Report No.: FIN-2015-20(E)

1 April 2015

South Central Utilities 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 SOUTH CENTRAL UTILITIES LIMITED

Introduction

1. We were engaged to audit the accompanying financial statements of the South Central Utilities Limited which comprise of the Statement of financial position as at 31st December 2012, and the Statements of Comprehensive Income, Statement of Changes in Equity and Statement of cash flows for the year then ended, and the related notes exhibited on pages 7 to 20.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion

4. The Company had acquired powerhouses from 15 islands, sewerage plants from 3 islands and water plants from 6 islands during the period 29 January to 31 December 2009. acquisition agreements were entered with the Ministry of Housing, Transport and Environment for 3 sewerage plants and 6 water plants, and with the concerned island communities for 15 power plants. The consideration for 3 sewerage plants, 6 water plants and 2 power plants were agreed for MVR 58,448,585, MVR 10,135,920 and MVR 3,969,531 respectively. The fair values of 13 power plants had not been agreed. The Company had accounted for the acquisition of property, plant and equipment amounting to MVR 4,283,108 ignoring the agreed values and the purchase consideration payable to the island communities.

   During the year 2010, the Company had acquired the property, plant and equipment relating to powerhouses from 2 islands and acquisition agreements were entered with the concerned island communities. The fair values of these 2 power plants had not been agreed. The Company had not accounted for the acquisition of these 2 power plants in its books of account. Further, documents supporting additions to property plant and equipment amounting MVR 331,232 out of a sample of MVR 1,192,512 were not available.

   During the year 2011, the Company had acquired powerhouses from 5 islands and acquisition agreements were entered with the concerned island communities. The fair values of 5 power plants had not been agreed. The Company had not accounted for the acquisition of these 5 power plants in its books of account.

   During the year 2012, the Company has acquired one powerhouse from an island and an acquisition agreement was entered with the concerned island community. The fair value of this power plant has not been agreed. The Company has not accounted for the acquisition of this power plant in its books of account.

   Therefore, the property plant and equipment shown at the value of MVR 4,980,166, payables to island societies shown at MVR 4,283,108, accumulated depreciation of MVR 1,826,930, and the depreciation amounting MVR 663,026 charged during the year 2012 , and the result for the year, are not fairly stated. Our audit opinion for the previous year was also modified.

5. The opening balance of inventories of MVR 2,318,149 and closing balance of inventories shown in the balance sheet at MVR 1,874,746 were not supported by detailed lists of items with individual quantities and values making up the total values. In the absence of physical verification of inventories to determine the existence of the individual quantities representing the value of inventories at the beginning and end of the year, and the quantitative details as to the movement of inventories during the previous and current years, we were unable to adopt practicable alternative audit procedures to independently confirm the quantities making up the value of inventory as at the beginning and end of the year.

   Therefore, we are not able to state whether inventories and cost of sales and results for the year are fairly stated.

6. Detailed customer breakdowns of trade receivables amounting to MVR 74,952,281 were not available. The Company has not maintained subsidiary ledger recording revenue and receipts pertaining to individual customers. Therefore, we are unable to conclude whether the receivables amounting to MVR 74,952,281 shown in the balance sheet represent recoverable debts.

7. The Cash count reports from the islands for the year covered in the audit were not available. Further, the existence of cash in hand balance of MVR 19,896 at the balance sheet date could not be ascertained in the absence of confirmation by the management. Accordingly, we were unable to determine whether cash and cash equivalent balance shown at MVR 1,088,891 as at 31 December 2012 is fairly stated.

8. The revenue of the Company includes MVR 11,376,408 of tariff concession subsidy and MVR 20,783,701 as fuel surcharge subsidy. We could not check the accuracy, validity, and completeness of these incomes in the absence of monthly billing lists for each island, lists of customers, and the units of electricity consumed by those eligible for subsidized rates, and the detailed calculation and documents in support of the fuel surcharge subsidy. Therefore, we are unable to conclude whether the tariff concession subsidy of MVR 11,376,408 and fuel surcharge subsidy of MVR 20,783,701 included in revenue are valid, accurate and complete.

