ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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CORPORATE INFORMATION

DIRECTORS	Lersan Misitsakul Laurent Kunzle Emir Cherif
COMPANY SECRETARY	Chong Ai Ling (MIA 29380)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKERS	Deutsche Bank (Malaysia) Berhad Malayan Banking Berhad Standard Chartered Bank Malaysia Berhad
IMMEDIATE HOLDING COMPANY	Asian Trails Holding Ltd
ULTIMATE HOLDING COMPANY	Fairfax Financial Holdings Limited
REGISTERED OFFICE	SOHO Suites @ KLCC Block A2, Level 32-3A No. 20, Jalan Perak 50450 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	Suite 7.01, 7th Floor Wisma Mirama Jalan Wisma Putra 50460 Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing holidays, tours and travel services to overseas and local clientele. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS	**RM**
Profit for the financial year	630,654

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors also do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM500,000 to RM5,500,000 by the issuance of 5,000,000 redeemable and convertible preference shares at an issue price of RM1.00 each by the capitalisation of RM5,000,000 on amount due to holding company.

No debentures were issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The following Directors served on the Board since the date of the last report:

Lersan Misitsakul

Laurent Kunzle

Emir Cherif

Lukas Kreienbuhl (Resigned on 29 June 2017)

In accordance with the Company's Articles of Association, Mr. Emir Cherif retires by rotation, and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

According to the register of director' shareholdings, the Directors holding office at the end of the financial year and have interest in shares of the Company and its related corporations were as follows:

	Number of ordinary shares			
	Balance at 1.1.2017	Bought	Sold	Balance at 31.12.2017
Emir Cherif	1	-	(1)	-

None of the other Directors in office at the end of the financial year held or dealt in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest except for:

DIRECTORS' BENEFITS (continued)

(i) certain Directors who received remuneration from related corporations in their capacities as directors and/or executives of those related corporations; and

(ii) any deemed benefits which may arise from the related party transactions as disclosed in Note 13 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable value.

At the date of this report, the Directors are not aware of any circumstances :-

a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

b) which would render the values attributed to the current assets in the financial statements of the Company misleading; or

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

At the date of this report, there does not exist:

a) any charge on the assets of the Company which has arisen since the end of the financial year to secure the liability of any other person; or

b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors,

a) the results of the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

INDEMNITIES TO DIRECTORS OR OFFICERS

There has been no indemnity given to or insurance effected for any director or officer of the Company during the financial year.

HOLDING COMPANIES

The immediate holding company of the Company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company of the Company is Fairfax Financial Holdings Limited, incorporated in Ontario, Canada.

ASIAN TRAILS (M) SDN. BHD.
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DIRECTORS' REPORT
(Continued)

AUDITORS

Auditors' remuneration is set out in Note 12 to the financial statements. No payment has been made to indemnify auditors during or since the financial year.

The auditors, Messrs. Peter Chong & Co., Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

....

LAURENT KUNZLE
Director

....

EMIR CHERIF
Director

Date: 14 FEB 2018

Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, **LAURENT KUNZLE** and **EMIR CHERIF**, two of the Directors of **ASIAN TRAILS (M) SDN. BHD.** state that, in the opinion of the Directors, the financial statements set out on pages 13 to 44 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and cash flow of the Company for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

....
LAURENT KUNZLE
Director

....
EMIR CHERIF
Director

Date: 14 FEB 2018

Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
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STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **EMIR CHERIF**, being the Director primarily responsible for the financial management of **ASIAN TRAILS (M) SDN. BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 44 are correct.

And I make this solemn declaration, conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **EMIR CHERIF** at **KUALA**)
LUMPUR in the **FEDERAL**) ....
TERRITORY this date of 14 FEB 2018) **EMIR CHERIF**

Before me

PESURUHJAYA SUMPAH
No. W607
Nama: GURDEEP SINGH
A/L JAG SINGH
MALAYSIA

....
Commissioner for Oaths

5B, JALAN RAKYAT
(JALAN TRAVERS)
BRICKFIELDS
50470 KUALA LUMPUR

Peter Chong & Co. AF 0165
Chartered Accountants

SOHO Suites @ KLCC
Block A2, Level 31-3
No. 20 Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : 603-21817447
Fax : 603-21818522
Email : info@peterchongco.com
Website : www.peterchongco.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASIAN TRAILS (M) SDN. BHD.**, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.
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(Continued)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.
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(Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 Directors.

- Conclude on the appropriateness of the Directors' 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 of the Company 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 of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.
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(Continued)

We communicate with the Directors 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Peter Chong & Co.
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/18/J/PH
Chartered Accountant

Date: 14 FEB 2018

Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	97,479	96,116
Deferred tax assets	6	-	299,703
Total non-current assets		97,479	395,819
Current assets			
Receivables	7	6,009,281	2,794,116
Cash and bank balances		1,805,446	1,901,191
Total current assets		7,814,727	4,695,307
TOTAL ASSETS		7,912,206	5,091,126
EQUITY AND LIABILITIES			
Equity attributable to owner of the parent			
Share capital	8	5,500,000	500,000
Accumulated losses		(4,397,683)	(5,028,337)
Total equity		1,102,317	(4,528,337)
Current liabilities			
Payables	9	6,796,889	9,619,463
Tax liability	10	13,000	-
Total current liabilities		6,809,889	9,619,463
TOTAL LIABILITIES		6,809,889	9,619,463
TOTAL EQUITY AND LIABILITIES		7,912,206	5,091,126

The attached notes form an integral part of the financial statements.

ASIAN TRAILS (M) SDN. BHD.
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
REVENUE	11	28,477,785	22,130,895
COST OF SALES	11	(23,790,585)	(19,537,369)
GROSS PROFIT		4,687,200	2,593,526
OTHER OPERATING INCOME		582,412	696,255
MARKETING COSTS		(504,371)	(423,613)
ADMINISTRATIVE EXPENSES		(3,821,884)	(4,370,113)
PROFIT/(LOSS) BEFORE TAXATION	12	943,357	(1,503,945)
TAXATION	10	(312,703)	275,953
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		630,654	(1,227,992)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO OWNER OF THE PARENT		630,654	(1,227,992)

The attached notes form an integral part of the financial statements.

ASIAN TRAILS (M) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owner of the Parent		
	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2016	500,000	(3,800,345)	(3,300,345)
Total comprehensive expense	-	(1,227,992)	(1,227,992)
At 31 December 2016/ 1 January 2017	500,000	(5,028,337)	(4,528,337)
Issuance of shares	5,000,000	-	5,000,000
Total comprehensive income	-	630,654	630,654
At 31 December 2017	5,500,000	(4,397,683)	1,102,317

The attached notes form an integral part of the financial statements.

ASIAN TRAILS (M) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before taxation		943,357	(1,503,945)
Adjustments for:-			
Bad debts written off		6,487	69,936
Depreciation of property, plant and equipment		59,436	159,029
Loss on disposal of property, plant and equipment		200	-
Unrealised (gain)/ loss on foreign exchange		(162,255)	224,824
Operating profit/ (loss) before working capital changes		847,225	(1,050,156)
Receivables		(3,221,652)	1,679,614
Payables		2,339,681	43,627
Net cash (used in)/ generated from operating activities		(34,746)	673,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,000	-
Purchase of property, plant and equipment		(61,999)	(23,967)
Net cash used in investing activities		(60,999)	(23,967)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(95,745)	649,118
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		1,901,191	1,252,073
CASH AND CASH EQUIVALENTS CARRIED FORWARD	15	1,805,446	1,901,191

The above cash flow statement is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

1 GENERAL INFORMATION

The Company is principally engaged in the business of providing holidays, tours and travel services to overseas and local clientele. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The immediate holding company of the Company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company of the Company is Fairfax Financial Holdings Limited, incorporated in Ontario, Canada.

The address of the registered office of the Company is SOHO Suites @ KLCC, Block A2, Level 32-3A, No. 20, Jalan Perak, 50450 Kuala Lumpur.

The principal place of business of the Company is at Suite 7.01, 7th Floor, Wisma Mirama, Jalan Wisma Putra, 50460 Kuala Lumpur.

The Board has authorised the issuance of financial statements on 14 FEB 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act 2016 in Malaysia.

The financial statements have been prepared under historical cost basis except as disclosed in the accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment are depreciated on a straight line basis to write off the carrying amounts of each asset to its remaining useful lives. The useful lives of the property, plant and equipment of the Company are as follows:

	Number of years
Computers	3
Furniture and fittings	5
Motor vehicles	5
Office equipment	5
Renovation	5

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in the other comprehensive income is recognised in the profit or loss.

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(i) Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

However derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(b) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity date later than 12 months after the reporting date which are classified as non-current.

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(ii) Financial liabilities (continued)

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the reporting date are included in current liabilities in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current liabilities in the statement of financial position.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

(iii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

(iv) Derivative financial instruments

Derivative are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in value of financial instruments are recognised in the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired and recognises the impairment loss when such evidence exists.

Financial assets carried at amortised cost

An impairment loss is recognised in the profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(d) Impairment of non-financial assets

The carrying amounts of the Company's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of non-financial assets (continued)

An impairment loss is recognised in the profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(e) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(f) Employee benefits

Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contribution for the local employees to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(h) Taxation and deferred taxation

Income tax on the results for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred taxation liability and asset are accounted for using the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax liabilities and assets are measured at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Taxation and deferred taxation (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profit will be available, such reductions will be reversed.

(i) Revenue recognition

Revenue from rendering of services is measured at the fair value of consideration receivable and is recognised in the profit or loss when it is probable that future economic benefits associated with the transaction will flow to the Company.

Other revenues are recognised on the following bases:

Management fee income is measured at the fair value of consideration receivable and is recognised in the profit or loss when it is probable that the economic benefits associated with the transactions will flow to the Company.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, pledged deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3 MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS"), AMENDMENTS TO MFRSs AND ISSUES COMMITTEE ("IC") INTERPRETATIONS

New and revised MFRSs, Amendments to MFRSs and IC Interpretations which have been issued but not yet effective and relevant to the Company:

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective dates**
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretion 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

It is anticipated that the adoption of the abovementioned Standards will not have significant impact on the financial statements of the Company.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements involved making certain estimates, judgements and assumptions concerning the future. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements. Significant accounting estimates and judgements, where used, have been disclosed in the relevant notes to the financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Cost						
At 1 January 2016	762,248	57,841	98,688	83,715	47,083	1,049,575
Additions	8,879	1,243	-	13,845	-	23,967
At 31 December 2016/ 1 January 2017	771,127	59,084	98,688	97,560	47,083	1,073,542
Additions	50,991	2,827	-	8,181	-	61,999
Disposal	-	-	-	(1,500)	-	(1,500)
At 31 December 2017	822,118	61,911	98,688	104,241	47,083	1,134,041
Accumulated depreciation						
At 1 January 2016	590,070	45,196	87,175	59,976	35,980	818,397
Depreciation charge	124,113	3,562	11,513	10,992	8,849	159,029
At 31 December 2016/ 1 January 2017	714,183	48,758	98,688	70,968	44,829	977,426
Depreciation charge	45,651	3,875	-	9,310	600	59,436
Disposal	-	-	-	(300)	-	(300)
At 31 December 2017	759,834	52,633	98,688	79,978	45,429	1,036,562

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Net carrying amounts						
At 31 December 2017	62,284	9,278	-	24,263	1,654	97,479
At 31 December 2016	56,944	10,326	-	26,592	2,254	96,116

6 DEFERRED TAXATION

	2017 RM	2016 RM
Deferred tax asset at 1 January	299,703	23,750
Transferred from/ (to) profit or loss (Note 10)	(299,703)	275,953
Deferred tax asset at 31 December	-	299,703

The components of deferred tax asset of the Company during the financial year are as follows:

	2017 RM	2016 RM
Temporary differences between accounting depreciation and related capital allowances	-	(14,680)
Unused business losses	-	303,901
Unused capital allowances	-	8,094
Others	-	2,388
	-	299,703

7 RECEIVABLES

	2017 RM	2016 RM
Trade receivables	1,466,719	2,167,584
Other receivables	128,101	204,149
Deposits	120,098	101,498
Prepayments	4,294,363	320,885
	6,009,281	2,794,116

a) The currency exposure profile of the receivables are as follows:

	2017 RM	2016 RM
Ringgit Malaysia	3,712,673	1,264,792
Singapore Dollar	257,885	271,749
US Dollar	861,135	1,088,189
Euro	1,177,588	169,386
	6,009,281	2,794,116

b) The Company's normal trade receivables credit period is 30 days (2016: 30 days).

7 RECEIVABLES (continued)

c) The ageing analysis of the Company's trade receivable is as follows:

	2017 RM	2016 RM
Neither past due nor impaired	843,561	570,362
Past due but not impaired		
- 1 to 30 days	-	618,212
- 31 to 60 days	194,153	320,966
- 61 to 90 days	65,006	289,482
- 90 days and above	363,999	368,562
	623,158	1,597,222
	1,466,719	2,167,584

The Company does not hold any collateral or other credit enhancement over the balances.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivable that is past due but not impaired
Included in trade receivables that are past due but not impaired is unsecured in nature. The Company considers the outstanding amounts are still recoverable and there has not been a significant change in credit quality.

Management periodically monitors the balances and is in the opinion that current allowance is adequate.

d) Included in trade receivables is amount due from related companies amounting to RMNil (2016: RM362,964).

8 SHARE CAPITAL

	2017 Number of shares	2016 Number of shares	2017 RM	2016 RM
Authorised:				
At 31 December				
Ordinary shares	-	500,000	-	500,000
Issued and fully paid:				
At 31 December				
Ordinary shares with no par value (2016: par value of RM1 each)	500,000	500,000	500,000	500,000
Redeemable and convertible preference shares ("RCPS")	5,000,000	-	5,000,000	-
	5,500,000	500,000	5,500,000	500,000

The new Companies Act 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the financial year, the Company increased its issued and paid-up share capital from RM500,000 to RM5,500,000 by the issuance of 5,000,000 redeemable and convertible preference shares ("RCPS") at an issue price of RM1.00 each by the capitalisation of RM5,000,000 on amount due to holding company.

The salient features of the RCPS are as follows:

(a) Holders of the RCPS shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company provided always that holders of the RCPS shall not have the right to vote or to move or second any resolutions at any general meeting of the Company except on each of the following circumstances:-

- on a proposal to reduce or increase the Company's share capital;
- on a proposal for the disposal of the whole of the Company's property, business and undertaking;

8 SHARE CAPITAL (continued)

(a)
- on a proposal that directly or indirectly varies or affects rights, privileges or conditions attached to the RCPS, or the exercise of any of those rights, privileges or conditions;
- on a proposal to wind up the Company; and
- during the winding up of the Company.

(b) In any such case a holder shall have one vote for each RCPS held. Any holder may demand a poll at a general meeting of the Company on any resolution on which that holder may vote.

(c) Each RCPS shall on a winding-up or upon a reduction of capital or other return capital (other than on the redemption or conversion of the RCPS) rank pari passu with each other and confer on the holder thereof the right to receive a pro rata share of the Company's net assets after the payment and discharge of all debts and liabilities of the Company and the costs of winding up or such capital reduction exercise.

(d) The RCPS shall be entitled to receive any dividends out of the profits of the Company and to participate in the profits of the Company at the discretion of the Company.

(e) In the event of winding up or upon reduction of capital beyond such rights as are expressly set out in this Article, an RCPS holder shall be entitled to a pro rata share thereof to participate in the profits or surplus assets of the Company.

(f) The RCPS shall rank pari passu among themselves.

(g) The RCPS in the present capital shall be liable to be redeemed in accordance with the following provisions:

- Subject to the Act, each RCPS shall at the option of the Company be redeemed by payment by the Company in cash to the holder thereof on any date within a period of thirty days from the date of the audited accounts of the Company is accepted by the ordinary shareholders of the Company (the "Redemption Date").

- In the event of the Company determining to redeem a part only of the RCPS those to be redeemed shall be selected by drawings in such manner as the directors shall approve or a rateable proportion (as nearly as practicable without involving fractions of share) of each holding of such shares on the Redemption Date.

8 SHARE CAPITAL (continued)

(g) - No RCPS shall be redeemed otherwise than out of distributable profits or the proceeds of fresh issue of shares made for the purpose of the redemption, but the premium payable on redemption shall be paid either out of distributable profits or, to the extent permitted by law, out of the share premium account of the Company. All the provisions of the Act relating to the redemption of shares and the creation or increase where requisite of a capital redemption reserve shall be duly observed.

- Upon the Company giving notice of its intention to redeem, the Company will be obliged to redeem the RCPS the subject of the notice, on the Redemption Date as specified in the notice.

- Until all the RCPS have been redeemed no further shares may be created and/or issued by the Company ranking in priority to the RCPS unless all the holders consent thereto in writing.

- Until all the RCPS have been redeemed uo further shares may be issued ranking in any respect pari passu with the RCPS unless the holders of not less than three-quarters of the redeemable preference shares in each class consent thereto in writing.

- At the option of the RCPS holders and by notification in writing, convertible shares may be converted into ordinary shares.

- Notwithstanding anything to the contrary expressed or implied in these Articles there shall be no restriction on the transfer of RCPS and the directors shall be obliged to register any transfer of any RCPS.

Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern while maximising the return to shareholders.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

9 PAYABLES

	2017 RM	2016 RM
Trade payables	4,198,511	1,357,335
Other payables	330,068	336,299
Deposits and accruals	1,279,053	985,139
Amount owing to immediate holding company	989,257	6,940,690
	6,796,889	9,619,463

a) The currency exposure profile of the payables are as follows:

	2017 RM	2016 RM
Ringgit Malaysia	5,560,149	1,877,904
Singapore Dollar	65,442	40,038
US Dollar	1,171,298	6,997,699
Swiss Franc	-	703,822
	6,796,889	9,619,463

b) The normal trade credit period granted to the Company ranges from 30 to 90 days (2016: 30 to 90 days).

c) The amount owing to immediate holding company is an unsecured loan which is interest-free and repayable upon demand.

10 TAXATION

	2017 RM	2016 RM
Tax liability at 1 January	-	-
Taxation charge for the financial year	13,000	-
Tax liability at 31 December	13,000	-
The taxation expenses/ (income) comprise:		
Malaysian taxation		
- Based on results for the current financial year	13,000	-
Deferred taxation (Note 6)		
- Based on results for the financial year	238,507	(277,399)
- Over provision in prior year	61,196	1,446
	299,703	(275,953)
	312,703	(275,953)

Reconciliation of tax expenses/ (income) with accounting profit/(loss):

	2017 RM	2016 RM
Profit/(Loss) before taxation	943,357	(1,503,945)
Tax at the current income tax rate at 24%	226,406	(360,947)
Tax saving on lower tax rate granted under The Budget 2017 based on the increase in chargeable income	(51,874)	-
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	72	2,388
- Deferred tax liability not recognised	(9,675)	-
- Non-allowable expenses	125,519	27,200
- Unrealised (gain)/loss on foreign exchange	(38,941)	53,960
Over provision of deferred tax asset in prior years	61,196	1,446
	312,703	(275,953)

Tax saving arising from the utilisation of unused business losses and unused capital allowances brought forward during the financial year amounted to approximately RM253,200 (2016: RMNil).

11 REVENUE AND COST OF SALES

Revenue represents invoiced value of tourism services rendered, net of discount allowed. Cost of sales consists of expenses incurred related to purchase or procurement of hotel, transport, flight and other tourism related services.

12 PROFIT/ (LOSS) BEFORE TAXATION

The following items have been charged/ (credited) in arriving at profit/ (loss) before taxation:

	2017 RM	2016 RM
Auditors' remuneration		
- current year	15,000	15,000
- (over)/under provision in prior year	(4,500)	1,200
Bad debts written off	6,487	69,936
Depreciation of property, plant and equipment	59,436	159,029
Directors' remuneration	472,621	486,423
Loss on disposal of property, plant and equipment	200	-
(Gain)/ Loss on foreign exchange		
- Realised	(510,708)	(3,408)
- Unrealised	(162,255)	224,824
Management fee income	(557,447)	(712,543)
Rental of equipment	30,000	25,000
Rental of premises	193,800	268,000
Staff costs		
- Salary, allowance, wages and bonus	2,557,096	2,128,287
- Employees' Provident Fund	205,768	153,578
- Other employee benefits	91,816	72,346

13 SIGNIFICANT RELATED PARTIES DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the other significant related party disclosures:-

(i) Related parties

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationships with the following:-

(a) Immediate and ultimate holding company as disclosed in Note 1 to the financial statements.

(b) Subsidiary companies held by Fairfax Financial Holdings Limited:

Fairbridge Capital Mauritius Limited
Thomas Cook (India) Ltd.
SOTC Travel Limited
Travel Circle International (Mauritius) Limited
Asian Trails Holding Ltd.

(c) Subsidiary companies held by Asian Trails Holding Ltd.:

Asian Trails Ltd.
Asian Trails (Cambodia) Ltd.
Asian Trails (Laos) Ltd.
Asian Trails (Vietnam) Co. Ltd.
Asian Trails Tour Ltd.
P.T. Asian Trails Indonesia
Chang Som Ltd. (formerly known as Asian Trails Car Shop Co. Ltd.)
Kuoni Destination Management (Beijing) Ltd.

13 SIGNIFICANT RELATED PARTIES DISCLOSURES (continued)

(ii) Related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, transactions with its related parties as follows:

	2017 RM	2016 RM
Professional fee charged by:		
- Asian Trails Ltd.	180,000	378,248

	2017 RM	2016 RM
Sales to related companies:		
- Asian Trails Ltd.	1,213,981	1,313,577
- Asian Trails (Cambodia) Ltd.	-	8,419
- Asian Trails (Vietnam) Co. Ltd.	46,451	8,243
- Asian Trails (Laos) Ltd.	1,280	5,415
- Asian Trails Tour Ltd.	5,125	3,588
- Kuoni Destination Management (Beijing) Ltd.	1,015	-
- P.T. Asian Trails Indonesia	89,890	4,913

(iii) Compensation of key management personnel

The members of key management are also the Directors of the Company. The key management's remuneration includes fees, salaries, bonuses, allowances and other benefits computed based on the cost incurred by the Company. The Directors did not receive other benefits-in-kind. The key managements' remuneration is as follows:

	2017 RM	2016 RM
Directors' remuneration		
- Salaries, bonuses and allowances	472,621	486,423

14 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables ("L&R")
(ii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	L&R/ (FL) RM
2017		
Financial assets		
Receivables	6,009,281	6,009,281
Cash and bank balances	1,805,446	1,805,446
	7,814,727	7,814,727
Financial liabilities		
Payables	(6,796,889)	(6,796,889)
	(6,796,889)	(6,796,889)
2016		
Financial assets		
Receivables	2,794,116	2,794,116
Cash and bank balances	1,901,191	1,901,191
	4,695,307	4,695,307
Financial liabilities		
Payables	(9,619,463)	(9,619,463)
	(9,619,463)	(9,619,463)

14 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management

The Company's financial risk management objective is to ensure that there are adequate financial resources available to meet its operating requirements and managing the associated risks effectively. The Company does not use derivative financial instruments to hedge its risks and trade in financial instruments during the financial year.

The main risks arising from the Company's financial instruments are credit risk, market risk and liquidity risk.

(i) Credit risk

The Company is exposed to credit risk mainly from trade receivables. They are subject to continuous review. At reporting date, the maximum exposure for the Company was represented by the carrying amount of the financial assets.

Trade receivables
In respect of trade receivables, the Company trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Company's exposure to bad debts is kept to a minimum.

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 7.

Deposits, cash and bank balances
Deposits, cash and bank balances are placed with banks and financial institutions which are regulated.

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

14 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Market risk (continued)

Foreign currency risk

The Company incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. Foreign currency risk is monitored closely and managed to an acceptable level.

The net carrying amounts of financial assets and financial liabilities stated at currencies other than the functional currencies are as follows:

	2017 RM	**2016 RM**
Financial assets		
- Trade receivables	2,296,608	1,529,324
Financial liabilities		
- Trade payables	1,236,740	7,741,559

5% and 10% (2016: 5% and 10%) weakening of the Malaysian Ringgit ("RM") against the other currencies at the end of the reporting period would have decreased profit net of tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect of changes in foreign currency against RM	**(Increase)/ Decrease in profit after tax RM**	**(Increase)/ Decrease in equity RM**
2017		
- Weakened by 5%	48,906	48,906
- Weakened by 10%	97,811	97,811

These notes form part of the financial statements.

14 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Market risk (continued)

Foreign currency risk (continued)

Effect of changes in foreign currency against RM	(Increase)/ Decrease in profit after tax RM	(Increase)/ Decrease in equity RM
2016		
- Weakened by 5%	(265,800)	(265,800)
- Weakened by 10%	(617,085)	(617,085)

Conversely, a strengthening of RM against the other currencies at the end of the reporting period would have the equal but opposite effect on the above currency to the amounts shown above assuming that all other variables remained constant.

(iii) Liquidity risk

The Company practices prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual rate %	Contractual cash flows RM	Under 1 year RM
2017				
Payables	6,796,889	-	6,796,889	6,796,889
2016				
Payables	9,619,463	-	9,619,463	9,619,463

These notes form part of the financial statements.

14 FINANCIAL INSTRUMENTS (continued)

(c) Fair values information

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

(i) Cash and cash equivalents, other receivables, other payables and amount due to immediate holding company

The carrying values of these amounts approximate their fair values due to their short term nature.

(ii) Trade receivables and trade payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

(d) Fair value measurement hierarchy

At 31 December 2017 and 31 December 2016, no financial assets and liabilities were carried at fair value.

15 CASH AND CASH EQUIVALENTS

	2017	**2016**
	RM	**RM**
Represented by :		
Cash and bank balances	1,805,446	1,901,191

16 CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise indicated.

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 RM	2016 RM
REVENUE		
Tourism services rendered	28,477,785	22,130,895
COST OF SALES		
Hotel, ticketing and tour package	(23,790,585)	(19,537,369)
GROSS PROFIT	4,687,200	2,593,526
OTHER OPERATING INCOME		
Brochures and collaterals		
- Current year	24,965	23,951
- Over provision in prior years	-	(40,239)
Management fee income	557,447	712,543
	582,412	696,255
	5,269,612	3,289,781
ADMINISTRATIVE EXPENSES	(3,821,884)	(4,370,113)
SELLING AND DISTRIBUTION COSTS	(504,371)	(423,613)
PROFIT/(LOSS) BEFORE TAXATION	943,357	(1,503,945)

The above detailed income statement was prepared for management purposes only and does not form part of the audited financial statements.

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 RM	2016 RM
MARKETING COSTS		
Marketing survey expenses	204,415	118,619
Sales commission	6,292	11,816
Travelling and accommodation	293,664	293,178
	504,371	423,613
ADMINISTRATIVE EXPENSES		
Advertisement	33,526	5,820
Auditors' remuneration		
- current year	15,000	15,000
- (over)/under provision in prior year	(4,500)	1,200
Bad debts written off	6,487	69,936
Bank charges	35,523	29,443
Company trip	-	2,064
Depreciation of property, plant and equipment	59,436	159,029
Directors' remuneration	472,621	486,423
Electricity and water	27,179	28,467
Electronic data processing maintenance fee	45,239	9,668
Gift and donation	6,977	9,835
Insurance and road tax	54,139	66,000
Licence fee	845	145
Loss on disposal of property, plant and equipment	200	-
(Gain)/ Loss on foreign exchange		
- Realised	(510,708)	(3,408)
- Unrealised	(162,255)	224,824
Miscellaneous expenses	4,498	-
Office expenses	23,498	23,315
Parking charges	-	3,416
Penalty	-	10,243
Postage and courier	3,080	7,237
Printing and stationery	29,430	36,748
Professional fees	461,029	398,742
Balance carried forward	601,244	1,584,147

The above detailed income statement was prepared for management purposes only and does not form part of the audited financial statements.

ASIAN TRAILS (M) SDN. BHD.
(Company No : 514802-A)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Continued)

	2017 RM	2016 RM
Balance brought forward	601,244	1,584,147
Rental of equipment	30,000	25,000
Rental of premises	193,800	268,000
Repair and maintenance	2,722	1,667
Staff costs		
- Salary, allowance, wages and bonus	2,557,096	2,128,287
- Employees' provident fund	205,768	153,578
- SOCSO	21,211	16,527
- Staff training	2,545	6,941
- Medical expenses	57,044	8,427
- Staff welfare and refreshment	11,016	32,589
- Staff uniform	-	7,862
Secretarial and filing fees	-	1,225
Stamp duty	-	2,430
Subscription fee	4,549	1,518
Telephone and fax	70,862	69,623
Upkeep of computers	50,803	55,539
Upkeep of office equipment	6,587	3,965
Worker's permit	6,637	2,788
	3,821,884	4,370,113

The above detailed income statement was prepared for management purposes only and does not form part of the audited financial statements.

Asian Trails Holding Ltd.
Balance Sheet as at 31st March, 2018

MANAGEMENT ACCOUNTS ATH

Currency - USD

Particulars	Notes	As at 31st March, 2018
ASSETS		
Non-current assets:		
Other intangible Assets	3	481,709.0
Investment in subsidiaries	4	25,558,098.6
Total non-current assets		**26,039,807.6**
Current assets:		
- Cash and cash equivalents	5(a)	167,081.9
- Other financial assets	5(b)	6,713,983.3
Total current assets		**6,881,065.2**
TOTAL ASSETS		**32,920,872.8**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	1	100,000.0
Other equity		
Reserve and surplus	2	15,383,672.6
Total Equity		**15,483,672.6**
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
Other non-current liabilities		-
Total non-current liabilities		**-**
Current liabilities		
- Trade payables	6(a)	6,737,232.0
- Other financial liabilities	6(b)	10,519,968.3
Employee Benefit Payable	7	180,000.0
Total current liabilities		**17,437,200.2**
TOTAL LIABILITIES		**17,437,200.2**
TOTAL EQUITY AND LIABILITIES		**32,920,872.8**
	Check --->	**0.0**

Summary of Significant Accounting Policies
The above balance sheet should be read in conjunction with the accompanying notes.

May 14th 2018,

Asian Trails Holding Ltd.
Statement of Profit And Loss for the 9 months ended 31st March, 2018

Currency - USD

Particulars	Notes	9 months ended 31st March, 2018
Income		
Other income	8	1,889,666.8
Total income		**1,889,666.8**
Expenses		
Cost of services		-
Employee benefits expense	9	320,170.0
Finance Cost	12	59,971.1
Depreciation and amortisation expense	10	160,569.0
Other expenses	11	519,284.2
Total expenses		**1,059,994.2**
(Loss)/Profit before tax		**829,672.6**
Less : Tax expense		
Current tax	13	96,829.0
Total tax expenses		**96,829.0**
(Loss)/Profit for the year (A)		**732,843.7**

Summary of Significant Accounting Policies
The above statement of profit and loss should be read in conjunction with the accompanying notes.

MAY 14th 2018

Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2

Note 1: Share Capital

	Equity Share Capital#	
Particulars	No of Shares	Amount
AUTHORISED		
As at 30th June, 2017	100,000.0	100,000.0
Increase/(Decrease) during the period		
As at 31st March, 2018	100,000.0	100,000.0

(i) Movement in Equity Share Capital during the Year

Particulars	Equity share capital	
	No of Shares	Amount
As at 30th June, 2017	100,000.0	100,000.0
Add: Addition on account of stock options allotment		
Add: Addition on account of fresh issue, etc		
As at 31st March, 2018	100,000.0	100,000.0

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Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2018

Note 2 Reserves and surplus

Particulars	31st March, 2018
Capital Reserve	
Retained Earnings	15,383,672.6
Total reserves and surplus	**15,383,672.6**

(i) Retained Earnings

Particulars	31st March, 2018
Opening Balance	14,650,828.9
Net Profit For the period	732,843.7
Closing Balance	**15,383,672.6**

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Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2018

Note 3: Intangible Assets:

Particulars	Computer Software
Gross carrying amount	
Opening as at 30th June, 2017	642,278.0
Additions	
Disposals	
Closing gross carrying amount	**642,278.0**
Accumulated amortisation	
Opening as at 30th June, 2017	
Amortisation charge for the year	160,569.0
Disposals	
Closing accumulated amortisation	**160,569.0**
Net carrying amount as at 31st March, 2018	**481,709.0**

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Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2018

Note 4: Investments:

Particulars	31st March 2018
Unquoted Investments - In subsidiaries at cost	25,558,098.6
Total Investments	**25,558,098.6**

Note 5: Financial Assets

5(a) Cash and cash equivalents

Particulars	31st March 2018
Balances with banks :	
In current accounts	167,081.9
Total Cash and cash equivalents	**167,081.9**

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5(b) Other financial Assets

Particulars	Non-current	Current
	31st March 2018	31st March 2018
Receivable from subsidiaries		6,574,303.2
Others		139,680.2
Total Other Financial Assets	-	**6,713,983.3**

Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2018

Note 11: Financial Liabilities:

6(a) Other Financial Liabilities

Particulars	31st March 2018	
	Non-Current	Current
Current		
Current Maturities of Long term debts		10,452,717.0
Others		67,251.3
Total Other Financial Liabilities	-	**10,519,968.3**

6(b)Trade Payables

Particulars	31st March 2018
-Dues of micro enterprises and small enterprises	
-Dues of creditors other than micro enterprises and small enterprises	
(i) Acceptances	
(ii) Other @#	6,737,232.0
Total Trade Payables	**6,737,232.0**

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Asian Trails Holding Ltd.
Notes forming part of the Financial Statements as at and for the 9 months ended 31st March, 2018

Note 7: Employee Benefit Obligations

Particulars	31st March 2018		
	Non-Current	Current	Total
Employee benefits payable		180,000.0	180,000.0
Total	-	**180,000.0**	**180,000.0**

Note 8: Other Income and other gains/(losses)

Other Income

Particulars	31st March 2018
Interest Income	
-On Bank Deposits	(9,772.0)
-On Loan to Subsidiaries	62,005.8
Dividend Income	
-From Subsidiaries	1,337,000.0
Facilities and Support Services fees	500,433.0
Total	**1,889,666.8**

Note 9: Employee Benefit Expense

Particulars	31st March 2018
Salaries Wages and Bonus	320,170.0
Total	**320,170.0**

Note 10: Depreciation and Amortisation Expense

Particulars	31st March 2018
Amortisation on Intangible Assets	160,569.0
Total	**160,569.0**

Note 11: Other Expenses

Particulars	31st March 2018
Audit Fees	4,500.0
Miscellaneous Expenses	514,784.2
Total	**519,284.2**

Note 11 (a): Details of payments to auditors

Particulars	31st March 2018
Payment to auditors	
-Statutory Audit	4,500.0
Total payments to auditors	**4,500.0**

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Note 12: Finance Costs

Particulars	31st March 2018
Interest and finance charges on financial liabilities not at fair value through profit and loss	22,460.3
Other Finance Charges	37,510.8
Total	**59,971.1**

Note 13: Income Tax Expense

Particulars	31st March 2018
Income tax expense	
Current tax	
Current tax on profits for the year	96,829.0
Total current tax expense	**96,829.0**

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Australian Tours Management Pty Ltd

ABN 33 133 085 775

Financial Statements

For the Year Ended 31 December 2017

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Contents
For the Year Ended 31 December 2017

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Directors' Report

Your directors present their report on the company for the financial year ended 31 December 2017:

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names
Eng Waa Teh
Laurent Kuenzle
Marcel Grifoll

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The profit of the company during the financial year after providing for income tax amounted to $448,599 (2016: $156,254).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principle activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activity

Established in Melbourne in 1983, Australian Tours Management (ATM) has built a reputation as one of Australia's leading inbound and destination management service providers. Its acquisition in 2008 by Kuoni Travel Holding Pty Ltd and subsequently by Travel Circle International (Mauritius) Limited in 2017 has provided ATM access to a broad worldwide network in the travel industry.

There has been no significant change in the nature of the entities principal activity during the year.

Directors' Report

Events After the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely Developments

The company expect to maintain the present status and level of operations with a focus on continued growth in volume of inbound tourists and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The company operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Directors' Report

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this Directors' Report.

Signed in accordance with a resolution of the Board of Directors:

....
Eng Waa Teh
Director

....
Laurent Kuenzle
Director

Dated in Melbourne, this day of , 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN TOURS MANAGEMENT PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 31 December 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S. Benbow
Director

Dated this 9th day of March, 2018

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 $	2016 $
Sales revenue	2	**22,751,890**	16,673,127
Cost of sales		**(19,092,406)**	(13,791,435)
Gross profit		**3,659,484**	2,881,692
Interest received		**25,790**	4,742
Administration		**(606,013)**	(529,880)
Depreciation		**(41,289)**	(5,696)
Employee benefits expense		**(2,358,129)**	(2,081,815)
Other expenses		**(36,070)**	(43,879)
Profit before income tax		**643,773**	225,163
Income tax expense		**(195,174)**	(68,909)
Profit after income tax		**448,599**	156,254
Other comprehensive income		**-**	-
Total comprehensive income for the year		**448,599**	156,254

The accompanying notes form part of these financial statements

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Statement of Financial Position
As at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**1,233,331**	485,616
Trade and other receivables	3	**1,951,357**	2,927,467
Advances to related entities		**2,442,595**	1,760,234
Prepaid expense		**552,746**	112,378
TOTAL CURRENT ASSETS		**6,180,029**	5,285,695
NON-CURRENT ASSETS			
Intangible Asset		**63,077**	-
Property, plant and equipment		**25,363**	27,965
Deferred tax assets		**121,432**	103,560
TOTAL NON-CURRENT ASSETS		**209,872**	131,525
TOTAL ASSETS		**6,389,901**	5,417,220
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**2,418,415**	2,543,444
Customer deposits		**291,120**	66,072
Employee benefits provisions		**247,844**	202,377
Deferred revenue		**496,286**	135,172
TOTAL CURRENT LIABILITIES		**3,453,665**	2,947,065
NON-CURRENT LIABILITIES			
Employee benefits provisions		**137,727**	120,245
TOTAL NON-CURRENT LIABILITIES		**137,727**	120,245
TOTAL LIABILITIES		**3,591,392**	3,067,310
NET ASSETS		**2,798,509**	2,349,910
EQUITY			
Issued capital	4	**500,000**	500,000
Retained earnings		**2,298,509**	1,849,910
TOTAL EQUITY		**2,798,509**	2,349,910

The accompanying notes form part of these financial statements

Australian Tours Management Pty Ltd

ABN 33 133 085 775

Statement of Changes in Equity

As at 31 December 2017

	Issued capital $	Retained earnings $	Total $
As at 1 January 2016	500,000	1,693,656	2,193,656
Total comprehensive income	-	156,254	156,254
As at 31 December 2016	500,000	1,849,910	2,349,910
As at 1 January 2017	**500,000**	**1,849,910**	**2,349,910**
Total comprehensive income	**-**	**448,599**	**448,599**
As at 31 December 2017	**500,000**	**2,298,509**	**2,798,509**

The accompanying notes form part of these financial statements

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Statement of Cash Flows
For the Year Ended 31 December 2017

	Note	2017 $	2016 $
Cash from operating activities:			
Receipts from customers		**24,314,163**	15,299,944
Payments to suppliers and employees		**(22,595,066)**	(16,347,230)
Interest received		**25,790**	4,742
Net cash (used by)/provided by operating activities	6	**1,744,887**	(1,042,544)
Cash flows from investing activities:			
Payments for property, plant and equipment		**(101,765)**	(31,295)
Net cash used investing/ financing activities		**(101,765)**	(31,295)
Cash flows from financing activities:			
Advances made related parties		**(895,407)**	(852,063)
Net cash used by financing activities		**(895,407)**	(852,063)
Net increase / (decrease) in cash held		**747,715**	(1,925,902)
Cash at beginning of financial year		**485,616**	2,411,518
Cash at end of financial year		**1,233,331**	485,616

The accompanying notes form part of these financial statements

1 Statement of Significant Accounting Policies

General Information

Australian Tours Management Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its immediate parent company is Kuoni Australia Holding Pty Ltd and its ultimate parent company is Fairfax Financial Holdings Limited.

Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of non-reporting entities under the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to non-reporting entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except cash flow information, have been prepared on an accruals basis and are based on historical costs. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the parent entity.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

1 Statement of Significant Accounting Policies *(continued)*

(a) Income Tax *(continued)*

Deferred tax assets relating to temporary differences are recognized only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity where it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

The company does not pay tax on an individual basis. All the profits are transferred to Kuoni Australia Holding Pty Ltd, the parent entity for the company. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. On this basis the company recognises its own individual income tax liabilities.

(b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1 Statement of Significant Accounting Policies *(continued)*

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie, trade date accounting is adopted).

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method or cost.

(d) Financial Instruments

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate and adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

1 Statement of Significant Accounting Policies *(continued)*

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(f) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts and unpresented cheques are shown in current liabilities on the statement of financial position.

(h) Revenue

The company renders a wide range of travel services. The revenue from rendering these services is recognised in the statement of comprehensive income at the time when the significant risks and rewards are transferred to the customers. This is generally the case on the date of departure or, in the case of destination management activities, on the date of arrival.

Revenue comprises net sales revenues from the tour operating business (after deduction of sales taxes, goods and services tax, discounts and commissions).

Interest revenue is recognised on an effective interest rate basis.

1 Statement of Significant Accounting Policies *(continued)*

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2 Revenue and Other Income

	2017	2016
	$	$
Revenue		
- Sales: external parties	**16,148,558**	14,469,250
- Sales: related parties	**6,603,332**	2,203,877
	22,751,890	16,673,127

3 Trade and Other Receivables

Trade receivables – external parties	**667,808**	804,308
Trade receivables – related entities	**1,284,454**	2,132,159
Less: provision for doubtful debts	**(905)**	(9,000)
	1,951,357	2,927,467

4 Issued Capital

The company has 500,000 ordinary fully paid shares (2016: 500,000). Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2017 $	2016 $

5 Remuneration of Auditor

Audit of the financial statements	**13,660**	14,900

6 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2017 $	2016 $
Profit/(loss) after income tax	**448,599**	156,254
Cash flows excluded from profit / (loss) attributable to operating activities		
Non-cash flows in profit / (loss):		
Depreciation	**41,289**	5,696
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables and prepayments	**535,742**	(1,072,783)
Increase/(decrease) in trade payables and accruals	**674,179**	(161,130)
Increase in provisions	**62,950**	38,297
Decrease in deferred taxes	**(17,872)**	(8,878)
Cash flow from operations	**1,744,887**	(1,042,544)

7 Events After the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

8 Contingent Liabilities

Australian Tours Management Pty Ltd are currently in proceedings brought against it by Tour Plan Pacific Ltd and Tourplan Central Services Ltd regarding the Passion software. The claim was filed in the Commercial List of the High Court in Auckland in April 2016. The parties are currently working through interlocutory steps and do not yet quantify the loss, if any, that may result as a consequence of the proceedings. Tourplan has made an offer in January 2018 to extinguish the legal proceedings if the company agrees to revert back to using Tourplan in place of Passion as part of the arrangement.

9 Commitments

The company has entered into an operating lease agreement for their premises at 28 Victoria Street, Carlton for a period of 12 months commencing 1 November 2017.

	2017	2016
	$	$
Within one year	**148,856**	143,130
After one year but not more than five years	**-**	-
Less: provision for doubtful debts	**-**	-
	148,856	143,130

Australian Tours Management Pty Ltd
ABN 33 133 085 775

Directors' Declaration

In accordance with a resolution of the directors of Australian Tours Management Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards to the extent described in Note 1; and

   (b) give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

....

Eng Waa Teh
Director

....

Laurent Kuenzle
Director

Dated in Melbourne, this day of , 2018

Australian Tours Management Pty Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Tours Management Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

William Buck

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the directors' 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 report 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Dated this 9th day of March, 2018

ASIAN TRAILS CO., LTD.
(Incorporated in Cambodia)

REPORT OF INDEPENDENT AUDITORS
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Corporate Information

Company:	Asian Trails Co., Ltd.
Registration No:	Co. 576 E 1999
Registered office:	#22 Street 294, Boeng Keng Kang I Khan Chamkarmon Phnom Penh Kingdom of Cambodia
Shareholders:	Asian Trails Holding Limited Mrs. Khiev Bophaphuong
Director:	Ms. Veronique Ducassy
Principal Banker:	Cambodian Public Bank Plc
Auditors:	Fii&Associates Co., Ltd

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

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DIRECTORS' REPORT

The directors hereby submit their report and audited financial statements of Asian Trails Co., Ltd. (the "Company") for the year ended 31 December 2017.

Principal activities

The principal activities of the Company comprise of the operation of inbound tours package and other related services. There have been no significant changes in the nature of principal activities during the financial year.

Results

	US$
Net loss for the year	(42,795)
Retained earnings at beginning of the year	(97,092)
Accumulated loss at end of the year	(139,887)

Reserves and provisions

There were no material transfers to or from reserves and provision during the financial year other than the amount as disclosed in the financial statements.

Bad and doubtful debts

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company.

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DIRECTORS' REPORT (continued)

Current assets

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent liabilities

At the date of this report, there does not exist:

(i) Any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) Any contingent liability in respect of the Company that has arisen since the end of the financial period.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the liability of the Company to meet its obligations when they fall due.

Changes of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

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DIRECTORS' REPORT (continued)

Items of an unusual nature

The result of the operation of the Company for the financial year were not, in the opinion of the directors, materially affected by any items, transactions or event of material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the directors, to effect substantially the results of the operations of the Company for the current year in which this report is made.

Directors

The directors who served at the date of this report are as follows:

1.	Ms. Veronique Ducassy	Chairman and Managing Director
2.	Ms. Khiev Bophaphuong	Director
3.	Mr. Marcel Grifoll	Director
4.	Mr. Laurent Kunzle	Director
5.	Mr. Lersan Misitsakul	Director

Directors' interests

With the exception of Ms Khiev Bophaphuong who holds fifty shares of the Company, none of the directors held or dealt in the shares of the Company.

Directors' benefits

During and at the end of the financial year, no arrangement subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no directors of the Company have received or become entitled to receive benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by directors) by reason of a contract made by the Company with the directors or firm of which the director is member, or a Company in which the directors has a substantial financial interest, other than as disclosed in the financial statements.

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DIRECTOR REPORT (continued)

Statements of directors' responsibility in respect of financial statements

The Board of Directors is responsible to ensure that the financial statements for each financial year are properly drawn up so as to give true and fair view of the state of affairs of the Company and of its results of operations and cash flows for that year. In preparing those financial statements, the Board of Directors is required to:

I) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ii) comply with the disclosure requirement of international accounting bodies and the guidelines issued by the Ministry of Economy and Finance of the Kingdom of Cambodia or, if there have been any departures in the interests of true and fair presentation, this has been appropriately disclosed, explained and quantified in the financial statements;

iii) maintain adequate accounting records and effective system of internal control;

iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and

v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

Signed in accordance with a resolution of the Board of Directors.

V. Ducassy

ASIAN TRAILS CO.,LTD

Veronique Ducassy
Managing Director

Date: 12/01/2018

Fii&Associates

towards maximum growth

Independent auditors' report

To the shareholders

Asian Trails Co., Ltd.

(Incorporated in Cambodia)

Adverse opinion

We have audited the accompanying financial statements of Asian Trails Co., Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the 'Basis for Adverse Opinion' paragraph below, the accompany financial statements do not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs).

Basis for adverse opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibility under those standards are further described in the Auditor's 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' Code of Ethics for Professional Accountants (IESBA Code), 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 adverse audit opinion.

In arriving at our adverse opinion, attention was drawn from the following matters:

i) Since the establishment, the Company has been paying its tax liabilities on an estimated basis and in 2017, the Company has increased its tax payment significantly in an attempt to close the gap of noncompliance. However, it was still not in full compliance with the applicable tax rules and regulation in force in the Kingdom of Cambodia.

ii) Note 18 to the financial statements, the Company has been under the comprehensive tax audit by the General Tax Department (GDT) and has cleared its tax liability for up to financial year ended 31 December 2014. The financial years ended 31 December 2015, 2016 and 2017 have not yet been under the comprehensive tax audit by the GDT and the provision for taxation of the remaining open tax years have not been made by the Company in its financial statements. The underpaid tax amount including penalty and interest for the under-declared transactions related to the financial years ended 31 December 2017 and 2016, which were not adjusted by the Company in its financial statements, were estimated at approximately US$2,223,000 (2017: US$1,256,000 and 2016: US$967,000). 57% of the total estimated tax exposure amount is from Value Added Tax (VAT), the net between VAT output from sales with VAT input from purchases where most of the Company's suppliers are not VAT registered. Currently the VAT imposed on the service is 10% of the Company's turnover.

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Basis for adverse opinion (continued)

It is also critical to highlight that due to the application of tax laws and regulations is susceptible to varying interpretations, the estimated underpaid tax amount as mentioned above could be changed upon the final determination by the GDT.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS for SMEs, 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 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 reporting process.

Auditors' Responsibility 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 CISAs 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 audit in accordance with CISAs, 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 effective of the Company's internal control.

Independent auditors' report (continued)

To the shareholders

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Auditors' Responsibility for the Audit of the Financial Statements (continued)

- 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 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' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 date of our auditor's report. However, future events or condition 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 disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For **Fii&Associates Co., Ltd.**

Fii&Associates Co., Ltd.

Heng Seida
Managing Partner

Phnom Penh, Kingdom of Cambodia

Date: 12 January 2018

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Statement of financial position
As at 31 December 2017

	Note	31-Dec-17		31-Dec-16 (As restated)	
		US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Assets					
Current assets					
Cash and cash equivalents	5	497,048	2,006,583	510,980	2,062,826
Trade receivables	6	1,048,319	4,232,064	529,260	2,136,623
Ticket and other stocks		17,307	69,868	59,813	241,465
Other receivables	7	601,656	2,428,885	501,693	2,025,335
Total current assets		**2,164,330**	**8,737,400**	**1,601,746**	**6,466,249**
Non-current assets					
Property, plant and equipment	8	47,982	193,703	60,557	244,469
Intangible assets	9	-	-	-	-
Guarantee deposit		5,000	20,185	5,000	20,185
Total non-current assets		**52,982**	**213,888**	**65,557**	**264,654**
Total assets		**2,217,312**	**8,951,288**	**1,667,303**	**6,730,903**
Liability					
Current liability					
Trade payables	10	372,215	1,502,632	155,964	629,627
Other payables	11	1,656,894	6,688,881	1,228,926	4,961,174
Provision for salary tax	12	78,090	315,249	129,505	522,812
Total liability		**2,107,199**	**8,506,762**	**1,514,395**	**6,113,613**
Equity					
Share capital	13	250,000	1,012,250	250,000	1,012,250
Accumulated losses		(139,887)	(478,388)	(97,092)	(305,284)
Currency translation	2.4	-	(89,336)	-	(89,676)
Total equity		**110,113**	**444,526**	**152,908**	**617,290**
Total equity and liability		**2,217,312**	**8,951,288**	**1,667,303**	**6,730,903**

The accompanying notes on pages 12 to 27 form an integral part of this financial statements.

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Statement of comprehensive income
For the year ended 31 December 2017

		31-Dec-17		31-Dec-16	
	Note	**US$**	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Revenue	14	6,331,564	25,611,176	5,582,036	22,623,992
Cost of sales	15	(5,060,906)	(20,471,365)	(4,451,898)	(18,043,543)
Gross profit		1,270,658	5,139,811	1,130,138	4,580,449
Other income	16	34,327	138,853	37,055	150,184
Employee salaries and benefit		(720,382)	(2,913,944)	(727,765)	(2,949,632)
Depreciation and amortization		(19,697)	(79,674)	(19,493)	(79,005)
Other operating expenses	17	(607,701)	(2,458,150)	(776,089)	(3,145,488)
Loss before tax		(42,795)	(173,104)	(356,154)	(1,443,492)
Income tax	18	-	-	-	-
Net loss for the year		**(42,795)**	**(173,104)**	**(356,154)**	**(1,443,492)**

The accompanying notes on pages 12 to 27 form an integral part of this financial statements.

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Statement of changes in equity for the year ended 31 December 2017

	Share Capital		Accumulated losses		Currency translation		Total	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)	US$	KRR'000 (Note 2.4)
As at 1 January 2016	250,000	1,012,250	259,062	1,138,208	-	-	509,062	2,061,191
Net profit/(Loss) for the year	-	-	(356,154)	(1,443,492)	-	-	(356,154)	(1,443,492)
Currency translation	-	-	-	-	-	(409)	-	(409)
As at 31 December 2016	**250,000**	**1,012,250**	**(97,092)**	**(305,284)**	**-**	**(89,676)**	**152,908**	**617,290**
Net profit/(Loss) for the year	-	-	(42,795)	(173,104)	-	-	(42,795)	(173,104)
Currency translation	-	-	-	-	-	340	-	340
As at 31 December 2017	**250,000**	**1,012,250**	**(139,887)**	**(478,388)**	**-**	**(89,336)**	**110,113**	**444,526**

The accompanying notes on pages 12 to 27 form an integral part of this financial statements.

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Statement of cash flows
For the year ended 31 December 2017

	31-Dec-17		31-Dec-16 (As restated)	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash flows from operating activities				
Profit/(Loss) before tax	(42,795)	(173,104)	(356,154)	(1,443,492)
Adjustment for non-cash income and expenses:				
Depreciation and amortization of assets	19,697	79,674	19,493	79,005
Gain on disposal of fixed assets	(440)	(1,780)	(6,625)	(26,745)
Changes in operating assets and liabilities				
Trade receivables	(519,059)	(2,095,441)	22,300	90,025
Tickets and other stocks	42,506	171,597	6,800	27,452
Other receivables	(92,923)	(375,130)	(319,719)	(1,221,172)
Trade payable	216,251	873,005	(139,508)	(563,194)
Provision for salary tax	369,513	1,491,724	772,317	3,117,844
	(7,250)	(29,455)	(1,096)	59,723
Income tax paid	-	-	-	-
Net cash (used in) /generated from Operating activities	**(7,250)**	**(29,455)**	**(1,096)**	**59,723**
Cash flows from investing activities				
Proceed from sale of equipment	575	2,321	14,000	56,518
Purchase of properties and equipment	(7,257)	(29,297)	(62,525)	(252,413)
Net cash used in investing activities	**(6,682)**	**(26,976)**	**(48,525)**	**(195,895)**
Net decreased in cash and cash Equivalents	**(13,932)**	**(56,431)**	**(49,621)**	**(136,172)**
Cash and cash equivalents:				
At beginning of the year	510,980	2,062,826	560,601	2,269,874
Currency translation		188	-	(70,876)
Cash and cash equivalents at end of Period	**497,048**	**2,006,583**	**510,980**	**2,062,826**

The accompanying notes on pages 12 to 27 form an integral part of this financial statements.

1. Reporting entity

Asian Trails Co., Ltd ("the Company") is a private limited company incorporated in the Kingdom of Cambodia on 1 June 1999 under the registration number Co. 576 E 1999 issued by the Ministry of Commerce. The Company has its head office located in Phnom Penh and two branches located in Siem Reap and Battambang provinces, respectively.

The principal activities of the Company are provision of inbound package tours and its related services.

The Company's head office is located in Phnom Penh at House # 22, Street 294, Sangkat Boeng Keng Kang I, Khan Chamkarmon.

As at 31 December 2017, the Company had 73 employees (2016: 72 employees).

The ultimate holding company is Thomas Cook (India).

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

These financial statements were approved by the Board of Directors and authorised for issue on 12 January 2018.

2.2 Fiscal year and reporting period

The Company's fiscal year starts on 1 January and ends on 31 December.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts primarily in United States Dollars ("US$"), management have determined the US$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than US$ are translated into US$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US$ at the reporting date are translated into US$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

2. Basis of preparation (continued)

2.4 Functional and presentation currency (continued)

In compliance with the requirements of Cambodian Law, the financial statements are presented in KHR. The assets and liabilities for each financial position presented are translated at the closing rate ruling at each financial position date, whereas income and expenses items for each income statement presented are translated at the average rate for the year then ended. All resulting exchange differences are recognized as a separate component of equity. All values in KHR are rounded to the nearest thousand ("KHR'000"), except if otherwise indicated.

The financial statements are presented in KHR based on the following applicable exchange rate per US$1:

	2017	2016
Closing rate	4,037	4,037
Average rate	4,045	4,053

These translations are for compliance purposes only and should not be construed as presentations that the KHR amounts have been, could be, or could in the future be, converted into US$ at this or any other rate of exchange.

3. Summary of significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.2 Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

3. Summary of significant accounting policies (continued)

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost is calculated using a weighted average cost method, and includes the original purchase cost, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

3.4 Property and equipment

(i) Recognition and measurement

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

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated using the straight-line method on all property and equipment to allocate their cost to their residual values over their estimated useful lives as follows:

Leasehold improvement	20% to 100%
Furniture and fixtures	6.66% to 100%
Office and IT equipment, EDP equipment	20% to 100%
Vehicles	20%

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.

3. Summary of significant accounting policies (continued)

3.5 Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated amortisation and any accumulated impairment losses. The cost is amortized on a straight-line method at the rate of 33% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

3.6 Impairment of assets

At each reporting date, property, plant and equipment and intangible assets 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.

3.7 Trade and other payables

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method except for non-interest bearing trade payables on the basis of normal credit terms are not amortised.

3.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

3. Summary of significant accounting policies (continued)

3.9 Revenue

Revenue is recognized on an accrual basis to the extent that it is possible that the economic benefit will flow to the Company and the revenue can be reliably measured. For monthly and annual cut-off purposes, revenue is recognized on the first day of arrival of each group of tour in Cambodia and the related cost of sales is immediately accrued based on standard costing to match this early revenue recognition.

3.10 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.

3.11 Employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

3.12 Related parties

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including Directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

3. Summary of significant accounting policies (continued)

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

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.

3.14 Dividends distribution

Dividends distribution to the Company's shareholders is recognized as liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of failure events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4 Critical accounting estimates and judgements (continued)

(i) Income and other taxes

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

(ii) Property and equipment

Accounting for property, plant and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgement.

(iii) Allowance for doubtful debts

Management establishes allowance for doubtful debts on a case-by-case basis when they believes collection of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial condition of customer were deteriorate, resulting in impairment of inability to make the required payments, allowance may be required to be made for such receivable.

5. Cash and cash equivalents

	31-Dec-2017		31-Dec-2016 (As restated)	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash on hand	46,636	188,270	46,654	188,343
Cash at bank:				
Demand deposits	450,412	1,818,313	464,326	1,874,483
	497,048	2,006,583	510,980	2,062,826

Asian Trails Co., Ltd.
(Incorporated in Cambodia)

Notes to the financial statements (continued)
For the year ended 31 December 2017

6. Trade receivables

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Trade receivables – 3rd parties	896,460	3,619,010	434,078	1,752,373
Trade receivables – related parties (note 19.2)	151,859	613,054	95,182	384,250
	1,048,319	4,232,064	529,260	2,136,623

7. Other receivables

	31-Dec-2017		31-Dec-2016 (As restated)	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Deposits to suppliers	301,910	1,218,811	256,479	1,035,406
Refundable deposit	27,871	112,515	43,177	174,306
Prepayment and others	8,636	34,864	22,981	92,774
Balance due from related parties (note 19.2)	37,033	149,502	17,224	69,533
Advance to employees	3,979	16,063	4,509	18,203
Fixed deposit (*)	7,040	28,420	7,040	28,420
Other advances	215,187	868,710	150,283	606,693
	601,656	2,428,885	501,693	2,025,335

(*) The fixed deposit is for the period of 12 months, matures on 30 July 2018 and earns an interest rate of 4% per annum.

8. Property, plant and equipment

	Leasehold improvement	Furniture & fixtures	Office equipment	Vehicles	Total
Cost	US$	US$	US$	US$	US$
1 January 2017	66,022	30,078	83,603	78,110	257,813
Additions	-	2,470	4,787	-	7,257
Disposal	-	(991)	(2,575)	-	(3,566)
31 December 2017	**66,022**	**31,557**	**85,815**	**78,110**	**261,504**
Accumulated depreciation					
1 January 2017	65,169	24,033	67,919	40,135	197,256
Charge during the year	493	2,306	8,300	8,598	19,697
Disposal	-	(856)	(2,575)	-	(3,431)
31 December 2017	**65,662**	**25,483**	**73,644**	**48,733**	**213,522**
Carrying amount					
At 31 December 2017	**360**	**6,074**	**12,171**	**29,376**	**47,982**
At 31 December 2016	**853**	**6,045**	**15,684**	**37,975**	**60,557**
Depreciation charge in year 2016	729	1,819	10,454	6,491	19,493
At 31 December 2017 (KHR'000)	**1,453**	**24,521**	**49,134**	**118,591**	**193,703**
At 31 December 2016 (KHR'000)	**3,444**	**24,404**	**63,316**	**153,305**	**244,469**

9. Intangible assets

	31-Dec-2017 US$
Cost	
1 January 2017	50,324
Additions	-
31 December 2017	**50,324**
Accumulated depreciation	
1 January 2017	50,324
Charge during the year	-
31 December 2017	**50,324**
Carrying amount	
At 31 December 2017	-
At 31 December 2016	-
Amortization charge in year 2016	-
At 31 December 2017 (KHR'000)	-
At 31 December 2016 (KHR'000)	-

10. Trade payables

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Trade payables – 3rd parties	369,717	1,492,548	143,274	578,397
Trade payables – related parties (note 19.2)	2,498	10,084	12,690	51,230
	372,215	1,502,632	155,964	629,627

11. Other payables

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Accrued standard cost	555,205	2,241,364	713,584	2,880,739
Advance from clients	692,093	2,793,979	381,045	1,538,279
Loan and accrued interest with related parties (note 19.2)	201,263	812,499	-	-
Salaries, bonuses and other payables	55,502	224,060	14,601	58,944
Accrued commission	41,909	169,187	22,251	89,827
Royalty payable	-	-	38,358	154,851
Provident fund (*)	22,923	92,540	22,923	92,540
Other payables	18,490	74,645	24,547	99,096
Accrued others	69,509	280,607	11,617	46,898
	1,656,894	6,688,881	1,228,926	4,961,174

(*) Movements of provident fund during the year are as follows:

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Balance at beginning of year	22,923	92,540	22,923	92,815
Currency translation	-	-	-	(275)
Balance at end of year	22,923	92,540	22,923	92,540

12. Provision for salary tax

This represents a general provision for future tax settlement. Movements in provision contingencies are as follows:

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Balance at beginning of year	129,505	522,812	55,587	225,072
Addition during the year	(51,415)	(207,563)	73,918	297,740
Currency translation	-	-	-	-
Balance at end of year	78,090	315,249	129,505	522,812

13. Share capital

	31 December 2017			31 December 2016		
	Number	US$	KHR'000	Number	US$	KHR'000
Registered:						
Ordinary shares of US$25 each	1,000	250,000	1,012,250	1,000	250,000	1,012,250
Issued and paid-up:						
Ordinary shares of US$25 each	1,000	250,000	1,012,250	1,000	250,000	1,012,250

14. Revenue

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Sales to 3rd parties	4,706,219	19,036,656	4,204,716	17,041,714
Sales to related parties (note 19.1)	1,625,345	6,574,520	1,377,320	5,582,278
	6,331,564	25,611,176	5,582,036	22,623,992

15. Cost of sales

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cost of sales	5,060,906	20,471,365	4,451,898	18,043,543

16. Other income

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Interest income	652	2,637	4,186	16,966
Shopping commission	3,713	15,019	2,485	10,072
Gain on disposal of property and equipment	440	1,780	6,625	26,851
Other income	29,522	119,417	23,759	96,295
	34,327	138,853	37,055	150,184

17. Other operating expenses

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Administrative expenses	317,876	1,285,808	257,478	1,043,558
Office expenses	142,460	576,251	144,153	584,252
Sales and marketing expenses	66,745	269,983	55,640	225,509
Consulting fees	24,070	97,363	36,666	148,607
Provision for other tax expenses	22,656	91,643	61,956	251,108
Communication expenses	15,860	64,154	12,459	50,496
Bank charges	13,349	53,997	14,998	60,787
Royalties' expenses	4,685	18,951	83,024	336,496
Tax reassessment (note 18)	-	-	109,378	443,309
Bad debt write off	-	-	337	1,366
	607,701	2,458,150	776,089	3,145,488

18. Income tax and provision for taxation

In 2016, the Company has been under the comprehensive audited by General Tax Department (GDT) for fiscal year 2011 to 2014 and as a result, the GDT has issued tax assessment imposed on the Company amounting to KHR441,560,593 (underpaid tax base KHR199,698,271, penalty KHR81,879,309 and interest KHR159,983,013) or equivalent to US$109,378 (using 2016 closing exchange rate). The Company have already settled the amount due and cleared its tax liability for up to financial year ended 31 December 2014.

18. Income tax and provision for taxation (continued)

The financial years ended 31 December 2015, 2016 and 2017 have not yet been under the comprehensive tax audit by the GDT yet and the provision for taxation of these three remaining open tax years have not been made by the Company in its financial statements. The underpaid tax amount for transactions related to the financial years ended 31 December 2017 and 2016, which were not adjusted by the Company in its financial statements, were estimated at approximately US$2,223,000 (2017: US$1,256,000 and 2016: US$967,000).

It is also critical to highlight that due to the application of tax laws and regulations is susceptible to varying interpretations, the estimated underpaid tax amount as mentioned above could be changed upon the final determination by the GDT.

19. Related party transactions and balances

19.1 Transactions with related parties

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Revenue:				
Asian Trails Ltd. (Thailand)	1,019,133	4,122,393	785,722	3,184,531
Asian Trails Ltd. (Vietnam)	579,008	2,342,087	582,528	2,360,986
Asian Trails Ltd. (Laos)	27,204	110,040	9,070	36,761
	1,625,345	6,574,520	1,377,320	5,582,278

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Expenses:				
Royalties' expenses to Asian Trails Holding	4,685	18,951	83,024	336,496
Management fees to Asian Trails Holding	181,879	735,701	115,585	468,466
Interest expense to Asian Trails Holding	1,263	5,099	-	-
Director's remuneration	160,351	648,620	146,145	592,326
	348,178	1,408,371	344,754	1,397,288

19. Related party transactions and balances (continued)

19.2 Balances with related parties (continued)

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Trade receivables:				
Asian Trails Ltd. (Thailand)	94,497	381,484	66,989	270,435
Asian Trails Ltd. (Vietnam)	57,362	231,570	28,193	113,815
Asian Trails Ltd. (Myanmar)	-	-	-	-
	151,859	613,054	95,182	384,250
Other receivables:				
Amount due from Asia NextGen Pte Ltd. (*)	37,033	149,502	17,224	69,533

(*) Amount due from Asia NextGen Pte Ltd. is for holding bank account with DBS Bank Ltd. on behalf of Asian Trails Co., Ltd.

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Trade payables:				
Asian Trails Ltd. (Thailand)	2,066	8,340	6,328	25,547
Asian Trails Ltd. (Vietnam)	432	1,744	6,362	25,683
	2,498	10,084	12,690	51,230
Other payables:				
Loan from Asian Trails Holding Ltd. (**)	200,000	807,400	-	-
Accrued interest on loan	1,263	5,099	-	-
	201,263	812,499	-	-

(**) Loan from Asian Trails Holding Limited is for the period of 12 months ending 10 August 2018, unsecured and bear interest rate of 1.53% per annum.

20. Commitments under operating leases

	31-Dec-2017		31-Dec-2016	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Within 1 year	42,000	169,554	52,800	213,154
Within 2- 5 years	58,800	237,376	59,600	240,605
	100,800	406,930	112,400	453,759

21. Taxation contingencies

The Company's tax returns are subject to examination by the General Department of Taxation (GDT). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amount reported in the financial statements could be changed upon the final determination by the GDT.

22. Comparative figures

The following comparative figures has been reclassified to conform to the current reporting presentation:

	31-12-2016			
	As restated		As previously stated	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash and cash equivalents (note 5)				
Demand deposits	464,326	1,874,483	481,550	1,944,017
Other receivables (note 7)				
Amount due from Asia NextGen Pte Ltd.	17,224	69,533	-	-

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L A A C SOLE CO., LTD.

AT Laos Company Limited

Financial Statement and Auditors' Report

For the year ended 31 December 2017

House #1,Phonsaath Village, Unit 1, Saysettha District,Vientiane Capital
Mobile: (856 20) 55548577
Email: lomphet9@yahoo.com

AT LAO COMPANY LIMITED

FINANCIAL STATEMENT AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Contents

Corporate information

Company name	AT Lao Company Limited
Registered office	The Company's registered office is located at Unit 10 Ban Khuntathong, SikhottabongDistrict, Vientiane City, Lao PDR. In addition the Company has branches office in LuangPrabang and Pakse.

AT LAO Co., LTD is a subsidiary company of the Asian Trails group that has Headquarters office in Bangkok and that financial management is under supervision of Bangkok office.

Managing Director	Mr. Philippe Conod
Auditors	LAAC Sole Company Limited

AT LAO COMPANY LIMITED

Letter of the Board of Directors

The Board of Directors of AT LAO Co., LTD ("the Company") submits its report together with the audited separate financial statements of AT LAO Co., LTD ("the Company") for the year ended 31 December 2017.

The Company Profile

AT LAO Co., LTD is a subsidiary company of the Asian Trails Group that has headquarters office in Bangkok and that financial management is under supervision of Bangkok office.

Asian Trails has commenced its tourist business in Laos from November 2002 by sending tourist group tour to Lao Asian Trails. Due to Laos Asian Trails failed to implement agreement, from 2003 Asian Trails has changed from Laos Asian Trails then had cooperation with Say Nam Houng. From 2003 to 2006, Say Nam Houng has tried to obtain a Joint venture business license between Asian Trails and Say Nam Houng but was not successful.

From September 2006, Asian Trails changed from Say Nam Houng to come into partnership with Green Discovery and had run its business on the name of Green Discovery and that Green Discovery had run application for a Joint Venture business between Asian Trails and Green Discovery

The Company AT LAO CO., LTD. is a joint venture business between Asian Trials and Green Discovery. It was granted an authorization to establish its business in Laos as a Tourist Operator. With Foreign Investment License dated 23 February 2007 issued by the Ministry of Planning and Investment. Business license No. 5871 dated 28 May 2009, issued by the Ministry of Industry and Commerce, and Tourism-License No. 83 dated 27 13 Dec 2017 Issued by the Municipal Department of Information, Culture and Tourism, Ministry of Information, Culture and Tourism, Laos

Principal activities

The Company's principle activities included sales tour packages and provide services to tour group come into Lao and in bound.

The Board of Directors and Managing Director

The members of the Board of Directors of the Company during the period are as follows:

Mr. Philippe Conod (PC)	Managing Director, appointed by ATH
Mr. Lersan Misitsankul (LM)	Director, appointed by ATH
Mr. Laurent Kuenzle (LK)	Director, appointed by ATH
Mr. Inthy Deuansavan (ID)	Director (proxy to LK)

Managing Director

Mr. Philippe Conod

Auditors

The financial statements have been audited by the LAAC Co., Ltd.

The Board of Directors is responsible for the preparation the financial statements which have been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial statements. In preparing these financial statements, the Board of Directors is required to:

(i)	adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
(ii)	comply with the disclosure requirements of Asian Trails and International Accounting Standard or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements.
(iii)	maintain adequate accounting records and an effective system of internal controls;
(iv)	prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying balance sheet, statement of income and statement of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2017 and of its results of operations and cash flows for the year ended 31 December 2017 in accordance with the accounting policies that meet the requirements of Asian Trails that complies with International Financial Report Standards as set out in Note 2.

On behalf of the Board of Directors

Mr.Philippe Conod
Managing Director

Phouangsy Phommixay
Finance Manager

Kaison Rd, House 01, Phonsaath Village, Xaisettha District, Vientiane Lao PDR
Tel/Fax : 021-450950; Mobile 020 23173999, 020 55629147; email: lomphet9@yahoo.com/ lomphet.p@gmail.com

**REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD DIRECTORS AND SHAREHOLDERS OF
AT LAO COMPANY LIMITED**

We have audited the accompanying financial statements of AT LAO Co., LTD which comprise the balance sheet as at 31 December 2017 and the income statement, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

This report, including the opinion, has been prepared for and only for the Board of Directors and shareholders of the company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other persons to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Company management's policy is to prepare the accompanying financial statements on the accrued basis of accounting as described in Note 2 to the financial statements.

Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements have been prepared and presented free of material misstatement, in the financial position of AT LAO COMPANY LIMITED as at December 31, 2017 and result of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

LAAC Accounting Consultancy, Auditing Sole Co., Ltd.

Director

ການ ບໍລິສັດ ແອລເອເອຊີ ຈຳກັດ LAA CO.,LTD

Mr.Lomphet Phongsavanh

Date: 12 Jan 2018

AT LAO COMPANY LIMITTED

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	31-Dec-17 USD	31-Dec-16 USD
Assets			
Current			
Cash and cash equivalents	4	309,569	336,732
Trade and other receivables	5	357,762	368,535
Prepaid Expenses	5	135,927	-
Non-current			
Fixed asset	3	75,406	112,866
TOTAL ASSET		**878,664**	**818,133**
Liabilities			
Current			
Accrued standard cost	6	519,135	278,216
Trade and other payables	6	70,934	199,543
Accrued payments	6	22,048	43,015
Current tax liabilities	7	15,582	10,889
Total liability		**627,699**	**531,663**
Equity			
Share capital	8	200,000	200,000
Accumulated profit	8	86,470	118,323
Profit current year		(35,505)	(31,853)
Total equity		**250,965**	**286,470**
TOTAL Liability and Equity		**878,664**	**818,133**

AT LAO COMPANY LIMITTED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Revenue		2,397,355	2,574,550
Cost of sales		(1,919,739)	(1,996,541)
Gross profit		**477,616**	**578,309**
Personnel expenses		(344,618)	(398,875)
Marketing & Advertising expenses		(18,144)	(25,621)
Other Operating Expenses		(174,441)	(139,131)
Depreciation expenses		(29,931)	(33,095)
EBITA		**(89,518)**	**(103,352)**
Amortization of Goodwill			
EBIT		**(89,518)**	**(103,352)**
Management Fee		-	(38,618)
Financial Result		83,340	142,329
Profit before tax		**(6,178)**	**359**
Income Taxes		(29,327)	(32,212)
Net Profit		**(35,505)**	**(31,853)**

AT LAO COMPANY LIMITTED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	**Accumulated**	**Total Equity**
	USD	**USD**	**USD**
Balance at 1 January 2017	**200,000**	**86,470**	**286,470**
Dividend from net profit 2016		-	-
Share contribution 2016		-	-
Profit current year		(35,505)	**(35,505)**
31-Dec-17	**200,000**	**50,965**	**250,965**

AT LAO COMPANY LIMITTED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31-Dec-17 USD		Year ended 31-Dec-16 USD
Cash flows from operating activities				
Net income		**(35,505)**		**(31,853)**
Adjustments for:				
Trade and other receivable	10,773		(86,882)	
Advances	-		(21,154)	
Prepayments	(135,927)		(2,270)	
Deposit	-		7,756	
Account payable	(128,609)		71,966	
Accrued	(20,967)		100,499	
			-	
Accrued standard cost	240,919		133,087	
Accrued Tax payment	4,693		954	
Depreciation of fixed asset	29,327		33,095	
Net cash provided by operating activities		**(35,296)**		**(60,976)**
Cash flows from investing activities				
Purchase of Assets		37,460		(3,530)
Disposal of fixed asset				
Net cash used by investing activities		37,460		(3,530)
Cash flows from financing activities				
Dividend paid		-		(80,000)
Net cash provided by financing activities		-		(80,000)
Net increase in cash		**2,164**		**(144,506)**
Cash at beginning of period		**336,732**		**481,238**
Cash at end of period		**309,569**		**336,732**

AT LAO COMPANY LIMITTED

NOTES TO THE FINANCIAL STATEMENTS

1- General information
AT LAO Co., LTD is a subsidiary company of the Asian Trails group that has headquarters office in Bangkok and that financial management is under supervision of Bangkok office. The details of the background of the Company have been described in The Company Profile on Letter of representation.

The Company's registered office is located at Unit 10 Ban Khounta Thong, Sikhottabong District, Vientiane City, Lao PDR. In addition the Company has branches office in Luang Prabang and Pakse.

The principal activities of the Company included sale and services of tour packages in Laos and inbound.

As at 31 December 2017, the Company has 32 national and 2 International employees.

2- Summary of significant accounting policies
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) (including International Accounting Standards (IAS)) and GAAP of Kuoni Group Finance Manual.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Accounting convention
The financial statements of the Company have been using the historical cost convention.

(b) Investment in joint ventures
The Company's investments in joint ventures whereby no significant control and influence on the investors is evident are stated at cost. The results of the joint ventures are accounted for by the Company on the basis of dividends received and receivable.

(c) Functional and presentation currency
These financial statements are expressed in United States Dollar (USD) as that is the currency in which the majority of the Company's transactions are denominated and settled.

(d) Currency and Foreign Exchange
Transactions arising in currencies other than the presentation currency are converted to USD at the monthly average exchange rate of the total USD converted to local currency of the month. Monetary assets and liabilities denominated in currencies other than the presentation currency are translated at the exchange rates in effect at the balance sheet date. Transaction gains and losses and expenses relating to foreign exchange transactions are recorded in the statement of income.

(e) Cash and cash equivalents
Cash and cash equivalents include cash at bank and cash in hand and short term deposits with an original maturity of three months or less.

(f) Trade debtors

Accounts receivable are recognized and carried at original invoice amount that accepted by clients and less credit notes or add a debit notes amounts made by changing of numbers of tourist or tour schedule.

(g) Tangible fixed assets

Tangle fixed assets are stated at cost less accumulated depreciation and impairment losses. Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Expenditure incurred to replace a component of an item of tangible fixed assets that is accounted for separately including manor inspection and overhaul expenditure is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible fixed assets. All other expenditure is recognized in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of items of tangible fixed assets (owned assets and assets under finance lease) and major components that are accounted for separately. Land is not depreciated. The estimated useful life is as follows:

Depreciation on assets added or disposed of during the year is provided for on a pro-rata basis with reference to the month of addition or disposal.

The estimated useful life for each category of property is as follows:

Property	**Useful life (year)**
Vehicles	5
IT Equipment	3
Office equipment	5
Office furniture	5

(h) Intangible fixed assets

Intangible assets comprise software acquired from third parties, licenses, trademarks and similar rights. These assets are amortized straight-line over their expected useful life but not longer than five years.

The estimated useful life for each category of property is as follows:

Property	Useful life (year)
Passion (Operations and Accounting) & OneStream (Reporting System)	N/A

(i) Taxation

The tax expenses for the year are assessed on profit calculated in accordance with the Lao accounting system in Lao Kip.

(g) Revenue recognition

Revenue comprises the invoiced value for the sale of tour packages and services net of credit or debit notes caused by reducing number of tourist or changes in tour schedule. The Asian Trails renders a wide range of travel services. The revenue from rendering these services is recognized in the income statement in the period in which the first service for a passenger / tour starts.

(k) Expenses

Expenses are defined as a decrease in future economic benefits related to a decrease in an asset or an increase in a liability to the extent that they decrease the equity. This definition comprises both the cost of operating activities and losses on transactions or changes in the value of an asset or a liability.

Estimation of Expenditures of each tour packages were booked as accrued standard costs at the same time when revenue was recognized and booked when clients accepted the quotations. The accrued standard costs were reverted the balance with the actual costs at the end of each period (monthly, quarterly and annually).

Related parties

AT LAO Company Limited has contracted with other Tourist Agencies in abroad. These Agencies include the Agencies are in Asian Trails Group. AT LAO and these Agencies has provided each other tourist packages and services.

3. FIXED ASSETS

	Leasehold	EDP Equipment	Motor vehicles	Office equipment	Furniture	Software	Total
	USD	USD	USD	USD	USD	USD	USD
Historical cost							
31-Dec-16	**51,775**	**33,809**	**190,144**	**24,326**	**14,437**	**19,258**	**333,748**
Addition in 2017	-	293	-	770	-	-	**1,063**
Disposals	-	-	(22,000)	(238)	-	-	**(22,238)**
31-Dec-17	**51,775**	**34,102**	**168,144**	**24,858**	**14,437**	**19,258**	**312,574**
Accumulated depreciation							
31-Dec-16	**46,914**	**29,572**	**89,856**	**22,419**	**12,864**	**19,258**	**220,883**
Charge for the year	4,861	1,916	21,598	968	588	-	**29,931**
Disposals	-	-	(13,307)	(339)	-	-	**(13,646)**
31-Dec-17	**51,775**	**31,488**	**98,147**	**23,048**	**13,452**	**19,258**	**237,168**
Net book value							
31-Dec-16	**4,861**	**4,237**	**100,288**	**1,906**	**1,573**	-	**112,866**
31-Dec-17	-	**2,614**	**69,997**	**1,810**	**985**	-	**75,406**

4. CASH AND CASH EQUIVALENTS

	31-Dec-17	31-Dec-16
	USD	USD
Cash on hand	12,545	17,261
Cash in bank	297,025	319,471
Total cash and cash equivalents	**309,569**	**336,732**

5. TRADE DEBTORS AND OTHER RECEIVABLES

	31-Dec-17 USD	31-Dec-16 USD
Trade debtors		
Account receivable from customers Third party	354,779	262,585
Inter company ATT	-	35,598
Inter company ATV	-	13,432
Total	**354,779**	**311,615**
Advances		
Advance to Suppliers	100,139	27,278
Total advance	**100,139**	**27,278**
Prepaid expenses		
Prepaid expenses	-	9,642
Insurance	1,227	-
Rental	13,250	-
Prepaid Internet –VTE	1,311	-
Total prepaid expenses	**15,788**	**9,642**
Deposit		
Refundable Deposits to Suppliers	20,000	20,000
Suspense accounts - VTE	-	-
Total deposit	**20,000**	**20,000**
TOTAL Trade and other receivable	**493,689**	**368,535**

6. TRADE AND OTHER PAYABLE

	31-Dec-17 USD	31-Dec-16 USD
Trade payable for Third party	70,461	77,451
Account payable intercompany	-	3,005
Advance from customers	22,048	108,840
Accrued standard cost	489,762	278,216
Accrued expenses	29,846	43,015
Future Expense	-	10,247
TOTAL Trade and other payable	**612,117**	**520,774**

7. CURRENT TAX LIABILITIES

	31-Dec-17 USD	31-Dec-16 USD
Profit Tax, Minimum Tax and Turnover tax		-
Current Tax Liabilities	15,582	10,889
	15,582	**10,889**

8. SHARE CAPITAL

AT LAO Company Limited established as Joint Venture Company between Asian Trails and Green Discovery. Asian Trails held 70% and Green Discovery held 30% of 20,000 the total shares with USD25 per share.

	Shareholders' agreement					Paid in shares		
No.	**Shareholders**	**Amount of shares held**	**%**	**Par value**	**Total value**	**Shares**	**%**	**Value**
1	Asian Trails Holding	14,000	70	25	50,000	5,600	28	140,000
2	Green Discovery	6,000	30	25	50,000	2,400	12	60,000
	Total	**20,000**			**500,000**	**8,000**	**40**	**200,000**

9. APPROVAL FOR ISSUE

The financial statements for the year ended 31 December 2017 were authorised for issue by the Board of Directors on January 2018.

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2017

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

LehmanBrown (Beijing) CPAs

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Content

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[English Translation for Reference Only]

Report of the Auditors

LehmanBrown LvHua Shen Zi (2018) No. 020

To the Board of Directors of Kuoni Destination Management (Beijing) Ltd.:

Opinion

We have audited the accompanying financial statements of Kuoni Destination Management (Beijing) Ltd. ("the Company"), which comprise the balance sheet as at 31 December 2017, the income statement, the statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the company's financial position of the Company as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs")

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Kuoni Destination Management(Beijing) Ltd. in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

Responsibilities of Management and Those Charged with Governance

Management of Kuoni Destination Management(Beijing) Ltd. is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, 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 these financial statements, management is responsible for assessing Kuoni Destination Management(Beijing) Ltd.'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 intend to liquidate Kuoni Destination Management(Beijing) Ltd. or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether these 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 CSAs 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 CSAs, we exercise professional judgment and maintain professional scepticism 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.

• 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 Kuoni Destination Management(Beijing) Ltd.'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 these 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 Kuoni Destination Management (Beijing) Ltd. 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 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.

LehmanBrown (Beijing) CPAs

Beijing, the People's Republic of China

17 January 2018

LEHMANBROWN (BEIJING) CPAs 雷博律华(北京)会计师事务所

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Balance sheet
At 31 December 2017

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Note	31 December 2017	31 December 2016
ASSETS			
Current assets			
Cash at bank and in hand	5	4,115,273.12	1,034,814.46
Short term investment	6	6,000,000.00	8,000,000.00
Accounts receivable	7	1,496,805.24	1,155,082.19
Advances to suppliers	8	131,519.80	105,531.61
Other receivables	9	294,784.54	226,674.79
Deferred expenses	10	26,195.26	50,598.90
Total current assets		**12,064,577.96**	**10,572,701.95**
Fixed assets			
Fixed assets – cost		241,897.90	235,549.90
Less: Accumulated depreciation		(220,557.48)	(212,169.16)
Fixed assets – net book value	11	21,340.42	23,380.74
Intangible assets	12	56,627.66	68,790.26
TOTAL ASSETS		**12,142,546.04**	**10,664,872.95**
LIABILITIES AND OWNER'S EQUITY			
Current liabilities			
Trade payables	13	3,831,192.01	4,005,756.79
Advances from customers	14	1,714,733.38	412,369.80
Other payables	15	587,152.50	1,108,686.26
Taxes payable	16	217,353.91	(72,936.41)
Total current liabilities		**6,350,431.80**	**5,453,876.44**
Owner's equity			
Paid-in capital	17	4,000,000.00	4,000,000.00
Including: Foreign investment (Eur 454,991.00)		4,000,000.00	4,000,000.00
Capital surplus		1,606.36	1,606.36
Surplus reserve		179,050.79	120,939.02
Retained earnings		1,611,457.09	1,088,451.13
Total owner's equity		**5,792,114.24**	**5,210,996.51**
TOTAL LIABILITIES AND OWNER'S EQUITY		**12,142,546.04**	**10,664,872.95**

The accompanying notes form an integral part of these financial statements.

Legal representative: Zhang Xiao Lin

Person in charge of accounting function: Annie Ding

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Income statement
For the year ended 31 December 2017

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Revenue from main operations	*18*	42,565,921.45	47,642,569.19
Less: Cost of main operations	*19*	35,207,685.13	40,730,921.47
Tax and levies on main operations		26,186.29	182,545.03
Profit from main operations		**7,332,050.03**	**6,729,102.69**
Add: Profit from other operations	*20*	22,274.17	49,588.21
Less: Operating expenses		557,786.87	941,578.45
General and administrative expenses		6,361,336.23	6,122,461.92
Finance expenses/(gain) – net	*21*	(391,733.99)	(536,813.64)
Operating profit		**826,935.09**	**251,464.17**
Add: Non-operating income		-	42,527.70
Total profit		**826,935.09**	**293,991.87**
Less: Income tax		245,817.36	84,773.25
Net profit		**581,117.73**	**209,218.62**

Supplementary information:

1. Gain on disposal of business units or investments	-	-
2. Losses arising from natural disasters	-	-
3. Increase / (decrease) in total profit / (loss) as a result of changes in accounting policies	-	-
4. Increase / (decrease) in total profit / (loss) as a result of changes in accounting estimates	-	-
5. Losses from debt restructuring	-	-
6. Other	-	-

The accompanying notes form an integral part of these financial statements.

Legal representative: Zhang Xiao Lin

Person in charge of accounting function: Annie Ding

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Statement of changes in equity
For the year ended 31 December 2017
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Paid-in capital	Capital surplus	Surplus reserve	Retained earnings	Total
At 31 December 2015	4,000,000.00	1,606.36	100,017.15	900,154.38	5,001,777.89
Net profit of 2016	-	-	-	209,218.62	209,218.62
Appropriation to surplus reserve	-	-	20,921.87	(20,921.87)	-
At 31 December 2016	**4,000,000.00**	**1,606.36**	**120,939.02**	**1,088,451.13**	**5,210,996.51**
Net profit of 2017	-	-	-	581,117.73	581,117.73
Appropriation to surplus reserve	-	-	58,111.77	(58,111.77)	-
At 31 December 2017	**4,000,000.00**	**1,606.36**	**179,050.79**	**1,611,457.09**	**5,792,114.24**

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:
Zhang Xiao Lin	Annie Ding

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Cash flow statement
For the year ended 31 December 2017
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

		Year ended 31 December 2017
1.	**Cash flows from operating activities**	
	Cash received from rendering of services	44,111,715.75
	Cash received relating to other operating activities	-
	Sub-total of cash inflows	**44,111,715.75**
	Cash paid for goods and services	(38,085,788.00)
	Cash paid to and on behalf of employees	(4,493,871.52)
	Payments of taxes and levies	(640,636.47)
	Cash paid relating to other operating activities	(60,291.63)
	Sub-total of cash outflows	**(43,280,587.62)**
	Net cash flows in operating activities	**831,128.13**
2.	**Cash flows from investing activities**	
	Cash received from return on investments	255,678.52
	Sub-total of cash inflows	**255,678.52**
	Cash paid to acquire fixed assets and intangible assets	(6,348.00)
	Sub-total of cash outflows	**(6,348.00)**
	Net cash flows from investing activities	**249,330.52**
3.	**Net increase in cash and cash equivalents**	**1,080,458.65**

The accompanying notes form an integral part of these financial statements.

