INDEPENDENT AUDITOR'S REPORT

ADDU MEEDHOO COOPORATIVE SOCIETY

31st December 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
ADDU MEEDHOO COOPERATIVE SOCIETY

Qualified Opinion

We have audited the financial statements of Addu Meedhoo Cooperative Society, which comprise the statement of financial position as at December 31, 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except for the effect of matter described in basis for qualified opinion paragraph below, the financial statements have been properly drawn up in accordance with International Financial Reporting Standards for Small and Medium-Sized Enterprises (IFRS for SME's) so as to give a true and fair view of the financial position of the Company as at 31st December 2017 and of their financial performance and cash flows for the year then ended.

Basis for Qualified Opinion

The entity has recognised MVR 295,430 as inventories. We did not observe the counting of the physical inventories as of 31 December 2017. We were unable to satisfy ourselves as to physical inventory quantities by other audit procedures. Accordingly, we were unable to determine whether any adjustments might have been found necessary in inventory, statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 3eport. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Republic of Maldives, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards for SMEs (IFRS for SMEs) and Law of Jurisdiction of Republic of Maldives, 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.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 management.

- Conclude on the appropriateness of management'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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

19 August 2018

Crowe Maldives LLP
Reg no. P-02/2008

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Hassan Mohamed
Managing Partner
MIRA Reg. AF1009A

ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF FINANCIAL POSITION
as of 31st December 2017
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-17 MVR	31-Dec-16 MVR
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	1,385,450	581,235
Work in Progress	5	-	713,779
Deferred Tax Asset	18	1,974	1,833
		1,387,424	**1,296,847**
Current Assets			
Inventory	6	295,430	941,618
Trade & Other Receivables	7	638,453	631,871
Cash & Cash Equivalents	8	38,620	35,034
		972,503	**1,608,523**
TOTAL ASSETS		**2,359,927**	**2,905,370**
EQUITY & LIABILITIES			
Equity & Reserves			
Share Capital	9	117,700	116,400
Retained Earnings		742,016	635,122
		859,716	**751,522**
Non-Current Liabilities			
Deferred Grant	11	893,205	1,055,359
		893,205	**1,055,359**
Current Liabilities			
Deferred Grant	11	162,154	810,995
Trade & Other Payables	10	444,852	287,494
		607,006	**1,098,489**
TOTAL EQUITY & LIABILITIES		**2,359,927**	**2,905,370**

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

For and on behalf of the Board of Directors:

Name	**Signature**
1. ------------------------------------	--------------------------------------
2. ------------------------------------	--------------------------------------

ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2017
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-17 MVR	31-Dec-16 MVR
Revenue	12	4,028,650	3,865,047
Cost of Revenue	13	(3,289,508)	(3,251,930)
Gross Profit		**739,142**	**613,117**
Administrative Expenses	14	(756,380)	(806,117)
Sales & Marketing Expenses	15	(32,339)	(6,912)
Operating Loss		**(49,577)**	**(199,911)**
Other Gains	16	162,154	134,433
Profit/(Loss) before tax		**112,576**	**(65,478)**
Income Tax	17	141	(305)
Net Profit/(Loss) for the year		**112,718**	**(65,783)**
Earnings Per Share	19	84	(49)

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF CASH FLOWS
for the year ended 31st December 2017
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-17 MVR	31-Dec-16 MVR
Operating Profit before Working Capital Changes	20	**287,763**	**24,743**
Inventory		646,188	(607,173)
Trade & Other Receivables		(6,581)	(126,710)
Trade & Other Payables		157,357	207,024
Net Cash Generated from (Used in) Operating Activities		**1,084,727**	**(502,116)**
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment		-	(659,631)
Additions to Work in Progress		(266,742)	(713,779)
Deferred Grant Received		(810,995)	1,866,354
Net Cash Used in Investing Activities		**(1,077,737)**	**492,944**
Cash flows from Financing Activities			
Share Capital		1,300	5,000
Dividend Paid		(4,705)	(28,340)
Net Cash flows from Financing Activities		**(3,405)**	**(23,340)**
Net Increase / (Decrease) in Cash and Cash Equivalents		**3,585**	**(32,511)**
Cash and Cash Equivalents at the Beginning of the Year		35,034	67,546
Cash and Cash Equivalents at the end of the Year		**38,620**	**35,034**

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2017
All amounts are stated in Maldivian Rufiyaa

	Capital MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2017	117,700	635,122	752,822
Unreconciled variance	-	27,221	27,221
Dividend Paid	-	(33,045)	(33,045)
Net Profit for the year	-	112,718	112,718
Balance as at 31st December 2017	**117,700**	**742,016**	**859,716**

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

ADDU MEEDHOO COOPORATIVE SOCIETY

Accounting Policies for the year ended 31st December 2017

1. General information

Addu Meedhoo Cooperative Society is a co-operative society incorporated in the Republic of Maldives on 29th November 2010 bearing registration no. CS-0006/2010. The address of its registered office and principal place of business is Mala, Meedhoo, Addu City, Republic of Maldives. The main aim of the society is working for the economic and social development and improving the agriculture of the island.

