



REPORT NO : FIN -2013-29

18 AUGUST 2013

Auditor General's Report

**FELIVARU FISHERIES MALDIVES LIMITED
FINANCIAL YEAR 2012**



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AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

AUDITOR GENERAL'S REPORT

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FELIVARU
FISHERIES MALDIVES LIMITED**

Introduction

1. We were engaged to audit the accompanying financial statements of Felivaru Fisheries Maldives Limited, which comprise the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cashflow statement for the year ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, requirements of the Companies Act, No. 10/96, of the Republic of Maldives 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.



Basis for Disclaimer of Opinion

4. The Company which was functioning as a unit of Maldives Industrial Fisheries Company Limited (MIFCO) until MIFCO was split into three separate companies in 2010, started operating as a separate independent entity with effect from 1 June 2010 and was registered as a Company on 31 October 2010. On functioning as a separate entity the Company accounted as assets taken over and liabilities assumed, the assets and liabilities that were accounted in the books of account while it was operating as a unit of MIFCO. In the absence of finalisation of the separation of MIFCO, we were unable to conclude whether the value at which the assets were taken over and the liabilities assumed by the Company were accurate, complete and valid. Due to this and other matters we did not express an opinion on the financial statements of 31 December 2011.
5. The value of property, plant and equipment shown in the balance sheet does not include the fair value of fully depreciated items of property, plant and equipment taken over by the Company from MIFCO when the Company was operating as a unit of MIFCO. The value of those fully depreciated assets amounted to MVR 203,751,650 as at 31 December 2012, of which some of the assets are in operational condition. Further, fixed assets register has not been updated since 2008 when the Company was operating as a unit of MIFCO and the Company has not maintained a fixed assets register from the date of takeover of assets to the Company and determined the useful lives of the assets taken over. Therefore we are unable conclude whether property, plant and equipment shown in the balance sheet, the depreciation amounting to MVR 8,416,919 charged to income statement and therefore whether the profit earned during the year are fairly stated.
6. Trade and other receivables include MVR 11,634,621 receivable from North Province Office, which has been outstanding for more than two years as at the date of this report. Although the Company has repossessed the building from North Province Office during the year, the building has not been valued and accounted to set off the receivables. Therefore we are unable to conclude whether the receivables, property, plant and equipment and the result for the year are fairly stated.
7. The capital clause in the Memorandum of Association of the Company states that the authorized capital of the Company is MVR 116,000,000 of which, MVR 100,000,000 is paid up. The books of account of the Company show only MVR 2,000,000 as share capital. Accordingly, we are unable to determine the status of the Company's share capital.
8. Payables as at 31 December 2012 include payable to related parties amounting to MVR 100,216,409 as disclosed in Note 25 to the financial statements. In the absence of intercompany balance confirmations we are unable to conclude whether the payables balances to related parties represent obligations as at 31 December 2012.




of intercompany balance confirmations we are unable to conclude whether the payables balances to related parties represent obligations as at 31 December 2012.

Disclaimer of Opinion

9. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 8, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

18th August 2013



Niyaz Ibrahim
Auditor General



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Balance sheet**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Restated	
		As at 31 December	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,479,574	40,658,169
Capital work-in-progress	6	1,514,454	2,082,487
Intangible asset	7	1,003,393	1
		<u>35,997,421</u>	<u>42,740,657</u>
Current assets			
Inventories	10	51,606,344	76,768,794
Trade and other receivables	9	24,997,816	33,658,532
Cash and cash equivalents	11	5,514,664	9,242,036
		<u>82,118,824</u>	<u>119,669,362</u>
Total assets		<u>118,116,245</u>	<u>162,410,019</u>
EQUITY			
Capital and reserves attributable to equityholders of the Company			
Share capital	12	2,000,000	2,000,000
Retained earnings		(11,001,127)	6,074,768
Total equity		<u>(9,001,127)</u>	<u>8,074,768</u>
LIABILITIES			
Non-current liabilities			
Borrowings	15	3,593,906	3,593,906
Deferred income	14	1,888,662	2,098,518
		<u>5,482,568</u>	<u>5,692,424</u>
Current liabilities			
Trade and other payables	13	121,308,085	148,316,108
Borrowings	15	326,719	326,719
		<u>121,634,804</u>	<u>148,642,827</u>
Total liabilities		<u>127,117,372</u>	<u>154,335,251</u>
Total equity and liabilities		<u>118,116,245</u>	<u>162,410,019</u>

These financial statements were approved by the Board of Directors on



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Director



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Director


The notes on pages 7 to 25 are an integral part of these financial statements.