9. During the year 2012, the Company has recorded revenue of MVR 63,177,615 excluding subsidy from government. The Company has operated 22 power houses for 12 months, and 1 power house for 2 months, but the revenue has been recognized for 11 power houses for 12 months, 4 power houses for 11 months, 3 power houses for 5 months, 2 power houses for 10 months, 1 power house for 9 months, and 1 power house for 6 months. Therefore, the revenue recognized by the Company for the year 2012 is not complete. We could not check the accuracy and validity of the revenue in the absence of monthly billing lists for each island showing the name of the customers, the units of electricity consumed and amounts billed for all the power houses. Therefore, we are unable to conclude whether the revenue, the result for the year and the receivables as at the year-end are fairly stated.

10. Documents supporting cost of diesel and lubricant oil amounting MVR 65,121,520 out of a sample of MVR 76,435,724 were not available. Therefore, we are not able to conclude whether expenses of MVR 85,630,148 included in the cost of sales are valid and accurate and therefore, whether the result for the year is fairly stated.

11. Payroll costs of the Company amounting to MVR 13,745,729 could not be checked due to the absence of individual employment contracts, leave and attendance records, pay slips and payment vouchers. Further, documents supporting other administrative expenses amounting MVR 561,102 out of a sample of MVR 2,189,781 were not available.

    Therefore, we are unable to conclude whether administrative expenses of MVR 15,367,700 are valid and accurate and therefore, whether the result for the year is fairly stated.

12. Trade payables include payables amounting MVR 86,721,364 for which a detailed breakdown by supplier was not available. Accrued expenses include payables amounting MVR 5,507,769 were not supported by detail break down and have not been settled subsequently. Further, payables to related parties amounting to MVR 12,409,787 cannot

be substantiated in absence of invoices, bills, payment advices and other supporting documents. Therefore, we are unable to conclude whether a sum of MVR 86,721,364 included in the trade payables and the payables to related parties shown at MVR 12,409,787 in the balance sheet represent valid and accurate obligations.

13. As at the reporting date the Company had discontinued all its business operations. Accordingly, we are of the view that the going concern assumption adopted by the Company in the preparation and presentation of the financial statements is not appropriate. Had the financial statements being prepared on the liquidation basis of accounting; we believe that it would have had a significant negative effect on the Company's financial position and financial performance.

Adverse Opinion

14. In our opinion, because of the significance of the matters discussed in the basis for adverse opinion paragraphs 4 to 13, the financial statements do not give a true and fair view of the financial position of South Central Utilities Limited as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, No. 10/96, of the Republic of Maldives.

02nd April 2015

Hassan Ziyath
Auditor General

Statement of financial position

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Notes	As at 31 December 2012	2012	2011	2011
ASSETS					
Non-current assets					
Property, plant and equipment	5	4,980,166		5,571,514	
			4,980,166		5,571,514
Current assets					
Inventories	6	1,874,746		2,318,149	
Receivables	7	74,925,281		27,884,190	
Cash and cash equivalents	8	1,088,891		569,785	
			77,888,919		30,772,123
Total assets			82,869,085		36,343,638
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary shares	9	10,000		10,000	
Accumulated losses		(26,433,023)		(20,772,899)	
			(26,423,023)		(20,762,899)
Non-current liabilities					
Amounts due to a related party	10	12,409,787		12,409,787	
			12,409,787		12,409,787
Current liabilities					
Trade payables	10	96,882,321		44,696,750	
			96,882,321		44,696,750
Total liabilities			109,292,108		57,106,537
Total equity and liabilities			82,869,085		36,343,638

These financial statements were approved by the Board of Directors on ....

.... Director

Mohamed Nimal

.... Director

Mohamed Manik

The notes on pages 7 to 20 are an integral part of these financial statements

Income statement

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Notes	Year ended 31 December 2012	2011
Revenue	11	95,337,724	62,279,300
Cost of sales	12	(85,630,148)	(59,213,475)
Gross profit		9,707,576	3,065,825
Administrative expenses	12	(15,367,700)	(14,577,998)
Operating loss		(5,660,124)	(11,512,172)
Net loss for the year attributable to equityholders of the company		(5,660,124)	(11,512,172)
Loss per share attributable to the equity holders of the Company during the year (expressed in MVR per share) - basic	14	(56,601)	(115,122)

