Report No: FIN-2019-88 (E)

29 December 2019

HOUSING DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2018

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the financial statements of Housing Development Corporation Limited (the "Corporation") which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 4 to 56.

In our opinion, Housing Development Corporation Limited's financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

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

Responsibilities of management for the financial statements

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

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

The Board of Directors are responsible for overseeing the Corporation's financial reporting process

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

29 December 2019

Hassan Ziyath
Auditor General

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

FOR THE YEAR ENDED 31ST DECEMBER 2018	Note	2018 MVR	2017 MVR (Restated)
Revenue	6	1,230,927,307	881,905,561
Cost of sales	9	(357,145,036)	(211,809,706)
Gross profit		873,782,271	670,095,855
Other income	7	2,830,566,690	6,584,309,960
		3,704,348,961	7,254,405,815
Administrative expenses	9	(260,360,211)	(200,021,767)
Maintenance expenses	9	(615,446,769)	(62,227,406)
Selling and marketing expenses	9	(222,097,554)	(102,685,752)
Results from operating activities		2,606,444,428	6,889,470,890
Finance income	8	101,213,316	131,283,107
Finance costs	8	(103,257,105)	(85,424,459)
Net finance income		(2,043,789)	45,858,648
Share of loss of investment in associate	15.1	(50,598)	(49,173)
Profit before tax	9	2,604,350,041	6,935,280,365
Business profit tax	10	(391,146,043)	(710,232,003)
Profit for the year		2,213,203,999	6,225,048,361
Other comprehensive income			
Change in fair value of financial instruments	16	125,000	(375,000)
Deferred tax relating to change in fair value of financial instruments	10	(18,750)	18,750
Other comprehensive income / (loss) for the year, net of tax		106,250	(356,250)
Total comprehensive income for the year		2,213,310,249	6,224,692,111
Earnings per share	11	**50.07**	**140.84**

See note 34 for details regarding the restatements as results of errors.

The notes on the pages 8 to 56 are an integral part of these financial statements.

AUDITOR GENERAL'S OFFICE

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

AS AT 31ST DECEMBER 2018	Note	31/12/2018 MVR	31/12/2017 MVR (Restated)	01/01/2017 MVR (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	150,438,099	124,470,502	55,637,238
Intangible assets	13	3,707,842	743,849	2,245,442
Investment properties	14	16,385,527,724	13,323,101,088	3,168,771,344
Investment in associate	15	-	11,973,477	12,022,650
Financial assets at fair value through other comprehensive income	16	1,000,000	875,000	1,250,000
Financial assets at amortised cost	17	500,000	500,000	500,000
Trade and other receivables	18	1,422,526,497	1,518,988,281	1,485,675,609
Amounts due from related parties	20	2,313,000	23,617,068	5,832,540
Total non-current assets		17,966,013,162	15,004,269,265	4,731,934,823
Current assets				
Inventories	19	5,534,088,951	2,056,935,830	953,460,863
Trade and other receivables	18	4,237,582,317	1,586,342,615	848,217,353
Amounts due from related parties	20	125,127,587	84,754,151	53,765,937
Cash and cash equivalents	21	57,820,391	183,157,365	137,071,077
Total current assets		9,954,619,246	3,911,189,961	1,992,515,230
Total assets		27,920,632,408	18,915,459,226	6,724,450,053
Equity and liabilities				
Equity				
Share capital	22	442,000,000	442,000,000	442,000,000
Share premium	22	61,129,607	61,129,607	61,129,607
Advance for share capital	22	3,518,511,704	3,467,679,586	61,450,000
Fair value reserve		-	(106,250)	250,000
Retained earnings		12,124,655,031	10,027,038,172	3,801,989,811
Total equity		16,146,296,342	13,997,741,115	4,366,819,418
Non-current liabilities				
Loans and borrowings	23.4	6,822,620,717	1,117,162,747	791,280,564
Deferred income	24	113,394,403	126,090,810	150,627,348
Deferred tax liability	10	1,299,468,153	945,164,405	311,828,157
Employee benefit obligation	25	1,297,284	-	-
Provisions	26	202,464,218	138,704,833	111,688,378
Trade and other payables	27	69,098,553	78,760,301	76,287,993
Total non-current liabilities		8,508,343,328	2,405,883,096	1,441,712,440
Current liabilities				
Loans and borrowings	23.5	674,272,341	679,621,136	320,666,190
Provisions	26	40,167,147	97,177,810	157,706,866
Current tax liabilities	10	194,933,321	181,655,086	123,555,215
Trade and other payables	27	2,344,104,760	1,540,865,812	301,474,753
Amounts due to related parties	28	12,515,171	12,515,171	12,515,171
Total current liabilities		3,265,992,739	2,511,835,015	915,918,195
Total liabilities		11,774,336,068	4,917,718,110	2,357,630,635
Total equity and liabilities		27,920,632,408	18,915,459,226	6,724,450,053

See note 34 for details regarding the restatements as results of errors.

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

Name of the Director	**Signature**
SUHAIL AHMED	
IBRAHIM AFRAATH	

5th December 2019

The notes on the pages 8 to 56 are an integral part of these financial statements.

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

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
As at 1st January 2017	442,000,000	61,129,607	61,450,000	250,000	3,831,078,197	4,395,907,804
Impact of correction of errors (Note 34)					(29,088,386)	(29,088,386)
Restated balance as at 1st January 2017	442,000,000	61,129,607	61,450,000	250,000	3,801,989,811	4,366,819,418
Total comprehensive income for the year (restated)						
Profit for the year (restated)	-	-	-	-	6,225,048,361	6,225,048,361
Other comprehensive loss, net of tax	-	-	-	(356,250)	-	(356,250)
Total comprehensive income for the year	-	-	-	(356,250)	6,225,048,361	6,224,692,111
Transactions with equity holders directly recognized in equity						
Capital contribution received during the year (Note 22.5)	-	-	3,406,229,586	-	-	3,406,229,586
Total transactions with equity holders directly recognized in equity	-	-	3,406,229,586	-	-	3,406,229,586
Balance as at 31st December 2017	442,000,000	61,129,607	3,467,679,586	(106,250)	10,027,038,172	13,997,741,115
Balance as at 31st December 2017 as originally presented	442,000,000	61,129,607	3,467,679,586	(106,250)	14,850,092,653	18,820,795,596
Impact of correction of errors (Note 34)	-	-	-	-	(4,823,054,476)	(4,823,054,476)
Restated balance as at 31st December 2017	442,000,000	61,129,607	3,467,679,586	(106,250)	10,027,038,177	13,997,741,115
Changes on initial application on IFRS 9 (Note 2.2)	-	-	-	-	(115,587,144)	(115,587,144)
Restated balance as at 1st January 2018	442,000,000	61,129,607	3,467,679,586	(106,250)	9,911,451,032	13,882,153,971
Total comprehensive income for the year						
Profit for the year	-	-	-	-	2,213,203,999	2,213,203,999
Other comprehensive income, net of tax	-	-	-	106,250	-	106,250
Total comprehensive income for the year	-	-	-	106,250	2,213,203,999	2,213,310,249
Transactions with equity holders directly recognized in equity						
Capital contribution during the year (Note 22.5)	-	-	50,832,118	-	-	50,832,118
Total transactions with equity holders directly recognized in equity	-	-	50,832,118	-	-	50,832,118
As at 31st December 2018	442,000,000	61,129,607	3,518,511,704	-	12,124,655,031	16,146,296,336

See note 34 for details regarding the restatements as results of errors.

The notes on the pages 8 to 56 are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 MVR	2017 MVR (Restated)
Cash flows from operating activities			
Profit before tax		2,604,350,041	6,935,280,365
Adjustments for:			
Interest income	8	(101,213,316)	(121,886,001)
Finance expense	23.2	339,306,440	71,662,102
Facility fee expense	23.1	12,743,875	-
Depreciation of property, plant and equipment	12	18,294,177	10,993,879
Amortisation of intangible asset	13	1,263,539	743,848
Depreciation of investment properties	14	-	32,033,897
Profit on disposal of property, plant and equipment	7	(418,713)	-
Profit/(loss) on disposal of investment properties	7,9	(3,367,430)	58,554
Write off of property, plant and equipment		386,569	-
Provision for defined benefit plan	9.1	1,297,284	-
Impairment on investment in associate	15.1	11,922,879	-
Net provision made for impairment loss on trade and other receivables	18	205,565,732	74,579,219
Provision (reversal)/ made for impairment loss on amounts due from related parties	20.2	-	(22,784,565)
Impairment loss of intangible assets & property, plant and equipment	12, 13	-	955,747
Gain on fair value of investment property	7	(2,777,414,936)	(6,523,904,943)
Share of loss in associate	15	50,598	49,173
Deferred income transferred to income statement during the year	24	(9,812,990)	(27,117,496)
Provision for future development cost	9	73,353,105	45,380,881
		376,306,854	476,044,660
Changes in working capital			
Change in inventories		(3,477,153,121)	18,068,912
Change in trade and other receivables		(2,896,328,526)	(798,500,461)
Change in amounts due from related parties		(19,069,368)	(2,559,927)
Change in trade and other payables		793,577,200	76,485,572
Change in deferred income		(2,883,417)	3,846,000
Change in provisions		(66,604,384)	(70,687,909)
Cash used in operations		(5,292,154,761)	(297,303,153)
Interest and LC usance charges paid	23	(229,154,870)	(76,795,567)
Income tax paid	10.2	(3,185,079)	(18,777,134)
Net cash used in operating activities		(5,524,494,710)	(392,875,854)
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	12	(45,512,348)	(77,753,060)
Purchase of intangible assets	13	(3,444,814)	-
Additions to investment property	14	(292,613,108)	(251,531,977)
Interest received	8	101,171,466	78,603,658
Receipt from financial assets at fair value through OCI	8	41,850	42,260
Proceeds from disposal of property, plant and equipment		500,000	3,556,750
Proceeds from disposal of investment properties		10,968,845	1,118,705
Net cash used in investing activities		(228,888,109)	(245,963,664)
Cash flows from financing activities			
Loans repayments during the year	23	(615,966,273)	(309,442,352)
Capital contribution received during the year	22.5	50,832,118	-
Borrowings during the year	23	6,252,897,296	1,002,185,166
Loan facility fees paid during the year	23.1	(87,629,608)	(7,817,008)
Net cash from financing activities		5,600,133,533	684,925,806
Net (decrease)/increase in cash and cash equivalents		(153,249,287)	46,086,288
Cash and cash equivalents at the beginning of the year		183,157,365	137,071,077
Cash and cash equivalents at the end of the year	21	29,908,078	183,157,365

See note 34 for details regarding the restatements as results of errors.

The notes on the pages 8 to 56 are an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

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

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

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

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

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except 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 Corporation's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa, except for otherwise indicated.

(d) Use of estimates and judgements

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

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

2.1 New standards and amendments

The Corporation has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018: (a) new standards and amendments that are effective for the first time for period commencing on or after 1 January 2018 and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2019.

(a) New standards and amendments – applicable 1 January 2018

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the Corporation for the first time with effect from financial period beginning on 1 January 2018.