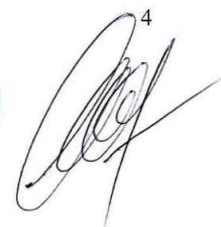
FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Statement of comprehensive income**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

Restated

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Sales	16	227,154,687	163,092,773
Cost of sales	18	(239,063,332)	(169,398,705)
Gross loss		(11,908,645)	(6,305,932)
Selling and marketing costs	18	(6,764,780)	(2,519,971)
Administrative expenses	18	(3,548,199)	(2,862,881)
Other income	17	5,727,887	7,230,105
Other expenses		(510,832)	(767,340)
Operating loss		(17,004,569)	(5,226,019)
Finance (costs) /income	20	(71,326)	3,039,132
Loss for the year:			
Attributable to shareholders of the Company		(17,075,895)	(2,186,887)

The notes on pages 7 to 25 are an integral part of these financial statements.


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FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Statement of changes in equity**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

				Restated
	Note	Share capital	Retained earnings/ accumulated losses	Total equity
Balance at 1 January 2011		-	8,261,655	8,261,655
Share issued		2,000,000	-	2,000,000
Profit for the year		-	474,114	474,114
Balance at 31 December 2011		<u>2,000,000</u>	<u>8,735,769</u>	<u>10,735,769</u>
Balance at 1 January 2012				
As previously reported		2,000,000	8,735,769	10,735,769
Prior year adjustment for deferred tax assets	26	-	(2,661,001)	(2,661,001)
As restated		2,000,000	6,074,768	8,074,768
Loss for the year		-	(17,075,895)	(17,075,895)
Balance at 31 December 2012		<u>2,000,000</u>	<u>(11,001,127)</u>	<u>(9,001,127)</u>

The notes on pages 7 to 25 are an integral part of these financial statements.



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Cash flow statement**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from operating activities			
Cash (used in)/generated from operations	22	(1,804,490)	3,088,641
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(1,542,067)	(2,104,807)
Capital work-in-progress additions	6	(380,815)	(4,813,503)
Net cash used in investing activities		(1,922,882)	(6,918,310)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	12	-	2,000,000
Net cash generated from investing activities		-	2,000,000
Net decrease in cash and cash equivalents		(3,727,372)	(1,829,669)
Cash and cash equivalents at beginning of the year		9,242,036	11,071,705
Cash and cash equivalents at end of the year	11	5,514,664	9,242,036

The notes on pages 7 to 25 are an integral part of these financial statements.



Notes to the financial statements

1 General information

These financial statements relate to the operations of Felivaru Fisheries Maldives Limited [the "Company"], a public limited company incorporated in the Republic of Maldives under the Act No.10/96 on 31 October 2010. The Company was earlier functioning as an unit of Maldives Industrial Fisheries Company Limited (MIFCO) till MIFCO was split into three different companies. The Company started operating as a separate independent entity with effect from 1 June 2010 under the direction of Department of National Planning , Ministry of Finance and Treasury prior to its registration. The main objectives of the Company are to engage in the business of procurement, treating, freezing, packaging, marketing, selling and exporting of tuna and other fish products.

The principal activities are the manufacture and export of canned tuna, export of frozen fish, and fish meal, and retail sales in the local market by the name Fasmeeru products. The address of its registered office is Block No.389, Ujaalaa Hingun, Male', Republic of Maldives.

The Government of Maldives (GoM) fully own the shares of the Company.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.