2. Summary of Significant Accounting Policies

This set of financial statements prepared by Sirius Enterprises Private Limited is in accordance with the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board. 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

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in the Maldivian Rufiyaa (MVR).

2.2 Revenue recognition

Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Maldives.

2.3 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.4 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

	Rate
Furniture & Fittings	10%
Motor Vehicles	20%
Speed Boats	20%
Plant & Machinery	20%
Office Equipment	20%
Leasehold Rights	Over lease period

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.6 Impairment of assets

At each reporting date, property, plant and equipment, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.8 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

2.9 Trade and other receivables

Most sales are made on normal short-term credit terms. Trade receivables in respect of such sales are measured at the undiscounted amount of cash expected to be received less any impairment. For sales made on terms that extend beyond normal credit terms, receivables are initially measured at the present value of future receipts discounted at a market rate of interest and are subsequently measured at amortised cost using the effective interest method.

2.10 Impairment of financial assets

At the end of each reporting period, the carrying amounts of financial assets that are not measured at fair value are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised immediately in profit or loss and the carrying amount of trade receivables is reduced accordingly.

2.11 Trade payables

Trade payables are obligations that have arisen by purchasing goods and services under normal short-term credit terms. Trade payables are measured at the undiscounted amount of cash to be paid. The company buys some goods from overseas suppliers. Trade payables denominated in a foreign currency are translated into MVR using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

2.12 Bank loans and overdrafts

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

3. Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future.

3.1 Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4 Property, Plant & Equipment

4.1 Cost

	Balance As at 01.01.2017	Additions	Disposals	Balance As at 31.12.2017
Buildings	-	980,521	-	980,521
Furniture & Fittings	18,360	-	-	18,360
Office Equipment	105,154	-	-	105,154
Other Equipment	16,770	-	-	16,770
Motor Vehicle	580,880	-	-	580,880
	721,164	**980,521**	**-**	**1,701,684**

4.2 Depreciation

	Balance As at 01.01.2017	Charge for the Year	Disposals	Balance As at 31.12.2017
Building	-	39,221	-	39,221
Furniture & Fittings	5,953	1,814	-	7,767
Office Equipment	44,753	18,470	-	63,222
Other Equipment	16,017	625	-	16,642
Motor Vehicle	73,207	116,176	-	189,383
	139,929	**176,306**	**-**	**316,235**
Net Book Value	**581,235**			**1,385,450**

5 Work in Progress

	Balance As at 01.01.2017	Additions	Disposals	Balance As at 31.12.2017
Building	713,779	266,742	980,521	-
	713,779	**266,742**	**980,521**	**-**
	713,779			**-**

6 Inventories

	31-Dec-17 MVR	31-Dec-16 MVR
Inventory for Resale	295,430	292,777
Inventory of Packing Materials	-	648,841
Total	**295,430**	**941,618**

		31-Dec-17 MVR	31-Dec-16 MVR
7	**Trade & Other Receivables**		
	Accounts Receivable	728,986	696,077
	Less: Provision for Doubtful Debts	(100,452)	(100,452)
		628,535	595,625
	Other Receivables	9,918	36,246
	Total	**638,453**	**631,871**
8	**Cash & Cash Equivalent**		
	Cash at Bank	21,630	3,128
	Cash in Hand	16,989	31,906
	Total	**38,620**	**35,034**
9	**Share Capital**		
	Issued share capital: 1355 Ordinary Shares of MVR 100 each	135,500	134,600
	Receivable for Issued Shares	(17,800)	(18,200)
	Total	**117,700**	**116,400**

The total authorised number of ordinary shares is 50,000 shares (2016: 50,000 shares) with a par value of MVR 100 per share (2016: MVR 100 per share). All issued shares are not fully paid and have equal rights to vote at general meetings and receive dividends.