- IFRS 9- *Financial instruments*
- IFRS 15- *Revenue from contracts with customers*
- IFRIC 22- *Foreign currency transactions and advance consideration*

Notes to the financial statements

2.1 New standards and amendments (continued)

(b) New standards and amendments but not yet adopted in 2018

Certain new accounting standards and interpretations have been published that are not mandatory for financial year beginning on or after 1 January 2018 and have not been early adopted by the Corporation.

- *IFRS 16 Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Corporation will apply the standard from its mandatory adoption date of 1 January 2019. The Corporation intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Corporation is in the process of evaluating the potential impact and it is not expected to have a material impact.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact to the Corporation.

2.2 Changes in accounting policies

IFRS 9 Financial Instruments

The Corporation has adopted IFRS 9 as issued by the IASB in July 2014, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In accordance with the transitional provision in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

The total impact on Corporation's retained earnings as at 1 January 2018 is as follows:

Opening retained earnings - IAS 39	10,027,038,177
Increase in provision for interest bearing trade receivables **(Note 4.1.3.2)**	(135,432,853)
Increase in provision for non-interest bearing trade receivables **(Note 4.1.4)**	(552,023)
Increase in deferred tax asset **(Note 10)**	20,397,731
Adjustment to retained earnings from adoption of IFRS 9 on 1 J nuary 2018	(115,587,144)
Opening retained earnings - IFRS 9	9,911,451,032

i. Classification and measurement of financial instruments on adoption of IFRS 9

On 1 January 2018, the Corporation's management has assessed which business models apply to the financial assets held by the Corporation at the date of initial application of IFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassifications have no impact to Corporation's retained earnings.

IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies relating to financial

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

(a) Reclassification from loans and receivable to amortised cost

Receivables and cash and cash equivalents that have previously been classified as loans and receivables are now classified at amortised cost.

Notes to the financial statements

2.2 Changes in accounting policies (continued)

(b) Reclassification from available-for-sale to FVOCI

The Corporation elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of MVR 875,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI on 1 January 2018.

(c) Reclassification from held-to-maturity to amortised cost

Investments in Islamic bonds that would have previously been classified as held-to maturity are now classified at amortised cost. The Corporation intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings.

(d) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2018, the financial instruments of the Corporation were as follows:

	Measurement category		Carrying amount	
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)
Financial assets				
Financial assets at FVOCI	Available for sale	FVOCI	875,000	875,000
Investments in Islamic bonds	Held to maturity	Amortised cost	500,000	500,000
Trade and other receivables	Loans and receivables	Amortised cost	2,326,067,350	2,190,082,474
Cash and cash equivalents	Loans and receivables	Amortised cost	183,157,365	183,157,365
Financial liabilities				
Loans and borrowings	Amortised cost	Amortised cost	1,796,783,883	1,796,783,883
Trade and other payables	Amortised cost	Amortised cost	1,557,334,992	1,557,334,992

(ii) Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

iii. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the prior period's financial assets measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 01 January 2018:

	IAS 39 carrying amount 31 Dec 2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1 Jan 2018
Loans and receivables (IAS 39)/financial assets at amortised cost (IFRS 9)				
Financial assets at FVOCI	875,000	-	-	875,000
Investments in Islamic bonds	500,000	-	-	500,000
Trade receivables	2,326,067,350	-	(135,984,876)	2,190,082,474
Cash and cash equivalents	183,157,365	-	-	183,157,365
Total	2,510,599,715	-	(135,984,876)	2,374,614,839

The remeasurement loss of MVR 135,984,876 was recognised in opening retained earnings at 1 January 2018. Further information on the measurement of the impairment allowance under IFRS 9 can be found in note 4.1.3 *Credit risk - interest bearing receivables* and note 4.1.4 *Credit risk - non-interest bearing receivables.*

Notes to the financial statements

3 Significant accounting policies

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

3.1 Transactions in foreign currencies

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

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

3.2 Financial instruments

(a) Financial assets (non-derivative)

Policy applicable from 1st January 2018

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

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

Notes to the financial statements

3.2 Financial instruments (continued)

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

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

Equity instruments

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

(iv) Impairment

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

For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1 for further details.

Policy applicable before 1st January 2018

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

The Corporation 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 Corporation is recognized as a separate asset or liability.

The Corporation 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 Corporation 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 Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation had the following financial assets (non-derivative):

- Receivables
- Cash and cash equivalents
- Financial assets held to maturity financial assets
- Financial assets available for sale

Notes to the financial statements

3.2 Financial Instruments (continued)

(i) 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.

(ii) Cash and cash equivalents

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

(iii) Financial assets available for Sale

Instruments in equity Securities held by the Corporation 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.

(iv) Financial assets held to maturity

If the Corporation 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 Corporation from classifying investment securities as held-to-maturity for the current and the following two financial year.

(b) Financial liabilities (non-derivative)

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

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

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

(c) Share capital

Ordinary shares

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

Notes to the financial statements

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

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

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate. The charge for the depreciation commences from the month in which the Property, Plant and equipment are available for use.

Capital work in progress

Capital work in progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects. Capital work in progress is not depreciated until its completion of construction and the asset is available for use upon which the projects of completed construction works is transferred to appropriate category of property, plant and equipment.

3.4 Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

Notes to the financial statements

3.4 Intangible assets (continued)

(iii) Amortization

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

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

Computer software	Over 5 Years

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

3.5 Investment properties

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

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

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

3.6 Investments in associate

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

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

3.7 Inventories

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

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

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

3.8 Impairment of non-financial assets

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

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Notes to the financial statements

3.9 Employee benefits

(a) Defined contribution plans

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

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

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

(b) Defined benefit plans

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

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

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

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

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

(c) Short-term benefits

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

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

3.10 Provisions

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

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

3.11 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.

3.12 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.

Notes to the financial statements

3.13 Revenue

Policy applicable from 1st January 2018

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

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

(a) Sale of land and developed properties.

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

(b) Sale of development and sale rights

The performance obligation is satisfied when the control of the properties are transferred. Effectively the control get transfered when;
- the risk and rewards of ownership of land gets transferred in favour of the developer;
- the Corporation has right to payment of the price of the land;
- the possession of land transferred from the Corporation to developer and
- Developer has accepted the land.

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

(c) Provision of services

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

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

(d) Interest income

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

(e) Rental Income

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

Policy applicable before 1st January 2018

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 Corporation'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.

Notes to the financial statements

3.13 Revenue (continued)

(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 Operating expenses

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

3.15 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.

3.16 Tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

3.17 Government grants

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

Notes to the financial statements

4 Financial risk management

4.1 Financial risk factors

4.1.1 Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

4.1.2 Risk management framework

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

4.1.3 Credit risk - interest bearing receivables

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

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

4.3.1 Expected credit loss measurement

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

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

• If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 4.1.3.1 (a) for a description of how Corporation determines when a significant increase in credit risk has occurred.

• If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 4.1.3.1 (b) description of how Corporation defines credit-impaired and default.

• Financial instruments in stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 4.1.3.1 (c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

• A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 4.1.3.1 (d) includes an explanation of how Corporation has incorporated this in its ECL models.

Further explanation is also provided of how Corporation determines appropriate grouping when ECL is measured on a collective basis (refer note 4.1.3.1 (e)).

The following diagram summarises the impairment requirements under IFRS 9:

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

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

Notes to the financial statements

4.1.3 Credit risk - interest bearing receivables (continued)

(a) Significant increase in credit risk

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

(b) Definition of default and credit-impaired assets

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

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

90 days default presumption is not rebutted considering historical behaviour.

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

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

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 MN PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2013 to 2018.

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

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

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

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

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

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 4.1.3.1 (d) for an explanation of forward-looking information and its inclusion in ECL calculations.

(d) Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In an attempt to identify key economic variables impacting credit risk and expected credit losses, the Corporation came to the understanding that most of the macro economic variables did not indicate a clear representation to receivables, as the statistical hypothesis behind the estimates could not be tested. Accordingly, the Corporation found it feasible and chose the approach of 'Expert Judgment' to derive the forward looking information to apply on 12 month PD.

Notes to the financial statements

4.1.3 Credit risk - interest bearing receivables (continued)

(d) Forward looking information incorporated in ECL models (continued)

In addition to the base (current) economic scenarios, the Corporation's management also provide other possible scenarios along with scenario weightings. The scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

Economic variable assumptions

The period-end assumptions used for the ECL estimate as at 31 December 2018 are set out below.

Scenario	GDP
Upside 2	75%
Upside	90%
Base	100%
Downside	110%
Downside 2	125%

The weighting assigned to economic scenario at 1 January 2018 and 31 December 2018 was 110%. Hence the factor 1.1 is multiplied with the default rate to calculate Forward PD.

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

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

Sensitivity analysis

Set out below are the changes to the ECL as at 31 December 2018 that would result from reasonably possible changes in the parameter from the actual assumption used in Corporation's economic variable assumption.

		GDP	
	-5%	No change	+5%
	MVR	MVR	MVR
Loss allowance as at 31 December 2018	995,093	-	967,473

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

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

4.1.3.2 Loss allowance

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

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

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

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

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

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

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

Notes to the financial statements

4.1.3 Credit risk - interest bearing receivables (continued)

4.1.3.2 Loss allowance (continued)

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

Interest bearing receivables	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Loss allowance as at 1 January 2018	19,333,630	8,302,702	107,796,521	135,432,853
Transfers:				
Transfer from Stage 1 to Stage 2	(1,745,307)	2,826,690	-	1,081,383
Transfer from Stage 1 to Stage 3	(2,700,170)	-	7,801,211	5,101,041
Transfer from Stage 2 to Stage 1	695,397	(1,879,702)	-	(1,184,305)
Transfer from Stage 3 to Stage 1	1,314,591	-	(4,825,541)	(3,510,950)
New financial assets originated	855,850	872,214	3,078,161	4,806,225
Transfers:				
Transfers from stage 2 to stage 3	-	(4,727,392)	7,388,371	2,660,979
Transfer from stage 3 to stage 2	-	2,900,830	(4,159,430)	(1,258,600)
Unwind of interest	-	-	8,443,538	8,443,538
Financial assets settled during the year	(22,894)	(462,401)	(5,565,228)	(6,050,523)
Other movements	(3,423,544)	(218,072)	11,455,490	7,813,874
Loss allowance at 31 December 2018	14,307,554	7,614,869	131,413,093	153,335,516

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

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

Although the interest bearing receivables settled during the period reducing the gross carrying amount of the receivable book by 4%, there was an increase in loss allowance amounting to MVR 17,902,663.

