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**Independent Auditor's Report  
To the Shareholders of  
Island Beverages Maldives Private Limited**

**Opinion**

We have audited the accompanying financial statements of Island Beverages Maldives Private Limited (the "Company"), which comprise the statement of financial position as at 31<sup>st</sup> December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information set out in pages 5 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matter**

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

**Recognition of Revenue**

(Refer to the Significant accounting policies in note 4.12 and explanatory note 7 of the financial statements)

**Risk Description**

Revenue is a key performance indicator for the Company and subject to higher risk material misstatement. The large volume of transactions increases the risk of error, and the manual processes involved in the integration of data from the billing system to the accounting system software further add to this risk.

**Our Response**

Our Procedure included;

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over initiating, recording,



**Key Audit Matters (Continued)**

**Recognition of Revenue (Continued)**

<u>Risk Description (Continued)</u>	<u>Our Response (Continued)</u>
Due to these factors, this has been considered as a key audit matter.	processing and reporting of revenue transactions
The Company has recorded a revenue of MVR 235,265,801/- for the year ended 31 <sup>st</sup> December 2023. The Company's revenue mainly consists from sale of water bottles, fish cans and other carbonated drinks.	<ul style="list-style-type: none"><li>- Testing the general IT controls environment and key IT application controls relating to IT application layers to the revenue recognition.</li><li>- On sample basis, testing significant revenue transactions during the year, to ensure that revenue had been recognized in accordance with contractual terms in the correct accounting period and the requirements of the relevant accounting standards.</li><li>- Testing significant revenue generated from related party sales on a sample basis during the year to ensure that revenue had been recognized in accordance IFRS 15.</li><li>- Testing on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery orders to assess whether the related revenue had been recognized in the correct financial period.</li><li>- Performing inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of reported revenues.</li></ul>

**Other Information**

Management is responsible for the other information. These financial statements do not include the other information.

**Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors (the "Board") is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to



### **Responsibilities of the Board of Directors for the Financial Statements (Continued)**

cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Ali Muaaz**  
**Audit License No: ICAM-IL-FQ1**  
**For and on behalf of KPMG Maldives**

29<sup>th</sup> May 2024  
Male'