Legal representative: Zhang Xiao Lin

Person in charge of accounting function: Annie Ding

Supplementary Information

1. Reconciliation of net profit to cash flows from operating activities	
Net profit	581,117.73
Adjust for: Depreciation of fixed assets	8,388.32
Amortization of intangible assets	12,162.60
Decrease in prepaid expenses	24,403.64
Decrease in accrued expense	(503,718.46)
Investment gain	(255,678.53)
Increase in operating receivables	(435,821.00)
Increase in operating payables	1,400,273.83
Net cash flows from operating activities	**831,128.13**
2. Significant investing activities that do not involve cash flow	-
3. Net increase in cash and cash equivalents	
Cash and cash equivalent at end of year	10,115,273.12
Less: Cash and cash equivalent at beginning of year	9,034,814.47
Net increase in cash and cash equivalents	**1,080,458.65**

The accompanying notes form an integral part of these financial statements.

Legal representative: Zhang Xiao Lin

Person in charge of accounting function: Annie Ding

1. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Kuoni Destination Management (Beijing) Ltd. ("the Company") is a wholly foreign owned enterprise incorporated in Beijing of the People's Republic of China ("the PRC") on 16 September 2010 by Kuoni Travel Holding Ltd. In accordance with the Amendment to the Article of Associations dated on 30 July 2016, Kuoni Travel Holding Ltd. transfer all of its equity interest in the Company to Kuoni Travel Investment Ltd. In accordance with the Amendment to the Article of Associations dated on 29 June 2017, Kuoni Travel Investment Ltd. transfer all of its equity interest in the Company to Asian Trails Holding Ltd. The Company has an approved operating period of 50 years and the registered capital is Rmb 4,000,000.00.

On 7 September 2010, the Company obtained approval from Ministry of Commerce of PRC and on 16 September 2010 obtained Business License (the former sequence No. 110000450150621 was replaced by the Unique Social Credit Code No. 91110105717884659B on 20 December 2016).

The Company's approved scope of business operations include domestic tourism and inbound travel business.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" as promulgated by the State of the People's Republic of China.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

(b) Recording currency

The recording currency of the Company is Renminbi (Rmb).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

(d) Foreign currency translation

Except for equity, foreign currency transactions are translated into Rmb at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the first day of each month in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

translated into Rmb at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been taken out specifically for the construction of fixed assets, which are capitalized as part of the fixed asset cost, and those arising in the pre-operating period, which are recorded as deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the Rmb denominated paid-in capital account at the stipulated exchange rates at the contribution dates.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and call deposits. Cash equivalents refer to short-term and highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables and provision for bad debts

Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

The Company makes provision for bad debts based on an assessment of the recoverability of accounts receivable and other receivables. Specific provisions are applied to accounts receivable and other receivables where events or changes in circumstances indicate that the balances may not be collectible.

Where evidence exists that balances cannot be recovered due to the debtor's bankruptcy or death, or overdue more than 3 years, bad debts are recognized and the corresponding provision for bad debts is written off.

(g) Fixed assets and depreciation

Fixed assets are tangible assets that are used in production, rendering of services, held for rental to others, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. Unused fixed assets, would not be depreciated until the next month when they are used.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Fixed assets and depreciation (continued)

The estimated useful lives and annual depreciation rates are as follows:

	Estimated useful lives	Annual depreciation rate
Electronic equipment	3-5 years	20%-33.3%
Office furniture	5 years	20%

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in asset disposal income.

Repairs and maintenance of fixed assets are expensed as incurred. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. Capitalized expenditures arising from the renovation of fixed assets are depreciated on the straight-line basis over the expected beneficial periods.

(h) Intangible assets

Intangible assets are initially recorded at cost and are amortized on the straight-line basis over the period of the estimated beneficial period. Intangible assets are presented at cost net of accumulated amortization. The balance of the intangible assets at balance sheet date represents the accounting software that will be amortized over the estimated beneficial periods (10 years) on the straight-line basis.

(i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables that has been described in the accounting policy, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected to be derived from continuing use of the asset and from its disposal at the end of its useful life.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

When there is an indication that the need for an impairment provision recorded in a prior year no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Revenue recognition

When the total amount of revenue and costs arising from provision of services can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow in and the stage of completion of the services provided can be measured reliably, service revenue is recognized.

Interest income is recognized on a time proportion basis taking into account deposit balances and the effective yield.

(k) Employee benefits

All Chinese employees of the Company participate in employee social security plans, including pension, medical, housing and other welfare benefits, organized and administered by the governmental authorities. The Company has no other substantial commitments to employees.

According to the relevant regulations, the employee social security contributions that should be borne by the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labor and social welfare authorities. Contributions to the plans are capitalized as production costs or expensed as incurred. The applicable percentages used to provide for insurance premium and welfare benefit funds are listed below:

	Percentages
Basic pension insurance	19%-20.0%
Basic housing fund	12.0%
Basic medical insurance	10.0%
On-the-job injury insurance	0.3%
Unemployment insurance	0.8-1.0%
Birth insurance	0.8%

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

Leases are classified as finance leases where all of the risks and rewards incident to ownership of the assets are in substance transferred to the lessees. All other leases are operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(m) Accounting for income tax

The Company accounts for enterprise income tax using the tax payable method. Tax expense is recognized based on current period taxable income and tax rate.

4. TAXATION

(a) Enterprise income tax ("EIT"): The applicable tax rate is 25%.

(b) Value Added Tax ("VAT"): Revenue derived from agent services provided by the Company is subject to VAT, and the VAT rate applicable to the Company is 6%.

(c) Urban maintenance and construction tax

Urban maintenance and construction tax ("UMCT"): UMCT is 7% of VAT.

(d) Education surcharge

Education surcharge ("ES"): ES is 3% of VAT.

(e) Local education surcharge

Local education surcharge ("LES"): LES is 2% of VAT.

5. CASH AT BANK AND IN HAND

	31 December 2017	31 December 2016
Cash in hand	69,857.77	28,254.38
Cash at bank	4,045,415.35	1,006,560.08
	4,115,273.12	**1,034,814.46**

6. SHORT TERM INVESTMENT

The balance of this account represents the financial instruments purchased from Bank of China, details of which are listed as below:

	Commencement date	Expiration date	Amount (RMB)	Estimated annualized interest rates	Remark
1	16 October 2017	11 January 2018	1,000,000.00	4.40%	*1
2	26 October 2017	22 January 2018	1,000,000.00	4.60%	
3	29 November 2017	3 January 2018	2,000,000.00	4.40%	
4	8 April 2009	8 April 2024	2,000,000.00	3.00%	*2
Total			6,000,000.00		

*1 There is no service charge for the purchase and redemption of the financial instruments, no guarantee to the safety of the principal sum.

*2 There is no fixed maturity date and the Company could redeem part or whole of the financial instrument without prior notice, the return of the financial instrument is calculated on floating rates that are determined by the overall return rate of the financial instrument of a given period and the actual amount invested, further, there is no guarantee to the safety of the principal sum.

7. ACCOUNTS RECEIVABLE

	31 December 2017	31 December 2016
Amount due from related parties(Note 22(d))	11,370.00	169,099.44
Amount due from third parties	1,599,247.28	985,982.75
	1,610,617.28	**1,155,082.19**
Less: Provision for bad debts	(113,812.04)	-
	1,496,805.24	**1,155,082.19**

8. ADVANCES TO SUPPLIERS

	31 December 2017	31 December 2016
Amount due from third parties	131,519.80	105,531.61
Less: Provision for bad debts	-	-
	131,519.80	**105,531.61**

9. OTHER RECEIVABLES

	31 December 2017	31 December 2016
Office rental deposit	176,589.00	131,898.00
Others	120,040.27	94,776.79
	296,629.27	226,674.79
Less: Provision for bad debts	(1,844.73)	-
	294,784.54	**226,674.79**

10. DEFERRED EXPENSES

	31 December 2017	31 December 2016
Internet access service fee	11,792.47	12,195.00
Insurance	13,484.01	36,628.89
Maintenance fee	918.78	1,775.01
	26,195.26	**50,598.90**

11. FIXED ASSETS

	Electronic Equipment	Office Furniture	Total
Cost			
31 December 2016	207,646.90	27,903.00	235,549.90
Current year additions	-	6,348.00	6,348.00
31 December 2017	**207,646.90**	**34,251.00**	**241,897.90**
Accumulated depreciation			
31 December 2016	197,913.18	14,255.98	212,169.16
Current year depreciation	2,438.68	5,949.64	8,388.32
31 December 2017	**200,351.86**	**20,205.62**	**220,557.48**
Net book value			
31 December 2016	**9,733.72**	**13,647.02**	**23,380.74**
31 December 2017	**7,295.04**	**14,045.38**	**21,340.42**

12. INTANGIBLE ASSETS

	Accounting Software	Total
Cost		
31 December 2016	121,626.10	121,626.10
Current year addition	-	-
31 December 2017	**121,626.10**	**121,626.10**
Accumulated amortization		
31 December 2016	52,835.84	52,835.84
Current year amortization	12,162.60	12,162.60
31 December 2017	**64,998.44**	**64,998.44**
Net book value		
31 December 2016	**68,790.26**	**68,790.26**
31 December 2017	**56,627.66**	**56,627.66**

13. TRADE PAYABLES

The balance of this account as of 31 December 2017 represents amount due to external tourist suppliers.

14. ADVANCES FROM CUSTOMERS

The balance of this account as of 31 December 2017 represents advances received from overseas tourists.

15. OTHER PAYABLES

Most of the balance of this account as of 31 December 2017 represents sales commission.

16. TAXES PAYABLE

	31 December 2017	31 December 2016
Individual income tax payable	15,862.49	16,015.64
Value added tax	(17,927.51)	(19,724.38)
Stamp duty	-	689.54
Withholding tax	19,487.97	62,005.15
Enterprise income tax	199,930.96	(131,922.36)
	217,353.91	**(72,936.41)**

17. PAID-IN CAPITAL

	Original currency Unit Eur	Equivalent in Rmb Paid in capital
Balance as of 31 December 2017	454,991.00	4,000,000.00

Equity in foreign currency was translated into Rmb using the stipulated exchange rates of the day when the Company received the capital contribution. The registered capital of the Company is Rmb 4,000,000.00, up to the date of 20 December 2010, capital contributed by the investor, Kuoni Travel Holding Ltd. amounted to EUR 454,991, which is equivalent to Rmb of 4,001,606.36. The excess of Rmb 1,606.36 is recognized as capital surplus. LehmanBrown (Beijing) CPAs has verified the capital contribution with capital verification report numbered 'LehmanBrown Lv Hua Yan Zi (2010) No. 027'.

According to Shareholder's Resolution, amendment was made to the Articles of Association on 29 June 2017 in which the investor of the Company has been changed to Asian Trails Holding Ltd. Other clauses in the Articles of Association remained unchanged.

18. REVENUE FROM MAIN OPERATIONS

	2017	2016
Revenue from third parties	41,819,800.36	44,705,662.14
Revenue from related parties (Note 22(d))	746,121.09	2,936,907.05
	42,565,921.45	**47,642,569.19**

19. COST OF MAIN OPERATIONS

The components of this account mainly include costs incurred directly for tourists, such as accommodation fee, transportation fee and entrance tickets.

20. PROFIT FROM OTHER OPERATIONS

	2017	2016
Tour Product Revenue	22,274.17	49,588.21
	22,274.17	**49,588.21**

21. FINANCE EXPENCES/(GAIN)-NET

	2017	2016
Interest income	(255,678.52)	(238,639.80)
Exchange loss/(gain)-net	(196,347.09)	(325,880.88)
Bank charges	60,291.62	27,707.04
	(391,733.99)	**(536,813.64)**

22. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties that control the Company or are controlled by the Company:

Name of entity	Registered address	Relationship with the Company	Type of enterprise	Legal representative
ASIAN TRAILS HOLDING LTD.	Mauritius	Shareholder	Limited Company	Lersan Misitsakul

(b) Equity shares and changes in equity shares held by parties that control the Company or are controlled by the Company:

Name of entity	31 December 2016		Increase in current year		Decrease in current year		31 December 2017	
	RMB	%	RMB	%	RMB	%	RMB	%
KUONI TRAVEL HOLDING LTD.	4,000,000.00	100%	-	-	4,000,000.00	100%	-	-
ASIAN TRAILS HOLDING LTD	-	-	4,000,000.00	100%			4,000,000.00	100%

(c) Nature of related parties that do not control / are not controlled by the Company:

Name of entity	Relationship with the Company
Asian Trails Thailand	Controlled by the same parent company
Asian Trails Ltd.	Controlled by the same parent company
Travel Circle Mauritius	Controlled by the same parent company
Asian Trails Malaysia	Controlled by the same parent company

(d) Significant related party transactions

(1) Pricing policies

The Company's pricing policies on services provided to related parties are based on prices agreed amongst the parties.

22. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(d) Significant related party transactions (continued)

(2) Services provided to related parties

Name of entity	2017	2016
Asian Trails Ltd.	746,121.09	298,771.99
GTA Australia **(*1)**	-	479,139.51
GTA London **(*1)**	-	1,377,350.87
GTA New York **(*1)**	-	781,644.68
	746,121.09	**2,936,907.05**

(3) Amount due from related parties

Name of entity	31 December 2017	31 December 2016
Asian Trails Ltd.	11,370.00	16,086.59
GTA London	-	3,012.85
	11,370.00	**19,099.44**

(4) Services received from a related party

Name of entity	2017	2016
Asian Trails Ltd.	**588,518.19**	**564,770.54**

(5) Amount due to a related party

Name of entity	31 December 2017	31 December 2016
Asian Trails Ltd.	-	193,124.49
Travel Circle Mauritius	276,442.55	-
Asian Trails Malaysia	1,650.40	-
	278,092.95	**193,124.49**

***1:** The shareholder of the Company has been changed in 2017, they are not related parties therefore.

23. COMMITMENTS

(a) Capital commitments

There is no capital commitment as at 31 December 2017.

(b) Investment commitments

There is no investment commitment as at 31 December 2017.

(c) Operating lease commitments

The future aggregate minimum lease payments due under non-cancelable operating leases are as follows:

	31 December 2017	31 December 2016
Within 1 year	735,787.50	114,923.00
1-2 years	123,612.30	-
Total	**859,399.80**	**114,923.00**

24. CONTINGENCIES

There is no contingency that needs to be disclosed as at 31 December 2017.

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There is no event subsequent to the balance sheet date that needs to be disclosed up to the date on which the report was approved (17 January 2018).

KUONI DESTINATION MANAGEMENT (BEIJING) LTD.

Income tax reconciliation statement
For the year ended 31 December 2017
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

Taxable income calculation	Amount
Total profit	826,935.09
Add: Excess entertainment expenses not deductible for tax purpose(*1)	17,532.72
Abroad insurance not deductible for CIT	23,144.89
Bad debts provision	115,656.77
Taxable income	983,269.47
Tax rate applicable to 2017	25%
Tax payable for 2017	245,817.37

Note:

1. Excess entertainment expenses is calculated as below:

Items	Amount (Rmb)	Not deductible for EIT (expressed in %)	Not deductible for EIT (Rmb)
Entertainment expenses incurred in 2017	43,831.81	40%	17,532.72
		Deductible for EIT (expressed in %)	Deductible for EIT (Rmb)
		60%	26,299.09
	Amount (Rmb)	Deduction limit by tax law (expressed in %)	Deduction limit by tax law (Rmb)
Net revenue in 2017	42,588,195.62	0.5%	212,940.98
Excess entertainment expenses = Amount incurred – Amount deductible for EIT			17,532.72

The information is provided by management to meet the local tax bureau requirements.

Desert Adventures Tourism LLC and its subsidiaries

Consolidated financial statements
31 December 2017

Desert Adventures Tourism LLC and its subsidiaries

Consolidated financial statements
31 December 2017

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Directors' Report

The directors submit their report together with the audited consolidated financial statements of the Group for the year ended 31st December 2017.

LEGAL STATUS

Desert Adventures Tourism LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai.

The consolidated financial statements of the Group for the year ended December 31, 2017 comprises the Company and its subsidiaries, Muscat Desert Adventures Tourism LLC and Desert Adventures Tourism Amman - Jordan (collectively referred to as the "Group").

The principal activity of the Group is to arrange Hotel Bookings, Leisure, FIT, Last Minute, Visa Processing and Transfer. The Group started its operations in September 1997.

The registered office of the Desert Adventures Tourism LLC is P.O. Box No. 25488, Dubai, United Arab Emirates.

SHARE HOLDINGS

The shareholding in the Company was as follows:

Name	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51%
Travel Circle International (Mauritius) Limited ("the holding company")	49%

Mohammad Ameen H.M Mubasheri Almarzooqi has agreed not to take part in the operational and financial management of the Company.

FINANCIAL PERFORMANCE

The results of the Group for the year ended 31st December 2017 are stated below:

Financial highlights	**2017 AED**	2016 AED
Net loss	**(5,170,361)**	(3,351,191)
Total equity	**(28,887,509)**	(33,058,437)

REPRESENTATIONS AND AUDIT

There have been no events subsequent to 31 December 2017, which require disclosures under IFRS.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 19 APR 2018

KPMG

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Level 13, Boulevard Plaza Tower One
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Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report

To the Shareholders of Desert Adventures Tourism LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Desert Adventures Tourism LLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report set out on page 1.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

Report on Other Legal and Regulatory Requirements (continued)

iv) the financial information included in the Directors' report, in so far as it relates to these financial statements, is consistent with the books of account of the Group;

v) the Group has not purchased any shares during the year ended 31 December 2017;

vi) note 13 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended Date of issue any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or in respect of Company its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2017.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 19 APR 2018

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2017 AED	2016 AED
Revenue	4	**209,542,466**	216,043,089
Cost of sales	5	**(186,913,554)**	(191,157,667)
Gross profit		**22,628,912**	24,885,422
Administrative and general expenses	6	**(28,925,300)**	(31,156,328)
Other income	8	**2,151,937**	3,388,785
Results from operating activities		**(4,144,451)**	(2,882,121)
Finance income	7	**133,616**	441,410
Finance cost	7	**(1,119,643)**	(783,908)
Loss before tax		**(5,130,478)**	(3,224,619)
Income tax expense			
- Current year	9.1	**(97,892)**	(35,932)
- Prior year	9.1	**(19,631)**	(90,640)
Deferred tax credit	9.1	**77,640**	-
Loss after tax and total comprehensive income		**(5,170,361)**	(3,351,191)

The notes on pages 10 to 28 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on page 2 - 5.

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of financial position

As at 31 December

	Notes	2017 AED	2016 AED
Assets			
Intangible asset	*10*	-	7,034,845
Property and equipment	*11*	**818,388**	1,176,450
Non-current assets		**818,388**	8,211,295
Trade and other receivables	*12*	**31,320,263**	38,037,756
Due from related parties	*13*	**5,187,010**	1,093,579
Deferred tax asset	*9.4*	**77,640**	-
Cash and cash equivalents	*14*	**11,815,006**	7,024,285
Current assets		**48,399,919**	46,155,620
Total assets		**49,218,307**	54,366,915
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*16*	**626,500**	626,500
Shareholders Contribution	*17*	**9,341,289**	-
Accumulated loss		**(39,155,298)**	(33,984,937)
Total equity		**(28,887,509)**	(33,058,437)
Non-current liabilities			
Provision for employees' end of service benefits	*18*	**2,853,724**	2,469,654
Total non-current liabilities		**2,853,724**	2,469,654
Current liabilities			
Trade and other payables	*19*	**54,688,129**	70,029,845
Income tax provision	*9.3*	**133,166**	146,116
Due to related parties	*13*	**3,897,797**	5,437,042
Bank overdraft	*14.1*	**16,533,000**	9,342,695
Current liabilities		**75,252,092**	84,955,698
Total liabilities		**78,105,816**	87,425,352
Total equity and liabilities		**49,218,307**	54,366,915

The notes on pages 10 to 28 are an integral part of these consolidated financial statements.

These consolidated financial statements were authorised for issue by the Group's shareholders on 19 APR 2018

Director

Head of Finance

The independent auditors' report is set out on page 2 - 5.

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 December

	Note	2017 AED	2016 AED
Cash flows from operating activities			
Loss after tax		**(5,170,381)**	(3,224,619)
Adjustments for:			
Depreciation	*11*	**395,559**	1,128,833
Amortisation	*10*	**1,738,452**	1,774,665
Provision for employees' end of service benefits	*18*	**657,603**	549,218
Gain on sale of property and equipment		**(56,000)**	(30,255)
Income tax expense	*9.3*	**117,523**	-
Deferred tax credit	*9.1*	**(77,640)**	
		(2,394,884)	197,842
Changes in working capital:			
- Trade and other receivables		**6,717,495**	(351,299)
- Due from related parties		**(4,093,431)**	5,131,660
- Due to related parties		**7,802,044**	(293,683)
- Trade and other payables		**(15,341,699)**	17,139,903
Payment of employees' end of service benefits	*18*	**(273,533)**	(736,865)
Tax paid	*9.3*	**(130,473)**	(35,932)
Net cash (used in)/from operating activities		**(7,714,481)**	21,051,626
Cash flows from investing activities			
Proceeds from disposal of intangible asset - software	*10*	**5,296,393**	-
Acquisition of intangible asset - software	*11*		(297,181)
Acquisition of property and equipment	*11*	**(37,496)**	(156,231)
Proceeds from disposal of property and equipment		**56,000**	36,630
Net cash from/(used in) investing activities		**5,314,897**	(416,782)
Cash flows from financing activity			
Bank borrowings obtained/(repaid)		**7,190,305**	(23,290,755)
Net cash from/(used in) financing activity		**7,190,305**	(23,290,755)
Net increase/(decrease) in cash and cash equivalents		**4,790,721**	(2,655,911)
Cash and cash equivalents at beginning of the year		**7,024,285**	9,680,196
Cash and cash equivalents at end of the year	*14*	**11,815,006**	7,024,285

The notes on pages 10 to 28 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on page 2 - 5.

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital AED	Statutory reserve AED	Shareholder contribution AED	Accumulated loss AED	Total AED
At 1 January 2016	300,000	626,500		(34,686,996)	(33,760,496)
Total comprehensive loss	-	-	-	(3,351,191)	(3,351,191)
Transactions with owners of the Group					
Net reversal of unpaid dividend in prior year (refer note 13)	-	-	-	4,053,250	4,053,250
At 31 December 2016	300,000	626,500	-	(33,984,937)	(33,058,437)
At 1 January 2017	300,000	626,500	-	(33,984,937)	(33,058,437)
Total comprehensive loss	-	-	-	(5,170,361)	(5,170,361)
Transactions with owners of the Group					
Shareholder contribution (refer note 17)	-	-	9,341,289	-	9,341,289
At 31 December 2017	**300,000**	**626,500**	**9,341,289**	**(39,155,298)**	**(28,887,509)**

The notes on pages 10 to 28 are an integral part of these consolidated financial statements.

1 Reporting entity

Desert Adventures Tourism LLC is a limited liability Company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai.

The authorised and fully paid up share capital of the Company is U.A.E. Dirham 300,000 divided into 100 shares of U.A.E. Dirham AED 3,000.

The shareholding of the Company was as follows:

Name	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51
Travel Circle International (Mauritius) Limited ("the holding company")*	49

Mohammad Ameen H.M Mubasheri Almarzooqi has agreed not to take part in the operational and financial management of the Company.

*On 29 June 2017, Travel Circle International (Mauritius) Limited acquired Kuoni Travel Investment Ltd's 49% shareholding in Desert Adveentures Toursim L.L.C.

The consolidated financial statements of the Group for the year ended 31 December 2017 comprises the Company and its subsidiaries, Muscat Desert Adventures Tourism LLC and Jordan Desert Adventures Tourism LLC (collectively referred to as the "Group").

The principal business activity of the Group is organising leisure of individual business tours via Business to Business ("B2B"). The Company secures access to hotel accommodation and other activities and services from hotels and other service providers at competitive rates which are offered at a preferential rates to tour operators, travel agents and other wholesalers.

The registered office of the Desert Adventures Tourism LLC is P.O. Box No. 25488, Dubai, United Arab Emirates.

The ultimate parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

2 Basis of accounting

a) Going concern assumption

During the year ended 31 December 2017, the Group incurred a loss of AED 5.17 million and as of that date its accumulated losses, net of shareholder contribution, amounted to AED 29.81 million *(2016: AED 33.98 million)*. The Company had net current liabilities amounting to AED 28.89 million.

The conditions indicate existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Group to continue as a going concern is dependent on the continued financial support of its shareholder and expected achievement of few initiatives mentioned below. The shareholder has confirmed its intention to provide continued financial support to the Group to enable the Group to meet its all financial obligations as they fall due and to carry on business without a significant curtailment in the operations.

The management is also confident that the conditions are temporary and due to the seasonal nature of the business and along with initiatives mentioned below, the Group will be able to maintain the going concern assumption. The management expects the following events in the near future which will help the Group and bring financial efficiencies to the overall business:

- Centralisation of certain core arrangements and business processes.
- Focus on new markets and products; and
- Technological advancement including enhancement of distribution channels of services via B2B

2 Basis of accounting *(continued)*

b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the UAE Federal Law No. 2 of 2015.

c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis.

d) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Group's functional currency.

e) Use of estimates and judgments

These preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognised in these consolidated financial statements are the estimating useful lives and methods of depreciation for property and equipment, provision for doubtful debts.

3 Significant accounting policies

The Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements.

Basis of consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Since the Company has beneficial ownership of 100% there is no interest of minority shareholding.

Revenue

The Group renders a wide range of tourism and related services.

Revenue comprises hotel accommodation and tourism and related revenue (hotel bookings, transport, visa services, airline ticket commissions and other travel related services) and excursion revenue. The revenue from rendering these services is recognised in profit or loss at the fair value of the consideration received or receivable in proportion to the stage of completion of the services at the reporting date which in Company's case is generally the date of arrival. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue.

3 Significant accounting policies *(continued)*

Operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash at bank, trade and other receivables, amounts due from/to related parties and trade and other payables. The Group initially records the financial assets and liabilities on the date that they are originated.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into AED using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent cost

The cost of replacing an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives are as follows:

	Years
Motor vehicles	4
Furniture, fixtures and equipment	2 - 5
Leasehold improvements	10

The depreciation method and useful lives, as well as estimates of residual lives, are reassessed annually.

3 Significant accounting policies *(continued)*

Intangible Assets

Intangible assets, including software, operating licenses and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses if any.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative is 5 years (refer note 10.1).

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
• default or delinquency by a debtor;
• restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
• indications that a debtor or issuer will enter bankruptcy;
• adverse changes in the payment status of borrowers or issuers;
• the disappearance of an active market for a security because of financial difficulties; or
• observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3 Significant accounting policies *(continued)*

Impairment (continued)

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for employees' end of service benefits

The provision is made for the amount of end of service benefits due to employees in accordance with the UAE Labour Law and Oman Labour Law 2003 and its amendments and is based on the current remuneration and the period of service of the employees at the end of the reporting period. The provision has been classified as a non-current liability.

3 Significant accounting policies *(continued)*

Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in the equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Standards issued but not yet adopted

A number of new standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, however the Group has not early adopted the new or amended standards in preparing these financial statements.

The following standards are expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any material impact on its financial statements as at 1 January 2018.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Based on the assessment as at the reporting date, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The management is currently in process of quantifying the impact of adoption of IFRS 9 on the financial statements as at 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and the Group has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at 1 January 2018.

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group is analysing to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Group plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date.

No significant impact is expected for the Group's finance and operating leases

4 Revenue

	2017 AED	2016 AED
Tourism and related services	**159,557,683**	180,659,741
Excursion revenue	**48,671,449**	33,254,065
Hotel commissions	**1,313,334**	2,129,283
	209,542,466	216,043,089

5 Cost of sales

	2017 AED	2016 AED
Tourism and related services	**145,758,060**	163,731,817
Excursion cost	**41,082,380**	27,083,286
Depreciation	**73,114**	342,564
	186,913,554	191,157,667

6 Administrative and general expenses

	2017 AED	2016 AED
Staff salaries and benefits	**20,257,593**	20,746,866
Amortisation	**1,738,452**	1,774,665
Rent expense	**1,285,220**	1,315,849
IT expenses	**1,160,356**	866,997
Advertisement and business promotion	**1,075,549**	1,751,143
Travel expense	**690,315**	954,294
Office expenses	**577,174**	531,769
Depreciation (i) (refer note 11.1)	**322,445**	786,269
Bad debt expense	**264,564**	451,367
Other expenses	**1,553,632**	1,977,109
	28,925,300	31,156,328

i) Depreciation includes accelerated depreciation on assets written off amounting to AED 821,401 *(2016: AED 316,206)*.

7 Finance income/(cost)

	2017 AED	2016 AED
Finance income		
Net foreign exchange gain	**118,929**	441,410
Interest income	**14,687**	-
Total finance income	**133,616**	441,410
Finance cost		
Bank charges	**(319,286)**	(334,971)
Loan interest and other charges	**(800,357)**	(448,937)
Total finance cost	**(1,119,643)**	(783,908)

8 Other income

	2017 AED	2016 AED
Gain on sale of property and equipment	**56,000**	30,255
Intragroup charges - net (refer note 8.1)	**1,410,116**	2,524,441
Other income	**685,821**	834,089
	2,151,937	3,388,785

8.1 Intragroup charges - net

	2017 AED	2016 AED
Expenses recharged to associated companies	**5,478,595**	7,291,115
Expenses recharged by associated companies	**(4,068,479)**	(4,766,674)
Group charges – net	**1,410,116**	2,524,441

9 Income taxes

Provision for income tax has been made in the consolidated financial statements in accordance with provisions of Article 51 section 12 of the Oman Income Tax Law, issued by Sultani Decree No 47/81 and the applicable tax laws of Jordan.

9.1 Tax expense

	2017 AED	2016 AED
Current tax expense		
Current year	**97,892**	35,932
Prior years	**19,631**	90,640
Total tax expense for the year (refer note 9.3)	**117,523**	126,572
Deferred tax credit		
Recognition of deferred tax asset related to unused tax losses (refer note 9.4)	**(77,640)**	-
Tax expenses recognised in profit or loss	**39,883**	126,572

9.2 Reconciliation of effective tax rate:

	2017 AED	2016 AED
Profit before tax	**(5,130,478)**	(3,224,619)
Tax using the company's domestic tax rate – 0% *(2016:0%)*	**-**	-
Effect of tax rates in Oman	**658**	-
Effect of tax rates in Jordan	**97,234**	35,932
Current year (refer note 9.1)	**97,892**	35,932
Change in estimate relating to prior years (refer note 9.1)	**19,631**	90,640
Recognition of deferred tax asset related to unused tax losses (refer note 9.4)	**(77,640)**	-
Net tax expenses recognised in profit or loss (refer note 9.1)	**39,883**	126,572

9.3 Income tax provision *(continued)*

The movement on the income tax provision during the year was as follows:

	2017 AED	2016 AED
At 1 January	**146,116**	55,526
Net charge for the year (refer note 9.1)	**117,523**	126,572
Payments during the year	**(130,473)**	(35,932)
At 31 December	**133,166**	146,166

9.4 Deferred tax asset

The movement on the deferred tax asset during the year was as follows:

In AED	Tax losses carried forward*
Cost	
Balance at January 1, 2016	-
Balance at December 31, 2016	-
Balance at January 1, 2017	-
Recognition of previously unrecognised tax losses (refer 9.1)	**77,640**
Balance at December 31, 2017	**77,640**

*In 2017, Management received final assessment for tax losses in Jordan Desert Adventures Tourism LLC related to the years 2010 and 2011, as a result Management has recorded a deferred tax asset to the extent of Jordan Desert Adventures Tourism LLC's current year liability amounting to AED 77,640. Management is confident of the availability of future taxable profits to recognize the deferred tax asset recorded.

10 Intangible asset - Software

	2017 AED	2016 AED
Cost		
As at 1 January	**9,170,519**	8,873,337
Additions	**-**	297,182
Disposals (refer note 10.1)	**(7,939,247)**	-
As at 31 December	**1,231,272**	9,170,519
Amortisation		
As at 1 January	**2,135,674**	361,009
Charge for the period	**1,738,452**	1,774,665
Disposal (refer note 10.1)	**(2,642,854)**	-
As at 31 December	**1,231,272**	2,135,674
Net book value as at 31 December	**-**	7,034,845

10.1 Disposal of software

During the year, the Company sold perpetual licenses to existing users, (related parties) of the software amounting to AED 5,296,393. Historically these licenses were granted to related parties and the Company used to charge an annual licensing fee however in accordance with the terms of agreement dated 29th June 2017 these licenses were converted in perpetual rights and sold to respective related parties. The selling price was approximately equal to the above carrying amount of the software at the date of transaction and hence no gain or loss was realised on the disposal.

The Company was also using this software license and the remaining carrying value amounted to AED 821,401 represented value of software used by the management of the Company however based on an operational assessment carried out by the management as at June 29, 2017 management decided to book an impairment loss amounting equal to the carrying value of the asset considering that the asset will be replaced within the next financial year.

11 Property and equipment

	Motor vehicles AED	Furniture, fixtures & equipment AED	Leasehold Improvements AED	Total AED
Cost				
At 1 January 2016	4,347,231	2,632,559	1,869,176	8,848,966
Additions	81,378	23,353	51,500	156,231
Disposal	(480,913)	(1,529,444)	(611,677)	(2,622,034)
At 31 December 2016	3,947,696	1,126,468	1,308,999	6,383,163
At 1 January 2017	3,947,696	1,126,468	1,308,999	6,383,163
Additions	-	37,496	-	37,496
Disposal	(355,000)	-	-	(355,000)
At 31 December 2017	3,592,696	1,163,964	1,308,999	6,065,659
Depreciation				
At 1 January 2016	3,680,899	2,114,261	898,378	6,693,538
Charge for the year	425,803	207,928	495,102	1,128,833
Disposal	(474,537)	(1,529,444)	(611,677)	(2,615,658)
At 31 December 2016	3,632,165	792,745	781,803	5,206,713
At 1 January 2017	3,632,165	792,745	781,803	5,206,713
Charge for the year	177,399	70,077	148,083	395,559
Disposal	(355,000)	-	-	(355,000)
At 31 December 2017	3,454,564	862,822	929,886	5,247,272
Net book value				
31 December 2017	**138,132**	**301,143**	**379,113**	**818,388**
31 December 2016	315,531	333,723	527,196	1,176,450

11.1 Depreciation has been allocated as follows:

	2017 AED	2016 AED
Administrative and general expenses (refer note 6)	**322,445**	786,269
Direct costs (refer note 5)	**73,114**	342,564
	395,559	1,128,833

12 Trade and other receivables

	2017 AED	2016 AED
Trade receivables	**21,243,458**	28,649,597
Less: provision for doubtful debts (refer note 12.1)	**(3,063,128)**	(4,109,027)
	18,030,330	24,540,570
Prepayments	**1,194,618**	1,111,441
Other receivables		
- deposits	**7,220,470**	5,545,120
- commission receivable	**673,396**	1,286,463
- other receivables	**352,990**	436,050
	8,246,856	7,267,633
Advances to suppliers	**3,698,459**	5,118,112
	31,320,263	38,037,756

12.1 Provision for doubtful debts

The movement in the provision for doubtful debts during the year is as follows:

	2017 AED	2016 AED
As at 1 January	**4,109,027**	8,982,133
Provision made during the year	**264,564**	612,437
Reversal of provision during the year due to recoveries	**-**	(174,457)
Written off	**(1,310,463)**	(5,311,086)
As at 31 December	**3,063,128**	4,109,027

13 Related parties

In the normal course of business, the Group carries out transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed. Significant related party transactions during the year ended 31 December 2017 were as follows:

	2017	2016
	AED	AED
Sales to related parties	**5,458,276**	5,150,159
Expenses recharged to sister company	**5,478,595**	7,291,115
Expenses recharged by sister company	**(4,068,479)**	4,766,674
Reversal of dividend payable *(refer (i))*	**-**	4,053,250

(i) Prior year the Group has netted of certain long outstanding balances for dividends due to related parties which resulted in a reversal of net liabilities amounting to AED 4,053,250. The amount is directly recorded in the equity.

Due from related parties	**2017**	2016
	AED	AED
Asian Trails Holding Ltd	**3,342,349**	-
Kuoni Private Safaris Limited	**662,993**	-
SOTC Travel Limited	**313,637**	-
Allied Tpro Inc.	**278,762**	-
Gulf Dunes Tourism LLC	**178,707**	-
Australian Tours Management Pty Ltd	**212,763**	-
Kuoni Private Safaris – Namibia	**172,510**	52,250
Kuoni Private Safaris E.A Limited	**25,029**	-
Asian Trails Malaysia	**260**	-
Kuoni Group Travel Experts *(refer (ii) below)*	**-**	1,041,329
	5,187,010	1,093,579

Due to related parties		
Travel Circle International	**3,045,124**	-
Kuoni Travel Management Limited *(refer (ii) below)*	**-**	2,525,254
Gulf Dunes LLC	**808,747**	1,325,153
Donvand LTD	**-**	958,352
Kuoni Travel Limited – Zurich *(refer (ii) below)*	**-**	498,063
Gulliver Travel Associates *(refer (ii) below)*	**-**	57,773
Reem Tours	**38,868**	38,868
Allied Tpro	**-**	28,122
Asian Trails Vietnam	**5,058**	5,057
Asian Trails Thailand	**-**	400
	3,897,797	5,437,042

All of the above related parties are associated companies to the Group.

(ii) These companies were related parties until the change of Group ownership on 29 June 2017.

13 Related parties *(continued)*

The key management personnel compensation is as follows:

	2017 AED	2016 AED
Short-term employee benefits	**3,122,642**	2,979,771
Staff terminal benefits	**112,875**	103,425
	3,235,517	3,083,196

14 Cash and cash equivalents

	2017 AED	2016 AED
Cash in hand	**268,670**	295,736
Cash at bank	**11,546,336**	6,728,549
	11,815,006	7,024,285

14.1 Bank borrowings

During the current year, the Group availed of a loan for one year from IndusInd Bank on which the bank charges interest at 3 months LIBOR + 250 basis points. The loan is structured as a working capital loan, is subject to annual review before renewal and is secured over the assets of the Group.

15 Share capital

	2017 AED	2016 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Statutory reserve

The Group has created the reserve in accordance with Article 12 of the Memorandum of Association, Article 103 of the UAE federal commercial companies law 2 of 2015, and Article 154 of the Commercial Companies Law of 1974, as amended, of Oman. Due to loss for the year in both these entities, no amount during the current year was transferred to statutory reserve *(2016: AED nil)*

	2017 AED	2016 AED
Desert Adventures Tourism L.L.C. (Dubai)	**150,000**	150,000
Muscat Desert Adventures Tourism L.L.C.	**476,500**	476,500
	626,500	626,500

17 Shareholder contribution

	2017 AED	2016 AED
Shareholder contribution	**9,341,289**	-

During the year Kuoni Travel Investments Limited, the then Ultimate Parent of the Group, have written-off a balance of AED 9,341,289 owed to them. This has been approved by the Board of Kuoni Travel Investments Limited on 29 May 2017.

18 Provision for employees' end of service benefits

	2017 AED	2016 AED
At 1 January	**2,469,654**	2,657,301
Charge for the year	**657,603**	549,218
Payments during the year	**(273,533)**	(736,865)
At 31 December	**2,853,724**	2,469,654

19 Trade and other payables

	2017 AED	2016 AED
Trade payables	**20,147,727**	26,072,936
Hotel and other service accruals	**24,832,167**	32,345,644
Advances from customers	**6,725,829**	7,487,383
Employee and payroll related accruals	**1,698,605**	1,670,407
Other payables	**1,283,801**	2,453,475
	54,688,129	70,029,845

20 Contingencies and commitments

Bank guarantees

The Group has AED 717,343 *(2016: AED 717,343)* of bank guarantees as at 31 December 2017.

Operating lease

Non-cancellable operating lease rentals are payable as follows:

	2017 AED	2016 AED
Due within one year	**1,018,300**	1,174,724
Later than one year and not later than five years	**689,560**	1,438,165
	1,707,860	2,612,889

During the year ended 31 December 2017 AED 1,174,727 *(2015: AED 1,315,849)* was recognised as an expense in profit and loss in respect of operating leases.

21 Financial risk management

The Group has exposure to the following risks arising from financial instruments

- Credit risk;
- Liquidity risk; and
- Market risk;

Risk management framework

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The management is responsible for developing and monitoring the Group's risk management policy.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash at bank, trade and other receivables and amounts due from related parties.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Group's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017 AED	2016 AED
Trade and other receivables – net of provision *(excluding prepayments and advances)*	**24,719,977**	31,808,203
Amounts due from related parties	**5,187,010**	1,093,579
Cash at bank	**11,546,336**	6,728,549
	41,453,323	39,630,331

The aging of trade receivables at the reporting date is as follows:

	2017 Gross AED	**2017 Impairment AED**	2016 Gross AED	2016 Impairment AED
Current – not yet due	**12,972,441**	**-**	18,532,244	-
0-30 days past due	**3,535,671**	**-**	5,523,787	-
31-90 days past due	**2,287,027**	**(615,000)**	927,120	(442,581)
Over 90 days past due	**2,448,319**	**(2,448,128)**	(3,666,446)	(3,666,446)
	21,243,458	**(3,063,128)**	28,649,597	(4,109,027)

21 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liability based on contractual undiscounted payments:

2017	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**47,962,300**	**(47,962,300)**	**(47,962,300)**
Bank borrowings	**16,533,000**	**(16,872,085)**	**(16,872,085)**
Due to related parties	**4,843,052**	**(4,843,052)**	**(4,843,052)**
	69,338,352	**(69,677,437)**	**(69,677,437)**

2016	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	62,542,462	(62,542,462)	(62,542,462)
Bank borrowings	9,342,695	(9,342,695)	(9,342,695)
Due to related parties	5,437,042	(5,437,042)	(5,437,042)
	77,322,199	(77,322,199)	(77,322,199)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is limited as all of the Group's transactions are in AED or USD which is currently pegged against AED. Some of the transactions and balance related to subsidiaries are in Jordanian Dinar (JD) and Omani Riyal (RO) which does not have significant currency movement during the year in respect to AED. The Group's exposure to foreign currencies other than USD or currencies pegged to AED is not significant.

21 Financial risk management *(continued)*

Market risk *(continued)*

Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instrument is as follows:

Variable instruments	2017 AED	2016 AED
Financial liabilities (Bank borrowings)	**16,533,000**	9,342,695

A reasonably possible change of 100 basis points in interest rates at the reporting date would have decreased equity for increased loss by AED 165,330 *(2016: AED 93,427)*. This analysis assumes that all other variables remain constant.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders. The Group is not subject to externally imposed capital requirements.

22 Fair values

The fair values of the Group's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2017, there are no financial instruments carried at fair value by valuation method.

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN
FOR THE YEAR ENDED DECEMBER 31, 2017

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the General Assembly
Desert Adventures Tourism
(Private Shareholding Company)
Amman – Jordan

Opinion

We have audited the accompanying financial statements of **Desert Adventures Tourism – Private Shareholding Company ("the Company")**, which comprise of the statement of financial position as at December 31, 2017 and the related statements of profit or loss and other comprehensive income, change in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical 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.

Other Matter

Without qualifying our opinion, we draw attention that the company is not in compliance with the requirements of article 6 and 7 of "Jordanian Tourism and Travel Companies and Offices instructions" number 114 for the year 2016 which states that the Share Capital and the Bank Guarantee requirements for Tourism Companies operating in Jordan that have a foreign shareholder should be at Minimum JOD 250,000 for capital and JOD 500,000 for Bank Guarantee.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

KPMG

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 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 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 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.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License No. (656)

KPMG
Kawasmy & Partners Co.

Amman – Jordan
April 25, 2018

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF FINANCIAL POSITION

In Jordanian dinar	Note	As of December 31, 2017	2016
Assets			
Cash and cash equivalents	5	401.451	105,153
Trade receivables and other debit balances	6	705,332	154,093
Deferred tax assets	9	14,907	-
Current Assets		**1,121,690**	**259,246**
Property and equipment	7	1,625	1,185
Non-Current Assets		**1,625**	**1,185**
Total assets		**1,123,315**	**260,431**
Owners' Equity and Liabilities			
Owners' Equity			
Paid up capital		100,000	100,000
Retained earnings/(Accumulated losses)		54,085	(79,263)
Net Owners' Equity		**154,085**	**20,737**
Liabilities			
Trade payables and other credit balances	8	802,761	214,020
Due to related parties	10	140,901	15,013
Income tax provision	9	25,568	10,661
Total Current liabilities		**969,230**	**239,694**
Total Liabilities		**969,230**	**239,694**
Total Owners' Equity and Liabilities		**1,123,315**	**260,431**

The notes on pages (7) to (22) are an integral part of these financial statements.

The financial statements on pages (3) to (22) were approved by the Board of Director on April 25, 2018.

Chairman of Board of Directors | **Financial Manager** | **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Jordanian dinar		For the year ended December 31,	
	Note	**2017**	**2016**
Revenue	11	2,072,971	447,942
Cost of revenue	11	(1,828,482)	(350,508)
Gross profit		**244,489**	**97,434**
Administrative expenses	12	(106,578)	(46,138)
Marketing and advertisement expenses		(4,563)	(2,017)
Profit before income tax		**133,348**	**49,279**
Income tax expense	9	-	(6,899)
Profit for the year		**133,348**	**42,380**
Other comprehensive income		-	-
Total comprehensive income for the year		**133,348**	**42,380**

The notes on pages (7) to (22) are an integral part of these financial statements.

The financial statements on pages (3) to (22) were approved by the Board of Director on April 25, 2018.

Chairman of Board of Directors **Financial Manager** **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CHANGES IN OWNERS' EQUITY

In Jordanian dinar	Paid up Capital	Retained earnings/ (Accumulated losses)	Total
Changes for the year ended December 31, 2017			
Balance at January 1, 2017	100,000	(79,263)	20,737
Total comprehensive income for the year	-	133,348	133,348
Balance as of December 31, 2017	**100,000**	**54,085**	**154,085**
Changes for the year ended December 31, 2016			
Balance at January 1, 2016	100,000	(121,643)	(21,643)
Total comprehensive income for the year		42,380	42,380
Balance as of December 31, 2016	**100,000**	**(79,263)**	**20,737**

The notes on pages (7) to (22) are an integral part of these financial statements.

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CASH FLOWS

In Jordanian dinar	Note	For the year ended December 31, 2017	2016
Cash flows from operating activities			
Profit for the year after income tax		133,348	42,380
Adjustments for :			
Income tax expense	9	14,907	6,899
Deferred tax asset	9	(14,907)	-
Depreciation expense	7	1,680	1,776
		135,028	**51,055**
Changes in :			
Trade receivables and other debit balances		(551,239)	(115,980)
Trade payables and other credit balances		588,740	133,919
Net cash from operating activities		**172,529**	**68,994**
Cash flows from investing activities			
Acquisition of property and equipment	7	(2,119)	-
Net cash used in investing activities		**(2,119)**	-
Cash flows from financing activities			
Due to related parties		125,888	(46,986)
Net cash from financing activates		**125,888**	**(46,986)**
Net increase in cash and cash equivalents		296,298	22,008
Cash and cash equivalents at the beginning of the year		105,153	83,145
Cash and cash equivalents at the end of the year	5	**401,451**	**105,153**

The notes on pages (7) to (22) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Desert Adventures Tourism PSC was incorporated on 16 September 2010 as a Private Shareholding Company in the Hashemite Kingdom of Jordan, under number (767), with a paid up capital of JD 100,000, divided into 100,000 shares, distributed as the below schedule. The Company's parent Company is Desert Adventures Tourism LLC (Dubai) and the Ultimate Parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The shareholding in the Company was as follows:

Shareholder	Share
Desert Adventures Tourism LLC (Dubai)	50%
Loai Khalid Ahmed Najdawi	50%

The principal business activity of the Company is organizing leisure and individual business tours. The Company secures access to hotel accommodation and other activities and services from hotels and other service providers at competitive rates which are offered at preferential rates to tour operators, travel agents and other wholesalers

The registered address of the Company is Amman – Mecca Street

Loai Khalid Ahmed Najdawi is holding these shares for the beneficial interest of the Parent Company.

The financial statements were authorised and approved by the Board of Director on April 25, 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

(a) Basis of measurement

The financial statements have been prepared at historical cost basis.

(b) Functional and presentation currency

The financial statements are presented in Jordanian Dinar, which is also the Company's functional currency.

(c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

- Management frequently reviews the lawsuits raised against the company (if any), based on a legal study prepared by the company's management advisors. This study highlights potential risks that the company may incurred in the future.
- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

- Fair value hierarchy:

  The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

- Management believes that its estimates and judgments are reasonable and adequate.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2017 are the same as those applied by the Company in its financial statements for the year ended December 31, 2016, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2017:

- Amendments on IAS (7): Disclosure Intiative
- Amendments on IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments on IFRS (12): Ownership of other firms disclosure: Annual Improvements to IFRSs (2014 –2016) Cycle.

The application of these amended standards did not have a significant effect on the Company's financial statements

The following are the significant accounting policies applied by the Company:

a) Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade receivables and other debit balances.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

b) Property and equipment

- **Recognition and measurement**

- Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.
- Borrowing costs related to the acquisition or constructions of qualifying assets are capitalized as incurred.
- When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.
- Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the statement of profit or loss and other comprehensive income.

- **Subsequent costs**

- The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property and equipment are expensed in the statement of profit or loss and other comprehensive income as incurred.

- **Depreciation**
- Items of property and equipment are depreciated on a straight-line basis in the statement of profit or loss and other comprehensive income over the estimated useful lives of each component.
- Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.
- The estimated Deprecation rates of property and equipment for the current and previous year are as follows:

Property and equipment	Depreciation rate
	%
Office Decoration and Accessories	15
Office Equipment	35
Furniture and Fixture	15

c) **Impairment**

- **Financial assets**

- A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

- A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

- Individually significant financial assets are tested for impairment on an individual basis.

- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of profit or loss and other comprehensive income.

- **Non-Financial Assets**

- The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the statement of profit or loss and other comprehensive income.

d) **Fair value**

- Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.
- The closing prices (purchase of assets \ sale of liabilities) on financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

e) **Offsetting**

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

f) **Provisions**

A provision is recognized in the statement of financial position when the Company has present obligation (legal or constructive) as result of past event, it is probable that an outflow economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

g) **Revenue**

The Company renders a wide range of tourism and related services.

Revenue comprises hotel accommodation and tourism and related revenue (hotel bookings, transport, visa services, airline ticket commissions and other travel related services) and excursion revenue. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable in proportion to the stage of completion of the services at the reporting date. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue.

h) **Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity or comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is calculated at the tax rate of 20% (2016: 20%) for the services activities in accordance with the prevailing Income Tax Law in Jordan.

4. NEW STANDARDS AND AMENDMENTS

The following new and revised IFRSs have been issued but are not effective yet, the Company has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

Standards

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1st, 2018 except for Insurance Companies which will be effective on January 1st, 2021 with earlier application permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1st, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).
- International Financial Reporting Standards (17). Insurance Contracts (effective on January 1st, 2021 with earlier application permitted).

Amendments

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (4): Applying IFRS 9 Financial Instruments with IFRS (4) Insurance Contracts (effective on Jan 1st 2018).
- IAS (40). Transfers of Investment Property (effective on January 1st, 2018).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (1) Adapting IFRS for the First Time and IAS (28) Investment in Associate and Joint Venture (effective on Jan 1st 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective on Jan 1st 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on Jan 1st 2019).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective date to be determined).

The Company anticipates that each of the above standards and interpretations (amendments) will be adopted in the financial statements by its date mentioned above without having any material impact on the Company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

  IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. It contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

  IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any significant impact on its financial statements as at January 1, 2018.

- **IFRS 9 Financial Instruments**

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on January 1, 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 9 and believes that it will not have any significant impact on its financial statements as at January 1, 2018.

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at January 1, 2018.

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company is analyzing to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Company plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. January 1, 2018). As a result, the Company will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

- **IFRS 16 Leases**

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at January 1, 2019, the composition of the Company's lease portfolio at that date.

No significant impact is expected for the Company's finance and operating leases.

5. CASH AND CASH EQUIVALENTS

In Jordanian dinar	As of December 31, 2017	2016
Cash on hand	1,061	16,315
Cash at bank	400,390	88,838
	401,451	**105,153**

6. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

In Jordanian dinar	As of December 31, 2017	2016
Trade receivables *	375,471	122,314
Provision for doubtful debts **	-	(1,698)
Trade receivables net of provision for doubtful debts	**375,471**	**120,616**
Advances to suppliers	302,786	6,148
Prepaid expenses and other debit balances	2,075	2,329
Cash margins	25,000	25,000
	705,332	**154,093**

* The Company used to trade with well-established customers, to reduce the financial risk of not collecting customers' receivables, a provision for impairment of receivables is booked for the trade receivables due for more than 90 days under certain terms according to the Company's policy, the following is the aging report for accounts receivable balances, without provision, as of year-end:

		Trade receivables, without provision, aging report				
In Jordanian dinar	**Total**	**0-59 Days**	**60-89 Days**	**90-120 Days**	**120-150 Days**	**More than 150 Days**
2017	375,471	369,183	6,288	-	-	-
2016	122,314	119,654	962	-	-	1,698

Unimpaired receivables are expected on the basis of past experience to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majorities are, therefore, unsecured.

**The following table illustrates the movement on the provision for doubtful debts:

Jordanian Dinar	As of December 31, 2017	2016
Balance at the beginning of the year	1,698	1,698
Written-off	(1,698)	-
Balance at the end of the year	-	**1,698**

7. PROPERTY AND EQUIPMENT

In Jordanian dinar	Office Decoration and Accessories	Office Equipment	Furniture and Fixture	Total
Cost				
Balance at January 1, 2016	47,295	22,838	11,851	81,984
Disposal / write off	(47,295)	(22,838)	-	(70,133)
Balance at December 31, 2016	-	-	**11,851**	**11,851**
Balance at January 1, 2017	-	-	11,851	11,851
Additions	-	2,119	-	2,119
Balance at December 31, 2017	-	**2,119**	**11,851**	**13,970**
Accumulated Depreciation				
Balance at January 1, 2016	47,295	22,838	8,890	79,023
Depreciation for the year	-	-	1,776	1,776
Disposal / write off	(47,295)	(22,838)	-	(70,133)
Balance at December 31, 2016	-	-	**10,666**	**10,666**
Balance at January 1, 2017	-	-	10,665	10,665
Depreciation for the year		494	1,186	1,680
Balance at December 31, 2017		**494**	**11,851**	**12,345**
Net book value as at:				
December 31, 2016	-	-	**1,185**	**1,185**
December 31, 2017	-	**1,625**	-	**1,625**

8. TRADE PAYABLES AND OTHER CREDIT BALANCES

In Jordanian dinar	As of December 31, 2017	2016
Trade payables	2,941	1,289
Deferred Cheques *	20,636	47,828
Accrued expenses	12,692	13,756
Advances from customers	142,376	-
Hotels and excursion payables	624,116	151,147
	802,761	**214,020**

* This item represents the amount of deferred Cheques due within one year.

9. INCOME TAX

Income tax expense presented in the statement of profit or loss and other comprehensive income consists of the following:

In Jordanian dinar	For the year ended December 31, 2017	2016
Income tax expense for the year	18,669	6,899
Reversal of overprovision in prior year	(3,762)	-
Recognition of deferred tax asset related to unused tax losses (i)	(14,907)	-
	-	**6,899**

The effective income tax rare for the year ended December 31, 2017 is 0% (for the year ended December 31, 2016: 13.9%)

(i) In 2017, Management received their final assessment for tax losses related to the years 2010 and 2011. Management is confident of the availability of future taxable profits to recognize the deferred tax asset recorded.

The movement on income tax provision during the year was as follows:

In Jordanian Dinar	As of December 31, 2017	2016
Balance at the beginning of the year	10,661	3,762
Provision for the year	18,669	6,899
Reversal of overprovision in prior year	(3,762)	-
Balance at the end of the year	**25,568**	**10,661**

The movement on the deferred tax asset during the year was as follows:

Jordanian Dinar	For the year ended December 31, 2017	2016
Balance at the beginning of the year	-	-
Additions during the year	14,907	-
	14,907	**-**

Tax status of the Company is as follow:

- The Company filed its income tax returns on timely basis for the years 2011 to 2016 and they were not audited by the income tax department until the date of these financial statements.
- The Company audited by the Sales and income Tax Department until the end of 2015.
- The Company calculated the income tax provision for the year 2017 in accordance with the local income tax law, and in the opinion of the Company's management and its tax consultant, the income tax provisions recorded in the financial statements are adequate to cover all open tax years.

10. RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent parent and affiliate companies, directors and key management personnel of the Company.

The Company, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. Such transactions are made on terms and conditions agreed between the related parties

10-1) DUE TO RELATED PARTES

		As of December 31,	
In Jordanian dinar	Nature of relationship	2017	2016
Desert Adventures Tourism L.L.C.*	Parent Company	103,910	8,934
Kuoni Travel Management Limited **	Ultimate Parent Company	-	6,079
Travel Circle International (Mauritius) Limited	Ultimate Parent Company	5,994	-
Muscat Desert Adventures LLC	Associated Company	30,997	-
		140,901	15,013

*There is no interest payable on the Company to be paid to the Parent Company over this amount, nor a year obligation for this amount to be paid back to the Parent Company.

**On 29 June 2017, Travel Circle International (Mauritius) Limited acquired Kuoni Travel Investment Ltd's 49% Shareholding in Desert Adventures Tourism L.L.C. (the Parent Company), as a result of this change in ownership, Kuoni Travel Management Limited ceased being a related party from this date.

10-2) TRANSACTIONS WITH RELATED PARTIES

Transaction terms and pricing policies are approved by management. Transactions included in the statement of profit or loss and other comprehensive income are as the below:

For the year ended 31 December 2017

Jordanian Dinar	Relationship	Expenses
Muscat Desert Adventures Tourism LLC	Related through common ownership	35,939
Kuoni Travel Management Limited	Ultimate Parent Company (refer note 10.1 **)	349

For the year ended 31 December 2016

Jordanian Dinar	Relationship	Expenses
Kuoni Travel Management Limited	Ultimate Parent Company (refer note 10.1 **)	2,571

Management fee represents the amount charged for the central functions which is allocated based on financial and non-financial basis.

10-3) SALARIES AND REMUNERATIONS FOR KEY MANAGEMENT

Short term benefits (Salaries, bonus and other benefits) of top executive management amounted to JD nil for the year ended December 31, 2017 (Nil for the year ended 31 December 2016). The top management function has been centralised to Desert Adventures Dubai (the parent Company).

11. REVENUE AND COST OF REVENUE

	For the year ended December 31, 2017		
In Jordanian dinar	Revenue	Cost of revenue	Gross profit
Tourism Group Revenue (Hotels)	1,746,655	(1,591,168)	155,487
Excursions, transfers and other revenue	326,316	(237,314)	89,002
	2,072,971	**(1,828,482)**	**244,489**

	For the year ended December 31, 2016		
In Jordanian dinar	Revenue	Cost of revenue	Gross profit
Tourism Group Revenue (Hotels)	375,065	(300,903)	74,162
Excursions, transfers and other revenue	72,877	(49,605)	23,272
	447,942	(350,508)	97,434

12. ADMINISTRATIVE EXPENSES

In Jordanian dinar	For the year ended December 31,	
	2017	2016
Staff salaries and related benefits	30,056	22,510
Social security	3,336	2,163
Management fee	36,288	2,571
Office expenses	12,314	2,421
Legal and professional fees	8,749	7,986
Rent expenses	5,100	4,422
Depreciation expenses (refer note 7)	1,680	1,776
Travel expenses	1,051	734
Other expenses	8,004	1,555
	106,578	**46,138**

13. FINANCIAL INSTRUMENTS

Overview

The company has exposure to the following risks from its use of financial instruments.

- Credit risk;
- Liquidity risk;
- Market risk; and
- Capital management.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and others.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In Jordanian dinar	Carrying value as at December 31,	
	2017	2016
Trade receivables	375,471	122,314
Cash at bank	400,390	88,838
	775,861	**211,152**

NOTES TO THE FINANCIAL STATEMENTS

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk. The Company's 75% of its revevue approximately during the year ended December 31, 2017 is due to one customer based in Russia, however, geographically there is no concentration of credit risk during the year ended Decmebr 31, 2016.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains line of credit from its bank for sudden cash requirements.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities:

In Jordanian dinar	Carrying value	Contractual Cash flows	6 Month or Less	More than one year
As of December 31, 2017				
Trade payables and other credit balances (excluding advances)	660,385	(660,385)	(660,385)	-
Income tax provision	25,568	(25,568)	(25,568)	-
Due to related parties	140,901	(140,901)	(140,901)	-
	826,854	**(826,854)**	**(826,854)**	**-**

In Jordanian dinar	Carrying value	Contractual Cash flows	6 Month or Less	More than one year
As of December 31, 2016				
Trade payables and other credit balances	214,020	(214,020)	(214,020)	-
Income tax provision	10,661	(10,661)	(10,661)	-
Due to related parties	15,013	(15,013)	(15,013)	-
	239,694	**(239,694)**	**(239,694)**	**-**

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Most of the company's financial assets and liabilities are in Jordanian Dinar. Most of the company's transactions in general are in Jordanian Dinar and US Dollar. Due to the fact that the Jordanian Dinar is pegged with US Dollar, the Company's management believes that the foreign currency risk is not material on the financial statements.

Interest rate risk
The Company does not have any financial assets or liabilities that bear interest as of year-end.

Capital management

The company's policy concerning capital management is to maintain a strong capital base to maintain partners, creditors and market confidence and to sustain future development of the business.
The management monitors the return on capital, which the management defined as net operation income divided by total partners' equity.

There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

Debt to Capital Ratio	**As of December 31,**	
Jordanian Dinar	**2017**	**2016**
Total debt	660,385	239,694
(Less) Cash at bank	(400,390)	(88,838)
Net debt	**259,995**	**150,856**
Net owners' equity	154,085	20,737
Adjusted capital	**154,085**	**20,737**
Debt-to–adjusted Capital Ratio	**168%**	**727%**

Financial Instruments measured at fair value:

The Company does not measure any financial instruments at fair value.

		Fair Value		
In Jordanian dinar	Book value Fair value	Level (1)	Level (2)	Level (3)
As of December 31, 2017				
Trade receivables and other debit balances	705,332	-	705,332	-
Cash and cash equivalents	401,451	401,451	-	-
Trade payables and other credit balances	660,385	-	660,385	-
Income tax provision	25,568	-	25,568	-
Due to related parties	140,901	-	140,901	-
As of December 31, 2016				
Trade receivables and other debit balances	154,093	-	154,093	-
Cash and cash equivalents	105,153	105,153	-	-
Trade payables and other credit balances	214,020	-	214,020	-
Income tax provision	10,661	-	10,661	-
Due to related parties	15,013	-	15,013	-

14. BANK GUARANTEES

As of the date of the financial statements, the Company has the below Guarantees:

	As of December 31,	
Jordanian Dinar	2017	2016
Guarantees *	25,000	25,000
	25,000	**25,000**

* These Guarantees are issued for the favor of the Ministry of Tourism with an amount of JD 25,000 (2016: JD 25,000).

15. COMPARATIVE FIGURES

Comparative figures represent the financial statements for the year ended December 31, 2016.

Desert Adventures Tourism LLC
(Company only)

Separate financial statements
31 December 2017

Desert Adventures Tourism LLC (Company only)

Separate financial statements

31 December 2017

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Directors' Report

The directors submit their report together with the audited separate financial statements of the Company for the year ended 31st December 2017.

LEGAL STATUS

Desert Adventures Tourism LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai and Department of Economic Development.

The principal activity of the Company is to handle Hotel Booking, Leisure, FIT, Last Minute, Visa Processing and Transfer. The Company started its operations in September 1997.

The registered office of the Desert Adventures Tourism LLC is P.O. Box No. 25488, Dubai, United Arab Emirates.

SHARE HOLDINGS

The shareholding in the Company was as follows:

Name	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51%
Travel Circle International (Mauritius) Limited ("the holding company")	49%

Mohammad Ameen H.M Mubasheri Almarzooqi has agreed not to take part in the operational and financial management of the Company.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2017 are stated below:

Financial highlights	**2017 AED**	2016 AED
Net loss	**(5,081,334)**	(3,028,509)
Total equity	**(29,542,433)**	(33,802,388)

Representations and audit

There have been no events subsequent to 31 December 2017, which would in any way invalidate the separate financial statements.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 19 APR 2018

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Independent Auditors' Report

To the Shareholders of Desert Adventures Tourism LLC

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Desert Adventures Tourism LLC ("the Company"), which comprise the separate statement of financial position as at 31 December 2017, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report set out on page 1.

Other Information (continued)

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates

Date: 19 APR 2018

Desert Adventures Tourism LLC (Company only)

Separate statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2017 AED**	2016 AED
Revenue	*4*	**195,363,671**	204,802,485
Cost of sales	*5*	**(174,549,655)**	(181,828,672)
Gross profit		**20,814,016**	22,973,813
Administrative and general expenses	*7*	**(27,048,544)**	(28,461,981)
Other income	*8*	**2,123,506**	2,755,813
Results from operating activities		**(4,111,022)**	(2,732,355)
Finance income	*6*	**133,616**	441,410
Finance cost	*6*	**(1,103,928)**	(737,564)
Net finance cost		**(970,312)**	(296,154)
Loss and total comprehensive income		**(5,081,334)**	(3,028,509)

The notes on pages 10 to 29 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 - 5.

Desert Adventures Tourism LLC (Company only)

Separate statement of financial position

As at 31 December

	Notes	2017 AED	2016 AED
Non-current assets			
Property and equipment	*9*	**758,258**	1,045,493
Intangible asset	*10*	**-**	7,034,845
Investment in subsidiaries	*11*	**1,435,575**	1,435,575
Total non-current assets		**2,193,833**	9,515,913
Current assets			
Trade and other receivables	*12*	**26,946,407**	36,126,444
Due from related parties	*13*	**5,549,493**	1,140,110
Cash and cash equivalents	*14*	**8,768,079**	5,341,489
Total current assets		**41,263,979**	42,608,043
Total assets		**43,457,812**	52,123,956
Equity and liabilities			
Equity			
Share capital	*15*	**300,000**	300,000
Legal reserve	*17*	**150,000**	150,000
Shareholders contribution	*16*	**9,341,289**	-
Accumulated losses		**(39,333,722)**	(34,252,388)
Total equity		**(29,542,433)**	(33,802,388)
Non-current liabilities			
Provision for employees' end of service benefits	*18*	**2,794,228**	2,413,218
Total non-current liabilities		**2,794,228**	2,413,218
Current liabilities			
Trade and other payables	*19*	**48,829,965**	66,887,521
Bank borrowings	*20*	**16,533,000**	9,342,695
Due to related parties	*13*	**4,843,052**	7,282,910
Total current liabilities		**70,206,017**	83,513,126
Total liabilities		**73,000,245**	85,926,344
Total equity and liabilities		**43,457,812**	52,123,956

The notes on pages 9 to 29 are an integral part of these separate financial statements.

These separate financial statements were authorised for issue by the shareholders on 19 APR 2018

Director

Head of Finance

The independent auditors' report is set out on pages 2 - 5.

Desert Adventures Tourism LLC (Company only)

Separate statement of cash flows

For the year ended 31 December

	Notes	**2017 AED**	2016 AED
Cash flows from operating activities			
Loss		**(5,081,334)**	(3,028,509)
Adjustments for:			
Depreciation	*9*	**313,695**	878,993
Amortisation	*10*	**1,738,452**	1,774,665
Provision for employees' end of service benefits	*18*	**643,365**	518,703
Gain on sale of property and equipment	*8*	**(56,000)**	(30,255)
		(2,441,822)	113,597
Changes in:			
- trade and other receivables		**9,180,037**	(3,484,176)
- due from related parties		**(4,409,383)**	5,389,777
- due to related parties		**6,901,431**	1,468,918
- trade and other payables		**(18,057,556)**	18,054,353
Payment for employees' end of service benefits	*18*	**(262,355)**	(675,816)
Net cash (used in)/from operating activities		**(9,089,648)**	20,866,653
Cash flows from investing activities			
Acquisition of property and equipment	*9*	**(26,460)**	(156,231)
Proceeds from disposal of property and equipment		**56,000**	30,255
Proceeds from disposal of intangible assets	*12*	**5,296,393**	-
Addition to capital work in progress intangible assets		**-**	(297,182)
Net cash from/(used in) investing activities		**5,325,933**	(423,158)
Cash flows from financing activity			
Net bank borrowings obtained/(repaid)		**7,190,305**	(23,290,755)
Net cash from financing activities		**7,190,305**	(23,290,755)
Net increase/(decrease) in cash and cash equivalents		**3,426,590**	(2,847,260)
Cash and cash equivalents at beginning of the year		**5,341,489**	8,188,749
Cash and cash equivalents at 31 December	*14*	**8,768,079**	5,341,489

The notes on pages 10 to 29 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2-5.

Desert Adventures Tourism LLC (Company only)

Separate statement of changes in equity

For the year ended 31 December

	Share capital AED	Statutory reserve AED	Shareholders contribution AED	Accumulated losses AED	Total AED
As at 1 January 2016	300,000	150,000	-	(35,277,129)	(34,827,129)
Total comprehensive income	-	-	-	(3,028,509)	(3,028,509)
Transactions with owners of the Company					
Net reversal of unpaid dividend in prior year (refer note 13)	-	-	-	4,053,250	4,053,250
As at 31 December 2016	300,000	150,000	-	(34,252,388)	(33,802,388)
As at 1 January 2017	300,000	150,000	-	(34,252,388)	(33,802,388)
Total comprehensive income	-	-	-	(5,081,334)	(5,081,334)
Transactions with owners of the Company					
Shareholder contribution (refer note 16)	-	-	9,341,289	-	9,341,289
As at 31 December 2017	**300,000**	**150,000**	**9,341,289**	**(39,333,722)**	**(29,542,433)**

The notes on pages 10 to 29 are an integral part of these separate financial statements.

Desert Adventures Tourism LLC (Company only)

Notes to the financial statements

1 Reporting entity

Desert Adventures Tourism LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai.

The authorised and fully paid up share capital of the Company is U.A.E. Dirham 300,000 divided into 100 shares of U.A.E. Dirham AED 3,000.

The shareholding in the Company was as follows:

Name	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51
Travel Circle International (Mauritius) Limited ("the holding company")*	49

Mohammad Ameen H.M Mubasheri Almarzooqi has agreed not to take part in the operational and financial management of the Company.

*On 29 June 2017, Travel Circle International (Mauritius) Limited acquired Kuoni Travel Investment Ltd's 49% shareholding in the Company.

The principal business activity of the Company is organising leisure of individual business tours via Business to Business ("B2B"). The Company secures access to hotel accommodation and other activities and services from hotels and other service providers at competitive rates which are offered at a preferential rates to tour operators, travel agents and other wholesalers.

The registered address of the Company is Al Barsha Boutique Building, Al Barsha 1, P.O. Box 25488, Dubai, United Arab Emirates.

The ultimate parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

2 Basis of accounting

a) Consolidated results

These financial statements reflect the operating results and the financial position of the Company only, and do not consolidate the operating results and financial position of the subsidiaries (refer note 11). These financial statements are prepared to present the net value of the Company based on cost less provision, if any. The subsidiaries are consolidated on a line-by-line basis in the consolidated financial statements of Desert Adventures Tourism L.L.C., which should be referred to for the consolidated financial position and results of operations for the Group.

b) Going Concern Assumption

During the year ended 31 December 2017, the Company incurred a loss of AED 5.08 million and as 31 December 2017 its accumulated losses, net of shareholder contribution, amounted to AED 29.99 million *(2016: AED 34.25 million)*. The Company had net current liabilities amounting to AED 28.94 million *(2016:40.91 million)*.

The conditions indicate existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on the continued financial support of its shareholder and expected achievement of few initiatives mentioned below. The shareholder has confirmed its intention to provide continued financial support to the Company to enable the Company to meet its all financial obligations as they fall due and to carry on business without a significant curtailment in the operations.

2 Basis of accounting *(continued)*

b) Going Concern Assumption

The management is also confident that the conditions are temporary and due to the seasonal nature of the business and along with initiatives mentioned below, the Company will be able to maintain the going concern assumption. The management expects the following events in the near future which will help the Company and bring financial efficiencies / savings to the overall business:

- Centralisation of certain core arrangements and business processes.
- Focus on new markets and products; and
- Technological advancement including enhancement of distribution channels of services via B2B

c) Statement of compliance

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the UAE Federal Law No. 2 of 2015.

d) Basis of measurement

The separate financial statements have been prepared under the historical cost basis.

e) Functional and presentation currency

The separate financial statements are presented in UAE Dirham ("AED"), which is the Company's functional and presentation currency.

f) Use of estimates and judgments

The preparation of the separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognised in these separate financial statements are described in note 24.

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Revenue

The Company renders a wide range of tourism and related services.

Revenue comprises hotel accommodation and tourism and related revenue (hotel bookings, transport, visa services, airline ticket commissions and other travel related services) and excursion revenue. The revenue from rendering these services is recognised in profit or loss at the fair value of the consideration received or receivable in proportion to the stage of completion of the services at the reporting date which in company's case is generally the date of arrival. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue.

3 Significant accounting policies *(continued)*

Operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash at bank and in hand, trade and other receivables, amounts due from/to related parties and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses, if any.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent cost

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives are as follows:

Assets	**Years**
Motor vehicles	4
Furniture, fixtures and equipment	2-5
Leasehold improvements	10

The depreciation method and useful lives, as well as estimates of residual lives, are reassessed annually.

3 Significant accounting policies *(continued)*

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into AED using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

Intangible Assets

Intangible assets, including software, operating licenses and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses if any.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative is 5 years.

Investment in subsidiaries

Investment is subsidiaries is recorded at cost less any impairment value as provided for under International accounting standard (IAS) 27 "Separate financial statements". A subsidiary is an entity that is controlled by the Company.

Dividend income

Dividend income is recognised in profit or loss on the date when the Company's right to receive is established.

Provisions

A provision is recogniaed in the statement of financial position, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for employee end of service benefits

The provision is made for the amount of end of service benefits due to employees in accordance with the UAE Labour Law and is based on the current remuneration and the period of service of the employees at the end of the reporting period. The provision has been classified as a non-current liability.

3 Significant accounting policies *(continued)*

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies *(continued)*

Impairment (continued)

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Standards issued but not yet adopted

A number of new standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements.

The following standards are expected to have a material impact on the Company's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any material impact on its financial statements as at 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The management is currently in process of quantifying the impact of adoption of IFRS 9 on the financial statements as at 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at 1 January 2018.

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company is analysing to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Company plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date.

No significant impact is expected for the Company's finance and operating leases.

4 Revenue

	2017 AED	2016 AED
Tourism and related revenue	**147,275,507**	169,998,564
Excursion revenue	**46,777,270**	32,681,520
Hotel commissions	**1,310,894**	2,122,401
	195,363,671	204,802,485

5 Cost of sales

	2017 AED	2016 AED
Tourism and related services	**134,822,031**	154,983,235
Excursion cost	**39,727,624**	26,743,458
Depreciation expense related to excursion (refer note 9.2)	**-**	101,979
	174,549,655	181,828,672

6 Finance income/(cost)

	2017 AED	2016 AED
Finance income		
Net foreign exchange gain	**118,929**	441,410
Interest income	**14,687**	-
Total finance income	**133,616**	441,410
Finance cost		
Bank charges	**(303,571)**	(334,971)
Loan interest and other charges	**(800,357)**	(402,593)
Total finance cost	**(1,103,928)**	(737,564)

7 Administrative and general expenses

	2017 AED	2016 AED
Staff salaries and related benefits	**18,997,733**	18,851,730
Amortisation (refer note 10)	**1,738,452**	1,774,665
IT expenses	**1,160,356**	866,997
Rent expense	**1,050,837**	1,067,675
Advertisement and business promotion	**1,027,816**	1,630,695
Other expenses	**1,412,857**	1,538,761
Travel expense	**594,373**	997,304
Office expense	**487,861**	519,160
Depreciation (refer note 9.2)	**313,695**	777,014
Bad and doubtful debt (refer note 12.1)	**264,564**	437,980
	27,048,544	28,461,981

8 Other income

	2017 AED	2016 AED
Gain on sale of property and equipment	**56,000**	30,255
Intragroup charges - net (refer note 8.1)	**1,410,116**	2,524,441
Other income	**657,390**	201,117
	2,123,506	2,755,813

8.1 Intragroup charges - net

	2017 AED	2016 AED
Expenses recharged to associated companies	**5,478,595**	7,291,115
Expenses recharged by associated companies	**(4,068,479)**	(4,766,674)
	1,410,116	2,524,441

9 Property and equipment

	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvements	Total
	AED	AED	AED	AED
Cost				
Balance at 1 January 2016	3,019,500	1,784,609	2,115,503	6,919,612
Additions	81,378	23,353	51,500	156,231
Disposals / write-offs	(175,000)	(1,164,170)	(611,677)	(1,950,847)
Balance at 31 December 2016	2,925,878	643,792	1,555,326	5,124,996
Balance at 1 January 2017	2,925,878	643,792	1,555,326	5,124,996
Additions	-	26,460	-	26,460
Disposals	(355,000)	-	-	(355,000)
Balance at 31 December 2017	2,570,878	670,252	1,555,326	4,796,456
Depreciation				
Balance at 1 January 2016	2,669,083	1,546,950	935,324	5,151,357
Charge for the year (refer note 9.1)	208,357	175,534	495,102	878,993
Disposals / write offs	(175,000)	(1,164,170)	(611,677)	(1,950,847)
Balance at 31 December 2016	2,702,440	558,314	818,749	4,079,503
Balance at 1 January 2017	2,702,440	558,314	818,749	4,079,503
Charge for the year (refer note 9.1)	112,500	63,025	138,170	313,695
Disposals	(355,000)	-	-	(355,000)
Balance at 31 December 2017	2,459,940	621,339	956,919	4,038,198
Carrying amounts				
At 31 December 2017	**110,938**	**48,913**	**598,407**	**758,258**
At 31 December 2016	223,438	85,478	736,577	1,045,493

9.1 Charge for the year includes accelerated depreciation on assets written off amounting to AED 821,401 *(2016: AED 316,206)*.

9.2 Allocation of depreciation expense

	2017 AED	2016 AED
Depreciation expense related to administration (refer note 7)	**313,695**	777,014
Depreciation expense related to excursion (refer note 5)	-	101,979
	313,695	878,993

10 Intangible asset - Software

	2017 AED	2016 AED
Cost		
As at 1 January	**9,170,519**	8,873,337
Additions	**-**	297,182
Disposals *(refer 10.1)*	**(7,939,247)**	-
As at 31 December	**1,231,272**	9,170,519
Amortisation		
As at 1 January	**2,135,674**	361,009
Charge for the period	**1,738,452**	1,774,665
Disposal *(refer 10.1)*	**(2,642,854)**	-
As at 31 December	**1,231,272**	2,135,674
Net book value as at 31 December	**-**	7,034,845

10.1 Disposal of software

During the year, the Company sold perpetual licenses to existing users, (related parties) of the software amounting to AED 5,296,393. Historically these licenses were granted to related parties and the Company used to charge an annual licensing fee however in accordance with the terms of agreement dated 29th June 2017 these licenses were converted in perpetual rights and sold to respective related parties. The selling price was approximately equal to the above carrying amount of the software at the date of transaction and hence no gain or loss was realised on the disposal.

The Company was also using this software license and the remaining carrying value amounted to AED 821,401 represented value of software used by the management of the Company however based on an operational assessment carried out by the management as at June 29, 2017 management decided to book an impairment loss amounting equal to the carrying value of the asset considering that the asset will be replaced within the next financial year.

11 Investment in subsidiaries

The investment in subsidiary is registered in the name of the shareholders of the Company and represents the amount contributed directly by the shareholders in the capital of Muscat Desert Adventures Tourism LLC ("Muscat DAT) and Jordan Desert Adventures Tourism LLC ("Jordan DAT").

	Muscat DAT AED	Jordan DAT AED	Total AED
Cost	**1,435,575**	**522,900**	**1,958,475**
Provision for impairment	**-**	**(522,900)**	**(522,900)**
At 31 December 2017	**1,435,575**	**-**	**1,435,575**
At 31 December 2016	1,435,575	-	1,435,575

11 Investment in subsidiaries (continued)

Management carried out an impairment test of the carrying value of the subsidiaries as at 31 December 2017, based on these impairment test management No impairment was made as the net assets of each subsidiary was in excess of its carrying amount as at 31 December 2017

12 Trade and other receivables

	2017 AED	2016 AED
Trade receivables	**18,824,562**	27,018,256
Provision for doubtful debts (refer note 12.1)	**(3,015,383)**	(3,911,060)
	15,809,179	23,107,196
Other receivables and prepayments		
Prepayments	**1,013,853**	949,414
Other receivables		
- Deposits	**5,566,277**	5,467,927
- Commission receivables	**673,396**	1,286,463
- Other receivables	**185,243**	229,354
	7,438,769	7,933,158
Advances to suppliers	**3,698,459**	5,086,090
	26,946,407	36,126,444

12.1 Provision for doubtful debts

The movement in the provision for doubtful debts during the year is as follows:

	2017 AED	2016 AED
As at 1 January	**3,911,060**	8,784,166
Provision made during the year	**264,564**	612,437
Reversal of provision during the year due to recoveries	**-**	(174,457)
	264,564	437,980
Written off	**(1,160,241)**	(5,311,086)
As at 31 December	**3,015,383**	3,911,060

13 Related parties

Related parties, within the definition of a related party contained in International Accounting Standard 24, represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Such transactions are on terms and conditions mutually agreed.

Significant transactions entered with related parties during the year were:

	2017 AED	2016 AED
Sales to related parties	**5,182,707**	4,902,847
Expenses recharged to Sister Company	**5,478,595**	7,291,115
Expenses recharged by Sister Company	**(4,068,479)**	(4,766,674)
Reversal of dividend payable *(refer (i))*	-	4,053,250

(i) Prior year the Company has netted of certain long outstanding balances for dividends due to related parties which resulted in a reversal of net liabilities amounting to AED 4,053,250. The amount is directly recorded in the equity.

Due from related parties	**2017 AED**	2016 AED
Asian Trails Holding Ltd	**3,342,349**	-
Kuoni Private Safaris – Namibia	**172,510**	52,250
Jordan Desert Adventures Tourism LLC	**541,190**	46,531
Allied Tpro Inc.	**278,762**	-
Australian Tours Management Pty Ltd	**212,763**	-
SOTC Travel Limited	**313,637**	-
Kuoni Private Safaris Limited	**662,993**	-
Kuoni Private Safaris E.A Limited	**25,029**	-
Asian Trails Malaysia	**260**	-
Kuoni Group Travel Experts *(refer (ii) below)*	-	1,041,329
	5,549,493	1,140,110

Due to related parties

	2017 AED	2016 AED
Travel Circle International	**2,784,559**	-
Muscat Desert Adventures Tourism LLC	**1,205,820**	
Gulf Dunes Dubai LLC	**808,747**	1,325,153
Reem Tours LLC	**38,868**	38,868
Asian Trails Vietnam	**5,058**	5,058
Kuoni Travel Management Limited *(refer (ii) below)*	-	2,260,704
Donvand Limited	-	958,352
Kuoni Travel Limited – Zurich*(refer (ii) below)*	-	498,063
Gulliver Travel Associates *(refer (ii) below)*	-	57,772
Allied Tpro Inc	-	28,122
Asian Trails Thailand	-	400
	4,843,052	7,282,910

13 Related parties (continued)

All of the above related parties are associated companies of the holding company, except for Muscat Desert Adventures Tourism LLC and Jordan Desert Adventures Tourism LLC, which are subsidiaries of the Company.

(ii) These companies were related parties until the change of Company ownership on 29 June 2017.

The key management personnel compensation is as follows:

	2017 AED	2016 AED
Short-term employee benefits	**3,122,642**	2,979,771
Staff terminal benefits	**112,875**	103,425
	3,235,517	3,083,196

14 Cash and cash equivalents

	2017 AED	2016 AED
Cash in hand	**192,822**	142,843
Cash at bank	**8,575,257**	5,198,646
	8,768,079	5,341,489

15 Share capital

	2017 AED	2016 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Shareholder contribution

	2017 AED	2016 AED
Shareholder contribution	**9,341,289**	-

During the year the Kuoni Travel Investments Limited, the then Ultimate Parent of the Company have written-off a balance of AED 9,341,289 owed to them. This has been approved by the Board of Kuoni Travel Investments Limited on 29 May 2017.

17 Statutory reserve

In accordance with article 103 of the U.A.E Federal Commercial Companies' law (2) of 2015), a minimum of 10% of the net profits of the Company is required to be allocated to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals half of the paid up share capital of the Company. Due to loss for the year no amount during the current year was transferred to statutory reserve *(2016: AED nil)*

18 Provision for employees' end of service benefits

	2017 AED	2016 AED
As at 1 January	**2,413,218**	2,570,331
Provision during the year	**643,365**	518,703
Payments made during the year	**(262,355)**	(675,816)
As at 31 December	**2,794,228**	2,413,218

19 Trade and other payables

	2017 AED	2016 AED
Trade payables	**18,972,980**	24,333,869
Advances from customers	**5,533,971**	7,281,259
Accruals and other payables		
- Employees accruals	**1,570,480**	1,598,446
- Hotel and other service accruals	**21,581,584**	31,558,425
- Other payables	**1,170,950**	2,115,522
	24,323,014	35,272,393
	48,829,965	**66,887,521**

20 Bank borrowings

During the current year, the Company availed of a loan for one year from IndusInd Bank on which the bank charges interest at 3 months LIBOR + 250 basis points. The loan is structured as a working capital loan, is subject to annual review before renewal and is secured over the assets of the Company.

21 Contingencies and commitments

Bank guarantees

The Company has AED 539,485 *(2016: AED 539,485)* of bank guarantees as at 31 December 2017, these were issued during the normal course of business.

Operating lease

Non-cancellable operating lease rentals are payable as follows:

	2017 AED	2016 AED
Not later than one year	**918,235**	881,204
Later than one year and not later than five years	**689,560**	1,607,795
	1,607,795	2,488,999

22 Financial risk management

The Company has exposure to the following risks arising from financial instruments
- Credit risk;
- Liquidity risk; and
- Market risk.

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policy.

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	AED	AED
Trade and other receivables (excluding prepayments and advances to suppliers)	**22,234,095**	30,090,940
Due from related parties	**5,549,493**	1,140,110
Cash at bank	**8,575,257**	5,198,646
	36,358,845	36,429,696

22 Financial risk management *(continued)*

Credit risk *(continued)*

The aging of trade receivables at the reporting date was:

	2017 Gross AED	**2017 Provision AED**	2016 Gross AED	2016 Provision AED
Current	**10,728,478**	**-**	18,264,242	-
0-30 days past due	**3,414,697**	**-**	4,252,207	-
31-90 days past due	**2,280,813**	**(615,000)**	835,361	(244,614)
Over 90 days past due	**2,400,574**	**(2,400,383)**	3,666,446	(3,666,446)
	18,824,562	**(3,015,383)**	27,018,256	(3,911,060)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liabilities based on contractual payments:

2017	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**18,972,980**	**(18,972,980)**	**(18,972,980)**
Hotel and other services accrual	**21,581,584**	**(21,581,584)**	**(21,581,584)**
Bank borrowings	**16,533,000**	**(16,872,085)**	**(16,872,085)**
Due to related parties	**4,843,052**	**(4,843,052)**	**(4,843,052)**
	61,930,616	**62,269,701**	**62,269,701**

22 Financial risk management *(continued)*

Liquidity risk *(continued)*

2016	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	24,333,869	(24,333,869)	(24,333,869)
Hotel and other services accrual	31,558,425	(31,558,425)	(31,558,425)
Bank borrowings	9,342,695	(9,426,715)	(9,426,715)
Due to related parties	7,282,910	(7,282,910)	(7,282,910)
	72,517,899	(73,147,919)	(73,147,919)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instrument is as follows:

Variable rate instruments

	2017 AED	2016 AED
Financial liabilities (Bank borrowings)	**16,533,000**	9,342,695

A reasonably possible change of 100 basis points in interest rates at the reporting date would have decreased equity for increased loss by AED 165,330 *(2016: AED 93,427)*. This analysis assumes that all other variables remain constant.

Equity price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company does not have investments in equity securities and is not exposed to market price risk.

22 Financial risk management *(continued)*

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders. The Company is not subject to externally imposed capital requirements.

23 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2017, there are no financial instruments carried at fair value by valuation method.

24 Critical judgments in applying the Company's accounting policies.

In the process of applying the Company's accounting policies, which are described in the notes, management has made certain judgment as mentioned below.

Key sources of estimation uncertainty

(a) *Impairment losses on receivables*

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables, due from related parties and loan to shareholder. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows.