(a) New and amended standard adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company. The new standard and amendment effective for the first time for period on or after 1 January 2012 is IAS 12 (Amendment), Income Taxes.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. A summary of new accounting standards are set out below:

IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2013);
IAS 19 (Amendment), Employee Benefits (effective from 1 January 2013);
IAS 32 (Amendment), Financial Instruments: Presentation (effective from 1 January 2014);
IFRS 7 (Amendment), Financial Instruments: Disclosures (effective from 1 January 2015);
IFRS 9 Financial Instruments (effective from 1 January 2015);
IFRS 10 Consolidated Financial Statements (effective from 1 January 2014);
IFRS 11 Joint Arrangements (effective from 1 January 2013);
IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014);
IFRS 13 Fair Value Measurement (effective from 1 January 2013)



Notes to the financial statements (continued)**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

2.2 Foreign currency translation*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Property, plant and equipment

All property and equipment, which are initially recorded at historical cost, is stated at cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, commencing from the date on which the assets were purchased up to the date of disposal, as follows:

Buildings and structures	20 years
Plant, machinery and vessels	15 years
Laboratory & office equipment, furniture, fixtures and equipment	5 years
Launches, dhonies and barges	10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.


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Notes to the financial statements (continued)

2.4 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the software development employees cost and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three years).

2.5 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. As at 31 December 2011, the Company determined that none of its assets were impaired.

2.6 Financial assets

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are classified as trade and other receivables and prepayments in the balance sheet.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.



Notes to the financial statements (continued)

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of fish and fish products are determined by the weighted average method and cost of consumables is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Wherever necessary, provision has been made for slow and non-moving inventories.

2.8 Trade receivables

Trade receivables are recognised at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within selling and marketing costs.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated after adjusting the interest accrued, repayments of principal and interest. Interest on borrowings are recognised on accrual basis.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date or if the borrowings are only repayable on the availability of net cash flows of the Company and such availability is not anticipated for at least 12 months after the balance sheet date.



Notes to the financial statements (continued)

2.12 Trade payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.13 Current and deferred business profit tax

The tax expenses for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity.

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The company is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000, with effect from 18 July 2011.

Deferred business profit tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred business profit tax asset is realised or the deferred business profit tax liability is

2.14 Employee benefits

Employees of the Company who have provided a minimum of one year service are entitled to a retirement benefit of half of the basic salary times the number of years worked at the time of retirement. Retirement benefits granted to employees are treated as staff costs.



Notes to the financial statements (continued)

2.15 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

2.16 Revenue recognition

Sales are recognised upon delivery of products or customer acceptance, net of sales discounts, after eliminating sales rejections and price adjustments.

2.17 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial

Risk management is carried out by the Board of Directors on specific areas, such as foreign exchange risk, credit risk and the liquidity risk.

(a) Market risk - Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.



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Notes to the financial statements (continued)

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is considered as total borrowings. Total capital is calculated as 'equity' as shown in the balance sheet plus debt.

The gearing ratios as at 31 December 2012 and 31 December 2011 were as follows:

	2012	2011
Total borrowings (Note 15)	131,037,997	154,335,251
Less: cash and cash equivalents (Note 11)	(5,514,664)	(9,242,036)
Net debt	125,523,333	145,093,215
Total equity	(9,001,127)	8,074,768
Total capital	116,522,206	153,167,983
Gearing ratio	108%	95%

The increase in gearing ratio at the end of 31 December 2012 compared to 31 December 2011, is mainly attributable to reduction in equity due to loss incurred during the year.