		31-Dec-17 MVR	31-Dec-16 MVR
10	**Trade & Other Payables**		
	Trade Payables	366,201	261,894
	Professional Fee Payable	-	19,080
	Accrued Expenses	39,853	2,100
	Retainer Payables	21,376	-
	GST Payable	17,422	4,421
	Total	**444,852**	**287,494**
11	**Deferred Grant**		
	Non-Current		
	Deferred Grant received as Property Plant and Equipment	255,631	390,065
	Deferred Grant received for Building	637,574	665,295
		893,205	**1,055,359**
	Current		
	Deferred Grant received as Property Plant and Equipment	134,433.10	134,433
	Deferred Grant received for Building	27,720.61	27,721
	Deferred Grant received as Packing Materials	-	648,841
		162,153.71	**810,995**
	Total Deferred Grant	**1,055,359.27**	**1,866,354**

Grants received from FADIP have been recognized as deferred grant income. The grant income is recognized over the useful life of the asset.

		31-Dec-17 MVR	31-Dec-16 MVR
12	**Revenue**		
	The breakdown of the revenue is as follows:		
	Trading Income	3,423,626	3,814,309
	Pickup Income	1,585	2,057
	Other Income	603,439	48,681
	Total	**4,028,650**	**3,865,047**

The main business of the society is buying agricultural products from farmers at a contracted price and selling the products to hotels and resorts in Addu Atoll. Revenue from sale of goods are recognised when the goods are sold and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Maldives.

13	**Cost of Revenue**		
	Cost of Goods Sold	3,289,508	3,231,113
	Carriage Inward	-	20,817
	Total	**3,289,508**	**3,251,930**

Cost of goods sold includes all the directly attributable costs including purchase costs and other costs incurred to bring the goods to a salable condition.

14	**Administrative Expenses**			
	Bank Charges		1,795	940
	Bad debts written off		-	2,988
	Depreciation		176,306	87,385
	Fine and Penalties		2,490	1,525
	Management Committee Allowance		-	2,400
	Professional Fees		-	13,180
	Provision for Doubtful Debts		-	100,452
	Rent		23,175	51,000
	Repairs & Maintenance		8,750	16,323
	Meals and Entertainment		5,776	4,714
	Utilities		91,044	93,077
	Telephone Expense		15,581	41,500
	Transportation		-	90,850
	Office Expenses		10,272	11,991
	Carraige Expense		100,426	-
	Salary & Other Benefits	Note (14.1)	286,233	216,323
	Other Expense		15,082	-
	Labour Charges		17,450	69,670
	Fees & License		2,000	1,800
	Total		**756,380**	**806,117**

14.1	**Salary & Other Benefits**		
	Salary & Wages	257,968	198,993
	Staff Travels	-	2,330
	Ramazan Allowance	12,000	15,000
	Pension costs	16,265	-
	Total	**286,233**	**216,323**

		31-Dec-17 MVR	31-Dec-16 MVR
15	**Sales & Marketing Expenses**		
	Marketing expense	32,339	-
	Sales Commission	-	6,912
	Total	**32,339**	**6,912**

16	**Other Income**		
	Grant Received as Property Plant and Equipment	162,154	134,433
	Total	**162,154**	**134,433**

Co-operative Society received a total contribution of 2,000,787 from FADIP in the year 2016. The contribution includes packing materials, furnitures, freezers, vehicle and cash receipt of 693,015 to construct an office building in S. Meedhoo. The construction of the building was complete and made available for use on March 2017.

17	**Taxation**		
	Income Tax Expense		
	(Increase)/decrease of deferred tax asset	(141)	305
	Total	**(141)**	**305**

18	**Deferred Tax Asset**		
	Deferred tax asset brought forward	(1,833)	(2,138)
	Increase/(decrease) of deferred tax asset	(141)	305
	Deferred tax asset carried forward	**(1,974)**	**(1,833)**
	Total deferred tax asset	**(1,974)**	**(1,833)**

19 Earnings/(Losses) Per Share

Basic Earnings/(Losses) Per Share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Profit/(Loss) for the year	112,718	(65,783)
Weighted Average number of Ordinary Shares	1,346	1,346
Earnings/(Losses) Per Share	**84**	**(49)**

20	**Operating Profit before Working Capital Changes**		
	Net Profit/(Loss) for the Year	112,576	(65,478)
	Depreciation	176,306	87,385
	Unreconciled Retained Earnings Variance	(1,119)	2,837
	Total	**287,763**	**24,743**

21 Events after the end of the reporting period

There are no significant events after the balance sheet date which warrants disclosure.

22 Approval of financial statements

These financial statements were approved by the members of the board and authorised for issue on 26th June 2018.