

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

Date: 09 July 2014

(PR) 7-STKH/7/2014/38

Press Release

Subject: Auditor General's report to the shareholders and Board of Directors of Kooddoo Fisheries Maldives Limited

We have issued an audit report on the financial statements of Kooddoo Fisheries Maldives Limited on 30 June 2014 and published the same on our website www.audit.gov.mv.

Due to the significance of certain issues relating to items in the statement of financial position of the company the Auditor General (AG) has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Thus, the AG has not expressed an opinion on the financial statements.

1. The company was earlier functioning as a unit of Maldives Industrial Fisheries Company Limited (MIFCO) and was formed into a separate company when 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 17 June 2010. On functioning as a separate entity it took over the assets and assumed liabilities which were accounted in the books of account while it was operating as a unit of MIFCO. In the absence of finalization of the separation of MIFCO, the AG was 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, the AG would not express an on the financial statements for the year ended 31 December 2011 and 2012.
2. The value of property, plant and equipment shown in the statement of financial position does not include the fair value of fixed assets, which were fully depreciated while the Company was operating as a unit of MIFCO. The value of those fully depreciated assets amounted to MVR 121,887,943 as at 31 May 2010, of which some of the assets are in operational condition. In addition to that the useful lives of the assets taken over were not determined. Therefore the AG was unable to conclude whether fixed assets shown in the statement of financial position as at 31 December



2012 and 31 December 2013, the depreciation amounting to MVR 11,685,104 and MVR 13,845,036 respectively charged to income statement and therefore whether the profit for the current year and the previous year are fairly stated.

3. The capital clause in the Memorandum of Association of the company states that the authorized capital of the company is MVR 207,000,000 of which, MVR 1,000,000 is paid up. The books of account of the company did not show realization of any amount towards the share capital. Accordingly, the AG was unable to determine the status of the Company's share capital.
4. Capital work-in-progress include Addu Cold Storage Facilities project amounting MVR 19,608,977, transferred from MIFCO on separation, which has been discontinued from 2007 and proposed cannery project study amounting MVR 512,862. Despite indication of impairment to the capital work-in-progress at Addu Cold Storage Facilities, an impairment testing with future cash flow projections of the Storage Facilities had not been performed to assess the provision required for impairment. The company is not proceeding further with the Cannery Project. Accordingly, the total capital work-in-progress shown as that of Addu Cold Storage Facilities and Cannery Project amounting MVR 20,121,839 are overstated by an undetermined amount and the results for the year overstated by the unrecognized provision for impairment, respectively.
5. The Company uses seven vessels for their operations. These vessels were earlier accounted in the books of account of MIFCO when the Company was operating as a business unit of MIFCO. On 31 May 2010 the carrying amount of MVR 42,748,918 of these vessels were excluded from the books of account of Kooddoo unit and included in books of account of MIFCO, although the vessels are continued to be used by the Company. In the absence of a mutually agreed arrangement, the AG was unable to conclude whether the property, plant & equipment of the Company and the results for the year are fairly stated.
6. Receivables as at 31 December 2013 include receivables from form related parties amounting to MVR 67,247,260 as disclosed in Note 27 to the financial statements. In the absence of intercompany balance confirmations, the auditors AG was unable to conclude whether the receivable balances from related parties are in existence as at 31 December 2013.
7. Payables as at 31 December 2013 include payable to related parties amounting to MVR 9,792,820 as disclosed in Note 27 to the financial statements. In the absence of intercompany balance confirmations the AG was unable to conclude whether the payables balances to related parties represent obligations as at 31 December 2013.



8. The loan agreement showing the terms and conditions such as rate of interest and repayment period for a short term working capital borrowing from Ministry of Finance and Treasury was not made available to us. In the absence of which, those details have not been disclosed in the financial statements.

Stakeholder Relations
Auditor General's Office