(b) *Accounting estimates and judgments*

Useful lives and residual values of property and equipment

The Company reviews the useful lives, depreciation method and residual values of property and equipment at each financial year-end.

(c) *Useful lives and residual values of intangible asset*

The Company reviews the useful lives and residual values of intangible asset at each financial year-end.

ASIAN TRAILS TOUR LIMITED

FINANCIAL STATEMENTS
DECEMBER 31, 2017

Currency – United States dollar

ASIAN TRAILS TOUR LIMITED

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

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asian trails

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ASIAN TRAILS TOUR LIMITED

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the financial position of Asian Trails Tour Limited (the Company) as of December 31, 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management

Mr. Thomas Markus Carnevale
Managing Director
Asian Trails Tour Limited
January 29, 2018

Thomas Carnevale
Managing Director
ASIAN TRAILS TOUR LTD.
Myanmar

HEAD OFFICE:- Room (2B/2C) 1st Floor, Rose Condominium, No.182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel : 95-1-201798, 296164, Fax: 9 5-1-245671 Email : winthin9@myanmar.com.mm
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Ref: 782 /A-61/ December 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Asian Trails Tour Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Asian Trails Tour Limited**, which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standard (MFRS) for Small and Medium-sized Entities (MFRS for SMEs) and the provisions of the Myanmar Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Asian Trails Tour Limited** as of December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with MFRS for SMEs and the provisions of the Myanmar Companies Act.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Act, we report that:

(i) we have obtained all the information and explanations we have required; and
(ii) books of account have been maintained by the Company as required by Section 130 of the Act.

Win Thin & Associates ★ AUDITORS ★ Certified Public Accountants

Saw Nelson (PA-400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

January 29, 2018

ASIAN TRAILS TOUR LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
Currency – United States dollar

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipment – net	3	**49,744.31**	61,891.53
		49,744.31	61,891.53
Current Assets			
Cash and cash equivalents	4	**1,057,574.88**	1,279,671.22
Trade and other receivables	5	**866,411.99**	1,316,835.57
Advances & prepayments	6	**316,421.40**	310,928.98
Loan to shareholder	7	**60,000.00**	60,000.00
Suspense	8	**100,000.00**	100,000.00
		2,400,408.27	3,067,435.77
		2,450,152.58	3,129,327.30

SHAREHOLDERS' EQUITY AND LIABILITIES

	Note	2017	2016
Shareholders' Equity			
Authorized capital			
10,000 shares of Ks.1,000 each		**1,666,667.00**	1,666,667.00
Share allotted			
526 shares of Ks.1,000 each		**420,800.00**	420,800.00
Share capital		**49,950.00**	49,950.00
Retained earnings		**315,846.51**	537,232.43
		365,796.51	587,182.43
Current Liabilities			
Trade and other payables	9	**895,031.43**	962,205.44
Accrued expenses	10	**1,113,945.39**	1,465,939.43
Payable income tax		**75,379.25**	114,000.00
		2,084,356.07	2,542,144.87
		2,450,152.58	3,129,327.30

The notes on pages 8 to12 are an integral part of the Financial Statements.

Authenticated by Directors:

Mr. Thomas Markus Carnevale
Managing Director

Thomas Carnevale
Managing Director
ASIAN TRAILS TOUR LTD.
Myanmar

U Min Kun Htaw
Director

Min Kun Htaw
Director
ASIAN TRAILS TOUR Ltd
Myanmar

ASIAN TRAILS TOUR LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

Currency – United States dollar

	Note	2017	2016
Net Revenue	**11**	**6,090,320.43**	7,201,717.33
Less: cost of sale		**(5,232,432.13)**	(5,937,217.17)
Gross profit		**857,888.30**	1,264,500.16
Add: Other income		**454,071.84**	104,705.25
Less: Expenses			
Sales & marketing expenses		**(38,717.78)**	(30,313.41)
Administration expenses	**12**	**(1,203,573.45)**	(1,289,042.33)
Finance expenses		**(268,254.84)**	(263,504.79)
Net loss before tax		**(198,585.93)**	(213,655.12)
Tax expenses		**(22,800.00)**	(47,241.43)
Net loss after tax		**(221,385.93)**	(260,896.55)
Other comprehensive income		**-**	-
Total comprehensive income		**(221,385.93)**	(260,896.55)

The notes on pages 8 to12 are an integral part of the Financial Statements.

Authenticated by Directors:

Mr. Thomas Markus Carnevale
Managing Director

Thomas Carnevale
Managing Director
ASIAN TRAILS TOUR LTD.
Myanmar

U Min Kun Htaw
Director

Min Kun Htaw
Director
ASIAN TRAILS TOUR Ltd
Myanmar

ASIAN TRAILS TOUR LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
Currency – United States dollar

	2017	2016
Share capital		
Balance at beginning of the year	**49,950.00**	49,950.00
Addition during the year	-	-
Balance at end of the year	**49,950.00**	49,950.00
Retained earnings		
Balance at beginning of the year	**537,232.44**	1,048,128.99
Adjustment for		
Dividend paid	-	(250,000.00)
Retained earnings after adjustment	**537,232.44**	798,128.99
Net loss for the year	**(221,385.93)**	(260,896.55)
Balance at end of the year	**315,846.51**	537,232.44
Total equity	**365,796.51**	587,182.44

The notes on pages 8 to12 are an integral part of the Financial Statements.

Authenticated by Directors:

Mr. Thomas Markus Carnevale
Managing Director
Thomas Carnevale
Managing Director
ASIAN TRAILS TOUR LTD.
Myanmar

U Min Kun Htaw
Director
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Director
ASIAN TRAILS TOUR Ltd
Myanmar

ASIAN TRAILS TOUR LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
Currency – United States dollar

	Note	2017	2016
Cash flows from operating activities:			
Net loss before tax		**(198,585.93)**	(24,689.38)
Adjustments for:			
Depreciation		**16,934.08**	12,090.88
Operating profit before working capital changes		**(181,651.85)**	(12,598.50)
Changes in:			
Trade and other receivables		**450,423.58**	(187,664.05)
Advances and prepayments		**(5,492.42)**	95,959.11
Trade and other payables		**(67,174.01)**	298,404.42
Accrued expenses		**(146,794.06)**	70,194.88
Cash generated from operations		**49,311.24**	264,295.86
Tax paid		**(266,620.75)**	(211,207.17)
Net cash provided by / (used in) operating activities		**(217,309.51)**	53,088.69
Cash flow from investing activities			
Purchase of property and equipment		**(4,786.86)**	(57,853.00)
Net cash used in investing activities		**(4,786.86)**	(57,853.00)
Cash flows from financing activities			
Dividend paid		-	(250,000.00)
Net cash used in financing activities		-	(250,000.00)
Net increase in cash and cash equivalents		**(222,096.37)**	(254,764.31)
Cash and cash equivalents at beginning of the period		**1,279,671.25**	1,534,435.53
Cash and cash equivalents at end of the period	4	**1,057,574.88**	1,279,671.25

The notes on pages 8 to12 are an integral part of the Financial Statements.

Authenticated by Directors:

Mr. Thomas Markus Carnevale
Managing Director

Thomas Carnevale
Managing Director
ASIAN TRAILS TOUR LTD.
Myanmar

U Min Kun Htaw
Director

Min Kun Htaw
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ASIAN TRAILS TOUR Ltd
Myanmar

1. General

Asian Trails Tour Limited (the Company) was incorporated in the Union of Myanmar as a foreign company under the Myanmar Companies Act, as per Certificate of Incorporation No. 31FC of 1999-2000 dated November 10, 1999 issued by the Ministry of National Planning and Economic Development.The registration was renewed for a period of 5 years (27-10-14 to 26-10-2019).The address of its registered office is No.635-J, Yoe Ma Yeik Thar, Pyay Road, Kamayut Township, Yangon.

The equity shares of the Company are currently owned as follows:

Asian Trails Holding Limited	60%
U Min Kun Htaw	40%

The following are the current directors/managers of the Company:

(i)	Mr. Thomas Markus Carnevale	(Managing Director)
(ii)	Mr. Laurent Kuenzle	(Director)
(iii)	Mr. Luzi Andrea Matzig	(Director)
(iv)	U Min Kun Htaw	(Director)
(v)	Mr. Marcel Jordi Grifoll	(Director)
(vi)	Mr. Maurizio Mandl	(Public Relations Manager)

In accordance with Section 27A of The Myanmar Companies Act, the Company was issued Permit to Trade No. 040/1999(Renewed) dated September 23rd , 2014, so as to carry out tour operator business and travel agency business in Myanmar. The validity of the permit to trade has been renewed up to October 26, 2019.

According to the conditions issued along with the above permit, the minimum issued and paid-up capital of the company was determined at Ks 526,000 to be contributed in equivalent US$ calculated at official rate.

The Company was subsequently issued Tour Business Licence No. Kha – 0740 dated December 14, 1999 by the Ministry of Hotels and Tourism.

The Company started its business operation on December 14, 1999.

2. Summary of Significant Accounting Policies

A. Basis of preparation

The accompanying financial statements have been prepared in accordance with MFRS for SMEs and are based on historical cost convention.

B. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of. primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States dollars, which is the functional currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at monthly-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

C. Use of estimates and judgments

The preparation of the financial statements in conformity with MFRS for SMEs requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

D. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation has been charged for assets under straight-line method. Depreciation rates are as follows;

Furniture and fixture	20%
Vehicles (Motor Cycle)	20%
PC, screens, office machines	20%-33.33%

E. Cash and cash equivalent

Cash and cash equivalent comprise cash in hand and deposits with local and foreign banks.

F. Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

G. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

H. Revenue

Revenue from services is recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

I. Income Tax

Income tax expense represents the tax based on estimated taxable profit for the period.

J. Related party

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the entity that gives it significant influence over the entity; or

(iii) has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venture;
(d) the party is a member of key management personnel of the entity or its parents;
(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or if any entity that is a related party of the entity.

K. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. **Property and equipment-net**

	2017	2016
Original Cost		
Balance at beginning of the year		
Furniture and fixture	**31,037.39**	30,009.16
Vehicles (Motor Cycle)	**807.14**	807.14
PC, screens, office machines	**158,604.08**	101,779.31
Addition:		
Furniture and fixture	**-**	1,028.23
PC, screens, office machines	**4,786.86**	56,824.77
Balance at end of the year	**195,235.47**	190,448.61
Less: Accumulated depreciation		
Balance at beginning of the period	**128,557.08**	116,466.20
Depreciation for the period	**16,934.08**	12,090.88
Balance at end of the year	**(145,491.16)**	(128,557.08)
Net book value at end of the year	**49,744.31**	61,891.53

4. **Cash and cash equivalents**

	2017	2016
Cash on hand	**214,008.74**	200,965.07
Cash at bank	**843,566.14**	1,078,706.15
Total	**1,057,574.88**	1,279,671.22

5. **Trade and other receivables**

	2017	2016
Accounts receivable third	**754,381.85**	1,090,509.77
Other Receivables	**112,030.14**	226,325.80
Total	**866,411.99**	1,316,835.57

6. **Advances & Prepayments**

	2017	2016
Advance and prepayments	**165,668.21**	133,095.51
Advance payments to suppliers	**150,753.19**	177,833.47
Total	**316,421.40**	310,928.98

7. **Loan to shareholder (US dollars 60,000)**

The above comprises the principle loan amount to U Min Kun Htaw, one of the shareholder.

8. **Suspense (US dollars 100,000)**

A fraudulent individual / organization gained access (hacked) to the E-mail account of the General Manager of supplier and sent out incorrect bank information for a subsequent supplier payment. As a result US dollars 100,000 were approved for payment and transferred into a fraudulent US bank account. The management concluded that the loss had to be charged to cost of sales and to record as suspense.

9. **Trade and other payables**

	2017	2016
Trade payables	**449,476.52**	603,046.70
Payable due to related party	**7,490.99**	11,987.82
Deposits	**438,063.92**	347,170.92
Total	**895,031.43**	962,205.44

10. **Accrued expenses**

	2017	2016
Accrued other	**180,983.34**	170,808.79
Accrued standard cost	**932,962.05**	1,295,130.64
Total	**1,113,945.39**	1,465,939.43

11. **Net Revenue**

	2017	2016
Revenue	**6,295,520.43**	7,390,683.07
5% commercial tax	**(205,200.00)**	(188,965.74)
Net revenue	**6,090,320.43**	7,201,717.33

12. **Management fees**

	2017	2016
Asian trails holding	**80,267.46**	94,231.21
Third party	**14,164.85**	16,629.04
Total	**94,432.31**	110,860.25

Administration expenses included management fees and it is calculated 15% of the net sale.

13. Related Party Transactions

The Company has undertaken the following transactions with its related parties.

Particular	Amounts US dollars 2017	Amounts US dollars 2016
Transactions with:		
Asian Trails Ltd. (Thailand)		
-For sales of tours packages	**360,699.00**	440,005.00
Asian Trails Holding Ltd.		
-Royalty (1.5% on turnover) for making use of the name of "Asian Trails."	**80,267.47**	94,231.21
Asian Trails Ltd. (Cambodia)		
-For sales of tours packages	-	12,156.00
Asian Trails Ltd. (Vietnam)		
-For sales of tours packages	**2,848.00**	7,714.00
Asian Trails Ltd. (Malaysia)		
-For sales of tours packages	**990.00**	-
Asian Trails Ltd. (Indonesia)	**3,604.00**	-
-For sales of tours packages		
Balance outstanding as at 31 December		
Asian Trails Ltd. (Thailand)		
Receivable for sales of tours packages	**33,035.00**	82,855.00
Payable for		
Asian Trails Holding Ltd.	**7,490.99**	11,987.82
Asian Trails Ltd. (Thailand)	**3,784.80**	4,492.02
Royalty fees payable (1.5% on turnover) for making use of the name of "Asian Trails"	-	-
Asian Trails Ltd. (Cambodia)	-	-
Asian Trails Ltd. (Vietnam)	-	-

14. Authorization of Financial Statements

The financial statements of the Company for the year ended December 31, 2017 were authorized for issue on January 29, 2018.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

CHANG SOM COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2017

Crowe Horwath™

ANS Audit Co., Ltd.

Member Crowe Horwath International
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AUDITOR'S REPORT

To the Shareholders and Directors of Chang Som Company Limited

Opinion

I have audited the financial statements of Chang Som Company Limited, which comprise the statement of financial position as at December 31, 2017, and the statement of income, and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chang Som Company Limited as at December 31, 2017, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Sathien Vongsnan

Certified Public Accountant

Registration No. 3495

ANS Audit Co., Ltd.

Bangkok: January 16, 2018

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	Notes	2017	2016
		Unit : Baht	
ASSETS			
Current assets			
Cash and cash equivalents		4,494,325.43	4,081,754.15
Trade and other receivables	4, 5	6,450,981.20	6,419,365.94
Total current assets		10,945,306.63	10,501,120.09
Non-current assets			
Equipments-net	6	2,461.51	4,091.91
Other non-current assets		373.56	373.56
Total non-current assets		2,835.07	4,465.47
Total assets		10,948,141.70	10,505,585.56

_______________________________Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	Notes	2017	2016
		Unit : Baht	
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	4, 7	2,438,023.36	1,423,790.96
Current income tax payable		-	15,464.75
Total current liabilities		2,438,023.36	1,439,255.71
Non-current Liabilities			
Employee benefit obligations	8	204,661.00	314,400.00
Total non-current liabilities		204,661.00	314,400.00
Total Liabilities		2,642,684.36	1,753,655.71
Shareholders' Equity			
Share capital			
Authorized share capital			
Ordinary shares 60,000 shares, Baht 100 par value		6,000,000.00	6,000,000.00
Paid-up share capital			
Ordinary shares 60,000 shares, Baht 100 par value		6,000,000.00	6,000,000.00
Retained earnings			
Appropriated			
Legal reserve	10	444,354.04	383,000.30
Unappropriated		1,861,103.30	2,368,929.55
Total Shareholders' Equity		8,305,457.34	8,751,929.85
Total Liabilities and Shareholders' Equity		10,948,141.70	10,505,585.56

______________________________ Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017	2016
		Unit : Baht	
Revenue from rendering of services	4	21,889,941.00	28,673,519.00
Cost of rendering of services		(19,773,621.00)	(25,806,152.50)
Gross profit		2,116,320.00	2,867,366.50
Other income		3,784.11	4,024.73
Profit before expenses		2,120,104.11	2,871,391.23
Administrative expenses	4	(1,448,205.13)	(1,255,713.41)
Profit before income tax		671,898.98	1,615,677.82
Income tax		(118,371.48)	(388,602.99)
Net profit		553,527.50	1,227,074.83

_______________________________Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	Notes	Paid-up share capital	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at December 31, 2015		6,000,000.00	326,054.53	2,198,800.50	8,524,855.03
Dividend payment	9	-	-	(1,000,000.01)	(1,000,000.01)
Legal reserve	10	-	56,945.77	(56,945.77)	-
Net profit for the year 2016		-	-	1,227,074.83	1,227,074.83
Balance as at December 31, 2016		6,000,000.00	383,000.30	2,368,929.55	8,751,929.85
Dividend payment	9	-	-	(1,000,000.01)	(1,000,000.01)
Legal reserve	10	-	61,353.74	(61,353.74)	-
Net profit for the year 2017		-	-	553,527.50	553,527.50
Balance as at December 31, 2017		6,000,000.00	444,354.04	1,861,103.30	8,305,457.34

_______________________________Director

1. GENERAL INFORMATION

Chang Som Company Limited ("the Company") is incorporated under the law of Thailand on August 23, 2002. The Company engages in rendering of transportation services which exemption from value added tax 81(1). The registered office address of the company is located at 9th floor SG Tower, 161/1 Rajdamri Road, Lumpini, Bangkok 10330, Thailand.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities ("TFRS for NPAEs") which are issued and promulgated by the Federation of Accounting Professions ("FAP") during 2011.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The preparation of the financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Expense

Payments made under operating leases are recognized in the statement of income on a straight line basis over the term of the lease.

Expense is recognized in the statement of income as it accrues.

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. RELATED PARTY TRANSACTIONS

The Company had business transactions with its related company which are related by shareholding or directorship. These transactions were concluded on the terms and basis stated in the relevant agreement, or as agreed by the Company.

The Company had significant business transactions with its related company for the years ended December 31, 2017 and 2016 and outstanding balance with its related company as summarized below:

	Unit : Baht	
	2017	2016
Statements of financial position		
Asian Trails Ltd.		
Trade receivable	4,830,620.00	4,931,895.00
Accrued income	1,303,185.00	1,164,800.00
Payable from received service fee on behalf of	950,848.79	148,443.08
Statements of income		
Asian Trails Ltd.		
Revenue from rendering of services	21,889,941.00	28,673,519.00
(Cost of service plus certain margin)		

	2017	2016
	Unit : Baht	
Rental expenses	90,000.00	90,000.00

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	2017	2016
Trade receivable		
Trade receivable–related party	4,830,620.00	4,931,895.00
Total trade receivable	4,830,620.00	4,931,895.00
Other receivables		
Accrued income–related party	1,303,185.00	1,164,800.00
Advance payment	173,000.00	235,000.00
Revenue department receivable	144,036.04	66,123.85
Others	140.16	21,547.09
Total other receivables	1,620,361.20	1,487,470.94
Total trade and other receivables	6,450,981.20	6,419,365.94

6. EQUIPMENTS-NET

Equipments as at December 31, consisted of:-

	Unit : Baht
	Office Equipment
Cost	
As at December 31, 2016	27,772.06
Increase	-
As at December 31, 2017	27,772.06
Accumulated Depreciation	
As at December 31, 2016	(23,680.15)
Depreciation for the year	(1,630.40)
As at December 31, 2017	(25,310.55)
Net book value	
As at December 31, 2016	4,091.91
As at December 31, 2017	2,461.51

_______________________Director

7. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	2017	2016
Trade payables	1,378,801.28	1,163,624.28
Other payables		
Accrued expenses	85,514.91	81,309.08
Accrued withholding tax	22,858.38	30,414.52
Payable from received service fee on behalf of a related party	950,848.79	148,443.08
Total other payables	1,059,222.08	260,166.68
Total trade and other payables	2,438,023.36	1,423,790.96

8. EMPLOYEE BENEFITS OBLIGATIONS

As at December 31, 2017 and 2016, employee benefits obligation were comprised of:

	Unit : Baht	
	2017	2016
Employee benefits obligation as at January 1	314,400.00	288,000.00
Increase during the years	295,451.00	26,400.00
Repayment during the years	(405,190.00)	-
Total	204,661.00	314,400.00

9. DIVIDEND PAYMENT

According to the ordinary general meeting of the shareholders No. 1/2017 held on April 28, 2017, approved to pay dividend from profit for the financial year ending December 31, 2016 for the 60,000 shares at the rate of Baht 16.67 per share, totaling of Baht 1 million.

According to the ordinary general meeting of the shareholders No. 1/2016 held on April 29, 2016, approved to pay dividend from profit for the financial year ending December 31, 2015 for the 60,000 shares at the rate of Baht 16.67 per share, totaling of Baht 1 million.

10. LEGAL RESERVE

Under the provision of the Civil Commercial Code, the Company is required to set aside as legal reserve at least 5% of net income at each dividend distribution until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

In 2017 and 2016, the Company has provided the legal reserve at the rate 5% of net income in the amount of Baht 61,353.74 and Baht 56,945.77, respectively.

11. COMMITMENT

As at December 31, 2017 and 2016, the Company has office rental agreement for its office space with a related company. The Company is committed to pay rental amount of Baht 7,500 per month.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the authorized directors of the Company on January 16, 2018.

LUXE ASIA (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2018

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LUXE ASIA (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Luxe Asia (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 29 in these financial statements. The Company has incurred a net loss of Rs. 15,135,530/- for the year ended 31st March 2018 (2017 - Rs. 14,771,126/-), and as of that date the Company's accumulated loss was Rs. 102,161,362/- (2017 - Rs. 86,674,381/-). Further the Company's current liabilities exceeded the current assets by Rs.96,162,274/- (2017 - Rs. 84,607,860/-) and its total liabilities exceeded its total assets by Rs.97,161,362/- (2017 - Rs.81,674,381/-). Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Board of directors of the Company is of the view that the Company is a going concern based on the future plans set by the board.

Other Information

These financial statements do not include other information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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 SLAuSs 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company. However, the Company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
18 May 2018

LUXE ASIA (PVT) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	2018 Rs	2017 Rs
Revenue	6	599,918,081	662,746,673
Cost of sales	7	(529,150,477)	(596,279,260)
Gross profit		**70,767,604**	**66,467,413**
Other income	8	6,017,643	4,376,143
Administrative expenses		(89,509,688)	(79,219,918)
Distribution expenses		(11,627,119)	(14,571,080)
Loss from operations	**9**	**(24,351,560)**	**(22,947,442)**
Finance income		11,000,797	11,844,786
Finance expenses		(2,416,940)	(3,668,470)
Net finance income	**10**	**8,583,857**	**8,176,316**
Loss before tax		**(15,767,703)**	**(14,771,126)**
Income tax reversal	11	632,174	-
Loss for the year		**(15,135,530)**	**(14,771,126)**
Other comprehensive income, net of income tax			
Actuarial gain / (loss) on defined benefit plans		(408,664)	634,391
Deferred tax in relation to OCI		57,213	-
		(351,451)	634,391
Total comprehensive income for the year		**(15,486,981)**	**(14,136,735)**
Loss per share	**12**	**(30.27)**	**(29.54)**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

KPMG Chartered Accountants

LUXE ASIA (PVT) LTD
STATEMENT OF FINANCIAL POSITION

As at March,

	Note	2018 Rs	2017 Rs
ASSETS			
Property, plant & equipment	13	5,281,144	6,901,912
Intangible assets	14	658,868	1,026,083
Deferred tax assets	18	704,394	-
Total non-current assets		**6,644,405**	**7,927,995**
Trade and other receivables	15	41,359,989	45,502,411
Advance and prepayments	16	18,512,788	11,418,070
Short term Investments		522,454	500,000
Cash and cash equivalents	17	14,282,999	6,316,483
Total current assets		**74,678,230**	**63,736,964**
Total assets		**81,322,635**	**71,664,959**
EQUITY AND LIABILITIES			
Stated capital	19	5,000,000	5,000,000
Accumulated losses		(102,161,362)	(86,674,381)
Total equity		**(97,161,362)**	**(81,674,381)**
Liabilities			
Employee benefits	20	7,643,493	4,994,516
Total non-current liabilities		**7,643,493**	**4,994,516**
Trade and other payables	21	112,728,309	105,019,710
Amount due to related party	22	25,438,034	25,000,000
Current taxation		15,007	-
Bank overdraft	17	32,659,154	18,325,114
Total current liabilities		**170,840,504**	**148,344,824**
Total liabilities		**178,483,997**	**153,339,340**
Total equity and liabilities		**81,322,635**	**71,664,959**

The notes to the Financial Statements form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

....
Thajul Riyaz
Chief Financial Officer

The Directors are responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

P.D.J
....
Director

....
Director

18 May 2018
Colombo.

KPMG Chartered Accountants

LUXE ASIA (PVT) LTD
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2018	Stated capital Rs	Accumulated loss Rs	Total Rs
Balance as at 01st April 2016	5,000,000	(72,537,646)	(67,537,646)
Total comprehensive Income for the year			
Loss for the year	-	(14,771,126)	(14,771,126)
Other comprehensive income for the year	-	634,391	634,391
Total comprehensive income for the year	-	(14,136,735)	(14,136,735)
Balance as at 31st March 2017	**5,000,000**	**(86,674,381)**	**(81,674,381)**
Balance as at 01st April 2017	5,000,000	(86,674,381)	(81,674,381)
Total comprehensive Income for the year			
Loss for the year	-	(15,135,530)	(15,135,530)
Other comprehensive income for the year	-	(351,451)	(351,451)
Total comprehensive income for the year	-	(15,486,981)	(15,486,981)
Balance as at 31st March 2018	**5,000,000**	**(102,161,362)**	**(97,161,362)**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

KPMG Chartered Accountants

LUXE ASIA (PVT) LTD
STATEMENT OF CASHFLOWS

For the year ended 31st March

	2018 Rs	2017 Rs
Cash flow from operating activities		
Loss before tax	(15,767,703)	(14,771,126)
Adjustments for :		
Depreciation / amortisation	2,701,983	2,640,875
Provision for Irrecoverable Economic Service Charge	(805,933)	-
Provision for impairment of Trade receivables		1,800,000
Profit on disposal of property, plant and equipment	-	(25,000)
Interest income	(82,454)	(36,099)
Provision for gratuity	2,240,313	1,762,023
Operating loss before working capital changes	**(11,713,794)**	**(8,629,327)**
Decrease/(increase) in trade and other Receivables	4,948,354	(6,577,449)
Increase in advance and prepayments	(7,094,718)	(5,425,505)
Increase in amounts due from related parties	438,035	840,500
Increase in trade and other payables	7,708,599	22,026,527
Cash used in operations	**(5,713,524)**	**2,234,746**
Gratuity paid	-	(123,375)
Net cash flows used in operating activities	**(5,713,524)**	**2,111,371**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(564,000)	(2,717,384)
Acquisition of intangible asset	(150,000)	(241,738)
Proceeds from disposal of property, plant and equipment	-	25,000
Interest income	60,000	36,099
Net cash used in investing activities	**(654,000)**	**(2,898,023)**
Net decrease in cash and cash equivalents	(6,367,524)	(786,652)
Cash and cash equivalents at the beginning of the year	(12,008,631)	(11,221,979)
Cash and cash equivalents at the end of the year	**(18,376,155)**	**(12,008,631)**

The accounting policies and notes on pages 7 through 24 form an integral part of the Financial Statements.

KPMG Chartered Accountants

1 REPORTING ENTITY

1.1. Domicile and Legal Form

Luxe Asia (Pvt) Ltd ("the Company") is a limited liability Company incorporated on 22th June 2011 and domiciled in Sri Lanka. The registered office of the Company is located at No 327, Union Place, Colombo 02, Sri Lanka and the principle place of business is situated at No 272, Vauxhall Street, Colombo 02.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is to act as a travel agent and to provide travel related services.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The immediate parent and controlling party of Luxe Asia (Pvt) Ltd is Thomas Cook Lanka (Pvt) Ltd since 1st August 2015, after acquiring the company from Ceylon Hotel Holdings (Pvt) Ltd. Company's ultimate parent undertaking is Thomas Cook India (Pvt) Ltd.

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2018 was 45 (2017 – 49)

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Statement of Cash Flows, together with the notes, (the "Financial Statements") of the Company as at 31st March 2018 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors affecting the financial statements.

2.3 Functional and presentation currency

The financial statements of the company are presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Rupees has been rounded to the nearest Rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual result may differ from these judgments and estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in following notes.

- Note 3.2.a Current taxes
- Note 3.2.b Deferred tax assets
- Note 3.7.2 Employee benefits
- Note 3.7 Provision and contingencies
- Note 3.6 Impairment

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all period presented in these financial statements.

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of available for- sale equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Income tax expenses

Income tax expense comprises current and deferred tax. Current tax and deferred tax expenses are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI), in which case it is recognized in equity or in OCI.

a. Current taxes

In terms of section 13ddd of the Inland Revenue Act no.10 of 2006 and amendments thereto, the Company is exempt from Income Tax.

The Company is liable to pay tax on other income earned at the prevailing tax rate.

b. Deferred taxes

Deferred tax is provided using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are Cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and cost of the asset can be reliably measured.

b. Measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

D Depreciation

Depreciation on other assets is calculated on a straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives or the lease term, whichever is lower.

The expected useful lives of the assets categories are as follows.

Office equipment	8 years
Furniture and Fittings	8 years
Motor Vehicle	5 years
Technical Equipment	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale. (Or included in a disposal grouped that is classified as held for sale) and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.3.2 Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 4 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 Financial Instruments

Non-derivative financial assets.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity. The non-derivative financial assets can be classified in to four categories. Namely, financial assets at Fair value through profit and loss, Held to maturity investments, Available for sale financial assets and Loans and Receivables.

The company has only loans and receivables as non-derivative financial assets.

3.5.1 Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

3.5.2 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of trade receivables, other receivables and cash & cash equivalents.

3.6 Impairment

3.6.1 Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active 'market for a security.

The company considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.6.2 Non financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.7 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.7.1 PROVISIONS

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7.2 Employee benefits

3.7.2.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.7.2.2 Defined benefit plans

Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internal assessment using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The liability is not externally funded nor actuarially valued.

Re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in other comprehensive income.

3.8 Non derivative financial liabilities

The Company initially recognizes liabilities on the date that they are originated. All other liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies financial liabilities into other financial liabilities category. Such finance liabilities recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities comprise trade payables and other payables.

3.9 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.10 Events after the Reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

INCOME AND EXPENSES

3.11 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

The Company renders a wide range of travel services. The revenue from rendering these services is recognized in the profit or loss at the time when the significant risks and rewards are transferred to the customer. This is generally the case on the date of departure of the tour. The company policy is to recognize revenue up to the 25th day of each month

Other Income

Other Income is recognized on an accrual basis.

3.12 Expenditure recognition

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit or loss for the year.

3.13 Finance income and Finance costs

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.14 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development

3.15 Basic Earnings per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4. STATEMENT OF CASH FLOW

4.1. Cash and Cash Equivalents

The Cash Flow Statement has been prepared using the indirect method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts, if any.

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these financial statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

The following new standards are not expected to have a significant impact of the Company's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
SLFRS 15 *Revenue from Contracts with Customers*	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
SLFRS 9 *Financial Instruments*	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 *Financial Instruments: Recognition and Measurement.* SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39. SLFRS 9 is Effective for annual periods beginning on or after 1 January 2018	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9. This standard is not expected to have significant impact on the financial statement of the Company.
SLFRS 16 *Leases*	Effective date of SLFRS 9 is 1st January 2018. SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead there will be a single on balance sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

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For the year ended 31st March	2018 Rs	2017 Rs
6. Revenue		
Inbound	596,191,227	642,267,989
Outbound	3,726,854	20,478,684
	599,918,081	**662,746,673**
7 Cost of Sales		
Inbound	525,676,760	578,027,076
Outbound	3,473,718	18,252,183
	529,150,477	**596,279,260**
8 Other income		
Shopping commission	5,863,304	3,943,009
Airport counter income	-	408,134
Disposal gain on Property, plant & equipment	-	25,000
Miscellaneous income	154,339	-
	6,017,643	**4,376,143**

9 Loss from operations

Loss from operations is stated after charging all the expenses including the following,

Staff costs (Note 9.1)	51,093,955	41,876,676
Depreciation	2,184,768	2,640,875
Ammortization	517,215	533,170
Auditor's remuneration	300,000	275,000
Director emoluments	9,914,920	8,689,920
9.1 Staff costs		
Salaries and wages	42,481,428	34,882,307
Employees provident fund	5,097,771	4,185,877
Employees trust fund	1,274,443	1,046,469
Provision for employee benefits	2,240,313	1,762,023
	51,093,955	**41,876,676**
10 Net finance income		
Finance income		
Exchange gain	10,918,343	11,808,687
Interest income	82,454	36,099
	11,000,797	**11,844,786**
Finance expenses		
Bank charges/OD interest	(2,416,940)	(3,668,470)
	(2,416,940)	**(3,668,470)**
	8,583,857	**8,176,316**
11 Income tax reversal		
Current tax	15,007	-
Origination of deferred tax liability	365,695	-
Origination of deferred tax asset	(1,012,876)	
	(632,174)	-

12 Loss per share

Calculation of loss per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

Loss for the year (Rs.)	(15,135,530)	(14,771,126)
Weighted average number of ordinary shares	500,000	500,000
Loss per share (Rs.)	(30.27)	(29.54)

KPMG Chartered Accountants

As at 31st March 2018

13 Property, plant & equipment

	Motor Vehicles	Office Equipment	Technical Equipment	Furniture and fittings	Total 2017	Total 2016
	Rs	Rs	Rs	Rs	Rs	Rs
Cost						
Balance as at 1st April	235,990	764,689	8,069,295	5,731,826	14,801,800	12,198,666
Additions during the year		230,000	334,000		564,000	2,717,384
Disposals during the year	-	-	-	-	-	(114,250)
Balance as at 31st March	**235,990**	**994,689**	**8,403,295**	**5,731,826**	**15,365,800**	**14,801,800**
Depreciation						
Balance as at 1st April	39,331	206,917	5,073,732	2,579,908	7,899,888	5,906,433
Charge for the year	47,196	119,751	1,301,337	716,484	2,184,768	2,107,705
Disposals during the year	-	-	-	-	-	(114,250)
Balance as at 31st March	**86,527**	**326,668**	**6,375,069**	**3,296,392**	**10,084,656**	**7,899,888**
Carrying amounts						
As at 31st March 2017	**149,463**	**668,021**	**2,028,226**	**2,435,434**	**5,281,144**	
As at 31st March 2016	196,659	557,772	2,995,563	3,151,918		**6,901,912**

12.1 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 2,703,035/-.

14 **Intangible assets**

	2018	2017
	Rs	Rs
Cost		
Balance as at 1st April	4,022,809	3,781,071
Additions during the year	150,000	241,738
Balance as at 31st March	**4,172,809**	**4,022,809**
Amortization		
Balance as at 1st April	2,996,726	2,463,556
Charge for the year	517,215	533,170
Balance as at 31st March	**3,513,941**	**2,996,726**
Carrying value as at 31 March	**658,868**	**1,026,083**

15 **Trade and other receivables**

Trade receivables (Note 15.1)	32,597,573	39,294,046
Other receivables	370,115	41,534
	32,967,688	39,335,580
ESC receivable	9,198,233	6,166,831
Impairment of ESC receivable	(805,933)	-
	41,359,988	**45,502,411**
15.1. Trade receivables		
Trade receivables from related companies	24,146,863	13,528,977
Trade receivables from others	9,029,105	26,343,464
	33,175,968	39,872,441
Provision for impairment (Note 15.2)	(578,395)	(578,395)
	32,597,573	**39,294,046**
15.2. Provision movement		
Opening balance as at 1st April	578,395	21,277,485
Provision during the year	-	1,800,000
Write off during the year	-	(22,499,090)
Closing balance as at 31st March	578,395	578,395

KPMG Chartered Accountants

As at 31st March

	2018 Rs	2017 Rs
16 Advance and prepayments		
Advances	14,613,000	7,552,500
Prepayments	1,379,788	1,345,570
Refundable Deposit	2,520,000	2,520,000
	18,512,788	**11,418,070**
17 Cash and cash equivalents		
Cash in hand	1,000,000	1,000,000
Cash at bank	13,282,999	5,316,483
	14,282,999	**6,316,483**
Bank overdraft	(32,659,154)	(18,325,114)
Cash & cash equivalents for the purpose of statement of cash flow	**(18,376,155)**	**(12,008,631)**
18 Deferred Taxation		
Deferred Tax Liabilities (Note 18.1)	(365,695)	-
Deferred Tax Assets (Note 18.2)	1,070,089	-
	704,394	-
18.1 Deferred Tax Liabilities		
Balance as at April 01,	-	
Origination during the year recognised in profit or loss	365,695	-
Origination during the year recognised in other comprehensive income	-	-
Balance as at March 31,	**365,695**	-
18.2 Deferred Tax Assets		
Balance as at April 01,	-	
Origination / (reversal) during the year recognised in profit or loss	1,012,876	-
Origination during the year recognised in Other Comprehensive Income	57,213	-
Balance as at March 31,	**1,070,089**	-

Deferred tax assets and liabilities are attributable to the following:

	2018		2017	
	Temporary Rs.	Tax effect Rs.	Temporary Rs.	Tax effect Rs.
Deferred tax liabilities				
Property, plant and equipment	2,612,108	365,695	-	-
Deferred tax asset				
Provision for retirement benefit	7,643,493	1,070,089	-	-
Tax losses	1,195,917	-	-	-
NET DEFERRED TAX ASSET		(704,394)		-

Note 1 - The temporary difference arising from tax losses, as at the reporting date, was Rs. 1,195,917 resulting in deferred tax assets of Rs. 167,428 as at that date. However deferred tax asset has been recognised only up to deferred tax liability as at the reporting date due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the total unrecognised deferred tax asset at reporting date was Rs. 167,428.

14.4 Impact due to Corporate Income Tax Rate Change

As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the rate (and tax law) that has been enacted or substantively enacted by the reporting date. Accordingly as the Inland Revenue Act No 24 of 2017 has been legislated, the new tax rate of 14% (previously the Company was expempted under section 13ddd of the Inland Revenue Act) which will be applicable to the Company from 1 April 2018, has been applied for the deferred tax computation.

As at 31st March	2018 Rs	2017 Rs
19 Stated capital		
Issued and fully paid		
500,000 ordinary shares	5,000,000	5,000,000

20 Employee benefits

20.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

	2018 Rs	2017 Rs
Employees' provident fund		
Employers' contribution	6,372,214	5,232,346
Employees' contribution	3,398,514	2,795,665
Employees' trust fund	1,274,443	1,046,469

20.2 Defined benefit plan

	2018 Rs	2017 Rs
Balance at the beginning of the year	4,994,516	3,990,259
Provision recognised during the year in profit or loss (Note 20.3)	2,240,313	1,762,023
Actuarial (gain)/loss during the year in OCI (Note 20.4)	408,664	(634,391)
	7,643,493	5,117,891
Payments made during the year	-	(123,375)
Balance at end of the year	7,643,493	4,994,516

20.3 Provision recognized in profit or loss

	2018 Rs	2017 Rs
Current service cost	1,809,363	1,376,593
Interest on obligation	430,950	385,430
	2,240,313	1,762,023

20.4 Actuarial gains and losses recognised in other comprehensive income

	2018 Rs	2017 Rs
Cumulative gain at the beginning of the year	(720,820)	(86,429)
(Gain) / loss recognised during the year	408,664	(634,391)
Cumulative gain at the end of the year	(312,156)	(720,820)

20.5 Principal actuarial assumptions used

	2018	2017
Discount Rate	10.5%	11.5%
Future Salary Increment	10.0%	10.0%
Staff Turnover	33.0%	14.0%

21 Trade and other payables

	2018 Rs	2017 Rs
Trade payables	27,006,674	25,820,062
Direct cost payable	52,675,979	32,197,089
Other payable	33,045,657	47,002,559
	112,728,310	105,019,710

22 Amount due to related party

	2018 Rs	2017 Rs
Thomas Cook Lanka (Private) Limited	25,438,034	25,000,000
	25,438,034	25,000,000

22.1 The above balances represents the current account balances with related parties and are payable on demand. Accordingly, no interest is charged against these balances.

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23 **Related party transactions**

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures*. The details of which are given below.

a) **Transactions with Key Management Personnel**

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.Thomas Cook Lanka (Pvt) Ltd, being the parent company, the Board of directors have also being classified as KMP as they have the authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly.

	2018 Rs	2017 Rs
Short Term Benefits	9,914,920	8,689,920
Post Employee Benefits	286,991	253,065

b) **Transactions with Related Entities**

(i)

Name of the Related Party	Relationship	Nature of Transaction	Transaction Amount 2018 Rs	Transaction Amount 2017 Rs
Thomas Cook Lanka (Pvt) Ltd	Parent	Cost of sales	1,574,106	-
		Reimbursment	87,685	-
		Sales	91,611,236	44,431,715
Thomas Cook India Ltd	Ultimate parent	Cost of sales	87,851,427	-
		Receipts	115,037,908	-
Kuoni Travel - Hong Kong	Subsidiary of Ultimate Parent Company	Sales	15,256,987	-
		Cost of Sales	13,757,591	-
		Receipts	12,614,679	-
Travel Corporation India Ltd	Subsidiary of Ultimate Parent Company	Sales	66,985,131	-
		Cost of Sales	60,547,989	-
		Receipts	130,774,369	-
SOTC Travel Limited	Subsidiary of Ultimate Parent Company	Sales	26,933,839	-
		Cost of Sales	24,413,556	-
		Receipts	31,108,476	-
TCI France	Subsidiary of Ultimate Parent Company	Sales	3,659,246	-
		Cost of Sales	3,184,391	-
		Receipts	4,207,555	-
Sita World Travel Lanka (Pvt) Ltd	Subsidiary of Ultimate Parent Company	Reimbursment	585,074	91,638

Amounts due from and due to related entities as at reporting date are disclosed in the Note 21 to the Financials Statements respectively.

24 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

24.1. Credit risk

'Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and

24.1.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	2018	2017
	Rs	Rs
Trade and other receivables	41,359,988	45,502,411
Cash and cash equivalents	14,282,999	6,316,483
	55,642,987	51,818,894

Impairment of trade receivables

The aging of trade receivables at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	Rs.	Rs.	Rs.	Rs.
Past due 0-30 days	15,290,619	-	27,622,613	-
Past due 31-180 days	17,794,348	578,395	9,991,822	578,395
More than 180 days	91,001	-	1,679,611	-
	33,175,968	578,395	39,294,046	578,395

24 Financial risk management (Cont.)

24.2. Market risk

'Market' risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

24.2.1.Currency risk

'Currency risk' a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Company. The company has not invested nor borrowed in foreign currencies. The company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial statements is minimal as it represents local currency.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
USD	155.60	151.99	153.72	150.06
EURO	191.74	162.36	188.31	159.28

24.2.2. Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

24.3. Liquidity risk

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company encounter the liquidity risk mainly due to its trade payables. However, Company's exposure to liquidity risk is very limited as current assets and liquid assets are much greater than its total liabilities.

24.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

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24 Financial risk management (Cont.)

24.3. Liquidity risk (Cont.)

	2018				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade and other payables	112,728,309	-	112,728,309	-	-
Amounts due to related party	25,438,034				25,438,034
Bank OD	32,659,154		32,659,154		
Total current liabilities	**112,728,309**	-	**112,728,309**	-	-
Total liabilities	**120,371,802**	7,643,493	**112,728,309**	-	7,643,493

	2017				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade and other payables	105,019,710	-	105,019,710	-	-
Amounts due to related party	25,000,000				25,000,000
Bank OD	18,325,114		18,325,114		
Total current liabilities	**148,344,824**	-	**123,344,824**	-	**25,000,000**
Total liabilities	**148,344,824**	(0)	**123,344,824**	-	**25,000,000**

25. Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2018		2017	
	Amount Rs	Fair Value Rs	Amount Rs	Fair Value Rs
Assets carried at amortised cost				
Trade and other receivables	41,359,989	41,359,989	45,502,411	45,502,411
Cash and cash equivalents	14,282,999	14,282,999	6,316,483	6,316,483
Advances and Prepayments	18,512,788	18,512,788	11,418,070	11,418,070
Short term investments	522,454	522,454	500,000	500,000
	74,678,230	74,678,230	63,736,964	63,736,964
Liabilities carried at amortised cost				
Trade and other payables	112,728,309	112,728,309	105,019,710	105,019,710
Amount due to related party	32,659,154	32,659,154	25,000,000	25,000,000
Bank OD	25,438,034	25,438,034	18,325,114	18,325,114
	170,825,497	170,825,497	148,344,824	148,344,824

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.

b) Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

26. Events occurred after the reporting date

There were no material events occurring after the reporting date as at 31st March 2018 that require adjustments to or disclosure in the financial statements.

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27. **Capital commitments**

There were no capital commitments as at the reporting date.

28. **Contingencies**

There have been no significant Contingent Liabilities as at the reporting date.

29. **Comparative Information**

Comparative information has been rearranged where necessary to conform to current years presentation.

30. **Going concern**

The Company has incurred a net loss of Rs. 15,135,530/- for the year ended 31st March 2018 (2017 - Rs. 14,771,126/-), and as of that date the Company's accumulated loss was Rs. 102,161,362/- (2017 - Rs. 86,674,381/-). Further the Company's current liabilities exceeded the current assets by Rs.96,162,274/- (2017 - Rs. 84,607,860/-) and its total liabilities exceeded its total assets by Rs.97,161,362/- (2017 - Rs.81,674,381/-). Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Board of directors of the Company is of the view that the Company is a going concern based on the future plans set by the Board.

31. **Board of Director's responsibility for financial reporting**

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

SITA WORLD TRAVEL LANKA (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2018

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sita World Travel Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 29 in these financial statements. The Company has incurred a net loss of Rs. 2,936,880/- for the year ended 31 March 2018 (2017 - Rs. 7,079,978/-, and as of that date the Company's accumulated loss is amounting to Rs. 28,332,707/- (2017 - Rs. 25,395,827/-). Further the Company's current liabilities exceeded the current assets by Rs. 27,842,287/- (2017 - Rs. 25,196,015/-) and its total liabilities exceeded its total assets by Rs. 25,832,707/- (2017 - Rs. 22,895,827/-). Although these conditions indicate that the Company may not continue as a going concern, as explained in Note 28 to these financial statements, the Board of Directors of the Company is of the view that the Company will continue as a going concern taking into consideration, that the Company has recommenced commercial operations only during the year 2016 and the future plans set by the Board. Therefore, no adjustments have been made to these financial statements.

Other Information

These financial statements do not include other information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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 SLAuSs 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company. However, Company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

KPMG

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
18 May 2018

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	2018 Rs.	2017 Rs.
Revenue	6	333,764,460	255,240,101
Cost of sales		(299,157,227)	(227,037,460)
Gross profit		**34,607,233**	**28,202,641**
Other income	7	2,408,009	2,426,858
Administrative expenses		(37,295,024)	(31,746,913)
Distribution expenses		(3,381,993)	(1,788,334)
Loss from operations	8	**(3,661,775)**	**(2,905,748)**
Finance income		5,425,966	2,179,284
Finance expenses		(4,614,972)	(6,381,139)
Net finance income/(expense)	9	**810,994**	**(4,201,855)**
Loss before tax		**(2,850,781)**	**(7,107,603)**
Income tax (expense) / reversal	10	(86,099)	27,625
Loss for the year		**(2,936,880)**	**(7,079,978)**
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		**(2,936,880)**	**(7,079,978)**
Loss per share	11	**(11.75)**	**(28.32)**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

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SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	2018 Rs.	2017 Rs.
ASSETS			
Non-current assets			
Property, plant & equipment	12	1,633,466	2,508,699
Intangible assets	13	508,477	516,484
Deferred tax assets	14	17,087	55,905
Total non-current assets		**2,159,030**	**3,081,088**
Current assets			
Trade and other receivables	15	52,247,716	30,970,749
Cash and cash equivalents	16	14,475,985	12,671,308
Total current assets		**66,723,701**	**43,642,057**
Total assets		**68,882,732**	**46,723,145**
EQUITY AND LIABILITIES			
Stated capital	17	2,500,000	2,500,000
Accumulated Losses		(28,332,707)	(25,395,827)
Total equity		**(25,832,707)**	**(22,895,827)**
Liabilities			
Employee benefits	18	149,450	780,900
Total non-current liabilities		**149,450**	**780,900**
Trade and other payables	19	53,850,186	41,798,892
Current taxation		64,792	45,791
Amount due to related party	20	30,011,380	26,993,389
Bank Overdraft	16	10,639,631	-
Total current liabilities		**94,565,988**	**68,838,072**
Total liabilities		**94,715,438**	**69,618,972**
Total equity and liabilities		**68,882,732**	**46,723,145**

The notes to the Financial Statements form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

....
Thajul Riyaz
Chief Financial Officer

The Directors are responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

P.D.J.
....
Director

....
Director

18 May 2018
Colombo.

KPMG Chartered Accountants

For the year ended 31st March 2018	Stated Capital Rs.	Accumulated loss Rs.	Total Rs.
Balance as at 01st April 2016	2,500,000	(18,315,849)	(15,815,849)
Total comprehensive income for the year			
Loss for the year	-	(7,079,978)	(7,079,978)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(7,079,978)	(7,079,978)
Balance as at 31st March 2017	**2,500,000**	**(25,395,827)**	**(22,895,827)**
Balance as at 01st April 2017	**2,500,000**	**(25,395,827)**	**(22,895,827)**
Total comprehensive income for the year			
Loss for the year	-	(2,936,880)	(2,936,880)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(2,936,880)	(2,936,880)
Balance as at 31st March 2018	**2,500,000**	**(28,332,707)**	**(25,832,707)**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF CASHFLOWS

For the year ended 31 March	2018 Rs.	2017 Rs.
Cash flows from operating activities		
Loss before tax	(2,850,781)	(7,107,603)
Adjustment for:		
Depreciation	1,676,613	1,571,204
Amortisation of intangible assets	140,007	120,891
Provision for employee benefit	(631,450)	465,900
Interest income	(297,938)	(362,565)
Bad debt write off	2,688,056	-
	724,507	(5,312,173)
Adjustment for working capital changes:		
Increase in trade and other receivables	(23,993,303)	(14,865,619)
Increase in trade and other payables	12,051,294	24,788,661
Increase in related party payables	3,017,992	5,393,422
Cash (used in)/ generated from operations	**(8,924,018)**	**15,316,465**
Net cash (used in)/ generated from operating activities	**(8,199,510)**	**10,004,292**
Cash flows from investing activities		
Purchase of property, plant and equipment	(801,380)	(651,838)
Purchase of intangible assets	(132,000)	(132,600)
Interest received	297,938	362,565
Net cash used in investing activities	**(635,442)**	**(421,873)**
Cash flows from financing activities		
Net cash from/ used in financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**(8,834,952)**	**9,582,419**
Cash and cash equivalents as at beginning of the year	12,671,308	3,088,891
Cash and cash equivalents as at end of the year	**3,836,355**	**12,671,308**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

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1 REPORTING ENTITY

1.1. Domicile and Legal Form

Sita World Travel Lanka (Private) Limited ("the Company"), is a private company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 118C, Barnes Place, Colombo 07, Sri Lanka, from where the principle business is carried out.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is acting as a travel agent.

1.3. Parent Enterprise and Ultimate Parent Enterprise

Name of the Company's parent undertaking is Travel Corporation India Limited. Company's ultimate parent undertaking is Fairfax Financial Holdings Ltd., Canada (from 16-12-2015)

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2018 was 15 (2017 – 14).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Statement of Cash Flows, together with the notes, (the "Financial Statements") of the Company as at 31st March 2018 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors affecting the financial statements.

2.3 Functional and presentation currency

The financial statements of the company are presented in Sri Lankan Rupees (Rs.), which is the company's functional currency. All financial information presented in Rupees has been rounded to the nearest Rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual result may differ from these judgments and estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in following notes.

- Note 3.2.a Current taxes
- Note 3.2.b Deferred tax assets

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- Note 3.6 Impairment
- Note 3.7 Employee benefits
- Note 3.9 Provisions and contingencies

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all period presented in these financial statements.

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of available for- sale equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Income tax expenses

Income tax expense comprises current and deferred tax. Current tax and deferred tax expenses are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI), in which case it is recognized in equity or in OCI.

a. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b. Deferred taxes

Deferred tax is provided using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are Cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and cost of the asset can be reliably measured.

b. Measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

d. Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives or the lease term, whichever is lower.

The expected useful lives of the assets categories are as follows:

Office equipment	3 years
Computer Hardware (PC Screen)	5 years
Computer Hardware – (Computer equipment)	3 years
Furniture & Fixtures	5 years
Furniture & Fixtures (Improvements)	3 years
Motor Vehicle	5 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale. (Or included in a disposal grouped that is classified as held for sale) and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.3.2 Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 5 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 Financial instrument

3.5.1 Non-derivative financial assets.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity. The non-derivative financial assets can be classified in to four categories. Namely, financial assets at Fair value through profit and loss, Held to maturity investments, Available for sale financial assets and Loans and Receivables.

The company has only loans and receivables as non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of trade receivables, other receivables and cash & cash equivalents.

3.2.3. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

3.2.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

3.6 Impairment

3.6.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active 'market for a security.

The company considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.6.2 Non financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Noncurrent liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Employee benefits

a. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

b. Defined benefit plans

Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internal assessment using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The Company measures the provision for employees who have completed more than one year of service based on internally generated model.

The liability is not externally funded nor actuarially valued.

Re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income.

3.8 Non derivative financial liabilities

The Company initially recognizes liabilities on the date that they are originated. All other liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies financial liabilities into other financial liabilities category. Such finance liabilities recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities comprise trade payables and other payables.

3.9 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.10 Events after the Reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

INCOME AND EXPENSES

3.11 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

The Company renders a wide range of travel services. The revenue from rendering these services is recognized in the profit or loss at the time when the significant risks and rewards are transferred to the customer. This is generally the case on the date of departure of tour. Company policy is to recognize revenue up to 25^{th} day of each month.

3.12 Other Income

Other Income is recognized on an accrual basis.

Shopping commission income, insurance claim and insurance commission are included.

3.13 Finance income and finance costs

Finance income mainly comprises exchange gains arising from foreign transaction and finance costs comprise interest expense on borrowings and exchange losses arising from foreign transactions.

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.14 Expenditure recognition

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit or loss for the year.

3.13 Basic Earnings per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4. STATEMENT OF CASH FLOW

4.1. Cash and Cash Equivalents

The Cash Flow Statement has been prepared using the indirect method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts, if any.

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5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these financial statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

The following new standards are not expected to have a significant impact of the Company's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
SLFRS 15 *Revenue from Contracts with Customers*	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
SLFRS 9 *Financial Instruments*	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 *Financial Instruments: Recognition and Measurement*. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9. This standard is not expected to have significant impact on the financial statement of the Company.
SLFRS 16 *Leases*	Effective date of SLFRS 9 is 1st January 2018. SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead there will be a single on balance sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

For the year ended 31 March	2018 Rs.	2017 Rs.
6. Revenue		
Inbound	333,764,460	255,240,101
	333,764,460	255,240,101
7. Other income		
Insurance Claim	90,650	-
Insurance Commission	338	-
Shopping commission	2,317,021	2,426,641
Miscellaneous income	-	217
	2,408,009	2,426,858

8. Loss from operations

Loss from operations is stated after charging all the expenses including the following,

	2018 Rs.	2017 Rs.
Staff cost (Note 8.1)	19,917,217	18,450,394
(Reversal) / Provision for employee benefits	(631,450)	465,900
Depreciation	1,676,613	1,571,204
Amortization	140,007	120,891
Auditors fees and expenses	225,000	200,000
Rent expense	3,300,000	3,100,000
Bad debt write off	2,688,056	-

8.1 Staff cost

	2018 Rs.	2017 Rs.
Salaries and wages	17,640,786	16,398,256
Employees Provident Fund	1,819,628	1,641,710
Employees Trust Fund	456,803	410,428
	19,917,217	18,450,394

9. Net finance income / (expenses)

	2018 Rs.	2017 Rs.
Finance income		
Interest income	297,938	362,565
Exchange gain	5,128,028	1,816,719
	5,425,966	2,179,284
Finance expense		
Interest on loan	2,509,959	2,202,570
Exchange loss	2,105,013	4,178,569
	4,614,972	6,381,139
	810,994	(4,201,855)

10. Income tax expense / (reversal)

	2018 Rs.	2017 Rs.
Current tax	47,281	28,280
Reversal of deferred tax liability	(33,967)	(32,584)
Reversal / (origination) of deferred tax asset	72,785	(23,321)
	86,099	(27,625)

11. Loss per share

Calculation of loss per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

	2018	2017
Loss for the year (Rs.)	(2,936,880)	(7,079,978)
Weighted average number of ordinary shares	250,000	250,000
Loss per share (Rs.)	(11.75)	(28.32)

For the year ended 31 March 2018

12. Property, Plant & Equipment

	Office Equipment	Computer Equipment	Furniture and Fixtures	Motor Vehicle	Total 2018	Total 2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance at the beginning of the year	652,699	3,350,374	1,559,709	-	5,562,782	4,910,944
Additions	-	376,250	221,180	203,950	801,380	651,838
Balance at the end of the year	652,699	3,726,624	1,780,889	203,950	6,364,162	5,562,782
Depreciation						
Balance at the beginning of the year	431,772	1,627,456	994,855	-	3,054,083	1,482,879
Charge for the year	188,381	974,363	508,742	5,127	1,676,613	1,571,204
Balance at the end of the year	620,153	2,601,819	1,503,597	5,127	4,730,696	3,054,083
Carrying amounts						
As at 31st March 2018	32,546	1,124,805	277,292	198,823	1,633,466	
As at 31st March 2017	220,927	1,722,918	564,854	-		2,508,699

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As at 31 March	2018 Rs.	2017 Rs.
13. Intangible assets		
Cost		
Balance at the beginning of the year	686,400	553,800
Additions	132,000	132,600
Balance at the end of the year	818,400	686,400
Amortization		
Balance at the beginning of the year	169,916	49,025
Charge for the year	140,007	120,891
Balance at the end of the year	309,923	169,916
Carrying value as at end of the year	508,477	516,484
14. Deferred taxation		
Deferred tax liabilities (Note 14.1)	(3,836)	(37,803)
Deferred tax assets (Note 14.2)	20,923	93,708
	17,087	55,905
14.1 Deferred tax liabilities		
Balance at the beginning of the year	37,803	70,387
Reversal during the year	(33,967)	(32,584)
Balance at the end of the year	3,836	37,803
14.2 Deferred tax assets		
Balance at the beginning of the year	93,708	70,387
Origination / (reversal) during the year	(72,785)	23,321
Balance at the end of the year	20,923	93,708

14.3 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31st March 2018		31st March 2017	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Liabilities				
Property, plant & equipment	27,397	3,836	315,029	37,803
	27,397	3,836	315,029	37,803
Deferred Tax Assets				
Tax loss	19,105,287	-	19,317,447	-
Employee benefits	149,450	20,923	780,900	93,708
	19,254,737	20,923	20,098,347	93,708
Net Deferred Tax Assets	19,227,340	17,087	19,783,318	55,905

Note 1 - The temporary difference arising from tax losses, as at the reporting date, was Rs. 19,105,287 (2017 - Rs 19,317,447) resulting in deferred tax assets of Rs. 2,674,740 (2017 - 2,318,094) as at that date. However deferred tax asset has been recognised only up to deferred tax liability as at the reporting date due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the total unrecognised deferred tax asset at reporting date was Rs. 2,674,740 (2017 - Rs 2,318,094)

14.4 Impact due to Corporate Income Tax Rate Change

As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the rate (and tax law) that has been enacted or substantively enacted by the reporting date. Accordingly as the Inland Revenue Act No 24 of 2017 has been legislated, the new tax rate of 14% (previously at 12%) which will be applicable to the Company from 1 April 2018, has been applied for the deferred tax computation.

As at 31st March	2018 Rs.	2017 Rs.
15. Trade and other receivables		
Trade receivables (Note 15.1)	42,951,924	24,357,947
Other receivables (Note 15.2)	4,097,818	1,747,811
Advances & prepayments (Note 15.3)	5,197,974	4,864,991
	52,247,716	30,970,749
15.1. Trade receivables from related companies		
Trade receivables from related companies	20,379,225	1,234,538
Trade receivables from others	22,572,699	23,123,409
	42,951,924	24,357,947
15.2. Other receivables		
Security deposit	825,000	825,000
ESC receivable	2,867,844	691,210
WHT receivable	143,147	131,601
Other receivable	261,827	100,000
	4,097,818	1,747,811
15.3. Advances & prepayments		
Other advance	4,542,955	2,503,528
Prepayments	655,019	2,361,463
	5,197,974	4,864,991
16. Cash and cash equivalents		
Cash in hand	95,527	3,055
Cash at bank	14,380,458	12,668,253
	14,475,985	12,671,308
Bank overdraft	10,639,631	-
Cash & cash equivalents for the purpose of statement of cash flow	3,836,355	12,671,308

	2018 Rs.	2017 Rs.
17. Stated capital		
Issued and fully paid		
250,000 ordinary shares	2,500,000	2,500,000
18. Employee benefits		
Balance at the beginning of the year	780,900	315,000
Reversal / Provision recognised during the year (Note 18.1)	(631,450)	465,900
	149,450	780,900
Payments made during the year	-	-
Balance at end of the year	149,450	780,900

Although the Gratuity Act No 12 of 1983 requires gratuity provision only when a company employs more than fifteen employees, the Company has made provision for six employees who have completed more than one year of service based on internal formula.

19. Trade and other payables		
Trade payables	22,735,967	9,654,007
Other payable (Note 19.1)	31,114,219	32,144,885
	53,850,186	41,798,892

19.1 Other payable includes advance received for future tours amounting to Rs 27.9 Mn (2017 - Rs 24.6 Mn).

KPMG

As at 31 March	2018 Rs.	2017 Rs.
20. Amount due to related party		
Loan from Kuoni Travel India (Pvt) Ltd	23,229,982	22,701,725
Interest on loan payable	6,781,398	4,291,664
	30,011,380	26,993,389

As per the agreement made between Sita World Travel Lanka (Pvt) Ltd and Kuoni Travel (India) (Pvt) Ltd on 1st May 2015, the Company has obtained a loan from Kuoni Travel (India) (Pvt) Ltd amounting to USD 147,500 on a specific repayment scheme. The interest on the said loan is comparable to market interest rate and thus, no fair value adjustment have been made in these financial statements.

21. Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures* . The details of which are given below.

a) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company. Being the parent and ultimate undertaking, Travel Corporation India Ltd and Fairfax Financial Holdings Ltd, Canada, respectively as noted in Note 1.3, the Board of directors have the authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly. Accordingly, the Board of Directors of those companies have been classified as KMP.

There were no emoluments paid to directors of the company during the year.

Transactions with Related Entities

b)

Name of the Related Party	Relationship	Nature of Transaction	Transaction Amount 2018 Rs.	Transaction Amount 2017 Rs.
Travel Corporation India (Pvt) Ltd (formally known as Kuoni Travel India (Pvt) Ltd)	Parent company	Sale of service	27,280,624	36,180,260
		Interest on loan	2,489,734	2,202,570
		Fund transfer	24,224,898	-
Distant Frontier Tours Ltd	Affiliate	Sale of service	-	57,184
Jetwing Travels (Pvt) Ltd	Shareholding	Legal Service	-	869,440
Luxe Asia (Pvt) Ltd	Subsidiary of Parent Company	Sale of service	-	91,638
		Reimbursement received	422,247	-
Kuoni Travel France	Subsidiary of Parent Company	Sale of service	14,478,969	-
		Fund transfer	639,395	-

Amounts due from and due to related entities as at reporting date are disclosed in the Note 15 and 20 to the Financials Statements respectively.

For the year ended 31 March 2018

22. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Market risk
3. Liquidity risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

22.1. Credit risk

'Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

22.1.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	2018	2017
	Rs.	Rs.
Trade and other receivables	52,247,716	30,970,749
Cash & cash equivalents	14,475,985	12,671,308
	66,723,701	43,642,057

Impairment of trade receivables

The aging of trade receivables at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	Rs.	Rs.	Rs.	Rs.
Past due 0-30 days	16,131,746	-	10,396,732	-
Past due 31-180 days	26,820,178	-	13,961,216	-
More than 180 days	-	-	-	-
	42,951,924	-	24,357,947	-

For the year ended 31 March 2018

22. Financial risk management (Cont.)

22.2. Market risk

'Market' risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

22.2.1.Currency risk

'Currency risk' a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Company. The company has not invested nor borrowed in foreign currencies. The company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial statements is minimal as it represents local currency.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2018	**2017**	**2018**	**2017**
USD	153.41	147.29	155.60	151.99
EURO	179.76	161.60	191.74	162.36

22.2.2. Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Company has taken an intercompany loan from Kuoni Travel India Private Limited and entitled to levy an interest of 11% and the rate will be revised annually and will remain within the range of plus (+) or minus (-) 3% ALP.

22.3. Liquidity risk

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company encounter the liquidity risk mainly due to its trade payables. However, Company's exposure to liquidity risk is very limited as current assets and liquid assets are much greater than its total liabilities.

Year ended 31st March 2018	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade & Other Payables	53,850,186	-	53,850,186	-	-
Amount due to related party	30,011,380	-	30,011,380	-	-
Bank Overdraft	10,639,631	-	10,639,631	-	-
Total Current Liabilities	**94,501,196**	-	**94,501,196**	-	-

KPMG Chartered Accountants

Year ended 31st March 2017	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade & Other Payables	41,798,892	2,736,000	14,470,442	24,609,961	-
Amount due to related party	26,993,389	-	26,993,389	-	-
Total Current Liabilities	**68,792,281**	**2,736,000**	**41,463,831**	**24,609,961**	-

22.4. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company.

23. Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2018		2017	
	Amount	**Fair Value**	**Amount**	**Fair Value**
	Rs.	Rs.	Rs.	Rs.
Assets carried at amortized cost				
Trade and other receivables	52,247,716	52,247,716	30,970,749	30,970,749
Cash and cash equivalents	14,475,985	14,475,985	12,671,308	12,671,308
	66,723,701	**66,723,701**	**43,642,057**	**43,642,057**
Liabilities carried at amortized cost				
Trade and other payables	53,850,186	53,850,186	41,798,892	41,798,892
Amount due to related party	30,011,380	30,011,380	26,993,389	26,993,389
Bank Overdraft	10,639,631	10,639,631	-	-
	94,501,196	**94,501,196**	**41,798,892**	**41,798,892**

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.

b) Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

24. Events occurred after the reporting date

There were no material events occurring after the reporting date as at 31st March 2018 that require adjustments to or disclosure in the financial statements.

25. Capital commitments

No capital commitments as at the reporting date.

KPMG Chartered Accountants

26. Contingencies

There have been no significant Contingent Liabilities as at the reporting date.

27. Comparative Information

Comparative information has been rearranged where necessary to conform to current years presentation.

28. Litigation and claims

There are no litigations and claims as at the reporting date.

29. Going concern

The Company has incurred a net loss of Rs. 2,936,880/- for the year ended 31 March 2018 (2017 - Rs. 7,079,978/-, and as of that date the Company's accumulated loss is amounting to Rs. 28,332,707/- (2017 - Rs. 25,395,827/-). Further the Company's current liabilities exceeded the current assets by Rs. 27,842,287/- (2017 - Rs. 25,196,015/-) and its total liabilities exceeded its total assets by Rs. 25,832,707/- (2017 - Rs. 22,895,827/-). Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern given that, the Company has commenced it's busniess operations only during the year 2016. The Board of Directors of the Company is of the view that the Company is a going concern.

30. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

KPMG Chartered Accountants

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Directors' Report

The directors submit their report together with the audited financial statements of **Gulf Dunes LLC** for the year ended 31st December 2017.

Principal activities and business review

Gulf Dunes LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai and Department of Economic Development.

The principal activity of the Company organizing and managing Meetings, Incentives, Conferences, and Events (MICE). The Company started its operations in May 1995.

Financial performance

The results of the Company for the year ended 31st December 2017 are stated below:

Financial highlights	**2017 AED**	2016 AED
Net profit / (loss)	**(3,782,720)**	(1,127,278)
Total equity	**(3,307,793)**	474,927

Representations and audit

There have been no events subsequent to 31 December 2017, which would in any way invalidate the financial statements.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 19 APR 2018

KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard, Downtown Dubai
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report

To the Shareholders of Gulf Dunes LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gulf Dunes LLC ("the Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

Report on Other Legal and Regulatory Requirements (continued)

v) the Company has not purchased any shares during the year ended 31 December 2017;

vi) note 13 to the financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended Date of issue any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2017.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 19 APR 2018

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income
For the year ended 31 December

	Notes	2017 AED	2016 AED
Revenue	5	**5,801,935**	21,348,108
Direct costs	6	**(4,767,896)**	(17,144,936)
Gross profit		**1,034,039**	4,203,172
Administrative and general expenses	7	**(4,837,311)**	(5,622,069)
Other income	8	**5,170**	249,843
Finance income	9	**15,382**	41,326
Loss and total comprehensive income for the year		**(3,782,720)**	(1,127,728)

The notes on pages 10 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2-5.

Gulf Dunes LLC

Statement of financial position
As at 31 December

	Notes	**2017 AED**	2016 AED
Assets			
Property and equipment	*10*	**46,587**	30,154
Intangible assets	*11*	**-**	-
Non-current assets		**46,587**	30,154
Trade and other receivables	*12*	**3,408,036**	1,376,497
Due from a related party	*13*	**808,798**	1,325,153
Cash and cash equivalents	*18*	**555,057**	1,162,199
Current assets		**4,771,891**	3,863,849
Total assets		**4,818,478**	3,894,003
Equity			
Share capital	*16*	**300,000**	300,000
Legal reserve	*17*	**150,000**	150,000
(Accumulated losses) / retained earnings		**(3,757,793)**	24,927
Total equity		**(3,307,793)**	474,927
Liabilities			
Provision for employees' end of service benefits	*15*	**364,931**	321,673
Non-current liabilities		**364,931**	321,673
Trade and other payables	*14*	**6,113,257**	1,347,194
Due to related parties	*13*	**1,648,083**	1,750,209
Current liabilities		**7,761,340**	3,097,403
Total liabilities		**8,126,271**	3,419,076
Total equity and liabilities		**4,818,478**	3,894,003

The notes on pages 10 to 27 are an integral part of these financial statements.
These financial statements were authorised for issue on behalf of the Company's shareholders on 19 APR 2018

Director

Head of Finance

The independent auditors' report is set out on pages 2-5.

Gulf Dunes LLC

Statement of cash flows
For the year ended 31 December

	Notes	**2017 AED**	2016 AED
Cash flows from operating activities			
Loss for the year		**(3,782,720)**	(1,127,728)
Adjustments for:			
Depreciation	*10*	**13,867**	347,061
Amortisation	*11*	**-**	8,551
Provision for employees' end of service benefits	*15*	**81,188**	189,162
Reversal of long outstanding liabilities	*8*	**-**	(222,529)
		(3,687,665)	(805,483)
Changes in:			
- trade and other receivables		**(2,031,539)**	1,564,411
- due from a related party		**516,355**	427,037
- due to related parties		**(102,126)**	(13,027)
- trade and other payables		**4,766,063**	(3,708,424)
Payment of employees' end of service benefits	*15*	**(37,930)**	(628,271)
Net cash used in operating activities		**(576,842)**	(3,163,757)
Cash flows from investing activity			
Acquisition of property and equipment	*10*	**(30,300)**	(25,000)
Net cash used in investing activity		**(30,300)**	(25,000)
Net decrease in cash and cash equivalents		**(607,142)**	(3,188,757)
Cash and cash equivalents 01 January		**1,162,199**	4,350,956
Cash and cash equivalents at 31 December	*18*	**555,057**	1,162,199

The notes on pages 10 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2-5.

Gulf Dunes LLC

Statement of changes in equity
For the year ended 31 December

	Share capital AED	Legal reserve AED	(Accumulated losses) / retained earnings AED	Total AED
Balance at 1 January 2016	300,000	150,000	1,152,655	1,602,655
Loss and total comprehensive income for the year	-	-	(1,127,728)	(1,127,728)
Balance at 31 December 2016	300,000	150,000	24,927	474,927
At 1 January 2017	300,000	150,000	24,927	474,927
Loss and total comprehensive income for the year	-	-	(3,782,720)	(3,782,720)
Balance at 31 December 2017	**300,000**	**150,000**	**(3,757,793)**	**(3,307,793)**

The notes on pages 10 to 27 are an integral part of these financial statements.

1 Reporting entity

Gulf Dunes LLC, Dubai is a limited liability Company ("the Company") registered with the Department of Economic Development, Government of Dubai. The principle business activity of the Company is organizing and managing incentive trips, conferences and meetings for groups.

The Company's shares were held by Kuoni Travel Investments Ltd ("the Shareholders") 49% and by Ahmad Abdulaziz Abdulla Almannei 51%. During the year, with effect from 29th June 2017 Kuoni Travel Investments Ltd sold its shareholding to Travel Circle International (Mauritius) Ltd. The ultimate parent of the Company is Fairfax Financial Holdings Limited, a company registered in Toronto, Onterio, Canada.

Ahmad Abdulaziz Abdulla Almannei has agreed not to take part in the operational and financial management of the Company.

The registered office of the Gulf Dunes LLC, Dubai is P.O. Box no. 6655, Dubai, United Arab Emirates.

2 Basis of preparation

a) Going concern

During the year ended 31 December 2017, the Company incurred a loss after tax of AED 3,782,720 (2016: *AED 1,127,728*) and as at 31 December 2017 its accumulated losses amounted to AED 3,757,793 (2016: *retained earnings of AED 24,927*).

The ability of the Company to continue as a going concern is dependent on the continued financial support of its shareholder and achievement of management forecast. The Holding Company has confirmed its intention to provide continued financial support to the Company to enable the Company to meet all its financial obligations as and when they fall due and to carry on business without a significant curtailment in the operations.

b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standard Board (IASB) and the requirements of UAE Federal Law No. 2 of 2015.

c) Basis of measurement

These financial statements have been prepared under the historical cost basis.

d) Functional and presentation currency

These financial statements are presented in UAE Dirham ("AED"), which is the Company's functional currency.

e) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognised in these financial statements are described in note 23.

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Revenue

The Company renders a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups. Revenue from rendering these services is recognised in the profit or loss at the time when the services are rendered. This is generally the case on the date of arrival. If it is probable that discounts will be granted and the amount can be measured reliably, then the discounts are recognised as reduction of revenue.

Operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash at bank, other receivables (excluding prepayments and advances to suppliers), amounts due from/to related parties and trade and other payables (excluding advances from customers).

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Property and equipment and depreciation

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any).

If significant part of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3 Significant accounting policies *(continued)*

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value and is recognised in profit or loss. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives of property and equipment for current and comparative period are as follows:

	Years
Motor vehicles	4
Furniture, fixtures and office equipment	2 to 5
Leasehold improvements	10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash over the payment term.

Company's intangibles comprises of license of accounting software (SAGE) and license for contract management tool (Meeting box).

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The useful life for the intangible assets for the current and comparative period is estimated to be 3 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

3 Significant accounting policies *(continued)*

Impairment *(continued)*

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3 Significant accounting policies *(continued)*

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for employees' end of service benefits

The provision is made for the amount of end of service benefits due to employees in accordance with the UAE Labour Law and is based on the current remuneration and the period of service of the employees at the end of the reporting period. The provision has been classified as a non-current liability.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

Operating lease

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

Foreign currency transactions

Transactions in foreign currencies are translated to AED and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into AED using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Company's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

IFRS 9 Financial Instruments *(continued)*

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 9 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

IFRS 9 Financial Instruments *(continued)*

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company is analysing to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Company plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date.

No significant impact is expected for the Company's finance and operating leases.

4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included in note 21 of these financial statements.

Risk management framework

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables (excluding prepayments and advances to suppliers) and amounts due from a related party.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified. The Company's cash is placed with bank of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables (excluding advances from customers), and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

4 Financial risk management *(Continued)*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fluctuations in fair value will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations of future cash flows because of a change in market interest rates.

Other market price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. The Company is not subject to externally imposed capital requirements.

5 Revenue

The Company's revenue is generated by providing a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups.

6 Direct Costs

Direct costs comprise hotel bookings, transport and visa services, excursion and travel related services.

7 Administrative and general expenses

	2017 AED	2016 AED
Staff salaries and benefits	**2,465,719**	2,469,742
Central service charges *(refer note 7.1)*	**456,083**	444,852
Business promotion expenses	**783,754**	838,021
Overseas representative office charges	**527,955**	620,877
Rent expense	**111,804**	243,403
Communication expense	**59,880**	121,456
Depreciation and amortization *(refer note 7.2)*	**13,867**	355,613
Legal and professional charges	**24,139**	60,418
Bank charges	**17,474**	19,250
Management fee *(refer note 7.3)*	**21,565**	112,536
Other expenses	**355,071**	335,901
	4,837,311	5,622,069

7.1 Central service charges includes different charges related to IT applications provided by Head office centralized IT.

7.2 Depreciation of prior year included accelerated depreciation on assets amounting to AED 277,557.

7.3 Management fee represents management fee charged by Kuoni Travel Management Ltd till 28th June 2017.

8 Other income

	2017 AED	2016 AED
Bad debts recovered	**5,170**	27,314
Reversal of long outstanding liabilities	**-**	222,529
	5,170	249,843

9 Finance income

	2017 AED	2016 AED
Foreign exchange gain	**13,027**	41,326
Inter-company interest income	**2,355**	-
	15,382	41,326

10 Property and equipment

	Motor Vehicles	Furniture, fixtures and office equipment	Leasehold improvements	Total
Cost				
Balance at 1 January 2016	47,250	180,670	530,858	758,778
Additions	-	-	25,000	25,000
Disposals	-	-	(530,858)	(530,858)
Balance at 31 December 2016	47,250	180,670	25,000	252,920
Balance at 1 January 2017	47,250	180,670	25,000	252,920
Additions	-	30,300	-	30,300
Balance at 31 December 2017	47,250	210,970	25000	283,220
Depreciation				
Balance at 1 January 2016	47,250	150,250	209,063	406,563
Charge for the year *(refer note 7.2)*	-	24,640	322,421	347,061
Disposal	-	-	(530,858)	(530,858)
Balance at 31 December 2016	47,250	174,890	626	222,766
Balance at 1 January 2017	47,250	174,890	626	222,766
Charge for the year *(refer note 7.2)*	-	11,367	2,500	13,867
Balance at 31 December 2017	47,250	186,257	3,126	236,633
Net book value				
At 31 December 2017	-	**24,713**	**21,874**	**46,587**
At 31 December 2016	-	5,780	24,374	30,154

10.1 Fully depreciated assets having cost of AED 162,566 *(2016: 91,380)* are still being used by the Company.

11 Intangible assets

	2017	2016
Cost	**AED**	AED
Balance at 31 December	**71,186**	71,186
	71,186	71,186
Amortization		
Balance at 1 January	**71,186**	62,635
Charge for the year	**-**	8,551
Balance at 31 December	**71,186**	71,186
Net book value	**-**	-

12 Trade and other receivables

	2017	2016
	AED	AED
Trade receivables	**65,245**	831,428
Provision for doubtful debts	**(2,307)**	(16,654)
	62,938	814,774
Prepayments	**166,667**	88,829
Other receivables	**412,564**	409,778
Advances to suppliers	**2,765,867**	63,116
	3,408,036	1,376,497

13 Related parties

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2017 were as follows:

	2017	2016
	AED	AED
Key management personnel compensation		
Short term employee benefits	**675,511**	689,522
Post-employment benefits	**17,831**	127,942

13 Related parties *(continued)*

Transactions with related parties

	Notes	2017 AED	2016 AED
Central service charges	7	**456,083**	444,852
Management fee	7	**21,565**	112,536

Due from a related party

	2017 AED	2016 AED
Desert Adventures Tourism LLC	**808,798**	1,325,153

Due to related parties

	2017 AED	2016 AED
Gulf Dunes Tourism LLC – Oman	**1,378,122**	1,483,010
KIT Solutions AG	-	150,252
Travel Circle International (Mauritius) Ltd	**269,961**	-
Kuoni Travel Management Limited *(Refer to note 13.1)*	-	116,947
	1,648,083	1,750,209

13.1 *Kuoni Travel Management Limited is no longer the related party at the current year end. It sold out it's shareholding to Travel Circle International Mauritius Ltd. with effect from 29 June 2017.*

14 Trade and other payables

	2017 AED	2016 AED
Trade payables	**319,542**	392,839
Accruals and other payables	**677,927**	576,955
Advances from customers	**5,115,788**	377,400
	6,113,257	1,347,194

15 Provision for employees' end of service benefits

	2017 AED	2016 AED
Balance at 01 January	**321,673**	760,782
Provision during the year	**81,188**	189,162
Payments made during the year	**(37,930)**	(628,271)
Balance at 31 December	**364,931**	321,673

16 Share capital

	2017 AED	2016 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

17 Legal reserve

In accordance with article 103 of the U.A.E Federal Commercial Companies' law (2 of 2015), a minimum of 10% of the net profits of the Company is required to be allocated to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals half of the paid up share capital of the Company. Since the statutory reserve of the Company has already reached the limit, therefore the Board of Directors have decided to cease such allocations *(2016: Nil)*.

18 Cash and cash equivalents

	2017 AED	2016 AED
Cash in hand	**11,669**	33,161
Cash at bank	**543,388**	1,129,038
	555,057	1,162,199

19 Contingent liabilities

There are no contingent liabilities at the reporting date.

20 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2017 AED	2016 AED
Less than one year	**83,902**	111,804
Between one and three years	**128,770**	222,544

The Company's office premises are under operating leases. The leases contract is for a period of three year, with an option to renew the lease at the time of expiry. Lease rentals are usually increased periodically to reflect market rentals.

During the year an amount of AED 111,804 (2016: 243,503) was recognised as an expense in profit or loss in respect of operating leases.

21 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017 AED	2016 AED
Trade and other receivables (excluding prepayments and advances to suppliers)	**475,502**	1,224,552
Due from a related party	**808,798**	1,325,153
Cash at bank	**543,388**	1,129,038
	1,827,688	3,678,743

The aging of trade receivables at the reporting date was:

	31 December 2017		31 December 2016	
	Gross AED	**Provision AED**	Gross AED	Provision AED
Not due	-	-	40,293	-
0-30 days past due	**49,678**	-	718,191	-
31-90 days past due	**13,260**	-	56,290	-
Over 90 days past due	**2,307**	**(2,307)**	16,654	(16,654)
	65,245	**(2,307)**	831,428	(16,654)

The movement in the impairment loss for trade receivables is as follows:

	2017 AED '000	2016 AED '000
At 1 January	**16,654**	43,968
Impairment loss recognized during the year	-	5,360
Write offs during the year	**(9,177)**	-
Reversals during the year	**(5,170)**	(32,674)
At 31 December	**2,307**	16,654

21 Financial instruments *(continued)*

Liquidity risk

The following are the contractual maturities of financial liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2017	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**997,469**	**(997,469)**	**(997,469)**
Due to related parties	**1,648,083**	**(1,648,083)**	**(1,648,083)**
	2,645,552	**(2,645,552)**	**(2,645,552)**

31 December 2016	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	969,794	(969,794)	(969,794)
Due to related parties	1,750,209	(1,750,209)	(1,750,209)
	2,720,003	(2,720,003)	(2,720,003)

Market risk

Foreign exchange risk

The Company has no significant exposure to foreign currency risk as the transactions in foreign currencies (if any) are mainly made in USD which is informally pegged to AED.

Interest rate risk

The Company has no borrowings and is not exposed to interest rate risk.

Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to the short term nature of these instruments.

22 Fair value hierarchy

The Company does not have financial instruments which are measured at fair value as at the reporting date. Accordingly, the fair value hierarchy disclosures are not applicable to the Company.

23 Significant accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical accounting estimates and judgments used by management in the preparation of these financial statements:

Residual values and useful lives of property and equipment

The Company's management has reviewed the residual values and useful lives of property and equipment. Management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Impairment losses on trade receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties. In determining whether impairment losses should be recognised in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

24 Comparatives

Certain comparative figures in these financial statements have been reclassified or rearranged for the better presentation in accordance with the requirements of IFRS.

Gulf Dunes Tourism LLC

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Directors' Report

The directors submit their report together with the audited financial statements of **Gulf Dunes Tourism LLC** for the year ended 31st December 2017.

Principal activities and business review

The principal activity of the Company is organizing and managing Meetings, Incentives, Conferences, and Events (MICE).

Financial performance

The results of the Company for the year ended 31st December 2017 are stated below:

Financial highlights	**2017 OMR**	2016 OMR
Net profit	**(15,272)**	(27,164)
Total equity	**134,296**	149,568

Representations and audit

There have been no events subsequent to 31 December 2017, which would in any way invalidate the financial statements.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 18 APR 2018

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GULF DUNES TOURISM LLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gulf Dunes Tourism LLC ("the Company") set out on pages 5 to 22, which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 1974, as amended, 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.

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 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 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 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.

Report on Other Legal and Regulatory Requirements

We report that the financial statements of the Company as at and for the year ended 31 December 2017, in all material respects, comply with the applicable provisions of the Commercial Companies Law of 1974, as amended.

18 April 2018

KPMG

KPMG

Gulf Dunes Tourism LLC

Statement of profit or loss and other comprehensive income
For the year ended 31 December

	Notes	2017 OMR	2016 OMR
Revenue	*5*	**52,601**	26,742
Direct costs	*6*	**(39,299)**	(21,884)
Gross profit		**13,302**	4,858
Administrative and general expenses	*7*	**(28,574)**	(29,240)
Other income		-	1,788
Loss from operating activities before tax		**(15,272)**	(22,594)
Tax expense	*16*	-	(4,570)
Total comprehensive and net loss for the year		**(15,272)**	(27,164)

The notes on pages 9 to 23 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes Tourism LLC

Statement of financial position
As at 31 December

	Notes	2017 OMR	2016 OMR
Assets			
Other receivables	*8*	**5,058**	4,390
Due from related parties	*9*	**144,609**	155,615
Cash and cash equivalents	*14*	**9,612**	2,293
Current assets		**159,279**	162,298
Total assets		**159,279**	162,298
Equity			
Share capital	*12*	**150,000**	150,000
Statutory reserve	*13*	**3,292**	3,292
Accumulated losses		**(18,996)**	(3,724)
Total equity		**134,296**	149,568
Liabilities			
Provision for employees' end of service benefits	*11*	**2,323**	1,846
Non-current liabilities		**2,323**	1,846
Trade and other payables	*10*	**3,474**	2,757
Due to related parties	*9*	**19,186**	8,127
Current liabilities		**22,660**	10,884
Total liabilities		**24,983**	12,730
Total equity and liabilities		**159,279**	162,298

The notes on pages 9 to 23 are an integral part of these financial statements.

These financial statements were authorised for issue on behalf of the Company's shareholders on 18 APR 2018 by:

Director Director

The independent auditors' report is set out on pages 2 -4.

Gulf Dunes Tourism LLC

Statement of cash flows
For the year ended 31 December

	Note	2017 OMR	2016 OMR
Cash flows from operating activities			
Loss from operating activities before tax		**(15,272)**	(22,594)
Adjustments for:			
Provision for employees' end of service benefits	*11*	**477**	695
		(14,795)	(21,899)
Changes in:			
- Other receivables		**(668)**	(133)
- due from related parties		**11,006**	63,679
- trade and other payables		**717**	(2,568)
- due to related parties		**11,059**	(34,120)
- taxation paid		-	(4,570)
Net cash generated from operating activities		**7,319**	389
Net increase in cash and cash equivalents		**7,319**	389
Cash and cash equivalents at beginning of the year		**2,293**	1,904
Cash and cash equivalents at end of the year	*14*	**9,612**	2,293

The notes on pages 9 to 23 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes Tourism LLC

Statement of changes in equity
For the year ended 31 December

	Share capital	Statutory reserve	(Accumulated losses) / Retained earnings	Total
	OMR	OMR	OMR	OMR
At 1 January 2016	150,000	3,292	23,440	176,732
Loss and total comprehensive income for the year	-	-	(27,164)	(27,164)
At 31 December 2016	150,000	3,292	(3,724)	149,568
At 1 January 2017	150,000	3,292	(3,724)	149,568
Loss and total comprehensive income for the year	-	-	(15,272)	(15,272)
At 31 December 2017	**150,000**	**3,292**	**(18,996)**	**134,296**

The notes on pages 9 to 23 form an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

1 Reporting entity

Gulf Dunes Tourism LLC "the Company" is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005 under the commercial registration no. 1/80843/5.

The Company's shares are held by Gulf Dunes LLC for the beneficial interest of Travel Circle Interational Ltd. ("the Parent Company") 70% and by Hani Bin Juman Ashour Rajab 30%. 70% holding was previously held by Kuoni Travel Investments Ltd. During the year, with effect from 29th June 2017 Kuoni Travel Investments Ltd sold its shareholding to Travel Circle International (Mauritius) Ltd. The Ultimate Parent of the Company is Fairfax Financial Holdings Limited, a company registered in Toronto, Onterio, Canada.