3.3 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

4 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



FELIVARU FISHERIES MALDIVES LIMITED

31 December 2012

Notes to the financial statements (continued)

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment

	Buildings roadways, store room & warehouses	Plant & machinery, fuel stores & ice plants	Sea vessels, launches, dhonis & barges, store equipment	Motor vehicles	Jetty, piers and infra- structure	Furniture, fittings & fixtures, office equipment laboratory equipment	Total
Year ended 31 December 2011							
Opening net book amount	11,762,458	17,408,597	3,465,049	162,423	10,043,060	302,136	43,143,724
Additions	52,472	408,415	367,499	1,058,940	-	217,481	2,104,807
Transfers from CWIP (Note 6)	-	3,789,640	-	-	-	-	3,789,640
Depreciation charge (Note 18)	(1,543,049)	(3,895,515)	(752,379)	(237,524)	(1,617,017)	(334,518)	(8,380,002)
Closing net book amount	10,271,881	17,711,137	3,080,169	983,839	8,426,043	185,099	40,658,169

At 31 December 2011

Cost	12,582,053	23,880,776	4,671,823	1,337,759	11,093,509	589,295	54,155,215
Accumulated depreciation	(2,310,172)	(6,169,639)	(1,591,654)	(353,920)	(2,667,466)	(404,196)	(13,497,047)
Net book amount	10,271,881	17,711,137	3,080,169	983,839	8,426,043	185,099	40,658,168

Year ended 31 December 2012

Opening net book amount	10,271,881	17,711,137	3,080,169	983,839	8,426,043	185,099	40,658,168
Additions	279,809	33,266	756,010	-	-	169,240	1,238,325
Depreciation charge (Note 18)	(1,421,948)	(3,823,165)	(663,724)	(572,198)	(1,621,076)	(314,808)	(8,416,919)
Closing net book amount	9,129,742	13,921,238	3,172,455	411,641	6,804,967	39,531	33,479,574

At 31 December 2012

Cost	12,861,862	23,914,042	5,427,833	1,337,759	11,093,509	758,535	55,393,540
Accumulated depreciation	(3,732,120)	(9,992,804)	(2,255,378)	(926,118)	(4,288,542)	(719,004)	(21,913,966)
Net book amount	9,129,742	13,921,238	3,172,455	411,641	6,804,967	39,531	33,479,574



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment (continued)

Depreciation expenses of MVR 8,416,919 (2011: MVR 8,370,587) has been charged to cost of goods sold and MVR Nil (2011: MVR 9,415) to other expenses.

6 Capital work-in-progress (CWIP)

	2012	2011
At 1 January	2,082,487	1,058,624
Cost incurred during the year / period	380,815	4,813,503
Transfer to intangible asset (Note 7)	(948,848)	(3,789,640)
At 31 December	<u>1,514,454</u>	<u>2,082,487</u>

Capital work-in-progress mainly include administration building construction cost of MVR 1,393,381 (2011: MVR 1,343,646), accounting software upgrade expenses of Nil (2011: MVR 669,194) and livestock farms construction cost of MVR 71,477 (2011: MVR 68,287)

7 Intangible asset

	Computer software
At 1 January 2011	
Cost	1
Accumulated amortisation	-
Net book amount	<u>1</u>
Year ended 31 December 2011	
Opening net book amount	1
Additions	-
Amortisation charge (Note 18)	-
Closing net book amount	<u>1</u>
At 1 January 2012	
Cost	1
Accumulated amortisation	-
Net book amount	<u>1</u>
Year ended 31 December 2012	
Opening net book amount	1
Additions	303,742
Transfers from CWIP (Note 6)	948,848
Amortisation charge (Note 18)	(249,198)
Closing net book amount	<u>1,003,393</u>
At 31 December 2012	
Cost	1,252,591
Accumulated amortisation	(249,198)
Net book amount	<u>1,003,393</u>



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

8 Deferred business profit tax assets

Deferred business profit tax assets is calculated on all difference under the liability method. The movement in deferred income tax asset account is as follows:

	2012	Restated 2011
At 1 January	-	-
Decelerated tax (Note 21)	-	2,661,001
Prior year adjustments (Note 26)	-	(2,661,001)
At 31 December	-	-

9 Trade and other receivables

	2012	2011
Trade receivables	7,355,081	18,556,804
Less: provision for impairment of trade receivables	(6,341,210)	(683,272)
Trade receivables - net	1,013,871	17,873,532
Prepayments	12,156,610	3,994,965
Receivables from related parties [Note 25(iii)]	11,634,621	11,660,495
Other receivables	192,714	129,540
	<u>24,997,816</u>	<u>33,658,532</u>

(a) There is no concentration of critical risk with respect to the trade receivables, as the Company has large number of customers, nationally and internationally dispersed.