The notes on pages 7 to 20 are an integral part of these financial statements

Statement of changes in equity

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Share capital	Accumulated losses	Total
Balance at 1 January 2011	10,000	(9,260,726)	(9,250,726)
Loss for the year	-	(11,512,172)	(11,512,172)
Balance at 31 December 2011	10,000	(20,772,899)	(20,762,899)
Balance at 1 January 2012	10,000	(20,772,899)	(20,762,899)
Loss for the year	-	(5,660,124)	(5,660,124)
Balance at 31 December 2012	10,000	(26,433,023)	(26,423,023)

The notes on pages 7 to 20 are an integral part of these financial statements

Cash flow statement

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Notes	Year ended 31 December 2012	2011
Cash flows from operating activities			
Net cash generated from operating activities	15	590,782	1,372,220
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(71,677)	(1,248,358)
Net cash used in investing activities		(71,677)	(1,248,358)
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		519,105	123,861
Cash and cash equivalents at beginning of year	8	569,785	445,923
Cash and cash equivalents at end of year	8	1,088,890	569,785

The notes on pages 7 to 20 are an integral part of these financial statements

Notes to the financial statements

1 General information

South Central Utilities Limited (SCUL) is incorporated and domiciled in Republic of Maldives on 29 January 2009. The registered office of the Company is located at Ministry of Finance and Treasury, Ameenee Magu, Male', 20379, Republic of Maldives.

The principal activity of the Company during the period was to provide utilities such as electricity, water supply and sewerage system in the South Central province of the country including the Thaa and Laamu atolls.

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.

2.1 Basis of preparation

The financial statements of South Central Utilities Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

2.2 Going Concern

The business operation of the Company has been acquired by Fenaka Corporation Limited with effect from 7 January 2013. Therefore, at the reporting date the Company has ceased its business operations. The financial statements have nevertheless been prepared on the basis of the Company being a going concern.

If the Company is unable to be in operational existence in the foreseeable future, provision would have to be made to reduce the value of assets to their estimated recoverable amounts, and for any further liabilities that may arise in winding up, and fixed assets will have to be reclassified as current assets.

2.3 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.

Notes to the financial statements (continued)

2.3 Foreign currency translation (continued)

(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.

2.4 Property, plant and equipment

All property, plant and equipment, which are initially recorded at historical cost, is stated at cost less accumulated depreciation. Cost includes the expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are occurred.

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

Buildings	20 years
Generation equipment	10 years
Distribution equipments	13 years
Fuel storage facilities	14 years
Machinery and equipment	10 years
Tools and equipments	7 years
Furniture and fittings	7 years
Computer and office equipment	7 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. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

Notes to the financial statements (continued)

2.5 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. 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

2.6 Financial assets

Loans and receivables

Loans and 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. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

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

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of each category of inventory is determined at actual cost on weighted average basis. 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 initially at fair value and subsequently measured at amortised cost using the effective interest method, 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 receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of 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'.

Notes to the financial statements (continued)

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and bank overdrafts. Bank overdrafts (if any) are reclassified within borrowings in current liabilities on the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Trade payables

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.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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.

2.13 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is possible 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.

Notes to the financial statements (continued)

2.14 Revenue recognition

a) Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

b) Sale of goods

Sales are recognised upon delivery of products or customer acceptance, if any, net of discounts.

c) Other revenues

Interest income and fines are recognised as it accrues unless collectability is in doubt.

2.15 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to purchase of properties, plant and equipment are included in current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected useful lives of the related asset.

2.16 Leases

(a) The Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) The Company is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Notes to the financial statements (continued)

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18 Current and deferred Business profit tax

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 returns 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 settled.

Deferred business profit tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred business profit tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit taxes assets and liabilities relate to business profit taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 and liquidity 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 performance.

Notes to the financial statements (continued)

3 Financial risk management (continued)

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. Presently, the required foreign exchange outflow on account of import of capital goods are obtained from the commericial bank at the official rate. Since the exchange rate of US$ against MVR is pegged by Maldives Monetary Authority, there is no exchange loss or gain.

(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.

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

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.

