



AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

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Press Release

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

The Auditor General's Office (AGO) has issued an audit report on the financial statements of the Maldives Ports Limited (MPL) for the year ended 31 December 2013.

With the exception of the effects of some significant matters highlighted in the audit report, the financial statements of MPL presents 'fairly, in all materials' the company's financial position, its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS), according to the AGO. The AGO which is the Supreme Audit Institution (SAI) of Maldives has, therefore, qualified the financial statements of MPL for the year ended 31 December 2013.

According to the AGO, the Company has failed to consolidate the financial statements of its subsidiary, Kulhudhuffushi Port Limited (KPL) as a result of the inability of KPL's management to prepare financial statements with the result that an audit of KPL's financial statements has not been carried out as at date. As required by IAS 27 -Consolidated and Separate Financial Statements, the subsidiary should have been consolidated because it is controlled by the Company, the SAI says. This has meant that many elements in the financial statements that accompanied the AGO's report would have been materially affected if the audited accounts of the subsidiary had been consolidated, says the AGO. The SAI also says that the effects of non-consolidation of KPL figures on the MPL's financial statements have not been determined as a result of unavailability of audited financial statements of the subsidiary.

According to the AGO, the capital work in progress balance in MPL's financial statements includes amount of MVR 24,041,188 which was incurred on construction of a tug boat for harbor operations, which had been discontinued since the year 2010 due to a dispute with the constructor. Further, the AGO has also expressed disappointment at the fact that the auditors engaged to conduct the audit were not allowed to access to the premises of tug boat which would amount to a violation of the Audit Act. As a result, the AGO has been unable to satisfy itself regarding the physical existence and recoverability of the asset. According to the audit report, related party receivables at the date of the statement of financial position includes receivables amount of MVR 13,071,150 from Maldives National Shipping Limited, which has been outstanding for more than four years; the AGO remains

sceptical about the recovery of debts owed by related parties. Therefore, the SAI has expressed doubts about whether the amount shown under related party receivables in the statement of financial position is recoverable and the results for the year and receivables are fairly stated.

Stakeholder Relations
Auditor General's Office