Hani Bin Juman Ashour Rajab is acting as the local sponsor under an agreement dated May 16, 2011 and receives a sponsorship fee. Hani Bin Juman Ashour Rajab has agreed not to take part in the operational and financial management of the Company.

The main business activity of the Company is organising and managing trips, conferences and meetings for groups in Sultanate of Oman.

The registered office of Gulf Dunes LLC is P.O. Box no. 6655, Muscat, Sultanate of Oman.

2 Basis of accounting

a) Going concern

During the year ended 31 December 2017, the Company incurred a loss after tax of OMR 15,272 (2016: *OMR 27,164*) and as at 31 December 2017 its accumulated losses amounted to OMR 18,996 (2016: *OMR 3,724*).

The ability of the Company to continue as a going concern is dependent on the continued financial support of its shareholder and achievement of management forecast. The Holding Company has confirmed its intention to provide continued financial support to the Company to enable the Company to meet all its financial obligations as and when they fall due and to carry on business without a significant curtailment in the operations.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board (IASB) and applicable requirements of the Oman Commercial Companies Law 1974.

c) Basis of measurement

The financial statements have been prepared under the historical cost basis.

d) Functional and presentation currency

These financial statements are presented in Omani Rial ("OMR"), which is the Company's functional currency. All financial information presented in OMR has been rounded to the nearest OMR, except stated otherwise.

e) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Revenue

The Company renders a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups. Revenue from rendering these services is recognised in the profit or loss at the time when the services are rendered. This is generally the case on the date of arrival. If it is probable that discounts will be granted and the amount can be measured reliably, then the discounts are recognised as reduction of revenue.

Operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash at bank and in hand, trade and other receivables, amounts due from/to related parties and trade and other payables. The Company initially records the financial assets and liabilities on the date that they are originated.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Impairment
Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

3 Significant accounting policies *(continued)*

Impairment *(continued)*
Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized is recognized as finance cost.

Gulf Dunes Tourism LLC

Notes

(forming part of the financial statements)

3 Significant accounting policies *(continued)*

Provision for employees' end of service benefits

The Company provides employee' end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the profit or loss as incurred.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

Foreign currency transactions

Transactions in foreign currencies are translated to OMR and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to OMR at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into RO using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the profit or loss except to the extent that is relates to a business combination, or items recognised directly in the equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Company's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

3 Significant accounting policies *(continued)*

New standards and interpretations not yet effective *(continued)*

IFRS 9 Financial Instruments *(continued)*

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 9 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at 1 January 2018.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

3 Significant accounting policies *(continued)*

New standards and interpretations not yet effective *(continued)*

IFRS 9 Financial Instruments *(continued)*

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company is analysing to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Company plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date.

No significant impact is expected for the Company's finance and operating leases.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included on note 16 of these financial statements.

Risk management framework

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables (excluding prepayments and advances to suppliers) and amounts due from a related party.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified. The Company's cash is placed with bank of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables (excluding advances from customers), and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

4 Financial risk management *(continued)*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fluctuations in fair value will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations of future cash flows because of a change in market interest rates.

Other market price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. Capital requirements are prescribed by the Commercial Companies Law of 1974, as amended.

5 Revenue

The Company's revenue is generated by providing a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups.

6 Direct costs

Direct costs comprise hotel bookings, transport, visa, excursions and travel related services.

7 Administrative and general expenses

	2017	2016
	OMR	OMR
Staff salaries and benefits	**15,252**	17,895
Legal and professional charges	**1,163**	431
Management fee *(refer note 7.1)*	**349**	435
Sponsorship fees	**6,296**	6,296
Business promotion	**4,444**	2,788
Miscellaneous expenses	**1,070**	1,395
	28,574	29,240

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

7 Administrative and general expenses *(continued)*

The staff salaries and benefits comprises:

	2017 OMR	2016 OMR
Salaries and other related benefits	**14,775**	17,200
Employees' end of service benefits	**477**	695
	15,252	17,895

7.1 Management fee represents management fee charged by Kuoni Travel Management Ltd till 28th June 2017.

8 Other receivables

	2017 OMR	2016 OMR
Deposits	**1,026**	1,026
Prepayments	**3,148**	3,198
Other receivables	**884**	166
	5,058	4,390

9 Related party transactions

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2017 were as follows:

Transactions with related parties

	2017 OMR	2016 OMR
Management fee	**349**	435
Services received	**18,752**	7,692

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

9 Related party transactions *(continued)*

Due from related parties

	2017	2016
	OMR	OMR
Gulf Dunes LLC	**144,609**	155,615

Due to related parties

	2017	2016
Muscat Desert Adventures Tourism LLC	**18,751**	7,692
Kuoni Travel Management Limited *(Refer to note 9.1)*	-	435
Travel Circle International (Mauritius) Ltd	**435**	-
	19,186	8,127

9.1 Kuoni Travel Management Limited is no longer the related party at the current year end. It sold out it's shareholding in Gulf Dunes LLC to Travel Circle International Mauritius Ltd. with effect from 29 June 2017.

9.2 Related party balances are interest-free and repayable on demand.

10 Trade and other payables

	2017	2016
	OMR	OMR
Trade Creditors	**1,789**	-
Accruals and other payables	**1,685**	2,757
	3,474	2,757

11 Provision for employees' end of service benefits

	2017	2016
	OMR	OMR
Balance at 01 January	**1,846**	1,151
Provision during the year	**477**	695
Balance at 31 December	**2,323**	1,846

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

12 Share capital

	2017 OMR	2016 OMR
Authorised, issued and fully paid up capital		
150,000 ordinary shares of OMR 1 each	**150,000**	150,000

12.1 The authorized and fully paid up share capital of the Company is 150,000 divided into 150,000 shares of Omani Rial 1.

13 Statutory reserve

In accordance with Article 154 of the Commercial Companies Law of 1974, as amended, a minimum of 10% of the net profit of the Company is to be allocated every year to a statutory reserve. No such transfer is required once the statutory reserve has reached one-third of the paid up share capital of the Company. This reserve is not available for distribution. During current year no such allocation has been made as the Company has incurred net loss for the year.

14 Cash and cash equivalents

	2017 OMR	2016 OMR
Cash in hand	**4,720**	-
Cash at bank	**4,892**	2,293
	9,612	2,293

15 Contingent liabilities

The Company had no contingent liabilities at 31 December 2017 (2016: Nil).

Gulf Dunes Tourism LLC

Notes

(forming part of the financial statements)

16 Taxes

a) The Company is liable to income tax at the rate of 15% on taxable profits in excess of OMR 30,000, in accordance with the income tax laws of the Sultanate of Oman. Therefore, no tax expense was accrued since the Company incurred net loss for the year ended 31 December 2017.

	2017 OMR	2016 OMR
Current year	-	-
Prior years **	-	4,570
Total tax expense	-	4,570
Movement of provision for taxation		
At 1 January	-	-
Provision during the year	-	4,570
Payments during the year	-	(4,570)
At 31 December	-	-

*Income tax rates increased from 12% to 15% during 2017 and was applicable from 01 January 2017

** During 2016, Secretariat General of taxation opened tax assessment for the years 2007 to 2009. After completion of assessment, the Company paid OMR 4,570 in respect of said years.

Deferred tax asset on losses has not been recognized as the Company believes that sufficient taxable profits will not be generated to utilize deferred tax asset.

b) Status of the tax assessments

The Company's tax assessments for prior years have not been finalized by the Secretariat General of Taxation at the Ministry of Finance. The management believes that additional taxes, if any, in respect of the open tax years would not be material to the Company's financial position at 31 December 2017.

17 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was:

	2017 OMR	2016 OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	**1,910**	1,192
Cash at bank	**4,892**	2,293
Due from related parties	**144,609**	155,615
	151,411	159,100

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

17 Financial instruments *(continued)*

Liquidity risk

The following are the contractual maturities of financial liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2017	**Carrying amount OMR**	**Contractual cash out flows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**3,302**	**(3,302)**	**(3,302)**
Due to related parties	**19,186**	**(19,186)**	**(19,186)**
	22,488	**(22,488)**	**(22,488)**

31 December 2016	Carrying amount OMR	Contractual cash out flows OMR	1 year or less OMR
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	2,714	(2,714)	(2,714)
Due to a related party	8,127	(8,127)	(8,127)
	10,841	(10,841)	(10,841)

Market risk

Foreign exchange risk

The Company has no significant exposure to foreign currency risk as foreign currency transactions are mainly made in USD and the OMR to USD exchange rate has remained unchanged since 1986.

Interest rate risk

The Company has no borrowings and is not exposed to interest rate risk.

Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to the short term nature of these instruments.

Gulf Dunes Tourism LLC

Notes
(forming part of the financial statements)

18 Fair value hierarchy

The Company does not have financial instruments which are measured at fair value as at the reporting date. Accordingly, the fair value hierarchy disclosures are not applicable to the Company.

Horizon Travel Services LLC
Balance Sheet as at 31st March, 2018

Currency - USD

Particulars	Notes	As at 31st March, 2018
ASSETS		
Non-current assets:		
Property, plant and equipment	3	90,251.0
Capital work-in-progress	3	-
Goodwill	4	2,462,283.3
Other intangible Assets	4	63,248.6
Intangible assets under development		
Investment in equity instruments	5	-
Investment in subsidiaries	5	-
Financial assets		
- Investments	5	-
- Loans		
- Other financial assets	6(e)	29,500.0
Non-current bank balances		
Others		
Other non-current assets	7	-
Non Current Tax assets	9	-
Deferred tax assets (net)	16	-
Total non-current assets		**2,645,282.9**
Current assets:		
Inventories		
Financial assets		
- Investments	6(a)	-
- Trade receivables	6(b)	2,808,553.8
- Cash and cash equivalents	6(c)	534,994.3
- Bank balances other than cash and cash equivalents	6(d)	-
- Other financial assets	6(e)	77,225.1
Current Tax Assets (Net)		
Other current assets	8	1,099,627.6
Total current assets		**4,520,400.7**
TOTAL ASSETS		**7,165,683.6**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	10(a)	975,000.0
Preference share capital	10(a)	-
Other equity		
Share application money pending allotment		-
Reserve and surplus	10(b)	(1,971,168.3)
Total Equity		**(996,168.3)**
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
- Borrowings	11(a)	-
- Other financial liabilities	11(c)	-
Provisions	14	-
Employee Benefit Obligations	15	-
Deferred tax liabilities (net)	16	
Other non-current liabilities	12	-
Total non-current liabilities		-
Current liabilities		
Financial liabilities		
- Borrowings	11(b)	500,123.6
- Trade payables	11(d)	558,691.0
- Other financial liabilities	11(c)	3,615,174.3
Provisions	14	-
Employee Benefit Payable	15	-
Current Tax Liabilities	9	-
Other current liabilities	13	3,487,973.0
Total current liabilities		**8,161,961.9**
TOTAL LIABILITIES		**8,161,961.9**
TOTAL EQUITY AND LIABILITIES		**7,165,793.7**
	Check --->	**(110.1)**

Summary of Significant Accounting Policies **2**
The above balance sheet should be read in conjunction with the accompanying notes.

Mark Mrak CEO
Horizon Travel Services LLC dba AlliedTPro
5 Penn Plaza, 5th Floor
New York, NY 10001

Horizon Travel Services LLC
Statement of Profit And Loss for the 9 months ended 31st March, 2018

Currency - USD

Particulars	Notes	9 months ended 31st March, 2018
Income		
Revenue from operations	17	25,762,055.8
Other income	18(a)	-
Other gains (net)	18(b)	-
Total income		**25,762,055.8**
Expenses		
Cost of services		23,490,696.2
Employee benefits expense	19	3,013,889.1
Finance Cost	22	88,421.9
Advertisement Expenses		72,724.1
Depreciation and amortisation expense	20	19,201.7
Other expenses	21	1,048,291.0
Total expenses		**27,733,224.0**
Profit before exceptional item		**(1,971,168.3)**
Add Exceptional items:		
Less Exceptional items:		
(Loss)/Profit before tax		**(1,971,168.3)**
Less : Tax expense		
Current tax	23	-
Deferred tax	23	-
Total tax expenses		-
(Loss)/Profit for the year (A)		**(1,971,168.3)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations		
Income tax relating to items that will not be reclassified to profit or loss		
Total other comprehensive income for the year, net of taxes (B)		-
Total comprehensive income for the year (A+B)		**(1,971,168.3)**
Earnings/(Loss) per equity share (Face value of INR 1 each)	34	
- Basic earnings/(loss) per share		-
- Diluted earnings/(loss) per share		-

Summary of Significant Accounting Policies **2**
The above statement of profit and loss should be read in conjunction with the accompanying notes.

Mik Mark CEO

Horizon Travel Services LLC dba AlliedTPro
5 Penn Plaza, 5th Floor
New York, NY 10001

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floor,
No 1, Harrington Road, Chetpet,
Chennai - 600 031, India.

Telephone : +91 44 4608 3100
Fax : +91 44 4608 3199

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Holiday Resorts (Kodaikanal) Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sterling Holiday Resorts (Kodaikanal) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other matter

Corresponding figures for the year ended March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated May 24, 2017 on the Ind AS financial statements of the Company for the year ended March 31, 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited (continued)

c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 33 to the Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to 30 December 30, 2016 have ~~not been made since they do not pertain to the financial year ended March 31, 2018. However~~ amounts as appearing in the audited Ind AS financial statements for the period ended March 31, 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Annexure A to the Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited
(referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable to the Company.

(iv) The Company has not granted any loan or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the said Order is not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues have been regularly deposited by the Company with the appropriate authorities, though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, duty of customs and duty of excise.

The extent of the arrears of statutory dues outstanding as at March 31, 2018 for a period of more than six months from the date they became payable is as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Income Tax Act, 1961	Fringe benefit tax	1.11	Assessment Years 2008-09 and 2009-10	March 31, 2008 and March 31, 2009, respectively	Yet to be paid

(b) According to the information and explanations given to us, there were no dues duty of income tax, sales tax, value added tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute. The particulars of dues of service tax as at March 31, 2018 which have not been deposited on account of dispute are as follows:

Annexure A to the Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited
(referred to in our report of even date)

Name of the Statute	Nature of dues	Amount in Rs. Lakhs	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	2.47	April 2013 to March 2015	CESTAT Chennai

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings to any financial institution, banks, government or dues to debenture holders during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Annexure B to the Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited for the year ended March 31, 2018
(referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of **Sterling Holiday Resorts (Kodaikanal) Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Ind AS financial statements.

Annexure B to the Independent Auditor's Report to the members of Sterling Holiday Resorts (Kodaikanal) Limited for the year ended March 31, 2018

(referred to in our report of even date)

Meaning of Internal financial controls with reference to Ind AS financial statements

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial controls with reference to Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Sterling Holiday Resorts (Kodaikanal) Limited
Balance Sheet as at March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3	21.26	21.28
Financial assets			
i. Other financial assets	4	18.59	18.38
Other tax assets	5	0.50	-
Other non current assets	6(a)	5.13	-
Total non-current assets		45.48	39.66
Current assets			
Inventories	7	6.01	6.33
Financial assets			
i. Trade receivables	8	19.13	15.63
ii. Cash and cash equivalents	9	3.31	1.88
iii. Loans	10	1.00	-
iv. Other financial assets	4	6.34	3.19
Other current assets	6(b)	53.25	10.34
Total current assets		89.04	37.37
Total Assets		134.52	77.03
Equity and liabilities			
Equity			
Equity share capital	11	5.00	5.00
Other equity			
Reserves and surplus	12	(879.24)	(837.21)
Other reserves	13	111.78	111.78
Total equity		(762.46)	(720.43)
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	14	501.34	474.16
Provisions			
i. Provision for employee benefit obligations	16	22.62	17.26
Total non-current liabilities		523.96	491.42
Current liabilities			
Financial liabilities			
i. Trade payables	17	45.90	47.19
ii. Other financial liabilities	18	271.90	221.59
Provisions			
i. Provision for employee benefit obligations	16	6.67	5.38
ii. Other provisions	19	1.11	1.11
Other current liabilities	20	47.44	30.77
Total current liabilities		373.02	306.04
Total liabilities		896.98	797.46
Total equity and liabilities		134.52	77.03

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

M. Balasubramaniyan

R. Udhay Shankar

B Udhay Shankar
Director
DIN No.: 07326640

Place: Chennai
Date: May 16, 2018

M Balasubramaniyan
Director
DIN No.: 03088801

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	21	1,003.61	895.84
Other income	22	31.38	23.80
Total income		**1,034.99**	**919.64**
Expenses			
Cost of materials consumed	23	74.68	85.01
Employee benefit expenses	24	302.25	332.00
Finance cost	25	80.08	78.44
Depreciation	26	1.93	2.06
Other expenses	27	616.58	528.25
Total expenses		**1,075.52**	**1,025.76**
Loss before tax		**(40.53)**	**(106.11)**
Income tax expense			
Current tax	28	-	-
Deferred tax		-	-
Loss for the year		**(40.53)**	**(106.11)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(1.50)	(0.85)
Income tax relating to these items		-	-
Other comprehensive income for the year, net of tax		**(1.50)**	**(0.85)**
Total comprehensive income for the year		**(42.03)**	**(106.96)**
Basic & diluted earnings per share	39	(81.06)	(212.22)

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of changes in equity for the year ended 2018
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Note	Amount
Balance as at April 1, 2016		5.00
Changes in equity share capital during the year	11	-
Balance as at March 31, 2017		5.00
Changes in equity share capital during the year	11	-
Balance as at March 31, 2018		5.00

II) Other equity

	Notes	Reserves and surplus	Other reserves	Total
		Retained earnings	Contribution from holding company	
Balance as at April 1, 2016		(730.25)	111.78	(618.47)
Loss for the year	12	(106.11)	-	(106.11)
Other comprehensive income	12	(0.85)	-	(0.85)
Balance as at March 31, 2017		(837.21)	111.78	(725.43)
Loss for the year	12	(40.53)	-	(40.53)
Other comprehensive income	12	(1.50)	-	(1.50)
Balance as at March 31, 2018		(879.24)	111.78	(767.46)

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

M. Balasubramaniyan

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of cash flows for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities			
Profit/(loss) before income tax		(40.53)	(106.11)
Adjustments for:			
Depreciation	26	1.93	2.06
Finance cost	25	80.08	78.44
Operating cash flow before working capital changes		41.48	(25.61)
Change in operating assets and liabilities			
(Increase) in trade receivables	8	(3.50)	(5.11)
Decrease in inventories	7	0.32	3.18
(Increase) in other financial assets	4	(4.36)	(4.77)
(Increase) in other non current assets	6(a)	(5.13)	-
(Increase) in other current assets	6(b)	(42.91)	(1.60)
(Decrease) in trade payables	17	(1.29)	(13.07)
Increase/(decrease) in other financial liabilities		(1.46)	4.83
Increase in employee benefit obligations		6.64	2.97
Increase in other current liabilities	20	16.67	0.56
Cash generated from (used in) operations		6.46	(38.62)
Income taxes (paid)/refund received		(0.50)	0.06
Net cash generated from (used in) operating activities		5.96	(38.56)
Cash flows from investing activities			
Payments for property, plant and equipment		(1.93)	(0.14)
Net cash outflow from investing activities		(1.93)	(0.14)
Cash flows from financing activities			
Proceeds from loan taken from holding Company		1,384.25	1,151.30
Repayment of loan from holding company		(1,321.56)	(1,056.70)
Interest paid		(65.29)	(58.46)
Net cash inflow/(outflow) from financing activities		(2.60)	36.14
Net increase/(decrease) in cash and cash equivalents		1.42 3	(2.56)
Cash and cash equivalents at the beginning of the financial year	9	1.88	4.44
Cash and cash equivalents at end of the year		3.31	1.88
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following :			
Cash and cash equivalents	9	3.31	1.88
Balance as per statement of cash flows		3.31	1.88

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

1.1. Reporting entity

Sterling Holiday Resorts (Kodaikanal) Limited (the "Company") is engaged in providing resort operations and maintenance services [being leisure hospitality services]. Sterling Holiday Resorts Limited ('Parent company') holds 98% of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on May 16, 2018.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value
- defined benefit plans — plan assets measured at fair value;
- share-based payments; and
- assets held for sale measured at lower of carrying amount and fair value less costs to sell

1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Managing Director (MD) of the Parent company has been identified as the chief operating decision maker of the Company who assesses the financial performance and position of the Company, and makes strategic decisions. Refer note 35 for segment information presented.

1.2.3. Foreign currency transaction

a) **Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

1.3. Significant accounting policies

1.3.1. Revenue recognition

Income from resort operations and maintenance services comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

1.3.2. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.3.3. Leases

a) **As a lessee:**
At inception of an arrangement, it is determined whether the arrangement is or contains a lease. Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the

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present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

b) **As a lessor:**
Lease income from operating leases where the Company is a lessor is recognised as income in accordance with the terms of the arrangement. The respective leased assets are included in the balance sheet on the lease being classified as an operating lease and the ownership, risk and rewards pertaining to the assets are retained by the company.

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1.3.6. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.3.7. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprise of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is

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the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.3.8. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss.

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When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. Fair value through profit or loss:
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:
The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c) Impairment of financial assets
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

d) De-recognition of financial assets:

A financial asset is derecognised only when

i. The Company has transferred the rights to receive cash flows from the financial asset or

ii. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.9. Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10

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Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.10. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.3.11. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.3.12. Provisions (other than for employee benefits)

Provisions for legal claims, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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1.3.13. Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Defined benefit

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under Group Gratuity cum Cash Accumulation Scheme.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.3.14. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 39).

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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1.3.15. Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after April 1, 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition which are summarized as below:

a. Identify the contract(s) with a customer.
b. Identify the performance obligations in the contract.
c. Determine the transaction price.
d. Allocate the transaction price to the performance obligations in the contract.
e. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

1.3.16. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 16 - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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Sterling Holiday Resorts (Kodaikanal) Limited
Notes to the financial statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

3 Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Building	1.31	-	-	1.31	0.02	0.02	-	0.04	1.29	1.27
Computer equipment	0.13	-	-	0.13	0.11	0.02	-	0.13	0.02	0.00
Plant and machinery	23.39	0.14	-	23.53	1.61	2.00	-	3.61	21.78	19.92
Furniture and fixtures	0.15	-	-	0.15	0.04	0.02	-	0.06	0.11	0.09
Total	**24.98**	**0.14**	**-**	**25.12**	**1.78**	**2.06**	**-**	**3.84**	**23.20**	**21.28**

The changes in the carrying value of fixed assets for the year ended March 31, 2018 are as follows:

Asset Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	Depreciation for the year	Disposals	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018
Building	1.31	-	-	1.31	0.04	0.02	-	0.06	1.27	1.25
Computer equipment	0.13	0.36	-	0.49	0.13	0.02	-	0.15	0.00	0.34
Plant and machinery	23.53	0.56	-	24.09	3.61	1.59	-	5.20	19.92	18.89
Office equipment	-	0.22	-	0.22	-	0.00	-	0.00	-	0.22
Electrical equipment	-	0.69	-	0.69	-	0.28	-	0.28	-	0.41
Furniture and fixtures	0.15	0.08	-	0.23	0.06	0.02	-	0.08	0.09	0.15
Total	**25.12**	**1.91**	**-**	**27.03**	**3.84**	**1.93**	**-**	**5.77**	**21.28**	**21.26**

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(All amounts in Rs. lakhs, unless otherwise stated)

4 Other financial assets

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Security deposits	-	18.59	-	18.38
Unbilled revenue	6.34	-	3.19	
Total	6.34	18.59	3.19	18.38

	As at March 31, 2018	As at March 31, 2017
5 Other tax assets		
Taxes receivable	0.50	-
Total	0.50	-
6(a) Other non current assets		
Prepaid expenses	5.13	-
Total	5.13	-
6(b) Other current assets		
Prepaid expenses	10.85	8.91
Employee advances	-	1.15
Advances to suppliers	0.48	-
Balances with statutory authorities	41.92	0.28
Total	53.25	10.34
7 Inventories		
Food and beverages	1.40	2.27
Operating supplies	4.61	4.06
Total	6.01	6.33
8 Trade receivables		
Considered good	19.13	15.63
Considered doubtful	0.25	0.25
	19.38	15.88
Less: Loss allowance		
Considered doubtful	(0.25)	(0.25)
Total	19.13	15.63
Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	1.68	0.45
Loss allowance	-	-
Net trade receivables	1.68	0.45

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 30.

	As at March 31, 2018	As at March 31, 2017
9 Cash and cash equivalents		
Balances with banks		
- in current accounts	2.66	1.29
Cash on hand	0.65	0.59
Total	3.31	1.88
10 Loans		
Advances to employees	1.00	-
Total	1.00	-

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11 Equity share capital

Authorised equity share capital

Authorised	March 31, 2018	March 31, 2017
0.5 lakhs (March 31, 2017: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
Issued, subscribed and paid-up		
0.5 lakhs (March 31, 2017: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
	5.00	**5.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares				
At the commencement of the year	0.50	5.00	0.50	5.00
Shares issued during the year	-	-	-	-
At the end of the year	0.50	5.00	0.50	5.00

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the company. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares of Rs. 10 each held by the holding company	0.49	4.90	0.49	4.90

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	% of total shares in class	Number *in lakhs*	% of total shares in class
Equity shares of Rs. 10 each held by				
Sterling Holiday Resorts Limited and its nominees (holding company)	0.49	98%	0.49	98%

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12 Reserves and surplus

	As at March 31, 2018	As at March 31, 2017
Retained earnings	(879.24)	(837.21)
Total	**(879.24)**	**(837.21)**

Movement in retained earnings balances is as follows :

	March 31, 2018	March 31, 2017
Opening balance	(837.21)	(730.25)
Net profit for the year	(40.53)	(106.11)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(1.50)	(0.85)
Closing balance	**(879.24)**	**(837.21)**

13 Other Reserves

	Contribution from Holding Company
As at April 1, 2016	111.78
Additions during the year	-
As at March 31, 2017	**111.78**
Additions during the year	-
As at March 31, 2018	**111.78**

The loan received from Holding Company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company' cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction.

	As at March 31, 2018	As at March 31, 2017
14 Non-current borrowings		
Unsecured loan from holding company	501.34	474.16
Total	**501.34**	**474.16**
Current borrowings		
Current portion of unsecured loan from holding company	166.15	130.64
	166.15	**130.64**
Less: Amount included under 'Other financial liabilities'	166.15	130.64
Total	-	-

Unsecured loan from holding company

Unsecured loan amounting to Rs. 664.83 lakhs (Previous year: Rs. 604.80 lakhs) outstanding as on March 31, 2018 from Holding Company - Sterling Holiday Resorts Limited, carries an interest rate of 10% and does not have a fixed repayment schedule.

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(All amounts in Rs. lakhs, unless otherwise stated)

15 Deferred tax assets and liabilities

The balance comprises temporary differences attributable to:

	As at Mar 31, 2018	As at Mar 31, 2017
Deferred tax liabilities		
Depreciation	1.15	1.04
Total deferred tax liabilities	**1.15**	**1.04**
Deferred tax assets		
Unabsorbed depreciation allowance and business loss carried forward	110.26	124.76
Provision for employee benefits	9.56	7.45
Provision for doubtful debts	-	0.08
Set-off of deferred tax assets to the extent of deferred tax liabilities	(1.15)	(1.04)
Net deferred tax asset/ liability as per the balance sheet	-	-
Unrecognised deferred tax assets	**118.67**	**131.25**

Movement in deferred tax liabilities

	Depreciation
At April 1, 2016	0.81
Charged/(credited):	
- to profit or loss	0.23
- to other comprehensive income	-
At March 31, 2017	**1.04**
Charged/(credited):	
- to profit or loss	0.11
- to other comprehensive income	-
At March 31, 2018	**1.15**

Movement in deferred tax assets

	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	Total
At April 1, 2016	91.42	5.40	-	96.82
Movement in unrecognised deferred tax assets	33.34	1.09	-	34.43
At March 31, 2017	**124.76**	**6.49**	**-**	**131.25**
Movement in unrecognised deferred tax assets	(14.50)	1.92	-	(12.58)
At March 31, 2018	**110.26**	**8.41**	**-**	**118.67**

In the absence of reasonable certainty that the Company will be able to used the deferred tax asset in the future, the deferred tax assets have not been recognised.

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16 Provision for employee benefit obligations

	As at March 31, 2018			As at March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absence	1.71	5.09	6.80	1.78	3.96	5.74
Gratuity	4.96	17.53	22.49	3.60	13.30	16.90
Total	**6.67**	**22.62**	**29.29**	**5.38**	**17.26**	**22.64**

(i) Compensated absence

	March 31, 2018	March 31, 2017
Current leave obligations expected to be settled within the next 12 months	1.71	1.78

(ii) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2018	March 31, 2017
Opening present value of obligation	**16.90**	**14.69**
Current service cost	2.97	2.54
Interest expense/(income)	1.14	1.13
Total amount recognised in profit or loss	**4.11**	**3.67**
Remeasurements		
(Gain)/loss from change in demographic assumptions	-	(1.37)
(Gain)/loss from change in financial assumptions	(0.86)	2.22
Experience (gains)/losses	2.34	-
Total amount recognised in other comprehensive income	**1.48**	**0.85**
Benefit payments		(2.31)
Closing present value of obligation	**22.49**	**16.90**
The net liability disclosed above relates to funded and unfunded plans are as follows:		
Unfunded plans	22.49	16.90
(iii) Principal actuarial assumptions used in valuation of gratuity		
Discount rate	7.41%	6.88%
Salary growth rate	7%	7%
Attrition rate	27%	27%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(iv) Sensitivity analysis

a) Gratuity	March 31, 2018	March 31, 2017
Discount rate:		
+ 100 basis points	(2.01)	(1.51)
- 100 basis points	2.08	1.56
Salary escalation rate:		
+ 100 basis points	1.88	1.41
- 100 basis points	(1.79)	(1.34)
b) Compensated absence		
Discount rate:		
+ 100 basis points	(0.61)	(0.52)
- 100 basis points	0.63	0.53
Salary escalation rate:		
+ 100 basis points	0.52	0.44
- 100 basis points	(0.51)	(0.43)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(iii) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs.16.60 lakhs (Previous year Rs.16.99 lakhs)

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(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
17 Trade Payables		
Dues to creditors to micro and small enterprises (Refer Note 36)	-	-
Dues to creditors other than micro and small enterprises	45.90	47.19
Total	**45.90**	**47.19**

The Company's exposure to liquidity risks related to trade payables is disclosed in Note 30.

	As at March 31, 2018	As at March 31, 2017
18 Other financial liabilities		
Current		
Current maturities of long-term borrowings (Refer Note 14)	166.15	130.64
Interest accrued but not due on borrowings	67.71	52.92
Security deposits	38.03	38.02
Share application money	0.01	0.01
Total	**271.90**	**221.59**
19 Other provisions		
Provision for fringe benefit tax	1.11	1.11
Total	**1.11**	**1.11**
20 Other current liabilities		
Salaries, wages, bonus and employee payables	15.60	24.28
Statutory liabilities	28.27	5.71
Advance received from customers	3.57	0.78
Total	**47.44**	**30.77**

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(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended Mar 31, 2017
21 Revenue from operations		
Sale of products		
Food and beverages	286.48	280.93
Income from resorts:		
- Room rentals (refer note 32)	608.11	497.11
- Others	89.71	97.99
Other operating revenues		
Service charges	19.31	19.81
Total	**1,003.61**	**895.84**
22 Other income		
Interest income on bank deposits	-	0.57
Scrap sales	0.42	0.65
Miscellaneous income	30.96	22.58
Total	**31.38**	**23.80**
23 Cost of materials consumed		
Inventory of materials at the beginning of the year	2.27	2.41
Add: Purchases	73.81	84.87
Less: Inventory of materials at the end of the year	1.40	2.27
Cost of food, beverages and operating supplies consumed	**74.68**	**85.01**
24 Employee benefit expense		
Salaries, wages and bonus	238.79	255.04
Contribution to provident and other funds	22.45	22.34
Gratuity	4.11	3.67
Compensated absences	1.05	2.19
Staff welfare expenses	35.85	48.76
Total	**302.25**	**332.00**
25 Finance cost		
Interest on financial liabilities not at fair value through profit and loss	80.08	78.44
Total	**80.08**	**78.44**
26 Depreciation		
Depreciation of property, plant and equipment	1.93	2.06
Total	**1.93**	**2.06**
27 Other expenses		
Consumption of stores and spares	16.53	18.84
Power and fuel	92.15	96.31
Rent	48.66	42.61
Repairs and maintenance:		
-Building	8.31	10.90
-Plant and machinery	11.34	15.74
-Others	1.84	4.03
Insurance	0.57	0.38
Rates and taxes	14.91	12.36
Guest supplies	12.64	11.78
Laundry expenses	14.43	13.24
Communication	1.74	8.29
Recruitment and training	0.80	1.16
Travel and tours	18.79	24.47
Legal and professional	5.54	0.62
Management fees	262.03	168.77
Payment to statutory auditors:		
As Auditor:		
- Statutory audit	3.50	4.00
Travel and conveyance	11.47	9.62
Security charges	13.71	14.71
Sales commission	66.54	46.89
Sales promotion	1.92	-
Bank charges	5.44	5.22
Provision for doubtful debts	-	0.25
Printing and stationery	3.55	4.44
Miscellaneous expenses	0.17	13.62
Total	**616.58**	**528.25**

(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended Mar 31, 2017
28 a) Income tax expense		
Current tax		
Current tax for the year	-	-
Total	-	-
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	-	-
Total	-	-
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
Profit/(loss) before income tax expense	(40.53)	(106.11)
Tax at the Indian tax rate of 32.45%	(11.17)	(34.43)
Net tax effects of temporary differences which are (deductible)/disallowed in calculating taxable income	7.73	1.25
Tax impact of unrecognised tax losses	3.44	33.18
Income tax expense	-	-
c) Tax Losses		
Amount of deductible temporary differences on which no deferred tax assets has been recognised	30.51	23.01
Unused tax losses for which no deferred tax assets have been recognised	400.18	381.45
Potential tax benefit at 32.445%	139.76	131.25

Tax losses on account of unrecognised deferred tax assets

Date of Expiry to Carry Forward	**March 31, 2018**	**March 31, 2017**
31-Mar-27	12.81	
31-Mar-26	94.00	102.25
31-Mar-24	14.84	14.84
31-Mar-22	103.53	103.53
31-Mar-21	65.27	65.27
31-Mar-20	92.84	92.84
Indefinite period to carry forward	16.90	2.72
Total	400.18	381.45

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(All amounts in Rs. lakhs, unless otherwise stated)

29 Fair value measurements

Financial instruments by category

	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	19.13	-	-	15.63
Cash and cash equivalents	-	-	3.31	-	-	1.88
Loans	-	-	1.00	-	-	-
Unbilled revenue	-	-	6.34	-	-	3.19
Security deposits	-	-	18.59	-	-	18.38
Total financial assets	-	-	**48.37**	-	-	**39.08**
Financial liabilities						
Borrowings	-	-	667.49	-	-	604.80
Interest accrued and not due on borrowings	-	-	67.71	-	-	52.92
Trade payables	-	-	45.90	-	-	47.19
Security deposits	-	-	38.03	-	-	38.02
Share application money	-	-	0.01	-	-	0.01
Total financial liabilities	-	-	**819.14**	-	-	**742.94**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	14	-	-	667.49	667.49
Interest accrued and not due on borrowings	18	-	-	67.71	67.71
Total		-	-	**735.20**	**735.20**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	14	-	-	604.80	604.80
Interest accrued and not due on borrowings	18	-	-	52.92	52.92
Total		-	-	**657.72**	**657.72**

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities				
Borrowings	667.49	667.49	604.80	604.80
Interest accrued and not due on borrowings	67.71	67.71	52.92	52.92
Total	**735.20**	**735.20**	**657.72**	**657.72**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short-term nature. The carrying amounts of borrowings and interest accrued are carried at effective interest rate of 15% which is determined based on the risk and other factors applicable to the Company's cashflows. Hence the carrying amount is considered as the fair value.

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30 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule.

The company's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the company majorly manages the credit risk through internal credit rating system.

A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision	
Internal rating	Category	Description of category	Trade receivables	Others
C 1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Life-time expected credit losses	12-month expected credit losses
C 2	Doubtful assets, credit-impaired	Assets are fully provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

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(All amounts in Rs. lakhs, unless otherwise stated)

For the year ended March 31, 2017 and March 31, 2018:

(a) Expected credit loss for deposits

The estimated gross carrying amount at default is Nil (March 2017: Nil) for deposits. Consequently there are no expected credit loss recognised for these financial assets.

(b) Expected credit loss for trade receivables under simplified approach

As at March 31, 2018

Ageing	**Upto 180 days past due**	**More than 180 days past due**	**Total**
Gross carrying amount	18.02	1.36	19.38
Expected loss rate	0%	18%	1%
Expected credit losses (Loss allowance provision)	-	0.25	0.25
Carrying amount of trade receivables (loss allowance provision)	**18.02**	**1.11**	**19.13**

As at March 31, 2017

Ageing	**Upto 180 days past due**	**More than 180 days past due**	**Total**
Gross carrying amount	15.63	0.25	15.88
Expected loss rate	0%	100%	2%
Expected credit losses (Loss allowance provision)	-	0.25	0.25
Carrying amount of trade receivables (loss allowance provision)	**15.63**	**-**	**15.63**

(b) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2016	-
<u>Changes in loss allowances due to</u>	
Provision made during the year	0.25
Loss allowance on March 31, 2017	0.25
<u>Changes in loss allowances due to</u>	
Provision made during the year	-
Loss allowance on March 31, 2018	0.25

(B) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the Holding Company which does not have any fixed repayment schedule.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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(All amounts in Rs. lakhs, unless otherwise stated)

Contractual maturities of financial liabilities:

	Less than 3 months	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2018					
Non-derivatives					
Borrowings	100.17	65.98	137.88	475.24	779.27
Interest accrued but not due on borrow	50.48	-	-	-	50.48
Trade payables	45.90	-	-		45.90
Other financial liabilities	38.04	-	-		38.04
Total non-derivative liabilities	**234.59**	**65.98**	**137.88**	**475.24**	**913.69**
March 31, 2017					
Non-derivatives					
Borrowings	-	198.69	267.57	349.35	815.61
Trade payables	47.19	-	-		47.19
Other financial liabilities	221.59	-	-		221.59
Total non-derivative liabilities	**268.78**	**198.69**	**267.57**	**349.35**	**1,084.39**

31 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2018, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. It is also fully supported by the holding company for funding.

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(All amounts in Rs. lakhs, unless otherwise stated)

32 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

Name of entity	Type	Place of business	Ownership interest held by the group March 31, 2018	Ownership interest held by the group March 31, 2017
Fairfax Financial Holdings Limited, Canada	Ultimate holding company	Canada	-	-
Thomas Cook (India) Limited	Intermediate holding company	India	-	-
Sterling Holiday Resorts Limited	Holding company	India	98%	98%

Fellow subsidiaries with whom transactions have been entered into during the year

SOTC Travel Services Private Limited (formerly known as Kuoni Travel (India) Private Limited)
Sterling Holidays (Ooty) Limited
Nature Trails Resorts Private Limited

(b) Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2018	March 31, 2017
Sale of services		
Thomas Cook (India) Limited	1.31	1.29
SOTC Travel Services Private Limited	0.42	0.05
Rent expenses		
Sterling Holiday Resorts Limited	30.96	22.58
Miscellaneous income		
Sterling Holiday Resorts Limited	30.96	22.58
Management fees		
Sterling Holiday Resorts Limited	262.03	168.77
Interest on borrowings		
Sterling Holiday Resorts Limited	80.08	78.44
Loans availed		
Sterling Holiday Resorts Limited	1,384.25	1,151.30
Loans repaid		
Sterling Holiday Resorts Limited	1,321.56	1,056.70

(c) Outstanding balances as at year end

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2018	March 31, 2017
Trade receivables		
SOTC Travel Services Private Limited	0.35	-
Thomas Cook (India) Limited	1.33	0.45
Total receivables from related parties	**1.68**	**0.45**
Borrowings		
Sterling Holiday Resorts Limited	667.49	604.80
Interest accrued on loans		
Sterling Holiday Resorts Limited	67.71	52.92

33 Contingent liabilities and contingent assets

	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debt:		
Show cause notice issued for the wrong availment of service tax input credit	12.49	2.47

34 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Kodai By the Lake, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by the SHRL. Pursuant to the necessary approvals obtained by the Company as required under The Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

35 The Company has identified only one reportable segment. The entire Company's business is from Leisure Hospitality Services (earlier called resort operation) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2018.

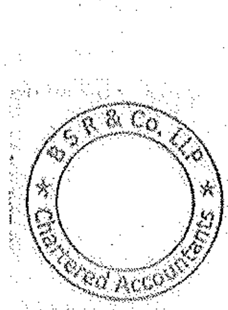
36 There are no outstanding dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

		As at March 31, 2018	As at March 31, 2017
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	-	-
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act,beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
vii	Further interest remaining due and payable for earlier years	-	-

37 For the year ended March 31, 2018 the Company has incurred a net loss of Rs. 40.53 lakhs and as of that date, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. Considering the future financial projections approved by the Board of Directors which reflect positive cash flow from operations, these financial statements are prepared on a going concern basis.

38 Change in classification

The figures for the previous year have been regrouped/ reclassified to correspond with current year's classification/ disclosure that include changes consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013" by the Institute of Chartered Accountants of India.



39 Earnings per share

	March 31, 2018	March 31, 2017
Loss attributable to the equity holders	(40.53)	(106.11)
Weighted average number of equity shares outstanding (in lakhs)	50,000	50,000
Basic & diluted earnings per share	(81.06)	(212.22)

40 The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the year ended March 31, 2017 have been disclosed below.

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	**2.44**	**0.46**	**2.90**
Add: Withdrawal from Bank accounts	-	-	-
Add: Receipts for permitted transactions	-	17.94	17.94
Add: Receipts for Non permitted Transactions (if any)	-	-	-
Less: Paid for permitted transactions	-	(15.96)	(15.96)
Less: Paid for Non-permitted transactions (if any)	-	-	-
Less: Deposited in bank Accounts	(2.44)	(1.91)	(4.35)
Closing cash in hand as on December 30, 2016	-	**0.53**	**0.53**

Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Financial Statements

For the Year Ended 31 December 2017

Kuoni Australia Holding Pty Ltd
ABN 78 133 084 714

Contents
For the Year Ended 31 December 2017

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Directors' Report

Your directors present their report on the company for the financial year ended 31 December 2017.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names

Eng Waa Teh
Laurent Kuenzle
Marcel Grifoll

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations and Operating Results

The loss of the company during the financial year after providing for income tax amounted to \$574,598 (2016: \$652,085).

Significant Changes in State of Affairs

No significant changes in the company’s state of affairs occurred during the financial year.

Principal Activity

The principal activity of the company during the financial year was investment holding of Australian Tours Management Pty Ltd. The company did not generate revenue during the year.

No significant change in the nature of this activity occurred during the year.

Events Subsequent to the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely Developments

The company expect to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Directors' Report

Environmental Issues

The company operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this directors' report.

Signed in accordance with a resolution of the Board of Directors:

....	....
Eng Waa Teh	**Laurent Kuenzle**
Director	Director

Dated in Melbourne, on this day of , 2018.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF KUONI AUSTRALIA HOLDING PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 31 December 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S. Benbow
Director

Dated this 9th day of March, 2018

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Kuoni Australia Holding Pty Ltd
ABN 78 133 084 714

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	2017	2016
	$	$
Administration expense	**(22,497)**	(105,219)
Amortisation of investment	**(468,000)**	(468,000)
Finance costs	**(143,855)**	(156,653)
Loss before income tax	**(634,352)**	(729,872)
Income tax benefit	**59,754**	77,787
Loss after income tax	**(574,598)**	(652,085)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(574,598)**	(652,085)

The accompanying notes form part of these financial statements

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Statement of Financial Position

As at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	**1,712**	1,207
TOTAL CURRENT ASSETS		**1,712**	1,207
NON-CURRENT ASSETS			
Investment in Australian Tours Management Pty Ltd	1(j)	**4,185,833**	4,653,833
TOTAL NON-CURRENT ASSETS		**4,185,833**	4,653,833
TOTAL ASSETS		**4,187,545**	4,655,040
LIABILITIES			
CURRENT LIABILITIES			
Cash pooling overdraft	3	**-**	7,726,808
Trade and other payables		**318,787**	65,013
Advances from related parties – other entities ultimately controlled by Fairfax Financial Holdings Limited		**8,393,245**	1,500,000
Advances from related parties – Australian Tours Management Pty Ltd		**1,692,595**	1,005,703
TOTAL CURRENT LIABILITIES		**10,404,627**	10,297,524
TOTAL LIABILITIES		**10,404,627**	10,297,524
NET DEFICIENCY OF ASSETS		**(6,217,082)**	(5,642,484)
EQUITY			
Contributed equity	2	**500,000**	500,000
Accumulated Losses		**(6,717,082)**	(6,142,484)
TOTAL EQUITY		**(6,217,082)**	(5,642,484)

The accompanying notes form part of these financial statements

Kuoni Australia Holding Pty Ltd
ABN 78 133 084 714

Statement of Changes in Equity
As at 31 December 2017

	Note	Contributed Equity $	Accumulated Losses $	Total $
Equity as at 1 January 2016		500,000	(5,490,399)	(4,990,399)
Comprehensive income				
Total other comprehensive income		-	(652,085)	(652,085)
Equity as at 31 December 2016		500,000	(6,142,484)	(5,642,484)
Equity as at 1 January 2017		**500,000**	**(6,142,484)**	**(5,642,484)**
Comprehensive income				
Total other comprehensive income		**-**	**(574,598)**	**(574,598)**
Equity as at 31 December 2017		**500,000**	**(6,717,082)**	**(6,217,082)**

The accompanying notes form part of these financial statements

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	2017 $	2016 $
Cash from operating activities:			
Payments to suppliers		**77,986**	(98,369)
Finance cost paid to immediate holding company		**(143,855)**	(156,653)
Income tax expense		**153,292**	-
Net cash used in operating activities	3	**87,423**	(255,022)
Cash flows from financing activities			
Amounts advanced from subsidiary		**(86,917)**	97,532
Net cash provided by financing activities		**(86,917)**	97,532
Net increase (decrease) in cash held		**506**	(157,490)
Cash at beginning of financial year		**(7,725,601)**	(7,568,111)
Cash at end of financial year		**7,795,095**	(7,725,601)

The accompanying notes form part of these financial statements

1 Statement of Significant Accounting Policies

General information

Kuoni Australia Holding Pty Ltd (the company) is a company limited by shares, incorporated and domiciled in Australia. The ultimate parent company of Kuoni Australia Holding Pty Ltd is Fairfax Financial Holdings Limited.

Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Income tax liability owed by controlled entity is transferred via the intercompany accounts and treated as income in statement of comprehensive income or a saving in tax liabilities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Notes to Financial Statements

For the Year Ended 31 December 2017

1 Statement of Significant Accounting Policies *(continued)*

(a) Income Tax *(continued)*

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable Entity where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Kuoni Australia Holding Pty Ltd and its controlled entities have formed an income tax consolidated group under Australian tax consolidation legislation. Kuoni Australia Holding Pty Ltd, the parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses to the extent that they are recoverable, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(b) Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

1 Statement of Significant Accounting Policies *(continued)*

(b) Financial Instruments *(Continued)*

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.
Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1 Statement of Significant Accounting Policies *(continued)*

(c) Impairment of Investments

At each reporting date, the company reviews the carrying values of its investments to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.
Impairment Testing is performed annually for goodwill and intangible assets with indefinite lives.
Where the impairment is significant, a weighted average is applied and prolonged.

(d) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

(g) Investments

Investments are held at cost less accumulated amortisation. The investment is amortised by $468,000 each year in accordance with the accounting policy of Fairfax Financial Holdings Limited, parent entity of the company.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

1 Statement of Significant Accounting Policies *(continued)*

(j) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Investment in Australian Tours Management Pty Ltd

As at 31 December 2017 the company held 100% (2016: 100%) of the ordinary paid up share capital of Australian Tours Management Pty Ltd.

The company does not consolidate its 100% owned subsidiary into these financial statements for the following reasons:

a) the company is a subsidiary of Fairfax Financial Holdings Ltd based in Canada;
b) the company has no debts or equity traded in a public market;
c) the company is not in the process of issuing any class of instruments in a public market; and
d) the ultimate parent entity, Fairfax Financial Holdings Ltd, produces financial statements available for public use

Non-recognition of Deferred Tax Assets
The directors have determined that as there is no certainty that the tax losses will be available for offset against future taxable income. On this basis, deferred tax assets have not been recognised the financial statements.

2 Issued Capital

The company has 500,000 ordinary fully paid shares on issue (2016: 500,000). Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

3 Cash Flow Information

	2017 $	2016 $
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**1,712**	1,207
Cash pooling overdraft – related entity	**-**	(7,726,808)
	1,712	(7,725,601)

	2017 $	2016 $
(b) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	**(574,598)**	(652,085)
Cash flows excluded from profit / (loss) attributable to operating activities		
Non-cash flows in profit / (loss)		
Decline in value of investment	**468,000**	468,000
Income tax benefit	**(59,754)**	(77,787)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase/(decrease) in trade payables and accruals	**100,483**	6,850
Increase/(decrease) in tax payable	**153,292**	
Cash flow from operations	**87,423**	(255,022)

4 Events After the Reporting Period

The company is not aware of any events subsequent to reporting period that require disclosure.

5 Economic Dependency

As at 31 December 2017 the company had a working capital deficiency totalling $10,402,415, which included amounts payable, secured by or guaranteed by related entities ultimately controlled by Fairfax Financial Holdings Limited totalling $10,085,840. The continued economic support of the company from its ultimate parent entity is a fundamental element of the capacity of the company to meet its debts as and when they fall due and therefore a significant decision of the directors in preparing the financial report on a going concern basis.

The company has received a commitment of continuous financial support from the parent company, Travel Circle International (Mauritius) Limited. This commitment of financial support is given on the basis that Travel Circle International (Mauritius) Limited controls the ownership of the company and that the company will continue to be economically dependent upon of Travel Circle International (Mauritius) Limited for its financial and operational stability.

In the event that this support is withdrawn, this may necessitate a restatement of the valuation and classification of assets and liabilities in the statement of financial position.

6 Remuneration of Auditors

The auditors of the company are William Buck. They received $2,540 solely in-respect of audit services rendered to the company for the year (2016: $2,540).

Directors' Declaration
For the Year Ended 31 December 2017

In accordance with a resolution of the directors of Kuoni Australia Holdings Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001.*

    (b) give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

....	....
Eng Waa Teh	**Laurent Kuenzle**
Director	Director

Dated in Melbourne, this day of , 2018

William Buck

Kuoni Australia Holding Pty Ltd
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kuoni Australia Holding Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material uncertainty regarding going concern

We draw attention to Note 5 in the financial report which indicates that the Company incurred a net loss of $574,598 during the year ended 31 December 2017 and, as of that date the Company's current liabilities exceeded its total assets by $6,217,082. As stated in Note 5, these events or conditions, along with other matters as set forth in Note 5, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial report, 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 directors.

— Conclude on the appropriateness of the directors' 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 report 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.

— Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Dated this 9th day of March, 2018

Kuoni Private Safaris Namibia (Pty) Ltd
(Registration number 2006/511)
Annual Financial Statements
for the year ended 31 December 2017

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The company carry on the business of tourism, arrange and operate services for travel agents, tour operators, cruise liners, travel packages wholesale and logistics and all business related thereto.
Directors	M Iuel
Registered office	61 Bismarck Street Windhoek Namibia
Business address	1 Schutzenstrasse Windhoek Namibia
Postal address	P.O. Box 2187 Windhoek Namibia
Holding company	Kuoni Private Safaris (Pty) Ltd incorporated in South Africa
Ultimate holding company	Thomas Cook India incorporated in India
Bankers	Standard Bank Namibia Limited
Auditors	BDO Chartered Accountants (SA) Registered Accountants and Auditors
Secretary	Sage Secretarial Services (Pty) Ltd
Company registration number	2006/511
Tax reference number	4297241011

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2018 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board on 11 June 2018 and were signed on their behalf by:

M Iuel
Windhoek

11 June 2018

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Email: info@bdo.com.na

61 Bismarck Street
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WINDHOEK
Namibia

Independent Auditor's Report

To the shareholder of Kuoni Private Safaris Namibia (Pty) Ltd

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the Annual Financial Statements of Kuoni Private Safaris Namibia (Pty) Ltd set out on pages 9 to 35, which comprise the Statement of Financial Position as at 31 December 2017, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Kuoni Private Safaris Namibia (Pty) Ltd as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Namibia of Namibia and Detailed Statement of Profit or Loss and Other Comprehensive Income, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual 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 International Standards on Auditing 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 Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual 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 directors.
- Conclude on the appropriateness of the directors' 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 Annual 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.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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Independent Auditor's Report

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where appicable, related safeguards.

Report on other legal and regulatory requirements

In terms of Section 283(3) of the Companies Act of Namibia, we report hat with the written consent of the shareholders, we have performed certain accounting and secretarial duties on behalf of the company.

BDO

BDO
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: C Celliers
Partner

11 June 2018
Windhoek

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Kuoni Private Safaris Namibia (Pty) Ltd for the year ended 31 December 2017.

1. Nature of business

Kuoni Private Safaris Namibia (Pty) Ltd is engaged in carrying on the business of tourism, arranging and operating services for travel agents, tour operators, cruise lines, travel packages wholesale and logistics and all businesses related thereto and operates principally in Namibia.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declare or paid to shareholders during the year.

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
M Iuel	South African	
L Kreienbuhl	Swiss	Resigned 29 June 2017

6. Holding company

The company's holding company is Kuoni Private Safaris (Pty) Ltd incorporated in South Africa.

7. Ultimate holding company

The company's ultimate holding company is Thomas Cook India which is incorporated in India.

In June 2017 the ultimate holding company Kunoni Travel Holding Ltd sold it's shares thereby changing shareholder to Thomas Cook India.

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Auditors

BDO continued in office as auditors for the company for 2017.

Directors' Report

10. Secretary

The company secretary is Sage Secretarial Services (Pty) Ltd of:

Postal address:	PO Box 2184 Windhoek Namibia
Business address:	61 Bismarck Street Windhoek Namibia

11. Going Concern

We draw attention to the fact that at 31 December 2017, the company had accumulated losses of N$ (19,300,361) (2016: N$ 7,495,088) and that the company's total liabilities exceed its assets by N$ (16,300,361) (2016: N$4,495,088).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to secure funding for the ongoing operations for the company and that the subordination agreement referred to in note 10 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

The fact that the total liabilities exceed the assets has not hindered the company's ability to pay its debts as they become due in the normal course of business.

Statement of Financial Position as at 31 December 2017

Figures in Namibia Dollar	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	214,567	252,171
Goodwill	4	-	6,801,625
Intangible assets	5	15,472	13,020
Deferred tax	6	5,268,559	3,664,684
		5,498,598	**10,731,500**
Current Assets			
Trade and other receivables	7	2,403,628	4,220,595
Cash and cash equivalents	8	2,983,781	805,911
		5,387,409	**5,026,506**
Total Assets		**10,886,007**	**15,758,006**
Equity and Liabilities			
Equity			
Share capital	9	3,000,000	3,000,000
Accumulated loss		(19,300,361)	(7,495,088)
		(16,300,361)	**(4,495,088)**
Liabilities			
Non-Current Liabilities			
Loans from group companies	10	12,787,126	7,287,126
Current Liabilities			
Trade and other payables	11	14,399,242	12,965,968
Total Liabilities		**27,186,368**	**20,253,094**
Total Equity and Liabilities		**10,886,007**	**15,758,006**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2017	2016
Revenue	12	45,768,261	56,711,923
Cost of sales	13	(41,451,792)	(51,410,417)
Gross profit		**4,316,469**	**5,301,506**
Other operating income		173,138	2,775,864
Other operating (losses) gains		(147,442)	242,571
Other operating expenses		(16,254,740)	(11,440,449)
Loss before investment income and finance costs	14	**(11,912,575)**	**(3,120,508)**
Investment income	15	(12,350)	25,657
Finance costs	16	(1,484,223)	(933,388)
Loss before taxation		**(13,409,148)**	**(4,028,239)**
Taxation	17	1,603,875	1,210,602
Loss for the year		**(11,805,273)**	**(2,817,637)**
Total comprehensive loss income for the year		**(11,805,273)**	**(2,817,637)**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Accumulated loss	Total equity
Balance at 01 January 2016	**3,000,000**	**(4,677,451)**	**(1,677,451)**
Loss for the year	-	(2,817,637)	(2,817,637)
Total comprehensive loss for the year	**-**	**(2,817,637)**	**(2,817,637)**
Balance at 01 January 2017	**3,000,000**	**(7,495,088)**	**(4,495,088)**
Loss for the year	-	(11,805,273)	(11,805,273)
Total comprehensive loss for the year	**-**	**(11,805,273)**	**(11,805,273)**
Balance at 31 December 2017	**3,000,000**	**(19,300,361)**	**(16,300,361)**
Note(s)	9		

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	18	(7,678,274)	(837,984)
Interest income		(12,350)	25,657
Finance costs		(1,484,223)	(933,388)
Net cash from operating activities		**(9,174,847)**	**(1,745,715)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(81,768)	(179,404)
Sale of property, plant and equipment	3	1,600	180,479
Purchase of other intangible assets	5	(719,698)	(14,140)
Net cash from investing activities		**(799,866)**	**(13,065)**
Cash flows from financing activities			
Proceeds from loans from group companies		5,500,000	-
Repayment of loans from group companies		-	(450,000)
Net cash from financing activities		**5,500,000**	**(450,000)**
Total cash movement for the year		**(4,474,713)**	**(2,208,780)**
Cash at the beginning of the year		805,911	3,122,117
Effect of exchange rate movement on cash balances		-	(107,425)
Total cash at end of the year	8	**(3,668,802)**	**805,912**

Accounting Policies

1. Significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting StandardsCompanies Act of Namibia. The annual financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Namibian Dollars holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures		5 years
Motor vehicles		5 years
IT equipment		3-5 years

Accounting Policies

1.2 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Loans to / (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounting Policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Fair value measurement hierarchy

IFRS 13 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value measurement hierarchy.

The company determines the fair value of its financial statements on the basis of the following hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is derived from prices); and

Level 3 - inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.5 Investments in subsidiaries (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Accounting Policies

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.11 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;

Accounting Policies

1.11 Revenue (continued)

- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the travel dates of bookings completed at reporting date.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2018 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

Notes to the Annual Financial Statements

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price

Notes to the Annual Financial Statements

- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	328,641	(288,868)	39,773	319,299	(276,725)	42,574
Motor vehicles	87,638	(87,637)	1	87,638	(87,637)	1
IT equipment	825,915	(651,122)	174,793	753,488	(543,892)	209,596
Total	**1,242,194**	**(1,027,627)**	**214,567**	**1,160,425**	**(908,254)**	**252,171**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	42,574	9,341	(12,142)	39,773
Motor vehicles	1	-	-	1
IT equipment	209,596	72,427	(107,230)	174,793
	252,171	**81,768**	**(119,372)**	**214,567**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	17,381	35,271	-	(10,078)	42,574
Motor vehicles	105,378	-	(41,211)	(64,166)	1
IT equipment	161,865	144,133	(4,122)	(92,280)	209,596
	284,624	**179,404**	**(45,333)**	**(166,524)**	**252,171**

4. Goodwill

	2017			2016		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	-	-	-	6,801,625	-	6,801,625

Reconciliation of goodwill - 2017

	Opening balance	Impairment	Total
Goodwill	6,801,625	(6,801,625)	-

Reconciliation of goodwill - 2016

	Opening balance	Total
Goodwill	6,801,625	6,801,625

Goodwill was based on the contracts with clients and goodwill linked to N Schlusche. N Schlusche resigned subsequent to the business combination and certain contracts acquired have been terminated. Management determined that the carrying value is not recoverable and have impaired Goodwill.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

5. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1,091,413	(1,075,941)	15,472	371,715	(358,695)	13,020

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	13,020	719,698	(6,268)	(710,978)	15,472

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	3,802	14,140	(4,922)	13,020

Explain why management assess useful life as indefinite

6. Deferred tax

Deferred tax asset

	2017	2016
Accelerated capital allowances for tax purposes	(33,666)	(42,294)
Prepayments	(42,785)	(57,183)
Unrealised forex loss (profit)	-	(34,376)
Revenue received in advance	117,714	99,331
Leave provision	22,408	31,922
Tax losses available for offset against future taxable income	5,098,643	3,572,560
Provision for bad debts	106,245	94,725
Total deferred tax liability	**5,268,559**	**3,664,685**

Reconciliation of deferred tax asset / (liability)

	2017	2016
At beginning of year	3,664,684	2,454,082
Reduction due to rate change	-	(74,366)
Increases (decrease) in tax loss available for set off against future taxable income	1,526,083	1,246,760
Originating temporary difference movement on tangible fixed assets	77,792	38,208
	5,268,559	**3,664,684**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

7. Trade and other receivables

Trade receivables	2,155,836	3,781,700
Prepayments	133,702	178,696
Deposits	30,323	30,323
Value Added Tax	83,767	229,876
	2,403,628	**4,220,595**

Trade and other receivables additional disclosure

Included in trade and other receivables are foreign debtors which amounts to USD 15,482 (2016: USD 17,425) and EUR 3,500 (2016: EUR 3,500).

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is assessed as high. The directors consider the carrying value of trade and other receivables which are not past due and not impaired to approximate fair value.

Trade and other receivables past due but not impaired

Trade receivables which are past due are not considered to be impaired due to specific payment arrangements with customers.

The ageing of amounts past due but not impaired is as follows:

1 month past due	1,057,274	1,555,467
2 months past due	756,365	1,725,739
3 months past due	743,734	1,297,368

Trade and other receivables impaired

All of the company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of N$ 442,677 (2016: N$ 394,689) has been raised.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	394,689	-
Provision for impairment	47,988	394,689
	442,677	**394,689**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22,616	29,872
Bank balances	2,691,162	515,921
Short-term deposits	270,003	260,118
	2,983,781	**805,911**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

8. Cash and cash equivalents (continued)

A limited pledge is held over the fixed deposit account of N$ 165,000.

Included in bank balances above is foreign currency amounts of USD 13,917and EUR 18,904 (2016: USD 27,338).

Included in cash on hand above is foreign currency amounts of USD 295 (2016: USD 510 and EUR 178 (2016: EUR 178).

9. Share capital

Authorised		
3,000,000 Ordinary shares of N$ 1 each	3,000,000	3,000,000
Issued		
3,000,000 Ordinary shares of N$ 1 each	3,000,000	3,000,000

10. Loans to (from) group companies

Holding company

Kuoni Private Safaris (Pty) Ltd	12,787,126	7,287,126

Interest on the loan is charged at the prime rate plus 2% (12.5%) (2016: 12.75%). No specific repayment terms exist other than it not being repayable within the next 12 months.

The loan has been subordinated in favour of other creditors of the company until 31 December 2017 and limited to the accumulated loss of the company at year end.

11. Trade and other payables

Trade payables	9,540,869	7,113,330
Amounts received in advance	367,858	93,755
Accruals	4,490,515	5,758,883
	14,399,242	**12,965,968**

Included in trade and other payables are foreign creditors which amounts to USD 64,565, EUR 89 and BWP 670.

12. Revenue

Fees received for travelling administration	45,768,261	56,711,923

13. Cost of sales

Rendering of services	41,451,792	51,410,417

14. Operating profit (loss)

Loss before investment income and finance costs for the year is stated after charging (crediting) the following, amongst others:

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

14. Operating profit (loss) (continued)

Employee costs

Salaries, wages, bonuses and other benefits	4,030,063	4,385,908

Leases

Operating lease charges		
Premises	568,735	527,247

Depreciation and amortisation		
Depreciation of property, plant and equipment	119,372	166,524
Amortisation of intangible assets	6,268	4,923
Total depreciation and amortisation	**125,640**	**171,447**

Impairment losses		
Goodwill	6,801,625	-
Intangible assets	710,978	-
	7,512,603	**-**

15. Investment income

Interest income		
From investments in financial assets:		
Bank and other cash	(12,350)	25,657

16. Finance costs

Group company	1,484,223	933,388

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

17. Taxation

Major components of the tax income

Deferred		
Originating and reversing temporary differences	(1,603,875)	(1,210,602)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(13,409,148)	(4,028,239)
Tax at the applicable tax rate of 32% (2016: 32%)	(4,290,927)	(1,289,036)
Tax effect of adjustments on taxable income		
Legal expenses	3,600	-
Impairment - Goodwill & COmputer Software	2,404,033	-
Unrealised loss	47,963	-
Interest - non deductible	116,772	-
Prior year tax loss adjustment	114,684	-
Fines income	-	4,069
Other income	-	74,365
	(1,603,875)	**(1,210,602)**

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N$ (15,933,259) (2016: N$ 10,805,019).

18. Cash used in operations

(Loss)/profit before taxation	(13,409,148)	(4,028,239)
Adjustments for:		
Depreciation and amortisation	125,640	171,447
Gains on disposals, scrappings and settlements of assets and liabilities	(1,600)	(135,146)
Losses on foreign exchange	149,042	-
Interest income	12,350	(25,657)
Finance costs	1,484,223	933,388
Impairment losses and reversals	710,978	-
Profit / (loss) on foreign exchange	-	107,425
Changes in working capital:		
Trade and other receivables	1,816,967	(3,148,683)
Trade and other payables	1,433,274	5,287,481
	(7,678,274)	**(837,984)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

19. Related parties

Relationships

Ultimate holding company	Thomas Cook India
Holding company	Kuoni Private Safaris (Pty) Ltd
Related through ultimate shareholding	Gullivers Travel Associates
	Kit Solution Ltd
	Kuoni Reissen Management AG
	Desert Adventures Safaris (Passion)
	Kuoni Global Services
Members of key management	M Iuel
	L Kreienbuhl

Related party balances

	2017	2016
Loan accounts - Owing (to) by related parties		
Kuoni Private Safaris (Pty) Ltd	(12,787,126)	(7,287,126)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Gullivers Travel Associates	108,784	426,604
Kuoni Travel Holding Ltd	2,565	2,565
Desert Adventures Safaris (Passion)	(636,427)	(194,189)
Kit Solution Ltd	(169,325)	(70,234)
Kuoni Reissen Management AG	(1,507,929)	(1,507,929)
Kuoni Private Safaris (Pty) Ltd	(3,948,193)	(1,245,300)
Kuoni Global Services	(109,731)	-

Related party transactions

	2017	2016
Interest paid to (received from) related parties		
Kuoni Private Safaris (Pty) Ltd	1,484,223	933,388
Purchases from (sales to) related parties		
Kuoni Private Safaris (Pty) Ltd	1,218,376	607,671
Kit Solution Ltd	99,091	-
Gullivers Travel Associates	(216,877)	-
Management fees paid to related parties		
Kuoni Travel Holding Ltd	135,000	419,225

Notes to the Annual Financial Statements

20. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of budgeted expenditure. The company uses working capital to fund capital and operational expenses.

Financial risk management

The company is exposed to market risk through its use of financial instruments and specifically to liquidity risk, interest risk and credit risk which results from both its operating and investing activities. The company's risk management is coordinated by its ultimate parent, in co-operation with the board of directors, and focuses on actively securing the company's short to medium term cashflows by minimising the exposure to financial markets and institutions. The company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the company is exposed to are described below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management does not forsee any material cash expenditure in the near future which could result in the utilisation of the bank account.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through rolling forecast of the company's liquidity reserves (comprise undrawn borrowing facility and cash and cash equivalents).

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2017	**Less than 1 year**	**Between 1 and 2 years**
Loan from shareholder	-	12,787,126
Trade and other payables	14,399,242	-

At 31 December 2016	**Less than 1 year**	**Between 1 and 2 years**
Loan from shareholder	-	7,287,126
Trade and other payables	12,965,968	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

20. Categories of financial instruments (continued)

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from financing from a group company. This loan issued at a variable interest rate of prime plus 2% exposes the group to cash flow interest rate risk.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Trade and other receivables	- %	2,404,628
Cash and cash equivalents	3.75 %	2,983,780
Trade and other payables	- %	(14,399,242)
Loan from shareholder	12.50 %	(12,787,126)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Foreign exchange risk

The company has certain accounts payables and accounts receivables denominated in foreign currency and is exposed to foreign currency translation risk. Currency exposure arising from the above is managed primarily through both accounts payable and accounts receivable denominated in the relevant foreign currencies.

21. Directors' emoluments

No emoluments were paid to the directors during the year.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

22. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Loans and receivables	Total
Trade and other receivables	2,404,628	2,404,628
Cash and cash equivalents	2,983,780	2,983,780
	5,388,408	**5,388,408**

2016

	Loans and receivables	Total
Trade and other receivables	4,220,595	4,220,595
Cash and cash equivalents	805,911	805,911
	5,026,506	**5,026,506**

23. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Financial liabilities at amortised cost	Total
Loans from shareholders	12,784,126	12,784,126
Trade and other payables	14,399,242	14,399,242
	27,183,368	**27,183,368**

2016

	Financial liabilities at amortised cost	Total
Loans from shareholders	7,287,126	7,287,126
Trade and other payables	12,965,968	12,965,968
	20,253,094	**20,253,094**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2017	2016

24. Fair value of financial instruments

The company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements; this is done for instruments recognised at fair value. There has been no change to the valuation technique during the year. The company's fair value hierarchy has the following levels:

-Level 1: Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities;

-Level 2: Fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e prices) or indirectly (derived from prices); and

-Level 3: Fair value is determined using a valuation technique and inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy is disclosed as follows:

Fair value hierarchy 2017	**Level 1**	**Level 2**	**Level 3**
Loan from shareholder	-	(12,787,126)	-
Cash and cash equivalents	2,983,780	-	-
Trade and other receivables	-	2,404,628	-
Trade and other payables	-	(14,399,242)	-
	2,983,780	**(24,781,740)**	**-**

Fair value hierarchy 2016	**Level 1**	**Level 2**	**Level 3**
Loan from shareholder	-	(7,287,126)	-
Cash and cash equivalents	805,911	-	-
Trade and other receivables	-	4,220,595	-
Trade and other payables	-	(12,965,968)	-
	805,911	**(16,032,499)**	**-**

Detail Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2017	2016
Revenue			
Fees received for travelling administration		45,768,261	56,711,923
Cost of sales			
Cost incurred for travelling administration		(41,451,792)	(51,410,417)
Gross profit		**4,316,469**	**5,301,506**
Other operating income			
Other income		173,138	2,775,864
Other operating gains (losses)			
Gains on disposal of assets		1,600	135,146
Foreign exchange (losses) gains		(149,042)	107,425
		(147,442)	**242,571**
Expenses (Refer to page 37)		**(16,254,740)**	**(11,440,449)**
Operating loss	14	**(11,912,575)**	**(3,120,508)**
Investment income	15	(12,350)	25,657
Finance costs	16	(1,484,223)	(933,388)
Loss before taxation		**(13,409,148)**	**(4,028,239)**
Taxation	17	1,603,875	1,210,602
(Loss) profit for the year		**(11,805,273)**	**(2,817,637)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detail Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2017	2016
Other operating expenses			
Administration and management fees		135,000	419,225
Advertising		748,491	859,222
Amortisation		6,268	4,923
Auditors remuneration - external auditors	14	176,958	119,586
Bad debts		283,167	1,804,360
Bank charges		119,084	200,926
Commission paid		235,986	5,074
Computer software impairment	5	710,978	-
Consulting and professional fees - legal fees		11,642	12,716
Consumables		24,335	30,243
Delivery expenses		6,952	14,425
Depreciation		119,372	166,524
Employee costs		4,030,063	4,385,908
Entertainment		18,508	23,615
Goodwill impairment	4	6,801,625	-
IT charges		756,922	1,235,566
Insurance		167,741	149,125
Lease rentals on operating lease		568,735	527,247
Miscellaneous office expenses		19,984	32,025
Motor vehicle expenses		3,245	33,925
Municipal expenses		63,351	73,752
Override payable expenses		-	140,290
Printing and stationery		24,477	43,866
Repairs and maintenance		203,057	49,916
Secretarial fees		-	2,987
Security		5,716	5,386
Subscriptions		3,061	3,061
Sundry expenses		263,717	-
Telephone and fax		603,140	703,083
Training		-	48,479
Travel - overseas		143,165	344,994
		16,254,740	**11,440,449**

Kuoni Private Safaris Proprietary Limited
(Registration number 2002/030353/07)
Financial statements
for the year ended 31 December 2017

Kuoni Private Safaris Proprietary Limited

(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing services as a destination management company
Director	M luel
Registered office	Ground Floor Block 3 Northgate Park Corner Section Street and Platinum Road Cape Town, South Africa 7405
Business address	Ground Floor Block 3 Nortgate Park Corner Section Street and Platinum Road Cape Town, South Africa 7405
Postal address	P O Box 350 Century City 7446
Ultimate holding company	Fairfax Financial Holdings Group incorporated in Toronto, Canada
Bankers	Standard Bank of South Africa Limited
Auditors	LPH Chartered Accountants Inc. Chartered Accountants (SA) Registered Auditors
Secretary	Verena Olivier
Tax reference number	9267429158
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: J L du Preez, Du Preez & Partners Chartered Accountants (S.A.)

Contents

Director's Responsibilities and Approval

The director is required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is her responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that she is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast for the year to 31 December 2018 and, in light of this review and the current financial position, she is satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The financial statements set out on pages 8 to 34, which have been prepared on the going concern basis, were approved by the director on 13 April 2018 and were signed by her:

Approval of financial statements

Director

Kuoni Private Safaris Proprietary Limited

(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2017

Director's Report

The director has pleasure in submitting her report on the financial statements of Kuoni Private Safaris Proprietary Limited for the year ended 31 December 2017.

1. Nature of business

Kuoni Private Safaris Proprietary Limited was incorporated in South Africa. The company is engaged in providing services as a destination management company and operates principally in South Africa. It's subsidiary provides the same services and operates principally out of Namibia.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently with the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements, with emphasis highlighted on certain key matters in the notes to the financial statements:

- Note 4 – Management made a decision to impair the company's existing operating software and replace it with software from a new service provider.
- Notes 5 and 6 – Reference is made to point 7 below in respect of material changes to the position with the Namibian subsidiary.
- Note 27 – Management engaged the services of a professional legal firm to conduct a review of the company's Value Added Taxation transactions, and whom detected an error in its submissions to the South African Revenue Service (SARS). Further details pertaining to the error and the submissions of the voluntary disclosure program application are outlined in the note.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The director did not recommend the declaration of a dividend for the year (2016: Nil).

5. Directorate

The director in office at the date of this report is as follows:

Director	Designation	Changes
SJM Peter	Executive	Resigned 31 January 2017
M Iuel	Executive	
L Kreienbühl	Executive	Resigned 29 June 2017

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

7. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the financial statements in note 5.

The interest of the company in the profits and losses of its subsidiaries for the year ended 31 December 2017 are as follows:

	Company 2017 R	Company 2016 R
Subsidiary results		
Total profits(losses) after income tax	(13 409 148)	(2 817 637)

Director's Report

The company posted a loss after tax. Management is currently working on a turnaround strategy for the business such that will return to profitability within two to three years.

Kuoni Private Safaris Proprietary Limited has impaired the investment in the subsidiary of R3 000 000 and the loan receivable from the subsidiary of R12 787 126. This impairment has had a material affect on the operating results of the company and increased the net loss for the current year.

8. Ultimate holding company

During the current year the ownership of the company changed from Kuoni Travel Holding Limited to Fairfax Financial Holdings Group, which is incorporated in Toronto, Canada.

9. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The director has satisfied herself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

LPH Chartered Accountants Inc. continued in office as auditors for the company in accordance with Section 90 of the Companies Act.

12. Secretary

The company's secretary at year end was Verena Olivier.

13. Employees

The average number of employees for the year under review was 101 (2016: 107).

LPH Chartered Accountants Inc.
Registered Auditors

Registration No: 1998/020830/21
IRBA Practice No: 900537

Independent Auditor's Report

To the director of Kuoni Private Safaris Proprietary Limited

Opinion

We have audited the financial statements of Kuoni Private Safaris Proprietary Limited set out on pages 8 to 34, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kuoni Private Safaris Proprietary Limited as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The director is responsible for the other information. The other information comprises the Director's Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the director for the Financial Statements

The director is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the director 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 director 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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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Cape Town
South Africa

Directors. ME Luyt CA(SA) | N Hall CA(SA) | CA Kempen CA(SA) | K Nelson CA(SA)

Auditor's responsibilities for the audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 director.
- Conclude on the appropriateness of the director'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

LPH Chartered Accountants Inc.
Registered Auditors
Per: CA Kempen
Director
Chartered Accountant
Registered Auditor

29 May 2018
Cape Town

Kuoni Private Safaris Proprietary Limited

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Financial Statements for the year ended 31 December 2017

Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	1 915 642	1 129 707
Intangible assets	4	1 610 849	727 914
Investments in subsidiaries	5	-	3 000 000
Loans to related parties	6	194 190	7 477 449
Deferred tax	7	3 412 031	1 778 412
		7 132 712	**14 113 482**
Current Assets			
Trade and other receivables	8	14 119 755	30 302 305
Prepayments	9	2 545 659	4 691 566
Current tax receivable		1 971 842	47 851
Cash and cash equivalents	10	39 035 633	32 227 553
		57 672 889	**67 269 275**
Total Assets		**64 805 601**	**81 382 757**
Equity and Liabilities			
Equity			
Share capital	11	500 000	500 000
Retained income		11 292 419	33 836 325
		11 792 419	**34 336 325**
Liabilities			
Current Liabilities			
Trade and other payables	12	50 637 623	44 007 288
Operating lease liability		74 424	239 138
Provisions	13	2 301 135	2 800 006
		53 013 182	**47 046 432**
Total Equity and Liabilities		**64 805 601**	**81 382 757**

Kuoni Private Safaris Proprietary Limited
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Financial Statements for the year ended 31 December 2017

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	16	238 812 946	260 631 572
Cost of sales		(207 650 828)	(224 200 293)
Gross profit		**31 162 118**	**36 431 279**
Other operating income	17	7 054 678	10 000 192
Other operating gains (losses)	18	(1 118 015)	5 411 630
Operating expenses		(45 512 630)	(44 872 331)
Operating (loss) profit	19	**(8 413 849)**	**6 970 770**
Investment income	20	2 350 364	2 555 457
Finance costs	21	(2 241 710)	(1 050)
Impairment losses		(15 787 126)	-
(Loss) profit before taxation		**(24 092 321)**	**9 525 177**
Taxation	22	1 548 415	(1 522 120)
(Loss) profit for the year		**(22 543 906)**	**8 003 057**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(22 543 906)**	**8 003 057**

Kuoni Private Safaris Proprietary Limited
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Financial Statements for the year ended 31 December 2017

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Opening balance as previously reported	500 000	29 874 666	30 374 666
Prior period error correction	-	(4 041 398)	(4 041 398)
Restated balance at 01 January 2016	**500 000**	**25 833 268**	**26 333 268**
Profit for the year	-	8 003 057	8 003 057
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**8 003 057**	**8 003 057**
Balance at 01 January 2017	**500 000**	**33 836 325**	**34 336 325**
Loss for the year	-	(22 543 906)	(22 543 906)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(22 543 906)**	**(22 543 906)**
Balance at 31 December 2017	**500 000**	**11 292 419**	**11 792 419**
Note(s)	11		

Kuoni Private Safaris Proprietary Limited
(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash generated from operations	24	19 443 568	(27 101 450)
Interest income		2 350 364	2 555 457
Finance costs		(2 241 710)	(1 050)
Tax paid	25	(2 009 194)	1 829 389
Net cash from operating activities		**17 543 028**	**(22 717 654)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 795 499)	(183 007)
Sale of property, plant and equipment	3	152 549	586 561
Purchase of other intangible assets	4	(3 588 131)	(593 662)
Movement in investments in subsidiary		3 000 000	-
Net movements on loans to related parties		7 283 259	445 664
Non cash item		(15 787 126)	(4 041 396)
Net cash from investing activities		**(10 734 948)**	**(3 785 840)**
Total cash movement for the year		**6 808 080**	**(26 503 494)**
Cash at the beginning of the year		32 227 553	58 731 047
Total cash at end of the year	10	**39 035 633**	**32 227 553**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Loans and receivables

The company assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as estimated discounted cash flows and are used to determine fair value of financial instruments. Discounting factors are based on assumptions that correlated to market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
Computer equipment - PC	Straight line	3 years
Computer equipment - Server	Straight line	5 years
Leasehold improvements	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The residual value and the useful life of each asset is reviewed at each financial year end.

The amortisation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an intangible asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Accounting Policies

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company plus any costs directly attributable to the purchase of the subsidiary.

1.6 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.6 Financial instruments (continued)

Loans to (from) related parties

This includes a loan to the company's subsidiary and is recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.9 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.11 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.14 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.15 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 7: Disclosure initiative	01 January 2017	The impact of the standard is not material.
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	The impact of the amendments is not material.

2.2 Standards and Interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018	Unlikely there will be a material impact

The company does not envisage the adoption of these standards and interpretations until such time that they become applicable to the company's operation.

The directors do not anticipate that the above standards and interpretations will have a material effect on the company's annual financial statements.

Notes to the Financial Statements

3. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer equipment - PC	1 623 794	(1 537 001)	86 793	2 192 076	(1 883 710)	308 366
Computer equipment - Server	528 624	(385 300)	143 324	1 172 348	(1 063 343)	109 005
Furniture and fixtures	750 756	(203 682)	547 074	819 925	(723 692)	96 233
Leasehold improvements	1 157 747	(19 296)	1 138 451	1 752 753	(1 136 650)	616 103
Motor vehicles	-	-	-	300 000	(300 000)	-
Office equipment	-	-	-	107 213	(107 213)	-
Total	**4 060 921**	**(2 145 279)**	**1 915 642**	**6 344 315**	**(5 214 608)**	**1 129 707**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment - PC	308 366	43 223	(14 933)	(249 863)	86 793
Computer equipment - Server	109 005	83 857	-	(49 538)	143 324
Furniture and fixtures	96 233	510 672	(16 853)	(42 978)	547 074
Leasehold improvements	616 103	1 157 747	(132 139)	(503 260)	1 138 451
	1 129 707	**1 795 499**	**(163 925)**	**(845 639)**	**1 915 642**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment - PC	573 560	57 837	-	(323 031)	308 366
Computer equipment - Server	157 561	-	-	(48 556)	109 005
Furniture and fixtures	132 522	-	-	(36 289)	96 233
Leasehold improvements	1 431 603	125 170	(296 345)	(644 325)	616 103
Motor vehicles	381 627	-	(262 852)	(118 775)	-
	2 676 873	**183 007**	**(559 197)**	**(1 170 976)**	**1 129 707**

Notes to the Financial Statements

4. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	294 839	(58 114)	236 725	294 839	(34 939)	259 900
Computer software	6 509 455	(5 135 331)	1 374 124	2 921 324	(2 453 310)	468 014
Total	**6 804 294**	**(5 193 445)**	**1 610 849**	**3 216 163**	**(2 488 249)**	**727 914**

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Trademarks	259 900	-	(23 175)	-	236 725
Computer software	468 014	3 588 131	(259 744)	(2 422 277)	1 374 124
	727 914	**3 588 131**	**(282 919)**	**(2 422 277)**	**1 610 849**

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Trademarks	272 925	9 807	(22 832)	259 900
Computer software	145 228	583 855	(261 069)	468 014
	418 153	**593 662**	**(283 901)**	**727 914**

5. Interests in subsidiaries

Name of company	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Kuoni Private Safaris Namibia Proprietary Limited	100,00 %	100,00 %	-	3 000 000

The carrying amounts of subsidiaries are shown at cost net of impairment losses.

The investment in subsidiary has been fully impaired in the current year.

Notes to the Financial Statements

Figures in Rand	2017	2016

6. Loans to (from) related parties

Subsidiaries

Kuoni Private Safaris Namibia Proprietary Limited The loan to Kuoni Private Safaris Namibia Proprietary Limited of R12 787 126 has been fully impaired in the current year. The loan is unsecured, repayable within 30 days of demand and bears interest at the prime lending rate as published by the Bank of Namibia plus 2%. The interest is payable annually in the first month following the end of the company's fiscal year.	-	7 287 126
Sisipho Trust The loan is unsecured, bears no interest and has no fixed terms of repayment.	194 190	190 323

Fair value of loans to and from related parties

Loans to related parties	194 190	7 477 449

The carrying amount of loans to and from related parties are denominated in the following currencies:

Namibian Dollar	-	7 287 126
Rand	194 190	190 323

7. Deferred tax

Deferred tax asset

Property plant and equipment	570 236	(92 954)
Prepayments	-	(1 203 426)
Income received in advance	827 198	815 741
Provisions & lease liability	1 533 389	850 956
Tax loss available for set off against future taxable income	481 208	1 408 095
Total deferred tax asset	**3 412 031**	**1 778 412**
Deferred tax asset	3 412 031	1 778 412

Reconciliation of deferred tax asset / (liability)

At beginning of year	1 778 412	3 300 533
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(926 887)	(1 502 498)
Change in temporary difference movement on property, plant and equipment	663 190	(19 938)
Change in temporary difference on provisions	728 553	524 450
Change in temporary difference on prepayments	1 203 426	(411 619)
Change in temporary difference on income received in advance	11 457	(179 475)
Change in temporary difference on lease liability	(46 120)	66 959
	3 412 031	**1 778 412**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Notes to the Financial Statements

Figures in Rand	2017	2016

8. Trade and other receivables

Trade receivables	12 982 809	28 466 776
Employee costs in advance	-	2 500
Deposits	-	200 000
Other receivables	926 540	1 315 021
Accrued income	210 406	318 008
	14 119 755	**30 302 305**

Trade receivables relate to the supply of services in the ordinary course of business. Balances are due 30 days from statement and age analysis of these are reviewed on a monthly basis.

Other receivables consists of deposits and other operating debtors. The maximum exposure to credit risk at the reporting date is the carrying value which approximates fair value. The age analysis of these amounts are reviewed on a monthly basis and no provision for impairment has been made. No security is held for these balances.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Long standing trading relationships exist with most of the company's customers and the company reviews the credit history, predominantly based on its own records, on a cyclical basis. Based on this, the company considers the credit quality of all fully performing amounts as satisfactory.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

Trade and other receivables	12 982 809	28 466 776

Credit sales are extended, and for the greater part, settled on normal trading terms, thus the carrying values reasonably approximate fair values.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2017, ZAR 2 384 500 (2016: ZAR 2 442 601) were past due but not impaired. These amounts relate to a number of debtors for whom there is no recent history or default.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 603 858	9 961 839
2 months past due	3 100 197	2 234 011
3 months past due	1 663 081	1 884 521

Trade and other receivables impaired

As of 31 December 2017, trade and other receivables of ZAR 4 134 436 (2016: ZAR -) were impaired and provided for.

The amount of the provision was ZAR (4 134 436) as of 31 December 2017 (2016: ZAR -).

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	12 351 925	25 653 886
US Dollar	540 385	2 362 894
Euro	90 499	449 996

Notes to the Financial Statements

Figures in Rand	2017	2016

9. Prepayments

Prepayments consist of expenses relating to the provision of services paid in advance to secure preferential rates and early confirmation from suppliers. Prepayments are not discounted and are recognised and subsequently measured at cost.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	24 866	120 247
Bank balances	21 525 771	26 236 110
Short-term deposits	17 484 996	5 871 196
	39 035 633	**32 227 553**

Cash and cash equivalents pledged as collateral

	2017	2016
Total financial assets pledged as collateral for banking facilities	3 120 000	3 120 000

The Standard Bank of South Africa Limited has issued guarantees to some of the company's trade creditors totalling ZAR 3 100 000 (2016: ZAR 3 120 000). The largest of these guarantees being to Diners Club SA (Pty) Ltd for ZAR 1 300 000 (2016: ZAR 1 300 000).

The guarantees serve to secure credit terms with some of the company's suppliers and become payable on default. There have been no defaults during the current or any preceding period to date.

11. Share capital

	2017	2016
Authorised		
5,000 Ordinary shares of ZAR100 each	500 000	500 000
Issued		
5,000 Ordinary shares of ZAR100 each	500 000	500 000

The company is a private company and accordingly the right to transfer its shares is restricted and any invitation to the public to subscribe for any shares or debentures of the company is prohibited.

12. Trade and other payables

	2017	2016
Trade payables	36 228 347	31 480 884
Amounts received in advance	2 954 279	5 513 360
VAT	8 303 980	4 621 090
Brochure contributions	1 621 239	1 356 035
Accrued expenses	833 619	206 529
Deposits received	111 608	111 608
Other payables	584 551	717 782
	50 637 623	**44 007 288**

Fair value of trade and other payables

	2017	2016
Trade payables	36 228 347	31 480 884

Credit purchases are accepted and, for the greater part, settled on normal trading terms, thus the carrying values reasonably approximate fair values.