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

Interest bearing receivables	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Gross carrying amount as at 1 January 2018	1,267,419,249	116,848,746	385,467,517	1,769,735,512
Transfers:				
Transfer from Stage 1 to Stage 2	(44,118,551)	43,015,710	-	(1,102,840)
Transfer from Stage 1 to Stage 3	(59,676,395)	-	59,935,791	259,395
Transfer from Stage 2 to Stage 3	-	(52,784,841)	53,160,855	376,014
Transfer from Stage 3 to Stage 2	86,687	14,697,479	(14,522,344)	261,823
Transfer from Stage 2 to Stage 1	37,974,070	(41,694,787)	-	(3,720,717)
Transfer from Stage 3 to Stage 1	37,397,356	-	(39,893,381)	(2,496,025)
Financial assets settled during the year	(7,680,127)	(3,504,797)	(17,157,104)	(28,342,028)
New financial assets originated	5,954,661	3,770,681	9,027,467	18,752,809
Other movements	(56,248,302)	(870,793)	10,976,621	(46,142,474)
Gross carrying amount as at 31 December 2018	1,181,108,649	79,477,399	446,995,422	1,707,581,470

The closing loss allowances for the interest bearing receivables as at 31 December 2018 reconciles to the opening loss allowances as follows:

At 1 January - calculated under IAS 39	-
Amount restated through opening retained earnings	135,432,853
Opening loss allowance as at 1 January 2018- calculated under IFRS 9	135,432,853
Increase in loan loss allowance recognised in profit or loss during the year	17,902,662
At 31 December	153,335,516

Notes to the financial statements

4.1.3 Credit risk - Interest Bearing Receivables (continued)

4.1.3.3 Write-off policy

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

4.1.3.4 Modification of financial assets

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

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

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

4.1.3.5 Risk limit control and mitigation policies

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

Some other specific control and mitigation measures are outlined below.

(a) Collateral

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

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

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

Collateral information

As of 31 December 2018	Interest bearing receivables
Receivables collaterised by:	
- house property	1,707,581,470
Total	1,707,581,470

As of 31 December 2017	Interest bearing receivables
Receivables collaterised by:	
- house property	1,769,735,512
Total	1,769,735,512

Notes to the financial statements

4.1.3 Credit risk - Interest Bearing Receivables (continued)

4.1.3.5 Risk limit control and mitigation policies (continued)

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

	Over-collateralised assets		Under-collateralised assets	
As of 31 December 2018	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	1,593,456,463	3,820,440,405	114,125,007	74,600,347
Total loans and advances	**1,593,456,463**	**3,820,440,405**	**114,125,007**	**74,600,347**

	Over-collateralised assets		Under-collateralised assets	
As of 31 December 2017	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	1,683,469,356	3,691,852,321	86,266,157	79,214,824
Total loans and advances	**1,683,469,356**	**3,691,852,321**	**86,266,157**	**79,214,824**

4.1.3.6 Interest bearing receivables

Interest bearing receivables are summarised as follows:

	2018	**2017**
Neither past due nor impaired (less than 30 days)	1,181,108,649	1,267,419,249
Past due but not impaired (30-60 days)	44,974,103	64,517,298
Past due but not impaired (60-90 days)	34,503,297	52,331,448
Impaired (more than 90 days)	446,995,422	385,467,517
Gross interest bearing receivables	1,707,581,470	1,769,735,512
Less: allowance for impairment	(153,335,516)	(135,432,853)
Net interest bearing receivables	**1,554,245,954**	**1,634,302,659**

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

(a) Loans and advances past due but not impaired

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

(b) Loans and advances impaired

The impaired receivables from customers is MVR 446,995,422 (as compared to on 31 December 2017 when impaired receivables from were MVR 385,467,517).

4.1.4 Credit risk - non-interest bearing receivables

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

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

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for non-interest bearing receivables.

Notes to the financial statements

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

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for non-interest bearing receivables.

At 31 December 2017	PD	LGD	Trade receivable - net of security deposit	Loss allowance
Current	27%	89%	27,505,911	6,661,912
More than 30 days past due	33%	89%	6,345,574	1,855,702
More than 60 days past due	37%	89%	5,659,349	1,845,610
More than 90 days past due	100%	89%	135,931,961	121,323,458
Total			175,442,795	131,686,682

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

The closing loss allowances for the non-interest bearing receivables. as at 31 December 2018 reconciles to the opening loss allowances as follows:

At 1 January - calculated under IAS 39	131,134,659
Amount restated through opening retained earnings	552,023
Opening loss allowance as at 1 January 2018- calculated under IFRS 9	131,686,682
Increase in loan loss allowance recognised in profit or loss during the year	177,449,104
At 31 December	309,135,786

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

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

4.1.5 Liquidity risk

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

Notes to the financial statements

4.1.5 Liquidity risk (continued)

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

31st December 2018	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	2,413,203,313	2,344,104,760	16,326,386	29,386,250	23,385,917
Amounts due to related parties	12,515,171	12,515,171	-	-	-
Loans and borrowings	7,591,758,115	692,672,554	947,372,866	3,462,143,337	2,489,569,358
Total	**10,017,476,600**	**3,049,292,485**	**963,699,252**	**3,491,529,587**	**2,512,955,275**

31st December 2017	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	1,619,626,114	1,540,865,813	3,609,783	50,936,873	24,213,645
Amounts due to related parties	12,515,171	12,515,171	-	-	-
Loans and borrowings	1,816,763,209	683,927,637	208,398,192	564,460,052	359,977,328
Total	**3,448,904,494**	**2,237,308,621**	**212,007,975**	**615,396,925**	**384,190,973**

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

4.1.6 Market risk

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

(a) Interest rate risk

Profile

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

	Carrying Amount 2018	Carrying Amount 2017
Variable rate instruments	**MVR**	**MVR**
Financial liabilities - loans and borrowings	6,558,798,628	534,727,935
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed Rate Instruments		
Financial liabilities - loans and borrowings	1,005,047,174	1,282,035,274
Financial assets - trade and other receivables	1,707,581,470	1,769,735,512
Financial assets - short term deposits	28,048,595	-
	1,735,630,064	1,769,735,512

Notes to the financial statements

4.1.6 Market risk (continued)

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
2018		
Variable rate instruments	+100	49,287,289
	-100	(49,287,289)
2017		
Variable rate instruments	+100	2,189,672
	-100	(2,189,672)

(b) Currency Risk

Exposure to currency risk

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

	2018 US$	2017 US$
Cash and cash equivalents	2,608,386	5,468,333
Trade and other receivables	213,289,748	6,262,120
Loan and borrowings	(452,205,696)	(60,992,412)
Trade and other payables	(136,608,183)	(19,769,157)
Gross statement of financial position exposure	**(372,915,746)**	**(69,031,116)**

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2018	**2017**	**2018**	**2017**
US$ 1: MVR	15.42	15.42	15.42	15.42

Sensitivity analysis

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

	2018		2017	
	Strengthening MVR	**Weakening MVR**	**Strengthening MVR**	**Weakening MVR**
US$ (1% Movement)	57,503,608	(57,503,608)	(10,644,598)	10,644,598

4.2 Capital risk management

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

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

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

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Notes to the financial statements

4.2 Capital risk management (continued)

The gearing ratios at 31 December 2018 and 31 December 2017 were as follows:

	2018 MVR	2017 MVR
Total borrowings **(Note 23)**	7,591,758,115	1,816,763,209
Trade and other payables **(Note 27)**	2,413,203,313	1,619,626,114
Less: Cash and cash equivalents **(Note 21)**	(57,820,391)	(183,157,365)
Net debt	9,947,141,038	3,253,231,958
Total equity	16,146,296,342	13,997,741,115
Total capital	26,093,437,380	17,250,973,073
Gearing ratio	38%	19%

The gearing ratios of the Corporation in 2018 have increased due to increase in total borrowings during the year.

5 Determination of fair values

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

Measurement of fair values

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

(ii) Investment properties

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

6 Revenue

	2018 MVR	2017 MVR (Restated)
Sales of properties	1,036,053,568	714,839,526
Rental income	194,873,739	167,066,035
	1,230,927,307	881,905,561

7 Other income

	2018 MVR	2017 MVR
Maintenance charges	8,949,172	5,760,399
Reversal of impairment provision (Note 18.7 - 20.2)	-	23,588,088
Government grant income recognized (Note 24.4)	4,025,228	21,493,394
Profit on sale of property plant and equipment	418,713	-
Profit on sale of investment properties	3,367,430	-
Fair value gain on investment property (Note 14)	2,777,414,936	6,523,904,943
Miscellaneous income (Note 7.1)	36,391,211	9,563,136
	2,830,566,690	6,584,309,960

7.1 During the year ended 31st December 2018, the Corporation has forfeited a Bank Guarantee with a value of MVR 15,470,000 and sold rock boulders for a total consideration of MVR 9,146,280.

8 Net finance income

	2018 MVR	2017 MVR (Restated)
Finance income		
Interest income on fixed deposits	292,595	-
Interest income on investment in Islamic bonds	41,850	42,260
Interest income on loans and receivables	100,878,871	131,240,847
	101,213,316	131,283,107
Finance costs		
Foreign exchange loss	-	(13,762,357)
Loan facility fees (Note 23.1)	(7,492,467)	(702,524)
Finance cost on Islamic finance facilities	(2,530,163)	(8,917,273)
Interest expense on loans	(93,234,475)	(62,042,305)
	(103,257,105)	(85,424,459)
Net finance income	(2,043,789)	45,858,648

9 Expenses by nature

	2018 MVR	2017 MVR (Restated)
Cost of sales		
Cost of sale of building	180,922,860	151,146,840
Cost of sale of land	102,869,070	15,234,059
Provision for future development of land (Note 26)	73,353,105	45,428,807
	357,145,036	211,809,706
Administrative expenses		
Loss on disposal of investment property	-	58,554
Bank fees & charges	2,485,828	1,848,355
Board directors' remuneration and fees (Note 35.2)	1,956,506	4,689,034
CSR expenses	3,963,326	4,784,547
Others general & administrative expenses	21,826,384	22,660,750
Professional & consultancy expenses	19,549,047	15,686,734
Rent & hiring expenses	1,819,460	2,996,558
Supplies, requisites, tools & consumables	1,770,792	1,919,288
Trainings	3,702,287	6,570,586
C/F	57,073,629	61,214,405

9 Expenses by nature (continued)

	2018 MVR	2017 MVR (Restated)
B/F	57,073,629	61,214,405
Travelling expenses	1,428,842	2,404,875
Impairment of assets (Note 15.2)	11,922,879	955,746
Depreciation and amortization charge for the year	19,557,708	38,257,698
Personnel costs (Note 9.1)	170,377,153	97,189,043
	260,360,211	200,021,767
Maintenance expenses		
Airport link road cost written off	535,670,171	-
Building maintenance expense	28,234,306	3,324,439
Landscaping expenses	5,850,768	1,259,298
Public area maintenance expense	34,394,837	49,866,328
Vehicle & equipment running expenses	9,373,266	6,271,097
General maintenance expense	1,923,422	1,506,245
	615,446,769	62,227,406
Selling and marketing expenses		
Advertisement expenses	5,135,300	9,618,609
Meeting & ceremonial expenses	10,386,866	9,990,206
Promotional expenses	1,009,656	611,844
Provision made for impairment loss of non-interest bearing receivable (Note 18.5)	177,449,104	82,465,093
Provision made for impairment loss of other receivables (Note 18.7)	18,657,505	-
Provision made for impairment loss of interest bearing receivable (Note 18.6)	9,459,124	-
	222,097,554	102,685,752