The Company 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 trade and other payables and current tax liabilities as shown in the balance sheet, less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

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

	2012	2011
Total payables (Note 10)	109,292,108	57,106,537
Less: cash and cash equivalents (Note 8)	(1,088,891)	(569,785)
Net debt	108,203,216	56,536,752
Total equity	(26,423,023)	(20,762,899)
Total capital	81,780,193	35,773,853
Gearing ratio	132%	158%

Notes to the financial statements (continued)

3.2 Capital risk management (continued)

Gearing ratio has increased due to the increase in trade and other payables and 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. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market rate that is available to the Company for similar financial instruments.

4 Comparatives

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

5 Property, plant and equipment

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Generation equipment	Buildings	Distribution equipment	Tools and other equipment	Furniture and fittings	Machineries and equipment	Computers and office equipment	Fuel storage facilities	Total
Year ended 31 December 2011									
Opening net book amount	2,991,218	988,870	227,781	10,913	127,446	14,053	494,291	69,264	4,923,836
Additions during the year	1,066,695	-	-	-	82,103	-	99,560	-	1,248,358
Depreciation charge (Note 12)	(396,548)	(52,947)	(20,400)	(2,047)	(30,768)	(1,585)	(91,037)	(5,348)	(600,680)
Closing net book amount	3,661,365	935,923	207,381	8,867	178,780	12,468	502,814	63,916	5,571,514
At 1 January 2011									
Cost	4,450,690	1,058,940	255,000	13,644	232,376	15,850	632,520	76,399	6,735,418
Accumulated depreciation	(789,324)	(123,017)	(47,619)	(4,777)	(53,596)	(3,382)	(129,706)	(12,483)	(1,163,904)
Net book amount	3,661,365	935,923	207,381	8,867	178,780	12,468	502,814	63,916	5,571,514
Year ended 31 December 2012									
Opening net book amount	3,661,365	935,923	207,381	8,867	178,780	12,468	502,814	63,916	5,571,514
Additions during the year	-	-	-	-	10,460	-	61,217	-	71,677
Depreciation charge (Note 12)	(445,069)	(52,947)	(20,400)	(2,047)	(36,259)	(1,585)	(99,371)	(5,348)	(663,026)
Closing net book amount	3,216,296	882,976	186,981	6,820	152,981	10,883	464,660	58,568	4,980,166
At 31 December 2012									
Cost	4,450,690	1,058,940	255,000	13,644	242,836	15,850	693,737	76,399	6,807,095
Accumulated depreciation	(1,234,393)	(175,964)	(68,019)	(6,824)	(89,855)	(4,967)	(229,077)	(17,831)	(1,826,930)
Net book amount	3,216,296	882,976	186,981	6,820	152,981	10,883	464,660	58,568	4,980,166

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment (continued)

During the year the Company has acquired one power house which was operated in the island of South Central province of Republic of Maldives.

6 Inventories

	2012	2011
Diesel	1,335,306	1,547,211
Lubricating oil and consumables	7,458	61,834
Spares	269,310	446,433
Gas	262,672	262,672
	1,874,746	2,318,149

7 Trade and other receivables

	2012	2011
Trade receivables	74,925,281	27,884,190

There is no concentration of credit risk with respect to trade receivables, as the Company has a large number of customers, nationally dispersed.

8 Cash and cash equivalents

	2012	2011
Cash in hand	19,896	10,728
Cash at bank	1,068,996	559,057
	1,088,892	569,785

9 Share capital

	Number of shares	Ordinary shares MVR
At 1 January 2012	100	10,000
At 31 December 2012	100	10,000

The total authorized number of ordinary shares is 1,000,000 shares with a par value of MVR 100 per share. Out of which 100 ordinary shares at par of MVR 100 each are issued and fully paid up.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

10 Trade and other payables

	2012	2011
Trade payables	91,004,472	39,990,664
Amounts due to a related party (Note 18)	12,409,787	12,409,787
Accrued expenses	5,877,849	4,706,085
	109,292,108	57,106,537

Classified as :

	2012	2011
Non current	12,409,787	12,409,787
Current	96,882,321	44,696,750
	109,292,108	57,106,537

(a) The amount included in the trade payable amounting to MVR 4,283,108 (2011: MVR 4,283,108) represents the amount payable to island socieites for acquisition of assets. Remaining trade payable amounting MVR 86,721,364 (2011: MVR 35,707,556) relates to the payables to other vendors in the ordinary course of business.