Notes to the Financial Statements

Figures in Rand	2017	2016

12. Trade and other payables (continued)

The carrying amounts of trade and other payables are denominated in the following currencies:

Rand	29 617 780	28 518 975
US Dollar	3 867 456	1 717 460
Euro	476 352	673 083
Swiss CHF	2 148 622	513 646
UAE Dirham AED	118 137	57 720

Receipts in advance consists primarily of receipts for services to be rendered where such customers do not have credit terms with the company. Receipts in advance are initially recognised when cash is received and is subsequently measured at fair value.

13. Provisions

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	177 000	375 120	(177 000)	375 120
Provision for credit notes	-	936 602	-	936 602
Short term employee benefits	2 623 006	266 236	(1 899 829)	989 413
	2 800 006	**1 577 958**	**(2 076 829)**	**2 301 135**

Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	173 800	177 000	(173 800)	177 000
Short term employee benefits	283 445	2 623 006	(283 445)	2 623 006
Short term provisions	238 373	-	(238 373)	-
	695 618	**2 800 006**	**(695 618)**	**2 800 006**

Notes to the Financial Statements

14. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Loans and receivables	Total
Loans to related parties	194 190	194 190
Trade and other receivables	14 119 755	14 119 755
Cash and cash equivalents	39 035 633	39 035 633
	53 349 578	**53 349 578**

2016

	Loans and receivables	Total
Loans to related parties	7 477 449	7 477 449
Trade and other receivables	30 302 305	30 302 305
Cash and cash equivalents	32 227 553	32 227 553
	70 007 307	**70 007 307**

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Financial liabilities at amortised cost	Total
Trade and other payables	50 637 623	50 637 623

2016

	Financial liabilities at amortised cost	Total
Trade and other payables	44 007 288	44 007 288

Notes to the Financial Statements

Figures in Rand		2017	2016
16. Revenue			
Fees received for traveling administration		238 812 946	260 631 572
17. Other income			
Commissions received		158 381	155 826
Other rental income		350 004	-
Bad debts recovered		835 381	-
Recoveries		32 436	45 464
Net gain on cost of sales		3 898 359	3 221 164
Sundry income		647 040	-
Marketing income		1 133 077	1 312 610
Group entities		-	5 265 128
		7 054 678	**10 000 192**
18. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment		(11 376)	27 364
Foreign exchange gains (losses)			
Net foreign exchange (losses) gains		(1 106 639)	5 384 265
Total other operating gains (losses)		**(1 118 015)**	**5 411 629**
19. Operating profit (loss)			
Operating profit for the year is stated after accounting for the following:			
Income from subsidiaries (other than investment income)			
Interest		1 334 370	933 388
Leases			
Operating lease charges			
Premises		3 102 507	3 077 842
Depreciation and amortisation			
Depreciation of property, plant and equipment		845 639	1 170 975
Amortisation of intangible assets		282 918	283 901
Total depreciation and amortisation		**1 128 557**	**1 454 876**
Other			
Other operating gains (losses)	18	(1 118 015)	5 411 629
Employee costs		23 406 650	28 787 126

Notes to the Financial Statements

Figures in Rand	2017	2016

20. Investment income

Interest income		
From investments in financial assets:		
Surplus funds	882 669	1 622 069
Other financial assets	133 325	-
From loans to group and other related parties:		
Subsidiaries	1 334 370	933 388
Total interest income	**2 350 364**	**2 555 457**

21. Finance costs

Bank overdraft	1 695	595
Tax authorities	2 233 082	-
Other interest paid	6 933	455
Total finance costs	**2 241 710**	**1 050**

22. Taxation

Major components of the tax income

Current		
Local income tax - current period	-	-
Share transfer tax	85 203	-
Deferred		
Originating and reversing temporary differences	(1 633 618)	1 522 120
	(1 548 415)	**1 522 120**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(24 092 321)	9 525 177
Tax at the applicable tax rate of 28% (2016: 28%)	(6 745 850)	2 667 050
Tax effect of adjustments on taxable income		
Permanent differences	681 487	10 958
Utilisation of assessed loss	(2 475 302)	(1 502 494)
Deferred tax effect	6 991 250	346 606
	(1 548 415)	**1 522 120**

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is ZAR 1 718 600.

23. Auditors' remuneration

Audit fees	322 520	286 950

Notes to the Financial Statements

Figures in Rand	2017	2016

24. Cash generated from operations

Loss before taxation	(24 092 321)	9 525 177
Adjustments for:		
Depreciation and amortisation	1 128 557	1 454 876
Losses (gains) on disposals, scrappings and settlements of assets and liabilities	11 376	(27 364)
Interest income	(2 350 364)	(2 555 457)
Finance costs	2 241 710	1 050
Impairment losses and reversals	18 209 403	-
Movements in operating lease assets and accruals	(164 714)	239 138
Movements in provisions	(498 871)	2 104 388
Changes in working capital:		
Trade and other receivables	16 182 550	11 053 419
Prepayments	2 145 907	(1 863 683)
Trade and other payables	6 630 335	(47 032 994)
	19 443 568	**(27 101 450)**

25. Tax paid/(refunded)

Balance at beginning of the year	47 851	1 877 240
Current tax for the year recognised in profit or loss	(85 203)	-
Balance at end of the year	(1 971 842)	(47 851)
	(2 009 194)	**1 829 389**

26. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	2 282 307	3 724 694
- in second to fifth year inclusive	9 121 262	1 763 392
	11 403 569	**5 488 086**

Operating lease payments represent rentals payable by the company for certain of its office properties. No contingent rent is payable.

27. Prior period errors

In the 2017 financial year, the company's chief financial officer became aware of a system error which resulted in an under declaration of output VAT on revenue. This error, affecting the financial years 2012 to 2016, was disclosed to the South African Revenue Services through a voluntary disclosure program (VDP) application. This error has been retrospectively corrected and the comparative information restated.

The effect of the error has led to a decrease in 2016 opening retained earnings of R4 041 396, a decrease in 2016 revenue of R1 882 938 and an increase in VAT payable amounting to R5 924 334 . As a result of this, the tax amount and deferred tax amount had to be adjusted which led to an increase in the deferred tax asset of R694 241 and no income tax being payable.

Figures in Rand	2017	2016

28. Related parties

Relationships

Ultimate holding company	Fairfax Financial Holding Limited
Previous Ultimate holding company	Kuoni Travel Investments Limited
Subsidiaries	Refer to note 5
Fellow subsidiaries	Desert Adventures Tourism
	Kuoni Global Travel Services AG
	Kit Solutions AG
	Kuoni Travel Holding Ltd.
	Private Safaris East Africa Ltd.
	Kuoni Travel Ltd.
	Kuoni Destination Management Inc.
	Kuoni Private Safaris Namibia Proprietary Limited
	Kuoni Destination Management New York
	Kuoni Reisen (Zurich) AG
Parent companies	SOTC Travel Limited
	Thomas Cook India Ltd.
Members of key management	B Van Den Hurk (Resigned in 2017)
	H January (Resigned in 2017)
	J Smit
	M Iuel
	V Olivier
	V Barnard
	P Coetzee
	M Lima
	F Glettenburg (Resigned in 2017)
	S Swart (Resigned in 2017)

Related party balances

	2017	2016
Loan accounts - Owing (to) by related parties - in ZAR 000's		
Kuoni Private Safaris Namibia Proprietary Limited	-	7 287
Sisipho Trust	194	190
Amounts included in Trade receivables - in ZAR 000's		
KIT Solutions AG	-	118
Kuoni Global Travel Services AG	-	739
Kuoni Private Safaris Namibia Proprietary Limited	225	1 246
Private Safaris East Africa Limited	-	22
SOTC Travel Limited	225	-
Thomas Cook India Ltd.	53	-
Amounts included in Trade payables - in ZAR 000's		
Desert Adventures Tourism	2 554	-
KIT Solutions AG	-	164
Kuoni Reisen (Zurich) AG	-	350
Kuoni Travel Investments Ltd.	-	2 185
Kuoni Destination Management New York	-	70

Related party transactions

	2017	2016
Interest paid to (received from) related parties - in ZAR 000's		
Kuoni Private Safaris Namibia Proprietary Limited	(1 334)	(933)
Sales - in ZAR 000's		
Kuoni Global Travel Services AG	-	3 606
Kuoni Global Travel Service AG - Staff Bookings	-	4 816
Kuoni Private Safaris Namibia Proprietary Limited	2 079	893
KIT Solutions AG	-	230

Notes to the Financial Statements

Figures in Rand	2017	2016
28. Related parties (continued)		
SOTC Travel Limited	4 362	-
Thomas Cook India Ltd	717	-
Purchases from related parties - in ZAR 000's		
KIT Solutions AG	-	(2 371)
Desert Adventures Tourism	5 047	4 330
Compensation to director and other key management		
Short-term employee benefits	6 107 834	4 665 275

29. Director's emoluments

Executive

2017

	Emoluments	Total
M Iuel	2 226 739	2 226 739

2016

	Emoluments	Total
M Iuel	605 729	605 729
F Glettenberg	1 317 011	1 317 011
	1 922 740	**1 922 740**

30. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 6 cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the directors

30. Risk management (continued)

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The company is exposed to interest rate risks in South Africa and Namibia. The company does not make use of interest rate derivatives and is thererfore only exposed to variable interest rates.

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7. These show the effect of changes in market interest rates on interest income. The interest rate sensitivity analysis is based on the following assumption:

Change in market interest rates affect the interest income of non-derivative variable interest rate financial instruments, the interest payments are of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of the income related sensitivity.

A one percent movement in the effective interest rate would have the following effect on profitability for the year:

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Notes to the Financial Statements

Figures in Rand	2017	2016

30. Risk management (continued)

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures. The company minimises exposure by purchasing and selling services through the use of current foreign currency accounts the company holds in all the major currencies it trades in.

The company does not hedge foreign exchange fluctuations. At year end the following items are uncovered:

Foreign currency exposure at the end of the reporting period

	2017	2016
Current assets		
Trade debtors - USD	540 385	2 362 894
Trade debtors - EUR	90 499	449 996
CFC bank accounts - USD	987 623	705 708
CFC bank accounts - EUR	472 507	375 275
Liabilities		
Trade creditors - USD	3 867 456	1 717 460
Trade creditors - EUR	476 352	673 083
Trade creditors - AED	118 137	57 719
Trade creditors - CHF	2 148 622	513 646

Exchange rates used for conversion of foreign items were:

	2017	2016
USD	12,36	13,67
EUR	14,80	14,41
AED	3,36	3,73
CHF	12,65	13,39

Muscat Desert Adventures Tourism LLC

Financial Statements

31 December 2017

Muscat Desert Adventures Tourism LLC
Financial Statements
31 December 2017

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Directors' Report

The directors submit their report together with the audited financial statements of the Company for the year ended 31st December 2017.

LEGAL STATUS

Muscat Desert Adventures Tourism LLC is a limited liability company("the Company") registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005 under the commercial registration no. 1/80843/5. The Company is a fully owned subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates.

The principal activity of the Company is to handle Hotel Booking, Leisure, FIT, Last Minute, Visa Processing and Transfer.

The registered office of the Muscat Desert Adventures Tourism LLC is P.O. Box No. 809, P.C.133, Al Khuwair, Sultanate of Oman.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2017 are stated below:

Financial highlights	**2017 OMR**	2016 OMR
Net loss	**(82,327)**	(57,022)
Total equity	**134,078**	216,405

Representations and audit

There have been no events subsequent to 31 December 2017, which would in any way invalidate the financial statements.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG Lower Gulf Limited.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 17 APR 2018

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Independent Auditors' Report

To the Members of Muscat Desert Adventures Tourism LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Muscat Desert Adventures Tourism LLC ("the Company") set out on pages 5 to 24, which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 1974, as amended, 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

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:

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

We report that the financial statements of the Company as at and for the year ended 31 December 2017, in all material respects, comply with the applicable provisions of the Commercial Companies Law of 1974, as amended.

KPMG

17 April 2018 KPMG

Muscat Desert Adventures Tourism LLC
Statement of profit or loss and other comprehensive income
for the year ended 31 December

	Notes	2017 OMR	2016 OMR
Revenue	*5*	**354,894**	941,189
Cost of sales	*6*	**(298,071)**	(787,350)
Gross profit		**56,823**	153,839
Administrative and general expenses	*7*	**(155,832)**	(256,405)
Other income	*8*	**22,516**	59,919
Results from operating activities		**(76,493)**	(42,647)
Finance cost- bank charges		**(1,649)**	(4,864)
Loss before tax		**(78,142)**	(47,511)
Tax expense	*19*		
- Current year		**(69)**	-
- Prior year		**(4,116)**	(9,511)
Total comprehensive and net loss for the year		**(82,327)**	(57,022)

The notes on pages 9 to 24 are an integral part of these financial statements.

The independent auditors' report is set out on page 2 - 4.

Muscat Desert Adventures Tourism LLC
Statement of financial position
as at 31 December

	Notes	2017 OMR	2016 OMR
Non-current assets			
Property and equipment	9	**4,459**	12,131
Current assets			
Trade and other receivables	10	**73,481**	116,343
Due from related parties	11	**162,224**	229,142
Cash and cash equivalents	16	**100,320**	119,111
Total current assets		**336,025**	464,596
Total assets		**340,484**	476,727
Equity			
Share capital	14	**150,000**	150,000
Statutory reserve	15	**50,000**	50,000
(Accumulated losses)/Retained earnings		**(65,922)**	16,405
Total equity		**134,078**	216,405
Non-current liability			
Provision for employees' end of service benefits	13	**6,243**	5,922
Current liabilities			
Trade and other payables	12	**176,095**	220,448
Due to related parties	11	**24,068**	24,441
Provision for taxation	19	-	9,511
Total current liabilities		**200,163**	254,400
Total liabilities		**206,406**	260,322
Total equity and liabilities		**340,484**	476,727

The notes on pages 9 to 24 are an integral part of these financial statements.

These financial statements were authorised for issue on behalf of the Company's Directors on 17 APR 2018

Director

Director

The independent auditors' report is set out on page 2-4.

Muscat Desert Adventures Tourism LLC
Statement of cash flows
for the year ended 31 December

	Note	2017 OMR	2016 OMR
Cash flow from operating activities			
Loss for the year		**(82,327)**	(57,022)
Adjustments for:			
Depreciation	*9*	**7,672**	25,245
Provision for employees' end of service benefits	*13*	**1,494**	3,202
Reversal of long outstanding liabilities		**-**	(59,073)
Tax expense	*19*	**4,185**	9,511
		(68,976)	(78,137)
Changes in:			
- trade and other receivables		**42,862**	392,124
- due from related parties		**66,918**	(150,024)
- trade and other payables		**(44,353)**	(105,481)
- due to related parties		**(373)**	(44,025)
- payment of employees' end of service benefits	*13*	**(1,173)**	(6,406)
- tax paid	*19*	**(13,696)**	-
Net cash (used in)/from operating activities		**(18,791)**	8,051
Net (decrease)/increase in cash and cash equivalents		**(18,791)**	8,051
Cash and cash equivalents at beginning of the year		**119,111**	111,060
Cash and cash equivalents at 31 December	*16*	**100,320**	119,111

The notes on pages 9 to 24 are an integral part of these financial statements.

The independent auditors' report is set out on page 2-4.

Muscat Desert Adventures Tourism LLC
Statement of changes in equity
for the year ended 31 December

	Share capital OMR	Statutory reserve OMR	(Accumulated losses)/Retained earnings OMR	Total OMR
At 1 January 2016	150,000	50,000	73,427	273,427
Total comprehensive and net loss for the year	-	-	(57,022)	(57,022)
At 31 December 2016	150,000	50,000	16,405	216,405
At 1 January 2017	150,000	50,000	16,405	216,405
Total comprehensive and net loss for the year	-	-	(82,327)	(82,327)
At 31 December 2017	**150,000**	**50,000**	**(65,922)**	**134,078**

The notes on pages 9 to 24 form an integral part of these financial statements.

The independent auditors' report is set out on page 2-4.

1 Reporting entity

Muscat Desert Adventures Tourism LLC is a limited liability company ("the Company") registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005 under the commercial registration no. 1/80843/5. The Company is 70% owned subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates and 30% shares are held by a local partner namely Hani Bin Juman Ashour Rajab who has agreed not to take part in the operational and financial management of the Company and has confirmed that these shares are held for the beneficial interest of the Company.

The principal business activity of the Company is organising leisure and individual business tours, travels and destination management.

The registered office of Muscat Desert Adventures Tourism LLC is P.O. Box No. 809, P.C.133, Al Khuwair, Sultanate of Oman.

The ultimate parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

2 Basis of accounting

a) Going concern

During the year ended 31 December 2017, the Company incurred a loss after tax of OMR 82,327 *(2016: OMR 57,022)* and as at 31 December 2017 its accumulated losses amounted to OMR 65,922 *(2016: retained earnings OMR 16,405)*.

The ability of the Company to continue as a going concern is dependent on the continued financial support of its shareholder and achievement of management forecast. The Holding Company has confirmed its intention to provide continued financial support to the Company to enable the Company to meet all its financial obligations as and when they fall due and to carry on business without a significant curtailment in the operations.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the Commercial Companies Law of 1974, as amended.

c) Basis of measurement

The financial statements have been prepared under the historical cost basis.

d) Functional and presentation currency

The financial statements are presented in Omani Rial ("OMR"), which is the Company's functional currency.

e) Use of estimates and judgments

In preparing these consolidated financial statements, the management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgments made in applying accounting policies that have the most significant effect on amount recognised in the consolidated financial statements are described in note 21.

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these separate financial statements. Certain amendments to published standards and interpretations of accounting standards became effective during the year, however they do not affect the Company's financial statements.

Revenue

The Company renders a wide range of tourism and related services.

Revenue comprises hotel accommodation and tourism and related revenue (hotel bookings, transport, visa services, airline ticket commissions and other travel related services) and excursion revenue. The revenue from rendering these services is recognised in profit or loss at the fair value of the consideration received or receivable in proportion to the stage of completion of the services at the reporting date which is Company's case is generally the date of arrival. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue.

Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise cash at bank, trade and other receivables, amounts due from/to related parties and trade and other liabilities.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent cost

The cost of replacing an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives are as follows:

	Years
Motor vehicles	4
Office equipment	2-5
Office furniture and installations	5

The depreciation method and useful lives, as well as estimates of residual lives, are re-assessed annually.

3 Significant accounting policies *(continued)*

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies *(continued)*

Impairment

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Foreign currency transactions

Transactions in foreign currencies are translated to Omani Rial (OMR) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to OMR at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into OMR using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

Provision for employees' end of service benefits and other short term benefits

Employees' end of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of IFRS and the Oman Labour Law 2003 and its amendments.

Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in liabilities.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

Operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3 Significant accounting policies *(continued)*

Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Standards issued but not yet adopted

A number of new standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements.

The following standards are expected to have a material impact on the Company's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 15 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company has carried out an assessment as of the reporting date on the potential impact of IFRS 9 and believes that it will not have any significant impact on its financial statements as at 1 January 2018.

3 Significant accounting policies *(continued)*

Standards issued but not yet adopted *(continued)*

i. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The management is currently in process of quantifying the impact of adoption of IFRS 9 regarding the classification of financial liabilities at 1 January 2018.

ii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company is analysing to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition (IFRS 15 and IFRS 9)

The Company plans to adopt IFRS 15 and IFRS 9 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 and IFRS 9 to the comparative period presented.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has not completed an assessment in relation to the potential impact on its financial statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date.

No significant impact is expected for the Company's finance and operating leases.

4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk,
- Liquidity risk, and
- Market risk.

The management has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified. The Company's cash is placed with bank of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables, and due to a related party. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is effectively pegged to OMR, the Company is not exposed to significant currency risk.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. The Company is not subject to externally imposed capital requirements other than the Commercial Companies Law of 1974, as amended.

Muscat Desert Adventures Tourism LLC
Notes
(forming part of the financial statements)

5 Revenue

	2017 OMR	2016 OMR
Tourism and related revenue	**334,210**	902,664
Excursion revenue	**20,428**	31,303
Hotel commission	**256**	7,222
	354,894	941,189

6 Cost of sales

	2017 OMR	2016 OMR
Tourism and related services	**277,938**	747,816
Excursion cost	**12,461**	14,289
Depreciation expense (refer note 9)	**7,672**	25,245
	298,071	787,350

7 Administrative and general expenses

	2017 OMR	2016 OMR
Staff salaries and related benefits (i)	**113,950**	186,558
Advertising and office supplies	**2,642**	6,541
Rent and utilities expense	**21,807**	23,625
Government and legal fees	**4,807**	8,952
Motor vehicle expense	**9,493**	18,726
Promotion and business expense	**2,515**	1,301
Bad and doubtful debts expense (refer note 10.1)	**-**	1,405
Management fee (refer note 11)	**618**	9,297
	155,832	256,405

(i) The staff salaries and related benefits comprises:

	2017 OMR	2016 OMR
Staff salaries and wages	**102,172**	172,702
Other staff benefits	**8,236**	6,326
End of service benefits (refer note 13)	**1,494**	3,202
Social insurance costs	**2,048**	4,328
	113,950	186,558

8 Other income

	2017 OMR	2016 OMR
Foreign exchange gain	**388**	177
Gain on sale of fixed assets	**-**	669
Head office recharges (refer note 11)	**19,641**	-
Reversal of liabilities and other income	**2,487**	59,073
	22,516	59,919

9 Property and equipment

	Motor vehicle OMR	Office equipment OMR	Office furniture and installations OMR	Total OMR
Cost				
At 1 January 2016	137,149	21,345	23,869	182,363
Disposals	(32,100)	-	-	(32,100)
As at 31 December 2016	105,049	21,345	23,869	150,263
At 1 January 2017	105,049	21,345	23,869	150,263
As at 31 December 2017	**105,049**	**21,345**	**23,869**	**150,263**
Depreciation				
As at 1 January 2016	102,515	19,633	22,170	144,318
Charge for the year	22,817	1,121	1,307	25,245
Disposals	(31,431)	-	-	(31,431)
As at 31 December 2016	93,901	20,754	23,477	138,132
As at 1 January 2017	93,901	20,754	23,477	138,132
Charge for the year	6,810	470	392	7,672
As at 31 December 2017	**100,711**	**21,224**	**23,869**	**145,804**
Net book value				
At 31 December 2017	**4,338**	**121**	-	**4,459**
At 31 December 2016	11,148	591	392	12,131

10 Trade and other receivables

	2017 OMR	2016 OMR
Trade receivables	**48,618**	104,333
Provision for doubtful debts (refer note 10.1)	**(5,010)**	(19,845)
	43,608	84,488
Prepayments	**17,834**	15,729
Deposits	**8,100**	8,100
Other receivables	**3,939**	8,026
	73,481	116,343

10.1 Provision for doubtful debts

The movement in the provision for doubtful debts during the year was as follows:

	2017 OMR	2016 OMR
As at 1 January	**19,845**	19,845
Charge during the year	-	1,405
Written off during the year	**(14,835)**	(1,405)
As at 31 December	**5,010**	19,845

11 Related parties

Related parties, within the definition of a related party contained in International Accounting Standard 24, represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Such transactions are on terms and conditions mutually agreed.

Significant transactions entered with related parties during the year were:

	2017 OMR	2016 OMR
Revenue from related parties	**28,916**	25,951
Head office recharges (refer note 8)	**19,641**	-
Management fee	**(618)**	(9,297)

Management fee represents the amount charged by Kuoni Travel Management Limited* for the central functions which is allocated based on financial and non-financial basis.

Head office recharges represent amounts recharged to Jordan Desert Adventures Tourism L.L.C. for the shared staff.

*On 29 June 2017, Travel Circle International (Mauritius) Limited acquired Kuoni Travel Investment Ltd's 49% shareholding in Desert Adventures Tourism LLC (the Holding Company), as a result of this change in ownership, Kuoni Travel Management Limited ceased being a related party from this date.

Due from related parties

	2017 OMR	2016 OMR
Desert Adventures Tourism L.L.C. – Dubai	**126,531**	229,142
Gulf Dunes Tourism LLC	**18,752**	-
Jordan Desert Adventures Tourism LLC	**16,941**	-
	162,224	229,142

Due to related party

	2017 OMR	2016 OMR
Travel Circle International (Mauritius) Limited	**24,068**	-
Kuoni Travel Management Ltd *(refer * above)*	-	24,441
	24,068	24,441

The key management personnel compensation is as follows:

	2017 OMR	2016 OMR
Short-term employee benefits	**40,496**	40,496
End of service benefits	**944**	944

12 Trade and other payables

	2017 OMR	2016 OMR
Trade payables	**121,661**	181,779
Advances from customers	**47,253**	23,644
Accruals and other payables		
-Employee accruals	**6,508**	7,551
-Other payables	**673**	7,474
	176,095	220,448

13 Provision for employees' end of service benefits

	2017 OMR	2016 OMR
At 1 January	**5,922**	9,126
Provision during the year	**1,494**	3,202
Payments made during the year	**(1,173)**	(6,406)
At 31 December	**6,243**	5,922

14 Share capital

	2017 OMR	2016 OMR
Authorised, and fully paid up capital		
150,000 shares of OMR 1 each	**150,000**	150,000

15 Statutory reserve

In accordance with Article 154 of the Commercial Companies Law of 1974, as amended, a minimum of 10% of the net profit of the Company is to be allocated every year to a statutory reserve. No such transfer is required once the statutory reserve has reached one-third of the paid up share capital of the Company. The reserve has reached its legally required limit. This reserve is not available for distribution.

16 Cash and cash equivalents

	2017 OMR	2016 OMR
Cash in bank	**92,941**	111,984
Cash at hand	**7,379**	7,127
	100,320	119,111

17 Contingencies and commitments

Guarantees amounting to OMR 5,000 *(2016: OMR 5,000)* were issued in favor of the Company by Bank Muscat these were issued during the normal course of business.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 OMR	2016 OMR
Not later than one year	**10,500**	13,000

19 Taxes

a) Components of income tax expense:

Current tax

	2017 OMR	2016 OMR
Current year	**69**	-
Prior years*	**4,116**	9,511
Total tax expense	**4,185**	9,511

Movement of provision for taxation

	2017	2016
At 1 January	**9,511**	-
Provision during the year	**4,185**	9,511
Payments during the year	**(13,696)**	-
At 31 December	**-**	9,511

* During the year, the Secretary General of Taxation finalised the assessment for the years ended 2010 and 2011, and determined an additional amount of OMR 13,627 to be payable for the above mentioned tax years, which has now been settled in full during the year.

b) Reconciliation of tax expense

In accordance with the Income Tax laws of the Sultanate of Oman, entities are liable to tax at the enacted tax rate of 15% (2016: 12% and OMR 30,000 exemption) on taxable income. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2017 OMR	2016 OMR
Accounting loss profit before income tax	**(82,327)**	(57,022)
Tax losses carried forward	**82,327**	57,022
Taxable profit	**-**	-
Income tax expense computed at applicable tax rates @ 15% *(2016: 12%)*	**-**	-
Under provision for prior year tax	**4,116**	9,511
Other reconciling items	**69**	-
Total tax expense	**4,185**	9,511

Deferred tax asset has not been recognized on losses as the management believes that sufficient taxable profits will not be available in future.

c) Status of assessment

The tax return for 2012 onwards have not yet been agreed with the Secretaiat General for Taxation at the Ministry of Finance. The Board of Directors are of the opinion that any additional taxes, if any, related to the open years would not be significant to the Company's financial position as at 31 December 2017.

20 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017 OMR	2016 OMR
Trade and other receivables *(excluding prepayments)*	**55,647**	100,614
Amounts due from related parties	**162,224**	229,142
Cash at bank	**92,941**	111,984
	310,812	441,740

The aging of trade receivables at the reporting date was:

	2017 Gross OMR	2017 Provision OMR	2016 Gross OMR	2016 Provision OMR
Not due	**30,262**	-	51,319	-
0-30 days past due	**12,694**	-	33,169	-
31-90 days past due	**652**	-	8,487	(8,487)
Over 90 days past due	**5,010**	**(5,010)**	11,358	(11,358)
	48,618	**(5,010)**	104,333	(19,845)

The aging of due from related parties at the reporting date was:

	2017 Gross OMR	2017 Provision OMR	2016 Gross OMR	2016 Provision OMR
Not due	**162,224**	-	229,142	-
	162,224	-	229,142	-

20 Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2017	**Carrying amount OMR**	**Contractual cash out flows OMR**	**1 year or less OMR**
Non derivative financial liabilities:			
Trade and other payables (excluding advances from customers)	**128,842**	**(128,842)**	**(128,842)**
Due to related party	**24,068**	**(24,068)**	**(24,068)**
	152,910	**(152,910)**	**(152,910)**

31 December 2016	Carrying amount OMR	Contractual cash out flows OMR	1 year or less OMR
Non derivative financial liabilities:			
Trade and other payables (excluding advances from customers)	196,804	(196,804)	(196,804)
Due to related party	24,441	(24,441)	(24,441)
	221,245	(221,245)	(221,245)

Market risk

Foreign exchange risk

The Company has no significant exposure to foreign currency risk as the transactions are mainly made in OMR, USD or AED, and USD and AED are effectively pegged to the OMR.

Interest rate risk

The Company does not have interest bearing borrowings or deposits and is not exposed to interest rate risk.

Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. Capital requirements are prescribed by the Commercial Companies Law of 1974, as amended. The Company has complied with all requirements.

21 Significant accounting estimates and judgments

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment as mentioned below.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties. In determining whether impairment losses should be recognised in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

B S R & Co. LLP
Chartered Accountants

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Chennai - 600 031, India.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Holidays (Ooty) Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sterling Holidays (Ooty) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other matter

Corresponding figures for the year ended March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated May 24, 2017 on the Ind AS financial statements of the Company for the year ended March 31, 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited (continued)

c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 34 to the Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to 30 December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended March 31, 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Annexure A to the Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited
(referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable to the Company.

(iv) The Company has not granted any loan or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the said Order is not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues have been regularly deposited by the Company with the appropriate authorities, though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, duty of customs and duty of excise.

The extent of the arrears of statutory dues outstanding as at March 31, 2018 for a period of more than six months from the date they became payable is as follows:

Name of the Statute	**Nature of the Dues**	**Amount (Rs.)**	**Period to which the amount relates**	**Due Date**	**Date of Payment**
The Income Tax Act, 1961	Fringe benefit tax	0.36	Assessment Years 2008-09 and 2009-10	March 31, 2008 and March 31, 2009, respectively	Yet to be paid

(b) According to the information and explanations given to us, there were no dues of duty of income tax, sales tax, service tax, value added tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute.

Annexure A to the Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited
(referred to in our report of even date)

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings to any financial institution, banks, government or dues to debenture holders during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Annexure B to the Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited for the year ended March 31, 2018
(referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of **Sterling Holidays (Ooty) Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Ind AS financial statements.

Annexure B to the Independent Auditor's Report to the members of Sterling Holidays (Ooty) Limited for the year ended March 31, 2018

(referred to in our report of even date)

Meaning of Internal financial controls with reference to Ind AS financial statements

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial controls with reference to Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Sterling Holidays (Ooty) Limited
Balance Sheet as at March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	4	5.99	4.49
Financial assets			
i. Other financial assets	5	23.61	20.32
Deferred tax assets (net)	15	12.21	-
Total non-current assets		**41.81**	**24.81**
Current assets			
Inventories	6	4.32	5.48
Financial assets			
i. Trade receivables	7	44.02	40.48
ii. Cash and cash equivalents	8	1.83	0.73
iii. Loans	9	0.33	-
iv. Other financial assets	5	11.60	5.85
Other current assets	10	90.34	10.69
Total current assets		**152.44**	**63.23**
Total assets		**194.25**	**88.04**
Equity and liabilities			
Equity			
Equity share capital	11	5.00	5.00
Other equity			
Reserves and surplus	12	(515.52)	(624.80)
Other reserves	13	68.58	68.58
Total equity		**(441.94)**	**(551.22)**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	14	150.71	25.38
Provisions			
i. Provision for employee benefit obligations	16	14.33	13.62
Total non-current liabilities		**165.04**	**39.00**
Current liabilities			
Financial liabilities			
i. Trade payables	17	78.55	74.86
ii. Other financial liabilities	18	311.02	472.20
Provisions			
i. Provision for employee benefit obligations	16	6.02	4.07
ii. Other provisions	19	0.36	0.36
Current tax liabilities	20	25.90	-
Other current liabilities	21	49.30	48.77
Total current liabilities		**471.15**	**600.26**
Total liabilities		**636.19**	**639.26**
Total equity and liabilities		**194.25**	**88.04**

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Sterling Holidays (Ooty) Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	22	1,508.55	1,215.80
Other income	23	34.31	13.21
Total income		**1,542.86**	**1,229.01**
Expenses			
Cost of materials consumed	24	114.13	127.08
Employee benefit expenses	25	301.63	310.16
Finance costs	26	63.39	70.16
Depreciation	27	0.51	0.55
Other expenses	28	941.91	704.82
Total expenses		**1,421.57**	**1,212.77**
Profit/(loss) before tax		**121.29**	**16.24**
Income tax expense	29		
Current tax		15.98	-
Deferred tax		(2.75)	-
Profit/loss for the year		**108.06**	**16.24**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		1.68	(0.41)
Income tax relating to this item		(0.46)	-
Other comprehensive income for the year, net of tax		**1.22**	**(0.41)**
Total comprehensive income for the year		**109.28**	**15.82**
Earnings per equity share			
Basic and diluted earnings per share (in Rs.)	39	242.58	32.48

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Sterling Holidays (Ooty) Limited
Statement of changes in equity for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Notes	Amount
Balance as at April 1, 2016		5.00
Changes in equity share capital during the year	11	-
Balance as at March 31, 2017		5.00
Changes in equity share capital during the year	11	-
Balance as at March 31, 2018		5.00

II) Other equity

	Notes	Reserves and surplus	Other reserves	Total
		Retained earnings	Contribution from holding company	
Balance as at April 1, 2016		(640.62)	68.58	(572.04)
Profit for the year	12	16.24	-	16.24
Other comprehensive income, net of tax	12	(0.42)	-	(0.42)
Balance as at March 31, 2017		(624.80)	68.58	(556.22)
Profit for the year	12	108.06	-	108.06
Other comprehensive income, net of tax	12	1.22	-	1.22
Balance as at March 31, 2018		(515.52)	68.58	(446.94)

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar

B Udhay Shankar
Director
DIN No.: 07326640

M. Balasubramaniyan

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

Sterling Holidays (Ooty) Limited
Statement of cash flows for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities			
Profit before income tax		121.29	16.24
Adjustments for			
Depreciation	27	0.51	0.55
Provision for bad debts	28	-	4.06
Finance costs	26	63.39	70.16
Operating cash flow before working capital changes		185.19	91.01
Change in operating assets and liabilities			
(Increase) in trade receivables	7	(3.54)	(32.90)
(Increase)/decrease in inventories	6	1.16	(0.87)
(Increase) in other financial assets	5	(9.04)	(13.32)
(Increase)/decrease in other current assets	10	(79.65)	3.47
Increase in trade payables	17	3.69	34.31
Increase in other financial liabilities	18	1.36	22.87
Increase in employee benefit obligations	16	2.66	4.23
Increase in other current liabilities	21	0.53	6.53
Cash generated from operations		102.36	115.33
Income taxes paid		-	-
Net cash inflow from operating activities		102.36	115.33
Cash flows from investing activities			
Payments for property, plant and equipment		(2.02)	(0.48)
Net cash outflow from investing activities		(2.02)	(0.48)
Cash flows from financing activities			
Proceeds from loan taken from Holding Company		1,936.28	1,252.81
Repayment of loan from holding company		(2,001.27)	(1,322.41)
Interest paid		(34.25)	(48.65)
Net cash inflow/(outflow) from financing activities		(99.24)	(118.25)
Net increase (decrease) in cash and cash equivalents		1.10	(3.40)
Cash and cash equivalents at the beginning of the financial year	8	0.73	4.13
Cash and cash equivalents at end of the year		1.83	0.73
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following			
Cash and cash equivalents	8	1.83	0.73
Balance as per statement of cash flows		1.83	0.73

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

1.1. Reporting entity

Sterling Holiday (Ooty) Limited (the "Company") is engaged in providing resort operations and maintenance services [being leisure hospitality services]. Sterling Holiday Resorts Limited ('Parent company') holds 98% of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on May 16, 2018.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value
- defined benefit plans — plan assets measured at fair value;
- share-based payments; and
- assets held for sale measured at lower of carrying amount and fair value less costs to sell

1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Managing Director (MD) of the Parent company has been identified as the chief operating decision maker of the Company who assesses the financial performance and position of the Company, and makes strategic decisions. Refer note 35 for segment information presented.

1.2.3. Foreign currency transaction

a) **Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

1.3. Significant accounting policies

1.3.1. Revenue recognition

Income from resort operations and maintenance services comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

1.3.2. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.3.3. Leases

a) **As a lessee:**
At inception of an arrangement, it is determined whether the arrangement is or contains a lease. Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the

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present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

b) **As a lessor:**

Lease income from operating leases where the Company is a lessor is recognised as income in accordance with the terms of the arrangement. The respective leased assets are included in the balance sheet on the lease being classified as an operating lease and the ownership, risk and rewards pertaining to the assets are retained by the company.

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1.3.6. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.3.7. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprise of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.3.8. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss.

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When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. Fair value through profit or loss:
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:
The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c) Impairment of financial assets
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or

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effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

d) De-recognition of financial assets:

A financial asset is derecognised only when

- **i.** The Company has transferred the rights to receive cash flows from the financial asset or
- **ii.** retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.9. Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10

Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.10. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.3.11. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.3.12. Provisions (other than for employee benefits)

Provisions for legal claims, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1.3.13. Employee benefits

a) **Defined contribution plan**
Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) **Defined benefit plan**
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under Group Gratuity cum Cash Accumulation Scheme.

c) **Compensated absences**
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.3.14. Earnings per share

a) Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Note 39).

b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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1.3.15. Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after April 1, 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition which are summarized as below:

a. Identify the contract(s) with a customer.
b. Identify the performance obligations in the contract.
c. Determine the transaction price.
d. Allocate the transaction price to the performance obligations in the contract.
e. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

1.3.16. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 16 - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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(All amounts in Rs. lakhs, unless otherwise stated)

4 Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Plant and machinery	4.33	0.09	-	4.42	0.33	0.31	-	0.64	4.00	3.78
Furniture and fixtures	0.25	-	-	0.25	0.02	0.03	-	0.05	0.23	0.20
Office equipment	0.79	-	-	0.79	0.48	0.18	-	0.66	0.31	0.13
Electrical installations	-	0.39	-	0.39	-	0.02	-	0.02	-	0.37
Computer equipment	0.04	-	-	0.04	0.02	0.01	-	0.03	0.02	0.01
Total	**5.41**	**0.48**	**-**	**5.89**	**0.85**	**0.55**	**-**	**1.40**	**4.56**	**4.49**

The changes in the carrying value of fixed assets for the year ended March 31, 2018 are as follows:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	Depreciation for the year	Disposals	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018
Plant and machinery	4.42	-	-	4.42	0.64	0.29	-	0.93	3.78	3.49
Furniture and fixtures	0.25	-	-	0.25	0.05	0.02	-	0.07	0.20	0.18
Office equipment	0.79	-	-	0.79	0.66	0.07	-	0.73	0.13	0.06
Electrical installations	0.39	1.81	-	2.20	0.02	0.11	-	0.13	0.37	2.07
Computer equipment	0.04	0.20	-	0.24	0.03	0.02	-	0.05	0.01	0.19
Total	**5.89**	**2.01**	**-**	**7.90**	**1.40**	**0.51**	**-**	**1.91**	**4.49**	**5.99**

(All amounts in Rs. lakhs, unless otherwise stated)

5 Other financial assets

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Security deposits	-	23.61	-	20.32
Unbilled revenue	11.60	-	5.85	-
Total	**11.60**	**23.61**	**5.85**	**20.32**

	As at March 31, 2018	As at March 31, 2017
6 Inventories		
Food and beverages	2.27	2.41
Operating supplies	2.05	3.07
Total	**4.32**	**5.48**
7 Trade receivables		
Current - Unsecured		
Considered good	44.02	40.48
Considered doubtful	4.55	4.55
	48.57	**45.03**
Less: Loss allowance		
Considered doubtful	(4.55)	(4.55)
Total	**44.02**	**40.48**

Of the above, trade receivables from related parties are as below:

	As at March 31, 2018	As at March 31, 2017
Total trade receivables from related parties	2.17	0.66
Loss allowance	-	-
Net trade receivables	**2.17**	**0.66**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 31.

	As at March 31, 2018	As at March 31, 2017
8 Cash and cash equivalents		
Balances with banks		
- in current accounts	0.45	0.11
Cash on hand	1.38	0.62
Total	**1.83**	**0.73**
9 Loans		
Employee advances	0.33	-
Total	**0.33**	-
10 Other current assets		
Prepaid expenses	15.05	8.11
Employee advances	-	2.25
Advances to suppliers	11.03	-
Balances with statutory authorities	64.26	0.33
Total	**90.34**	**10.69**

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11 Equity share capital

Authorised equity share capital

Authorised	As at March 31, 2018	As at March 31, 2017
0.5 lakhs (March 31, 2017: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
Issued, subscribed and paid-up		
0.5 lakhs (March 31, 2017: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
	5.00	**5.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares				
At the commencement of the year	0.50	5.00	0.50	5.00
Shares issued during the year	-	-	-	-
At the end of the year	**0.50**	**5.00**	**0.50**	**5.00**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares of Rs. 10 each held by the holding company	0.49	4.90	0.49	4.90

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2018		March 31, 2017	
	Number *in lakhs*	% of total shares in class	Number *in lakhs*	% of total shares in class
Equity shares of Rs. 10 each held by				
Sterling Holiday Resorts Limited (holding company)	0.49	98%	0.49	98%

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12 Reserves and surplus

	As at March 31, 2018	As at March 31, 2017
Retained earnings	(515.52)	(624.80)
Total	**(515.52)**	**(624.80)**

Movement in retained earnings balances is as follows :

	As at March 31, 2018	As at March 31, 2017
(a) Retained earnings		
Opening balance	(624.80)	(640.62)
Profit for the year	108.06	16.24
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation	1.68	(0.42)
- Income tax relating to this item	(0.46)	-
Closing balance	**(515.52)**	**(624.80)**

13 Other reserves

	Contribution from holding company
As at April 1, 2016	68.58
Additions during the year	-
As at March 31, 2017	**68.58**
Additions during the year	-
As at March 31, 2018	**68.58**

Other Reserves

The loan received from holding company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company' cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction.

	As at March 31, 2018	As at March 31, 2017
14 Non-current borrowings		
Unsecured loan from holding company	150.71	25.38
Total	**150.71**	**25.38**
Current borrowings		
Current portion of unsecured loan from holding company	214.57	404.89
	214.57	**404.89**
Less: Amount included under 'Other financial liabilities'	214.57	404.89
Total	-	-

Unsecured loan from holding company

Unsecured loan amounting to Rs. 365.28 lakhs (Previous year: Rs. 430.26 lakhs) outstanding as on March 31, 2018 from Sterling Holiday Resorts Limited (holding company) carries an interest rate of 10% and is repayable at the end of 5 years from the date of agreement.

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(All amounts in Rs. lakhs, unless otherwise stated)

15 Deferred tax assets

The balance comprises temporary differences attributable to:

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Property, plant and equipment	0.29	0.48
Unabsorbed depreciation allowance and business loss carried forward	-	37.86
Provision for employee benefits	1.99	5.52
Provision for doubtful debts	-	1.48
MAT credit entitlement	9.93	-
Net deferred tax (asset)/ liability as per the balance sheet	(12.21)	-
Unrecognised deferred tax assets	-	45.34

Movement in deferred tax assets:

	Property, plant and equipment	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	MAT credit entitlement	Net deferred tax (asset)/ liability as per the balance sheet	Total
At April 1, 2016	0.61	46.47	3.38	0.16	-	-	50.62
Movement in unrecognised deferred tax assets	(0.13)	(8.61)	2.14	1.32	-	-	(5.28)
At March 31, 2017	**0.48**	**37.86**	**5.52**	**1.48**	-	-	45.34
Movement in unrecognised deferred tax assets	(0.19)	(37.86)	(3.53)	(1.48)	9.93	(12.21)	(45.34)
At March 31, 2018	**0.29**	-	**1.99**	-	**9.93**	**(12.21)**	0.00

16 Provision for employee benefit obligations

	March 31, 2018			March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absence	1.95	4.14	6.08	1.51	3.70	5.21
Gratuity	4.07	10.19	14.26	2.56	9.92	12.48
Total	**6.02**	**14.33**	**20.34**	**4.07**	**13.62**	**17.69**

(i) Compensated absence

	March 31, 2018	March 31, 2017
Current leave obligations expected to be settled within the next 12 months	1.95	1.51

(ii) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2018	March 31, 2017
Opening present value of obligation	**12.48**	**9.11**
Current service cost	2.60	2.23
Past service cost	-	-
Interest expense/(income)	0.86	0.73
Total amount recognised in profit or loss	**3.46**	**2.96**
Remeasurements:		
(Gain)/loss from change in demographic assumptions	-	(1.06)
(Gain)/loss from change in financial assumptions	(0.60)	1.95
Experience (gains)/losses	(1.08)	(0.48)
Total amount recognised in other comprehensive income	**(1.68)**	**0.41**
Benefit payments	-	-
Closing present value of obligation	**14.26**	**12.48**
The net liability disclosed above relates to unfunded plans are as follows:		
Unfunded plans	14.26	12.48

(iii) Principal actuarial assumptions used in valuation of gratuity

	March 31, 2018	March 31, 2017
Discount rate	7.40%	6.88%
Salary growth rate	7%	7%
Attrition rate	27%	27%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(iv) Sensitivity analysis

The below table summarises the impact of movement in key assumptions on the present value obligation as at the balance sheet date:

a) Gratuity	**March 31, 2018**	**March 31, 2017**
Discount rate:		
+ 100 basis points	(1.26)	(1.10)
- 100 basis points	1.31	1.15
Salary escalation rate:		
+ 100 basis points	1.12	0.98
- 100 basis points	(1.03)	(0.90)
b) Compensated absence		
Discount rate:		
+ 100 basis points	(0.51)	(0.44)
- 100 basis points	0.55	0.46
Salary escalation rate:		
+ 100 basis points	0.47	0.40
- 100 basis points	(0.44)	(0.37)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(v) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs.13.06 lakhs (Previous year Rs.14.49 lakhs)

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(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2018	As at March 31, 2017
17	**Trade payables**		
	Dues to creditors to micro and small enterprises (Refer Note 38)	-	-
	Dues to creditors other than micro and small enterprises	78.55	74.86
	Total	**78.55**	**74.86**
	The Company's exposure to liquidity risks related to trade payables is disclosed in Note 31.		
18	**Other financial liabilities**		
	Current		
	Current maturities of long-term borrowings (Refer Note 14)	214.57	404.89
	Interest accrued but not due on borrowings	75.95	46.81
	Security deposits	20.25	20.25
	Share application money	0.25	0.25
	Total	**311.02**	**472.20**
19	**Other provisions**		
	Provision for fringe benefit tax	0.36	0.36
	Total	**0.36**	**0.36**
20	**Current tax liabilities**		
	Provision for income tax	25.90	-
	Total	**25.90**	**-**
21	**Other current liabilities**		
	Salaries, wages, bonus and employee payables	8.32	36.68
	Statutory dues payable	40.98	12.09
	Total	**49.30**	**48.77**

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(All amounts in Rs. lakhs, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
22	**Revenue from operations**		
	Sale of products		
	Food and beverages	393.12	375.83
	Sale of services		
	Income from resorts:		
	- Room rentals (Refer Note 33)	986.74	743.37
	- Others	102.89	72.44
	Other operating revenues		
	Service charges	25.80	24.16
	Total	**1,508.55**	**1,215.80**
23	**Other income**		
	Scrap sales	0.07	0.40
	Miscellaneous income	34.24	12.81
	Total	**34.31**	**13.21**
24	**Cost of materials consumed**		
	Inventory of materials at the beginning of the year	2.41	1.82
	Add: Purchases	113.99	127.67
	Less: Inventory of materials at the end of the year	2.27	2.41
	Cost of food and beverages consumed	**114.13**	**127.08**
25	**Employee benefit expense**		
	Salaries, wages and bonus	220.98	224.69
	Contribution to provident and other funds	17.59	19.72
	Gratuity	3.46	2.96
	Compensated absences	0.89	1.31
	Staff welfare expenses	58.71	61.48
	Total	**301.63**	**310.16**
26	**Finance cost**		
	Interest charges on financial liabilities not at fair value through profit and loss	63.39	70.16
	Total	**63.39**	**70.16**
27	**Depreciation**		
	Depreciation of property, plant and equipment	0.51	0.55
	Total	**0.51**	**0.55**
28	**Other expenses**		
	Consumption of stores and spares	21.81	33.07
	Power and fuel	120.46	114.50
	Rent	43.95	25.48
	Repairs and maintenance:		
	- Building	8.11	10.88
	- Plant and machinery	20.65	20.66
	- Others	4.27	3.91
	Insurance	0.23	0.10
	Rates and taxes	24.74	21.75
	Guest supplies	27.23	22.62
	Laundry expenses	20.69	16.19
	Communication	1.38	5.29
	Recruitment and training	1.84	2.10
	Travel and tours	37.83	26.22
	Legal and professional	6.27	0.61
	Management fees	394.78	225.54
	Payment to statutory auditors:		
	As Auditor:		
	- Statutory audit	3.50	4.00
	Travel and conveyance	7.31	5.38
	Security charges	14.63	16.15
	Water charges	29.22	21.49
	Sales commission	122.67	80.03
	Sales promotion	11.75	6.67
	Bank charges	6.76	4.72
	Provision for doubtful debts	-	4.06
	Miscellaneous expenses	11.83	33.40
	Total	**941.91**	**704.82**

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(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
29 a) Amount recognised in profit or loss		
Current tax		
Current tax for the year	15.98	-
Total	**15.98**	-
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	(12.21)	-
Increase/(Decrease) in deferred tax liabilities	-	-
Total	**(12.21)**	-
b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	121.29	16.24
Tax at the Indian tax rate of 27.55%	33.42	5.27
Net tax effects of temporary differences which are (deductible)/disallowed in calculating taxable income	10.58	3.33
Previously unrecognised tax losses now recouped to reduce profit	(28.02)	(8.60)
Tax impact of unrecognised tax losses	-	-
Income tax expense	**15.98**	**0.00**
c) Tax losses		
Amount of deductible temporary differences on which no deferred tax assets has been recognised	-	23.05
Unused tax losses for which no deferred tax assets have been recognised	-	116.69
Potential tax benefit at 27.55%	-	**45.34**

Tax losses on account of unrecognised deferred tax assets

Date of expiry to carry forward	**March 31, 2018**	**March 31, 2017**
31-Mar-19	-	47.60
31-Mar-21	-	37.87
31-Mar-22	-	8.87
Indefinite period to carry forward	-	22.35
Total	-	**116.69**

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(All amounts in Rs. lakhs, unless otherwise stated)

30 Fair value measurements

Financial instruments by category

	March 31, 2018			Mar 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	44.02	-	-	40.48
Cash and cash equivalents	-	-	1.83	-	-	0.73
Loans	-	-	0.33	-	-	-
Security deposits	-	-	23.61	-	-	20.32
Unbilled revenue	-	-	11.60	-	-	5.85
Total financial assets	-	-	81.39	-	-	67.38
Financial liabilities						
Borrowings	-	-	365.28	-	-	430.27
Interest accrued and not due on borrowings	-	-	75.95	-	-	46.81
Trade payables	-	-	78.55	-	-	74.86
Security deposits	-	-	20.25	-	-	20.25
Share application money	-	-	0.25	-	-	0.25
Total financial liabilities	-	-	540.28	-	-	572.44

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	14	-	-	365.28	365.28
Interest accrued and not due on borrowings	18	-	-	75.95	75.95
Total financial liabilities		-	-	441.23	441.23

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	14	-	-	430.27	430.27
Interest accrued and not due on borrowings	18	-	-	46.81	46.81
Total financial liabilities		-	-	477.08	477.08

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(All amounts in Rs. lakhs, unless otherwise stated)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-18		31-Mar-17	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Liabilities				
Borrowings	365.28	365.28	430.27	430.27
Interest accrued and not due on borrowings	75.95	75.95	46.81	46.81
Total financial liabilities	**441.23**	**441.23**	**477.08**	**477.08**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short-term nature. The carrying amounts of borrowings and interest accrued are carried at effective interest rate of 15% which is determined based on the risk and other factors applicable to the Company's cashflows. Hence the carrying amount is considered as the fair value.

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31 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule

The Company's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a Company basis for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk

C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the Company majorly manages the credit risk through internal credit rating system.

A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision	
Internal rating	Category	Description of category	Trade receivables	Others
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Life-time expected credit losses	12-month expected credit losses
C2	Doubtful assets, credit-impaired	Assets are provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

For the year ended March 31, 2017 and March 31, 2018:

(a) Expected credit loss for deposits

The estimated gross carrying amount at default is Nil (March 2017: Nil) for deposits. Consequently there are no expected credit loss recognised for these financial assets.

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(All amounts in Rs. lakhs, unless otherwise stated)

(b) Expected credit loss for trade receivables under simplified approach

As at March 31, 2018

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	47.02	1.55	48.57
Expected loss rate	6%	100%	106%
Expected credit losses (Loss allowance provision)	3	1.55	4.55

As at March 31, 2017

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	40.48	4.55	45.03
Expected loss rate	-	100%	100%
Expected credit losses (Loss allowance provision)	-	4.55	4.55

(c) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2016	0.49
Changes in loss allowances due to	
Provision made in the year	4.06
Recoveries	-
Loss allowance on March 31, 2017	4.55
Changes in loss allowances due to	
Provision made in the year	-
Recoveries	-
Loss allowance on March 31, 2018	4.55

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the Holding Company which does not have any fixed repayment schedule.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 3 months	Within one year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2018					
Non-derivatives					
Borrowings	120.62	93.95	30.58	188.71	433.86
Interest accrued but not due on borrowings	42.24	-	-	-	42.24
Trade payables	78.55	-	-	-	78.55
Other financial liabilities	20.50	-	-	-	20.50
Total non-derivative liabilities	**261.91**	**93.95**	**30.58**	**188.71**	**575.15**

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(All amounts in Rs. lakhs, unless otherwise stated)

March 31, 2017					
Non-derivatives					
Borrowings	-	465.62	33.55	-	499.17
Trade payables	74.86	-	-	-	74.86
Other financial liabilities	20.50	-	-	-	20.50
Total non-derivative liabilities	95.37	465.62	33.55	-	594.54

32 Capital management

Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2018, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. It is also fully supported by the holding company for funding.

(All amounts in Rs. lakhs, unless otherwise stated)

33 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

Name of entity	Type	Place of business	Ownership interest held by the group March 31, 2018	Ownership interest held by the group March 31, 2017
Fairfax Financial Holdings Limited, Canada	Ultimate holding company	Canada	-	-
Thomas Cook (India) Limited	Intermediate holding company	India	-	-
Sterling Holiday Resorts Limited	Holding company	India	98%	98%

Fellow subsidiaries with whom transactions have been entered into during the year

Sterling Holiday Resorts (Kodaikanal) Limited
SOTC Travel Services Private Limited
Nature Trails Resorts Private Limited

(b) Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2018	March 31, 2017
Sale of services		
Thomas Cook (India) Limited	3.79	6.51
SOTC Travel Services Private Limited	2.45	-
Lease rent expenses		
Sterling Holiday Resorts Limited	34.24	12.81
Miscellaneous income		
Sterling Holiday Resorts Limited	34.24	12.81
Management fees		
Sterling Holiday Resorts Limited	394.78	225.54
Interest on borrowings		
Sterling Holiday Resorts Limited	63.39	70.16
Loans availed		
Sterling Holiday Resorts Limited	1,936.28	1,252.81
Loans repaid		
Sterling Holiday Resorts Limited	2,001.27	1,322.41

(c) Outstanding balances as at year end

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2018	March 31, 2017
Trade receivables		
SOTC Travel Services Private Limited	1.69	0.36
Thomas Cook (India) Limited	0.48	0.30
Total	**2.17**	**0.66**
Borrowings		
Sterling Holiday Resorts Limited	365.28	430.26
Interest accrued but not due		
Sterling Holiday Resorts Limited	75.95	46.81

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34 Contingent liabilities and contingent assets

	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debt:		
Luxury tax related demands under appeal for assessment years from 1998-99 to 2005-06	196.38	196.38

35 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Ooty Elkhill, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by the SHRL. Pursuant to the necessary approvals obtained by the Company as required under the Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

The Company has identified only one reportable segment. The entire Company's business is from Leisure Hospitality Services (earlier called resort operation) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2018.

36 As at March 31, 2018, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. Considering the future financial projections approved by the Board of Directors which reflect positive cash flow from operations, these financial statements are prepared on a going concern basis.

37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2017-18, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

		As at March 31, 2018	As at March 31, 2017
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	-	-
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act,beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
vii	Further interest remaining due and payable for earlier years	-	-

38 Change in classification

During the year, the Company modified the classification of travel agent commission to reflect more appropriately the gross amount of commission payable and the corresponding revenue earned on such sales by the Company. Comparative amounts in the statement of profit and loss were restated for consistency. As a result, Rs. 80.03 lakhs was reclassified from 'Revenue from operations' to 'Other expenses'.

The figures for the previous year have been regrouped/ reclassified to correspond with current year's classification/ disclosure that include changes consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013" by the Institute of Chartered Accountants of India.

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Chartered Accountants

39 Earnings per share

	March 31, 2018	March 31, 2017
Profit attributable to the equity holders	121.29	16.24
Weighted average number of equity shares outstanding (in lakhs)	50,000	50,000
Basic & diluted earnings per share	242.58	32.48

40 The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the year ended March 31, 2017 have been disclosed below.

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in Hand as on November 8, 2016	**0.89**	**0.18**	**1.07**
Add: Withdrawal from Bank accounts	-	-	-
Add: Receipts for permitted transactions	-	5.05	5.05
Add: Receipts for Non permitted Transactions (if any)	-	-	-
Less: Paid for permitted transactions	-	(2.35)	(2.35)
Less: Paid for Non-permitted transactions (if any)	-	-	-
Less: Deposited in bank Accounts	(0.89)	(2.41)	(3.30)
Closing Cash in Hand as on December 30, 2016	-	**0.47**	**0.47**

Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

B Udhay Shankar
Director
DIN No.: 07326640

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 16, 2018

PKF

CORRESPONDENCE FILE

PRIVATE SAFARIS (EAST AFRICA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	: Alexander Andor Spiro (Swiss) : Paolo Agozzone (Swiss) - Resigned on 29 June 2017 : Madhavan Karunakaran Menon (Indian) - Appointed on 14 August 2017
REGISTERED OFFICE	: 2nd floor, Oilibya Plaza : Muthaiga : P.O. Box 16913, 00620 : NAIROBI
AUDITOR	: PKF Kenya : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI
COMPANY SECRETARIES	: Scribe Services Secretaries : Certified Public Secretaries : 20th floor, Lonrho House : Standard Street : P.O. Box 3085, 00100 : NAIROBI
PRINCIPAL BANKERS	: Citibank N.A : NAIROBI : Standard Chartered Bank Limited : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITY

The principal activity of the company is that of tour operations.

BUSINESS REVIEW

During the year 2017 the total turnover of the company increased from Shs. ('000) 1,103,985 to Shs. ('000) 1,225,038. This was mainly attributed to increased market share as a result of more travel agents contracted. The profit before tax increased from Shs. ('000) 16,454 to Shs. ('000) 22,357 reflecting the effects of grown market share.

As at 31 December 2017, the net current asset position of the company was Shs. ('000) 41,841 compared to a net current liabilities position Shs. ('000) 276,467 as at 31 December 2016.

Key performance indicators	**2017**	**2016**
Turnover (Shs '000)	1,225,038	1,103,985
Gross profit (Shs '000)	211,711	172,016
Gross profit margin (%)	17%	16%
Profit for the year (Shs '000)	12,496	9,636

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties as perceived by the company are:

(i) Political stability in Kenya;
(ii) Significant variation in the exchange rate; and
(iii) REWE agents (Kuoni UK, Meier's Weltreisen, Der touristic, Private Safaris) business was lost in the last quarter of 2017

Kenya's economy is the largest in East and Central Africa, and has experienced considerable growth i the past few years with average growth rate of over 5 percent. Although the economy remains small by global standards, it is distinguished from most African countries by the fact that it is one of the most diversified and advanced.

Kenya's tourism sector is poised to record positive growth in 2018 as evidenced by growth in 2017. According to the World Travel and Tourism Council (WTTC) "Economic Impact 2017 Kenya" report, the tourism and travel sector's direct contribution to GDP was $ 2.5 billion, or 3.7%, in 2017.

In addition to the business risks discussed above, the company's activities expose it to a number of financial risks which are described in detail in Note 20 to the financial statements.

SHARE CAPITAL

The authorised share capital of the company was increased on 21 December 2017 from Shs. ('000) 65,000 representing 3,250,000 ordinary shares of Shs. 20 each to Shs. ('000) 358,770 representing 3,250,000 ordinary shares of Shs. 20 each and 2,937,695 non-cumulative redeemable preference shares of Shs. 100 each.

REPORT OF THE DIRECTORS (CONTINUED)

SHARE CAPITAL (CONTINUED)

The company issued 2,937,695 non-cumulative redeemable preference shares with a par value of Shs. 100 per share on 21 December 2017. The shares are mandatorily redeemable at their par value at any time at the option of the company subject to a maximum tenure of twenty years if not converted earlier, and pay dividends at 6% annually.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2016: Nil).

DIRECTORS

The names of directors who held office to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of Shs. 995,000 has been charged to profit or loss in the year.

DIRECTOR
NAIROBI

10 April 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with International Financial Reporting Standards and the requirements of the Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) Selecting and applying appropriate accounting policies; and
iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2017 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 10 April 2018 and signed on its behalf by:

DIRECTOR | DIRECTOR

PKF KENYA
Certified Public Accountants

PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED

Opinion

We have audited the financial statements of Private Safaris (East Africa) Limited set out on pages 8 to 28, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2015.

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 Auditor's 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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and schedule of direct costs and expenditure but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 the International Standards of Auditing 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 the International Standards of Auditing, we exercise professional judgement 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 directors.
- Conclude on the appropriateness of director'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.
- 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.

PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Report on other legal requirements

In our opinion the information given in the report of the directors on pages 2 to 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Ritesh Haresh Mirchandani - P/No. 1631.

PKF Kenya

Certified Public Accountants
NAIROBI

9 May 2018

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STATEMENT OF PROFIT OR LOSS

	Notes	2017 Shs '000	2016 Shs '000
Revenue	1	1,225,038	1,103,985
Direct costs		(1,013,327)	(931,969)
Gross profit		211,711	172,016
Other operating income	2	2,043	14,145
Administrative expenses		(158,198)	(134,297)
Other operating expenses		(33,605)	(30,755)
Operating profit	3	21,951	21,109
Finance income/(costs)	5	406	(4,655)
Profit before tax		22,357	16,454
Tax	6	(9,861)	(6,818)
Profit for the year		12,496	9,636

The notes on pages 12 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2017 Shs '000	2016 Shs '000
CAPITAL EMPLOYED			
Share capital	7	356,270	62,500
Retained earnings		(161,248)	(173,744)
Shareholders' surplus/(deficit)		195,022	(111,244)
Non-current liabilities			
Staff gratuity	9	-	7,597
		195,022	(103,647)
REPRESENTED BY			
Non-current assets			
Deferred tax	10	139,794	149,541
Property and equipment	11	9,747	23,268
Intangible assets	12	3,640	11
		153,181	172,820
Current assets			
Inventories	13	2,610	3,039
Trade and other receivables	14	80,792	90,733
Cash and cash equivalents	15	146,509	63,502
Tax recoverable		47,514	47,509
		277,425	204,783
Current liabilities			
Trade and other payables	16	235,584	190,001
Bank overdraft	8	-	291,249
		235,584	481,250
Net current assets/(liabilities)		41,841	(276,467)
		195,022	(103,647)

The financial statements on pages 8 to 28 were approved and authorised for issue by the Board of Directors on 10 April 2018 and were signed on its behalf by:

_____________ DIRECTOR _____________ DIRECTOR

The notes on pages 12 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CHANGES IN EQUITY

	Notes	Ordinary share capital Shs '000	Preference share capital Shs '000	Retained earnings Shs '000	Total Shs '000
Year ended 31 December 2016					
At start of year		62,500	-	(183,380)	(120,880)
Profit for the year		-	-	9,636	9,636
At end of year		62,500	-	(173,744)	(111,244)
Year ended 31 December 2017					
At start of year		62,500	-	(173,744)	(111,244)
Issue of preference share capital	7	-	293,770	-	293,770
Profit for the year		-	-	12,496	12,496
At end of year		62,500	293,770	(161,248)	195,022

The notes on pages 12 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

	Notes	2017 Shs '000	2016 Shs '000
Operating activities			
Cash from/(used in) operations	17	84,657	(12,380)
Interest paid		(2,052)	(2,839)
Tax paid		(120)	(129)
Net cash from/(used in) operating activities		82,485	(15,348)
Investing activities			
Purchase of property and equipment	11	(1,269)	(614)
Purchase of intangible assets	12	(3,801)	-
Interest received		381	415
Proceeds from disposal of property and equipment		232	2,107
Net cash (used in)/from investing activities		(4,457)	1,908
Financing activities			
Proceeds from issue of preference shares	7	293,770	-
Net cash from financing activities		293,770	-
Increase/(decrease) in cash and cash equivalents		371,798	(13,440)
Movement in cash and cash equivalents			
At start of year		(227,747)	(212,491)
Increase/(decrease)		371,798	(13,440)
Effect of exchange rate changes		2,458	(1,816)
At end of year	15	146,509	(227,747)

The notes on pages 12 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

NOTES

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted 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.

a) **Basis of preparation**

The financial statements are prepared on the historical cost basis and are in compliance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 20 and disclosures in respect of capital management are set out in Note 21.

These financial statements comply with the requirements of the Companies Act, 2015. The statement of profit or loss represents the profit and loss account referred to in the Act, whilst the statement of financial position represents the balance sheet referred to in the Act.

Going concern

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

i) **New and amended Standards adopted by the company**

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' (Annual Improvements to IFRSs 2014–2017 Cycle, issued in December 2017) - The amendment, applicable to annual periods beginning on or after 1 January 2018, clarifies that exemption from applying the equity method is available separately for each associate or joint venture at initial recognition.

- Amendments to IAS 40 'Transfers of Investment Property' (issued in December 2017) that are effective for annual periods beginning on or after 1 January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.

  Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) that is effective for annual periods beginning on or after 1 January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.

- Amendments issued in June 2017 to IFRS 2 ' Share - Based Payment ' which are effective for annual periods beginning on or after 1 January 2018 clarify the effects of vesting conditions on cash settled schemes, treatment of net settled schemes and modifications for equity settled schemes.

- Amendments to IFRS 4 titled Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (issued in September 2017) that are effective for annual periods beginning on or after 1 January 2018, include a temporary exemption from IFRS 9 for insurers that meet specified criteria and an option for insurers to apply the overlay approach to designated financial statements.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

i) **New and amended Standards adopted by the company (continued)**

- IFRS 9 'Financial Instruments'(Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

  IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is at is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract.

  In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.

- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18).It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.

- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2021 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (issued in December 2016) effective for annual periods beginning on or after 1 January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability.

The directors expect that the future adoption of IFRS 9, IFRS 15 and IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other Standards and Interpretations will have a material impact on the financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Key sources of estimation uncertainty**

In the application of the accounting policies, the directors are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Useful lives of property and equipment and intangible assets**

  Management reviews the useful lives and residual values of the items of property and equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

- **Impairment of trade receivables**

  The company reviews its portfolio of trade and other receivables at the reporting date. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.

c) **Significant judgements in applying the company's accounting policies**

Management has made the following judgement that is considered to have the most significant effect on the amounts recognised in the financial statements:

- **Tax losses**

  The company has recognised deferred tax assets on tax losses. In determining whether these tax losses will be utilised, the management makes judgement as to whether these will be utilised before they are forfeited based on the requirement of the Income Tax Act. The management expects to utilise the tax losses before they expire.

d) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

(i) Sales of services are recognised upon performance of the services rendered.
(ii) Interest income is recognised in the period in which it is earned.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

f) **Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on a straight line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

	Rate
Installations	20% (2016: 10%)
Furniture and fittings	20%
Motor vehicles	20%
Computers equipment	33%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reportir date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

g) **Intangible assets**

i) **Trade marks and licences**
Trade marks and licences are shown at historical cost. Trade marks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period of five years to allocate the cost of trademarks and licences over their estimated useful lives.

ii) **Computer software**

Computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be at three years.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **Intangible assets (continued)**

ii) **Computer software (continued)**

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of intangible assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

h) **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Management determines all classification of financial instruments at initial recognition.

- **Financial assets**

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following category:

- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition they are carried at amortised cost using the effective interest rate method. Changes in the carrying amounts are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in profit or loss under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

Subsequent recoveries of amounts previously impaired are credited to profit or loss in the year in which they occur.

On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recognised in the reserve where the fair values were initially recognised. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) **Financial instruments (continued)**

- **Financial assets (continued)**

Management classifies financial assets as follows:

Trade and other receivables and cash and bank balances are classified as 'loans and receivables' and are carried at amortised cost.

- **Financial liabilities**

The company's financial liabilities which include trade and other payables and borrowings fall into the following category:

- **Financial liabilities measured at amortised cost:** These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs and are charged to profit or loss.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or expired.

- **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

j) **Accounting for leases**

The company as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) **Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax
Current tax is provided on the profit for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

l) **Retirement benefit obligations**

The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The company's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

m) **Share capital**

Ordinary and preference share capital are classified as equity.

n) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

1. **Revenue**	**2017 Shs '000**	**2016 Shs '000**
Sale of safari packages	1,225,038	1,103,985

2. Other operating income

Gain on disposal of property and equipment	232	1,105
Interest income	381	415
Miscellaneous income	1,430	12,625
	2,043	14,145

3. Operating profit

The following items have been charged/(credited) in arriving at operating profit:

Depreciation on property and equipment (Note 11)	14,790	14,876
Amortisation of intangible assets (Note 12)	172	4
Auditors' remuneration:		
- current year	995	995
- (over)provision in prior years	-	(30)
Staff costs (Note 4)	104,789	97,916
Directors' remuneration	11,536	12,512
Operating lease rentals	13,083	8,371
(Gain) on disposal of property and equipment	(232)	(1,105)
Bad debts	(16)	1,938

4. Staff costs

Salaries and wages		
- direct costs - drivers allowance	5,677	6,528
- administrative expenses	86,392	76,668
Other staff costs	8,828	11,275
Pension costs:		
- Defined contribution scheme	3,712	3,251
- National Social Security Fund	179	19[illegible]
	104,789	97,916
Average number of persons employed during the year	75	74

5. Finance income/(costs)

Bank overdraft interest	2,052	2,839
Realised foreign exchange loss	2,318	1,309
Unrealised foreign exchange (gain)/loss	(4,776)	507
	(406)	4,655

6. Tax

Current tax	114	124
Deferred tax charge (Note 10)	9,747	6,694
	9,861	6,818

6. **Tax (continued)**

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:	**2017 Shs '000**	**2016 Shs '000**
Profit before tax	22,357	16,454
Tax calculated at a tax rate of 30% (2016: 30%)	6,707	4,936
Tax effect of:		
- expenses not deductible for tax purposes	3,154	1,882
Tax charge	9,861	6,818

7. **Share capital**

Authorised		
3,250,000 (2016: 3,250,000) ordinary shares of Shs. 20 each	65,000	65,000
2,937,695 (2016: Nil) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	-
	358,770	65,000
Issued and fully paid:		
3,125,000 (2016: 3,125,000) ordinary shares of Shs. 20 each	62,500	62,500
2,937,695 (2016: Nil) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	-
	356,270	62,500

The authorised share capital of the company was increased on 21 December 2017 from Shs. ('000) 65,000 representing 3,250,000 ordinary shares of Shs. 20 each to Shs. ('000) 358,770 representing 3,250,000 ordinary shares of Shs. 20 each and 2,937,695 non-cumulative redeemable preference shares of Shs. 100 each.

The company issued 2,937,695 non-cumulative redeemable preference shares with a par value of Shs. 100 per share on 21 December 2017. The shares are mandatorily redeemable at their par value at any time at the option of the company subject to a maximum tenure of twenty years if not converted earlier, and pay dividends at 6% annually.

8. **Borrowings**

Current		
Bank overdraft (Note 15)	-	291,249
Total	-	291,249

The bank overdraft is unsecured at an interest rate of 1%.

Weighted average effective interest rates at the year-end were as follows:	**2017** %	**2016** %
Bank overdraft	-	1.00

9. **Staff gratuity**

The company operates a gratuity scheme for qualifying employees which qualifies as a defined benefit scheme.

The amounts recognised in the statement of financial position are determined as follows:

	2017 Shs '000	2016 Shs '000
At start of year	7,597	7,597
Reversal to profit or loss	(7,597)	-
At end of year	-	7,597

10. **Deferred tax**

Deferred tax is calculated in full, on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). The movement of the deferred tax account is as follows:

	2017 Shs '000	2016 Shs '000
At start of year	(149,541)	(156,235)
Charge to profit or loss (Note 6)	9,747	6,694
At end of year	(139,794)	(149,541)

Deferred tax (assets)/liabilities and deferred tax (credit)/charge to profit or loss are attributable to the following items:

	At start of year Shs '000	(Credit)/charge to profit or loss Shs '000	At end of year Shs '000
Deferred tax (assets)/liabilities			
Property and equipment	(6,382)	(1,791)	(8,173)
Impairment loss	(2,684)	5	(2,679)
Gratuity provision	(2,278)	2,278	-
General provisions	(4,989)	(861)	(5,850)
Unrealised foreign exchange differences	(152)	-	1,433
Tax losses	(133,056)	8,531	(124,525)
Net deferred tax (asset)	(149,541)	9,747	(139,794)

NOTES (CONTINUED)

11. Property and equipment

Year ended 31 December 2017

	Installations Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,717	18,697	59,897	39,605	163,916
Additions	-	28	840	401	1,269
Disposals	-	(26)	(520)	(101)	(647)
At end of year	45,717	18,699	60,217	39,905	164,538
Depreciation					
At start of year	30,513	17,877	53,008	39,250	140,648
On disposals	-	(26)	(520)	(101)	(647)
Charge for the year	7,942	347	6,301	200	14,790
At end of year	38,455	18,198	58,789	39,349	154,791
Net book value	7,262	501	1,428	556	9,747

Year ended 31 December 2016

	Installations Shs '000	Fixtures and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,505	18,697	64,020	39,537	167,759
Additions	212	-	-	402	614
Disposals	-	-	(4,123)	(334)	(4,457)
At end of year	45,717	18,697	59,897	39,605	163,916
Depreciation					
At start of year	26,524	17,532	45,700	39,474	129,230
On disposals	-	-	(3,124)	(334)	(3,458)
Charge for the year	3,989	345	10,432	110	14,876
At end of year	30,513	17,877	53,008	39,250	140,648
Net book value	15,204	820	6,889	355	23,268

NOTES (CONTINUED)

12. **Intangible assets**	**Trademarks Shs**	**Computer software Shs**	**2017 Shs '000**	**2016 Shs '000**
Cost				
At start of year	20,712	-	20,712	20,712
Additions	-	3,801	3,801	-
At end of year	20,712	3,801	24,513	20,712
Amortisation				
At start of year	20,701	-	20,701	20,657
Charge of year	11	161	172	44
At end of year	20,712	161	20,873	20,701
Net book value	-	3,640	3,640	11

Amortisation costs amounting to Shs. 172,434 (2016: Shs. 43,947) are included under other operating expenses in profit or loss.

Intangible assets (trademarks) with a cost of Shs. 20,712,062 have been fully amortised.

13. **Inventories**	**2017 Shs '000**	**2016 Shs '000**
Park tickets	2,610	3,039

In 2017, park fees of Shs. 86,565,162 (2016: Shs. 72,502,872) were recognised as an expense during the year and included in direct costs.

14. **Trade and other receivables**	**2017 Shs '000**	**2016 Shs '000**
Non-current		
Trade receivables	64,486	74,884
Less: impairment provisions	(8,930)	(8,946)
Net trade receivables	55,556	65,938
Prepayments	17,799	[illegible]
Other receivables	5,034	3,322
Receivable from related parties (Note 18)	2,403	4,736
	80,792	90,733
Movement in impairment provisions		
At start of year	8,946	7,008
Bad debts (recovered)/provided for	(16)	1,938
At end of year	8,930	8,946

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The company's credit risk arises primarily from trade receivables, deferred expenses and amounts due from related parties.

The directors are of the opinion that the company's exposure is limited as a large portion of the debts have been subsequently cleared.

NOTES (CONTINUED)

14. **Trade and other receivables (continued)**

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2017 Shs '000	2016 Shs '000
Kenya Shillings	13,913	19,005
Sterling Pound	2,556	171
Euro	8,189	10,378
US Dollar	56,134	61,179
	80,792	90,733

Trade receivables that are less than 60 days past due are not considered impaired.

As at 31 December 2017, trade receivables amounting to Shs. 10,567,224 (2016: Shs. 10,772,877) are past due but not impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

15. **Cash and cash equivalents**	2017 Shs '000	2016 Shs '000
Cash at bank and in hand	146,509	63,502

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2017 Shs '000	2016 Shs '000
Kenya Shilling	10,015	10,397
US Dollar	108,120	34,134
Euro	24,651	10,652
Sterling Pound	2,983	7,986
Swiss Frank	740	333
	146,509	63,502

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Cash and bank balances	146,509	63,502
Bank overdraft (Note 8)	-	(291,249)
	146,509	(227,747)

16. **Trade and other payables**

Trade payables	42,320	23,354
Accruals for safaris	144,664	110,535
Deferred income	10,974	24,383
Accruals and other payables	37,625	29,795
Payable to related parties (Note 18)	-	1,934
	235,583	190,001

NOTES (CONTINUED)

16. **Trade and other payables (continued)**

The carrying amounts of the company's trade and other payables are denominated in the following currencies:	2017 Shs '000	2016 Shs '000
Kenya Shilling	34,368	166,964
US Dollar	163,883	16,842
Swiss Franc	5,344	1,798
Sterling Pound	5,517	2,275
Euro	26,472	2,122
	235,583	190,001

In the opinion of the directors, the carrying amount of trade and other payables approximate to their fair value.

The maturity analysis of trade and other payables is as follows:

Year ended 31 December 2017	1 to 3 months Shs '000	4 to 12 months Shs '000	Total Shs '0(
Trade payables	42,320	-	42,320
Accruals for safaris	51,728	92,936	144,664
Deferred income	10,974	-	10,974
Accruals and other payables	24,738	12,887	37,625
	129,760	105,823	235,583
Year ended 31 December 2016			
Trade payables	23,354	-	23,354
Accruals for safaris	27,652	82,883	110,535
Deferred income	24,383	-	24,383
Accruals and other payables	16,908	12,887	29,795
Payable to related parties	-	1,934	1,934
	92,297	97,704	190,001

17. **Cash from/(used in) operations**

	2017 Shs '000	2016 Shs '0
Reconciliation of profit before tax to cash from/(used in) operations:		
Profit before tax	22,357	16,454
Adjustments for:		
Depreciation on property and equipment (Note 11)	14,790	14,876
(Gain) on disposal of property and equipment	(232)	(1,105)
Amortisation of intangible assets (Note 12)	172	44
Interest expense (Note 5)	2,052	2,839
Interest income (Note 2)	(381)	(415)
Net foreign exchange (gain)/loss (Note 5)	(2,458)	1,816
Changes in working capital:		
- inventories	429	(288)
- staff gratuity	(7,597)	-
- trade and other receivables	9,942	39,136
- trade and other payables	45,582	(85,737)
Cash from/(used in) operations	84,657	(12,380)

NOTES (CONTINUED)

18. **Related party transactions**

The company is ultimately controlled by Travel Circle International (Mauritius) (PTY) Limited which is incorporated in Mauritius.

The following transactions were carried out with related parties:	2017 Shs '000	2016 Shs '000
i) **Sale of goods and services**	4,812	33,702
ii) **Directors emoluments**	11,536	12,512
iii) **Outstanding balances arising from sale and purchase of goods/services/other transactions**		
Receivable from related parties (Note 14)	2,403	4,736
Payable to related parties (Note 16)	704	1,934

19. **Commitments**

Operating lease commitments:

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Not later than 1 year	11,187	6,575
Later than 1 year and not later than 3 years	7,944	19,131
	19,131	25,707

The company leases a property under non-cancellable operating lease agreements. The lease terms is 3 years and does not include any provision for renewal at the end of the tenure of the lease.

20. **Risk management objectives and policies**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the management. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

(a) **Market risk**

- *Foreign exchange risk*

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Euro, Swiss Franc and Sterling Pound. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The table below summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against each currency, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(a) **Market risk (continued)**

	2017 Shs '000	2016 Shs '000
Effect on profit - increase/(decrease)	151	(13,262)

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

- *Interest rate risk*

The company's exposure to interest rate risk arises primarily from interest bearing bank balances with financial institutions and bank borrowings.

The table below summarises the effect on post-tax profit had interest rates been lower by 1% during the year.

	2017 Shs '000	2016 Shs '000
Effect on profit - decrease	1,587	2,239

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes 8 and 16 disclose the maturity analysis of borrowings and trade and other payables respectively.

The table below disclose the undiscounted maturity profile of the company's financial liabilities:

Year ended 31 December 2017	Interest rate %	Between 1 to 3 months Shs '000	Between 4 to 12 months Shs '000	Total Shs '000
Non-interest bearing liabilities				
- Trade and other payables	0%	129,760	105,823	235,583

20. **Risk management objectives and policies (continued)**

(c) **Liquidity risk (continued)**

Year ended 31 December 2016	**Interest rate %**	**Between 1 to 3 months Shs '000**	**Between 4 to 12 months Shs '000**	**Total Shs '000**
Non-interest bearing liabilities				
- Trade and other payables	0%	64,645	125,356	190,001
Interest bearing liabilities:				
- Bank overdrafts	1%	291,249	-	291,249
		355,894	125,356	481,250

21. **Capital management**

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of capital expenditure, dividends issued and/or bonus paid.

Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

22. **Contingent liabilities**

The company's bankers have given guarantees amounting to Shs. 3,000,000 (2016: Shs. 2,300,000) in respect of third parties in the ordinary course of business from which no material loss is expected.

23. **Incorporation**

Private Safaris (East Africa) Limited is incorporated in Kenya under the Companies Act, 2015 as a private limited liability company and is domiciled in Kenya.

24. **Presentation currency**

These financial statements are presented in Kenya Shillings (Shs '000).

SCHEDULE OF DIRECT COSTS AND EXPENDITURE

	2017 Shs '000	2016 Shs '000
1. DIRECT COSTS		
Accomodation and meals expenses	741,674	702,091
Entrance and parking fees	86,565	72,502
Transport	144,793	123,389
Fuel	7,950	4,125
Repairs and maintenance	5,892	4,329
Driver's allowance	5,677	6,528
Commission	8,349	9,295
Excursion and transport	10,304	6,405
Spare parts, tyres and tubes expenses	1,133	1,317
Other costs	989	1,988
Total direct costs	1,013,327	931,969
2. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	90,283	80,113
Staff medical	5,170	6,153
Staff training and recruitment	45	44
Other staff costs	3,614	5,078
Total employment costs	99,112	91,388
Other administrative expenses:		
Director's remuneration	11,536	12,512
Promotions and sales support	8,273	5,655
Printing and stationery	1,739	1,386
Postages and telephones	1,526	1,907
Travelling and entertainment	5,461	5,016
Audit fees:		
- current year	995	995
- (over)provision in prior years	204	(30)
Computer expenses	13,435	7,242
Legal and professional fees	10,283	2,499
Secretarial charges	112	304
Subscriptions	376	260
Bank charges	2,985	2,895
Gifts and donations	10	-
Bad debts	(16)	1,938
Miscellaneous expenses	2,166	330
Total other administrative expenses	59,086	42,909
Total administrative expenses	158,198	134,297

SCHEDULE OF DIRECT COSTS AND EXPENDITURE (CONTINUED)

3. OTHER OPERATING EXPENSES	2017 Shs '000	2016 Shs '000
Establishment:		
Light and water	3,657	3,553
Rent and rates	13,083	8,371
Licences	501	865
Security	178	282
Repairs and maintenance	198	432
Insurance	1,026	2,332
Amortisation of intangible assets	172	44
Depreciation on property and equipment	14,790	14,876
Total other operating expenses	33,605	30,755

4. FINANCE (INCOME)/COSTS

Interest expense	2,052	2,839
Realised exchange (gain)/losses	2,318	1,309
Unrealised foreign exchange losses	(4,776)	507
Total finance (income)/costs	(406)	4,655

Reem Tours & Travels LLC

Financial Statements (Management)

31 December 2017

Reem Tours & Travels LLC

Statement of financial position
As at 31 December 2017

	31 December 2017 AED	31 December 2016 AED
Current assets		
Non-Interest Bearing Financial Assets	**570,000**	570,000
Due from Related Party – Desert Adventures	**38,868**	38,868
Total current assets	**608,868**	608,868
Total assets	**608,868**	608,868
Equity and liabilities		
Equity		
Share capital	**300,000**	300,000
Statutory reserve	**150,000**	150,000
Retained earnings	**158,868**	158,868
Total equity	**608,868**	608,868
Total equity and liabilities	**608,868**	608,868

Salim Sikander
Head of Finance

Senthil Nandagopal
COO

Note: There is no Profit and Loss account from Jan 1, 2012 as the business of Reem Tours and Travels LLC has been integrated into Desert Adventures Tourism LLC.

The notes on page 2-4 are an integral part of these financial statements.

Reem Tours & Travels LLC

Notes
(forming part of the financial statements)

1 Reporting entity

Reem Tours & Travels LLC is a limited liability company registered with the Department of Economic Development, Government of Dubai.

The registered office of the Reem Tours & Travels LLC is P.O. Box No. 6655, Dubai, United Arab Emirates.

The authorised and fully paid up share capital of the Company is U.A.E. Dirham 300,000 divided into 100 shares of U.A.E. Dirham AED 3,000.

The shareholding in the Company was as follows:

Name	**% holding**
Ahmad Abdulaziz Abdulla Almannei	51
Travel Circle International (Mauritius) Limited ("the holding company")*	49

Ahmad Abdulaziz Abdulla Almannei has agreed not to take part in the operational and financial management of the Company.

*On 29 June 2017, Travel Circle International (Mauritius) Limited acquired Kuoni Travel Investment Ltd's 49% shareholding in the Company.

The ultimate parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standard Board (IASB) and the requirements of UAE Federal Law No. 2 of 2015.

c) Basis of measurement

These financial statements have been prepared under the historical cost basis.

d) Functional and presentation currency

These financial statements are presented in UAE Dirham ("AED"), which is the Company's functional currency.

e) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash at bank, other receivables (excluding prepayments and advances to suppliers), amounts due from/to related parties and trade and other payables (excluding advances from customers).

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

2 Significant accounting policies *(continued)*

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the

relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

3 Standards issued but not yet adopted

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on the assessment as at the reporting date, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and receivables and due from related parties.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Contents

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Corporate data

			Date appointed	Date resigned
Directors	:	Mr Ramakrishna Sithanen	16 July 2015	-
		Mr Matthew Lamport	16 July 2015	-
		Mr Mahesh Chandran Iyer	07 December 2012	-
		Mr Harsha Raghavan	07 December 2012	-
		Mr Shakeel Mohinder Dyall	04 September 2013	-
		Mr Rajeev Hasnah	25 April 2016	07 February 2018

Registered office : Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : The Mauritius Commercial Bank Ltd
State Bank of India (Mauritius) Ltd
SBM Bank (Mauritius) Ltd
Barclays Bank Mauritius Limited

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report

The directors have pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holidays Ltd, the "Company", for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is that of a tour operator and travel agent.

Results and dividends

The results for the year are as shown on page 11.

The directors did not recommend any dividends during the year under review (2017: Rs NIL).

Directors

The present membership of the Board is set out on page 2.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Significant contracts

No contracts of significance exist between the Company and its directors.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report (Contd)

Directors' remuneration

During the year ended 31 March 2018, the directors received an aggregate amount of **Rs 165,000** (2017: Rs 225,000) as directors' fees. No other remuneration was received.

Donations

The Company made no donations during the year ended 31 March 2018 (2017: Rs Nil).

Auditors

The fees charged by the auditors (exclusive of VAT), **Grant Thornton**, for audit and other services were:

	2018 **Rs**	**2017** **Rs**
Audit fees	**100,000**	100,000
Tax fees	**25,000**	25,000
	125,000	125,000

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Director

Director

Date: 15 MAY 2018

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Holidays Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Holidays Ltd** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2018.

for **Executive Services Limited**
Secretary
Per Jean Benoit YENCANA, ACIS
EXECUTIVE SERVICES LTD

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 15 MAY 2018

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Thomas Cook (Mauritius) Holidays Ltd**, the "Company", which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 10 to 37 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical 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.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

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 and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the 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.