9.1 Personnel costs

	2018 MVR	2017 MVR (Restated)
Salaries and wages	55,008,060	30,374,246
Allowances	100,679,723	59,279,684
Contribution for pension fund	2,834,477	1,536,880
Medical expenses	4,000,725	1,789,794
Staff welfare and others	4,057,920	2,382,592
Travelling and visa	2,498,964	1,825,847
Defined benefit plan	1,297,284	-
	170,377,153	97,189,043

10 Tax expense

	2018 MVR	2017 MVR (Restated)
A Amount recognized in profit or loss		
Current tax expense (Note 10.1)	16,463,314	76,877,005
Deferred tax liability recognized (Note 10.3)	374,682,729	633,354,998
	391,146,043	710,232,003
B Amounts recognized in other comprehensive income		
Deferred tax asset (reversed) / recognized through other comprehensive income (Note 10.3)	(18,750)	18,750

10.1 Reconciliation between accounting profit and taxable income:

(Loss) / profit before tax	2,604,350,041	6,935,280,365
Add: expenses not allowed for tax purposes	4,957,559	19,783,695
Adjustment due to the established deferred tax base in previous year	(1,167,313)	(2,219,684,038)
Tax free allowance	(500,000)	(500,000)
Total taxable income	2,607,640,287	4,734,880,022
Business profit tax @ 15%	391,146,043	710,232,003

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

10.2 Tax liability

	2018 MVR	2017 MVR (Restated)
Balance as at 1st January	181,655,086	123,555,271
Tax charge for the year	16,463,314	76,877,005
Tax paid during the year	(3,185,079)	(18,777,190)
Balance as at 31st December	194,933,321	181,655,086

10.3 Net deferred tax liability

	2018 MVR	2017 MVR (Restated)
Balance as at 1st January	(945,164,405)	(311,828,157)
Adjustment on adoption of IFRS 9	20,397,731	-
(Reversal) / recognition in deferred tax asset during the year recognized through OCI	(18,750)	18,750
Increase in deferred tax liability recognized through profit or loss	(374,682,729)	(633,354,998)
Balance as at 31st December	(1,299,468,153)	(945,164,405)

Deferred tax liability is attributable to the following;

	2018		2017 (Restated)	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	18,292,608	2,743,891	13,061,193	1,959,179
Intangible assets	(11,905)	(1,786)	(697,529)	(104,629)
Investment properties	(9,301,319,879)	(1,395,197,982)	(6,523,904,943)	(978,585,741)
Gratuity provision	1,297,284	194,593	-	-
Provision for impairment loss	482,548,483	72,382,272	140,997,874	21,149,681
Fair value change of investment	-	-	125,000	18,750
Provision for land development costs	136,072,390	20,410,859	69,322,368	10,398,355
	(8,663,121,018)	(1,299,468,153)	(6,301,096,037)	(945,164,405)

11 Earnings per share

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

	2018 MVR	2017 MVR
Profit for the year	2,213,203,999	6,225,048,361
Weighted average number of shares	44,200,000	44,200,000
Earnings per share	50.07	140.84

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12 Property, plant and equipment

	Freehold buildings & improvements	Computer and office equipment	Vehicles & boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total 2018	Total 2017
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost								
As at 1st January	52,816,447	25,997,448	18,714,508	14,547,703	39,227,683	35,250,064	186,553,853	106,528,708
Reclassification during the Year	1,388,731	(1,920,166)	-	(1,342,810)	(423,455)	-	(2,297,701)	(46,406)
Additions during the year	21,040,123	8,336,191	6,864,317	1,062,565	2,540,672	5,668,479	45,512,348	80,071,551
Transfer from work in progress	21,695,281	-	4,572,082	-	-	(26,267,364)	-	-
Disposals during the year	(138,360)	(462,859)	(7,572)	(145,848)	(98,315)	-	(852,953)	-
As at 31st December	96,802,222	31,950,614	30,143,336	14,121,610	41,246,585	14,651,179	228,915,547	186,553,853
Accumulated depreciation								
As at 1st January	12,750,475	13,334,047	13,203,960	7,261,223	15,533,646	-	62,083,351	50,891,470
Reclassification during the Year	281,756	(934,772)	(922)	(662,403)	(198,641)	-	(1,514,982)	-
Charge for the Year	4,198,501	5,138,741	4,115,227	1,484,264	3,357,443	-	18,294,177	10,993,879
Impairment loss	-	-	-	-	-	-	-	198,002
Disposals during the year	(57,074)	(178,723)	(4,102)	(76,550)	(68,650)	-	(385,098)	-
As at 31st December	17,173,658	17,359,293	17,314,164	8,006,534	18,623,798	-	78,477,447	62,083,351
Net carrying values								
As at 31st December 2018	79,628,564	14,591,321	12,829,172	6,115,076	22,622,787	14,651,179	150,438,099	
As at 31st December 2017	40,065,972	12,663,401	5,510,548	7,286,480	23,694,037	35,250,064		124,470,502

12.1 Capital work in progress represents the cost incurred on the construction of staff quarter and projects office in phase II.

13 Intangible assets

	Software	
	2018	2017 (Restated)
	MVR	MVR
Cost		
As at 1st January	3,719,243	3,719,243
Reclassification from PPE during the year **(Note 12)**	2,297,701	-
Additions during the Year	712,202	-
Capital work in progress	2,732,611	-
As at 31st December	9,461,757	3,719,243
Accumulated amortization		
As at 1st January	2,975,394	1,473,801
Reclassification from PPE during the year	1,514,982	-
Amortization for the year	1,263,539	743,848
Impairment loss **(Note 13.2)**	-	757,745
As at 31st December	5,753,916	2,975,394
Net book value		
As at 31 December	3,707,842	743,849

13.1 Amortisation

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

13.2 During the year ended 31st December 2017, the Corporation has impaired its newly implemented accounting software due to limited usage of the same.

14 Investment properties

	Land (at fair value)	Buildings (at fair value)	Capital work in progress (at cost)	Total 2018	Total 2017 (Restated)
	MVR	MVR	MVR	MVR	MVR
Fair value / cost					
As at 1st January as originally presented	18,462,576,485	930,989,650	6,547,337	19,400,113,472	3,168,771,344
Impact of correction of errors **(Note 34.1 (c))**	(6,428,708,547)	351,696,169	-	(6,077,012,378)	-
As at 1st January (Restated)	12,033,867,938	1,282,685,819	6,547,337	13,323,101,094	3,168,771,344
Disposals during the year	(317,669)	(7,283,745)	-	(7,601,414)	(1,211,351)
Additions during the year	194,295,477	25,645,065	155,804,389	375,744,931	3,653,793,544
Transfer to inventory **(Note 14.3)**	(83,131,823)	-	-	(83,131,823)	9,876,511
Transfer from capital work-in progress	-	726,750	(726,750)	-	-
Depreciation and impairment	-	-	-	-	(32,033,897)
Gain on fair value **(Note 14.7)**	2,470,973,021	306,441,915	-	2,777,414,936	6,523,904,943
As at 31st December	14,615,686,944	1,608,215,804	161,624,976	16,385,527,724	13,323,101,094

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

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

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

14.4 Additions to the Capital work in progress include borrowing cost capitalisation of MVR 11,640,889 for the year ended 31st December 2018 (2017: 2,172,410).

14.5 During the year ended 31st December 2015, the Corporation 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 had not been specifically agreed by the parties. Further, as per the letter dated 30th April 2017, the GoM has instructed the Corporation to carry out an independent valuation of the island to determine the value and agree with the GoM. Accordingly, the Corporation has carried out the valuation of the Isand and the parties have agreed that the transaction value of the island is MVR 3,406,229,586/- and the same has been recognized as an addition to Investment property in the year 2017.

14 Investment properties (continued)

14.6 The Phase I of the land reclaimed and developed under Hulhumale' development Master Plan was initially revalued by a professional valuer on 31st December 2006. The difference between the land development cost up to 31st December 2006 and the revalued amount was recognized through profit or loss in the Financial Statements. During the year ended 31st December 2013, the Company has changed its accounting policy to measure land classified as investment properties at cost less impairment loss and the carrying amount prior to the change of the policy has been recognised as a deemed cost. However, during the year ended 31st December 2017, the Company has changed its policy to recognize all of its Investment properties at fair value and accordingly a gain on fair value amounting to MVR 2,777,414,936 was recognized through profit or loss during the year 2018 (2017: MVR 6,523,904,943).

14.7 Amounts recognised in profit or loss for investment properties

	2018 MVR	2017 MVR (Restated)
Rental income	194,873,739	167,066,035
Fair value gain recognised in other income	2,777,414,936	6,523,904,943

14.8 Significant estimate - fair value of investment property

Valuation techniques used to determine level 3 fair values
The fair value of investment property was determined by the management. The management will carry out the exercise to determine the fair value of the Corporation's investment property on annual basis.

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

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:
- average prices in a sales transaction for properties of similar nature or average prices in a sales transaction of different properties, owned by the Corporation.
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Fair value measurements using significant unobservable inputs (level 3)
The following table presents the changes in level 3 items for the periods ended 31 December 2017 and 31 December 2018 for recurring fair value measurements:

	Phase I - Land	Phase I - Developed properties	Phase II - Land	Total
Opening balance 1 January 2017	2,571,450,178	73,902,049	473,749,823	3,119,102,050
Acquisitions	15,233,482	27,355,711	3,561,710,500	3,604,299,693
Transfer from capital work in progress	-	92,615,808	-	92,615,808
Transfer from/(to) inventory	-	9,876,511	-	9,876,511
Disposals	(363,154)	(848,197)	-	(1,211,351)
Amounts recognised in profit or loss				
- Depreciation and impairment	(14,735,720)	(10,137,045)	(7,161,132)	(32,033,897)
- Fair value gains recognised in other income	3,969,169,367	1,089,920,981	1,464,814,594	6,523,904,943
Closing balance 31 December 2017	**6,540,754,153**	**1,282,685,819**	**5,493,113,785**	**13,316,553,757**
Acquisitions	24,597,011	25,645,065	169,698,466	219,940,542
Transfer from capital work in progress	-	726,750	-	726,750
Transfer from/(to) inventory	(221,641,590)	-	138,509,767	(83,131,823)
Disposals	(317,669)	(7,283,745)	-	(7,601,414)
Amounts recognised in profit or loss				
- Fair value gains recognised in other income	1,525,858,953	306,441,915	945,114,068	2,777,414,936
Closing balance 31 December 2018	**7,869,250,857**	**1,608,215,804**	**6,746,436,087**	**16,223,902,748**