(b) Trade and other receivables are short term in nature and their carrying amounts approximate their fair values.

(c) The amounts receivable from related parties are unsecured, interest free and have no fixed repayment terms period. Accordingly these amounts have been shown as falling due within one year.

(d) Other receivables mainly comprise of staff loan and passage fee amounting to MVR 30,371 (2011: MVR 65,737), receivable from MDP North Province Secretariat amounting to MVR 38,044 (2011: MVR 15,477), receivable from Mr. Ahmed Mohamed for dhoni slipping amounting to Nil (2011: MVR 38,044) and receivable from sale of fuel amounting to MVR 60,952 (2011: MVR 8,483).



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

10 Inventories

	2012	2011
Raw materials	20,349,902	18,333,298
Consumables	7,216,949	6,729,415
Finished goods	12,064,518	48,203,217
Fuel and lubricants	4,278,370	3,466,669
Goods in transit	7,696,605	36,195
	<u>51,606,344</u>	<u>76,768,794</u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to MVR 174,035,638 (2011: MVR 94,630,493).

11 Cash and cash equivalents

	2012	2011
Cash at bank	3,054,213	3,961,183
Cash in hand	2,460,451	5,280,853
	<u>5,514,664</u>	<u>9,242,036</u>

Cash, cash equivalents include the following for the purposes of the cash flow statement

	2012	2011
Cash and cash equivalents	<u>5,514,664</u>	<u>9,242,036</u>

12 Share capital

	Number of shares	Ordinary shares MVR
At 31 December 2011	20,000	2,000,000
At 1 January 2012	20,000	2,000,000
At 31 December 2012	<u>20,000</u>	<u>2,000,000</u>

The total authorized number of ordinary shares is 1,160,000 shares with a par value of MVR 100 per share. All shares issued were fully paid.

13 Trade and other payables

	2012	2011
Trade payables	14,847,691	12,259,670
Amounts due to related parties [Note 25 (iii)]	100,216,409	112,536,489
Accrued expenses	329,075	714,900
Other payables	5,914,910	22,805,049
	<u>121,308,085</u>	<u>148,316,108</u>



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

13 Trade and other payables (continued)

(a) The amounts due to related parties are unsecured, interest free and are repayable on demand. Accordingly, the entirety of the amounts due have been shown as falling due within one year.

(b) Other payables mainly include unclaimed salaries of MVR 174,225 (2011: MVR 174,225), advance received from customers of MVR 5,465,143 (2011: MVR 22,630,824)

14 Deferred income

	2012	2011
At the beginning of the year / period	2,098,518	2,308,374
Less: Amortisation during the period (Note 17)	<u>(209,856)</u>	<u>(209,856)</u>
At 31 December	<u>1,888,662</u>	<u>2,098,518</u>

The Company has assumed the ice plant loan balance amounting to MVR 6,351,413 on business acquisition. Subsequently, Felivaru Fisheries Maldives Limited negotiated with the Ministry of Fisheries, Agriculture and Marine Resources and obtained a grant of MVR 2,430,788, which will be amortised over the period of useful life of the ice plant.

15 Borrowings

	2012	2011
Non-current		
Ministry of Fisheries, Agriculture and Marine resource:	<u>3,593,906</u>	<u>3,593,906</u>
Current		
Ministry of Fisheries, Agriculture and Marine resource:	<u>326,719</u>	<u>326,719</u>
Total borrowings	<u>3,920,625</u>	<u>3,920,625</u>

(a) The loan is unsecured and interest free.



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

15 Borrowings (continued)

(b) Maturity of non-current borrowing:

	2012	2011
Between 1 and 2 years	261,375	261,375
Between 2 and 5 years	1,045,500	1,045,500
Over 5 years	2,287,031	2,287,031
	<u>3,593,906</u>	<u>3,593,906</u>

(c) The carrying amounts and fair value of the non-current borrowings are as follows. Although the loan is interest free, current average market lending rate of 10.5% (2011: 10.5%) is considered for the fair value calculation purpose.