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 International Standards on Auditing 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 International Standards on Auditing, 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.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 15 MAY 2018

Ebene 72201, Republic of Mauritius

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of financial position as at 31 March

	Notes	2018 Rs	2017 Rs
Assets			
Non-current			
Plant and equipment	7	**488,561**	689,343
Intangible assets	8	**764,299**	689,815
Non-current assets		**1,252,860**	1,379,158
Current			
Trade and other receivables	9	**12,544,219**	9,883,835
Cash and cash equivalents	10	**4,810,809**	6,838,392
Current assets		**17,355,028**	16,722,227
Total assets		**18,607,888**	18,101,385
Equity and liabilities			
Equity			
Stated capital	11	**18,326,000**	18,326,000
Accumulated losses		**(15,379,497)**	(14,121,993)
Gratuity benefit deficits		**(17,000)**	(23,000)
Total equity		**2,929,503**	4,181,007
Liabilities			
Non-current			
Obligations under finance leases	14	**-**	77,595
Gratuity obligations	12	**117,000**	97,000
Non-current liabilities		**117,000**	174,595
Current			
Trade and other payables	13	**15,483,790**	13,551,275
Obligations under finance leases	14	**77,595**	194,508
Current liabilities		**15,561,385**	13,745,783
Total liabilities		**15,678,385**	13,920,378
Total equity and liabilities		**18,607,888**	18,101,385

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by:

Director

Director

The notes on pages 14 to 37 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 March

	Notes	2018 Rs	2017 Rs
Net commission income	15	**6,474,323**	10,906,994
Other income	16	**-**	1,887,752
Administrative expenses		**(10,382,549)**	(10,215,259)
Operating (loss)/ income	18	**(3,908,226)**	2,579,487
Liability written back	20	**2,200,184**	-
Net finance income	19	**450,538**	146,672
(Loss)/profit before tax		**(1,257,504)**	2,726,159
Tax expense	17	**-**	-
(Loss)/profit for the year		**(1,257,504)**	2,726,159
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on gratuity benefit obligations	12	**6,000**	(9,000)
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive gain/(loss) for the year, net of tax		**6,000**	(9,000)
Total comprehensive (loss)/income for the year		**(1,251,504)**	2,717,159

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Accumulated losses Rs	Gratuity benefit deficits Rs	Total Rs
At 01 April 2017	**18,326,000**	**(14,121,993)**	**(23,000)**	**4,181,007**
Loss for the year	**-**	**(1,257,504)**	**-**	**(1,257,504)**
Other comprehensive income	**-**	**-**	**6,000**	**6,000**
Total comprehensive loss for the year	**-**	**(1,257,504)**	**6,000**	**(1,251,504)**
At 31 March 2018	**18,326,000**	**(15,379,497)**	**(17,000)**	**2,929,503**
At 01 April 2016	18,326,000	(16,848,152)	(14,000)	1,463,848
Profit for the year	-	2,726,159	-	2,726,159
Other comprehensive loss	-	-	(9,000)	(9,000)
Total comprehensive income for the year	-	2,726,159	(9,000)	2,717,159
At 31 March 2017	18,326,000	(14,121,993)	(23,000)	4,181,007

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of cash flows for the year ended 31 March

	2018 Rs	2017 Rs
Operating activities		
(Loss)/profit before tax	**(1,257,504)**	2,726,159
Adjustments for:		
Interest income	**(69,053)**	-
Interest expense	**135,031**	36,893
Depreciation	**231,782**	236,397
Amortisation	**21,516**	6,672
Gratuity benefit obligations	**26,000**	25,000
Total adjustments	**345,276**	304,962
Net changes in working capital:		
Change in trade and other receivables	**(2,660,384)**	307,561
Change in trade and other payables	**1,932,515**	(7,050,784)
Total changes in working capital	**(727,869)**	(6,743,223)
Interest paid	**(135,031)**	(36,893)
Interest received	**69,053**	-
Net cash used in operating activities	**(1,706,075)**	(3,748,995)
Investing activities		
Acquisition of plant and equipment	**(31,000)**	(113,157)
Acquisition of intangible assets	**(96,000)**	(510,900)
Net cash used in investing activities	**(127,000)**	(624,057)
Financing activities		
Finance lease principal payments	**(194,508)**	(176,072)
Net cash used in financing activities	**(194,508)**	(176,072)
Net change in cash and cash equivalents	**(2,027,583)**	(4,549,124)
Cash and cash equivalents, beginning of the year	**6,838,392**	11,387,516
Cash and cash equivalents, end of the year	**4,810,809**	6,838,392
Cash and cash equivalents made up of:		
Cash in hand and at bank (Note 10)	**4,810,809**	6,838,392

For reconciliation of liabilities arising from financing activities, refer to **Note 24**.

The notes on pages 14 to 37 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2018

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Holidays Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 14 June 2004 as a private company with liability limited by shares. The Company's registered office is Anglo Mauritius House, 4 Intendance Street, Port Louis, Republic of Mauritius.

The principal activity of the Company is that of a tour operator and travel agent.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 April 2017

In the current year, the following revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IAS 7	Disclosure Initiative (Amendments to IAS 7)

Management has assessed the impact of these revised standards and concluded that only *IAS 7,Disclosure Initiative (Amendments to IAS 7)* has an impact on the disclosure of the Company's financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation, have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments and interpretations is provided below.

IAS 40	Transfer of Investment Property (Amendments to IAS 40)
IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments (2014)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty Over Income Tax Treatments

Notes to the financial statements

For the year ended 31 March 2018

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 9	Prepayments Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRS 17	Insurance Contracts
IAS 19	Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in profit or loss within 'net finance income'.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.3 Plant and equipment

Plant and equipment are stated at historical cost, less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment:	4.75%
Computer equipment:	25%
Furniture and fittings:	6.33%
Motor vehicles:	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

3.4 Intangible assets

Computer software and licences

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software and licences have been assessed as having a finite useful life of 4 years.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.4 Intangible assets (Contd)

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

3.5 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.6 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Contents **Pages**

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Corporate data

		Date appointed	Date resigned
Directors :	Mr Ramakrishna Sithanen	16 July 2015	-
	Mr Matthew Lamport	16 July 2015	-
	Mr Mahesh Chandran Iyer	07 December 2012	-
	Mr Harsha Raghavan	07 December 2012	-
	Mr Shakeel Mohinder Dyall	04 September 2013	-
	Mr Rajeev Hasnah	25 April 2016	07 February 2018

Registered office : Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : The Mauritius Commercial Bank Ltd
State Bank of India (Mauritius) Ltd
SBM Bank (Mauritius) Ltd
Barclays Bank Mauritius Limited

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report

The directors have pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holidays Ltd, the "Company", for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is that of a tour operator and travel agent.

Results and dividends

The results for the year are as shown on page 11.

The directors did not recommend any dividends during the year under review (2017: Rs NIL).

Directors

The present membership of the Board is set out on page 2.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Significant contracts

No contracts of significance exist between the Company and its directors.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report (Contd)

Directors' remuneration

During the year ended 31 March 2018, the directors received an aggregate amount of **Rs 165,000** (2017: Rs 225,000) as directors' fees. No other remuneration was received.

Donations

The Company made no donations during the year ended 31 March 2018 (2017: Rs Nil).

Auditors

The fees charged by the auditors (exclusive of VAT), **Grant Thornton**, for audit and other services were:

	2018	2017
	Rs	Rs
Audit fees	**100,000**	100,000
Tax fees	**25,000**	25,000
	125,000	125,000

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Director **Director**

Date: 15 MAY 2018

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Holidays Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Holidays Ltd** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2018.

for **Executive Services Limited**
Secretary
Per Jean Benoit YENCANA, ACIS
EXECUTIVE SERVICES LTD

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 15 MAY 2018

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Thomas Cook (Mauritius) Holidays Ltd**, the "Company", which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 10 to 37 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical 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.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

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 and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the 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.

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 International Standards on Auditing 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 International Standards on Auditing, 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.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 15 MAY 2018

Ebene 72201, Republic of Mauritius

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of financial position as at 31 March

	Notes	2018 Rs	2017 Rs
Assets			
Non-current			
Plant and equipment	7	**488,561**	689,343
Intangible assets	8	**764,299**	689,815
Non-current assets		**1,252,860**	1,379,158
Current			
Trade and other receivables	9	**12,544,219**	9,883,835
Cash and cash equivalents	10	**4,810,809**	6,838,392
Current assets		**17,355,028**	16,722,227
Total assets		**18,607,888**	18,101,385
Equity and liabilities			
Equity			
Stated capital	11	**18,326,000**	18,326,000
Accumulated losses		**(15,379,497)**	(14,121,993)
Gratuity benefit deficits		**(17,000)**	(23,000)
Total equity		**2,929,503**	4,181,007
Liabilities			
Non-current			
Obligations under finance leases	14	**-**	77,595
Gratuity obligations	12	**117,000**	97,000
Non-current liabilities		**117,000**	174,595
Current			
Trade and other payables	13	**15,483,790**	13,551,275
Obligations under finance leases	14	**77,595**	194,508
Current liabilities		**15,561,385**	13,745,783
Total liabilities		**15,678,385**	13,920,378
Total equity and liabilities		**18,607,888**	18,101,385

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by:

Director

Director

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of comprehensive income for the year ended 31 March

	Notes	2018 Rs	2017 Rs
Net commission income	15	**6,474,323**	10,906,994
Other income	16	**-**	1,887,752
Administrative expenses		**(10,382,549)**	(10,215,259)
Operating (loss)/ income	18	**(3,908,226)**	2,579,487
Liability written back	20	**2,200,184**	-
Net finance income	19	**450,538**	146,672
(Loss)/profit before tax		**(1,257,504)**	2,726,159
Tax expense	17	**-**	-
(Loss)/profit for the year		**(1,257,504)**	2,726,159
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on gratuity benefit obligations	12	**6,000**	(9,000)
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive gain/(loss) for the year, net of tax		**6,000**	(9,000)
Total comprehensive (loss)/income for the year		**(1,251,504)**	2,717,159

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Accumulated losses Rs	Gratuity benefit deficits Rs	Total Rs
At 01 April 2017	**18,326,000**	**(14,121,993)**	**(23,000)**	**4,181,007**
Loss for the year	**-**	**(1,257,504)**	**-**	**(1,257,504)**
Other comprehensive income	**-**	**-**	**6,000**	**6,000**
Total comprehensive loss for the year	**-**	**(1,257,504)**	**6,000**	**(1,251,504)**
At 31 March 2018	**18,326,000**	**(15,379,497)**	**(17,000)**	**2,929,503**
At 01 April 2016	18,326,000	(16,848,152)	(14,000)	1,463,848
Profit for the year	-	2,726,159	-	2,726,159
Other comprehensive loss	-	-	(9,000)	(9,000)
Total comprehensive income for the year	-	2,726,159	(9,000)	2,717,159
At 31 March 2017	18,326,000	(14,121,993)	(23,000)	4,181,007

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of cash flows for the year ended 31 March

	2018 Rs	2017 Rs
Operating activities		
(Loss)/profit before tax	**(1,257,504)**	2,726,159
Adjustments for:		
Interest income	**(69,053)**	-
Interest expense	**135,031**	36,893
Depreciation	**231,782**	236,397
Amortisation	**21,516**	6,672
Gratuity benefit obligations	**26,000**	25,000
Total adjustments	**345,276**	304,962
Net changes in working capital:		
Change in trade and other receivables	**(2,660,384)**	307,561
Change in trade and other payables	**1,932,515**	(7,050,784)
Total changes in working capital	**(727,869)**	(6,743,223)
Interest paid	**(135,031)**	(36,893)
Interest received	**69,053**	-
Net cash used in operating activities	**(1,706,075)**	(3,748,995)
Investing activities		
Acquisition of plant and equipment	**(31,000)**	(113,157)
Acquisition of intangible assets	**(96,000)**	(510,900)
Net cash used in investing activities	**(127,000)**	(624,057)
Financing activities		
Finance lease principal payments	**(194,508)**	(176,072)
Net cash used in financing activities	**(194,508)**	(176,072)
Net change in cash and cash equivalents	**(2,027,583)**	(4,549,124)
Cash and cash equivalents, beginning of the year	**6,838,392**	11,387,516
Cash and cash equivalents, end of the year	**4,810,809**	6,838,392
Cash and cash equivalents made up of:		
Cash in hand and at bank (Note 10)	**4,810,809**	6,838,392

For reconciliation of liabilities arising from financing activities, refer to **Note 24.**

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2018

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Holidays Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 14 June 2004 as a private company with liability limited by shares. The Company's registered office is Anglo Mauritius House, 4 Intendance Street, Port Louis, Republic of Mauritius.

The principal activity of the Company is that of a tour operator and travel agent.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 April 2017

In the current year, the following revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IAS 7	Disclosure Initiative (Amendments to IAS 7)

Management has assessed the impact of these revised standards and concluded that only *IAS 7,Disclosure Initiative (Amendments to IAS 7)* has an impact on the disclosure of the Company's financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation, have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments and interpretations is provided below.

IAS 40	Transfer of Investment Property (Amendments to IAS 40)
IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments (2014)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty Over Income Tax Treatments

Notes to the financial statements

For the year ended 31 March 2018

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 9	Prepayments Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRS 17	Insurance Contracts
IAS 19	Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in profit or loss within 'net finance income'.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.3 Plant and equipment

Plant and equipment are stated at historical cost, less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment:	4.75%
Computer equipment:	25%
Furniture and fittings:	6.33%
Motor vehicles:	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

3.4 Intangible assets

Computer software and licences

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software and licences have been assessed as having a finite useful life of 4 years.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.4 Intangible assets (Contd)

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

3.5 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.6 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Trade and other receivables

Trade receivables are amounts due from customers for provision of services in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.9 Equity and reserves

Stated capital is determined using the values of the shares that have been issued.

Accumulated losses include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

3.10 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

3.11 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75%.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.12 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations are calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.14 Commission receivable

3.14.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Sale of air tickets and tour packages

Fees and commission on air tickets and travel packages sold by the Company are recognised when the service has been provided. Commissions earned as the general sales agent of airline operators are recognised on the basis of the revenue derived by the airline operator from all ticket sales made in Mauritius.

Sale of Euro rail tickets

Fees and commission on Euro rail tickets sold by the Company are recognised when the service has been provided.

"L'express" sales

Fees and commission earned on "l'express" (a daily newspaper) advertisements are recognised when the service has been provided.

Sale of travel insurance

Fees and commission earned on travel insurance sold by the Company are recognised when the service has been provided.

Sale of visa services

Fees are earned on the sale of visa form-filing services.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other income

Other income, representing funds received from a related party in respect of advertising services, is recognised on an accrual basis.

3.14.2 Direct costs

Direct costs incurred in generating income are recognised on an accrual basis.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.15 Leased assets

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See Note 3.3 for the depreciation method and useful lives for assets held under finance leases. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of comprehensive income, as finance costs over the period of the lease.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.19 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at **Rs 117,000** (2017: Rs 97,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2018 **Rs**	**2017** **Rs**
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables*	**7,401,413**	6,359,460
Cash and cash equivalents	**4,810,809**	6,838,392
Total financial assets	**12,212,222**	13,197,852

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	2018 Rs	2017 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	-	77,595
Current		
Trade and other payables**	**14,368,859**	13,124,191
Obligations under finance leases	**77,595**	194,508
	14,446,454	13,318,699
Total financial liabilities	**14,446,454**	13,396,294

**Trade and other receivables considered as financial assets exclude advances, deposits and prepayments.*
***Trade and other payables considered as financial liabilities exclude advances and Value Added Taxes ("VAT").*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD") and EURO. Consequently, the Company is exposed to the risk that the exchange rate of USD relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in USD. The effect of any change in the exchange rate of EURO relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2018 Rs	2017 Rs	2018 Rs	2017 Rs
Mauritius rupee	**8,034,694**	7,688,465	**13,052,053**	11,616,173
United States Dollar	**4,177,528**	5,453,665	**1,394,401**	1,780,121
Euro	-	55,722		-
	12,212,222	13,197,852	**14,446,454**	13,396,294

Foreign currency sensitivity

The Company is mainly exposed to fluctuations in United States Dollar.

The information below illustrates the sensitivity of loss and equity in regards to the Company's financial instruments and the USD/MUR exchange rate, "all other things being equal".

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

It assumes a 10% change in the USD/MUR exchange rate for the year ended 31 March 2018 (2017: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD by 10%, loss would have increased by Rs 278,313 at 31 March 2018 (2017: Rs 333,138). If the MUR had weakened by the same percentage against the USD, loss would have decreased by Rs 278,313 (2017: Rs 333,138).

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of bank balances and finance lease respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be marginal on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018 Rs	2017 Rs
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables	**7,401,413**	6,359,460
Cash and cash equivalents	**4,810,809**	6,838,392
	12,212,222	13,197,852

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the Company's maximum exposure to credit risk. Refer to Note 9 for disclosure on financial risk management with respect to credit risk.

The directors consider that no credit risk is associated with the amounts due from the related parties.

The credit risk for the bank balances is considered negligible since the Company transacts with reputable banks.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements.

The maturity profile of the financial instruments is summarised as follows:

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2018				
Trade and other payables	**14,368,859**	**14,368,859**	**14,368,859**	**-**
Obligations under finance leases	**77,595**	**79,391**	**79,391**	**-**
	14,446,454	**14,448,250**	**14,448,250**	**-**

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2017				
Trade and other payables	13,124,191	13,124,191	13,124,191	-
Obligations under finance leases	272,103	292,355	212,963	79,392
	13,396,294	13,416,546	13,337,154	79,392

Notes to the financial statements

For the year ended 31 March 2018

5. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital, and accumulated losses.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2018	2017
	Rs	Rs
Total borrowings	77,595	272,103
Less: cash and cash equivalents	(4,810,809)	(6,838,392)
Net debt	-	-
Total equity	2,929,503	4,181,007
Total capital	2,929,503	4,181,007
Gearing ratio	-	-

Based on the above information, the Company was not geared at 31 March 2018.

(i) Borrowings comprise of obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Company's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, prepayments and advances to suppliers. Its non-financial liabilities consist of advance received from customers and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2017	57,990	443,357	252,350	977,604	1,731,301
Additions	-	31,000	-	-	31,000
At 31 March 2018	**57,990**	**474,357**	**252,350**	**977,604**	**1,762,301**
Depreciation					
At 01 April 2017	35,674	308,641	147,743	549,900	1,041,958
Charge for the year	2,636	66,531	15,974	146,641	231,782
At 31 March 2018	**38,310**	**375,172**	**163,717**	**696,541**	**1,273,740**
Net book values					
At 31 March 2018	**19,680**	**99,185**	**88,633**	**281,063**	**488,561**

At 31 March 2018, motor vehicles acquired under finance leases had a net book value of **Rs 281,063** (2017: Rs 427,704).

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment (Contd)

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2016	57,990	373,357	209,193	977,604	1,618,144
Additions	-	70,000	43,157	-	113,157
At 31 March 2017	57,990	443,357	252,350	977,604	1,731,301
Depreciation					
At 01 April 2016	33,034	237,769	131,498	403,260	805,561
Charge for the year	2,640	70,872	16,245	146,640	236,397
At 31 March 2017	35,674	308,641	147,743	549,900	1,041,958
Net book values					
At 31 March 2017	22,316	134,716	104,607	427,704	689,343

Notes to the financial statements

For the year ended 31 March 2018

8. Intangible assets

Cost	Software Rs	Software under development Rs	Total Rs
At 01 April 2017	131,840	686,400	818,240
Additions	-	96,000	96,000
Transfers	448,000	(448,000)	-
At 31 March 2018	**579,840**	**334,400**	**914,240**
Amortisation			
At 01 April 2017	128,425	-	128,425
Charge for the year	21,516	-	21,516
At 31 March 2018	**149,941**	**-**	**149,941**
Net book values			
At 31 March 2018	**429,899**	**334,400**	**764,299**

Cost	Rs	Rs	Rs
At 01 April 2016	131,840	175,500	307,340
Additions	-	510,900	510,900
At 31 March 2017	131,840	686,400	818,240
Amortisation			
At 01 April 2016	121,753	-	121,753
Charge for the year	6,672	-	6,672
At 31 March 2017	128,425	-	128,425
Net book values			
At 31 March 2017	3,415	686,400	689,815

9. Trade and other receivables

	2018 Rs	2017 Rs
Trade receivables, gross	**6,018,273**	3,597,864
Allowance for credit losses	**(2,017,146)**	(1,344,517)
Net trade receivables (Note (i))	**4,001,127**	2,253,347
Due from related parties (Note (v))	**3,400,288**	4,238,617
Other receivables and prepayments	**5,142,804**	3,391,871
	12,544,219	9,883,835

(i) Total trade receivables (net of allowances) held by the Company at 31 March 2018 amounted to **Rs 4,001,127** (2017: Rs 2,253,347).

(ii) The average credit period provided to customers is generally within one month. No interest is charged on overdue balances.

Notes to the financial statements

For the year ended 31 March 2018

9. Trade and other receivables (Contd)

(iii) Included in the Company's trade receivables balance are debtors with a carrying amount of **Rs 3,448,680** (2017: Rs 445,868) which are past due at year end for which the Company has not provided as there has not been a significant change in the credit quality and the amounts are still recoverable. The Company does not require collateral in respect of its trade and other receivables.

Ageing of past due not impaired

	2018 Rs	2017 Rs
30 - 60 days	**1,412,706**	279,234
60 - 90 days	**-**	121,528
Over 90 days	**2,035,974**	45,106
Total	**3,448,680**	445,868

(iv) Movement in allowance for credit losses was as follows:

	2018 Rs	2017 Rs
At 01 April	**1,344,517**	1,344,517
Additional provision made during the year	**672,629**	-
At 31 March	**2,017,146**	1,344,517

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

(v) The amounts due from the related companies are interest free, unsecured and receivable on demand.

10. Cash and cash equivalents

	2018 Rs	2017 Rs
Cash in hand (MUR)	**9,998**	6,025
Cash at bank:		
- MUR	**4,724,819**	6,490,206
- USD	**75,992**	342,161
	4,810,809	6,838,392

11. Stated capital

	2018 Rs	2017 Rs
183,260 ordinary shares of Rs 100 each	**18,326,000**	18,326,000

Notes to the financial statements

For the year ended 31 March 2018

12. Gratuity obligations

The Company has recognised a gratuity obligation of **Rs 117,000** (2017: Rs 97,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flows to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

	2018 Rs	2017 Rs
Reconciliation of gratuity obligations		
At 01 April	**97,000**	63,000
Amount recognised in profit or loss	**26,000**	25,000
Amount recognised in other comprehensive income	**(6,000)**	9,000
At 31 March	**117,000**	97,000

	2018 Rs	2017 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**97,000**	63,000
Current service cost	**20,000**	20,000
Interest expense	**6,000**	5,000
Liability experience (gain)/ loss	**(6,000)**	9,000
At 31 March	**117,000**	97,000
Components of amount recognised in profit or loss		
Current service cost	**20,000**	20,000
Net interest on net defined benefit liability	**6,000**	5,000
	26,000	25,000
Components of amount recognised in other comprehensive income		
Liability experience (gain)/ loss	**(6,000)**	9,000
Principal assumptions used at end of year:		
Discount rate	**5.50%**	6.50%
Rate of salary increases	**4.00%**	5.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year:		
Increase due to 1% decrease in discount rate	**17,000**	16,000
Decrease due to 1% increase in discount rate	**14,000**	13,000

Future cash flows

(a) The funding policy is to pay benefits out of the Company's cash flows as and when due.
(b) Expected employer contribution for the next year — Rs Nil
(c) Weighted average duration of the gratuity obligations — 13 years

Notes to the financial statements

For the year ended 31 March 2018

12. Gratuity obligations (Contd)

Future cash flows (Contd)

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

13. Trade and other payables

	2018 Rs	2017 Rs
Trade payables (Note (i))	**4,573,590**	3,038,948
Due to related parties (Note (ii))	**1,097,281**	897,351
Accruals	**9,812,919**	6,201,761
Other payables	**-**	3,413,215
	15,483,790	13,551,275

(i) The average credit period on purchase of air ticket is generally within one month. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The amounts due to the related parties are unsecured, interest free and payable on demand.

14. Obligations under finance leases

	2018 Rs	2017 Rs
Within one year	**79,391**	212,963
More than 1 year but before 5 years	**-**	79,392
	79,391	292,355
Less future finance charges	**(1,796)**	(20,252)
Present value of finance lease obligations	**77,595**	272,103
Apportioned as follows:		
Repayable within one year	**77,595**	194,508
Repayable after 1 year and before 5 years	**-**	77,595
	77,595	272,103

Notes to the financial statements

For the year ended 31 March 2018

14. Obligations under finance leases (Contd)

Leasing arrangement

Finance leases relate to motor vehicles with lease term of 5 years. The Company has option to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under the finance leases are secured by the lessor's title to the leased asset.

15. Net commission income

	2018 Rs	2017 Rs
Gross billings	**88,171,690**	101,999,730
Direct costs	**(81,697,367)**	(91,092,736)
Net	**6,474,323**	10,906,994

16. Other income

Other income is in respect of advertising services pursuant to an agreement which has now expired.

17. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2018 it had no income tax liability due to accumulated tax losses of **Rs 5,085,609** (2017: Rs 3,969,746) carried forward.

(ii) Income tax reconciliation

The income tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the effective tax rate is as follows:

	2018 Rs	2017 Rs
(Loss)/profit before tax	**(1,257,504)**	2,726,159
Tax at effective rate of 15%	**(188,626)**	408,924
Exempt income	**(38,291)**	(22,011)
Non-allowable expenses	**163,761**	56,470
Annual allowances	**(84,348)**	(16,974)
Deferred tax asset not recognised	**147,504**	(426,409)
Tax expense	**-**	-

Notes to the financial statements

For the year ended 31 March 2018

17. Taxation (Contd)

(iii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%. No provision for deferred tax asset has been made as no taxable income is probable in the foreseeable future.

18. Operating (loss)/income

	2018 Rs	2017 Rs
Operating income is arrived at after charging/(crediting)		
Advertising income from Sterling Holding Resort (India) Limited	-	(1,887,752)
Depreciation	**231,782**	236,397
Amortisation	**21,516**	6,672
Rental expenses	**1,097,373**	1,082,775
Marketing expenses	**192,453**	453,389
Allowance for credit losses	**672,629**	-
Staff costs:		
Salaries and allowances	**5,881,834**	5,729,300
Performance bonus	-	349,182
Social security costs	**259,935**	247,068

19. Net finance income/(costs)

	2018 Rs	2017 Rs
Finance Income		
Exchange gains	**516,516**	183,565
Interest income	**69,053**	-
	524,023	183,565
Finance Costs		
Interest on finance leases	**(135,031)**	(36,893)
Net finance income	**450,538**	146,672

20. Liability written back

Rs 2,200,184 has been written back as it no longer represents a valid liability.

Notes to the financial statements

For the year ended 31 March 2018

21. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related only in one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2018 Rs	Debit/(credit) balances at 31 March 2017 Rs
Intermediate holding company	Trade receivables	**838,329**	**3,400,288**	4,238,617
Fellow subsidiary	Amount payable	**199,930**	**(1,097,281)**	(897,351)

The terms and conditions are described in Notes 9 and 13 to the financial statements.

22. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2018 Rs	2017 Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**1,097,373**	1,082,775

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018 Rs	2017 Rs
Within one year	**282,454**	1,118,989
More than one year	**-**	282,454
	282,454	1,401,443

Operating leases payments represent rental of office space. The lease typically runs for a period of one year, with an option to renew the lease after that date.

23. Contingent liabilities

At 31 March 2018, there were contingent liabilities in respect of bank guarantees of **Rs 3,130,000** (2017: Rs 3,130,000) in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Notes to the financial statements

For the year ended 31 March 2018

24. Reconciliation of liabilities arising from financing activities

	31 March 2017	Cash flows	Non-cash changes	31 March 2018
	Rs	Rs	Rs	Rs
Obligations under finance lease	272,103	(194,508)	-	77,595

25. Holding and ultimate parent company

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate parent'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing to 67.03% stake in Thomas Cook (India) Limited as on 31 March 2018.

Thomas Cook (Mauritius) Operations Company Limited

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Corporate data

Directors :

Name	Date appointed	Date resigned
Mr Mahesh Chandran Iyer	29 March 2013	-
Mr Harsha Raghavan	29 March 2013	-
Mr Mohinder Dyall	04 September 2013	-
Mr Mathew John Lamport	21 January 2014	-
Mr Ramakrishna Sithanen	07 May 2015	-
Mr Rajeev Hasnah	25 April 2016	07 February 2018

Registered office :

Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary :

Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors :

Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers :

AfrAsia Bank Limited
Bank One Limited
Banque des Mascareignes Ltée
Barclays Bank Mauritius Limited
MauBank Ltd
SBM Bank (Mauritius) Ltd
Standard Chartered Bank (Mauritius) Limited
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

Thomas Cook (Mauritius) Operations Company Limited

Annual report

The directors have the pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is to deal in foreign exchange.

Results and dividends

The results for the year are as shown on page 21.

The directors did not recommend any dividend during the year under review (2017: Rs Nil).

Directors

The present membership of the Board is set out on page 2.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius;
- state whether the Guideline on Corporate Governance has been adhered to; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that adequate accounting records have been maintained and effective systems of internal control and risk management were in place.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance

CORPORATE GOVERNANCE STATEMENT

Thomas Cook (Mauritius) Operations Company Limited, the "Company", is a subsidiary of Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius and a step down subsidiary of Thomas Cook (India) Limited, a company incorporated in the Republic of India. The ultimate parent is Fairfax Financial Holdings Limited, Canada.

The Bank of Mauritius has issued a Guideline on Corporate Governance for financial institutions governed under the Banking Act 2004 and the Corporate Governance report has been prepared having regard to the requirements prescribed in the Guideline on Corporate Governance.

The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities.

During this financial year, the Board of Directors (the "Board") has tried to adopt these approaches that it believes are likely to work in the particular context of the Company's business and culture and which promote the following:

- Effective decision-making, risk management and control;
- Keeping the interests of the owners of the business aligned with, and at the front of the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice of all stakeholders. Principally, these are regulatory and standard bodies, employees, customers, suppliers and the environment in which the Company operates.

SHAREHOLDING STRUCTURE

The shareholding of the Company is as follows:

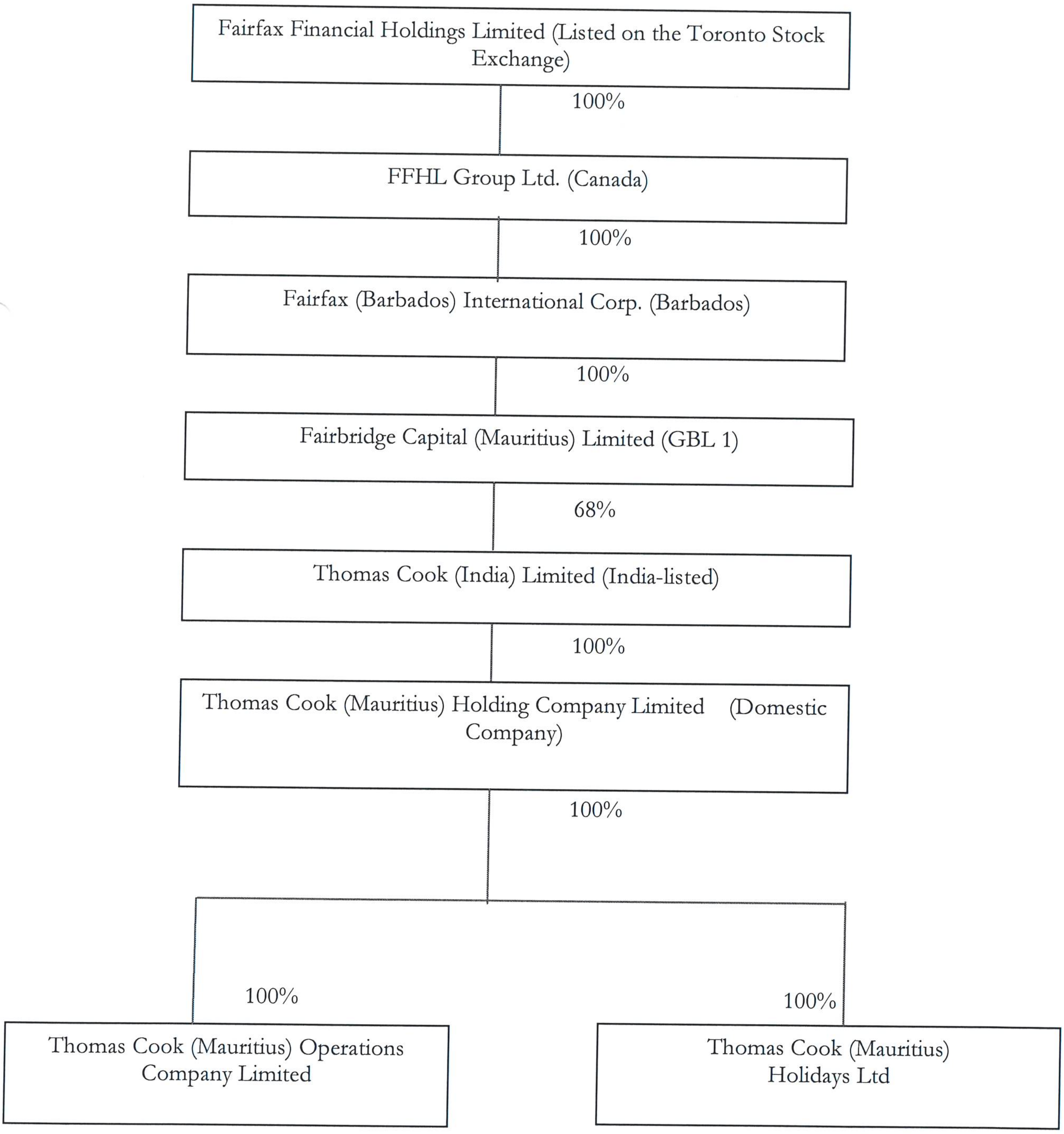
Shareholder	No of Shares
Thomas Cook (Mauritius) Holding Company Limited	1,000,000
Total Number of Shares	**1,000,000**

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

SHAREHOLDING STRUCTURE (Contd)



Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS

Structure of the Board

The Board's structure of the Company is a unitary Board. The directors of the Company share responsibility for directing and promoting its affairs collectively when acting on behalf of the Company.

Composition of the Board

The Board currently comprises of one Executive Director, two Non-Executive Directors and two Independent Directors.

Attendance at Board Meetings:

	23/05/2017	17/07/2017	24/10/2017	30/01/2018
Chairman				
Ramakrishna SITHANEN (Independent Director)	✓	✓	✓	✓
Chief Operating Officer/Executive Director				
Mohinder Shakeel DYALL	✓	✓	✓	✓
Independent Director				
Matthew John LAMPORT	✓	✓	✓	✓
Rajeev HASNAH (Resigned on 07 February 2018)	✓	✓	✓	×
Non-Executive Directors				
Mahesh Chandran IYER	✓	✓	✓	✓
Harsha RAGHAVAN	×	×	×	×

Directors' Profile

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors)*

Appointment Date: 07 May 2015

Dr Ramakrishna Sithanen is a member of the Audit and Risk Management Committee.

Skills and Experience

He holds a BSc Economics (with First Class Honours) and an M.Sc Economics (with a Mark of Distinction) from the London School Economics and Political Science (LSE) UK. He holds a PhD in Political Science from Brunel University. He has been bestowed with the highest mark of distinction of the Republic of Mauritius with the Grand Commander of the Star and Key in 2009.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' Profile (Contd)

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors) (Contd)*

He has strong leadership skills and a broad experience in political, managerial, technical, financial and administrative experience as Deputy Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius, Director at Air Mauritius, General Manager, Strategy and Development of Rogers and Co, Partner in major accounting and consulting firm, economist and consultant/adviser on economic issues, airline restructuring and policy matters.

Mr Mohinder Shakeel DYALL – Executive Director *(Chief Operating Officer)*

Appointment date: 04 September 2013

Skills and Experience

He joined the Company in September 2013 as the Chief Operating Officer. He holds a Post Graduate Diploma in marketing from the Chartered Institute of Marketing and an M.Sc E-Business from the University of Mauritius. He is both a member of the Chartered Institute of Marketing (CIM) and a Chartered Marketer from the same Institute. He is the former Chief Operations Officer at Flemingo Duty Free Mauritius Ltd and Chief Executive Officer at Mauritius Duty Free Paradise Ltd.

Mr Matthew John LAMPORT – Independent Director *(Chairman of the Audit and Risk Management Committee)*

Appointment: 21 January 2014

Skills and Experience

He holds an MSc Finance and a BSc Management Studies from the University of Mauritius. He is also a member of the Association of Chartered and Certified Accountants (ACCA). He had fifteen years of experience as a Senior Lecturer in Accounting and Finance at the University of Mauritius. He is also an academic member representing the University of Mauritius on the Financial Reporting Council.

Mr Mahesh Chandran IYER – Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.Com from Mumbai University, a Masters in Marketing Management – JBIMS and an Executive program in Business Management – IIM from Kolkata. He has twenty three years of experience as a Senior Vice President and Head in Foreign Exchange at Thomas Cook (India) Limited. He is currently the Chief Executive Officer of Thomas Cook (India) Ltd.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' Profile (Contd)

Mr Harsha RAGHAVAN- Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.A in Computer Science and Economics from University of California, Berkeley, an M.Sc in Industrial Engineering & Engineering Management from Stanford University and an M.B.A from Stanford Graduate School of Business. He is the Managing Director of Fairbridge Capital in Mumbai, India since 2011.

Mr Rajeev HASNAH – Independent Director

Appointment date: 25 April 2016

Resignation date: 07 February 2018

Mr Rajeev Hasnah was a member of the Audit and Risk Management Committee.

Skills and Experience

He is a CFA Charter holder from the CFA Institute and also an affiliate member of Association of Chartered Certified Accountants (ACCA). He is currently the Managing Director of Blue Delta Advisory, Republic of Mauritius.

Role and function of the Board

The Board is the decision-making body for all matters material to the Company's finances, strategy and reputation. It is collectively responsible for the long-term success of the Company and has ultimate responsibility for management, direction and performance of the Company and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. The Board has also delegated specific responsibility to the Audit and Risk Management Committee.

There is a defined division of responsibilities between the Non-Executive Chairman and the Chief Operating Officer.

Role and Function of the Chairman

The Chairman is responsible to manage and provide leadership to the Board of Directors. He is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Operating Officer. The Chairman also acts as the communicator for Board decisions where appropriate.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Role and Function of the Chief Operating Officer

The Chief Operating Officer ("COO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value. The COO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.

Role of the Non-Executive Director and the Independent Director

The Non-Executive Director and the Independent Director make a significant contribution to the functioning of the Board and are involved in policy making and planning exercise. They ensure that no one individual or group dominates the decision-making process.

Role and function of the Company Secretary

The Company Secretary manages the provision of timely, accurate and considered information to the Board and ensures that the Board maintains its awareness of the ever-changing corporate governance environment. The Company Secretary attends every Board meeting and Committee meeting.

Conflicts of interests

Each director ensures that no decision or action is taken that places his interests in front of the interests of the business. At each Board meeting, the directors are required to disclose any actual or potential conflicts of interests.

Remuneration of directors

The Board decided to allocate an aggregate amount of Rs 15,000 as remuneration and benefits to the independent directors for each quarterly meeting.

Board induction and professional development

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations. The Board recognises that its directors have a diverse range of experience, and so it encourages them to attend external seminars and briefings that will assist them individually.

Board evaluation

The Board recognises that a continuous and constructively critical evaluation of their performance is a powerful feedback for improving Board effectiveness, maximising strengths and highlighting areas for further development.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Board meetings

The Board met four times this year. At each meeting, the Board receives regular reports, for example, covering current operations, compliance reports and management accounts. At certain points in the year, the Board reviews results of the operations, budgets, capital expenditure, risks and audited financial statements and also reviews other topics such as technical or legal developments and the competitive environment as appropriate.

BOARD COMMITTEES

The Board has a standing Audit and Risk Management Committee (the "Committee"). The Committee reports to the Board and has its terms of reference approved by the Board on 18 November 2015. The minutes of the Committee Meetings are circulated and reviewed by the Board.

Audit and Risk Management Committee

The main duties and responsibilities of the Audit and Risk Management Committee are:

1.1 The basic responsibility of the members of the Audit and Risk Management committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

1.2 The Board authorises the Audit and Risk Management Committee, within the scope of its responsibilities to:

(a) perform activities within the scope of this charter.
(b) investigate any activity it deems appropriate.
(c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties.
(d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate.
(e) have unrestricted access to members of management, employees and relevant information.
(f) establish procedures regarding accounting, internal controls and auditing matters.
(g) establish procedures for the receipt and treatment of audit observations received by the Company regarding accounting controls and auditing matters.
(h) make recommendations to the Board in relation to the appointment, termination and remuneration of external auditors and evaluate the work of the latter.
(i) review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.
(j) pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD COMMITTEES (CONTD)

Membership of the Committee

The members of the Committee during the year were Mr Matthew Lamport (Committee Chairman), Dr Ramakrishna Sithanen and Mr Rajeev Hasnah. Mr Rajeev Hasnah resigned on 07 February 2018.

Attendance at Committee:

	23/05/2017	17/07/2017	24/10/2017	30/01/2018
Mr Matthew LAMPORT	✓	✓	✓	✓
Dr Ramakrishna SITHANEN	✓	✓	✓	✓
Mr Rajeev HASNAH (Resigned on 07 February 2018)	✓	✓	✓	×

The Chief Operating Officer, General Manager-Finance, General Manager-Forex Exchange, the Senior Manager – Compliance/MLRO and the external auditors attend meetings by invitation.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Internal Audit and Internal Control

The scope of the internal audit function is to assist the Board and management to maintain and improve the process by which risks are identified and managed, and to help the Board to discharge its responsibilities and to maintain and strengthen the internal control framework.

During the year under review, the Board has outsourced the internal audit function to BDO & Co.

Risk Management

The Board of Directors has overall responsibility for the Company's risk management and the process in place in relation to the identification, evaluation and management of the significant risks faced by the Company in compliance with the Corporate Governance Code.

The risk management mechanism in place includes:

- A system for the on-going identification and assessment of risks; and
- Communication of risk management across all levels of organisation.

The financial risk management is outlined on pages 35 to 39 of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

ACCOUNTING AND AUDITING

Auditors

The fees charged by the auditors (inclusive of VAT), **Grant Thornton**, for audit and other services were:

	2018 Rs	2017 Rs
Audit fees	**575,000**	575,000
Other services*	**230,000**	230,000
	805,000	805,000

*Other services comprise tax services and review of the Company's internal control systems.

The auditors, **Grant Thornton,** have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual Meeting.

INTEGRATED SUSTAINABILITY REPORT

Ethics and business conduct

The Company is committed to a Code of Business Conduct and Ethics which sets out the business practices and personal ethics for all its employees. The Code of Business Conduct and Ethics was approved by the Board of Directors on 18 November 2015.

COMMUNICATION AND DISCLOSURE

Related Party Transaction

Related party transactions are disclosed in Note 22 to these financial statements.

Constitution

The Company's constitution is in conformity with the provisions of the Mauritius Companies Act 2001.

Dividend Policy

The payment of dividends is subject to the performance of the Company, its cash flows, its investments requirements and its solvency ratio.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

COMMUNICATION AND DISCLOSURE (CONTD)

Significant Contracts

No contracts of significance exist between the Company and its directors.

Donations

The Company made donations of Rs 5,000 during the year ended 31 March 2018 (2017: Rs Nil).

Directors' Remuneration

During the year ended 31 March 2018, remuneration paid to the directors by the Company are as follows:

	2018 Rs	2017 Rs
Non-Executive Independent directors - sitting fee	150,000	225,000
Executive director	3,154,434	4,029,324

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by:

Director

Director

Thomas Cook (Mauritius) Operations Company Limited

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Operations Company Limited

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Operations Company Limited** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2018.

for **Executive Services Limited**
Secretary
Per Jean Benoit YENCANA, ACIS
EXECUTIVE SERVICES LTD

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 15 MAY 2018

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 20 to 54 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 March 2018. These matters were 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 these matters.

The only key audit matter identified in relation to the audit of the financial statements is as described below:

Risk Description

Revenue Recognition

We focus on the revenue recognition because income derived from dealings in foreign currencies exchange is a significant item and, also as it is the main factor for determining the Company's financial performance.

Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Key Audit Matters (Contd)

How audit responded to this matter

Our audit procedures included among others:

- We have tested the IT general controls to ensure the integrity and reliability of financial information generated by the IT system.
- We have tested the design and operating effectiveness of controls over revenue.
- We have performed walkthrough and tests of control to gain an understanding of how and when gains on foreign currencies dealings are recognised in the system.
- We have performed substantive testing which included recalculating the exchange gain on a sample of transactions.
- We have reviewed journal entries pertaining to revenue and requested supporting documentation where appropriate.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

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 and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004, and for such internal control as management determines is necessary to enable the preparation of the 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.

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 International Standards on Auditing 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 International Standards on Auditing, 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.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in the Company other than in our capacity as auditors;

- we have obtained all the information and explanations that we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

(b) Banking Act 2004

In our opinion, the financial statements:

- have been prepared on a basis consistent with that of the preceding year;

- are complete, fair and properly drawn up; and

- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 15 MAY 2018

Ebene 72201, Republic of Mauritius

Thomas Cook (Mauritius) Operations Company Limited

Statement of financial position as at 31 March

	Notes	2018 Rs	2017 Rs
Assets			
Non-current			
Plant and equipment	7	**12,924,053**	13,566,405
Intangible assets	8	**2,132,601**	2,586,641
Non-current assets		**15,056,654**	16,153,046
Current			
Investment in treasury bills	9	**47,490,601**	47,935,712
Trade and other receivables	10	**9,729,276**	5,457,622
Cash and cash equivalents	11	**73,240,520**	63,149,599
Current assets		**130,460,397**	116,542,933
Total assets		**145,517,051**	132,695,979
Equity and liabilities			
Equity			
Stated capital	12	**100,000,000**	100,000,000
Retained earnings		**24,334,088**	22,484,406
Gratuity benefit deficits		**(76,000)**	(166,000)
Fair value reserves	9	**(133,322)**	31,202
Total equity		**124,124,766**	122,349,608
Liabilities			
Non-current			
Gratuity obligations	13	**643,000**	598,000
Borrowings	14	**318,796**	612,401
Deferred tax liabilities	20	**1,055,966**	53,296
Non-current liabilities		**2,017,762**	1,263,697
Current			
Trade and other payables	15	**13,751,074**	7,319,184
Borrowings	14	**5,623,449**	1,763,490
Current liabilities		**19,374,523**	9,082,674
Total liabilities		**21,392,285**	10,346,371
Total equity and liabilities		**145,517,051**	132,695,979

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by:

Director

Director

The notes on pages 24 to 54 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of comprehensive income for the year ended 31 March

	Notes	2018 Rs	2017 Rs
Net gains from foreign currency dealings and net foreign exchange differences	16	**46,765,451**	50,675,144
Other operating income	17	**10,555,071**	10,422,996
Sundry income		**25,305**	99,551
Administrative expenses		**(56,081,775)**	(55,226,429)
Operating profit	21	**1,264,052**	5,971,262
Finance income	18	**1,993,850**	1,824,684
Finance costs	19	**(405,550)**	(461,920)
Net finance income		**1,588,300**	1,362,764
Profit before tax		**2,852,352**	7,334,026
Tax expense	20	**(1,002,670)**	(1,038,096)
Profit for the year		**1,849,682**	6,295,930
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on gratuity benefit obligations	13	**90,000**	(114,000)
Items that will be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets	9	**(164,524)**	31,202
Other comprehensive loss for the year, net of tax		**(74,524)**	(82,798)
Total comprehensive income for the year		**1,775,158**	6,213,132

The notes on pages 24 to 54 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Retained earnings Rs	Gratuity benefit deficits Rs	Fair value reserves Rs	Total Rs
At 01 April 2017	**100,000,000**	**22,484,406**	**(166,000)**	**31,202**	**122,349,608**
Profit for the year	**-**	**1,849,682**	**-**	**-**	**1,849,682**
Other comprehensive income /(loss)	**-**	**-**	**90,000**	**(164,524)**	**(74,524)**
Total comprehensive income for the year	**-**	**1,849,682**	**90,000**	**(164,524)**	**1,775,158**
At 31 March 2018	**100,000,000**	**24,334,088**	**(76,000)**	**(133,322)**	**124,124,766**
At 01 April 2016	100,000,000	16,188,476	(52,000)	-	116,136,476
Profit for the year	-	6,295,930	-	-	6,295,930
Other comprehensive (loss)/income	-	-	(114,000)	31,202	(82,798)
Total comprehensive income for the year	-	6,295,930	(114,000)	31,202	6,213,132
At 31 March 2017	100,000,000	22,484,406	(166,000)	31,202	122,349,608

The notes on pages 24 to 54 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of cash flows for the year ended 31 March

	2018 Rs	2017 Rs
Operating activities		
Profit before tax	**2,852,352**	7,334,026
Adjustments for:		
Depreciation	**2,002,428**	1,694,699
Amortisation	**789,348**	338,170
Gratuity benefit obligations	**135,000**	132,000
Interest income	**(1,993,850)**	(1,824,684)
Interest expense	**405,550**	461,920
Assets written off / loss on disposals	**449,632**	983,308
Total adjustments	**1,788,108**	1,785,413
Net changes in working capital:		
Change in trade and other receivables	**(4,271,654)**	5,298,388
Change in trade and other in payables	**6,431,890**	(15,781,095)
Total changes in working capital	**2,160,236**	(10,482,707)
Interest received	**758,727**	670,003
Interest paid	**(405,550)**	(461,920)
Net cash from operating activities	**7,153,873**	(1,155,185)
Investing activities		
Purchase of plant and equipment	**(1,809,708)**	(3,059,493)
Purchase of intangible assets	**(335,308)**	(129,995)
Proceeds from treasury bills redeemed	**71,000,000**	48,000,000
Purchase of treasury bills	**(69,484,290)**	(47,411,690)
Proceeds from sale of plant and equipment	**-**	77,625
Net cash used in investing activities	**(629,306)**	(2,523,553)
Financing activities		
Finance lease principal payments	**(314,233)**	(414,848)
Net cash used in financing activities	**(314,233)**	(414,848)
Net increase/(decrease) in cash and cash equivalents	**6,210,334**	(4,093,586)
Cash and cash equivalents at beginning of the year	**61,700,342**	65,793,928
Cash and cash equivalents at end of year (Note 11)	**67,910,676**	61,700,342
Cash and cash equivalents made up of:		
Cash in hand and cash at bank (Note 11)	**73,240,520**	63,149,599
Bank overdrafts (Note 14)	**(5,329,844)**	(1,449,257)
	67,910,676	61,700,342

For reconciliation of liabilities arising from financing activities, refer to **Note 25**.

The notes on pages 24 to 54 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2018

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Operations Company Limited, the "Company", was incorporated in the Republic of Mauritius under the former Mauritius Companies Act 1984 (now replaced by the Mauritius Companies Act 2001) on 14 January 2000 as a private company with liability limited by shares. The Company's registered office is Ground Floor, Anglo Mauritius House, 4, Intendance Street, Port Louis, Republic of Mauritius.

The main activity of the Company is to deal in foreign exchange under a licence issued by the Bank of Mauritius on 17 June 2005.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised IFRS

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2017

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IAS 7, Disclosure Initiative (Amendments to IAS 7)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

Management has assessed the impact of these revised standards and concluded that only *IAS 7, Disclosure Initiative (Amendments to IAS 7)* has an impact on the disclosure of the Company's financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretations have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments and interpretations is provided below:

Notes to the financial statements

For the year ended 31 March 2018

2. Adoption of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 9, Financial Instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

Notes to the financial statements

For the year ended 31 March 2018

2. Adoption of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 17, Insurance Contracts

IFRS 17 provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis (rather than nominal), and how to evaluate changes in the level of insurance risk.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC had observed that there was diversity in practice for various issues on the recognition and measurement of a tax liability or asset in circumstances where there is uncertainty in the application of the tax law in concern. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IFRS 9, Prepayments Features with Negative Compensation (Amendments to IFRS 9)

This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

IAS 28, Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarifies that an entity applies *IFRS 9, Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IAS 19, Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

When a net defined benefit liability or asset is remeasured as a result of a defined benefit plan being amended, curtailed or settled during a period, the amendments to IAS 19 now require a company to:

- determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and
- determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset.

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. Summary of significant accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The average exchange rates for the main foreign currencies against MUR for the year were as follows:

Currency	*Average exchange rate*
United States Dollar	35.34
Euro	40.44
Great Britain Pound	46.79

3.3 Plant and equipment

Plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment loss.

Depreciation is calculated on the straight-line method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Office equipment	4.75%
Computer equipment	25%
Furniture and fittings	6.33%
Motor vehicles	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of an asset, the difference between the carrying value of the asset and sale consideration is taken to the statement of comprehensive income.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

3. Summary of significant accounting policies (Contd)

3.4 Intangible assets

Computer software

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software has been assessed as having a finite useful life which has been estimated to 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3.5 Financial instruments

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into loans and receivables and available-for-sale financial assets.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include investments in Government of Mauritius treasury bills. The investment in treasury bills is measured at fair value and the unrealised gains or losses on remeasurement are accounted under the Fair Value Reserves.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases, bank overdrafts and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.7 Trade receivables

Trade receivables represents commission receivable on MoneyGram transfers.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Equity, reserves and dividend payments

Stated capital is determined using the values of the shares that have been issued.

Retained earnings include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Fair value reserves comprise of the unrealised gains or losses on re-measurement of available-for-sale financial assets.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the Board prior to the reporting date.

3.10 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

3. Summary of significant accounting policies (Contd)

3.10 Income tax (Contd)

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75%.

3.11 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly, the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations is calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.11 Employee benefits (Contd)

Gratuity obligations (Contd)

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

3.13.1 Net gains from foreign currency dealings

Sale of foreign currency

Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on these dealings are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

3.13.2 Other operating income

Other operating income comprise of fees and commission arising from telegraphic transfers, MoneyGram transactions, income from pick-up and delivery of foreign currencies to banks net of import charges.

Fees and commissions are recognised on an accrual basis when the service has been provided.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.13 Revenue recognition (Contd)

3.13.3 Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

3.14 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.15 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables also include advances received from customers in respect of telegraphic transfers not yet processed by the Company at the reporting date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at **Rs 643,000** (2017: Rs 598,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available; in that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 6).

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.19 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risks are managed at the level of the Board of Directors with the assistance of line managers. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls.

The Company's financial assets and financial liabilities by category are summarised below.

	2018 Rs	2017 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,490,601**	47,935,712
Loans and receivables:		
Trade and other receivables*	**3,071,413**	1,436,285
Cash and cash equivalents	**73,240,520**	63,149,599
	76,311,933	64,585,884
Total financial assets	**123,802,534**	112,521,596

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	2018 Rs	2017 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	**318,796**	612,401
Current		
Trade and other payables**	**9,932,754**	4,270,124
Bank overdrafts	**5,329,844**	1,449,257
Obligations under finance leases	**293,605**	314,233
	15,556,203	6,033,614
Total financial liabilities	**15,874,999**	6,646,015

**Trade and other receivables considered as financial assets exclude prepayments, deposits and other assets.*
***Trade and other payables considered as financial liabilities exclude advances from customers.*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD"), EURO and Great Britain Pound ("GBP"). Consequently, the Company is exposed to the risk that the exchange rates of USD, EURO and GBP relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in the foreign currencies. The effect of any change in the exchange rates of other currencies relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2018 Rs	2017 Rs	2018 Rs	2017 Rs
MUR	**118,163,196**	102,146,743	**10,138,570**	5,192,060
USD	**1,727,504**	6,005,933	**4,635,526**	-
EURO	**1,874,111**	2,451,015	**427,597**	1,055,191
GBP	**774,557**	607,755	**266,721**	394,066
Others	**1,263,166**	1,310,150	**406,585**	4,698
	123,802,534	112,521,596	**15,874,999**	6,646,015

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity

The information below illustrates the sensitivity of profit and equity in regards to the Company's financial instruments and the USD/MUR, EURO/MUR and GBP/MUR exchange rates, "all other things being equal".

It assumes a 10% change in the USD/MUR, EURO/MUR and GBP/MUR exchange rate for the year ended 31 March 2018 (2017: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD, EURO and GBP by 10%, profit and equity would have decreased by **Rs 95,367** at 31 March 2018 (2017: Rs 761,544). If the MUR had weakened by the same percentage against these foreign currencies, profit and equity would have increased by **Rs 95,367** (2017: Rs 761,544).

	2018		2017	
	Profit	Equity	Profit	Equity
	Rs	Rs	Rs	Rs
USD	**290,802**	**290,802**	(600,593)	(600,593)
EURO	**(144,651)**	**(144,651)**	(139,582)	(139,582)
GBP	**(50,784)**	**(50,784)**	(21,369)	(21,369)
	(95,367)	**(95,367)**	(761,544)	(761,544)

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of investment in treasury bills, bank balances, fixed deposits and finance leases respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be **Rs 115,297** (2017: Rs 102,787) on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties in order to reduce the risk of financial loss from defaults.

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2018 Rs	2017 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,490,601**	47,935,712
Loans and receivables:		
Trade and other receivables	**3,071,413**	1,436,285
Cash and cash equivalents	**73,240,520**	63,149,599
	76,311,933	64,585,884
Total	**123,802,534**	112,521,596

Trade receivables consist of amount due from MoneyGram on which the directors consider risk of default as minimal since the latter is a highly reputable organisation.

The directors consider that no credit risk is associated with the amount due from the related parties as the latters are financially strong.

The Company holds investment in Government of Mauritius treasury bills on which credit risk is considered nil.

The credit risk for cash and cash equivalents is considered negligible, since the Company transacts with reputable banks.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Liquidity risk analysis (Contd)

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring cash inflows and outflows due in day-to-day business.

The maturity profile of the financial liabilities is summarised as follows:

31 March 2018	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	**9,932,754**	**9,932,754**	**9,932,754**	**-**
Bank overdrafts	**5,329,844**	**5,329,844**	**5,329,844**	**-**
Obligations under finance leases	**612,401**	**666,480**	**333,240**	**333,240**
	15,874,999	**15,929,078**	**15,595,838**	**333,240**

31 March 2017	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	4,270,124	4,270,124	4,270,124	-
Bank overdrafts	1,449,257	1,449,257	1,449,257	-
Obligations under finance leases	926,634	1,044,209	377,730	666,479
	6,646,015	6,763,590	6,097,111	666,479

5. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member and other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, buy back shares or issue new shares.

The structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

5. Capital management policies and procedures (Contd)

	2018 Rs	2017 Rs
Total borrowings (Note (i))	**5,942,245**	2,375,891
Less: cash and cash equivalents	**(72,789,440)**	(63,149,599)
Net debt	**-**	-
Total equity (Note (ii))	**124,124,766**	122,349,608
Total capital	**124,124,766**	122,349,608
Gearing ratio	**-**	-

Based on the above information, the Company was not geared at 31 March 2018.

(i) Borrowings comprise of bank overdrafts and obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

(iii) The Company is required to maintain an unimpaired capital of Mauritian Rupee 25,000,000 and an additional two million rupees for each branch that it operates in accordance with the Terms and Conditions of its Foreign Exchange Dealer Licence. At 31 March 2018, the Company's total equity stood at **Rs 124,124,766** (2017: Rs 122,349,608) and therefore the Company meets the unimpaired capital requirement.

Also, in accordance with Section 25 of the Banking Act 2004, the Company should maintain minimum liquid assets, equivalent to not less than 10 per cent of its liabilities, as may be determined by the Bank of Mauritius. Management considers the cash and cash equivalents and Government of Mauritius treasury bills as liquid assets and the total amount of these assets exceeded the total liabilities balance at the reporting date.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

The hierarchy of the fair value measurement of the Company's financial assets measured at fair value on a recurring basis are as follows:

31 March 2018	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Financial assets				
Government of Mauritius treasury bills	-	**47,490,601**	-	**47,490,601**

31 March 2017	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Financial assets				
Government of Mauritius treasury bills	-	47,935,712	-	47,935,712

There were no transfers between Level 1 and Level 2 during the year.

Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair values of investments are detailed below:

Government of Mauritius treasury bills (Level 2)

The Government of Mauritius treasury bills are actively traded in the Mauritian market. The clean prices of the Government of Mauritius treasury bills are available on website of the Bank of Mauritius.

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, and prepayments. Its non-financial liabilities consist of advance received from customers, deferred tax liabilities and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Total Rs
Cost					
At 01 April 2017	**5,704,403**	**5,402,557**	**9,365,871**	**2,429,995**	**22,902,826**
Additions	959,859	509,849	340,000	-	1,809,708
Assets written off/disposals	(554,514)	(52,325)	(141,300)	-	(748,139)
At 31 March 2018	**6,109,748**	**5,860,081**	**9,564,571**	**2,429,995**	**23,964,395**
Depreciation					
At 01 April 2017	**2,128,322**	**3,242,814**	**2,882,370**	**1,082,915**	**9,336,421**
Charge for the year	271,080	793,533	573,316	364,499	2,002,428
Depreciation adjustments	(174,808)	(31,765)	(91,934)	-	(298,507)
At 31 March 2018	**2,224,594**	**4,004,582**	**3,363,752**	**1,447,414**	**11,040,342**
Net book values					
At 31 March 2018	**3,885,154**	**1,855,499**	**6,200,819**	**982,581**	**12,924,053**

At 31 March 2018, motor vehicles acquired under finance leases had a net book value of **Rs 865,710** (2017: Rs 1,347,080).

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment (Contd)

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Assets in progress Rs	Total Rs
Cost						
At 01 April 2016	6,311,783	3,793,699	8,136,662	2,429,995	1,113,599	21,785,738
Additions	745,421	495,259	1,818,813	-	-	3,059,493
Transfers	-	1,113,599	-	-	(1,113,599)	-
Assets written off/disposals	(1,352,801)	-	(589,604)	-	-	(1,942,405)
At 31 March 2017	**5,704,403**	**5,402,557**	**9,365,871**	**2,429,995**	**-**	**22,902,826**
Depreciation						
At 01 April 2016	2,568,793	2,718,478	2,572,283	718,415	-	8,577,969
Charge for the year	295,319	524,336	510,544	364,500	-	1,694,699
Depreciation adjustments	(735,790)	-	(200,457)	-	-	(936,247)
At 31 March 2017	**2,128,322**	**3,242,814**	**2,882,370**	**1,082,915**	**-**	**9,336,421**
Net book values						
At 31 March 2017	**3,576,081**	**2,159,743**	**6,483,501**	**1,347,080**	**-**	**13,566,405**

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

8. Intangible assets

	Computer software Rs	Assets in progress Rs	Total Rs
Cost			
At 01 April 2017	17,768,306	-	17,768,306
Additions	335,308	-	335,308
Assets written off (Note (i))	(12,763,610)	-	(12,763,610)
At 31 March 2018	**5,340,004**	**-**	**5,340,004**
Amortisation			
At 01 April 2017	15,181,665	-	15,181,665
Charge for the year	789,348	-	789,348
Amortisation adjustment (Note (i))	(12,763,610)	-	(12,763,610)
At 31 March 2018	**3,207,403**	**-**	**3,207,403**
Net book values			
At 31 March 2018	**2,132,601**	**-**	**2,132,601**
Cost			
At 01 April 2016	15,365,103	2,334,352	17,699,455
Transfers	2,334,352	(2,334,352)	-
Additions	129,995	-	129,995
Assets written off	(61,144)	-	(61,144)
At 31 March 2017	**17,768,306**	**-**	**17,768,306**
Amortisation			
At 01 April 2016	14,849,864	-	14,849,864
Charge for the year	338,170	-	338,170
Amortisation adjustment	(6,369)	-	(6,369)
At 31 March 2017	**15,181,665**	**-**	**15,181,665**
Net book values			
At 31 March 2017	**2,586,641**	**-**	**2,586,641**

(i) The adjustments relate to the core application "Maraekat" which was replaced by "Mudra" and hence has been removed from the books due to its nil economic value during the current financial year.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

9. Investment in treasury bills

	2018 Rs	2017 Rs
At fair value		
At 01 April	**47,935,712**	47,338,139
Purchased during the year	**69,484,290**	47,411,690
Redeemed during the year	**(71,000,000)**	(48,000,000)
Interest element	**1,235,123**	1,154,681
Fair value (loss)/gain on remeasurement	**(164,524)**	31,202
At 31 March	**47,490,601**	47,935,712

Investments relate to the purchase of Government of Mauritius Treasury Bills. Details of the investments are as follows:

Contract date	Maturity Date	Yield %	Face Value Rs
08 May 2017	13 April 2018	2.80	25,000,000
08 December 2017	30 November 2018	2.35	23,000,000

10. Trade and other receivables

	2018 Rs	2017 Rs
Trade receivables (Note (i))	**358,445**	342,581
Due from related parties (Note (ii))	**1,097,287**	931,852
Rental and other deposits	**1,491,619**	1,496,082
Other receivables and prepayments	**6,781,925**	2,687,107
	9,729,276	5,457,622

(i) Trade receivables represent principally commissions receivable from MoneyGram. The credit period is one week and no interest is charged on overdue balances.

(i) The amounts due from the related parties are interest free, unsecured and receivable on demand.

Notes to the financial statements

For the year ended 31 March 2018

11. Cash and cash equivalents

	2018 Rs	2017 Rs
Cash at bank:		
Local currency*	**53,153,720**	43,341,716
Foreign currency	**435,836**	3,215,375
Cash in hand:		
Local currency	**14,447,462**	9,467,530
Foreign currency	**5,203,502**	7,124,978
Cash at bank and in hand	**73,240,520**	63,149,599
Bank overdrafts (Note 14)	**(5,329,844)**	(1,449,257)
Total	**67,910,676**	61,700,342

*Includes fixed deposit of **Rs 25,391,158** (2017: Rs 25,466,548) placed on 17 July 2017 and maturing on 18 July 2018.

12. Stated capital

	2018 Rs	2017 Rs
1,000,000 shares of Rs 100 each	**100,000,000**	100,000,000

13. Gratuity obligations

The Company has recognised gratuity obligations of **Rs 643,000** (2017: Rs 598,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

Notes to the financial statements

For the year ended 31 March 2018

13. Gratuity Obligations (Contd)

	2018 Rs	2017 Rs
Reconciliation of gratuity obligations		
At 01 April	**598,000**	352,000
Amount recognised in profit or loss	**135,000**	132,000
Amount recognised in other comprehensive income	**(90,000)**	114,000
At 31 March	**643,000**	598,000

	2018 Rs	2017 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**598,000**	352,000
Current service cost	**96,000**	106,000
Interest expense	**39,000**	26,000
Liability experience (gain)/loss	**(91,000)**	114,000
Liability loss due to change in financial assumptions	**1,000**	-
At 31 March	**643,000**	598,000
Components of amount recognised in profit or loss		
Current service cost	**96,000**	106,000
Net interest on net defined benefit liability	**39,000**	26,000
	135,000	132,000
Components of amount recognised in other comprehensive income		
Liability experience (gain)/loss	**(91,000)**	114,000
Liability loss due to change in financial assumptions	**1,000**	-
	(90,000)	114,000
Principal assumptions used at end of year		
Discount rate	**5.50%**	6.50%
Rate of salary increases	**4.00%**	5.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year		
Increase due to 1% decrease in discount rate	**85,000**	86,000
Decrease due to 1% increase in discount rate	**71,000**	72,000

Notes to the financial statements

For the year ended 31 March 2018

13. Gratuity Obligations (Contd)

Future cash flows

(a) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.	
(b) Expected employer contribution for the next year	Rs 71,000
(c) Weighted average duration of the gratuity obligations	12 years

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

14. Borrowings

		2018 Rs	2017 Rs
14.1	**Non-current**		
	Obligations under finance leases (Note 14.2)	**318,796**	612,401
	Current		
	Bank overdrafts (Note 11)	**5,329,844**	1,449,257
	Obligations under finance leases (Note 14.2)	**293,605**	314,233
		5,623,449	1,763,490
	Total borrowings	**5,942,245**	2,375,891

14.2 Obligations under finance leases

	2018 Rs	2017 Rs
Within one year	**333,240**	377,730
More than 1 year but before 5 years	**333,240**	666,479
	666,480	1,044,209
Less future finance charges	**(54,079)**	(117,575)
Present value of finance lease obligations	**612,401**	926,634

Notes to the financial statements

For the year ended 31 March 2018

14. Borrowings (Contd)

14.2 Obligations under finance leases (Contd)

	2018 Rs	2017 Rs
Apportioned as follows:		
Repayable within one year	**293,605**	314,233
Repayable after 1 year and before 5 years	**318,796**	612,401
	612,401	926,634

Leasing arrangement

Finance leases relate to motor vehicles with lease terms of 5 years. The Company has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

15. Trade and other payables

	2018 Rs	2017 Rs
Trade payables (Note (i))	**9,133,218**	3,049,056
Due to intermediate holding company (Note (ii))	**406,585**	4,698
Accruals and other payables	**4,211,271**	4,265,430
	13,751,074	7,319,184

(i) Trade payables include amounts due to MoneyGram in respect of transactions done in the normal course of business.

(ii) The amount payable to the intermediate holding company is unsecured, interest free and repayable on demand.

16. Net gains from foreign currency dealings and net foreign exchange differences

Net gains from foreign currency dealings arise from sale and purchase of foreign currencies. Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on dealings in foreign currencies are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

Notes to the financial statements

For the year ended 31 March 2018

17. Other operating income

	2018 Rs	2017 Rs
Income from pick-up and delivery of foreign currencies to banks, net of import charges	**462,301**	513,300
Income on telegraphic transfers	**241,678**	1,353,945
Commission received on MoneyGram transactions	**9,851,092**	8,555,751
	10,555,071	10,422,996

18. Finance income

	2018 Rs	2017 Rs
Bank interest	**660,393**	670,003
Interest received on treasury bills	**1,234,832**	1,154,681
Other interest income	**98,625**	-
	1,993,850	1,824,684

19. Finance costs

	2018 Rs	2017 Rs
Interest on obligations under finance leases	**63,803**	96,352
Interest on bank overdrafts	**341,747**	365,568
	405,550	461,920

20. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2018 it had no income tax liability due to accumulated losses of **Rs 2,297,408** (2017: Rs 5,319,343) carried forward.

(ii) Tax expense

	2018 Rs	2017 Rs
Movement in deferred taxation	**1,002,670**	1,038,096

Notes to the financial statements

For the year ended 31 March 2018

20. Taxation (Contd)

(iii) Income tax reconciliation

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2018 Rs	2017 Rs
Profit before tax	**2,852,352**	7,334,026
Tax at 15%	**427,853**	1,100,104
Non-allowable items	**643,534**	708,343
Movement on deferred taxation	**1,002,670**	1,038,096
Annual allowances	**(635,292)**	(763,238)
Exempt income	**(3,633)**	-
Tax loss utilised	**(432,462)**	(1,045,209)
Tax expense	**1,002,670**	1,038,096

(iv) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%.

Deferred tax liability amounting to **Rs 1,055,966** at 31 March 2018 (2017: Rs 53,296) has been recognised in the financial statements. The movement in deferred tax liabilities is as follows:

	2018 Rs	2017 Rs
At 01 April	**53,296**	(984,800)
Movement during the year	**1,002,670**	1,038,096
At 31 March	**1,055,966**	53,296

The deferred tax liabilities made up of:

	2018 Rs	2017 Rs
Accelerated capital allowances	**1,497,027**	940,897
Accumulated tax losses	**(344,611)**	(797,901)
Gratuity obligations	**(96,450)**	(89,700)
Total	**1,055,966**	53,296

Notes to the financial statements

For the year ended 31 March 2018

21. Operating profit (Contd)

21. Operating profit

	2018 Rs	2017 Rs
Operating profit is arrived at after charging:		
Depreciation	**2,002,428**	1,694,699
Amortisation	**789,348**	338,170
Rental expenses	**8,968,399**	9,291,359
Security charges	**2,723,550**	2,444,300
Telephone and connectivity charges	**4,083,742**	3,105,129
Licences	**2,792,074**	2,637,250
Audit fees and other fees	**805,000**	805,000
Staff costs:		
Salaries and allowances	**20,645,606**	20,611,951
Social security costs	**1,038,597**	1,000,729
Other employee benefits	**3,691,312**	3,302,260

22. Related party transactions

During the year ended 31 March 2018, the Company had transactions with its related entities. The nature, volume of transactions and balances with related parties are as follows:

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2018 Rs	Debit/(credit) balances at 31 March 2017 Rs
Immediate holding company	Receivable	**34,500**	-	34,500
Intermediate holding company	Payable	**401,887**	**(406,585)**	(4,698)
Fellow subsidiary	Receivable	**199,935**	**1,097,287**	897,352
Fellow subsidiary	Sale of foreign currencies	**981,704**	-	-
Fellow subsidiary	Purchase of foreign currencies	**28,722,755**	-	-
Key Management Personnel	Salaries and related contributions	**3,154,434**	-	-

The terms and conditions of the receivables and payables are described in Notes 10 and 15 to these financial statements respectively.

Notes to the financial statements

For the year ended 31 March 2018

23. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2018 Rs	2017 Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**8,968,399**	9,291,359

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018 Rs	2017 Rs
Not later than 1 year	**7,767,496**	7,174,836
Later than 1 year and not later 5 years	**9,492,716**	3,275,030
More than 5 years	**177,100**	328,900
	17,437,312	10,778,766

Operating leases payments represent rental of office and archiving spaces. The lease typically runs for a period of one year, with an option to renew the leases after that date.

24. Contingent liabilities

(i) The Company has given bank guarantees for an amount of Rs 60,000 and for which no financial loss is anticipated.

(ii) The Company is subject to a claim of Rs 300,000 from a former employee. Based on legal advices, the directors consider that this claim has no merit and consequently no provision is required in these financial statements.

25. Reconciliation of liabilities arising from financing activities

	31 March 2017 Rs	Cash flows Rs	Non-cash changes Rs	31 March 2018 Rs
Obligations under finance lease	926,634	(314,233)	-	612,401
Bank overdrafts	1,449,257	3,880,587	-	5,329,844
	2,375,891	**3,566,354**	**-**	**5,942,245**

Notes to the financial statements

For the year ended 31 March 2018

26. Holding companies

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in the Republic of India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate holding'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing a 67.82% stake in Thomas Cook (India) Limited as on 31 March 2018.

Thomas Cook (Mauritius) Operations Company Limited

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Corporate data

Directors :

Name	Date appointed	Date resigned
Mr Mahesh Chandran Iyer	29 March 2013	-
Mr Harsha Raghavan	29 March 2013	-
Mr Mohinder Dyall	04 September 2013	-
Mr Mathew John Lamport	21 January 2014	-
Mr Ramakrishna Sithanen	07 May 2015	-
Mr Rajeev Hasnah	25 April 2016	07 February 2018

Registered office :
Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary :
Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors :
Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers :
AfrAsia Bank Limited
Bank One Limited
Banque des Mascareignes Ltée
Barclays Bank Mauritius Limited
MauBank Ltd
SBM Bank (Mauritius) Ltd
Standard Chartered Bank (Mauritius) Limited
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

Thomas Cook (Mauritius) Operations Company Limited

Annual report

The directors have the pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is to deal in foreign exchange.

Results and dividends

The results for the year are as shown on page 21.

The directors did not recommend any dividend during the year under review (2017: Rs Nil).

Directors

The present membership of the Board is set out on page 2.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius;
- state whether the Guideline on Corporate Governance has been adhered to; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that adequate accounting records have been maintained and effective systems of internal control and risk management were in place.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance

CORPORATE GOVERNANCE STATEMENT

Thomas Cook (Mauritius) Operations Company Limited, the "Company", is a subsidiary of Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius and a step down subsidiary of Thomas Cook (India) Limited, a company incorporated in the Republic of India. The ultimate parent is Fairfax Financial Holdings Limited, Canada.

The Bank of Mauritius has issued a Guideline on Corporate Governance for financial institutions governed under the Banking Act 2004 and the Corporate Governance report has been prepared having regard to the requirements prescribed in the Guideline on Corporate Governance.

The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities.

During this financial year, the Board of Directors (the "Board") has tried to adopt these approaches that it believes are likely to work in the particular context of the Company's business and culture and which promote the following:

- Effective decision-making, risk management and control;
- Keeping the interests of the owners of the business aligned with, and at the front of the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice of all stakeholders. Principally, these are regulatory and standard bodies, employees, customers, suppliers and the environment in which the Company operates.

SHAREHOLDING STRUCTURE

The shareholding of the Company is as follows:

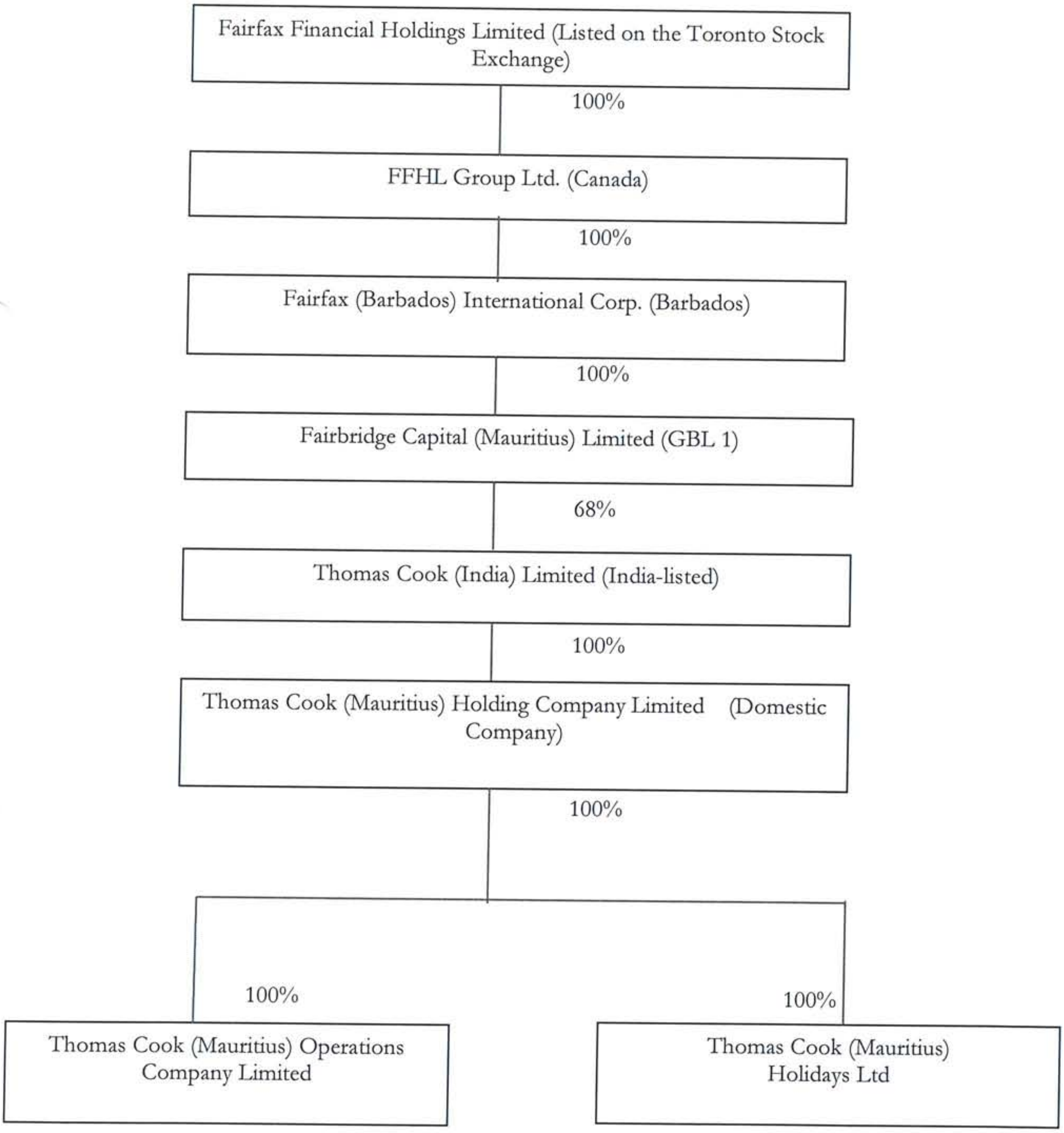
Shareholder	No of Shares
Thomas Cook (Mauritius) Holding Company Limited	1,000,000
Total Number of Shares	**1,000,000**

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

SHAREHOLDING STRUCTURE (Contd)



Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS

Structure of the Board

The Board's structure of the Company is a unitary Board. The directors of the Company share responsibility for directing and promoting its affairs collectively when acting on behalf of the Company.

Composition of the Board

The Board currently comprises of one Executive Director, two Non-Executive Directors and two Independent Directors.

Attendance at Board Meetings:

	23/05/2017	17/07/2017	24/10/2017	30/01/2018
Chairman				
Ramakrishna SITHANEN (Independent Director)	✓	✓	✓	✓
Chief Operating Officer/Executive Director				
Mohinder Shakeel DYALL	✓	✓	✓	✓
Independent Director				
Matthew John LAMPORT	✓	✓	✓	✓
Rajeev HASNAH (Resigned on 07 February 2018)	✓	✓	✓	×
Non-Executive Directors				
Mahesh Chandran IYER	✓	✓	✓	✓
Harsha RAGHAVAN	×	×	×	×

Directors' Profile

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors)*

Appointment Date: 07 May 2015

Dr Ramakrishna Sithanen is a member of the Audit and Risk Management Committee.

Skills and Experience

He holds a BSc Economics (with First Class Honours) and an M.Sc Economics (with a Mark of Distinction) from the London School Economics and Political Science (LSE) UK. He holds a PhD in Political Science from Brunel University. He has been bestowed with the highest mark of distinction of the Republic of Mauritius with the Grand Commander of the Star and Key in 2009.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' Profile (Contd)

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors) (Contd)*

He has strong leadership skills and a broad experience in political, managerial, technical, financial and administrative experience as Deputy Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius, Director at Air Mauritius, General Manager, Strategy and Development of Rogers and Co, Partner in major accounting and consulting firm, economist and consultant/adviser on economic issues, airline restructuring and policy matters.

Mr Mohinder Shakeel DYALL – Executive Director *(Chief Operating Officer)*

Appointment date: 04 September 2013

Skills and Experience

He joined the Company in September 2013 as the Chief Operating Officer. He holds a Post Graduate Diploma in marketing from the Chartered Institute of Marketing and an M.Sc E-Business from the University of Mauritius. He is both a member of the Chartered Institute of Marketing (CIM) and a Chartered Marketer from the same Institute. He is the former Chief Operations Officer at Flemingo Duty Free Mauritius Ltd and Chief Executive Officer at Mauritius Duty Free Paradise Ltd.

Mr Matthew John LAMPORT – Independent Director *(Chairman of the Audit and Risk Management Committee)*

Appointment: 21 January 2014

Skills and Experience

He holds an MSc Finance and a BSc Management Studies from the University of Mauritius. He is also a member of the Association of Chartered and Certified Accountants (ACCA). He had fifteen years of experience as a Senior Lecturer in Accounting and Finance at the University of Mauritius. He is also an academic member representing the University of Mauritius on the Financial Reporting Council.

Mr Mahesh Chandran IYER – Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.Com from Mumbai University, a Masters in Marketing Management – JBIMS and an Executive program in Business Management – IIM from Kolkata. He has twenty three years of experience as a Senior Vice President and Head in Foreign Exchange at Thomas Cook (India) Limited. He is currently the Chief Executive Officer of Thomas Cook (India) Ltd.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' Profile (Contd)

Mr Harsha RAGHAVAN- Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.A in Computer Science and Economics from University of California, Berkeley, an M.Sc in Industrial Engineering & Engineering Management from Stanford University and an M.B.A from Stanford Graduate School of Business. He is the Managing Director of Fairbridge Capital in Mumbai, India since 2011.

Mr Rajeev HASNAH – Independent Director

Appointment date: 25 April 2016

Resignation date: 07 February 2018

Mr Rajeev Hasnah was a member of the Audit and Risk Management Committee.

Skills and Experience

He is a CFA Charter holder from the CFA Institute and also an affiliate member of Association of Chartered Certified Accountants (ACCA). He is currently the Managing Director of Blue Delta Advisory, Republic of Mauritius.

Role and function of the Board

The Board is the decision-making body for all matters material to the Company's finances, strategy and reputation. It is collectively responsible for the long-term success of the Company and has ultimate responsibility for management, direction and performance of the Company and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. The Board has also delegated specific responsibility to the Audit and Risk Management Committee.

There is a defined division of responsibilities between the Non-Executive Chairman and the Chief Operating Officer.

Role and Function of the Chairman

The Chairman is responsible to manage and provide leadership to the Board of Directors. He is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Operating Officer. The Chairman also acts as the communicator for Board decisions where appropriate.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Role and Function of the Chief Operating Officer

The Chief Operating Officer ("COO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value. The COO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.

Role of the Non-Executive Director and the Independent Director

The Non-Executive Director and the Independent Director make a significant contribution to the functioning of the Board and are involved in policy making and planning exercise. They ensure that no one individual or group dominates the decision-making process.

Role and function of the Company Secretary

The Company Secretary manages the provision of timely, accurate and considered information to the Board and ensures that the Board maintains its awareness of the ever-changing corporate governance environment. The Company Secretary attends every Board meeting and Committee meeting.

Conflicts of interests

Each director ensures that no decision or action is taken that places his interests in front of the interests of the business. At each Board meeting, the directors are required to disclose any actual or potential conflicts of interests.

Remuneration of directors

The Board decided to allocate an aggregate amount of Rs 15,000 as remuneration and benefits to the independent directors for each quarterly meeting.

Board induction and professional development

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations. The Board recognises that its directors have a diverse range of experience, and so it encourages them to attend external seminars and briefings that will assist them individually.

Board evaluation

The Board recognises that a continuous and constructively critical evaluation of their performance is a powerful feedback for improving Board effectiveness, maximising strengths and highlighting areas for further development.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Board meetings

The Board met four times this year. At each meeting, the Board receives regular reports, for example, covering current operations, compliance reports and management accounts. At certain points in the year, the Board reviews results of the operations, budgets, capital expenditure, risks and audited financial statements and also reviews other topics such as technical or legal developments and the competitive environment as appropriate.

BOARD COMMITTEES

The Board has a standing Audit and Risk Management Committee (the "Committee"). The Committee reports to the Board and has its terms of reference approved by the Board on 18 November 2015. The minutes of the Committee Meetings are circulated and reviewed by the Board.

Audit and Risk Management Committee

The main duties and responsibilities of the Audit and Risk Management Committee are:

1.1 The basic responsibility of the members of the Audit and Risk Management committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

1.2 The Board authorises the Audit and Risk Management Committee, within the scope of its responsibilities to:

- (a) perform activities within the scope of this charter.
- (b) investigate any activity it deems appropriate.
- (c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties.
- (d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate.
- (e) have unrestricted access to members of management, employees and relevant information.
- (f) establish procedures regarding accounting, internal controls and auditing matters.
- (g) establish procedures for the receipt and treatment of audit observations received by the Company regarding accounting controls and auditing matters.
- (h) make recommendations to the Board in relation to the appointment, termination and remuneration of external auditors and evaluate the work of the latter.
- (i) review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.
- (j) pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD COMMITTEES (CONTD)

Membership of the Committee

The members of the Committee during the year were Mr Matthew Lamport (Committee Chairman), Dr Ramakrishna Sithanen and Mr Rajeev Hasnah. Mr Rajeev Hasnah resigned on 07 February 2018.

Attendance at Committee:

	23/05/2017	17/07/2017	24/10/2017	30/01/2018
Mr Matthew LAMPORT	✓	✓	✓	✓
Dr Ramakrishna SITHANEN	✓	✓	✓	✓
Mr Rajeev HASNAH (Resigned on 07 February 2018)	✓	✓	✓	×

The Chief Operating Officer, General Manager-Finance, General Manager-Forex Exchange, the Senior Manager – Compliance/MLRO and the external auditors attend meetings by invitation.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Internal Audit and Internal Control

The scope of the internal audit function is to assist the Board and management to maintain and improve the process by which risks are identified and managed, and to help the Board to discharge its responsibilities and to maintain and strengthen the internal control framework.

During the year under review, the Board has outsourced the internal audit function to BDO & Co.

Risk Management

The Board of Directors has overall responsibility for the Company's risk management and the process in place in relation to the identification, evaluation and management of the significant risks faced by the Company in compliance with the Corporate Governance Code.

The risk management mechanism in place includes:

- A system for the on-going identification and assessment of risks; and
- Communication of risk management across all levels of organisation.

The financial risk management is outlined on pages 35 to 39 of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

ACCOUNTING AND AUDITING

Auditors

The fees charged by the auditors (inclusive of VAT), **Grant Thornton**, for audit and other services were:

	2018 Rs	2017 Rs
Audit fees	**575,000**	575,000
Other services*	**230,000**	230,000
	805,000	805,000

*Other services comprise tax services and review of the Company's internal control systems.

The auditors, **Grant Thornton,** have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual Meeting.

