variable rate instruments	+100	1,088,188
	-100	(1,088,188)
31/12/2014		
Variable rate instruments	+100	1,173,186
	-100	(1,173,186)



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market Risk (Continued)

(b) Currency Risk

Exposure to currency risk

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

	31/12/2015 US\$	31/12/2014 US\$
Cash and Cash Equivalents	327,637	1,133,548
Trade and Other Receivables	1,750,000	1,750,000
Loan and Borrowings	(30,000,000)	-
Gross statement of financial position exposure	<u>(27,922,363)</u>	<u>2,883,548</u>

The following significant exchange rate were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2015	2014	31/12/2015	31/12/2014
US\$ 1: MRF.	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.

	31/12/2015		31/12/2014	
	Strengthening MVR	Weakening MVR	Strengthening MVR	Weakening MVR
US\$ (1% Movement)	<u>4,305,628</u>	<u>(4,305,628)</u>	<u>(444,643)</u>	<u>444,643</u>

31 EVENTS AFTER THE REPORTING DATE

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

32 DIRECTORS' RESPONSIBILITY

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



HOUSING DEVELOPMENT CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31ST DECEMBER 2015

33 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.

31st December 2015	Held to Maturity Investments	Available-for-sale	MVR	MVR	Loans and receivables	MVR	Other financial liabilities	MVR	Total	Fair value				
										Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value														
Investments Available-For-Sale	-	1,250,000	-	-	-	-	-	-	1,250,000	1,250,000	-	-	1,250,000	
Financial assets not measured at fair value														
Receivables	-	-	-	-	1,965,130,380	-	-	-	1,965,130,380					
Held to Maturity Investments	3,368,414	-	-	-	-	-	-	-	3,368,414					
Amounts due from Related Parties	-	-	-	-	67,740,316	-	-	-	67,740,316					
Cash and cash equivalents	-	-	-	-	312,367,641	-	-	-	312,367,641					
	<u>3,368,414</u>	-	-	-	<u>2,345,238,337</u>	-	-	-	<u>2,348,606,751</u>					
Financial liabilities not measured at fair value														
Trade and other payables	-	-	-	-	-	-	132,041,163	-	132,041,163					
Loans and Borrowings	-	-	-	-	-	-	839,064,819	-	839,064,819					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>971,105,982</u>	<u>-</u>	<u>971,105,982</u>					



FOR THE YEAR ENDED 31ST DECEMBER 2015

34 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transactions	Amount	Amount	Balance	Balance
			2015 MVR	2014 MVR	Due from/(to) as at 31/12/2015 MVR	Due from/(to) as at 31/12/2014 MVR
Ministry of Education	Government affiliates	Lease Rentals Receipts	2,949,800 (528,100)	2,973,800 (540,250)	21,260,217	19,870,600
Ministry of Health	Government affiliates	Lease Rentals Receipts	2,198,600 (453,000)	2,198,600 (5,689,800)	1,185,767	129,750
Ministry of Islamic Affairs	Government affiliates	Expense Incurred on behalf	2,131,928	-	2,142,479	10,551
Maldives Transport and Contracting Company Plc	Government affiliates	Lease Rentals Receipts	1,305,098 (2,039,221)	2,027,010 (1,040,063)	326,016	1,060,139
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease Rentals Receipts	885,571 (885,571)	885,571 (1,392,849)	(13,500)	(13,500)
Maldives Ports Limited	Government affiliates	Lease Rentals Receipts Expense Incurred on behalf	1,174,814 (1,174,814) 981,477	1,174,814 (1,174,814)	- 981,477	-
State Trading Organization Plc	Government affiliates	Lease Rentals Receipts	13,160,656 (3,642,879)	7,183,731	20,652,560	11,134,784
Ministry of Finance and Treasury	Government affiliates	Expense incurred Receipt Dividend Paid Expense Payments Advance received Settlements	544,801 (50,000,000) - - 27,892,429 (15,400,000) 13,168,680	1,174,061 - (22,100,000) (17,121,878)	58,971,146 - (375,685,441) (2,231,320)	108,426,345 - (404,684,026) -
Pruksha - HDC Housing Private Limited	Joint Venture	Lease Rentals Receipts Income recognized	- -	132,720 (132,720)	- -	-
Maldives Water & Sewerage Company Limited	Government affiliates	Lease Rentals Receipts Expense Incurred on behalf	2,596,229 (2,599,613) 1,423,488	2,552,858 (3,062,950)	(2,900) 1,423,488	484 -
State Electric Company Limited	Government affiliates	Lease Rentals Receipts	1,739,878 (1,787,954)	783,424 (654,348)	81,000	129,076
Ministry of Housing & Infrastructure	Government affiliates	Expense Incurred on behalf	2,066,817	2,154,909	4,221,726	2,154,909

34.1 Collectively, but not individually, significant transactions

Government of Maldives is the 100% shareholder of the Company. The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

34.2 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of the key management personnel. During the year, the Company has paid MVR 4,312,154/- (2014 : MVR 3,550,541/-) as remuneration to the key management personnel and MVR 798,025/- (2014 : MVR 761,613/-) as fees to the Board of Directors.

35 COMPARATIVE FIGURES

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

FOR THE YEAR ENDED 31ST DECEMBER 2015

36 RESTATEMENT OF ERRORS

(a) Recognition of revenue of Sale of Land to Pruksha HDC

The Company has entered into a Reciprocal Agreement with Pruksha-HDC Housing Private Limited, a related party for the transfer of development right of a plot of land for a consideration of MVR 25,699,876/-. According to the agreement, the Acquiree has obtained the right to sell residential units developed on the said plot of land to the prospective Maldivian buyers and to instruct the Company to execute the transfer of common ownership of the said plot of land to the buyers as specified by the Acquiree. The Company has transferred the significant risks and rewards of the ownership of the land plot to the Acquiree upon executing the Reciprocal Agreement since 19th July 2010 and the Company should recognize this transaction as a sale of land during the year ended 31st December 2010. However, the Company has initially recognized the total consideration of MVR 25,699,876/- as an advance received and subsequently recognized the revenue when the legal ownership of the land plots were transferred to the ultimate buyers, amounting to MVR 10,034,759/- upto 31st December 2014. However, the above error has now been corrected and the comparative figures have been restated accordingly.

Restated Retained Earnings as at 1st January 2014

MVR

Retained earnings previously reported	1,003,039,398
Profit on the transaction	501,211
Restated Balance as at 1st January 2014	1,003,540,609

Restated Balances in the Statement of Financial Position

As at 31st December

2014
MVR

2013
MVR

Decrease in Inventories	11,811,955	10,005,672
Increase in Provision for Land Development Costs	3,351,951	5,158,234
Decrease in Amount due to Related Party	15,665,117	15,665,117





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