

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



## AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

**Date:** 03 July 2014

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### Press Release

#### **Subject: Auditor General's report to the shareholders and Board of Directors of Thilafushi Corporation Limited**

We have issued the audit report to the Thilafushi Corporation on 30 June 2013 and published the same on our website [www.audit.gov.mv](http://www.audit.gov.mv).

The Auditor General, considered the adequacy of the disclosure made note 22 to the financial statements, which refers to the commitment towards the reclamation of the Thilafushi Island, in issuing a Disclaimer of Opinion.

The consideration for the value of Land and Buildings of Thilafushi Island stated at MVR 12,618,789.042 transferred to Thilafushi Corporation by the Ministry of Finance and Treasury (MoFT) had been made by the issue of 150,000,000 equity shares of MVR 10 each issued at a premium of MVR 74.13 to MoFT. The value of the island and building determined by a professional valuer was based on capitalised lease rentals to perpetuity; as a result, ongoing leased land was valued at MVR5, 725 per square foot while land pending reclamation and lease at that time was valued at MVR 1,200 per square foot. The reasonableness of these values cannot be readily established in the absence of alternative valuation methods being adopted in the context that this is the first purchase of land which constitutes a transaction between Thilafushi Corporation and its sole shareholder, the MoFT. Therefore, the Auditor General was unable to conclude whether the island and buildings thereon and share premium shown in the balance sheet at MVR 12,618,789,042 and MVR 11,118,789,042 respectively are fairly stated.

Capital work in progress as at the balance sheet date includes mobilization advance of MVR 38,889,767 paid to Heavy Load Maldives Ltd for land reclamation. During 2011, the Company has incurred further expenses amounting to MVR 23,086,532 making the total capital work-in-progress towards reclamation to MVR 61,976,299. However, of the total capital work-in-progress MVR 23,086,532 has been capitalised by transferring the amount from capital work-in-progress to land towards the industrial zone reclamation. The remaining amount of MVR 38,889,767 has not been capitalized. In the absence of evidences supporting the work done for the remaining amount of MVR 38,889,767, the Auditor General could not conclude whether the Company has received value for the amount paid and therefore whether the capital work-in-progress is fairly stated.



## Disclaimer of Opinion

Due to the significance of matters relating to valuation of island and buildings, and capitalisation of part of work-in-progress, the Auditor General issued a Disclaimer of Opinion since he has not been able obtain sufficient appropriate audit evidence to provide a basis for audit opinion. .

Stakeholder Relations  
Auditor General's Office