INTEGRATED SUSTAINABILITY REPORT

Ethics and business conduct

The Company is committed to a Code of Business Conduct and Ethics which sets out the business practices and personal ethics for all its employees. The Code of Business Conduct and Ethics was approved by the Board of Directors on 18 November 2015.

COMMUNICATION AND DISCLOSURE

Related Party Transaction

Related party transactions are disclosed in Note 22 to these financial statements.

Constitution

The Company's constitution is in conformity with the provisions of the Mauritius Companies Act 2001.

Dividend Policy

The payment of dividends is subject to the performance of the Company, its cash flows, its investments requirements and its solvency ratio.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

COMMUNICATION AND DISCLOSURE (CONTD)

Significant Contracts

No contracts of significance exist between the Company and its directors.

Donations

The Company made donations of Rs 5,000 during the year ended 31 March 2018 (2017: Rs Nil).

Directors' Remuneration

During the year ended 31 March 2018, remuneration paid to the directors by the Company are as follows:

	2018 Rs	2017 Rs
Non-Executive Independent directors - sitting fee	**150,000**	**225,000**
Executive director	**3,154,434**	**4,029,324**

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by:

Director

Director

Thomas Cook (Mauritius) Operations Company Limited

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Operations Company Limited

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Operations Company Limited** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2018.

for **Executive Services Limited**
Secretary
Per Jean Benoît YENCANA, ACIS
EXECUTIVE SERVICES LTD

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 15 MAY 2018

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 20 to 54 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 March 2018. These matters were 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 these matters.

The only key audit matter identified in relation to the audit of the financial statements is as described below:

Risk Description

Revenue Recognition

We focus on the revenue recognition because income derived from dealings in foreign currencies exchange is a significant item and, also as it is the main factor for determining the Company's financial performance.

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Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Key Audit Matters (Contd)

How audit responded to this matter

Our audit procedures included among others:

- We have tested the IT general controls to ensure the integrity and reliability of financial information generated by the IT system.
- We have tested the design and operating effectiveness of controls over revenue.
- We have performed walkthrough and tests of control to gain an understanding of how and when gains on foreign currencies dealings are recognised in the system.
- We have performed substantive testing which included recalculating the exchange gain on a sample of transactions.
- We have reviewed journal entries pertaining to revenue and requested supporting documentation where appropriate.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

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 and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004, and for such internal control as management determines is necessary to enable the preparation of the 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.

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 International Standards on Auditing 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 International Standards on Auditing, 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.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- 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 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 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.

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in the Company other than in our capacity as auditors;

- we have obtained all the information and explanations that we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

(b) Banking Act 2004

In our opinion, the financial statements:

- have been prepared on a basis consistent with that of the preceding year;
- are complete, fair and properly drawn up; and
- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 15 MAY 2018

Ebene 72201, Republic of Mauritius

Thomas Cook (Mauritius) Operations Company Limited

Statement of financial position as at 31 March

	Notes	2018 Rs	2017 Rs
Assets			
Non-current			
Plant and equipment	7	**12,924,053**	13,566,405
Intangible assets	8	**2,132,601**	2,586,641
Non-current assets		**15,056,654**	16,153,046
Current			
Investment in treasury bills	9	**47,490,601**	47,935,712
Trade and other receivables	10	**9,729,276**	5,457,622
Cash and cash equivalents	11	**73,240,520**	63,149,599
Current assets		**130,460,397**	116,542,933
Total assets		**145,517,051**	132,695,979
Equity and liabilities			
Equity			
Stated capital	12	**100,000,000**	100,000,000
Retained earnings		**24,334,088**	22,484,406
Gratuity benefit deficits		**(76,000)**	(166,000)
Fair value reserves	9	**(133,322)**	31,202
Total equity		**124,124,766**	122,349,608
Liabilities			
Non-current			
Gratuity obligations	13	**643,000**	598,000
Borrowings	14	**318,796**	612,401
Deferred tax liabilities	20	**1,055,966**	53,296
Non-current liabilities		**2,017,762**	1,263,697
Current			
Trade and other payables	15	**13,751,074**	7,319,184
Borrowings	14	**5,623,449**	1,763,490
Current liabilities		**19,374,523**	9,082,674
Total liabilities		**21,392,285**	10,346,371
Total equity and liabilities		**145,517,051**	132,695,979

Approved by the Board of Directors on 15 MAY 2018 and signed on its behalf by

Director

Director

The notes on pages 24 to 54 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of comprehensive income for the year ended 31 March

	Notes	2018 Rs	2017 Rs
Net gains from foreign currency dealings and net foreign exchange differences	16	**46,765,451**	50,675,144
Other operating income	17	**10,555,071**	10,422,996
Sundry income		**25,305**	99,551
Administrative expenses		**(56,081,775)**	(55,226,429)
Operating profit	21	**1,264,052**	5,971,262
Finance income	18	**1,993,850**	1,824,684
Finance costs	19	**(405,550)**	(461,920)
Net finance income		**1,588,300**	1,362,764
Profit before tax		**2,852,352**	7,334,026
Tax expense	20	**(1,002,670)**	(1,038,096)
Profit for the year		**1,849,682**	6,295,930
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on gratuity benefit obligations	13	**90,000**	(114,000)
Items that will be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets	9	**(164,524)**	31,202
Other comprehensive loss for the year, net of tax		**(74,524)**	(82,798)
Total comprehensive income for the year		**1,775,158**	6,213,132

The notes on pages 24 to 54 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Retained earnings Rs	Gratuity benefit deficits Rs	Fair value reserves Rs	Total Rs
At 01 April 2017	**100,000,000**	**22,484,406**	**(166,000)**	**31,202**	**122,349,608**
Profit for the year	**-**	**1,849,682**	**-**	**-**	**1,849,682**
Other comprehensive income /(loss)	**-**	**-**	**90,000**	**(164,524)**	**(74,524)**
Total comprehensive income for the year	**-**	**1,849,682**	**90,000**	**(164,524)**	**1,775,158**
At 31 March 2018	**100,000,000**	**24,334,088**	**(76,000)**	**(133,322)**	**124,124,766**
At 01 April 2016	100,000,000	16,188,476	(52,000)	-	116,136,476
Profit for the year	-	6,295,930	-	-	6,295,930
Other comprehensive (loss)/income	-	-	(114,000)	31,202	(82,798)
Total comprehensive income for the year	-	6,295,930	(114,000)	31,202	6,213,132
At 31 March 2017	100,000,000	22,484,406	(166,000)	31,202	122,349,608

Thomas Cook (Mauritius) Operations Company Limited

Statement of cash flows for the year ended 31 March

	2018 Rs	2017 Rs
Operating activities		
Profit before tax	**2,852,352**	7,334,026
Adjustments for:		
Depreciation	**2,002,428**	1,694,699
Amortisation	**789,348**	338,170
Gratuity benefit obligations	**135,000**	132,000
Interest income	**(1,993,850)**	(1,824,684)
Interest expense	**405,550**	461,920
Assets written off / loss on disposals	**449,632**	983,308
Total adjustments	**1,788,108**	1,785,413
Net changes in working capital:		
Change in trade and other receivables	**(4,271,654)**	5,298,388
Change in trade and other in payables	**6,431,890**	(15,781,095)
Total changes in working capital	**2,160,236**	(10,482,707)
Interest received	**758,727**	670,003
Interest paid	**(405,550)**	(461,920)
Net cash from operating activities	**7,153,873**	(1,155,185)
Investing activities		
Purchase of plant and equipment	**(1,809,708)**	(3,059,493)
Purchase of intangible assets	**(335,308)**	(129,995)
Proceeds from treasury bills redeemed	**71,000,000**	48,000,000
Purchase of treasury bills	**(69,484,290)**	(47,411,690)
Proceeds from sale of plant and equipment	**-**	77,625
Net cash used in investing activities	**(629,306)**	(2,523,553)
Financing activities		
Finance lease principal payments	**(314,233)**	(414,848)
Net cash used in financing activities	**(314,233)**	(414,848)
Net increase/(decrease) in cash and cash equivalents	**6,210,334**	(4,093,586)
Cash and cash equivalents at beginning of the year	**61,700,342**	65,793,928
Cash and cash equivalents at end of year (Note 11)	**67,910,676**	61,700,342
Cash and cash equivalents made up of:		
Cash in hand and cash at bank (Note 11)	**73,240,520**	63,149,599
Bank overdrafts (Note 14)	**(5,329,844)**	(1,449,257)
	67,910,676	61,700,342

For reconciliation of liabilities arising from financing activities, refer to **Note 25.**

The notes on pages 24 to 54 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2018

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Operations Company Limited, the "Company", was incorporated in the Republic of Mauritius under the former Mauritius Companies Act 1984 (now replaced by the Mauritius Companies Act 2001) on 14 January 2000 as a private company with liability limited by shares. The Company's registered office is Ground Floor, Anglo Mauritius House, 4, Intendance Street, Port Louis, Republic of Mauritius.

The main activity of the Company is to deal in foreign exchange under a licence issued by the Bank of Mauritius on 17 June 2005.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised IFRS

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2017

In the current year, the following revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IAS 7, Disclosure Initiative (Amendments to IAS 7)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

Management has assessed the impact of these revised standards and concluded that only *IAS 7, Disclosure Initiative (Amendments to IAS 7)* has an impact on the disclosure of the Company's financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretations have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments and interpretations is provided below:

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

2. Adoption of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 9, Financial Instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

2. Adoption of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 17, Insurance Contracts

IFRS 17 provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis (rather than nominal), and how to evaluate changes in the level of insurance risk.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC had observed that there was diversity in practice for various issues on the recognition and measurement of a tax liability or asset in circumstances where there is uncertainty in the application of the tax law in concern. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IFRS 9, Prepayments Features with Negative Compensation (Amendments to IFRS 9)

This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

IAS 28, Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarifies that an entity applies *IFRS 9, Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IAS 19, Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

When a net defined benefit liability or asset is remeasured as a result of a defined benefit plan being amended, curtailed or settled during a period, the amendments to IAS 19 now require a company to:

- determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and
- determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset.

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. Summary of significant accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The average exchange rates for the main foreign currencies against MUR for the year were as follows:

Currency	*Average exchange rate*
United States Dollar	35.34
Euro	40.44
Great Britain Pound	46.79

3.3 Plant and equipment

Plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment loss.

Depreciation is calculated on the straight-line method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Office equipment	4.75%
Computer equipment	25%
Furniture and fittings	6.33%
Motor vehicles	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of an asset, the difference between the carrying value of the asset and sale consideration is taken to the statement of comprehensive income.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.4 Intangible assets

Computer software

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software has been assessed as having a finite useful life which has been estimated to 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3.5 Financial instruments

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into loans and receivables and available-for-sale financial assets.

Notes to the financial statements
For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include investments in Government of Mauritius treasury bills. The investment in treasury bills is measured at fair value and the unrealised gains or losses on remeasurement are accounted under the Fair Value Reserves.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases, bank overdrafts and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.7 Trade receivables

Trade receivables represents commission receivable on MoneyGram transfers.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Equity, reserves and dividend payments

Stated capital is determined using the values of the shares that have been issued.

Retained earnings include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Fair value reserves comprise of the unrealised gains or losses on re-measurement of available-for-sale financial assets.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the Board prior to the reporting date.

3.10 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.10 Income tax (Contd)

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75%.

3.11 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly, the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations is calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.11 Employee benefits (Contd)

Gratuity obligations (Contd)

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

3.13.1 Net gains from foreign currency dealings

Sale of foreign currency

Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on these dealings are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

3.13.2 Other operating income

Other operating income comprise of fees and commission arising from telegraphic transfers, MoneyGram transactions, income from pick-up and delivery of foreign currencies to banks net of import charges.

Fees and commissions are recognised on an accrual basis when the service has been provided.

3. Summary of significant accounting policies (Contd)

3.13 Revenue recognition (Contd)

3.13.3 Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

3.14 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.15 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables also include advances received from customers in respect of telegraphic transfers not yet processed by the Company at the reporting date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at **Rs 643,000** (2017: Rs 598,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available; in that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 6).

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of significant accounting policies (Contd)

3.19 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risks are managed at the level of the Board of Directors with the assistance of line managers. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls.

The Company's financial assets and financial liabilities by category are summarised below.

	2018 Rs	2017 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,490,601**	47,935,712
Loans and receivables:		
Trade and other receivables*	**3,071,413**	1,436,285
Cash and cash equivalents	**73,240,520**	63,149,599
	76,311,933	64,585,884
Total financial assets	**123,802,534**	112,521,596

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	2018 Rs	2017 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	**318,796**	612,401
Current		
Trade and other payables**	**9,932,754**	4,270,124
Bank overdrafts	**5,329,844**	1,449,257
Obligations under finance leases	**293,605**	314,233
	15,556,203	6,033,614
Total financial liabilities	**15,874,999**	6,646,015

**Trade and other receivables considered as financial assets exclude prepayments, deposits and other assets.*
***Trade and other payables considered as financial liabilities exclude advances from customers.*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD"), EURO and Great Britain Pound ("GBP"). Consequently, the Company is exposed to the risk that the exchange rates of USD, EURO and GBP relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in the foreign currencies. The effect of any change in the exchange rates of other currencies relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2018 Rs	2017 Rs	2018 Rs	2017 Rs
MUR	**118,163,196**	102,146,743	**10,138,570**	5,192,060
USD	**1,727,504**	6,005,933	**4,635,526**	-
EURO	**1,874,111**	2,451,015	**427,597**	1,055,191
GBP	**774,557**	607,755	**266,721**	394,066
Others	**1,263,166**	1,310,150	**406,585**	4,698
	123,802,534	112,521,596	**15,874,999**	6,646,015

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity

The information below illustrates the sensitivity of profit and equity in regards to the Company's financial instruments and the USD/MUR, EURO/MUR and GBP/MUR exchange rates, "all other things being equal".

It assumes a 10% change in the USD/MUR, EURO/MUR and GBP/MUR exchange rate for the year ended 31 March 2018 (2017: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD, EURO and GBP by 10%, profit and equity would have decreased by **Rs 95,367** at 31 March 2018 (2017: Rs 761,544). If the MUR had weakened by the same percentage against these foreign currencies, profit and equity would have increased by **Rs 95,367** (2017: Rs 761,544).

	2018		2017	
	Profit	Equity	Profit	Equity
	Rs	Rs	Rs	Rs
USD	**290,802**	**290,802**	(600,593)	(600,593)
EURO	**(144,651)**	**(144,651)**	(139,582)	(139,582)
GBP	**(50,784)**	**(50,784)**	(21,369)	(21,369)
	(95,367)	**(95,367)**	(761,544)	(761,544)

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of investment in treasury bills, bank balances, fixed deposits and finance leases respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be **Rs 115,297** (2017: Rs 102,787) on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties in order to reduce the risk of financial loss from defaults.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2018 Rs	2017 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,490,601**	47,935,712
Loans and receivables:		
Trade and other receivables	**3,071,413**	1,436,285
Cash and cash equivalents	**73,240,520**	63,149,599
	76,311,933	64,585,884
Total	**123,802,534**	112,521,596

Trade receivables consist of amount due from MoneyGram on which the directors consider risk of default as minimal since the latter is a highly reputable organisation.

The directors consider that no credit risk is associated with the amount due from the related parties as the latters are financially strong.

The Company holds investment in Government of Mauritius treasury bills on which credit risk is considered nil.

The credit risk for cash and cash equivalents is considered negligible, since the Company transacts with reputable banks.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Liquidity risk analysis (Contd)

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring cash inflows and outflows due in day-to-day business.

The maturity profile of the financial liabilities is summarised as follows:

31 March 2018	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	**9,932,754**	**9,932,754**	**9,932,754**	**-**
Bank overdrafts	**5,329,844**	**5,329,844**	**5,329,844**	**-**
Obligations under finance leases	**612,401**	**666,480**	**333,240**	**333,240**
	15,874,999	**15,929,078**	**15,595,838**	**333,240**

31 March 2017	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	4,270,124	4,270,124	4,270,124	-
Bank overdrafts	1,449,257	1,449,257	1,449,257	-
Obligations under finance leases	926,634	1,044,209	377,730	666,479
	6,646,015	6,763,590	6,097,111	666,479

5. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member and other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, buy back shares or issue new shares.

The structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

Notes to the financial statements

For the year ended 31 March 2018

5. Capital management policies and procedures (Contd)

	2018 Rs	2017 Rs
Total borrowings (Note (i))	**5,942,245**	2,375,891
Less: cash and cash equivalents	**(72,789,440)**	(63,149,599)
Net debt	**-**	-
Total equity (Note (ii))	**124,124,766**	122,349,608
Total capital	**124,124,766**	122,349,608
Gearing ratio	**-**	-

Based on the above information, the Company was not geared at 31 March 2018.

(i) Borrowings comprise of bank overdrafts and obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

(iii) The Company is required to maintain an unimpaired capital of Mauritian Rupee 25,000,000 and an additional two million rupees for each branch that it operates in accordance with the Terms and Conditions of its Foreign Exchange Dealer Licence. At 31 March 2018, the Company's total equity stood at **Rs 124,124,766** (2017: Rs 122,349,608) and therefore the Company meets the unimpaired capital requirement.

Also, in accordance with Section 25 of the Banking Act 2004, the Company should maintain minimum liquid assets, equivalent to not less than 10 per cent of its liabilities, as may be determined by the Bank of Mauritius. Management considers the cash and cash equivalents and Government of Mauritius treasury bills as liquid assets and the total amount of these assets exceeded the total liabilities balance at the reporting date.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

The hierarchy of the fair value measurement of the Company's financial assets measured at fair value on a recurring basis are as follows:

31 March 2018	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Financial assets				
Government of Mauritius treasury bills	-	**47,490,601**	-	**47,490,601**

31 March 2017	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Financial assets				
Government of Mauritius treasury bills	-	47,935,712	-	47,935,712

There were no transfers between Level 1 and Level 2 during the year.

Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair values of investments are detailed below:

Government of Mauritius treasury bills (Level 2)

The Government of Mauritius treasury bills are actively traded in the Mauritian market. The clean prices of the Government of Mauritius treasury bills are available on website of the Bank of Mauritius.

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, and prepayments. Its non-financial liabilities consist of advance received from customers, deferred tax liabilities and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Total Rs
Cost					
At 01 April 2017	**5,704,403**	**5,402,557**	**9,365,871**	**2,429,995**	**22,902,826**
Additions	959,859	509,849	340,000	-	1,809,708
Assets written off/disposals	(554,514)	(52,325)	(141,300)	-	(748,139)
At 31 March 2018	**6,109,748**	**5,860,081**	**9,564,571**	**2,429,995**	**23,964,395**
Depreciation					
At 01 April 2017	**2,128,322**	**3,242,814**	**2,882,370**	**1,082,915**	**9,336,421**
Charge for the year	271,080	793,533	573,316	364,499	2,002,428
Depreciation adjustments	(174,808)	(31,765)	(91,934)	-	(298,507)
At 31 March 2018	**2,224,594**	**4,004,582**	**3,363,752**	**1,447,414**	**11,040,342**
Net book values					
At 31 March 2018	**3,885,154**	**1,855,499**	**6,200,819**	**982,581**	**12,924,053**

At 31 March 2018, motor vehicles acquired under finance leases had a net book value of **Rs 865,710** (2017: Rs 1,347,080).

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment (Contd)

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Assets in progress Rs	Total Rs
Cost						
At 01 April 2016	6,311,783	3,793,699	8,136,662	2,429,995	1,113,599	21,785,738
Additions	745,421	495,259	1,818,813	-	-	3,059,493
Transfers	-	1,113,599	-	-	(1,113,599)	-
Assets written off/disposals	(1,352,801)	-	(589,604)	-	-	(1,942,405)
At 31 March 2017	**5,704,403**	**5,402,557**	**9,365,871**	**2,429,995**	**-**	**22,902,826**
Depreciation						
At 01 April 2016	2,568,793	2,718,478	2,572,283	718,415	-	8,577,969
Charge for the year	295,319	524,336	510,544	364,500	-	1,694,699
Depreciation adjustments	(735,790)	-	(200,457)	-	-	(936,247)
At 31 March 2017	**2,128,322**	**3,242,814**	**2,882,370**	**1,082,915**	**-**	**9,336,421**
Net book values						
At 31 March 2017	**3,576,081**	**2,159,743**	**6,483,501**	**1,347,080**	**-**	**13,566,405**

Notes to the financial statements

For the year ended 31 March 2018

8. Intangible assets

	Computer software Rs	Assets in progress Rs	Total Rs
Cost			
At 01 April 2017	17,768,306	-	17,768,306
Additions	335,308	-	335,308
Assets written off (Note (i))	(12,763,610)	-	(12,763,610)
At 31 March 2018	**5,340,004**	**-**	**5,340,004**
Amortisation			
At 01 April 2017	15,181,665	-	15,181,665
Charge for the year	789,348	-	789,348
Amortisation adjustment (Note (i))	(12,763,610)	-	(12,763,610)
At 31 March 2018	**3,207,403**	**-**	**3,207,403**
Net book values			
At 31 March 2018	**2,132,601**	**-**	**2,132,601**
Cost			
At 01 April 2016	15,365,103	2,334,352	17,699,455
Transfers	2,334,352	(2,334,352)	-
Additions	129,995	-	129,995
Assets written off	(61,144)	-	(61,144)
At 31 March 2017	**17,768,306**	**-**	**17,768,306**
Amortisation			
At 01 April 2016	14,849,864	-	14,849,864
Charge for the year	338,170	-	338,170
Amortisation adjustment	(6,369)	-	(6,369)
At 31 March 2017	**15,181,665**	**-**	**15,181,665**
Net book values			
At 31 March 2017	**2,586,641**	**-**	**2,586,641**

(i) The adjustments relate to the core application "Maraekat" which was replaced by "Mudra" and hence has been removed from the books due to its nil economic value during the current financial year.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

9. Investment in treasury bills

	2018 Rs	2017 Rs
At fair value		
At 01 April	**47,935,712**	47,338,139
Purchased during the year	**69,484,290**	47,411,690
Redeemed during the year	**(71,000,000)**	(48,000,000)
Interest element	**1,235,123**	1,154,681
Fair value (loss)/gain on remeasurement	**(164,524)**	31,202
At 31 March	**47,490,601**	47,935,712

Investments relate to the purchase of Government of Mauritius Treasury Bills. Details of the investments are as follows:

Contract date	Maturity Date	Yield %	Face Value Rs
08 May 2017	13 April 2018	2.80	25,000,000
08 December 2017	30 November 2018	2.35	23,000,000

10. Trade and other receivables

	2018 Rs	2017 Rs
Trade receivables (Note (i))	**358,445**	342,581
Due from related parties (Note (ii))	**1,097,287**	931,852
Rental and other deposits	**1,491,619**	1,496,082
Other receivables and prepayments	**6,781,925**	2,687,107
	9,729,276	5,457,622

(i) Trade receivables represent principally commissions receivable from MoneyGram. The credit period is one week and no interest is charged on overdue balances.

(i) The amounts due from the related parties are interest free, unsecured and receivable on demand.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

11. Cash and cash equivalents

	2018 Rs	2017 Rs
Cash at bank:		
Local currency*	**53,153,720**	43,341,716
Foreign currency	**435,836**	3,215,375
Cash in hand:		
Local currency	**14,447,462**	9,467,530
Foreign currency	**5,203,502**	7,124,978
Cash at bank and in hand	**73,240,520**	63,149,599
Bank overdrafts (Note 14)	**(5,329,844)**	(1,449,257)
Total	**67,910,676**	61,700,342

*Includes fixed deposit of **Rs 25,391,158** (2017: Rs 25,466,548) placed on 17 July 2017 and maturing on 18 July 2018.

12. Stated capital

	2018 Rs	2017 Rs
1,000,000 shares of Rs 100 each	**100,000,000**	100,000,000

13. Gratuity obligations

The Company has recognised gratuity obligations of **Rs 643,000** (2017: Rs 598,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

Notes to the financial statements

For the year ended 31 March 2018

13. Gratuity Obligations (Contd)

	2018 Rs	2017 Rs
Reconciliation of gratuity obligations		
At 01 April	**598,000**	352,000
Amount recognised in profit or loss	**135,000**	132,000
Amount recognised in other comprehensive income	**(90,000)**	114,000
At 31 March	**643,000**	598,000

	2018 Rs	2017 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**598,000**	352,000
Current service cost	**96,000**	106,000
Interest expense	**39,000**	26,000
Liability experience (gain)/loss	**(91,000)**	114,000
Liability loss due to change in financial assumptions	**1,000**	-
At 31 March	**643,000**	598,000
Components of amount recognised in profit or loss		
Current service cost	**96,000**	106,000
Net interest on net defined benefit liability	**39,000**	26,000
	135,000	132,000
Components of amount recognised in other comprehensive income		
Liability experience (gain)/loss	**(91,000)**	114,000
Liability loss due to change in financial assumptions	**1,000**	-
	(90,000)	114,000
Principal assumptions used at end of year		
Discount rate	**5.50%**	6.50%
Rate of salary increases	**4.00%**	5.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year		
Increase due to 1% decrease in discount rate	**85,000**	86,000
Decrease due to 1% increase in discount rate	**71,000**	72,000

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

13. Gratuity Obligations (Contd)

Future cash flows

(a) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.	
(b) Expected employer contribution for the next year	Rs 71,000
(c) Weighted average duration of the gratuity obligations	12 years

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

14. Borrowings

		2018	2017
		Rs	Rs
14.1	**Non-current**		
	Obligations under finance leases (Note 14.2)	**318,796**	612,401
	Current		
	Bank overdrafts (Note 11)	**5,329,844**	1,449,257
	Obligations under finance leases (Note 14.2)	**293,605**	314,233
		5,623,449	1,763,490
	Total borrowings	**5,942,245**	2,375,891

14.2 Obligations under finance leases

	2018	2017
	Rs	Rs
Within one year	**333,240**	377,730
More than 1 year but before 5 years	**333,240**	666,479
	666,480	1,044,209
Less future finance charges	**(54,079)**	(117,575)
Present value of finance lease obligations	**612,401**	926,634

Notes to the financial statements

For the year ended 31 March 2018

14. Borrowings (Contd)

14.2 Obligations under finance leases (Contd)

	2018 Rs	2017 Rs
Apportioned as follows:		
Repayable within one year	**293,605**	314,233
Repayable after 1 year and before 5 years	**318,796**	612,401
	612,401	926,634

Leasing arrangement

Finance leases relate to motor vehicles with lease terms of 5 years. The Company has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

15. Trade and other payables

	2018 Rs	2017 Rs
Trade payables (Note (i))	**9,133,218**	3,049,056
Due to intermediate holding company (Note (ii))	**406,585**	4,698
Accruals and other payables	**4,211,271**	4,265,430
	13,751,074	7,319,184

(i) Trade payables include amounts due to MoneyGram in respect of transactions done in the normal course of business.

(ii) The amount payable to the intermediate holding company is unsecured, interest free and repayable on demand.

16. Net gains from foreign currency dealings and net foreign exchange differences

Net gains from foreign currency dealings arise from sale and purchase of foreign currencies. Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on dealings in foreign currencies are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

Notes to the financial statements

For the year ended 31 March 2018

17. Other operating income

	2018 Rs	2017 Rs
Income from pick-up and delivery of foreign currencies to banks, net of import charges	**462,301**	513,300
Income on telegraphic transfers	**241,678**	1,353,945
Commission received on MoneyGram transactions	**9,851,092**	8,555,751
	10,555,071	10,422,996

18. Finance income

	2018 Rs	2017 Rs
Bank interest	**660,393**	670,003
Interest received on treasury bills	**1,234,832**	1,154,681
Other interest income	**98,625**	-
	1,993,850	1,824,684

19. Finance costs

	2018 Rs	2017 Rs
Interest on obligations under finance leases	**63,803**	96,352
Interest on bank overdrafts	**341,747**	365,568
	405,550	461,920

20. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2018 it had no income tax liability due to accumulated losses of **Rs 2,297,408** (2017: Rs 5,319,343) carried forward.

(ii) Tax expense

	2018 Rs	2017 Rs
Movement in deferred taxation	**1,002,670**	1,038,096

Notes to the financial statements

For the year ended 31 March 2018

20. Taxation (Contd)

(iii) Income tax reconciliation

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2018 Rs	2017 Rs
Profit before tax	**2,852,352**	7,334,026
Tax at 15%	**427,853**	1,100,104
Non-allowable items	**643,534**	708,343
Movement on deferred taxation	**1,002,670**	1,038,096
Annual allowances	**(635,292)**	(763,238)
Exempt income	**(3,633)**	-
Tax loss utilised	**(432,462)**	(1,045,209)
Tax expense	**1,002,670**	1,038,096

(iv) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%.

Deferred tax liability amounting to **Rs 1,055,966** at 31 March 2018 (2017: Rs 53,296) has been recognised in the financial statements. The movement in deferred tax liabilities is as follows:

	2018 Rs	2017 Rs
At 01 April	**53,296**	(984,800)
Movement during the year	**1,002,670**	1,038,096
At 31 March	**1,055,966**	53,296

The deferred tax liabilities made up of:

	2018 Rs	2017 Rs
Accelerated capital allowances	**1,497,027**	940,897
Accumulated tax losses	**(344,611)**	(797,901)
Gratuity obligations	**(96,450)**	(89,700)
Total	**1,055,966**	53,296

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2018

21. Operating profit (Contd)

21. Operating profit

Operating profit is arrived at after charging:	2018 Rs	2017 Rs
Depreciation	**2,002,428**	1,694,699
Amortisation	**789,348**	338,170
Rental expenses	**8,968,399**	9,291,359
Security charges	**2,723,550**	2,444,300
Telephone and connectivity charges	**4,083,742**	3,105,129
Licences	**2,792,074**	2,637,250
Audit fees and other fees	**805,000**	805,000
Staff costs:		
Salaries and allowances	**20,645,606**	20,611,951
Social security costs	**1,038,597**	1,000,729
Other employee benefits	**3,691,312**	3,302,260

22. Related party transactions

During the year ended 31 March 2018, the Company had transactions with its related entities. The nature, volume of transactions and balances with related parties are as follows:

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2018 Rs	Debit/(credit) balances at 31 March 2017 Rs
Immediate holding company	Receivable	**34,500**	-	34,500
Intermediate holding company	Payable	**401,887**	**(406,585)**	(4,698)
Fellow subsidiary	Receivable	**199,935**	**1,097,287**	897,352
Fellow subsidiary	Sale of foreign currencies	**981,704**	-	-
Fellow subsidiary	Purchase of foreign currencies	**28,722,755**	-	-
Key Management Personnel	Salaries and related contributions	**3,154,434**	-	-

The terms and conditions of the receivables and payables are described in Notes 10 and 15 to these financial statements respectively.

23. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2018 Rs	2017 Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**8,968,399**	9,291,359

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018 Rs	2017 Rs
Not later than 1 year	**7,767,496**	7,174,836
Later than 1 year and not later 5 years	**9,492,716**	3,275,030
More than 5 years	**177,100**	328,900
	17,437,312	10,778,766

Operating leases payments represent rental of office and archiving spaces. The lease typically runs for a period of one year, with an option to renew the leases after that date.

24. Contingent liabilities

(i) The Company has given bank guarantees for an amount of Rs 60,000 and for which no financial loss is anticipated.

(ii) The Company is subject to a claim of Rs 300,000 from a former employee. Based on legal advices, the directors consider that this claim has no merit and consequently no provision is required in these financial statements.

25. Reconciliation of liabilities arising from financing activities

	31 March 2017 Rs	Cash flows Rs	Non-cash changes Rs	31 March 2018 Rs
Obligations under finance lease	926,634	(314,233)	-	612,401
Bank overdrafts	1,449,257	3,880,587	-	5,329,844
	2,375,891	**3,566,354**	**-**	**5,942,245**

Notes to the financial statements

For the year ended 31 March 2018

26. Holding companies

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in the Republic of India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate holding'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing a 67.82% stake in Thomas Cook (India) Limited as on 31 March 2018.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Trade and other receivables

Trade receivables are amounts due from customers for provision of services in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.9 Equity and reserves

Stated capital is determined using the values of the shares that have been issued.

Accumulated losses include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

3.10 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

3.11 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75%.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.12 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations are calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

3. Summary of accounting policies (Contd)

3.14 Commission receivable

3.14.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Sale of air tickets and tour packages

Fees and commission on air tickets and travel packages sold by the Company are recognised when the service has been provided. Commissions earned as the general sales agent of airline operators are recognised on the basis of the revenue derived by the airline operator from all ticket sales made in Mauritius.

Sale of Euro rail tickets

Fees and commission on Euro rail tickets sold by the Company are recognised when the service has been provided.

"L'express" sales

Fees and commission earned on "l'express" (a daily newspaper) advertisements are recognised when the service has been provided.

Sale of travel insurance

Fees and commission earned on travel insurance sold by the Company are recognised when the service has been provided.

Sale of visa services

Fees are earned on the sale of visa form-filing services.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other income

Other income, representing funds received from a related party in respect of advertising services, is recognised on an accrual basis.

3.14.2 Direct costs

Direct costs incurred in generating income are recognised on an accrual basis.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.15 Leased assets

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See Note 3.3 for the depreciation method and useful lives for assets held under finance leases. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of comprehensive income, as finance costs over the period of the lease.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Notes to the financial statements

For the year ended 31 March 2018

3. Summary of accounting policies (Contd)

3.19 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at **Rs 117,000** (2017: Rs 97,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2018 Rs	2017 Rs
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables*	**7,401,413**	6,359,460
Cash and cash equivalents	**4,810,809**	6,838,392
Total financial assets	**12,212,222**	13,197,852

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	2018 Rs	2017 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	-	77,595
Current		
Trade and other payables**	**14,368,859**	13,124,191
Obligations under finance leases	**77,595**	194,508
	14,446,454	13,318,699
Total financial liabilities	**14,446,454**	13,396,294

**Trade and other receivables considered as financial assets exclude advances, deposits and prepayments.*
***Trade and other payables considered as financial liabilities exclude advances and Value Added Taxes ("VAT").*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD") and EURO. Consequently, the Company is exposed to the risk that the exchange rate of USD relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in USD. The effect of any change in the exchange rate of EURO relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2018 Rs	2017 Rs	2018 Rs	2017 Rs
Mauritius rupee	**8,034,694**	7,688,465	**13,052,053**	11,616,173
United States Dollar	**4,177,528**	5,453,665	**1,394,401**	1,780,121
Euro	-	55,722		-
	12,212,222	13,197,852	**14,446,454**	13,396,294

Foreign currency sensitivity

The Company is mainly exposed to fluctuations in United States Dollar.

The information below illustrates the sensitivity of loss and equity in regards to the Company's financial instruments and the USD/MUR exchange rate, "all other things being equal".

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

It assumes a 10% change in the USD/MUR exchange rate for the year ended 31 March 2018 (2017: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD by 10%, loss would have increased by Rs 278,313 at 31 March 2018 (2017: Rs 333,138). If the MUR had weakened by the same percentage against the USD, loss would have decreased by Rs 278,313 (2017: Rs 333,138).

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of bank balances and finance lease respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be marginal on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018 Rs	2017 Rs
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables	**7,401,413**	6,359,460
Cash and cash equivalents	**4,810,809**	6,838,392
	12,212,222	13,197,852

Notes to the financial statements

For the year ended 31 March 2018

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the Company's maximum exposure to credit risk. Refer to Note 9 for disclosure on financial risk management with respect to credit risk.

The directors consider that no credit risk is associated with the amounts due from the related parties.

The credit risk for the bank balances is considered negligible since the Company transacts with reputable banks.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements.

The maturity profile of the financial instruments is summarised as follows:

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2018				
Trade and other payables	**14,368,859**	**14,368,859**	**14,368,859**	**-**
Obligations under finance leases	**77,595**	**79,391**	**79,391**	**-**
	14,446,454	**14,448,250**	**14,448,250**	**-**

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2017				
Trade and other payables	13,124,191	13,124,191	13,124,191	-
Obligations under finance leases	272,103	292,355	212,963	79,392
	13,396,294	13,416,546	13,337,154	79,392

Notes to the financial statements

For the year ended 31 March 2018

5. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital, and accumulated losses.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2018 Rs	2017 Rs
Total borrowings	**77,595**	272,103
Less: cash and cash equivalents	**(4,810,809)**	(6,838,392)
Net debt	**-**	-
Total equity	**2,929,503**	4,181,007
Total capital	**2,929,503**	4,181,007
Gearing ratio	**-**	-

Based on the above information, the Company was not geared at 31 March 2018.

(i) Borrowings comprise of obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Company's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, prepayments and advances to suppliers. Its non-financial liabilities consist of advance received from customers and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2017	57,990	443,357	252,350	977,604	1,731,301
Additions	-	31,000	-	-	31,000
At 31 March 2018	**57,990**	**474,357**	**252,350**	**977,604**	**1,762,301**
Depreciation					
At 01 April 2017	35,674	308,641	147,743	549,900	1,041,958
Charge for the year	2,636	66,531	15,974	146,641	231,782
At 31 March 2018	**38,310**	**375,172**	**163,717**	**696,541**	**1,273,740**
Net book values					
At 31 March 2018	**19,680**	**99,185**	**88,633**	**281,063**	**488,561**

At 31 March 2018, motor vehicles acquired under finance leases had a net book value of **Rs 281,063** (2017: Rs 427,704).

Notes to the financial statements

For the year ended 31 March 2018

7. Plant and equipment (Contd)

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2016	57,990	373,357	209,193	977,604	1,618,144
Additions	-	70,000	43,157	-	113,157
At 31 March 2017	57,990	443,357	252,350	977,604	1,731,301
Depreciation					
At 01 April 2016	33,034	237,769	131,498	403,260	805,561
Charge for the year	2,640	70,872	16,245	146,640	236,397
At 31 March 2017	35,674	308,641	147,743	549,900	1,041,958
Net book values					
At 31 March 2017	22,316	134,716	104,607	427,704	689,343

Notes to the financial statements

For the year ended 31 March 2018

8. Intangible assets

Cost	Software Rs	Software under development Rs	Total Rs
At 01 April 2017	131,840	686,400	818,240
Additions	-	96,000	96,000
Transfers	448,000	(448,000)	-
At 31 March 2018	**579,840**	**334,400**	**914,240**
Amortisation			
At 01 April 2017	128,425	-	128,425
Charge for the year	21,516	-	21,516
At 31 March 2018	**149,941**	**-**	**149,941**
Net book values			
At 31 March 2018	**429,899**	**334,400**	**764,299**

Cost	Rs	Rs	Rs
At 01 April 2016	131,840	175,500	307,340
Additions	-	510,900	510,900
At 31 March 2017	131,840	686,400	818,240
Amortisation			
At 01 April 2016	121,753	-	121,753
Charge for the year	6,672	-	6,672
At 31 March 2017	128,425	-	128,425
Net book values			
At 31 March 2017	3,415	686,400	689,815

9. Trade and other receivables

	2018 Rs	2017 Rs
Trade receivables, gross	**6,018,273**	3,597,864
Allowance for credit losses	**(2,017,146)**	(1,344,517)
Net trade receivables (Note (i))	**4,001,127**	2,253,347
Due from related parties (Note (v))	**3,400,288**	4,238,617
Other receivables and prepayments	**5,142,804**	3,391,871
	12,544,219	9,883,835

(i) Total trade receivables (net of allowances) held by the Company at 31 March 2018 amounted to **Rs 4,001,127** (2017: Rs 2,253,347).

(ii) The average credit period provided to customers is generally within one month. No interest is charged on overdue balances.

Notes to the financial statements

For the year ended 31 March 2018

9. Trade and other receivables (Contd)

(iii) Included in the Company's trade receivables balance are debtors with a carrying amount of **Rs 3,448,680** (2017: Rs 445,868) which are past due at year end for which the Company has not provided as there has not been a significant change in the credit quality and the amounts are still recoverable. The Company does not require collateral in respect of its trade and other receivables.

Ageing of past due not impaired

	2018 Rs	2017 Rs
30 - 60 days	**1,412,706**	279,234
60 - 90 days	**-**	121,528
Over 90 days	**2,035,974**	45,106
Total	**3,448,680**	445,868

(iv) Movement in allowance for credit losses was as follows:

	2018 Rs	2017 Rs
At 01 April	**1,344,517**	1,344,517
Additional provision made during the year	**672,629**	-
At 31 March	**2,017,146**	1,344,517

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

(v) The amounts due from the related companies are interest free, unsecured and receivable on demand.

10. Cash and cash equivalents

	2018 Rs	2017 Rs
Cash in hand (MUR)	**9,998**	6,025
Cash at bank:		
- MUR	**4,724,819**	6,490,206
- USD	**75,992**	342,161
	4,810,809	6,838,392

11. Stated capital

	2018 Rs	2017 Rs
183,260 ordinary shares of Rs 100 each	**18,326,000**	18,326,000

Notes to the financial statements

For the year ended 31 March 2018

12. Gratuity obligations

The Company has recognised a gratuity obligation of **Rs 117,000** (2017: Rs 97,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flows to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

	2018 Rs	2017 Rs
Reconciliation of gratuity obligations		
At 01 April	**97,000**	63,000
Amount recognised in profit or loss	**26,000**	25,000
Amount recognised in other comprehensive income	**(6,000)**	9,000
At 31 March	**117,000**	97,000

	2018 Rs	2017 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**97,000**	63,000
Current service cost	**20,000**	20,000
Interest expense	**6,000**	5,000
Liability experience (gain)/ loss	**(6,000)**	9,000
At 31 March	**117,000**	97,000
Components of amount recognised in profit or loss		
Current service cost	**20,000**	20,000
Net interest on net defined benefit liability	**6,000**	5,000
	26,000	25,000
Components of amount recognised in other comprehensive income		
Liability experience (gain)/ loss	**(6,000)**	9,000
Principal assumptions used at end of year:		
Discount rate	**5.50%**	6.50%
Rate of salary increases	**4.00%**	5.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year:		
Increase due to 1% decrease in discount rate	**17,000**	16,000
Decrease due to 1% increase in discount rate	**14,000**	13,000

Future cash flows

(a) The funding policy is to pay benefits out of the Company's cash flows as and when due.
(b) Expected employer contribution for the next year — Rs Nil
(c) Weighted average duration of the gratuity obligations — 13 years

Notes to the financial statements

For the year ended 31 March 2018

12. Gratuity obligations (Contd)

Future cash flows (Contd)

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

13. Trade and other payables

	2018 Rs	2017 Rs
Trade payables (Note (i))	**4,573,590**	3,038,948
Due to related parties (Note (ii))	**1,097,281**	897,351
Accruals	**9,812,919**	6,201,761
Other payables	**-**	3,413,215
	15,483,790	13,551,275

(i) The average credit period on purchase of air ticket is generally within one month. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The amounts due to the related parties are unsecured, interest free and payable on demand.

14. Obligations under finance leases

	2018 Rs	2017 Rs
Within one year	**79,391**	212,963
More than 1 year but before 5 years	**-**	79,392
	79,391	292,355
Less future finance charges	**(1,796)**	(20,252)
Present value of finance lease obligations	**77,595**	272,103
Apportioned as follows:		
Repayable within one year	**77,595**	194,508
Repayable after 1 year and before 5 years	**-**	77,595
	77,595	272,103

Notes to the financial statements

For the year ended 31 March 2018

14. Obligations under finance leases (Contd)

Leasing arrangement

Finance leases relate to motor vehicles with lease term of 5 years. The Company has option to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under the finance leases are secured by the lessor's title to the leased asset.

15. Net commission income

	2018 Rs	2017 Rs
Gross billings	**88,171,690**	101,999,730
Direct costs	**(81,697,367)**	(91,092,736)
Net	**6,474,323**	10,906,994

16. Other income

Other income is in respect of advertising services pursuant to an agreement which has now expired.

17. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2018 it had no income tax liability due to accumulated tax losses of **Rs 5,085,609** (2017: Rs 3,969,746) carried forward.

(ii) Income tax reconciliation

The income tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the effective tax rate is as follows:

	2018 Rs	2017 Rs
(Loss)/profit before tax	**(1,257,504)**	2,726,159
Tax at effective rate of 15%	**(188,626)**	408,924
Exempt income	**(38,291)**	(22,011)
Non-allowable expenses	**163,761**	56,470
Annual allowances	**(84,348)**	(16,974)
Deferred tax asset not recognised	**147,504**	(426,409)
Tax expense	**-**	-

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2018

17. Taxation (Contd)

(iii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%. No provision for deferred tax asset has been made as no taxable income is probable in the foreseeable future.

18. Operating (loss)/income

	2018 Rs	2017 Rs
Operating income is arrived at after charging/(crediting)		
Advertising income from Sterling Holding Resort (India) Limited	-	(1,887,752)
Depreciation	**231,782**	236,397
Amortisation	**21,516**	6,672
Rental expenses	**1,097,373**	1,082,775
Marketing expenses	**192,453**	453,389
Allowance for credit losses	**672,629**	-
Staff costs:		
Salaries and allowances	**5,881,834**	5,729,300
Performance bonus	-	349,182
Social security costs	**259,935**	247,068

19. Net finance income/(costs)

	2018 Rs	2017 Rs
Finance Income		
Exchange gains	**516,516**	183,565
Interest income	**69,053**	-
	524,023	183,565
Finance Costs		
Interest on finance leases	**(135,031)**	(36,893)
Net finance income	**450,538**	146,672

20. Liability written back

Rs 2,200,184 has been written back as it no longer represents a valid liability.

Notes to the financial statements

For the year ended 31 March 2018

21. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related only in one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2018 Rs	Debit/(credit) balances at 31 March 2017 Rs
Intermediate holding company	Trade receivables	**838,329**	**3,400,288**	4,238,617
Fellow subsidiary	Amount payable	**199,930**	**(1,097,281)**	(897,351)

The terms and conditions are described in Notes 9 and 13 to the financial statements.

22. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2018 Rs	2017 Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**1,097,373**	1,082,775

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018 Rs	2017 Rs
Within one year	**282,454**	1,118,989
More than one year	**-**	282,454
	282,454	1,401,443

Operating leases payments represent rental of office space. The lease typically runs for a period of one year, with an option to renew the lease after that date.

23. Contingent liabilities

At 31 March 2018, there were contingent liabilities in respect of bank guarantees of **Rs 3,130,000** (2017: Rs 3,130,000) in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Notes to the financial statements

For the year ended 31 March 2018

24. Reconciliation of liabilities arising from financing activities

	31 March 2017	Cash flows	Non-cash changes	31 March 2018
	Rs	Rs	Rs	Rs
Obligations under finance lease	272,103	(194,508)	-	77,595

25. Holding and ultimate parent company

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate parent'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing to 67.03% stake in Thomas Cook (India) Limited as on 31 March 2018.

ASSOCIATES
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Sita World Travel (Nepal) Pvt. Ltd

Report on Financial Statements

We have audited the accompanying Financial Statements of Sita World Travel (Nepal) Pvt. Ltd which comprise the balance sheet as of 31st March 2018, the income statement, statement of changes in equity, cash flow statement for the year then ended and significant accounting policies and notes to financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with applicable Nepal Accounting Standards, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedure to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company as of March 31, 2018 and its financial performance and cash flows for the year then ended is in accordance with Nepal Accounting Standards and Company Act 2063.

Report on the requirements of Company Act 2063
We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the financial statements including the Balance Sheet, the Income Statement and Cash Flow Statements have been prepared in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the company and the accounts and records of the company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we did not come across cases where the Board of Directors or any office bearers of the company has acted contrary to the provisions of law or caused loss or damages to the company or committed any misappropriation of the funds of the company.

Sunir K. Dhungel
Managing Partner

SAR Associates Chartered Accountants Kathmandu

Date: May 02, 2018
Place: Kathmandu, Nepal

SITA World Travel (Nepal) Pvt Ltd
Jwagal-10, Lalitpur, Nepal

Balance Sheet
As at 31 March 2018

Amount in NPR

	Sch	As at 31-Mar-18	As at 31-Mar-17
Capital and Liabilities			
Capital and Reserves			
Share capital	1	2,250,000	2,250,000
Reserves and surplus	2	154,682,223	133,355,050
Total		**156,932,223**	**135,605,050**
Assets			
Fixed assets	3	44,953,857	44,953,857
Less: Accumulated depreciation		(44,442,047)	(39,295,668)
		511,810	**5,658,189**
Investment	4	91,575,000	121,575,000
Current Assets, loan and advances			
Sundry debtors	5	90,494,496	101,962,440
Cash & bank balances	6	22,798,283	21,193,826
Loans and advances	7	154,863,488	144,202,841
Total current assets		**268,156,267**	**267,359,106**
Less: Current liabilities and provisions			
Current Liabilities	8	95,586,379	154,749,458
Provisions	9	114,713,335	107,558,765
Total current liabilities and provision		**210,299,714**	**262,308,223**
Net current assets		**57,856,553**	**5,050,883**
Deferred Tax Assets (Liability)	10	6,988,860	3,320,978
Total		**156,932,223**	**135,605,050**
Contingent liabilities	15	106,710,017	106,710,017

Significant Accounting Poliies and Notes to the Financial Statements 16
(Schedule 1 to 10 and 15 & 16 form an integral part of this Balance Sheet)

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(Sunir K. Dhungel)
Managing Partner
SAR Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: May 02, 2018
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal-10, Lalitpur, Nepal

Income Statement

For the period ended 31 March 2018

	Sch	Current Year	Previous Year
			Amount in NPR
Income			
Sales & Services (Net of Cost)	11	47,112,857	38,820,335
Other business income	12	6,268,411	14,810,152
Total		**53,381,268**	**53,630,487**
Expenditure			
Personnel expenses	13	15,987,161	13,762,646
Administrative expenses	14	7,030,949	8,363,388
Profit from Operation		**30,363,158**	**31,504,453**
Depreciation and amortization	3	5,146,381	9,833,962
Foreign Exchange (Gain)/Loss		(683,515)	2,152,630
Provision for Staff Bonus		2,354,572	1,770,346
Profit before tax		**23,545,720**	**17,747,515**
Provision for current year tax		5,886,429	4,425,864
Deferred Tax Expenses/(Income) during the period		(3,667,882)	551,078
Less: Deferred tax credit previous year			
Profit After Tax for the year		**21,327,173**	**12,770,573**
Balance of Profit brought forward		**133,355,050**	**120,584,477**
Net Profit After Tax transferred to Balance Sheet		**154,682,223**	**133,355,050**
Basic Earnings per share of face value of Rs 100		948	568
Diluted Earnings per share of face value of Rs 100		948	568

Significant Accounting Poliies and Notes to the Financial Statements 16
(Schedule 3, 11 to 14 & 16 forms an integral part of this income statement)

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(Sunir K. Dhungel)
Managing Partner
SAR Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: May 02, 2018
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Cash Flow Statement
for the Year Ended 31 March 2017

		Amoutnt in NPR
	Current Year	**Previous Year**
CASH FLOW FROM OPERATING ACTIVITIES		
Profit and loss before taxation and extraordinary items	23,545,720	17,747,515
Adjustment for		
Depreciation	5,146,381	9,833,962
Provision for staff bonus	2,354,572	1,770,346
Interest Income	(5,691,694)	(6,007,005)
Profit on sale of fixed assets	-	(5,506,415)
Bad debts recovered	-	-
Creditors balance W/o	(281,488)	(1,357,324)
Misc Income	-	-
Foreign Currency Fluctuation	(683,515)	2,152,630
Operating Profit before change in working capital	**24,389,976**	**18,633,709**
Decrease/(Increase) in current assets	6,037,178	(113,709,222)
Increase/(Decrease) in current liability	(58,881,591)	114,647,169
Cash generated from operation	**(28,454,437)**	**19,571,656**
Payment from retirement benefit fund	(1,268,140)	39,809
Income Tax paid	4,546,367	959,194
Payment of staff bonus	2,354,572	1,770,346
Net cash flow from operatig activities (A)	**(34,087,236)**	**16,802,307**
CASH FLOW FORM INVESTING ACTIVITES		
Interest Received	5,691,694	6,007,005
Purchase of Fixed Assets	-	(888,041)
Proceeds from sale of assets	-	6,240,708
Decrease/(Increase) in investment	30,000,000	60,000,000
Net cash flow from investing activities (B)	**35,691,694**	**71,359,672**
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares		
Dividend paid	-	(79,000,000)
Net cash flow form financing activites ©	**-**	**(79,000,000)**
Net increase/(decrease) in cash (A+B+C)	**1,604,457**	**9,161,979**
Cash and cash equivalents at the beginning of the period	21,193,826	12,031,847
Cash and cash equivalents at the end of the period	**22,798,283**	**21,193,826**

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(Sunir K. Dhungel)
Managing Partner
SAR Associates
Chartered Accountants

SAR Associates Chartered Accountants Kathmandu

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: May 02, 2018
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Statement of Changes in Equity
for the Year Ended 31 March 2018

Amount in NPR

Particulars	Note	Share capital	Share premium	Revaluation reserve	Translation reserve	Accumulated Profit	Total
Balance at 1 April 2017		**2,250,000**	**-**	**-**	**-**	**133,355,050**	**135,605,050**
Changes in accounting policy		-	-	-	-	-	-
Restated balance at 1 April 2017		2,250,000	-	-	-	133,355,050	135,605,050
Surplus/(dificit) on revaluation of properties		-	-	-	-	-	-
Surplus/ (deficit) on revaluation of investments		-	-	-	-	-	-
Currency translation differences		-	-	-	-	-	-
Net gains and losses not recognised in the income statement		-	-	-	-	-	-
Net profit for the period		-	-	-	-	21,327,173	21,327,173
Corporate tax in respect of earlier years		-	-	-	-	-	-
Dividend						-	-
Adjustment made during the year		-	-	-	-		
Issue of share capital		-	-	-	-	-	-
Balance at 31 March 2018		**2,250,000**	**-**	**-**	**-**	**154,682,223**	**156,932,223**

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

As per our report of even date

(Sunir K. Dhungel)
Managing Partner
SAR Associates
Chartered Accountants

SAR Associates Chartered Accountants Kathmandu

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: May 02, 2018
Place: Kathmandu

Sita World Travel (Nepal) Pvt Ltd

Schedule 1 : Share Capital

	As at 31-Mar-18	As at 31-Mar-17
		Amount in NPR
A. Authorised		
60,000 (previous year 60,000) Equity shares of Rs 100 each	6,000,000	6,000,000
	6,000,000	**6,000,000**
B. Issued, subscribed and paid up		
22,500 (previous year 22,500) Equity shares of Rs 100 each fully paid up	2,250,000	2,250,000
Of the above 14,238 equity shares of Rs.100 each fully paid up have been issued to SOTC Travel Service India Pvt Ltd, the parent company		
Total	**2,250,000**	**2,250,000**

Schedule 2: Reserves & surplus

Balance brought forward	133,355,050	199,584,477
Less: Dividend decleared	-	(79,000,000)
Accumulated Profit (Transferred from income statement)	21,327,173	12,770,573
Total	**154,682,223**	**133,355,050**

SITA WORLD TRAVEL (NEPAL) PVT. LTD.

SAR Associates Chartered Accountants Kathmandu

SITA World Travel (Nepal) Pvt Ltd

Schedule 3: Fixed Assets

Amount in NPR

	Cost				Accumulated Depreciation/Amortization				Net Value	
	As at 1-Apr-17	Addition during the period	sales/ adjustments	Total as at 31-Mar-18	As at 1-Apr-17	Charged for the period	Deduction	Total as at 31-Mar-18	As at 31-Mar-18	As at 31-Mar-17
Furniture and Fixtures	1,759,265			1,759,265	996,069	353,781		1,349,850	409,415	763,196
Office Equipment	4,017,001			4,017,001	3,675,379	247,035		3,922,414	94,587	341,622
Computers	3,848,961			3,848,961	3,385,391	455,762		3,841,153	7,808	463,571
Motorcycle and scooters	184,500			184,500	184,500	-		184,500	-	
Vehicles	32,198,018			32,198,018	28,222,185	3,975,836		32,198,018	(0)	3,975,833
Leasehold Improvement	1,822,876			1,822,876	1,708,908	113,967		1,822,876	(0)	113,968
Computer Software	145,500			145,500	145,500	-		145,500	0	-
Tour and Trekking Gear	977,736			977,736	977,736	-		977,736	0	-
Total	**44,953,857**	**-**	**-**	**44,953,857**	**39,295,668**	**5,146,381**	**-**	**44,442,047**	**511,810**	**5,658,190**
Previous year	**56,711,715**	**888,041**	**12,645,898**	**44,953,857**	**41,373,312**	**9,833,962**	**11,911,605**	**39,295,668**	**5,658,189**	

SITA World Travel (Nepal) Pvt Ltd

		Amount in NPR
	As at	As at
	31-Mar-18	31-Mar-17

Schedule 4 : Investments

Fixed deposit with Nabil Bank Ltd.		575,000	575,000
Fixed deposit with Nepal SBI Bank Ltd.		91,000,000	121,000,000
	Total	**91,575,000**	**121,575,000**

Schedule 5 : Sundry Debtors

A) Debts outstanding over six months			
- considered good			
- considered doubtful			
B) Other debts			
- considered good		90,494,496	101,962,440
- considered doubtful			
		90,494,496	**101,962,440**
Less :Doubtful Debts			
	Total	**90,494,496**	**101,962,440**

Schedule 6 : Cash and Bank Balances

Cash in hand		404,472	542,109
Cash at Bank			
Current account balances		12,255,818	10,255,866
Foreign currency account balance		10,137,993	10,395,851
	Total	**22,798,283**	**21,193,826**

Schedule 7 : Loans and advances

Advance for expenses	2,533,284	1,248,887
Advance tax	106,733,297	102,186,930
Deposits	36,993,270	36,843,270
Others	2,939,930	2,162,477
Prepaid expenses	5,663,707	1,761,277
	154,863,488	**144,202,841**

SITA World Travel (Nepal) Pvt Ltd

	As at 31-Mar-18	As at 31-Mar-17
		Amount in NPR
Schedule 8 : Current Liabilities		
Sundry creditors	26,177,832	33,062,140
TDS Payable	978,731	975,079
Other liabilities	62,110,815	115,648,216
VAT Payable	6,319,001	5,064,024
Total	**95,586,379**	**154,749,458**

Schedule 9 : Provisions

Retirement benefits	6,002,373	4,734,233
Provision for income tax	108,710,962	102,824,532
Total	**114,713,335**	**107,558,765**

Schedule 10 : Deferred Tax Assets

Arising on account of timing difference in Retirement benefits and depreciation	6,988,860	3,320,978
Total	**6,988,860**	**3,320,978**

SAR Associates Chartered Accountants Kathmandu

SITA World Travel (Nepal) Pvt Ltd

Amount in NPR

		Current Year		Previous Year
Schedule 11 : Sales and Services (Net of cost)				
A. Tours Income		42,994,614		35,189,430
Tours Income	349,589,959		272,964,281	
Less: Cost of tours	(306,595,345)		(237,774,851)	
B. Coach Income		4,118,243		3,630,905
Coach Income	8,955,052		8,219,137	
Less: Coach expenses	(4,836,809)		(4,588,232)	
Total		**47,112,857**		**38,820,335**

	Current Year	Previous Year
Schedule 12 : Other income		
Interest on fixed deposit	5,691,694	6,007,005
Commission income	295,229	366,535
Miscellaneous income	-	1,572,873
Creditors written back	281,488	1,357,324
Profit on sale of assets	-	5,506,415
Total	**6,268,411**	**14,810,152**

	Current Year	Previous Year
Schedule 13 : Personnel Expenses		
Salary & wages	12,559,069	11,436,604
Contribution to Provident Fund	778,072	720,953
Provision for retirement benefit	1,293,913	567,484
Medical expenses	732,576	690,770
Staff birthday Gift	-	-
Overtime Expenses	88,983	66,009
Staff welfare expenses	435,498	196,158
Staff Uniform	99,050	84,668
Total	**15,987,161**	**13,762,646**

SITA WORLD TRAVEL (NEPAL) PVT. LTD.

SAR Associates Chartered Accountants Kathmandu

SITA World Travel (Nepal) Pvt Ltd

	As at 31-Mar-18	Amount in NPR As at 31-Mar-17
Schedule 15 : Contingent liabilities		
Income Tax matter	76,711	76,711
VAT matter	106,283,306	106,283,306
Guarantee given by a bank on behalf of the Company	350,000	350,000
Total	**106,710,017**	**106,710,017**

SAR Associates Chartered Accountants Kathmandu

SITA WORLD TRAVEL (NEPAL) PRIVATE LIMITED

SITA WORLD TRAVEL (NEPAL) PVT. LTD.

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

A. Company Background

SITA World Travel (Nepal) Pvt. Ltd, a joint venture company with SOTC Travel Services Pvt. Ltd, is incorporated under the Company Act, 2063 in Nepal and providing travel and tour related services and money transfer services. Registered Office of the company is Jwagal-10, Lalitpur, Nepal.

SOTC Travel Services Pvt. Ltd, a company incorporated under the laws of India, is holding 63.32% equity of the company.

B. Basis of Preparation of Financial Statements

The balance sheet, statement of income and cash flow, together with the accounting policies and notes (Financial Statements) comply with the Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS).

The financial statements are presented on a historical cost basis and in accordance with the formats as per the requirements of the Company Act, 2063 and NAS.

C. Significant Accounting Policies

1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes. The following specific criteria are used for recognition of revenue.

- **Sale of Services**

Sales from inbound services are recognized on the date of arrival of the tour in Nepal. Sales are stated net of Value Added Tax (VAT). Commission income and other travel services such as optional tours are recognized at the time of providing the service.

Interest on investment is recognized on accrual basis.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP and NAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

3. Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the supply of services or for administrative purposes and are expected to use during more than one financial year.

SAR Associates Chartered Accountants Kathmandu

Cost of an item of property, plant and equipment is recognized as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The cost of an item of property, plant and equipment comprises of purchase price and any costs that is directly attributable to bring the asset to the location and condition that is necessary for it to be capable for operating in the manner intended by the management.

Any subsequent cost incurred for the property, plant and equipment is recognized as an asset if it meets the recognition criteria. The cost that does not qualify as an asset is charged off in the Income Statement as repair and maintenance.

The carrying amount of an asset is derecognized at the time of disposal or when no future economic benefits are expected to flow from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

The carrying amount of the property, plant and equipment is the amount at which an asset is recognized after deducting any accumulated depreciation.

4. Depreciation and Amortization

i. PPE are depreciated on a straight-line basis, based on the following estimates of their useful economic lives:

Description of Assets	Useful life (In Years)	Rate %
Furniture and Fixtures	5	20
Office Equipment	3	33.33
Vehicle	5	20
Computer and Computer Software	3	33.33

ii. Leasehold assets are amortized uniformly over the period of 3 years.
iii. Depreciation on addition of assets is charged from the next month from the date on which the assets are purchased / capitalized.
iv. Gains or losses arising from the disposal of fixed assets, if any, are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized or charged off in the Income Statement on the date of the disposal.
v. Each asset with a cost value of less than NPR 8,000 is fully depreciated in the year of purchase.

5. Retirement Benefits

a. Provident Fund

Contributions to provident fund are made monthly at the applicable rates, which is charged to revenue. Contributions to provident fund together with the employees' contributions are deposited with Citizen Investment Trust.

b. Gratuity

Gratuity payable to employees on termination/retirement of their services is provided on accrual basis and is deposited with Citizen Investment Trust.

SAR Associates Chartered Accountants Kathmandu

c. **Leave Encashment**

Leave Encashment payable to employees on termination/retirement of their services is provided on accrual basis and is deposited with Citizen Investment Trust.

6. Trade and Other Receivables

Trade Receivables are stated at book value after making provisions for bad and doubtful debts.

Other receivables and dues from related parties are stated at book value less provisions for bad and doubtful debts.

7. Cash and Cash Equivalents

Cash and cash equivalent represent cash in hand and balance with commercial banks.

8. Foreign Currency Transactions

Foreign exchange transactions are recorded at the exchange rate prevailing at the date of transactions. Gain or loss arising on settlement is realized or charged in the Income Statement. Assets and liabilities in foreign currencies are reinstated at the exchange rate prevailing at the year-end and the exchange difference, if any, arising on such transaction is accounted for in the Income Statement as exchange fluctuation.

9. Technical Service Fee

Technical fee payable to SOTC Travel Services Pvt Ltd, India is calculated on the credit sales @ 5% on the cost of transportation and hotel bills excluding the cost of meals since 1st January 2006 onwards.

10. Income Taxes

Provision for current tax is made with reference to profit for the Financial Year based on the provisions of Income Tax Act, 2058.

Deferred Tax is recognized and provided for on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax assets are not recognized unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realize such assets.

D. Notes to the Financial Statements

1. Contingent Liabilities *(With reference to Schedule 15)*

There are contingent liabilities in respect of: In NPR

S.No.	Particulars	31 March 2018	31 March 2017
1.	Additional Income Tax Demand (FY 2069-70)	76,711	76,711
2.	Additional demand on account of VAT (FY 2069-70)	23,857,699	23,857,699
3	Additional demand on account of VAT (Period from Ashadh 2067 to Mangsir 2072)	82,425,607	82,425,607
4	Unexpired Bank Guarantee	350,000	350,000
	Total	**106,710,017**	**106,710,017**

2. Related Party

The parent company, SOTC Travel Services Pvt. Ltd together with its subsidiaries holds 63.32% (previous year 63.32%) of the share capital of the Company.

- **Key Managerial Personnel**

  Suraj Lamichhane is General Manager of the Company and payment during the year is NPR 2,505,051 (Previous year NPR 2,316,351)

- **Transaction with related party**

Particulars	Current year (NPR)	Previous year (NPR)
Sales during the period	261,764,535	210,171,806
Technical fee during the period	8,165,925	6,544,892
Receivables as on 31 March 2018	79,778,631	96,113,278
Payables as on 31 March 2017 (Other than technical fee payable)	Nil	Nil

3. Provision for Taxation

Current Tax
Current tax has been provided for in the books as per the provisions of Income Tax Act 2058 and Rules thereon prevailing as on the year end.

Deferred Tax
Deferred tax is calculated on temporary differences between the book values of financial assets/liabilities and tax bases of assets/liabilities using an effective tax rate of 25.00%.

The items attributable to deferred tax assets and liabilities and their movement are as follows:

Particulars	Amount (NPR)
Fixed Assets	5,488,266
Retirement Fund	1,500,594
DTA as on March end 2018	**6,988,860**
DTA as on March end 2017	**3,320,978**
Movement During the Year	**3,667,882**

4. Disclosure for Operating Leases

i. The Company has taken office premises on lease from Ms. Kamal Devi Shrestha. The details of operating lease commitments are as follows.

Year	Amount (NPR)
<1 year	2,330,702
1 to 3 years	393,238
>3 years	Nil

ii. Rental expenses under non-cancellable operating leases aggregated - Nil (Previous year - Nil)

iii. Rental expenses under cancellable operating leases aggregated NPR 2,181,030 (Previous year NPR 2,038,350)

5. Rounding Off

Figures in the Financial Statements are rounded off to the nearest rupee.

Travel Circle International Limited
Balance Sheet as at 31st March, 2018

Currency - in HKD

Particulars	Notes	As at 31st March, 2018	As at 31.03.2017
ASSETS			
Non-current assets:			
Property, plant and equipment	3	2,144,478	2,724,476
Capital work-in-progress	3		-
Goodwill	4	202,493,574	202,493,574
Other intangible Assets	4		
Intangible assets under development			-
Investment in equity instruments	5		
Investment in subsidiaries	5		
Financial assets			
- Investments	5		-
- Loans			
- Other financial assets	6(e)		-
Non-current bank balances			
Others			
Other non-current assets	15	2,078,000	-
Non Current Tax assets	9		
Deferred tax assets (net)	16		
Total non-current assets		**206,716,052**	**205,218,050**
Current assets:			
Inventories			-
Financial assets			
- Investments	6(a)		
- Trade receivables	6(b)	15,587,360	22,050,881
- Cash and cash equivalents	6(c)	92,644,751	90,143,047
- Bank balances other than cash and cash equivalents	6(c)		13,500,000
- Other financial assets	6(e)	4,206,623	4,393,422
Current Tax Assets (Net)			
Other current assets	8	41,783,421	43,641,269
Total current assets		**154,222,154**	**173,728,619**
TOTAL ASSETS		**360,938,207**	**378,946,669**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	10(a)	(59,523,801)	(59,523,801)
Preference share capital	10(a)		
Other equity			
Share application money pending allotment			
Reserve and surplus	10(b)	(12,794,428)	5,312,837
Total Equity		**(72,318,229)**	**(54,210,964)**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
- Borrowings	11(a)	(103,943,348)	(141,372,368)
- Other financial liabilities	11(c)		
Provisions	14		
Employee Benefit Obligations	15		(1,483,000)
Deferred tax liabilities (net)	16		
Other non-current liabilities	12		
Total non-current liabilities		**(103,943,348)**	**(142,855,368)**
Current liabilities			
Financial liabilities			
- Borrowings	11(b)	(27,428,571)	(27,428,569)
- Trade payables	11(d)	(38,023,898)	(19,407,629)
- Other financial liabilities	11(c)	(23,496,638)	(23,731,839)
Provisions	14	(8,890,291)	(14,574,974)
Employee Benefit Payable	15		
Current Tax Liabilities	9	(2,637,304)	(1,946,092)
Other current liabilities	13	(84,199,929)	(94,791,234)
Total current liabilities		**(184,676,630)**	**(181,880,337)**
TOTAL LIABILITIES		**(288,619,978)**	**(324,735,705)**
TOTAL EQUITY AND LIABILITIES		**(360,938,207)**	**(378,946,669)**
	Check --->	-	(0)

For Identification Purposes only Mazars CPA Limited

Summary of Significant Accounting Policies 2
The above balance sheet should be read in conjunction with the accompanying notes.

For identification
Purposes only
Mazars CPA Limited

TRAVEL CIRCLE INTERNATIONAL LIMITED

Statement of Profit And Loss for the year ended 31st March 2108

Particulars	Notes	For the year ended 31.03.2018	For the year ended 31.03.2017	Q1 2018 01.01. - 31.03.2018	Q1 2017 01.01. - 31.03.2017
Income					
Revenue from operations	17	646,605,747	539,472,091	149,905,673	132,201,182
Other income	18(a)	4,985,879	982,643	324,541	567,540
Other gains/(losses) (net)	18(b)	660,714	(1,883,053)	107,748	337
Total income		652,252,340	538,571,681	150,337,963	132,769,059
Expenses					
Cost of services		(550,815,924)	(443,877,864)	(126,422,484)	(106,740,030)
Employee benefits expense	19	(42,319,604)	(43,295,584)	(10,314,638)	(10,733,561)
Finance Cost	22	(6,063,154)	(6,562,838)	(1,517,184)	(1,442,790)
Advertisment Expenses		(11,782,499)	(10,233,092)	(3,337,303)	(3,148,398)
Depreciation and amortisation expense	20	(1,813,989)	(2,555,883)	(326,645)	(435,787)
Other expenses		(27,214,450)	(23,787,922)	(7,095,302)	(6,773,792)
Total expenses		(640,009,620)	(530,313,183)	(149,013,556)	(129,274,359)
Profit before exceptional item		12,242,720	8,258,498	1,324,407	3,494,700
Add Exceptional items:		2,250,000	-	-	-
			-		
Less Exceptional items:			-		
Profit before tax		14,492,720	8,258,498	1,324,407	3,494,700
Less : Tax expense			-		
Current tax	23	(341,455)	(3,071,434)	-	(1,000,000)
Deferred tax	23		-		
Total tax expenses		(341,455)	(3,071,434)	-	(1,000,000)
		-	-	-	-
Profit for the period		14,151,265	5,187,064	1,324,407	2,494,700
		-	-	-	-
Other comprehensive income		-	-	-	-
Items that will not be reclassified to profit or loss		-	-	-	-
Remeasurements of post-employment benefit obligations		3,956,000	2,790,000	-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
		-	-	-	-
		-	-	-	-
Total other comprehensive income for the period, net of taxes (B)		18,107,265	7,977,064	1,324,407	2,494,700
		-	-	-	-
Total comprehensive income for the year (A+B)		-	-	-	-
		-	-	-	-
Earnings per equity share (Face value of ` 10 each)	34	-	-	-	-
- Basic earnings per share		0.30	0.13	0.02	0.04
- Diluted earnings per share		-	-	-	-
Share capital		**59,523,801**	**59,523,801**	**59,523,801**	**59,523,801**

Travel Circle International Limited
Statement of

STATEMENT OF CHANGES IN EQUITY:

Currency - in HKD

(A) Share Capital	Equity share	Preference share
Particulars	**Amount**	**Amount**
Balance as at 1st April, 2017	(59,523,801.0)	
Changes in share capital during the period	-	
Balance as at 31st March, 2018	(59,523,801.0)	-

(B) Other Equity	Share application money pending allotment	Reserves and Surplus								y.e 31/3/7 retained earnings
Particulars		Capital Reserve	Capital Redemption Reserve (CRR)	Debenture Redemption Reserve (DRR)	Share option Outstanding Account	Securities Premium Account	General Reserve	Retained Earnings	Total Reserves and Surplus	
Balance as at 1st April, 2017								5,312,836.9	5,312,836.9	31,289,901.1
Profit for the year								(14,151,265.1)	(14,151,265.1)	(7,977,064.1)
Other Comprehensive Income, net of tax								(3,956,000.0)		-
Transaction with owners in their capacity as owners									-	
									-	
Transfer to DRR									-	
Addition on account of ESOP issues									-	
Transfer to General Reserve									-	
Dividend for the Previous Period paid during the year									(3,956,000.0)	(18,000,000.0)
Corporate Dividend Tax for the Previous year paid during the year									-	
Balance as at 31st March, 2018	-	-	-	-	-	-	-	(12,794,428.3)	(12,794,428.3)	5,312,836.9

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Travel Circle International Limited
Statement of Cash Flows for the year ended 31st March, 2018

For identification
Purposes only
Mazars CPA Limited

Currency - in HKD

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
A) Cash flow from operating activities			
Profit before income tax		**14,492,720**	**8,258,498**
Adjustments for			
Interest Income	18(a)	(4,254)	(7,925)
Impairment of Goodwill and other non current assets			
Dividend Income from Investments	18(a)	-	
Expenses on Employees Stock Options Schemes (Net)	19	-	
Depreciation and Amortisation	20	1,813,989	2,555,883
Profit on sale of Fixed Assets (Net)	18(b)	-	
Net exchange (gain)/ loss		-	220,834
Interest on Income Tax Refund	```	-	
Finance Costs	22	6,063,154	6,562,838
Bad Debts and Advances written off	xx	-	
Provision for doubtful debts and Advances (net off bad debts written off)	21	-	
Operating Profit before Working Capital changes		**22,365,608**	**17,590,129**
Change in operating assets and liabilities			
Increase/(Decrease) in Trade Payables		18,338,201	(19,130,073)
Increase/(Decrease) in Provisions		(5,684,683)	
Increase/(Decrease) in Other financial Liabilities		(235,201)	
Increase/(Decrease) in Other Liabilities		(10,591,305)	37,358,013
Increase/(Decrease) in Employee Benefit Obligations			
(Increase)/ Decrease in Trade Receivables		6,858,520	3,195,733
(Increase)/Decrease in Other Financial Assets		757,781	
(Increase)/Decrease in Other Assets		1,857,848	
Cash generated from operations		**33,666,769**	**39,013,802**
Income taxes paid (Net of Refunds Received)		349,757	(7,411,274)
Interest on Income Tax Refund	xx		
Net cash inflow from operating activities		**34,016,526**	**31,602,528**
B) Cash flow from investing activities:			
Proceeds from sale of Fixed Assets			
Purchase of Fixed Assets		(1,233,992)	(383,442)
Interest Received		4,254	7,925
Dividend received on Subsidiary Company			
Dividend received from Mutual funds			
Investment in Subsidiary			
Proceeds from sale of Current Investments (net of Purchases)			
Investments/(Proceeds) in Fixed Deposits with banks -(increase) in pledged bank deposit		13,500,000	(13,500,000)
Net cash outflow from investing activities		**12,270,263**	**(13,875,517)**
C) Cash flow from financing activities			
Proceeds from Issue of Equity Shares under Employees Stock Options Schemes			
Share Issue expenses paid			
Proceeds from Issue of 'Class D' 0.001% Compulsorily Convertible Preference Shares ("CCPS")			
Proceeds from Issue of Preference Shares			
Proceeds/repayment from Issue of Debentures			
Proceeds from Finance Lease Liability (Net)			
Dividend Paid during the year			
Tax on Dividend Paid during the year			
Loan given to subsidiary company			
Loan repayment by subsidiary company		(38,000,000)	(27,429,020)
Bank overdraft availed			
Finance Costs paid		(5,785,085)	(6,562,838)
Net cash inflow (outflow) from financing activities		**(43,785,085)**	**(33,991,858)**
Net increase/(decrease) in cash and cash equivalents		**2,501,704**	**(16,264,848)**
Add: Cash and cash equivalents at the beginning of the financial year		90,143,047	106,794,264
Effects of exchange rate changes on cash and cash equivalents			(386,369)
Cash and cash equivalents at the end of the year		**92,644,751**	**90,143,047**

Reconciliation of Cash Flow statements as per the cash flow statement		31st March, 2018	
Cash Flow statement as per above comprises of the following			
Cash and cash equivalents		92,644,751	90,143,047
Bank Overdrafts		-	
Balances as per statement of cash flows		**92,644,751**	**90,143,047**

Notes:-

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS-7) on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.
2. Additions to property, plant and equipment and other intangible assets include movement of capital work in progress, payables for fixed assets and capital advances during the year.

The above statement of cash flows should be read in conjunction with the accompanying notes

Travel Circle International Limited
Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

Note 3: Property, plant and equipment:

Currency - in HKD

Particulars	Office Building	Leasehold Improvements	Furniture and Fixtures	Computers	Office equipments	Vehicles	Plant and Machinery	Total	Capital work in progress
Gross carrying amount									
Opening as at 1st April, 2017		12,185,253.0	2,487,026.0	5,450,827.2	-	514,300.0	-	20,637,406.2	
Additions		101,446.5	163,796.1	968,749.0				1,233,991.6	
Disposals/transfer								-	
Closing gross carrying amount	-	**12,286,699.5**	**2,650,822.1**	**6,419,576.2**	-	**514,300.0**	-	**21,871,397.7**	-
Accumulated depreciation									
Opening as at 1st April, 2017		11,040,036.0	1,771,241.0	4,715,932.8	-	385,720.0	-	17,912,929.8	
Depreciation charge during the year		844,951.8	271,919.5	594,253.8		102,864.0		1,813,989.1	
Disposals								-	
Closing accumulated depreciation	-	**11,884,987.8**	**2,043,160.5**	**5,310,186.5**	-	**488,584.0**	-	**19,726,918.9**	-
Net carrying amount as at 31st March, 2018	-	**401,711.7**	**607,661.6**	**1,109,389.6**	-	**25,716.0**	-	**2,144,478.9**	-

(i) Leased Assets

Propoerty, Plant and Equipments includes the following amounts where the company is a lessee under a finance lease:

Particulars	31st March, 2018						
	Office Building	Leasehold Improvements	Furniture and Fixtures	Computers	Office equipments	Vehicles	Plant and Machinery
Cost/Deemed Cost							
Accumulated Depreciation							
Net Carrying Amount	-	-	-	-	-	-	-

(ii) Contractual Obligations

Refer Note 26 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Capital Work-in-progress

Capital work-in-progress mainly comprises of....

(iv) Cost of Office Building includes:

(a) xx **(Nos.)** (Previous Year - 0) unquoted fully paid-up Shares of **xx (Amount)** (Previous Year **xx**) in various Co-operative Societies.
(b) Share applieation money of **xx (Amount)** (Previous year **xx**) to various Co-operative Societies.
(c) Premises of **xx (Amount)** (Previous Year xx) where the Co-operative Society is yet to be formed.

Particulars	Office Building	Leasehold Improvements	Furniture and Fixtures	Computers	Office equipments	Vehicles	Plant and Machinery	Total	Capital work in progress
Gross carrying amount									
Opening as at 1st April, 2016	-	12,800,744.0	2,479,244	5,131,867	-	514,300	-	20,926,155	
Additions	-	-	34,382	349,060	-		-	383,442	
Disposals/transfer	-	(615,491.0)	(26,600)	(30,100)	-		-	(672,191)	
Closing gross carrying amount	**-**	**12,185,253.0**	**2,487,026**	**5,450,827**	**-**	**514,300**	**-**	**20,637,406**	
	-								
Accumulated depreciation									
Opening as at 1st April, 2016	-	9,693,865.0	1,539,330	4,397,696	-	282,856	-	15,913,747	
Depreciation charge during the year	-	1,846,171.0	258,511	348,337	-	102,864	-	2,555,883	
Disposals	-	(500,000.0)	(26,600)	(30,100)	-		-	(556,700)	
Closing accumulated depreciation	**-**	**11,040,036.0**	**1,771,241**	**4,715,933**	**-**	**385,720**	**-**	**17,912,930**	
Net carrying amount as at 31st March, 2017	**-**	**1,145,217.0**	**715,785**	**734,894**	**-**	**128,580**	**-**	**2,724,476**	**-**

For identification
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Note 4: Intangible Assets:

		31st March, 2018	31st March, 2017
Particulars	**Computer Software**	**Goodwill**	**Goodwill**
Gross carrying amount			
Opening as at 1st April, 2017		202,493,574.0	202,493,574.0
Additions			
Disposals			
Closing gross carrying amount	-	**202,493,574.0**	**202,493,574.0**
Accumulated amortisation			
Opening as at 1st April, 2017			
Amortisation charge for the year			
Disposals			
Closing accumulated amortisation	-	-	-
Net carrying amount as at 31st March, 2018	-	**202,493,574.0**	**202,493,574.0**

(i) Intangible assets includes:
Intangible Assets (software) includes Internally generated / developed software - Gross Block **xx (Amount)** (Previous Year **xx**); Net Block **xx (Amount)** (Previous Year **xx**).

(ii) Significant Estimate - Impairment tests of goodwill
The entire amount of goodwill pertains to **xx** business (cash generating unit) generated at the time of acquisition and is tested for impairment on an annual basis. Recoverable amount of the CGU is based on its property values which is higher than the carrying value of the cash generating unit.

(iii) Leased assets
Software includes the following amounts where the company is a lessee under a finance lease:

Particulars	**31st March, 2018**	**31st March, 2017**
	Computer Software	**Computer Software**
Cost/Deemed Cost		
Accumulated Depreciation		
Net Carrying Amount	-	-

Note 5: Investments:

Particulars	31 March 2018	31 March 2017
Investment in equity instruments (fully paid-up) - Fair value through Profit and Loss A/c		
Quoted		
xx (Nos.) (Previous Year xx) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**	NOT APPLICABLE	
xx (Nos.) (Previous Year xx) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
....		
Unquoted - In subsidiaries at cost		
xx (Nos.) (Previous Year xx) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
xx (Nos.) (Previous Year xx) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
....		
ESOP issued to subsidiaries employees		
xx (Company Name)		
xx (Company Name)		
....		
Others - Fair value through P & L		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
....		
Aggregate amount of quoted investments		
Aggregate amount of unquoted investments		
Market value of Quoted Investments		
Aggregate amount of impairment in the value of investments		

Note 6: Financial Assets

6(a)CURRENT INVESTMENTS

Particulars	31 March 2018	31 March 2017
Investment in mutual funds fair valued through Profit and Loss A/c (Quoted)	NOT APPLICABLE	
- Mutual Fund Scheme and Plan Name		
xx (Nos.) (Previous Year: **xx**) Units of **xx (Face Value)** each		
- Mutual Fund Scheme and Plan Name		
xx (Nos.) (Previous Year: **xx**) Units of **xx (Face Value)** each		
....		
Total Mutual Funds		
Total Current investments		
Aggregate Amount of quoted investments		
Aggregate Amount of impairment in the value of investments		

6(b)Trade receivables

Particulars	31 March 2018	31 March 2017
Trade receivables	15,587,360	22,050,881
Less : Allowance for doubtful debts		
Total receivables	15,587,360	22,050,881
Break up of Security Details		

Secured, considered good		
Unsecured, considered good	15,587,360	22,050,881
Unsecured, considered doubtful		
Total	**15,587,360**	**22,050,881**
Less : Allowance for doubtful debts		
Total Trade Receivables	**15,587,360**	**22,050,881**

6(c) Cash and cash equivalents

Particulars	**31 March 2018**	**31 March 2017**
Balances with banks :		
In current accounts	92,582,863	76,346,416
Fixed Deposits with original maturity of less than three months*	-	13,500,000
Balance in EEFC accounts		
Remittance in Transit (including foreign currencies- Notes and paid documents)		
Cheques on hand		
Cash on hand (including foreign currencies- Notes and paid documents)	61,888	296,631
Total Cash and cash equivalents	**92,644,751**	**90,143,047**

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

6(d) Bank balances other than cash and cash equivalents

Particulars	**31 March 2018**	**31 March 2017**
Fixed Deposits with original maturity of more than three months but less than 12 months*	NOT APPLICABLE	
Unclaimed dividend		
Total Cash and cash equivalents	-	-

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

6(e) Other financial Assets

Particulars	**Non-current**	**Current**	**Non-current**	**Current**
	31st March, 2018	**31st March, 2018**	**31st March, 2017**	**31st March, 2017**
Fixed deposits with maturity for more than 12 months*				
Security Deposits	4,206,623	-	4,393,422	-
Receivable from subsidiaries				
Accrued Revenue				
Advance to Related Parties				
Insurance claim receivable				
Others				
Total Other Financial Assets	**4,206,623**	-	**4,393,422**	-

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

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Note 7: Other Non-Current Assets:

Particulars	**31 March 2018**	**31 March 2017**
Capital advances		
Prepaid expenses	NOT APPLICABLI	NOT APPLICABLE
Total		

Note 8: Other Current Assets:

Particulars	**31 March 2018**	**31 March 2017**
Advance to Suppliers		
Unsecured, considered good	18,119,330.6	19,838,820.3
Unsecured ,considered Doubtful		
Less: Allowance for doubtful advances		
Advance to Employees		
Unsecured, considered good		
Unsecured, considered Doubtful		
Less: Allowance for doubtful advances		
Prepaid expenses	23,664,090.3	23,802,448.7
Balances with service tax authorities		
Total	**41,783,420.8**	**43,641,269.0**

Note 9: Non Current Tax Assets / Current Tax Liabilities:

Particulars	**31 March 2018**	**31 March 2017**
Opening Balance	(1,946,092.0)	(6,285,932.0)
Less: Current Tax payable for the year	(341,455.0)	(3,071,434.0)
Add: Taxes Paid (refund)	(349,757.0)	7,411,274.0
Closing Balances	**(2,637,304.0)**	**(1,946,092.0)**
Disclosed as:		
Non Current Tax Assets (as per Balance sheet)		
Current Tax Liability (as per Balance sheet)	**(2,637,304.0)**	**(1,946,092.0)**

Travel Circle International Limited
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Note 10(a) Share Capital and Other Equity:

Particulars	Equity Share Capital#		Preference Share Capital*	
	No of Shares in lakhs = 100,000 shares	Amount	No of Shares in lakhs = 100,000 shares	Amount
AUTHORISED				
As at 1st April, 2017	595.24	59,523,801.0		
Increase/(Decrease) during the period				
As at 31st March, 2018	595	59,523,801.0	-	-

#Consists of following:

(i) Movement in Equity Share Capital and other capital during the Year

Particulars	Equity share capital		Preference Share Capital	
	No of Shares in lakhs = 100,000 shares	Amount	No of Shares in lakhs = 100,000 shares	Amount
As at 1st April, 2017	595.24	59,523,801.00		
Add: Addition on account of stock options allotment				
Add: Addition on account of fresh issue, etc				
As at 31st March, 2018	595.24	59,523,801.00	-	-

(ii) Terms and rights attached to shares

[Provide details of shares, their terms and rights attched to the shares. Refer below illustrative for reference].

[<u>Terms and rights attached to shares (For illustrative purpose):</u>
a) The Company has one class of equity shares having a par value of INR 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution to preference shareholders of all preferential amounts, in proportion to their shareholding.

b) CCPS:- 6,250,000 CCPS of INR 10/- each were allotted on 13 March 2014 to Fairbridge Capital (Mauritius) Limited at a price of INR 800/- each which includes a premium of INR 790/- per share in order to partly fund the investment made by Thomas Cook Insurance Services (India) Limited in Sterling Holiday Resorts (India) Limited. The CCPS was entitled to a dividend of 0.001% per annum. On 9 March+B17 2015, out of total 6,250,000 CCPS, 1,827,000 of INR 10/- each were converted into 182.7 equity shares of INR 1/- each. On 8 September 2015 remaining 4,423,000 CCPS of INR 10/- each were converted in 44,230,000 equity shares of INR 1/- each.]

Shares reserved for issue under options

[If not applicable then delete rows 29 to 31. Otherwise, remove row 30]

Information relating to the entity's Employee Option Plans (if any), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 31.

(iii) Shares of the company held by the Subsidiaries of the ultimate holding company

Particulars	31 March 2017	
	No of Shares (In lakhs)	Amount
Equity Shares		
Subsidary Name	NOT APPLICABLE	
Subsidary Name		
...		
Preference Shares		
Subsidary Name		
Subsidary Name		
...		