14 Investment properties (continued)

Valuation inputs and relationships to fair value

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

Category	Valuation technique	Significant unobservable inputs	Range of inputs 2018	Range of inputs 2017	Relationship of unobservable inputs to fair value
Phase I - Land	Income approach based on market rentals	Future rental income	MVR 5 - MVR 25	MVR 5 - MVR 25	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate	MVR 1,250 - MVR 3,500	MVR 1,000 - MVR 3,500	Higher the market rate higher the fair value
		Discount rate	7.5% - 8.5%	9% - 10%	Higher the discount rate lower the fair value
		Capitalisation rate	5% - 6%	6.5% - 7.5%	Higher the capitalisation rate lower the fair value
		Rental growth rate	2.5%	2.5%	Higher the growth rate higher the fair value
Phase I - Developed properties	Income approach based on market rentals	Future rental income	MVR 12.50 - MVR 30	MVR 12.50 - MVR 30	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate	MVR 2,400 - MVR 4,500	MVR 1,579 - MVR 3,789	Higher the market rate higher the fair value
		Discount rate	9.5% - 10.5%	11% - 12%	Higher the discount rate lower the fair value
		Capitalisation rate	7% - 8%	8.5% - 9.5%	Higher the capitalisation rate lower the fair value
		Rental growth rate	2.5%	2.5%	Higher the growth rate higher the fair value
Phase II - Land	Income approach based on market rentals	Future rental income	MVR 5 - MVR 25	MVR 5 - MVR 25	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate	MVR 500 - MVR 6,000	MVR 500 - MVR 5,053	Higher the market rate higher the fair value
		Discount rate	11% - 12%	11% - 12%	Higher the discount rate lower the fair value
		Capitalisation rate	7% - 8%	8.5% - 9.5%	Higher the capitalisation rate lower the fair value
		Rental growth rate	2.5%	2.5%	Higher the growth rate higher the fair value
		Estimated cost to completion	1,753,549,233	1,581,587,474	The higher the estimated costs the lower the fair value

14 Investment properties (continued)

Sensitivity of assumptions employed in investment property valuation

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

					2018		2017	
		Increase / (decrease) property in phase I land	Increase / (decrease) property in phase I developed properties	Increase / (decrease) property in phase II land	Sensitivity effect on income statement increase/ (decrease) in results for the year (MVR' Mn)	Sensitivity effect on investment property increase/ (decrease) in the asset (MVR' Mn)	Sensitivity effect on income statement increase/ (decrease) in results for the year (MVR' Mn)	Sensitivity effect on investment property increase/ (decrease) in the asset (MVR' Mn)
Discount rate	1%	(1,142,191,050)	(185,824,111)	(1,082,608,057)	(2,410,623,218)	(2,410,623,218)	(1,617,679,622)	(1,617,679,622)
Discount rate	(1%)	1,646,286,613	238,471,133	1,404,183,797	3,288,941,543	3,288,941,543	2,084,767,890	2,084,767,890
Rental growth rate	1%	1,414,107,897	207,054,278	912,597,558	2,533,759,733	2,533,759,733	1,499,387,888	1,499,387,888
Rental growth rate	(1%)	(988,651,740)	(161,042,216)	(701,731,920)	(1,851,425,876)	(1,851,425,876)	(1,169,437,683)	(1,169,437,683)
Market Rate	1%	70,568,207	15,042,010	84,999,853	170,610,070	170,610,070	140,088,544	140,088,544
Market Rate	(1%)	(70,568,207)	(15,042,010)	(84,999,853)	(170,610,070)	(170,610,070)	(140,088,543)	(140,088,543)
Estimated cost to completion	1%	-	-	(17,535,492)	(17,535,492)	(17,535,492)	(15,815,875)	(15,815,875)
Estimated cost to completion	(1%)	-	-	17,535,492	17,535,492	17,535,492	15,815,875	15,815,875

14 Investment properties (continued)

Valuation processes

- As at 31 December 2018, the fair values of the investment properties have been determined by the management of the Corporation.
- The last independent valuation of these land and buildings were performed as at 31 December 2017.
- The main level 3 inputs used by the Corporation are derived and evaluated as follows:

Phase I - Land	Future rental income, future market rate, discount rate, capitalisation rate and rental growth rate are estimated by management based on comparable transactions of the Corporation.
Phase I - Developed properties	Future rental income, future market rate, discount rate, capitalisation rate and rental growth rate are estimated by management based on comparable transactions of the Corporation.
Phase II - Land	Future rental income, future market rate, discount rate, capitalisation rate, rental growth rate and estimated cost to completion are estimated by management based on comparable transactions of the Corporation and consistent with budgets developed internally by the Corporation based on management's experience and knowledge.

14.6 Contractual obligations

Refer to Note 32 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14.7 Leasing arrangements

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

Minimum lease receipts under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:	2018 MVR	2017 MVR
Within one year	177,912,439	188,008,370
Later than one year but not later than 5 years	582,574,005	691,895,292
Later than 5 years	950,039,521	1,014,831,356

15 Investment in associate	2018 MVR	2017 MVR
Investment in associate **(Note 15.1)**	-	11,973,477

15.1 Investment in associate

Balance As at 1st January	11,973,477	12,022,650
Share of loss during the year	(50,598)	(49,173)
Impairment on investment **(Note 15.2)**	(11,922,879)	-
Balance As at 31st December	-	11,973,477

As per the Joint Venture Agreement dated 19th July 2010, the Corporation 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 Corporation. As at the reporting date, the Corporation 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 associate	2018 MVR	2017 MVR
Total assets	60,619,971	61,049,634
Total liabilities	(1,005,575)	(1,182,250)
Net assets (100%)	59,614,396	59,867,384
Corporation's share of net assets (20%)	11,922,879	11,973,477

The Corporation has acquired the land included in associate company's inventory amounting to MVR 15,334,189 during the year 2018. However, the amount is still reflected in the associate company's financial statements as inventory of land.

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15 Investment in associate (continued)

15.2 The Corporation has bought the 80% shareholding of Pruksa-HDC on 31st October 2019 and the Corporation Board of Director's have approved to wind up the associate company before on 31st December 2019.

16 Financial assets at fair value through other comprehsive income

	2018 MVR	2017 MVR
State Trading Organization Plc (Note 16.1)	1,000,000	875,000

16.1 State Trading Organization Plc

Balance as at 1st January	875,000	1,250,000
Change in the fair value during the year	125,000	(375,000)
Balance as at 31st December	1,000,000	875,000

The Corporation has invested in 2,500 ordinary shares of State Trading Organization Plc on 5th January 2010 at the rate of MVR 400/- each. The Market Value of a share as at 31st December 2018 was MVR 400/- (2017 : MVR 350/-) per share.

17 Investment in Islamic bonds

	2018 MVR	2017 MVR
Housing Development Financing Corporation Plc (HDFC)	500,000	500,000

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

17.2 The Corporation has invested in 1,000 listed Islamic bonds issued by HDFC at the rate of MVR 500/- each for which HDFC has allotted the 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.

18 Trade and other receivables

	2018 MVR	2017 MVR (Restated)
Non-interest bearing trade receivables	1,126,358,249	524,907,671
Interest bearing trade receivables	1,707,581,470	1,769,735,512
	2,833,939,718	2,294,643,184
Less : provision for impairment loss on non-interest receivables (note 18.5)	(309,135,786)	(131,134,659)
Less : provision for impairment loss on interest bearing receivable (note 18.6)	(153,335,516)	-
	2,371,468,417	2,163,508,524
Prepayments and advances (note 18.1)	3,276,496,784	887,634,765
Other receivables (note 18.2)	38,682,413	62,068,903
Less : provision for impairment loss on other receivables (note 18.7)	(26,538,801)	(7,881,296)
	5,660,108,814	3,105,330,896

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

18.2 The Corporation's Prepayments and Advances include amount Advance to contractor's MVR 3,266,316,617/- (2017: MVR 875,766,440/-) and Advance to Suppliers MVR 8,050,420 /- (2017: MVR 10,848,661/-).

18.3 The Corporation's other receivables include warehouse shell secuirty deposit at Maldives Islamic Bank amounting MVR 4,300,000/- (2017: MVR 37,211,544/-), Dollar purchase from IOF Corporation amounting MVR 10,794,000/- (2017: MVR 10,794,000/-), education loans to staff amounting MVR 4,472,631 (2017: MVR 4,725,480) and receivable from the sale of Rock Boulders MVR 9,146,280/- (2017: Nil).

18.4 Analysis

	2018 MVR	2017 MVR (Restated)
Non-current	1,422,526,497	1,518,988,281
Current	4,237,582,317	1,586,342,615
Total	5,660,108,814	3,105,330,896

18.5 Provision for impairment loss on non-interest bearing receivables

	2018 MVR	2017 MVR (Restated)
Balance as at 1st January	131,134,659	47,866,043
Amount restated through opening retained earnings	552,023	-
Provision made during the year	177,449,104	83,268,616
Balance as at 31st December	309,135,786	131,134,659

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18 Trade and other receivables (continued)

18.6 Provision for impairment loss - interest bearing receivables

	2018 MVR	2017 MVR
Balance as at 1st January	-	-
Amount restated through opening retained earnings	135,432,853	-
Provision made during the year	9,459,124	-
Unwinding of interest of stage 3 assets	8,443,538	-
Balance as at 31st December	153,335,516	-

18.7 Provision for impairment loss - other receivables

	2018 MVR	2017 MVR
Balance as at 1st January	7,881,296	8,684,819
Provision made /(reversed) during the year	18,657,505	(803,523)
Balance as at 31st December	26,538,801	7,881,296

19 Inventories

	2018 MVR	2017 MVR (Restated)
Land inventories	896,605,529	722,053,996
Building inventories	23,291,911	205,332,721
Inventory work-in-progress	4,602,478,321	1,119,300,306
Raw materials inventory	11,713,191	10,248,807
	5,534,088,951	2,056,935,830

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

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

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

19.4 Additions during the year include capitalised borrowing cost amounting to MVR 237,152,321 (2017: MVR 2,236,087).

20 Amounts due from related parties

	2018 MVR	2017 MVR
Ministry of Education	850	850
Ministry of Islamic Affairs	3,932,393	10,434,075
Ministry of Finance and Treasury	925,200	51,790,552
Male' City Council	-	19,795
Maldives National Defence Force	-	10,397,665
Ministry of Housing & Infrastructure	88,164,024	10,725,201
Maldives Industrial Fisheries Corporation	20,817,000	26,985,000
Ministry of Youth	15,583,039	-
	129,422,506	110,353,138
Less: provision for impairment loss	(1,981,919)	(1,981,919)
	127,440,587	108,371,219

20.1 Analysis of Amounts due from related parties

	2018 MVR	2017 MVR
Non-current	2,313,000	23,617,068
Current	125,127,587	84,754,151
Total	127,440,587	108,371,219

20.2 Provision for impairment loss

	2018 MVR	2017 MVR
Balance as at 1st January	1,981,919	24,766,484
Provision (reversed)/ made during the year	-	(22,784,565)
Balance as at 31st December	1,981,919	1,981,919

21	**Cash and cash equivalents**	**2018 MVR**	**2017 MVR**
	Cash in hand	138,352	116,660
	Balances with banks	29,633,445	183,040,705
	Short term deposits	28,048,595	-
		57,820,391	183,157,365
21.1	**Reconciliation to cash flow statement**		
	Balances as above	57,820,391	183,157,365
	Bank overdraft **(Note 23)**	(27,912,313)	-
	Balances per statement of cash flows	29,908,078	183,157,365

The Corporation has obtained an overdraft facility amounting MVR 27,756,000/- from Bank of Ceylon on 15th August 2018 for the purpose of meeting working capital requirement of the Corporation. The facility is for a duration of 1 year with monthly serviced interest of 8% p.a.