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Ministry of Fisheries, Agriculture and Marine resources	3,593,906	3,593,906	3,593,906	3,593,906

16 Sales

Sales, which represent income from the sale of various fish products and sale of ice, are made up of the following:

	Year ended 31 December 2012	Year ended 31 December 2011
Canned fish	210,625,867	145,417,737
Fishmeal	8,538,747	8,160,349
Frozen fish	8,902	810,634
Fresh fish	59,186	97,283
Reef fish	24,541	31,551
Dry fish	-	339,850
Other products	2,458,130	2,236,758
Sales of Ice	9,534,646	8,042,022
	<u>231,250,019</u>	<u>165,136,184</u>
Less: freight outward charges and export insurance	<u>(4,095,332)</u>	<u>(2,043,411)</u>
	<u>227,154,687</u>	<u>163,092,773</u>



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

16 Sales (continued)

The gross sales of MVR 240,386,058 (2011: MVR 165,136,184) include sales made on C & F (Cost & Freight) terms and FOB (Free on Board) terms. Sales on C & F terms include freight amounting to MVR 4,091,618 (2011: MVR 2,043,411). The net sales figure of MVR 236,294,440 (2011: MVR 163,092,773) has been derived after deducting export related expenses.

17 Other income

	Year ended 31 December 2012	Year ended 31 December 2011
Profit on sales of fuel	1,004,560	1,192,016
Sales of miscellaneous items and services	1,838,460	3,132,702
Profit from staff shop sales	961,049	1,026,256
Amortisation of deferred income (Note 14)	209,856	209,856
Other income	1,713,962	1,669,275
	5,727,887	7,230,105

18 Expenses by nature

	Year ended 31 December 2012	Year ended 31 December 2011
Cost of fish	76,842,445	61,997,345
Marine gas oil	32,617,700	29,518,142
Packing materials	24,524,534	26,233,679
Other materials	1,696,277	1,710,656
Edible oil	7,081,168	7,965,240
License, fees duties & insurance	1,732,702	1,236,993
Handling charges	125,716	186,076
Changes in inventories of finished goods	31,273,515	(32,794,569)
Employee benefit expense (Note 19)	49,316,198	49,474,387
Repairs and maintenance	5,227,255	6,164,735
Printing and stationery	370,342	370,864
Depreciation (Note 5)	8,416,919	8,380,002
Provision for bad and doubtful debt	5,657,938	560,530
Audit fee	200,460	192,750
Balance c/f	245,083,170	161,196,830



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

18 Expenses by nature

	Year ended 31 December 2012	Year ended 31 December 2011
Balance b/f	245,083,170	161,196,830
Telephone & fax	349,093	354,442
Advertising & promotional expenses	1,081,427	1,912,968
Transport and travelling expenses	926,859	797,190
Provision for non and slow moving inventories	-	9,332,238
Inventory write-off	110,355	453,832
Amortisation of intangible asset (Note 7)	249,198	-
Head office expenses	-	80,432
Demurrage, taxes and discharging expenses	25,415	46,474
Bank charges	742,085	354,059
Directors' remuneration	916,829	904,325
Others	402,712	116,108
Total	249,887,143	175,548,897
Classified as:		
Cost of sales	239,063,332	169,398,705
Sales and marketing expenses	6,764,780	2,519,971
Administration expenses	3,548,199	2,862,881
Other expenses	510,832	767,340
Total expenses	249,887,143	175,548,897

19 Employee benefit expense

	Year ended 31 December 2012	Year ended 31 December 2011
Wages and salaries	40,089,363	39,375,658
Employee retirement payment	1,290,961	967,340
Staff medical	185,048	214,622
Staff welfare and food	7,750,826	8,916,767
Total	49,316,198	49,474,387



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

20 Finance (costs) / income

	Year ended 31 December 2012	Year ended 31 December 2011
Foreign exchange (loss) / gain	(71,326)	3,039,132