(b) The amount included in the amount due to a related party amounting to MVR 12,214,988 (2011: MVR 12,214,988) represents the amount paid by Ministry of Finance and Treasury, Government of Republic of Maldives to Fuel Supply Maldives for purchase of fuel. Remaining amount of MVR 194,799 (2011: MVR 194,799) represents the amount payable towards initial receipt of funds.

(c) Amounts due to a related party are unsecured, interest free and repayment terms have not been determined. Therefore the entire amount has been considered as payable after a period of one year.

11 Revenue

	2012	2011
Electricity	63,177,615	40,904,168
Subsidy-fuel surcharge	20,783,701	12,529,044
Subsidy-electricity usage	11,376,408	8,846,088
	95,337,724	62,279,300

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

12 Expenses by nature

	2012	2011
Cost of diesel	81,518,577	56,011,452
Cost of lubricant oil	1,012,685	699,834
Cost of generator spares	2,025,369	1,399,669
Repair and maintenance - Generator	546,121	623,645
Employee benefit expenses (Note 13)	13,745,729	12,521,792
Audit fees	115,650	110,824
Rent expenses	196,167	361,797
Repair and maintenance - administration	4,357	32,816
Hiring charges	13,125	12,254
Printing and stationery	143,457	174,257
Transport charges	59,915	186,108
Travelling expenses	97,532	258,976
Telephone & internet	476,290	337,927
Electricity charges	-	138,718
Directors' remuneration	187,714	116,197
Petty cash expenses	-	7,225
Other expenses	192,133	197,302
Depreciation (Note 5)	663,026	600,680
	100,997,848	73,791,473
Classified as:		
Cost of sales	85,630,148	59,213,475
Administrative expenses	15,367,700	14,577,998
	100,997,848	73,791,473

13 Employee benefit expense

Wages and salaries	10,458,826	9,674,894
Allowances	2,574,370	1,941,721
Pension expenses	712,534	892,024
Staff medical expenses	-	13,152
	13,745,729	12,521,792

14 Loss per share

Loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Loss attributable to the equity holders of the Company	(5,660,124)	(11,512,172)
Weighted average number of ordinary shares in issue	100	100
Loss per share (MVR per share)	(56,601)	(115,122)

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

15 Cash generated from operations

	2012	2011
Loss for the year	(5,660,124)	(11,512,172)
Adjustments for:		
- Depreciation (Note 5)	663,026	600,680
- Trade and other receivables	(47,041,092)	(17,674,534)
- Inventories	443,403	(368,652)
- Trade and other payables	52,185,571	30,326,898
Cash generated from operations	590,782	1,372,220

16 Contingencies

Contingent liabilities

There are no material contingent liabilities at the balance sheet date.

Contingent assets

There are no material contingent assets recognized at the balance sheet date.

17 Commitments

Capital commitments

There are no material capital commitment recognised at the balance sheet date.

18 Related-party transactions

The Government of Maldives (GoM) holds 100% share capital of the Company. Fuel Supplies Maldives Private Limited is a wholly owned subsidiary of State Trading Organisation Plc, in which Government of Maldives is a major shareholder. National Social Protection Agency is a Government agency.

The following transactions were carried out with related parties:

(i) Subsidy claimed	**2012**	**2011**
National Social Protection Agency	32,160,109	21,375,132

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

18 Related-party transactions (continued)

(ii) Purchases of goods or services

	2012	2011
Fuel Supplies Maldives Private Limited	32,621,252	49,098,741

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

	2012	2011
Amount due to a related party:		
Ministry of Finance and Treasury - Government of Maldives (Note 10)	12,409,787	12,409,787

(iv) Key management compensation

Key management includes directors (executive and non-executive) and senior management employees. The compensation paid or payable to key management for employee services is shown below:

	2012	2011
Salaries and allowances	187,714	116,197

19 Events after the balance sheet date

The business operation of the Company has been acquired by Fenaka Corporation Limited with effect from 7 January 2013.