The overdraft was secured by a fixed deposit with Bank of Ceylon amounting to US$ 1,800,000/-

22 Share capital

22.1 Authorized share capital

Authorized share capital comprises of 50,000,000 (2016 : 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 (2016 : 44,200,000) ordinary shares of MVR 10/- each.

22.3 Share premium

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

22.4 Dividends and voting rights

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

The Corporation has not declared any dividend for the Year ended 31st December 2018 (2017 : Nil).

22.5 Advance for share capital

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

During the year ended 31st December 2016, the Corporation has further received MVR 40,000/- as contribution for share capital from Government of Maldives for which the shares have not been allotted as at reporting date. Further, as disclosed in note 14.3, the Corporation has received MVR 3,406,229,586/- as capital contribution from Government of Maldives as part of Farukolhufushi Island given to the Corporation for which the Corporation will be issueing shares on same. In addition, during the year ended 31st December 2018, the Corporation received MVR 50,832,118/- as contribution for share capital from Government of Maldives for the payment Interest for the Government Housing projects undertaken by the Corporation.

23	**Loans and borrowings**	**2018 MVR**	**2017 MVR**
	As at 1st January	1,816,763,209	1,125,689,138
	Add: interest expense on loans (Note 23.2)	339,306,440	89,832,956
	Less: interest paid during the year (Note 23.2)	(229,154,870)	(79,131,733)
	Add: borrowing during the year	6,252,897,296	1,066,610,766
	Less : repayments during the year	(615,966,273)	(386,237,918)
		7,563,845,802	1,816,763,209
	Add: bank overdraft (Note 21.1)	27,912,313	-
		7,591,758,115	1,816,763,209
	Less: loan facility fees **(Note 23.1)**	(94,865,059)	(19,979,326)
	As at 31st December	7,496,893,056	1,796,783,883

23 Loans and borrowings (continued)

23.1 Loan facility fees

As at 1st January	19,979,326	13,742,384
Payments during the year	87,629,608	7,817,008
Facility fee expense during the year	(7,492,467)	(1,580,066)
Less : facility fee capitalized	(5,251,409)	-
As at 31st December	94,865,059	19,979,326
Analysis of loan facility fees		
Non-current	76,478,696	15,672,825
Current	18,386,363	4,306,501
Total	94,865,059	19,979,326

23.2 Finance cost

Interest expense on loans	339,306,440	89,832,956
Less : interest capitalized	(243,541,801)	(4,408,497)
Finance cost expensed	95,764,638	85,424,459

23.3 Sources of finance

	2018 MVR	2017 MVR
Ministry of Finance and Treasury (Note 23.7)	165,659,368	169,504,620
Ministry of Finance and Treasury - Basic Flats down payment loan (Note 23.8)	1,738,525	1,978,363
Ministry of Finance and Treasury - 504 Housing project loan- I (Note 23.9)	54,424,051	55,045,447
Ministry of Finance and Treasury - 504 Housing project loan-II (Note 23.9)	90,227,417	92,310,843
Housing Development Finance Corporation Plc - Basic flats (Note 23.10)	3,162,936	3,553,830
Bank of Ceylon - Phase II Dredging Loan (Note 23.11)	409,665,466	463,772,348
Maldives Islamic Bank Private Limited - Murabaha Facility (Note 23.12)	28,095,447	34,313,557
Maldives Islamic Bank Private Limited - Diminishing Musharakh Facility (Note 23.12)	-	-
Ministry of Finance and Treasury - TATA housing units Refinance (Note 23.13)	85,114,279	148,150,141
Ministry of Finance and Treasury - 7000 housing units down payment loan (Note 23.14)	-	388,288,274
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015 (Note 23.15)	529,471,918	222,400,563
Seylan Bank - CMEC 1530 Housing Units (Note 23.16)	188,344,275	220,016,529
Ministry of Finance and Treasury - subsidiary loan agreement - Phase II Development (Note 23.17)	88,036,361	17,428,694
Bank of Maldives - Indoor Sports Arena (Note 23.18)	14,742,815	-
China Development Bank - CMEC 1530 Housing Units (Note 23.19)	658,421,108	-
Industrial and Commercial Bank of China - Airport Link Road (Note 23.20)	353,206,244	-
Seylan Bank - Phase II Electricity Network (Note 23.21)	259,056,000	-
Credit Suisse Bank - 7000 Housing units (Note 23.22)	1,030,533,681	-
Industrial and Commercial Bank of China - 7000 Housing units (Note 23.23)	3,449,537,985	-
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena (Note 23.24)	38,767,393	-
Habib Bank of Maldives - Revolving Facility (Note 23.25)	13,000,000	-
Habib Bank of Maldives - Revolving Facility (Note 23.26)	6,939,000	-
Ministry of Finance and Treasury - ICBC Interest Refinance Loan (Note 23.27)	95,701,533	-
Bank of Ceylon - bank overdraft (Note 21.1)	27,912,313	
	7,591,758,116	1,816,763,209

23 Loans and borrowings (continued)

23.4 Non current

	2018 MVR	2017 MVR
Secured loans:		
Housing Development Finance Corporation Plc - Basic Flats	2,736,434	3,162,936
Bank of Ceylon - Phase II Dredging Loan	316,109,707	409,755,375
Maldives Islamic Bank Private Limited - Murabaha Facility	20,952,717	28,095,358
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	476,881,090	200,110,170
Seylan Bank - CMEC 1530 Housing Units	125,562,846	188,344,286
Bank of Maldives - Indoor Sports Arena	13,698,003	-
China Development Bank - CMEC 1530 Housing Units	647,639,445	-
Industrial and Commercial Bank of China - Airport Link Road	299,544,962	-
Seylan Bank - Phase II Electricity Network	201,488,000	-
Credit Suisse Bank - 7000 Housing units	1,003,842,000	-
Industrial and Commercial Bank of China - 7000 Housing units	3,409,336,355	-
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	23,393,451	-
Unsecured loans:		
Ministry of Finance and Treasury	141,491,984	149,815,041
Ministry of Finance and Treasury - Basic Flats down payment loan	1,526,725	1,756,175
Ministry of Finance and Treasury - 504 Housing project loan - I	47,973,641	50,059,451
Ministry of Finance and Treasury - 504 Housing project loan -II	80,953,029	84,472,725
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	85,969,023	17,264,055
	6,899,099,413	1,132,835,572
Loan facility fees	(76,478,696)	(15,672,825)
	6,822,620,717	1,117,162,747

23.5 Current

	2018 MVR	2017 MVR
Ministry of Finance and Treasury	24,167,384	19,689,579
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	222,188
Ministry of Finance and Treasury - 504 Housing project loan-I	6,450,410	4,985,996
Ministry of Finance and Treasury - 504 Housing project loan - II	9,274,388	7,838,118
Housing Development Finance Corporation Plc - Basic flats	426,502	390,894
Bank of Ceylon - Phase II Dredging Loan	93,555,759	54,016,973
Maldives Islamic Bank Private Limited - Murabaha Facility	7,142,730	6,218,199
Maldives Islamic Bank Private Limited - Diminishing Musharakh Facility	-	-
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	52,590,828	22,290,393
Seylan Bank - CMEC 1530 Housing Units	62,781,429	31,672,243
Ministry of Finance and Treasury - TATA housing units Refinance	85,114,279	148,150,141
Ministry of Finance and Treasury - 7000 housing units down payment loan	-	388,288,274
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	2,067,338	164,639
Bank of Maldives - Indoor Sports Arena	1,044,812	-
China Development Bank - CMEC 1530 Housing Units	10,781,664	-
Industrial and Commercial Bank of China - Airport Link Road	53,661,282	-
Seylan Bank - Phase II Electricity Network	57,568,000	-
Credit Suisse Bank - 7000 Housing units	26,691,681	-
Industrial and Commercial Bank of China - 7000 Housing units	40,201,630	-
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	-	-
Habib Bank of Maldives - Revolving Facility	13,000,000	-
Habib Bank of Maldives - Revolving Facility	6,939,000	-
Rotime Engineering and Technology Co.Ltd - Outdoor Sports Arena	15,373,942	
Ministry of Finance and Treasury - ICBC Interest Refinance Loan	95,701,533	-
Bank of Ceylon - Bank Overdraft	27,912,313	-
	692,658,704	683,927,637
Loan facility fees	(18,386,363)	(4,306,501)
	674,272,341	679,621,136

23 Loans and borrowings (continued)

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

23.7 Ministry of Finance and Treasury

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

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

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

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

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

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

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

23.10 Housing Development Finance Corporation Plc.

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

23.11 Bank of Ceylon - Phase II Dredging Loan

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

This Loan is secured by;

(1) Income from the 1,000 units of 3 bedroom flats, spread among 64 blocks on a land area of approximately 60,678 square meters. The development value of the 1,000 units (excluding land value) is approximately US$ 77,000,000/- and the recurrent income from these units to HDC (the Borrower) is approximately US$ 400,000/- per month.
(2) Freehold land of approximately 49,845 square meters (City Center Park Land) at an estimated value of US$ 34,000,000/-.
(3) Freehold land of approximately 8,924 square meters (Waterfront land) at an estimated value of US$ 16,000,000/-.

23.12 Maldives Islamic Bank Private Limited - Murabaha Facility

The Corporation has entered into a contract to acquire prefabricated structures for the construction of 36 units of warehousing and storage units in Hulhumale' through Murabaha general asset financing facility amounting to US$ 2,413,200/- from Maldives Islamic Bank Private Limited at a profit rate of 8% per annum out of which the amount utilised is US$ 2,412,478/- as at 31st December 2018 (2017 : US$ 2,412,478). The transactions made pursuant to each Purchase requisition under this facility shall be subject to payment of 68 monthly installments which includes a grace period of 8 months.

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

23 Loans and borrowings (continued)

23.13 Ministry of Finance and Treasury - TATA housing units Refinance

The Corporation has obtained a loan from Ministry of Finance and Treasury amounting to MVR 146,680,082/- on 25th October 2017 for the purpose of refinancing Corporation's general cash flow for the payment of second instalment of Maldives Islamic Bank Private Limited - Diminishing Musharakah Facility. The loan which was fully disbursed on 15th November 2017 and is a short term facility. There is no security pledged under this facility. The loan however carries interest at the annual rate of 8% on the principal amount outstanding. During the year ended 31 December 2018, MVR 75,000,000 was paid to Ministry of Finance and Treasury.