21 Taxation

	Year ended 31 December 2012	Restated Year ended 31 December 2011
Current tax	-	-
Deferred business profit tax (Note 8)	-	(2,661,001)
Prior year adjustments (Note 26)	-	2,661,001
Business profit tax	-	-

22 Cash (used in)/generated from operations

	Year ended 31 December 2012	Year ended 31 December 2011
Loss for the year	(17,075,895)	(2,186,887)
Adjustments for:		
- Depreciation (Note 5)	8,416,919	8,380,002
- Amortisation (Note 7)	249,198	
- Provision for slow and non-moving inventory	-	9,332,238
- Provision for bad and doubtful debts	5,657,938	560,530
- Amortisation of deferred income (Note 14)	(209,856)	(209,856)
Changes in working capital :		
- Trade and other receivables	3,002,779	(8,736,940)
- Inventories	25,162,450	(43,204,793)
- Trade and other payables	(27,008,023)	39,154,347
Cash used in operations	(1,804,490)	3,088,641



FELIVARU FISHERIES MALDIVES LIMITED

31 December 2012

Notes to the financial statements (continued)

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

23 Contingencies

Contingent liabilities / Contingent assets

The Company was earlier functioning as a unit of Maldives Industrial Fisheries Company Limited (MIFCO) till MIFCO was split into three separate Companies. The Company started operating as a separate independent entity with effect from 1 June 2010 although it was registered as a Company on 31 October 2010. On functioning as a separate entity it took over the assets and liabilities, which were accounted in the books of account while it was operating as a unit of MIFCO. Upon finalisation of the separation of MIFCO, the value of the assets taken over and liabilities assumed may change.

24 Commitments

Capital commitments

There are no material capital commitments outstanding at the balance sheet date.

Operating lease commitments

There are no material operating lease commitments outstanding at the balance sheet date.

Financial commitments

There are no material financial commitments outstanding at the balance sheet date.

25 Related party transactions

The Government of Maldives (GoM) is the sole shareholder of the Company. GoM also owns 100% shares of Maldives Industrial Fisheries Company limited and Kooddoo Fisheries Maldives Limited.

The following transactions were carried out with related parties:

(i) Sales of goods or services

	Year ended 31 December 2012	Year ended 31 December 2011
Maldives Industrial Fisheries Company Limited	-	29,292,827
Kooddoo Fisheries Maldives Limited	19,366	-
State Trade Organisation Plc	22,929,990	-
	<u>22,949,356</u>	<u>29,292,827</u>



FELIVARU FISHERIES MALDIVES LIMITED**31 December 2012****Notes to the financial statements (continued)**

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

25 Related party transactions (continued)

Goods are sold to related parties on normal commercial terms and conditions.

(ii) Purchases of goods or services

	Year ended 31 December 2012	Year ended 31 December 2011
Kooddo Fisheries Maldives Limited	971,869	11,736,024

(iii) Year-end balances arising from sales/ purchases of goods/services

Receivables from related parties (Note 9):

	2012	2011
North Province Office	11,634,621	11,660,495
	<u>11,634,621</u>	<u>11,660,495</u>

Receivables from related parties are interest free, unsecured and have no fixed repayment terms. Accordingly, the entire amounts have been shown as due within one year.

Payables to related parties (Note 13):

	2012	2011
Kooddo Fisheries Maldives Limited	498,876	498,876
Maldives Industrial Fisheries Company Limited	99,717,533	99,688,865
State Trade Organisation Plc	-	12,348,748
	<u>100,216,409</u>	<u>112,536,489</u>

26 Prior year adjustments

The Company had recognised deferred business profit tax assets and business profit tax credit of MVR 2,661,001 in 2011. However, the Company doesn't have probable taxable profits against which the deferred business profit tax assets can be utilised. Accordingly, the deferred business profit tax and business profit tax credit have been restated.



FELIVARU FISHERIES MALDIVES LIMITED

31 December 2012

Notes to the financial statements (continued)

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

26 Events after the balance sheet date

No events have occurred since the balance sheet date, that would require adjustments to, or disclosure in, the financial statements.