23.14 Ministry of Finance and Treasury - 7000 housing units down payment loan

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

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

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

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

23.16 Seylan Bank - CMEC 1530 Housing Units

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

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

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

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

23.18 Bank of Maldives - Indoor Sports Arena

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

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

23 Loans and borrowings (continued)

23.19 China Development Bank - CMEC 1530 Housing Units

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

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

23.20 Industrial and Commercial Bank of China - Airport Link Road

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

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

23.21 Seylan Bank - Phase II Electricity Network

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

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

23.22 Credit Suisse Bank - 7000 Housing units

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

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

23.23 Industrial and Commercial Bank of China - 7000 Housing units

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

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

23 Loans and borrowings (continued)

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

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

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

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

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

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

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

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

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

23.27 Ministry of Finance and Treasury - ICBC Interest Refinance Loan

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

24 Deferred income

	2018 MVR	2017 MVR
Balance as at 1st January	126,090,810	150,627,348
Additional provision for future construction cost of school (Note 24.4)	(3,180,211)	(1,265,042)
Deferred income on sold properties during the year	296,794	3,846,000
Transferred to other income from government grant (Note 6)	(4,025,227)	(21,493,394)
Transferred to other income from maintenance and collection cost	(5,787,763)	(5,624,102)
Balance as at 31st December	113,394,403	126,090,810

24.1 Analysis of deferred income

Outstanding collection costs (Note: 24.2)	22,101,118	23,247,903
Future maintenance fee (Note: 24.3)	86,900,246	90,767,222
Government grant (Note: 24.4)	4,393,040	12,075,685
	113,394,403	126,090,810

24.2 Outstanding collection costs

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

24 Deferred income (continued)

24.3 Future maintenance fee

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

24.4 Government grant

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

As per the agreement, the Corporation should;

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

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

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

The Corporation has recognized the value of the housing units as Government grant amounting to MVR 774,873,413/- after deducting the expenses to be incurred by the Corporation on fulfilling the above obligations during the year ended 31st December 2013. During the year 2018, an additional provision of MVR 3,180,211 was recognized for development of school due to variations in the project (2017: MVR 1,265,042).

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

Pursuant to the decision with the Government of Maldives "GoM", the GoM has confirmed that the assets provided to the Corporation is a Grant by the Government. During the year, the Corporation has charged MVR 3,180,211/- (2017: MVR 1,265,042/-) against deferred income on Government grant in relation to the revisions of the estimate in provision for the remaining school construction which is an obligation to be fulfilled by the Corporation as part of Veshifahi flats Grant received during the year ended 31st December 2013. Further, the Corporation has recognized MVR 4,025,227/- (2017: MVR 21,493,394/-) as the Grant income realised for the year as the Corporation has sold some of the properties during the year.

25 Employee benefit obligations

	2018 MVR	2017 MVR
As at 1 January	-	-
Current service cost	188,519	-
Past service cost	1,108,765	-
As at 31 December	1,297,284	-
Less: payments during the year	-	-
Closing balance	1,297,284	-

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

	2018 MVR	2017 MVR
Amount recognized in income statement	-	-
Current service cost	188,519	-
Past service cost	1,108,765	-
	1,297,284	-

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

	2018 MVR	2017 MVR
Discount rate	4.60%	-
Salary growth rate	2.00%	-

25 Employee benefit obligations

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

	2018 MVR		2017 MVR	
	Increase/ (decrease) in basis points	Effect on Profit or loss MVR	Increase/ (decrease) in basis points	Effect on Profit or loss MVR
Change in discount rate	+0.5%	(12,202)	+0.5%	-
	-0.5%	14,317	-0.5%	-
Change in salary increase	+0.5%	14,618	+0.5%	-
	-0.5%	(12,864)	-0.5%	-

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

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

26 Provisions

		2018 MVR	2017 MVR (Restated)
	Balance as at 1st January	235,882,644	269,395,244
	Provision on future development cost of sold properties	73,353,105	45,428,807
	Actual cost incurred on defect corrections	(2,265,385)	(2,040,497)
	Actual cost incurred on land developments	(7,328,336)	(16,371,854)
	Actual cost incurred on school construction	(60,190,874)	(61,794,098)
	Additional provision for future construction cost of school (Note 24.4)	3,180,211	1,265,042
	Balance as at 31st December	242,631,365	235,882,644
26.1	Provision for land development costs (Note 26.2)	163,304,074	97,279,305
	Warranty provision for construction defects (Note 26.3)	39,160,144	41,425,529
	Provision for future construction cost of school (Note 26.4)	40,167,147	97,177,810
		242,631,365	235,882,644
	Analysis		
	Non-current	202,464,218	138,704,834
	Current	40,167,147	97,177,810
	Total	242,631,365	235,882,644

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

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

26.4 The Government of Maldives ("GoM") has transferred 1,000 constructed housing units to HDC on 22 February 2012 at a free of charge during the year with certain conditions including that the Corporation should construct 2 school buildings in Hulhumale'. The Corporation has Completed the Construction of 1 school building and handed over to the Government. Accordingly, the estimated cost of future construction of the remaining school is MVR 40,167,147/-.

27 Trade and other payables

	2018 MVR	2017 MVR (Restated)
Municipal tax payable	52,352,050	66,558,219
Payable to contractors	2,012,529,569	1,411,024,024
Retention from contractors	176,777,194	41,126,302
Lease deposits	42,666,833	35,344,894
Accruals, deposits and other payables	128,877,667	65,572,675
	2,413,203,313	1,619,626,114

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

27.2 Analysis of trade and other payables

	2018 MVR	2017 MVR (Restated)
Payable after one year	69,098,553	78,760,301
Payable within one year	2,344,104,760	1,540,865,813
	2,413,203,313	1,619,626,114

28 Amounts due to related parties

	2018 MVR	2017 MVR
Ministry of Islamic Affairs	168,321	168,321
Ministry of Housing & Infrastructure	12,346,850	12,346,850
	12,515,171	12,515,171

30 Events after the reporting period

Board of Directors of the Corporation has decided to purchase the remaining 80% of the shares of Pruksa HDC for a total consideration of MVR 11,255,811.

Maldives National University (MNU) has filed a case against the Corporation in relation to a terminated development right sales agreement, on 27 June 2019. Pursuant to negotiations carried out between the Corporation, MNU and the President's office, the parties have come to an understanding to reach an out-of-court settlement whereby the termination of the agreement between MNU and HDC shall be revoked on condition that no further claims will be made by MNU, however it is yet to be formalised.

31 Directors' responsibility

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

32 Capital commitments

The Corporation has total capital commitment value of MVR 9.61 billion as at 31st December 2018 which mainly includes MVR 7.6 billion for Housing Projects, MVR 1.3 billion for phase II Electricity network, MVR 284 million for 1 to 5 Bridges, MVR 87 million for Airport Link Road and MVR 270 million for other relevant projects.

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.

	Carrying amount					Fair value			
31st December 2018	**Financial assets at amortized cost**	**Financial assets through FVOCI**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	MVR	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**	**MVR**
Financial assets measured at fair value									
Financial Assets at FVOCI	-	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000

FOR THE YEAR ENDED 31ST DECEMBER 2018

34 Correction of errors

34.1 Correction of errors in investment properties, inventory, trade and other receivables, trade and other payables, provisions, taxation and retained earnings

During the year ended 31st December 2018, the Corporation has identified that financial statement has been erroneously stated in the prior year financial statement due to the following reasons:

(a) During the review of payables, it was discovered that an invoice amounting to MVR 1,119,300,306 received during the year ended 31st December 2018 was relating to the work completed in prior year and it was not recorded in the relevant accounting period. As a result trade and other payable balance was undersated by MVR 1,119,300,306.

(b) In 2017 cost of sale relating to development and sale right and transfer of related property to investment properties was recorded based on the land area in the agreement. However, during the year ended 31st December 2018 it was noted that the actual area of the property differs from the area stated in the agreement. As a result, inventory balance was understated by MVR 7,485, trade and other receivable balance was overstated by MVR 1,681,133, investment property balance was overstated by MVR 1,055,217, trade and other payable balance was overstated by MVR 154,887, provisions balance was overstated by MVR 102,585 and retained earnings was overstated by MVR 2,471,392.

(c) During the review of fair valuation, it was discovered that the valuation has been errorneously calculated due to the following errors:
- omission of investment properties from the fair valuation
- part of inventory was valued at fair value and the valuation surplus was recorded as investment properties
- erroneous valuation of farukolhufushi island
- erroneous estimation of year of completion
- erroneous infrastructure cost to be incurred

As a result, investment property balance and retained earnings was overstated by MVR 6,075,957,162.

(d) As per an agreement signed in 2016, a land was handed over to a customer in 2017. However, rental income was not charged due to the conditions precedent in the agreement were not satisfied. During the year 2018, legal opinion was obtained from the in-house legal counsel and it stated that rental income can be charged from the date of handover of the land to customer. The unrecognized rental income amounted to MVR 5,166,672 for the year ended 31 December 2017. As a result, trade and other receivable balance and retained earnings were understated by MVR 5,166,672.

(e) During the year 2017, a leased out land of the Corporation mortgaged by the customer to the Mauritius Commercial Bank (MCB) was taken over by MCB. However, the Corporation continued to record the rental income related to the said land. During the year 2018, legal opinion was provided by the in-house legal counsel stating that rental income cannot be accrued for the land for which mortgage rights of the land has been taken by the Bank. The recognized rental income amounted to MVR 1,511,232. Accordingly, as per the legal opinion penal interest can be recorded for the unpaid amount as of the takeover date. The unrecognized penal interest amounted to MVR 9,397,106. However, the Corporation had made a provision against the rental income recorded as it was assessed as non-recoverable as at 31 December 2017. Further, the Corporation decided to make an additional provision against the penal charge amounting MVR 9,397,106. Therefore, the net impact of the revision of revenue and impairment provision was nil.

(f) In prior periods, the Corporation has recognised its rental income accordance with the requirements of IAS 17 "Leases". However, during the year ended 31st December 2018, the Corporation has identified that straight line calculation has been erroneously calculated in the prior year financial statement. As a consequence, trade and other receivable receivable balance and retained earnings have been overstated by MVR 29,088,386 in prior periods.

(g) During the year ended 31st December 2018, the Corporation has identified that maintenance expenses amounting to MVR 8,466,132 has been omitted from prior year financial statements. As a consequence, maintenance expenses and trade and other payable balance have been understated by MVR 8,466,132.

(h) As a result of the above-mentioned restatements to prior period financial statement, deferred tax liability has been overstated by MVR 1,287,838,632 and current tax liability is understated by MVR 76,708.

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

Investment property	**As at 31 December 2017**
As previously stated	19,400,113,472
Fair valuation **(Note 34.1 (c))**	(6,075,957,167)
Land area revision **(Note 34.1 (b))**	(1,055,217)
As restated	13,323,101,088

34 Correction of Errors (continued)

Inventories	As at 31 December 2017
As previously stated	937,628,039
Inventory not recorded **(Note 34.1 (a))**	1,119,300,306
Land area revision **(Note 34.1 (b))**	7,485
As restated	2,056,935,831

Trade and other receivables	As at 31 December 2016	As at 31 December 2017
As previously stated	2,362,981,348	3,130,933,743
Unrecognized rental income **(Note 34.1 (d))**	-	5,166,672
Reversal rental income recognized **(Note 34.1 (e))**	-	(1,511,232)
Reversal of provision for impairment **(Note 34.1 (e))**		1,511,232
Unreognized penal interest **(Note 34.1 (e))**	-	9,397,106
Provision for impairment of penal charge (Note 34.1 (e))	-	(9,397,106)
Straight-line impact **(Note 34.1 (f))**	(29,088,386)	(29,088,386)
Land area revision **(Note 34.1 (b))**	-	(1,681,133)
As restated	2,333,892,962	3,105,330,896

Trade and other payables	As at 31 December 2017
As previously stated	492,014,563
Unrecognized maintenance expense **(Note 34.1 (g))**	8,466,132
Unreognized payable **(Note 34.1 (a))**	1,119,300,306
Land area revision **(Note 34.1 (b))**	(154,888)
As restated	1,619,626,114

Provisions	As at 31 December 2017
As previously stated	235,985,228
Land area revision **(Note 34.1 (b))**	(102,585)
As restated	235,882,643

Current tax liability	As at 31 December 2017
As previously stated	181,578,378
Current tax impact on restatements **(Note 34.1 (h))**	76,708
As restated	181,655,086

Deferred tax liability	As at 31 December 2017
As previously stated	2,233,003,037
Deferred tax impact on restatements **(Note 34.1 (h))**	(1,287,838,632)
As restated	945,164,405

Retained earnings	As at 31 December 2016	As at 31 December 2017
As previously stated	3,831,078,197	14,850,092,653
Fair valuation **(Note 34.1 (c))**	-	(6,075,957,167)
Land area revision **(Note 34.1 (b))**	-	(2,471,392)
Unrecognized rental income **(Note 34.1 (d))**	-	5,166,672
Reversal of provision for impairment **(Note 34.1 (e))**	-	1,511,232
Reversal rental income recognized **(Note 34.1 (e))**	-	(1,511,232)
Unreognized penal interest **(Note 34.1 (e))**	-	9,397,106
Provision for impairment of penal charge (Note 34.1 (e))	-	(9,397,106)
Straight-Line Impact **(Note 34.1 (f))**	(29,088,386)	(29,088,386)
Unrecognized maintenance expense **(Note 34.1 (g))**	-	(8,466,132)
Current tax impact on restatements **(Note 34.1 (h))**	-	(76,708)
Deferred tax impact on restatements **(Note 34.1 (h))**	-	1,287,838,632
As restated	3,801,989,811	10,027,038,172

FOR THE YEAR ENDED 31ST DECEMBER 2018

34 Correction of Errors (continued)

(e) Statement of financial position

1st January 2017	Impact of correction of error		
	As previously reported	Adjustment	As restated
Trade and other receivables (current)	877,305,739	(29,088,386)	848,217,353
Others	5,876,232,700	-	5,876,232,700
Total assets	**6,753,538,439**	**(29,088,386)**	**6,724,450,053**
Retained earnings	(3,831,078,197)	29,088,386	(3,801,989,811)
Others	(564,829,607)	-	(564,829,607)
Total equity	**(4,395,907,804)**	**29,088,386**	**(4,366,819,418)**
Current liabilities	(915,918,195)	-	(915,918,195)
Non-current liabilities	(1,441,712,440)	-	(1,441,712,440)
Total liabilities	**(2,357,630,635)**	**-**	**(2,357,630,635)**

31st December 2017	Impact of correction of error		
	As previously reported	Adjustment	As restated
Investment properties	19,400,113,472	(6,077,012,384)	13,323,101,088
Inventories	937,628,039	1,119,307,791	2,056,935,830
Trade and other receivables (current)	1,611,945,462	(25,602,847)	1,586,342,615
Others	1,949,079,693	-	1,949,079,693
Total assets	**23,898,766,666**	**(4,983,307,440)**	**18,915,459,226**
Retained earnings	(14,850,092,653)	4,823,054,476	(10,027,038,177)
Others	(3,970,702,943)	-	(3,970,702,943)
Total equity	**(18,820,795,596)**	**4,823,054,476**	**(13,997,741,120)**
Trade and other payables (current)	(413,254,262)	(1,127,611,550)	(1,540,865,812)
Deferred tax liability	(2,233,003,037)	1,287,838,632	(945,164,405)
Current tax liabilities	(181,578,378)	(76,708)	(181,655,086)
Provisions (non-current)	(138,807,418)	102,585	(138,704,833)
Others	(2,111,327,975)	-	(2,111,327,975)
Total liabilities	**(5,077,971,070)**	**160,252,959**	**(4,917,718,111)**

(f) Statement of comprehensive income

For the year ended 31st December 2017	Impact of correction of error		
	As previously reported	Adjustment	As restated
Revenue	880,831,582	1,073,979	881,905,561
Other income	12,660,267,127	(6,075,957,167)	6,584,309,960
Finance income	121,886,001	9,397,106	131,283,107
Cost of sales	(211,919,776)	110,070	(211,809,706)
Administrative expenses	(200,021,767)	-	(200,021,767)
Maintenance expenses	(53,761,274)	(8,466,132)	(62,227,406)
Selling and marketing expenses	(94,799,878)	(7,885,874)	(102,685,752)
Tax expense	(1,997,993,927)	1,287,761,924	(710,232,003)
Others	(85,473,632)	-	(85,473,632)
Profit	**11,019,014,456**	**(4,793,966,094)**	**6,225,048,362**
Total comprehensive income	**11,018,658,206**	**(4,793,966,094)**	**6,224,692,112**

HOUSING DEVELOPMENT CORPORATION LTD

35 Related party transactions

Name of the related party	Relationship	Nature of the transactions	Amount 2018	Amount 2017	Amount due from/ (to) 2018 Trade receivable	2018 Other receivable	2017 Trade receivable	2017 Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Ministry of Education	Government	Lease rentals	2,945,182	3,020,392	-	-	-	-
		Receipts	(458,708)	(469,011)	28,856,749	-	26,370,275	-
		Payments made on behalf	850	850	-	850	-	850
Ministry of Health	Government	Lease rentals	-	543,600	-	-	-	-
		Receipts	-	(543,600)	-	-	-	-
Aasandha Corporation Limited	Government	Lease Rentals	3,277,124	2,531,972	-	-	-	-
		Receipts	(716,073)	(820,582)	5,194,001	-	2,632,950	-
Ministry of Islamic Affairs	Government	Payments made on behalf	2,386,362	670,068	-	3,932,393	-	10,434,075
		Receipts	(8,888,044)	-	-	-	-	-
		Advance received	-	-	-	(168,321)	-	(168,321)
		Settlements	-	-	-	-	-	-
Maldives Industrial Fisheries Corporation	Government	Lease rentals	166,317	-	-	-	-	-
		Receipts	(183,041)	-	(390)	-	16,334	-
		Purchase of goods	(6,168,000)	-	-	20,817,000	-	26,985,000
Department of Judicial Administration	Government	Lease rentals	151,200	151,200	-	-	-	-
		Receipts	(259,200)	(118,800)	47,385	-	155,385	-
Maldives Transport and Contracting Corporation Plc	Government	Lease rentals	1,527,740	-	-	-	-	-
		Receipts	(1,527,740)	-	-	-	-	-
Dhivehi Raajjeyge Gulhun Plc	Government	Lease rentals	1,068,252	900,421	-	-	-	-
		Receipts	(1,102,738)	(908,551)	(28,816)	-	5,670	-
Maldives Ports Limited	Government	Lease rentals	2,318,294	7,779,756	-	-	-	-
		Receipts	(2,318,348)	(7,876,233)	-	-	54	-
Maldives Police Service	Government	Lease rentals	405,598	429,714	-	-	-	-
		Receipts	(270,200)	(356,850)	664,664	-	529,266	-
Maldives National Defense Force	Government	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	663,286	-	-	-	10,670,250
		Receipts	(10,670,250)	(3,556,750)	-	-	-	-
		Lease rentals	172,800	-	172,800	-	57,600	-
		Receipts	(57,600)	-	-	-	-	-

35 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2018	Amount 2017	Amount due from/ (to) 2018 Trade receivable	2018 Other receivable	2017 Trade receivable	2017 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Male' City Council	Government	Payments made on behalf	(19,795)	-	-	-		19,795
		Lease rentals	29,589	-	153,459	-	268,938	-
		Receipts	(145,068)	-	-	-		-
State Trading Organization Plc	Government	Lease rentals	26,414,188	21,589,752	-	-	-	-
		Receipts	(6,390,122)	(3,064,926)	69,288,979	-	49,264,913	-
Ministry of Finance and Treasury	Government	Payments made on behalf	-	48,718	-	925,200	-	51,790,522
		Receipt	(50,865,322)	-	-	-	-	-
(Loan balances are disclosed in Note		Payments	490,028,496	45,452,833	-	(580,901,534)	-	(872,706,382)
		Disbursements	(162,704,968)	(549,444,136)	-	-	-	-
		Interest on loans	(35,518,681)	(21,667,428)	-	-	-	-
		Settlements	-	-	-	-	-	-
Maldives Water & Sewerage Corporation Limited	Government	Lease rentals	3,444,125	2,587,140	-	-	-	-
		Receipts	(3,442,929)	(2,581,957)	1,199	-	3	-
State Electric Corporation Limited	Government	Lease rentals	10,186,883	10,661,796	-	-	-	-
		Receipts	(10,973,378)	(13,254,347)	(240,252)	-	546,242	-
Ministry of Housing & Infrastructure	Government	Payments made on behalf	-	673,720	-	10,725,201	-	10,725,201
		Finance income	-	706,964	-	-	-	-
		Sale of goods & services		-	-	77,438,823	-	-
		Purchase of goods	-	-	-	(12,346,850)	-	(12,346,850)
Ministry of Economic Development	Government	Payments made on behalf	-	-	-	-	-	-
		Lease rentals	293,931	-	293,931	-	-	-
		Receipts	-	(203,679)	-	-	-	-
Bank of Maldives	Government	Lease rentals	2,696,316	-	69,700	-	583,582	-
		Receipts	(3,210,198)	-	-	-	-	-
Indhira Gandhi Memorial Hospital	Government	Lease rentals	1,647,162	1,636,690	53,680,836	-	53,726,476	-
		Receipts	(9,059,510)	(4,697,930)	-	-	-	-
		Sale of goods & services	7,366,708	56,787,716	-	-	-	-

35 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2018	Amount 2017	Amount due from/ (to) 2018 Trade receivable	2018 Other receivable	2017 Trade receivable	2017 Other receivable
			MVR	MVR	MVR	MVR	MVR	
Maldives Hajj Corporation	Government	Lease rentals	182,097	-	-	-	-	-
		Receipts	-	-	182,097	-	-	-
Maldives Post Limited	Government	Lease rentals	80,143	48,541	-	-	-	-
		Receipts	(81,754)	(46,822)	118	-	1,729	-
Maldives Inland Revenue Authority	Government	Lease rentals	61,026	-	-	-	-	-
		Receipts	(60,734)	-	2,890	-	2,599	-
Maldives Gas	Government	Lease rentals	1,037,177	-	-	-	-	-
		Receipts	(1,037,108)	-	69	-	-	-
Ministry of Youth	Government	Payments made on behalf	15,583,039	-	-	-	-	-
			-	-	-	15,583,039	-	-

35.1 Collectively, but not individually, significant transactions

Government of Maldives is the 100% shareholder of the Corporation. The Corporation 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 Corporation 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.

35.2 Transactions with key management personnel

During the year, the Corporation has paid MVR 4,996,844.42/- (2017 : MVR 5,180,298/-) as remuneration to the members of the Management Board and MVR 1,956,506/- (2017 : MVR 4,689,034/-) as remuneration and fees to the Board of Directors.

36 Comparative figures

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

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