(iv) Shareholding Pattern (Shareholders holding 5% or more shares in the Company)

Category of Shareholder	31 March 2017	
	No of Shares (In lakhs)	% of Holding
Equity Shares		
Subsidary Name	NOT APPLICABLE	
Subsidary Name		
...		
Preference Shares		
Subsidary Name		
Subsidary Name		
...		

(v) Aggregate number of shares issued for consideration other than cash

Particulars	31st March, 2018
Shares issued as consideration for acquisition of Subsidiary (Refer Note **xx (i.e. Provide details in separate note for such acquisition)**)	NOT APPLICABLE

Travel Circle International Limited
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Note 10(b) Reserves and surplus

Particulars	**31st March, 2018**	**31st March, 2017**
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Debenture Redemption Reserve	-	-
Share Option Outstanding Amount	-	-
Securities Premium Account	-	-
General Reserve	-	-
Retained Earnings	(12,794,427.9)	5,312,836.9
Total reserves and surplus	**(12,794,427.9)**	**5,312,836.9**

(i) Capital Reserve

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	NOT APPLICABLE	
Add: Transfer from retained earnings		
Closing Balance		

(ii) Capital Redemption Reserve

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	NOT APPLICABLE	
Add: Transfer from retained earnings		
Closing Balance		

(iii) Debenture Redemption Reserve

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	-	-
Add: Transfer from retained earnings	NOT APPLICABLE	
Less: Transfer to general reserves		
Closing Balance	-	-

(iv)Share Option Outstanding Account

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	NOT APPLICABLE	
Add: Charge for options		
Less: Transfer to Securities Premium on exercise of stock options	-	-
Closing Balance	-	-

(v) Securities Premium Account

Particulars	**31st March, 2018**	**31st March, 2017**

Opening Balance	-	-
Add: Addition on account of Stock Options allotment	NOT APPLICABLE	
Add: Transfer from Share Option Outstanding		
Less: Share Issue Expense	-	-
Closing Balance	-	-

(vi) General Reserve

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	NOT APPLICABLE	
Add: Transfer from DRR		
Closing Balance	-	-

(vii) Retained Earnings

Particulars	**31st March, 2018**	**31st March, 2017**
Opening Balance	5,312,836.9	31,289,901.1
Net Profit For the period	(14,151,265.1)	(7,977,064.1)
Dividends, including dividend distribution tax	(3,956,000.0)	(18,000,000.0)
Items of other Comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	-	-
Transfer to capital redemption reserve	-	-
Transfer to debenture redemption reserve	-	-
Closing Balance	**(12,794,428.3)**	**5,312,837.0**

Nature and Purpose of Reserves [Update descriptions below as per your local laws/regulations]

Capital Redemption Reserve

The Company has issued Non convertible redeemable preference shares during the year. In order to comply with the requirements of section 69 of The Companies Act, 2013, the Company has transferred amounts to Capital Redemption Reserve.

Debenture Redemption Reserve

The Company has issued Non Convertible Debentures. In order to comply with the requirements of section 71 of The Companies Act, 2013, the

Share Option Outstanding Amount

The share option outstanding account is used to recognised the grant date fair value of options issued to employees under the company's Employee

General reserves

General reserve is used to record transfer from capital redemption reserve and debenture redemption reserve. The reserves is utilised in accordance

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares and towards allotment of ESOP. The reserves is utilised in accordance

Travel Circle International Limited
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Note 11: Financial Liabilities: Currency - in HKD

11(a) Non-Current Borrowings

Particulars	Maturity Date	Nature of Security	Terms of Payment	Coupon/ Interest Rate	31 March 2018	31st March, 2017
Long term maturities of finance lease obligations:						
Bank loans - secured	11/4/2022	Corporate guarantee by Thomas Cook (India) Ltd	HK$14 million every six months, HK$18 million at the final repayment date	6 month HIBOR + 2.5% p.a. (at 31/3/2018 all-in-rate = 3.6%)	(131,371,918.6)	(168,800,937.0)
Item 2						
...						
Debentures:						
Item 1 *[For illustrative purpose - 1,000 (Previous year - 1,000, 1 April 2015 - 1,000) 10.52% Redeemable Non-Convertible Debentures]*						
Item 2						
...						
Total Non-Current Borrowings					**(131,371,918.6)**	**(168,800,937.0)**
Less: Current maturities of Long Term Borrowings (included in note 11(C))	-	-	-	-	(27,428,571.0)	(27,428,569.0)
Less: Current maturities of Finance Lease Obligations (included in note 11(C))	-	-	-	-		
Less: Issue Expenses (IND AS Adj)	-	-	-	-		
Less: Interest Accrued (included in note 11(C))	-	-	-	-		
Less: Interest accrued on NCRPS (included in note 11(C))	-	-	-	-		
Non-Current Borrowings (As per Balance Sheet)					**(103,943,347.6)**	**(141,372,368.0)**

11(b) Current Borrowings

Particulars	Maturity Date	Terms of Payment	Coupon/ Interest Rate	31 March 2018	31st March, 2017
Unsecured					
Bank Overdrafts	Payable on Demand			-	-
Loan from Bank	11/4/2022	HK$14 million every six months, HK$18 million at the final repayment date	6 month HIBOR + 2.5% p.a. (at 31/3/2018 all-in-rate = 3.6%)	(27,428,571.0)	(27,428,569.0)
Total Current Borrowings				**(27,428,571.0)**	**(27,428,569.0)**
Less: Interest Accrued (included in note 11(c))	-	-	-		
Current Borrowings (As per Balance Sheet)				**(27,428,571.0)**	**(27,428,569.0)**

11(c) Other Financial Liabilities

Particulars	31 Mach 2018		31st March, 2017	
	Non-Current	Current	Non-Current	Current
Current				
Current maturities of Redeemable long term debentures (Refer 11(a))	-	-	-	-
Current maturities of finance lease obligations (Refer 11(a))	-	-	-	-
Deposits received from vendor	-	-	-	-
Unpaid Dividend @	-	-	-	-
Interest accrued	-	-	-	-
Liabilities against expense	-	-	-	-
Liabilities against Fixed Assets	-	-	-	-
Interest payable to Related parties	-	-	-	-
Derivative financial liabilities	-	-	-	-
Guarantees given to bank and others on behalf of subsidiaries	-	-	-	-
Others - deposits from customers	-	(23,496,638.0)	-	(23,731,839.1)
Total Other Financial Liabilities	-	**(23,496,638.0)**	-	**(23,731,839.1)**

@ **xx (Amount)** (Previous Year **xx**) was transferred to Investor Education and Protection Fund under Section 125 of The Companies Act, 2013 / Section 205C of the Companies Act, 1956 during the year ended **[Update Current Period End here]**.

11(d)Trade Payables

Particulars	31st March, 2018	31st March, 2017
-Dues of micro enterprises and small enterprises	(38,023,897.9)	(19,407,628.6)
-Dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances		
(ii) Other @#		
Total Trade Payables	**(38,023,897.9)**	**(19,407,628.6)**

@Includes Book Overdrafts aggregating to **xx (Amount)** (Previous Year **xx**)
#Includes **xx (Amount)** secured by bank guarantee of **xx (Amount)** (Previous Year **xx** secured by bank guarantee of **xx**.)

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

TRAVEL CIRCLE INTERNATIONAL LIMITED
Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

Note 12: Other Non-Current Liabilities HKD

Particulars	31st March, 2018	31st March, 2017
Income Received In Advance	-	-
Total	-	-

Note13: Other Current Liabilities

Particulars	31st March, 2018	31st March, 2017
Income Receieved in Advance		
Advance receipts from Customers for wbicb value is still to be given	(82,690,940.4)	(93,291,602.4)
Statutory Dues		
Fractional entitlement on Bonus Share Reufnd Accounts		
Others	**(1,508,988.3)**	**(1,499,631.6)**
Total	**(84,199,928.7)**	**(94,791,234.0)**

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TRAVEL CIRCLE INTERNATIONAL LIMITED
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Note 14: Provisions

Particulars	Non-Current 31st March, 2018	Current 31st March, 2018	Total	Non-Current 31.03.2017	Current 31.03.2017	Total
Other Provisions						
-others		-8,890,291	-8,890,291		-12,646,545	-12,646,545
-Rent Equalisation Reserve	-	-	-			
-Provision for Litigation and disputes		-	-		-1,928,429	-1,928,429
Total	-	-8,890,291	-8,890,291	-	-14,574,974	-14,574,974

(ii) Movement in Provisions

Particulars	Provision for Litigation and disputes	Rent Equalisation Reserve
Closing balance as at 1st April, 2017		
Charged/(credited) to profit or loss		
Closing balance as at 31st March, 2018		

NOT APPLICABLE

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Note 15: Employee Benefit Obligations

Particulars	31st March, 2018		
	Non-Current	Current	Total
Leave Entitlement	-	-	-
Gratuity	-	-	-
Employee benefits (payable) / assets	2,078,000.0		2,078,000.0
Total	**2,078,000.0**	-	**2,078,000.0**

(i)Leave Obligations - Leave Entitlement
The leave obligations cover the Company's liability for earned leave.
The amount of the provision of **xx (Amount)** (Previous Period - xx) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.
The following amounts reflect leave that is expected to be taken or paid within the next 12 months.

Particulars	31st March, 2018
Current leave obligations expected to be settled within next 12 months	NOT APPLICABLE

(ii) Post Employment Obligations
[Update details of Post Employment Obligations. Refer illustrative below for reference]

Illustrative for reference - The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

In respect of certain employees, the Company has Defined Benefit Plan for Other Long-term Employee Benefit in the form of Provident Fund. Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

(iii) Defined contribution Plans
The Company has recognised the following amounts in Statement of Profit and Loss for the year:

Particulars	31st March, 2018
Contribution to Employees State Insurance	-
Contribution to Labour Welfare Fund	-
Superannuation Contribution	-
Contribution to provident fund	631,158
	631,158

Balance Sheet Amounts - Gratuity
The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2017	**26,630,000**	**25,147,000**	1,483,000
Current service cost	570,000		570,000
Interest expense/(income)	323,000	299,000	24,000
Administrative expenses		(149,000)	149,000
Total amount recognised in profit and loss	**893,000**	**150,000**	**743,000**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)		3,100,000	(3,100,000)
(Gain)/loss from change in demographic assumptions	101,000		101,000
(Gain)/loss from change in financial assumptions	(278,000)		(278,000)
Experience (gains)/losses	(586,000)		(586,000)
Total amount recognised in other comprehensive income	**(763,000)**	**3,100,000**	**(3,863,000)**
Employer contributions	184,000	625,000	(441,000)
Benefit payments			-
31st March, 2018	**26,944,000**	**29,022,000**	**(2,078,000)**
	26,944,000	29,022,000	(2,078,000)

The net liability disclosed above relates to funded and unfunded plans a - -

Particulars	31st March, 2018
Present value of funded obligations	26,944,000

Fair value of plan assets	29,022,000
Deficit of funded plan / (Asset)	**(2,078,000)**
Unfunded plans	-
Deficit of gratuity plan / (Asset)	**(2,078,000)**

Significant estimates: Actuarial assumptions and sensitivity for gratuity

The significant actuarial assumptions were as follows:

Particulars	31st March, 2018
Discount rate	1.79%
Salary growth rate	3.00%

Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by xx basis points.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	31st March, 2018	31st March, 2018	31st March, 2018
Discount rate	0%		
Salary growth rate			

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

The major categories of plans assets for gratuity are as follows:

Particulars	31st March, 2018			
	Quoted	Unquoted	Total	In %
Insurer (LIC) Managed Funds	NOT APPLICABLE		-	0%

Risk Exposure for gratuity

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below :

a) Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities. The plan assets investments are in unquoted securities which are subject to interest rate risks and the fund manages the interest rate risks to an acceptable low level.

b) Salary growth & Demographic assumptions- The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lumpsum in nature the plan is not subject to any longevity risks.

Defined benefit liability and employer contributions for gratuity

The weighted average duration of the defined benefit obligation is xx years. The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31st March, 2018 - Post Employment Obligations	NOT APPLICABLE				-

The amounts recognised in the balance sheet and the movements in provident fund over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2017			-
Current service cost	NOT APPLICABLE		
Interest expense/(income)			
Total amount recognised in profit and loss			
Remeasurements			
Experience (gains)/losses			
Total amount recognised in other comprehensive income			
Employees contributions			
Employer contributions			
Liabilities assumed/(settled)			-
Benefit payments			-
31st March, 2018	-	-	-

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31st March, 2018
Present value of funded obligations	
Fair value of plan assets	
Deficit of funded plan	

Unfunded plans	
Deficit of provident fund plan	

Significant estimates: Actuarial assumptions and sensitivity f

The significant actuarial assumptions were as follows:

Particulars	
Discount rate	
Future derived return on assets	

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weight

Particulars	
Difference between rate earned and guaranteed rate	

NOT APPLICABLE

Major categories of plans assets for provident fund are as foll

Particulars	tal	**In %**
Equities and related investment		#DIV/o!
Government of India Securities		#DIV/o!
Other Debt Instruments		#DIV/o!
Others		#DIV/o!
Special deposits scheme		#DIV/o!
Total		**#DIV/o!**

Risk Exposure for provident fund

Through its defined benefit plans, the company is exposed to a number

Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities.

Note 16: Deferred Tax Assets/(Liabilities):

The balance comprises of temporary differences attributable to:

Particulars	31st March, 2018
Deferred Tax (Liabilities)	
On Fiscal Allowances on Fixed Assets	NOT APPLICABLE
Other Items	
On NCD issue expenses	
Less: Deferred Tax Assets	
On provisions allowable for tax purpose when paid	
On Provision for Doubtful Debts and Advances	
On reversal of additional depreciation on account of change in estimated life	
On unabsorbed depreciation	
Other Items	
On Rent escalation	
On reversal of Goodwill	-
Net Deferred Tax Assets	-

Movement in Deferred Tax Assets / (Liabilities)

Particulars	On Fiscal Allowances on Fixed Assets	On provisions allowable for tax purpose when paid	On Provision for Doubtful Debts and Advances	On unabsorbed depreciation	Other Items	Total
As at 1st April, 2017						-
(charged)/credited			NOT APPLICABLE			
-to profit or loss						-
-to other comprehensive income						-
As at 31st March, 2018						-

Note 17: Current Tax Liabilities

Particulars	31.03.2018	31.03.2017	
Opening Balance	(1,946,092.0)	(6,285,932.0)	
Add: Current Tax payable for the year	(341,455.0)	(3,071,434.0)	
Less: Taxes Paid (refund)	(349,757.0)	7,411,274.0	
Closing Balances	(2,637,304.0)	(1,946,092.0)	

Significant estimates-

The Company has recognised deferred tax assets on carried forward tax losses. The company estimates that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The unabsorbed depreciation can be carried forward for unlimited years and losses for a period of 8 years as per local tax regulations and the company expects to recover the losses.

For identification
Purposes only
Mazars CPA Limited

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Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

Note 17: Revenue from Operations

Particulars	FY 31.03.2018	FY 31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Sale of Services	646,605,747	539,472,091	149,905,673	132,201,182
Other Operating Revenue				
-Liabilities no longer required written back				
-Education and Training Revenue				
-Miscellaneous Receipts				
Total	#NAME?	539,472,091	149,905,673	132,201,182

Note 18: Other Income and other gains/(losses)
(a) Other Income

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Interest Income				
-On Share Application money from Subsidiaries				
-On Bank Deposits	4,254	7,925	242	2,016
-On Others				
-On Loan from Subsidiaries				
-On Income Tax Refund				
Dividend Income				
-From Subsidiaries				
-From Mutual Fund Investments				
Facilities and Support Services fees				
Consultancy income				
Liabilities no longer required written back				
Miscellaneous Income	4,981,625	974,719	324,299	565,523
Total	4,985,879	982,643	324,541	567,540

(b) Other gains/(losses)

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Reversal of provision	-	500,000	-	-
Exchange Variation (Net) other than in the normal course of business - non-operational exchange difference	660,714	(2,383,053)	107,748	337
Profit on sale of property, plant and equipment (Net)	-		-	
Total	660,714	(1,883,053)	107,748	337

Note 19: Employee Benefit Expense

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Salaries Wages and Bonus	37,962,804	37,951,505	9,227,832	9,231,208

Contribution to Provident and Other Funds	2,583,470	3,265,473	633,481	998,981
Gratuity	-	-	-	-
Employees Stock Option Scheme	-	-	-	-
Staff Welfare Expenses	1,407,067	1,319,062	348,114	363,081
Staff Training, Recruitment and Other Costs	366,262	759,544	105,211	140,292
Incentives to Staff				
Total	42,319,604	43,295,584	10,314,638	10,733,561
	-		-	

Note 20: Depreciation and Amortisation Expense

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Depreciation on Tangible Assets	1,813,989	2,555,883	326,645	435,787
Depreciation on Intangible Assets	-	-	-	-
Total	1,813,989	2,555,883	326,645	435,787

Note 21: Other Expenses

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Rent	13,049,982	11,394,795	3,308,907	3,232,441
Electricity / utilities	414,323	421,653	87,419	93,639
Repairs to Building	230,520	171,372	80,953	25,342
Repairs to Others	-	-	-	-
Insurance	643,104	615,888	155,547	159,106
Rates and Taxes	-	-	-	-
License Fees	369,785	283,416	88,107	79,219
Security Services	-	-	-	-
Travelling Expenses	99,687	361,803	-	46,622
Vehicle Running and Maintenance Expenses	100,702	186,969	-	35,005
Directors Sitting Fees	-	-	-	-
Commission to Directors	-	-	-	-
Legal and Professional Charges	(17,868)	329,895	-	96,973
Printing and Stationary	409,747	422,516	96,024	107,449
Communication Expenses	185,189	290,012	76,884	101,516
Freight Currency Shipment	-	-	-	-
Exchange Variation (Net) other than in the normal course of business as an Authorized Foreign Exchange Dealer	-	-	-	-
Bad Debts and Advances Written Off	-	(352,008)	-	-
(write back)/Provisions for doubtful debts and Advances (Net)				
Expenditure towards CSR	-	-	-	-
Donations	-	346,421	-	-
Miscellaneous Expenses	11,729,281	9,315,189	3,201,461	2,796,481
Total	27,214,450	23,787,922	7,095,302	6,773,792

Note 21 (a): Details of payments to auditors

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017

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Payment to auditors	half for FY2016 and half for FY2017 since auditors report are signed off after Mar	1st yr of incoporationi.e. half for FY2016 since auditors report are signed off after Mar		
As auditor: ASSUMING ACTUAL PAYMENT MADE				
-Statutory Audit	305,000	180,000	-	-
-Reports under the provision of Income Tax Act, 1961				
-Miscellaneous Reports	427,500	500,100	427,500	500,100
In other capacities				
-Re-imbursement of expenses				
Total payments to auditors	**732,500**	**680,100**	**427,500**	**500,100**

Note 21 (b): Corporate social responsibility expenditure

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
(a) Gross amount required to be spent by the Company during the year	N/A	N/A	N/A	N/A
(b) Amount spent and paid during the year on	N/A	N/A	N/A	N/A
(1) Eradicating Hunger, Poverty & Malnutrition, Promoting Health-Care Including Preventive Health-Care And Sanitation				
(2) Promoting Education, Including Special Education & Employment Enhancing Vocation Skills Especially Among Children, Women & Differently Abled And Livelihood Enhancement Projects)				
(3) Promoting Gender Equality, Empowering Women, Setting up Homes And Hostels For Women And Orphans; Setting up Old Age Homes, Day Care Centres And Such Other Facilities For Senior Citizens And Measures For Reducing Inequalities Fued Bu Socially And Economically Backward companies.				

Note 22: Finance Costs

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Interest and finance charges on financial liabilities not at fair value through profit and loss	6,063,154	6,562,838	1,517,184	1,442,790
Other Finance Charges	-	-	-	-
Total	6,063,154	6,562,838	1,517,184	1,442,790

Note 23: Income Tax Expense

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
(a) Income tax expense				
Current tax				
Current tax on profits for the year	2,637,304	3,882,000	-	1,000,000
Adjustments for current tax of prior periods	(2,295,849)	(810,566)	-	-
Total current tax expense	341,455	3,071,434	-	1,000,000
Deferred tax				

Decrease (increase) in deferred tax assets	-	-	-	-
(Decrease) increase in deferred tax liabilities	-	-	-	-
Total deferred tax expense/(benefit)	-	-	-	-
Income tax expense	**341,455**	**3,071,434**	**-**	**1,000,000**

(b) The reconciliation of tax expense and the counting profit multiplied by Hong Kong's tax rate :

Particulars	FY 31.03.2018	31.03.2017	1.1.2018 - 31.03.2018	1.1.2017 - 31.03.2017
Profit from continuing operations before income tax expense	14,492,720	5,187,064	1,324,407	3,494,700
Tax at the HK tax rate of 16.5%	2,391,299	855,866	218,527	576,626
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:				
Amortisation of intangibles				
Employee Share based payment expense				
Corporate Social responsibility expenditure				
Goodwill Impairment				
Other items	2,637,304	3,026,134	(218,527)	423,374
Adjustments for current tax of prior periods	(2,295,849)	(810,566)	-	-
Tax losses for which no deferred income tax was recognized				
Income tax expense	341,455	3,071,434	-	1,000,000

Note 24: Capital management:

24 (a): Risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is calculated as total
During the periods presented, the Company's strategy has been unchanged. The credit rating was unchanged and the gearing ratios as at the period ends were as follows:

	31st March, 2018	31 March 2017
Net debt	38,727,168	65,157,890
Total equity	72318228.9	54,210,964
Net debt to equity ratio	**0.54**	1.20

[Note - Debt = Non-Current Borrowing + Current Borrowing - Cash & Cash Equivalents]

(i) Loan Covenants
Not applicable, since the company does not have covenants under the facilities availed.

(b) Dividends

	31st March, 2018
Equity shares	
Final dividend paid during the year **xx (Amount)** per fully paid share (Previous Year of **xx** per fully paid share)	**NOT APPLICABLE**
Dividends not recognised at the end of the reporting period	
payment of a final dividend of **xx (Amount)** per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	

Dividends not recognised at the end of the reporting period

Note 25: Contingent liabilities:

Contingent liabilities

Particulars	31st March, 2018	31st March, 2017
Claims against the Company not acknowledged as debts		
Disputed claims made by clients		
Disputed Labour law suits		
Other Claims *[Provide description also. Eg. - Demand from Electric Supply and Transport Authority for electricity charges]*		
Disputed Income tax demands	NOT APPLICABLE	
Disputed Service Tax Demands		
Guarantees given to Banks and others on behalf of Subsidiaries		
Disputed demand for Increase in rent raised by Brihanmumbai Municipal Corporation		

(a) It is not practicable for the Company to estimate the timing of cash flows, if any, in respect of the above pending resolution of the respective proceedings.
(b) The Company does not expect any reimbursement in respect of the above contingent liabilities.

Note 26: Commitments

(a) Capital commitments
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31st March, 2018	31st March, 2017
Estimated value of contracts on capital account remaining to be executed	N.A	N.A

(b) Non-cancellable operating leases
The company leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within two to eight years. The leases have varying terms,

Particulars	31st March, 2018	31st March, 2017
Commitments for minimum lease		
Within one year	10,868,832.0	9,932,682.0
Later than one year but not later than five years	10,639,854.0	13,254,810.0
Later than five years		-
Total	**21,508,686.0**	**23,187,492.0**

Rental expense relating to operating leases

Particulars	31st March, 2018	31st March, 2017
Minimum lease payments	13,049,981.6	23,187,492.0
Total rental expense relating to operating leases	**13,049,981.6**	**23,187,492.0**

The above lease payments include lease arrangements entered into with airport authorities for operating foreign exchange counters at airports. Such arrangements include lease

(c) Financing leases:

	Particulars	31st March, 2018	31st March, 2017
(i)	Minimum Lease Payments payable		
	Not later than one year		
	Later than one year but not later than five years		
(ii)	Present Value of Minimum Lease Payments payable		
	Not later than one year	NOT APPLICABLE	
	Later than one year but not later than five years		
(iii)	Reconciliation of Minimum Lease Payments and their Present Value		
	Minimum Lease Payments Payable as per (i) above		
	Less: Finance Charges to be recognised in subsequent years		
	Present Value of Minimum Lease Payments payable as per (ii) above		
(iv)	Finance Charges recognised in the Statement of Profit and Loss		

Note 27: Events occurring after the reporting period
Declaration of final dividend
Refer to note 24 (b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

Travel Circle International Limited
Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

Note 28: Fair value measurements

Financial instruments by category

	31st March, 2018		
	FVPL	FVOCI	Amortised cost
Financial assets			
Equity instruments - Investment			
Mutual funds			
Security Deposits			
Deposits with banks with more than 12 months maturity			
Trade receivable			15,587,360.2
Cash and cash equivalents			92,644,750.6
Others			4,206,622.8
Total financial assets	-	-	112,438,733.5
Financial liabilities			
Borrowings			(27,428,571.0)
Trade Payable			(38,023,897.9)
Payable to related parties			
Others			(23,496,638.0)
Total financial liabilities	-	-	(88,949,106.9)

The carrying amounts of Accrued revenue, insurance claim receivable, advance to related parties, current borrowings, trade payables, trade receivable, other financial liabilities, cash and cash equivalents and other bank balances are considered to be the same as their fair values due to their short-term nature.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets	NOT APPLICABLE			
Financial investments at FVPL				
Investee Company Name 1				
Investee Company Name 2				
...				
Total Financial Assets	-	-	-	-

Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets	NOT APPLICABLE			
Security Deposits				
Total Financial Assets				
Borrowings				
Loan from related parties				
Total Financial Liabilities				

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- the foreign exchange forward contracts are marked to market using forward FEDAI rates pertaining to the date of
- Discount rates to fair value of financial assets and liabilities at amortised cost is based on general lending rate.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	31st March, 2018	
	Carrying amount	Fair value
Financial assets	NOT APPLICABLE	
Security Deposits		
Financial liabilities		
Non current Borrowings		

The carrying amounts of Accrued revenue, insurance claim receivable, advance to related parties, current borrowings, trade payables, trade receivable, other financial liabilities, cash and cash equivalents and other bank balances are considered to be the same as their
For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 29: Financial risk management
The Company's activities expose it to credit risk, market risk and liquidity risk.

The company' has an overall Enterprise Risk Management policy, approved by the Audit Committee of the Board of Directors. Risks are managed by the individual Business Units, or the Support Services' unit, entering into the base transactions, which give rise to the risks. The Executive Committee (comprising the Chairman & Managing Director, the Chief Financial Officer, and the Heads of the Business Units and Support Services' units) has the overall responsibility for the risk management framework and its effectiveness, with the respective Heads of Business Units/ Support Services' units, being responsible for its implementation and day-to- day monitoring.

(A) Credit Risk
The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, analysis of historical bad debts and ageing of accounts receivable as of different reporting periods.

Analysis of Trade receivables ageing of last 4 years

	Less than 1 year	More than 1 year	Total
31 March 2018	15,587,360	-	15,587,360
			-

	Less than 1 year	More than 1 year	Total
31 March 2017	22,050,881	-	22,050,881
			-

Reconciliation of loss allowance provision – Trade receivables

Reconciliation of loss allowance	**31 March 2018**	**31 March 2017**
Loss allowance on 1st April, 2017	-	-
Changes in loss allowance	-	-
Loss allowance on 31 March 2017	-	-

(B) Market risk
(i) Foreign currency risk
The Company enters into foreign currency transactions in the Foreign Exchange and Leisure Travel Outbound bnsinesses. The currency risk arising out of foreign currency transactions in the Foreign Exchange business is monitored by a central dealing room, which then hedges the positions transactions entered into at individual locations across the country, through deals in the interbank market, or through forward contracts, thereby ensuring that there are minimal open positions. In the Leisure Travel Outbound business, package prices are denominated partly in the fuctional currency of the Company, Indian Rupees (INR), and partly in foreign currencies. The portion of customer collection in foreign currencies, which is parked in Nostro bank accounts, is used to pay off vendor liabilities, denominated in foreign currencies, thereby creating a natural hedge. As a result, the risk related to foreign currency exchange rate fluctuation is insignificant.

(a) Foreign currency risk exposure:
The Company's exposure to foreign currency risk at the end of the reporting period expressed in HKD, are as follows

	31 March 2018			
	EUR	**GBP**	**USD**	**Others**
				AUS & NZD
Cash and cash equivalents	7,234,795.8	136,233.2	594,242.4	307,151.4
Other financial assets				
Trace and other receivables	925,888.7	30,047.3	5,559,763.1	8,693.5
Trade payables and other financial liabilities	(14,534,485.6)	(94,166.5)	(5,416,812.4)	(6,417,147.6)
Gross Expsoure	**(6,373,801.1)**	**72,114.0**	**737,193.1**	**(6,101,302.8)**
Forward contracts				
Net Exposure	(6,373,801.1)	72,114.0	737,193.1	(6,101,302.8)

	31 March 2017			
	EUR	**GBP**	**USD**	**Others**
				AUS & NZD
Cash and cash equivalents	227,009.7	27,390.1	2,372,142.9	851,799.0
Other financial assets				
Trace and other receivables	634,868.4	302,311.1	4,159,465.8	152,060.8
Trade payables and other financial liabilities	(2,292,623.5)	(367,204.4)	(3,180,449.9)	(3,278,440.8)
Gross Expsoure	**(1,430,745.4)**	**(37,503.2)**	**3,351,158.9**	**(2,274,581.1)**
Forward contracts				
Net Exposure	(1,430,745.4)	(37,503.2)	3,351,158.9	(2,274,581.1)

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Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

Note 29: Financial risk management
(B) Market risk

(ii) Interest Rate risk exposure
The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31st March, 2018	31st March, 2017
Variable rate borrowings	-103,943,348	-168,800,937

As at the end of the reporting period, the company had the following variable rate borrowings:

[illegible]	[illegible]			[illegible]			[illegible]		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sensitivity
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.
Changes in interest rate are based on historical movement.

	Impact on after profit tax	
	31st March, 2018	31st March, 2017
Interest rates - increase by 70 basis points (60 bps) *	-727,603	-1,181,607
Interest rates - decrease by 70 basis points (60 bps) *	727,603	1,181,607

* Holding all other variables constant

(iii) Price Risk
Exposure
The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Since the company does not have material

Note 29: Financial risk management

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining sufficient cash and bank balances available to meet the working capital requirements. Management monitors rolling forecasts of the company's liquidity position (comprising the unused cash and bank balances along with temporary investments in fixed deposits and/or liquid mutual funds) on the basis of expected cash flows.

(i) Financing arrangements

	31st March, 2018
Floating rate	
-expiring within one year (bank overdraft)	
	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amoumts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**< 1 year**	**Between 1 and 2 years**	**> 2 years**	**Total**
31st March, 2018				
Borrowings	(28,571,429.0)	(28,571,429.0)	(74,229,062.0)	(131,371,920.0)
Trade payables	(38,023,897.9)	-	-	(38,023,897.9)
Other financial liabilities				-
Total liabilities	**(66,595,326.9)**	**(28,571,429.0)**	**(74,229,062.0)**	**(169,395,817.9)**

Travel Circle International Limited
Notes forming part of the Financial Statements as at and for the year ended 31st March, 2018

For identification
Purposes only
Mazars CPA Limited

Note 30: Related Party Transactions
(a) Parent Entities
The Company is controlled by the following entity:

Name	Type	Type	Ownership Interest
			31st March, 2018
Thomas Cook (India) Limited	Parent entity	Parent entity	100.0%

(b) Name of the related party and related party relationship

Name of Entity	Place of Business/country of	Place of Business/country of
Australian Tours Management Pty Ltd.	Australia	Australia
Luxe Asia (Pvt) Ltd	Sri Lanka	Sri Lanka
...		

[Note 1 - Include all related parties including related parties which are not from TCIL Group.]
[Note 2 - For TCIL Group Related Parties, refer the chart as would be shared by TCIL each quarter.]

(c) Other Related Parties with whom the Company had transactions during the year / period
Fellow subsidiaries:
- Fairbridge Capital Private Limited
  - **Related Party 1**
  - **Related Party 2**
  - ...

NOT APPLICABLE   NOT

(d) Key Management personnel
Maria Ng (Managing Director)
James Ferguson Paton (Independent Non-executive Director)
...

Relatives of key management personnel:
Relative 1 (also specify relation with KMP)
Relative 2 (also specify relation with KMP)
...

NOT APPLICABLE   NOT

(e) Key Management personnel compensation

Particulars	31st March, 2018
Short-term employee benefits* - salary and bonus	2,757,406.0
Post-employment benefits	**
Long-term employee benefits	182,314.7
Employee share-based payment	**

Total compensation	**2,939,720.7**

* Includes the commission paid to non-executive director

** These amounts are included in the respective notes specifying the total amount of benefits paid.

(f) Transactions with related parties

The following transactions occurred with related parties:

Nature of transaction	31st March, 2018	31st March, 2017
(i) Ultimate Holding Company		
Reimbursement of Expenses (Net)		
[Specify each related party name and transaction/balance amount seperately below each head]		
Balances as at the year / period end - Outstanding Receivables		
[Specify each related party name and transaction/balance amount seperately below each head]	NOT APPLICABLE	
Other transactions [Provide Description]		
[Specify each related party name and transaction/balance amount seperately below each head]		
(ii) Holding Company		
Reimbursement of Expenses (Net)		
group resources allocation costs	2,179,509.8	1,873,827.0
corporate guarantee fee	3,194,703.3	521,425.0
CSR charges	79,287.6	43,238.4
paperless emeeting	21,046.0	6,294.8
group IT charges	468,756.0	436,094.7
IT support costs - One stream and license fee	44,743.0	-
Misc	138,510.4	-
Subscription to CCPS	-	-
Fairbridge Capital (Mauritius) Limited	-	-
Dividend remitted	-	-
[Specify each related party name and transaction/balance amount seperately below each head]		
Fellow subsidiary		
(iii) Subsidiary Companies		
Subscription of Equity Share Capital		
[Specify each related party name and transaction/balance amount seperately below each head]		
Sterling Holiday Resorts Limited (formerly known as 'Thomas Cook Insurance Services (India) Limited')		
Sale of Equity Share		
[Specify each related party name and transaction/balance amount seperately below each head]	NOT APPLICABLE	
Reimbursement of Expenses (Net)		
[Specify each related party name and transaction/balance amount seperately below each head]		

Consultancy Income		
[Specify each related party name and transaction/balance amount seperately below each head]		
Reimbursement of Acquisition related expenses		
Sterling Holiday Resorts Limited (formerly known as 'Thomas Cook Insurance Services (India) Limited')		
Purchase of Travel Services		
Australia Tours Management Pty Ltd	23,098,577.6	-
Luxe Asia Private Limited	1,361,587.2	633,339.1
Facilities and Support Services Provided		
[Specify each related party name and transaction/balance amount seperately below each head]		
Facilities and Support Services Received		
[Specify each related party name and transaction/balance amount seperately below each head]		
Services Availed #		
[Specify each related party name and transaction/balance amount seperately below each head]		
Other professional charges (Outsourced staff)		
[Specify each related party name and transaction/balance amount seperately below each head]		
Data processing fees		
[Specify each related party name and transaction/balance amount seperately below each head]		
Corporate Guarantee Fees		
[Specify each related party name and transaction/balance amount seperately below each head]		
Directors deposit fees paid		
[Specify each related party name and transaction/balance amount seperately below each head]		
ESOP Push Down		
[Specify each related party name and transaction/balance amount seperately below each head]		
Interest on Loan Received		
[Specify each related party name and transaction/balance amount seperately below each head]		
Loan Given to Subsidiary		
[Specify each related party name and transaction/balance amount seperately below each head]	NOT APPLICABLE	
Repayment of Loan from Subsidiary		
[Specify each related party name and transaction/balance amount seperately below each head]		
Interim Dividend Received		
[Specify each related party name and transaction/balance amount seperately below each head]		
Other transactions **[Provide Description]**		

[Specify each related party name and transaction/balance amount seperately below each head]		
(iv) Fellow subsidiaries		
Reimbursement of Expenses (Net)		
[Specify each related party name and transaction/balance amount seperately below each head]		
Sale of Services*		
Fairbridge Capital Private Limited		
Subscription to NCRPS		
[Specify each related party name and transaction/balance amount seperately below each head]		
Dividend remitted		
[Specify each related party name and transaction/balance amount seperately below each head]		
Other transactions **[Provide Description]**		
[Specify each related party name and transaction/balance amount seperately below each head]		
(v) Key Management Personnel		
Remuneration		
Maria Ng (Management Director)	2,939,720.7	-
@ Gratuity is contributed for the Company as a whole and hence excluded.		
Commission to Non-Executive Director		
[Specify each NED name and transaction/balance amount seperately below each head]		
Sitting fees to Non-Executive Director		
James Ferguson Paton	60,000.0	60,000.0
(vi) Relatives of key management Personnel		
Rent Expense		
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]		
Other transactions **[Provide Description]**		
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]		
Balances as at the year end	NOT APPLICABLE	
Deposit Receivable		
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]		
Other Receivables/Payables **[Provide Description]**		
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]		

(g) **Outstanding balances**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	31st March, 2018	31st March, 2017
Outstanding payables		
Australia Tours Management Pty Ltd	2,919,501.1	(2,124,520.4)
Luxe Asia (Pvt) Ltd	708,216.0	-
Interest on Loans and Advances Payable		
[Specify each related party name and transaction/balance amount seperately below each head]		
Other Payables [Provide Description]		
[Specify each related party name and transaction/balance amount seperately below each head]		
Total payables to related parties	**3,627,717.1**	**(2,124,520.4)**

Particulars	31st March, 2018	31st March, 2017
Trade receivables		
Interim dividend receivable		
[Specify each related party name and transaction/balance amount seperately below each head]	NOT APPLICABLE	
Other Receivables [Provide Description]		
[Specify each related party name and transaction/balance amount seperately below each head]		
Total receivables to related parties	-	-

(h) **Loans to/from related parties**

Particulars	31st March, 2018	31st March, 2017
Loan to subsidiaries		
Beginning of the year		
Loans Advanced		
Loan repayment received	NOT APPLICABLE	
Interest charged		
Interest Received		
End of the year	-	-

Thomas Cook (India) Limited
Travel Circle International Limited

Note 31: Share based payments
Employee option plan/ Tradable Options
[Provide details of ESOP Plans as existing in your company under separate headings below this note]

For illustrative purpose -
Thomas Cook Employees Stock Option Plan -2007
The Company has established an Employee Stock Option Plan called -"Thomas Cook Employees Stock Option Plan - 2007". The same has been approved by a Special Resolution passed by the Shareholders by a Postal Ballot on March 23, 2007.The Scheme is in accordance with the provisions of Securities and Exchange Board of India (SEBI)- (Employee Stock Option Scheme and employee Stock Purchase Scheme) Guidelines ,1999. The exercise price is as governed by the guidelines issued by SEBI.
The objectives of this plan are :
(a) Motivate talent in the organization with a view to achieve long term business goals.
(b) Retain key talent in the organization
(c) Foster ownership and motivation.
The grant of options to employees under the stock option scheme is on the basis of their performance and other eligibility criteria. Each option will entitle the participant to one equity share of Thomas Cook (India) Limited. The unvested options shall vest with the participant in 3 equal annual instalments on each of the anniversaries from the Grant Date.

Sterling Holiday Resorts (India) Limited Employee Stock Options Scheme 2012 - ("SHRIL ESOS 2012")
The purpose of the ESOS is to provide the employees with an additional incentive in the form of Options to receive the equity shares of the Company at a future date. The ESOS is aimed at further motivating and retaining the employees and thereby increasing the profitability of the Company.
Vesting Schedule :
Grant I dated 24th January 2013 :
Each option will entitle the participant to one equity share. The unvested options shall vest with the participant in 3 tranches which is 40%, 30%, 30% on each of the anniversaries from the Grant Date.
Grant II dated 30th July 2014 :
Each option will entitle the participant to one equity share. The unvested options shall vest with the participant in 4 tranches which is 25%, 25%, 25%, 25% on each of the anniversaries from the Grant Date.
Grant Date means the date on which the Options are granted to the eligible employees by the Company/Committee under the Scheme.
Exercise Price :
Exercise price shall not be less than the par value of the Equity Shares of the Company and shall not be more than the price prescribed under Chapter VII of SEBI ICDR Regulation 2009 or the Market price (as defined in the Guidelines), whichever is more.
- The Exercise price of INR 96.00 for Grant I was fixed by the Board of Directors of Sterling Holiday Resorts (India) Limited at its meeting held on 24th January 2013.
- The Exercise price of INR 130.15 for Grant II was fixed by the Board of Directors of Sterling Holiday Resorts (India) Limited at its meeting held on 30th July 2014.
- As per clause 15.3.2 of the Composite Scheme of Arrangement and Amalgamation between Sterling Holiday Resorts (India) Ltd. (SHRIL) and Thomas Cook Insurance Services (India) Ltd (TCISIL), and Thomas Cook (India) Ltd. (TCIL) the SHRIL ESOS 2012 became a part of the company's schemes and Stock Options which had been granted but not exercised as of the Record Date, by such SHRIL employees shall lapse and in lieu of the Lapsed Options of SHRIL, TCIL shall grant 120 options for every 100 options of SHRIL. The revised Exercise Price for Grant I was INR 80.00 and for Grant II was INR 108.46. Subject to the terms of the Scheme and SEBI ESOP Guidelines, the option holder will have a period of 5 years from the date of which the Options have vested, within which the vested options can be exercised.

The details pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:

respectively	**#VALUE!**	
	Weighted Average Exercise price	**Number of options**
Options outstanding at the beginning of the year		
Options granted during the year	NOT APPLICABLE	
Exercised during the year		
Forfeited during the year		
Options outstanding at the end of the year		
Options vested and exercisable at the end of the year		

Average share price at the date of exercise of options exercised during the year ended 31st March, 2018 -

Share options outstanding at the end of the year have the following expiry date and exercise prices

Grant Date	**Expiry date/Expiry Year**	**Exercise price (INR)**	**31st March, 2018**
			Share options
	NOT APPLICABLE		
			-
Total			-

Weighted average remaining contractual life of options outstanding at end of year			xx.xx Years

Fair Value of options granted

The fair value at grant date is determined using the Black-Scholes Model which takes into account the exercise price, expected volatility, option's life, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The inputs for the options granted during the year ended 31st March, 2018 included:

Particulars	**31st March, 2018**	**31st March, 2018**	**31st March, 2018**
Scheme	**Scheme Name 1**	**Scheme Name 2**	**...**
Grant Date			
Weighted average share price			
Exercise price			
Expected volatility (%)			
Expected life of the options			
Risk free interest rate(%)			
Expected dividend (%)			
Weighted average fair value as on Grant Date			

NOT APPLICABLE

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. The expected volatility was determined based on the volatility of the equity share for the period of one year prior to issue of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Modification of share based payment [If any]:

[Provide details of any modifications made to any schemes/share based payments made in any financial year]

For Illustrative Purposes:

In the course of business combination effective from 18th August 2015 as per the court scheme, under which Sterling was merged with Thomas Cook Insurance services, Thomas cook Indio limited had replaced the erstwhile ESOS scheme of sterling by issuing shares from its share capital. Such modification of share based payment arrangements are accounted for as per Ind AS 102. Fair value of the replacement options issued by the company are calculated using the inputs disclosed in inputs table.

Expenses/shares option outstanding account arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	**31st March, 2018**
Employee option Plans	
Shares option outstanding account	

NOT APPLICABLE

Note 32: Earnings/(Loss) Per Share

Particulars	31st March, 2018	31st March, 2017
(a) Basic earnings/(loss) per share		
From continuing operations attributable to the equity holder of the company	0.30	0.13
(b) Diluted earnings/(loss) per share		
From continuing operations attributable to the equity holders of the company	NA	NA

(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share

Particulars	31st March, 2018	31st March, 2017
Basic earnings/(loss) per share	0.3	0.1
Profits/(Loss) attributable to the equity holders of the company used in calculating basic earnings/(loss) per share	18,107,265.13	7,977,064.13
Profits/(Loss) attributable to the equity holders of the company used in calculating diluted earnings/(loss) per share	18,107,265.13	7,977,064.13

(d) Weighted average number of shares used as the denominator

Particulars	31st March, 2018 No. of Shares	31st March, 2017 No. of Shares
Weighted average number of equity shares used as the denominator in calculating basic earnings/(loss) per share	NA	NA
Adjustments for calculation of diluted earnings/(loss) per share:		
Effect of Dilutive Issue of Stock Options		
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings/(loss) per share	-	-

(e) Information concerning the classification of securities

Options granted to employees under the ESOP Option Plan are considered to be potential equity shares. They have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 31.

Note 33: Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM of the Company. The Company while presenting the consolidated financial statements has disclosed the segment information as required under Indian Accounting Standard 108 "Operating Segments".

Note 34: Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015

Loans and advances in the nature of loans to subsidiary

	31st March, 2018	31st March, 2017
Loan to Subsidiary: **Subsidiary Name [Include details for each subsidiary seperately]**	NA	NA
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-

Note xx - Other Notes - Relating any acquisitions, mergers, rights issues, bonus issues

[Provide details for each such event in a separate note along with a suitable heading for each such note]

Signatures to Notes 1 to xx form an integral part of the financial statements.

Travel Circle International (Mauritius) Ltd
Balance Sheet as at 31 March 2018

Currency - USD

Particulars	As at 31 March 2018
ASSETS	
Non-current assets:	
Property, plant and equipment	
Investment in equity instruments	
Investment in subsidiaries	5,006,302
Financial assets	
- Investments	
- Loans	23,053,394
- Other financial assets	
Other non-current assets	
Total non-current assets	**28,059,696**
Current assets:	
Financial assets	
- Loans	
- Trade receivables	
- Bank balances other than cash and cash equivalents	4,090,167
Other current assets	
Total current assets	**4,090,167**
TOTAL ASSETS	**32,149,863**
EQUITY AND LIABILITIES	
EQUITY	
Equity share capital	
SOTC - USD 21,08,000	
TCI - USD 20,25,000	4,133,000
Preference share capital	
SOTC - USD 11,600,000	
TCI - USD 8,910,000	20,510,000
Other equity	
Share application money pending allotment	
Reserve and surplus	-337,557
Total Equity	**24,305,443**
LIABILITIES	
Non-current liabilities	
Financial Liabilities	
- Borrowings	7,674,831
- Other financial liabilities	
Other non-current liabilities	
Total non-current liabilities	**7,674,831**
Current liabilities	
Financial liabilities	
- Borrowings	
- Trade payables	
- Other financial liabilities	
Other current liabilities	169,589
Total current liabilities	**169,589**
TOTAL LIABILITIES	**7,844,420**
TOTAL EQUITY AND LIABILITIES	**32,149,863**

Approved by the Board on **18 June 2018**

Akshar Maherally
Director

18/6/18

Travel Circle International (Mauritius) Ltd
Statement of Profit And Loss for the Nine months ended 31 March 2018

Currency - USD

Particulars	Nine months ended 31 March 2018
Income	
Revenue from operations	
Other income	
Other gains (net)	
Total income	-
Expenses	
Cost of services	
Employee benefits expense	
Finance Cost	120,282
Advertisement Expenses	
Depreciation and amortisation expense	
Other expenses	217,275
Total expenses	**337,557**
Profit before exceptional item	**(337,557)**
Add Exceptional items:	
Less Exceptional items:	
(Loss)/Profit before tax	**(337,557)**
Less : Tax expense	
Current tax	
Deferred tax	
Total tax expenses	**0**
(Loss)/Profit for the year (A)	**(337,557)**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TC VISA SERVICES (INDIA) LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TC Visa Services (India) Limited** (the Company), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (the standalone financial statements).

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in section 133 of the Act read with rules made thereunder and the relevant provisions of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of the standalone financial statement in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply

G. M. KAPADIA & CO. MUMBAI Chartered Accountants with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards, of the state of affairs of the Company as at March 31, 2018, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit & Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

(e) On the basis of the written representations received from the Directors as on March 31, 2018 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2018 from being appointed as a Director in terms of section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company did not have any pending litigations which would impact its financial position in its financial statements;

  ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts; and

  iii. There has been no amounts, which are required to be transferred to the Investor Education and Protection Fund by the Company.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Mumbai
Dated: May 21, 2018

Annexure A- referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date, to the members of the Company on the standalone financial statements for the year ended March 31, 2018

i. The Company does not have any property, plant and equipment and hence provision of paragraph 3(vi) of the Order is not applicable.

ii. The Company's nature of operations does not require it to hold inventories. Consequently, paragraph 3(ii) of the Order regarding physical verification of inventories and maintenance of records is not applicable.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the paragraphs 3(iii)(a) to (c) of the Order regarding terms and conditions of such loans and repayment of such loans etc. are not applicable to the Company.

iv. The Company has not granted any loan, made investment or provided guarantee or security to the parties covered under section 185 and 186 of the Act. Therefore, paragraph 3(iv) of the Order is not applicable to the Company.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of section 73 to 76 and other relevant provisions of the Act and rules framed thereunder are not applicable to the Company.

We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

vi. The provisions of section 148(1) of the Act, relating to maintenance of cost records are not applicable.

vii. (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues such as Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Goods & Services Tax, cess and other applicable statutory dues with the appropriate authorities. There are no arrears as at March 31, 2018 which were due for more than six months from the date they became payable; and

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income-Tax, Service Tax, Goods & Services Tax and other statutory dues which have not been deposited on account of any dispute.

viii. The Company has neither raised loans from banks and financial institutions nor issued any debentures, therefore the provisions of paragraph 3(viii) of the Order regarding default in repayment of dues to banks and financial institutions and debenture holders is not applicable to the Company.

G. M. KAPADIA & CO. ★ MUMBAI ★ Chartered Accountants

ix. The Company has not raised any money by way of Initial Public Offer or Further Public Offer (including debt instruments) and term loans. Hence, the provisions of paragraph 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers and employees have been noticed or reported during the year.

xi. The Company has not paid or provided for any managerial remuneration. Hence, reporting requirements under this paragraph 3(xi) of the Order is not applicable.

xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. In respect of transactions with related parties, the Company has complied with provisions of sections 177 and 188 of the Act where applicable. Necessary disclosures relating to related party transactions have been made in the standalone financial statements as required by the applicable accounting standard.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. The Company has not entered into any non-cash transaction with directors. We have been informed that no such transactions have been entered into with persons connected with directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order is not applicable.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Mumbai
Dated: May 21, 2018

Annexure B referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's report of even date, to the members of TC Visa Services (India) Limited (the Company) on the Standalone Financial Statements for the year ended March 31, 2018

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 (the Act)

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

G. M. KAPADIA & CO.
MUMBAI
Chartered Accountants

We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Mumbai
Dated: May 21, 2018

TC VISA SERVICES (INDIA) LIMITED
Balance Sheet as at 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Deferred tax assets (net)	4	24.9	19.4
Total non-current assets		**24.9**	**19.4**
Current assets			
Financial assets			
- Trade receivables	6a	1,244.1	314.2
- Cash and cash equivalents	6b	146.8	466.2
- Other financial assets	6c	-	0.2
Other current assets	7	58.1	165.5
Total current assets		**1,449.0**	**946.1**
TOTAL ASSETS		**1,473.9**	**965.6**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	8a	5.0	5.0
Other equity			
Reserve and surplus	8b	604.2	390.0
Total Equity		**609.2**	**395.0**
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	9	4.1	9.2
Total non-current liabilities		**4.1**	**9.2**
Current liabilities			
Financial liabilities			
- Trade payables	10	662.7	450.4
- Other financial liabilities	11	10.4	-
Employee benefit payable	9	33.0	21.4
Current tax liabilities	5	43.0	30.0
Other current liabilities	12	111.4	59.6
Total current liabilities		**860.5**	**561.4**
TOTAL LIABILITIES		**864.6**	**570.6**
TOTAL EQUITY AND LIABILITIES		**1,473.9**	**965.6**

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

Atul Shah
Partner
Membership No. 039569

Date: May 21, 2018
Place: Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Date: May 21, 2018
Place: Mumbai

Rajeev Kale
Director
DIN No. 6775970

TC Visa Services (India) Limited

TC VISA SERVICES (INDIA) LIMITED

Statement of Profit And Loss for the year ended 31 March 2018

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	13	984.5	961.8
Other income	14	46.7	14.3
Total income		1,031.1	976.1
Expenses			
Employee benefits expense	15	399.7	388.5
Finance cost	16	13.5	11.3
Other expenses	17	314.9	292.6
Total expenses		728.0	692.4
Profit/(Loss) before exceptional item		303.1	283.7
Add Exceptional items:		-	-
Less Exceptional items:		-	-
Profit/(Loss) before tax		303.1	283.7
Less : Tax expense			
Current tax	18	94.8	97.2
Deferred tax		(6.4)	(7.3)
Total tax expenses		88.38	89.9
Profit/ (Loss) for the year (A)		214.7	193.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		4.1	-
Income tax relating to items that will not be reclassified to profit or loss		(0.9)	-
Total other comprehensive income for the year, net of taxes (B)		3.1	-
Total comprehensive income for the year (A+B)		217.8	193.8
Earnings/(Loss) per equity share (Face value of INR 1 each)			
- Basic earnings/(loss) per share	22	429.4	387.6
- Diluted earnings/(loss) per share		429.4	387.6

The above statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date

For G. M. Kapadia & Co.

Chartered Accountants

Firm Registration Number: 104767W

Atul Shah

Partner

Membership No. 039569

Date: May 21, 2018

Place: Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

For and on behalf of the Board of Directors

Abraham Alapatt

Director

DIN No. 6809421

Rajeev Kale

Director

DIN No. 6775970

Date: May 21, 2018

Place: Mumbai

TC Visa Services (India) Limited

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

(A) Share capital	
Particulars	**Amount**
Balance as at 31 March 2016	5.0
changes in share capital during the year	-
Balance as at 31 March 2017	5.0
changes in share capital during the year	-
Balance as at 31 March 2018	5.0

(B) Other Equity	Reserves and Surplus		
Particulars	**Capital Contribution**	**Retained Earnings**	**Total Reserves and Surplus**
Balance as at 31 March 2016	6.1	186.4	192.5
Profit for the year	-	193.8	193.8
Other Comprehensive Income, net of tax	-	-	-
Total Comprehensive Income for the year ending March 31, 2016	-	-	-
Transaction with owners in their capacity as owners			-
Capital Contribution	3.7	-	3.7
Reclassification to Profit & loss account			
Balance as at 31 March 2017	9.8	380.2	390.0
Profit for the year	-	214.7	214.7
Capital Contribution	(3.6)	-	(3.6)
Other Comprehensive Income, net of tax	-	3.1	3.1
Balance as at 31 March 2018	6.2	598.0	604.2

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

Atul Shah
Partner
Membership No. 039569

Date: May 21, 2018
Place: Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Date: May 21, 2018
Place: Mumbai

Rajeev Kale
Director
DIN No :6775970

TC Visa Services (India) Limited

TC VISA SERVICES (INDIA) LIMITED
Statement of Cash Flow for the year ended 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
A) Cash flow from operating activities		
Profit before income tax	303.1	283.7
Adjustments for		
Provision for Doubtful Debts and Advances (Net)	23.7	12.5
Dividend Income	(5.8)	(10.8)
Employee share-based payment expense	0.0	3.7
Interest income on bank deposit	(0.7)	(1.0)
Interest on Income tax refund	-	(1.2)
Operating Profit before Working Capital changes	320.2	286.9
Change in operating assets and liabilities		
(Increase)/Decrease in trade receivables	(953.6)	(28.2)
(Increase)/Decrease in other financial assets	0.2	(0.1)
(Increase)/Decrease in other current assets	107.4	(33.6)
Increase/(Decrease) in non current employee benefit obligations	(1.1)	4.7
Increase/(Decrease) in trade payables	212.3	33.2
Increase/(Decrease) in current employee benefit obligations	11.7	2.0
Increase/(Decrease) in other current liabilities	52.2	(50.1)
Cash generated from operations	(250.7)	214.8
Income taxes paid (Net of Refunds Received)	(81.8)	(89.7)
Interest on Income tax refund	-	1.2
Net cash inflow from operating activities	(332.5)	126.3
B) Cash flow from investing activities:		
Purchase of Mutual funds	(25,059.5)	(16,720.0)
Sale of Mutual funds	25,080.4	16,730.8
Interest on bank deposits	0.7	1.0
Net cash outflow from investing activities	21.7	11.8
C) Cash flow from financing activities	-	-
Net cash inflow (outflow) from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(310.8)	138.1
Add: Cash and cash equivalents at the beginning of the financial year	466.2	328.2
Cash and cash equivalents at the end of the year	155.4	466.2
Reconciliation of Cash Flow statements as per the cash flow statement	**31 March 2018**	**31 March 2017**
Cash Flow statement as per above comprises of the following		
Cash and cash equivalents	155.4	466.2
Balances as per statement of cash flows	155.4	466.2

Notes:-

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS-7) on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

The above statement of cash flows should be read in conjunction with the accompanying notes

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

Atul Shah
Partner
Membership No. 039569

Date: May 21, 2018
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Rajeev Kale
Director
DIN No :6775970

Date: May 21, 2018
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended 31 March 2018

Note 1: Background

TC Visa Services (India) Limited (the "Company") was incorporated on August 30, 2011 with main object to render consultancy and / or advisory services in connection with obtaining / arranging visas. The Company is a 100% subsidiary of Travel Corporation (India) Limited. The Company commenced operations from February 1, 2013.

Note 2: Basis of Preparation

i) Statement of Compliance with Ind AS
These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act as amended from time to time that are notified and effective as at 31st March, 2018.

ii) Current V/s Non-Current
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-noncurrent classification of assets and liabilities.

iii) Historical cost convention
The Financial Statements have been prepared on a historical cost basis, except for the following:
- Investments, and
- Defined benefit plans

iv) Use of estimates and judgments
The preparation of Standalone Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates and judgments are:
(i) Estimation of defined benefit obligation
(ii) Impairment of Trade Receivables

Note 3: Significant Accounting Policies

i) Revenue Recognition
Revenue comprises of consultancy and / or advisory services in connection with obtaining / arranging visas. The revenue arising from providing consultancy and/or advisory services in connection with obtaining Visa clearance services is included on the basis of margins earned, since inclusion on the basis of their gross value would not be meaningful and potentially misleading as an indicator of the level of the Company's business.

Revenue is recognised when services towards obtaining /arranging Visa clearance(s) are rendered i.e. submission of relevant documents to the Consulate.

ii) Other Income
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the right to receive dividend is established.

TC Visa Services (India) Limited *

iii) Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income Tax

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax

Deferred tax is recognised using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the Balance Sheet of the Company.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Certain temporary differences arising on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not recognised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

iv) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rental payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

v) Impairment of Assets

Financial Assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The entity considers evidence of impairment for receivables for each specific asset. All individually significant receivables are assessed for specific impairment.

TC Visa Services (India) Limited

Other Assets

A. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents include cash on hand, term deposits with banks and other short-term highly liquid investments. To be classified as cash and cash equivalents, the financial asset must:

- be readily convertible into cash;
- have an insignificant risk of changes in value; and
- have a maturity period of three months or less at acquisition.

In the cash flow statement, Cash and Cash Equivalents includes Cash on Hand, Cheques/Drafts on Hand, Remittances in Transit, Balances with Bank held in Current Account and Demand Deposits with maturities of three months or less. Bank overdrafts are repayable on demand and form an integral part of an entity's cash management, and are included as a component of cash and cash equivalents. Bank overdrafts are shown
within borrowings in current liabilities in the balance sheet.

B. Financial instruments:

a. Financial assets

Initial recognition and measurement:

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value. Transaction costs are expensed in the Statement of Profit and Loss, expect for financial instruments carried at amortised cost, where transaction costs are adjusted in the amortised cost of the asset.

Subsequent measurement:

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') on the basis of:

(i) the entity's business model for managing the financial assets and

(ii) the contractual cash flow characteristics of the financial asset.

(a)Measured at amortised cost : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised in the Statement of Profit and Loss.

(b)Measured at fair value through other comprehensive income : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, is measured at fair value through other comprehensive income. It is subsequently measured at fair value with unrealised gains or losses recognised in the other comprehensive income ('OCI'), except for interest income which is recognised as 'other income' in the Statement of Profit and Loss using the EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Measured at fair value through profit or loss: A financial asset not measured at either amortised cost or FVOCI, is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

TC Visa Services (India) Limited

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL. For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition:
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset On transfer of the financial asset, the Company evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b. Financial liabilities

Initial recognition and measurement:
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement:
Financial liabilities are subsequently measured at amortised cost using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition:
A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

vi) Provisions and contingent liabilities
Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

vii) Employee Benefits:

(A) Short-term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(B) Long-term Employess Benefits

The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity

(b) Defined contribution plans such as provident fund

(a) Defined Benefit Plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Contribution to Gratuity is based on the premium contribution called for by the Life Insurance Corporation of India (LIC) with whom the Company has entered into an arrangement. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited in the statement of profit and loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the statement of profit and loss.

(b) Defined Contribution Plans:

Contribution towards Provident Fund for all employees are made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Company's contributions to the above funds are charged to the Statement of Profit and Loss for the year for which the contributions are due for payment.

viii) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

TC Visa Services (India) Limited

ix) Trade Receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Although the Company recognises the revenue relating to commission on net and agent basis, the trade receivables and trade payables are recognised on the gross value of services rendered and services received respectively.

x) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs or decimals thereof as per the requirement of schedule III (division II), unless otherwise stated.

TC Visa Services (India) Limited

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Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

Note 4: Deferred Tax Assets/(Liabilities)

The balance comprises of temporary differences attributable to:

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred Tax (Liabilities)	-	-
Less: Deferred Tax Assets		
On provisions allowable for tax purpose when paid	9.0	8.6
On Provision for Doubtful Debts and Advances	15.9	10.8
Net Deferred Tax Assets	24.9	19.4

Movement in Deferred Tax Assets / (Liabilities)

Particulars	On provisions allowable for tax purpose when paid	On Provision for Doubtful Debts and Advances	Total
As at 31 March 2016	5.2	7.0	12.1
(charged)/credited			
-to profit or loss	3.4	3.9	7.3
-to other comprehensive income	-	-	-
As at 31 March 2017	8.6	10.8	19.4
(charged)/credited			
-to profit or loss	1.4	5.1	6.4
-to other comprehensive income	(0.9)		(0.9)
As at 31 March 2018	9.0	15.9	24.9

Note 5: Non-Current Tax Assets/ Current Tax (Liabilities)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening Balance	(30.0)	(22.4)
Add :Current Tax payable for the year	(94.8)	97.2
Less: Taxes Paid	81.8	89.7
Closing Balances	(43.0)	(30.0)

TC Visa Services (India) Limited

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Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
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Note 6 Financial Assets

6(a) Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	1,293.3	346.3
Less : Allowance for doubtful debts	(49.2)	(32.1)
Total receivables	**1,244.1**	**314.2**
Break up of Security Details		
Unsecured, considered good	1,244.1	314.2
Unsecured, considered doubtful	49.2	32.1
Total	**1,293.3**	**346.3**
Less : Allowance for doubtful debts	(49.2)	(32.1)
Total Trade Receivables	**1,244.1**	**314.2**

6(b) Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks :		
In current accounts	68.6	58.1
Fixed Deposits with original maturity of less than three months	-	330.0
Cheques on hand	35.7	52.2
Cash on hand (including foreign currencies- Notes and paid documents)	42.5	26.0
Total Cash and cash equivalents	**146.8**	**466.2**

6(c) Other financial Assets

Particulars	Non-current As at 31 March 2018	Current As at 31 March 2018	Non-current As at 31 March 2017	Current As at 31 March 2017
Advance to Related Parties	-	-	-	0.2
Total Other Financial Assets	-	-	-	0.2

TC Visa Services (India) Limited

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Note 7 Other Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Advance to Suppliers		
Unsecured, considered good	12.9	145.6
Unsecured ,considered doubtful	-	-
Less: Allowance for doubtful advances	-	-
Advance to Employees		
Unsecured, considered good	39.5	14.4
Unsecured, considered Doubtful	6.6	1.4
Less: Allowance for doubtful advances	(6.6)	(1.4)
Prepaid expenses	-	5.1
Receivables from Govt Authorities - GST	5.7	-
Balances with Service Tax Authorities	-	0.5
Total Other Current Assets	58.1	165.5

TC Visa Services (India) Limited

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Note 8(a) Share Capital and Other Equity

Equity shares		
Particulars	No of Shares	Amount
AUTHORISED SHARE CAPITAL		
As at 31 March 2016	5,00,000	50.0
Increase/(Decrease) during the year	-	-
As at 31 March 2017	5,00,000	50.0
Increase/(Decrease) during the year	-	-
As at 31 March 2018	5,00,000	50.0

(i) Movement in Equity Share Capital and other capital during the Year

Particulars	No of Shares	Amount
As at March 31, 2016	50,000	5.0
Add: Addition on account of stock options allotment	-	-
As at March 31, 2017	50,000	5.0
Add: Addition on account of stock options allotment	-	-
As at March 31, 2018	50,000	5.0

(ii) Terms and rights attached to shares
The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution to all secured creditors, if any, of all preferential amounts, in proportion to their dues.

(iii) Shares of the company held by the holding company

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of Shares	Amount	No of Shares	Amount
Equity Shares				
Travel Corporation (India) Limited and its nominees	50,000	5.0	50,000	5.0

(iv) Shareholding Pattern (Shareholders holding 5% or more shares in the Company)

Category of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No of Shares	% of Holding	No of Shares	% of Holding
Equity Shares				
Travel Corporation (India) Limited and its nominees	50,000	100.0%	50,000	100.0%

TC Visa Services (India) Limited

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Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
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Note 8(b) Reserves and surplus

Particulars	As at 31 March 2018	As at 31 March 2017
Capital Contribution	6.2	9.8
Retained Earnings	598.0	380.2
Total reserves and surplus	**604.2**	**390.0**

Retained Earnings

Particulars	As at 31 March 2018	As at 31 March 2017
Opening Balance	380.2	186.4
Profit for the year	214.7	193.8
Other Comprehensive Income, net of tax	3.1	-
Closing Balance	**598.0**	**380.2**

Nature and Purpose of Reserves-

Capital Contribution
The company has created capital contribution reserve in relation to push-down ESOP's from its parent company- Thomas Cook (India) Limited due to Ind AS requirement.

TC Visa Services (India) Limited

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Note 9: Employee Benefit Obligations

Particulars	As at 31 March 2018			As at 31 March 2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Leave Entitlement		8.9	8.9	-	3.6	3.6
Gratuity	4.1		4.1	9.2	-	9.2
Employee benefits payable		24.1	24.1	-	17.7	17.7
Total Employee Benefit Obligations	4.1	33.0	37.1	9.2	21.4	30.6

(i)Leave Obligations - Leave Entitlement
The leave obligations cover the Company's liability for earned leave.
The amount of the provision as on March 31, 2018 of Rs. 8.89 lakhs (March 31, 2017 - Rs. 3.64 Lakhs) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The following amounts reflect leave that is expected to be taken or paid within the next 12 months.

Particulars	As at 31 March 2018	As at 31 March 2017
Current leave obligations expected to be settled within next 12 months	8.9	3.6

(ii) Post Employment Obligations

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(iii) Defined contribution Plans

The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 16.86 Lakhs (31 March, 2017 - Rs 17.32 Lakhs).

Balance Sheet Amounts - Gratuity
The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
As at 31 March 2016	25.9	21.4	4.6
Current service cost	4.6	-	4.6
Interest expense/(income)	1.8	1.6	0.2
Total amount recognised in profit and loss	6.4	1.6	4.8
Remeasurements	-	-	
Return on plan assets, excluding amount included in interest expense/(income)	-	0.5	0.5
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	1.9	-	1.9
Experience (gains)/losses	(2.5)	0.0	(2.5)
Total amount recognised in other comprehensive income	(0.5)	0.5	(0.0)
Employer contributions	0.0	0.2	0.2
Benefit payments	6.7	(6.7)	0.0
As at 31 March 2017	25.1	15.9	9.2

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 31 March 2017	25.1	15.9	9.2
Current service cost	4.8	-	4.8
Interest expense/(income)	1.7	1.3	0.5
Total amount recognised in profit and loss	6.5	1.3	5.3
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.1)	(0.1)
(Gain)/loss from change in demographic assumptions	1.5	0.0	1.5
(Gain)/loss from change in financial assumptions	(0.3)	0.0	(0.3)
Experience (gains)/losses	(5.1)	0.0	(5.1)
Total amount recognised in other comprehensive income	(3.9)	(0.1)	(4.1)
Employer contributions	0.0	6.3	6.3
Benefit payments	0.0	0.0	0.0
As at 31 March 2018	27.7	23.6	4.1

The net liability disclosed above relates to funded and unfunded plans as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of funded obligations	27.7	25.1
Fair value of plan assets	23.6	15.9
Deficit of funded plan	4.1	9.2
Unfunded plans	-	-
Deficit of gratuity plan	4.1	9.2

Significant estimates: Actuarial assumptions and sensitivity for gratuity
The significant actuarial assumptions were as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.35%	7.15%
Salary growth rate	6.00%	6.00%

Sensitivity analysis
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars			Impact on defined benefit obligation			
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	50 basis point	50 basis point	-2.48%	-5.61%	2.60%	6.12%
Salary growth rate	50 basis point	50 basis point	2.63%	6.16%	-2.52%	-5.70%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The major categories of plans assets for gratuity are as follows:

Particulars	As at 31 March 2018			As at 31 March 2017		
	Unquoted	Total	In %	Unquoted	Total	In %
Insurer (LIC) Managed Funds	23.6	23.6	100.00%	15.9	15.9	100.00%

TC Visa Services (India) Limited

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Risk Exposure for gratuity

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below :

a) Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities. The plan assets investments are in unquoted securities which are subject to interest rate risks and the fund manages the interest rate risks to an acceptable low level.

b) Salary growth & Demographic assumptions- The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lumpsum in nature the plan is not subject to any longevity risks.

Defined benefit liability and employer contributions for gratuity

The weighted average duration of the defined benefit obligation is 5.08 years (2017 - 8.93 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at 31 March 2018 - Post Employment Obligations	5.5	4.9	10.8	22.4	43.5
As at 31 March 2017 - Post Employment Obligations	1.7	1.5	4.5	61.5	69.2
As at 31 March 2016 - Post Employment Obligations	6.4	1.6	4.3	57.4	69.6

TC Visa Services (India) Limited

(All amounts in INR Lakhs, unless otherwise stated)

Note 10 Trade Payables

Particulars	As at 31 March 2018	As at 31 March 2017
-Dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	-	-
(ii) Other	662.7	450.4
Total Trade Payables	**662.7**	**450.4**

Note 11 Other Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
CLP Recovery from Employees	6.3	-
Other Liabilities	4.2	-
Total Other Financial Liabilities	**10.4**	-

TC Visa Services (India) Limited

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Note 12 Other Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Advance received from Customers	79.7	50.1
Statutory Dues	30.2	9.6
Other Liabilities	1.5	-
Total other current liabilities	**111.4**	**59.5**

TC Visa Services (India) Limited

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Notes forming part of the Financial Statements as at and for the year ended 31 March 2018

(All amounts in INR Lakhs, unless otherwise stated)

Note 13: Revenue from Operations

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Income From Operations	984.5	828.4
Other Operating Revenue		
-Miscellaneous Receipts	-	133.5
Total Revenue from operations	984.5	961.8

Note 14: Other Income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest Income		
-On Bank Deposits	0.7	1.0
-On Others	-	1.2
Dividend Income From Mutual Fund Investments	5.8	10.8
Gain on sale of units of Mutual Funds	15.2	-
Employees Share based expense reversal	3.5	-
Miscellaneous Income	21.4	1.2
Total other income	46.7	14.3

Note 15: Employee Benefit Expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries Wages and Bonus	350.4	357.0
Contribution to Provident and Other Funds	16.9	17.3
Gratuity	6.0	4.8
Employees Share based payment expense	-	3.7
Staff Welfare Expenses	10.0	5.7
Staff Training, Recruitment and Other Costs	1.4	-
Incentives to Staff	15.0	-
Total employee benefit expenses	399.7	388.5

Note 16: Finance Costs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Bank and Credit card charges	-	11.3
Other Finance Charges	13.5	-
Total finance costs	13.5	11.3

Note 17: Other Expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent	5.9	6.3
Electricity	7.2	7.8
Repairs to Others	6.3	6.9
Rates and Taxes	0.1	0.1
Security Services	1.3	1.4
Travelling Expenses	28.8	29.2
Vehicle Running and Maintenance Expenses	-	4.8
Legal and Professional Charges (refer note 17 (a))	11.5	198.3
Outsourced Staff	180.8	
Printing and Stationery	4.1	23.9
Courier Charges	23.0	-
Provisions for doubtful debts and Advances (net off bad debt written off)	23.7	12.5
Brokerage	11.5	
Advertisement Expenses	1.5	
Miscellaneous Expenses	9.2	1.3
Total other expenses	314.9	292.6

Note 17 (a): Details of payments to auditors

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment to auditors		
Statutory Audit	3.5	2.8
Tax Audit	-	2.5
Total payments to auditors	3.5	5.3

TC Visa Services (India) Limited

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Note 18: Income Tax Expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Income tax expense		
Current tax		
Current tax on profits for the year	94.8	97.2
Adjustments for current tax of prior periods	-	-
Total current tax expense	94.8	97.2
Deferred tax		
Decrease (increase) in deferred tax assets	(6.4)	(7.3)
Total deferred tax expense/(benefit)	(6.4)	(7.3)
Income tax expense	88.4	89.9

(b) The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(Loss)/Profit from continuing operations before income tax expense	303.1	283.7
Tax at the Indian tax rate of 27.820% (PY 33.063%)	84.3	93.8
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:		
Dividend	(1.6)	(3.6)
14A Disallowance	0.5	-
Change in tax rate	3.1	-
Employee share based payment expense as per Ind AS	-	-
Other Items	1.1	(0.3)
Income tax expense	88.4	89.9

TC Visa Services (India) Limited *

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Note 19: Fair value measurements

Financial instruments by category

	As at 31 March 2018			As at 31 March 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade receivable	-	-	417.0	-	-	314.3
Cash and cash equivalents	-	-	146.8	-	-	466.2
Others	-	-	-	-	-	0.2
Total financial assets	-	-	563.8	-	-	780.7
Financial liabilities						
Trade Payable	-	-	664.0	-	-	450.4
Total financial liabilities	-	-	664.0	-	-	450.4

The carrying amounts of trade receivable, cash and cash equivalents, other financial assets, trade payables, other financial liabilities are considered to be the same as their fair values due to their short-term nature.

(i) Risk management framework
The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the policies and processes. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the management is responsible for overseeing the Company's risk assessment and management policies and processes.

(ii) Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for payments that are 365 days past due as it represents its estimate of expected credit loss in respect of trade and other receivables. The Company does not have any financial assets, other than receivables from group entities, that are 365 days past due but not impaired.

Agewise breakup of receivables before provision for doubtful debts given below

in Rs Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Past due 1–90 days	1,198.5	226.5
Past due 91–180 days	33.7	36.1
Past due 180–365 days	47.5	52.4
Past due > 365 days	13.5	31.4
TOTAL	1,293.3	346.3

Reconciliation of loss allowance provision – Trade receivables

in Rs Lakhs

	Amount
Loss allowance on March 31, 2016	19.4
Changes in loss allowance	12.7
Loss allowance on March 31, 2017	32.1
Changes in loss allowance	17.1
Loss allowance on March 31, 2018	49.2

Expected credit loss assessment for customers as at March 31, 2017 and March 31, 2018
Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. As company's customer is mainly its group company and few corporate customers (for whom based on information available in the public domain about their credibility/financial performance no impairment indicator exist) hence impairment of trade receivables do not reflect any significant credit losses.

Cash and cash equivalents
The Company held cash and cash equivalents with credit worthy banks and financial institutions of Rs 146.8 Lakhs and Rs 466.2 Lakhs as at March 31, 2018 and March 31, 2017 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

TC Visa Services (India) Limited

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Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
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(iii) Market risk
(a) Foreign currency risk
The Company does not deal in foreign currency and hence there is no foreign currency risk exposure.

(b) Cash flow and interest rate risk
The entity does not have any borrowings with fluctuating interest rates and hence it is not exposed to interest rate risk.

(c) Price risk
The entity does not have investment which are exposed to market fluctuations and hence it is not exposed to price risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company had working capital of INR 588.5 Lacs as at March 31, 2018 and INR 384.8 Lacs as at March 31, 2017.

(v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

TC Visa Services (India) Limited

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Note 20: Related Party Transactions
(a) Parent Entities
The Company is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership Interest (%)	
			As at 31 March 2018	As at 31 March 2017
Travel Corporation (India) Limited ("TCI") and its nominees, India holds 100% of Equity Shares of the Company.	Holding Company	India	100	100
Thomas Cook (India) Limited, India ("TCIL") which holds 72.81%shares in TCI and remaining 27.19% shares holds by Sterling Holiday Resorts Limited.	Holding Company	India		
Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 67.65% of Equity Shares of TCIL. FCML is wholly owned and controlled by Fairfax Financial Holding Limited, Canada the ultimate Holding Company.	Ultimate Holding Company	Canada		

(b) Other Related Parties with whom the Company had transactions during the year

Name of Entity	Place of Business/country of incorporation	Relationship
Quess Corp Limited (Formerly Known as "IKYA Human Capital Solutions Limited") (Quess)	India	Fellow subsidiary
Avon Facility Management Services Limited	India	Fellow subsidiary

(c) Key Managerial Personnel

R.R. Kenkare
Rajeev Kale
Abraham Alapatt

(d) Transactions with related parties
The following transactions occurred with related parties:

Nature of transaction	For the year ended 31 March 2018	For the year ended 31 March 2017
Reimbursement of Expenses (Net)		
Thomas Cook (India) Limited	8.8	7.0
Travel Corporation (India) Limited	-	-
Sale of services		
Thomas Cook (India) Limited	3,031.8	716.5
Travel Corporation (India) Limited	-	-
	-	
Facilities and Support Services Availed		
Thomas Cook (India) Limited	14.7	14.7
Travel Corporation (India) Limited	-	8.8
Employee share-based payments push down charge		
Thomas Cook (India) Limited	-	3.7
Facilities and Support Services Provided		
Thomas Cook (India) Limited	15.2	15.2
Other professional charges (Outsourced staff)		
Quess Corp Limited	177.8	192.1
Avon Facility Management Services Limited	-	-
Repairs and Maintenance		
Quess Corp Limited	-	0.4
Avon Facility Management Services Limited	-	-
Balances as at the year end	As at 31 March 2018	As at 31 March 2017
Outstanding Receivable		
Thomas Cook (India) Limited	0.9	143.6
Outstanding payables		
Thomas Cook (India) Limited	0.9	-
Travel Corporation (India) Limited	-	0.6
Quess Corp Ltd	-	0.2

TC Visa Services (India) Limited

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended 31 March 2018
(All amounts in INR Lakhs, unless otherwise stated)

Note 21 : Rental expense relating to operating leases
Disclosures in respect of cancellable agreements for office premises taken on lease

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Lease payments recognised in the Statement of Profit and Loss	5.9	6.3

Significant leasing arrangements
-The lease agreements are for a period of eleven months to nine years.
-The lease agreements are cancellable at the option of either party by giving one month to six months' notice.
-Certain agreements provide for increase in rent.
-Some of the agreements contain a provision for their renewal.

Note 22: Earnings/(Loss) Per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Basic earnings/(loss) per share		
From continuing operations attributable to the equity holder of the company	429.4	387.6
(b) Diluted earnings/(loss) per share		
From continuing operations attributable to the equity holders of the company	429.4	387.6

(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Basic earnings/(loss) per share		
Profits/(Loss) attributable to the equity holders of the company used in calculating basic earnings/(loss) per share	214.7	193.8

(d) Weighted average number of shares used as the denominator

Particulars	31 March 2018 Number of shares	31 March 2017 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings/(loss) per share	50,000	50,000

Note 23: Segment Information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has only one operating segment, which is 'Visa related services'. The Company earns it's entire revenue from its operations in India. There is no single customer which contributes more than 10% of the Company's total revenues.

Note 24: Micro, Small and Medium Enterprises
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 25: Recent Accounting Pronouncements
Standards issued but not yet effective:
1. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The Company is evaluating the impact of this amendment on its financial statements.

2. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
The standard permits two possible methods of transition:
- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the impact of this new Standard on its financial statements.

Note 26: Previous year's figures have been regrouped/rearranged wherever necessary to confirm with current year's figures

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Date: May 21, 2018
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Date: May 21, 2018
Place: Mumbai

Rajeev Kale
Director
DIN No 00775070

TC Visa Services (India) Limited

Asian Trails Ltd.

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report

KPMG Phoomchai Audit Ltd.
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Independent Auditor's Report

To the Shareholders of Asian Trails Ltd.

Opinion

I have audited the financial statements of Asian Trails Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of income and changes in capital deficiency for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
8 March 2018

Asian Trails Ltd.

Statement of financial position

Assets	Note	31 December 2017	2016
		(in Baht)	
Current assets			
Cash and cash equivalents	*4*	44,805,648	71,188,800
Trade accounts receivable	*5*	124,107,219	92,096,385
Other receivables	*6*	9,659,424	10,844,729
Other current assets	*7*	17,551,591	15,268,159
Total current assets		**196,123,882**	**189,398,073**
Non-current assets			
Investment in subsidiary	*8*	5,999,800	3,960,100
Leasehold improvements and equipment	*9*	4,623,580	3,730,683
Intangible assets	*10*	1,893,258	3,786,473
Deferred tax assets	*11*	5,734,600	9,440,759
Other non-current assets		4,753,959	5,397,584
Total non-current assets		**23,005,197**	**26,315,599**
Total assets		**219,129,079**	**215,713,672**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.
Statement of financial position

Liabilities and capital deficiency	Note	31 December 2017	31 December 2016
		(in Baht)	
Current liabilities			
Trade accounts payable	*12*	128,095,736	115,436,998
Other payables	*13*	38,852,544	47,411,246
Short-term loan from immediate parent company	*14*	16,423,600	-
Current portion of finance lease liabilities	*14*	978,078	738,757
Advance received from customers		87,008,516	52,086,668
Other current liabilities		5,354,571	8,737,130
Total current liabilities		**276,713,045**	**224,410,799**
Non-current liabilities			
Advance received from customers	*25*	1,189,720	1,963,463
Finance lease liabilities	*14*	1,597,299	790,975
Non-current provisions for employee benefits	*15*	22,615,000	20,323,482
Total non-current liabilities		**25,402,019**	**23,077,920**
Total liabilities		**302,115,064**	**247,488,719**
Capital deficiency			
Share capital	*16*		
Authorised share capital		24,000,000	24,000,000
Issued and paid-up share capital		24,000,000	24,000,000
Deficit			
Appropriated			
Legal reserve	*17*	2,400,000	2,400,000
Deficit		(109,385,985)	(58,175,047)
Capital deficiency		**(82,985,985)**	**(31,775,047)**
Total liabilities and capital deficiency		**219,129,079**	**215,713,672**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.
Statement of income

	Note	For the year ended 31 December 2017	2016
		(in Baht)	
Income			
Revenue from rendering of services		1,063,159,143	1,134,014,651
Investment income	*18*	1,053,962	1,064,777
Net foreign exchange gain		-	9,168,310
Other income	*19*	48,985,177	51,029,072
Total income		**1,113,198,282**	**1,195,276,810**
Expenses			
Cost of rendering of services		916,274,124	982,505,251
Selling expenses	*20*	17,551,205	35,321,250
Administrative expenses	*21*	226,260,742	237,601,739
Net foreign exchange loss		370,174	-
Total expenses		**1,160,456,245**	**1,255,428,240**
Loss before finance costs and income tax expense		**(47,257,963)**	**(60,151,430)**
Finance costs		246,815	148,684
Loss before tax expense		**(47,504,778)**	**(60,300,114)**
Tax expense (income)	*23*	3,706,160	(300,631)
Loss for the year		**(51,210,938)**	**(59,999,483)**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.

Statement of changes in capital deficiency

	Note	Issued and paid-up share capital	Retained earnings (Deficit) Legal reserve	Retained earnings (Deficit) Unappropriated (Deficit)	Total equity (capital deficiency)
			(in Baht)		
Year ended 31 December 2016					
Balance at 1 January 2016		**24,000,000**	**2,400,000**	**9,324,436**	**35,724,436**
Loss for the year		-	-	(59,999,483)	(59,999,483)
Dividends	*24*	-	-	(7,500,000)	(7,500,000)
Balance at 31 December 2016		**24,000,000**	**2,400,000**	**(58,175,047)**	**(31,775,047)**
Year ended 31 December 2017					
Balance at 1 January 2017		**24,000,000**	**2,400,000**	**(58,175,047)**	**(31,775,047)**
Loss for the year		-	-	(51,210,938)	(51,210,938)
Balance at 31 December 2017		**24,000,000**	**2,400,000**	**(109,385,985)**	**(82,985,985)**

The accompanying notes are an integral part of these financial statements.

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Cash and cash equivalents
5	Trade accounts receivable
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7	Other current assets
8	Investment in subsidiary
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10	Intangible assets
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16	Share capital
17	Legal reserve
18	Investment income
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22	Employee benefit expenses
23	Tax expense (income)
24	Dividends
25	Commitments
26	Other information

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 8 March 2018.

1 General information

Asian Trails Ltd., the "Company", is incorporated in Thailand and has its registered office at 9th Floor SG Building, 161/1 Rajdamri Road, Lumpini, Bangkok, Thailand.

The immediate and ultimate parent companies during the financial year were Asian Trails Holding Ltd. and Thomas Cook (India) Limited, which are incorporated in Republic of Mauritius and India, respectively.

The principal activity of the Company is tour operating services, both inbound and outbound services.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions ("FAP").

In addition, the Company has complied with Thai Financial Reporting Standard for Publicly Accountable Entities relevant to the Company's operations and effective for annual accounting periods beginning on or after 1 January 2017 as follow:

TFRS	Topic
TAS 12 (revised 2016)	Income Taxes

The initial application of this revised TFRS has no material effect on the financial statements.

The FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The revised TFRS that is relevant to the Company's operation is as follow:

TFRS	Topic
TAS 12 (revised 2017)	Income Taxes

Management expects to adopt and apply this revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of this revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Use of going concern basis of accounting

During the year ended 31 December 2017, the Company incurred a net loss of Baht 51.21 million and, as at 31 December 2017, the Company's current liabilities exceeded its current assets by Baht 80.59 million and the Company had deficit of Baht 109.39 million and capital deficiency as of that date of Baht 82.99 million.

The financial statements have been prepared assuming the Company will continue on a going concern basis because the immediate parent company has provided a formal undertaking to provide financial support to enable the Company to continue its operations and to meet its liabilities as they fall due for at least one year from the reporting date. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or the classification of the recorded liabilities amounts that might be necessary should the Company be unable to continue its operations as a going concern.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Bad debts recovered are recognised in other income in the statement of income.

(d) Investment

Investment in subsidiary

Investment in subsidiary in the financial statements of the Company is accounted for using the cost method less any losses on decline in value.

(e) Leasehold improvements and equipment

Recognition and measurement

Owned assets

Leasehold improvements and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold improvements and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

Any gains and losses on disposal of item of leasehold improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvements and equipment, and are recognised net in the statement of income.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Leasehold improvements and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and losses on decline in value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Subsequent costs

The cost of replacing a part of an item of leasehold improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvements and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvements and equipment. The estimated useful lives are as follows:

Leasehold improvements	10	years
Furniture, fixtures and office equipment	3 and 5	years
Vehicles	5	years

(f) Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and losses on decline in value.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognised in the statement of income as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follow:

Software licences	3	years
Computer software	3	years

(g) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income if its carrying amount of an asset exceeds its recoverable amount.

(h) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the term of the borrowings on an effective interest basis.

(i) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the Company's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any losses on decline in value of the assets associated with that contract.

Employee benefits

Obligations for retired benefits are recognised using the best estimate method at the reporting date.

(k) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue from sale of ticket is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from tour operating is recognised as services are provided.

Investments

Revenue from investments comprises dividend and interest income from investment in subsidiary and bank deposits.

Dividend income

Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in the statement of income as it accrues.

(l) Expenses

Lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(m) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in the statement of income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Cash and cash equivalents

	2017	2016
	(in thousand Baht)	
Cash on hand	1,043	1,287
Cash at banks - current accounts	864	809
Cash at banks - savings accounts	42,899	69,093
Total	**44,806**	**71,189**

5 Trade accounts receivable

	2017	2016
	(in thousand Baht)	
Trade accounts receivable	130,165	118,976
Less allowance for doubtful accounts	(6,058)	(26,880)
Net	**124,107**	**92,096**
Write-off allowance for doubtful accounts	**21,663**	**7,380**
Bad and doubtful debts expense for the year	**841**	**7,328**

6 Other receivables

	2017	2016
	(in thousand Baht)	
Advances to guides	4,551	2,970
Prepaid expenses	3,052	3,494
Others	2,056	4,381
Total	**9,659**	**10,845**

7 Other current assets

	2017	2016
	(in thousand Baht)	
Value added tax receivable	8,946	7,902
Deposits - hotels	7,648	3,772
Prepaid tax expense	-	2,085
Others	958	1,509
Total	**17,552**	**15,268**

8 Investment in subsidiary

	2017	2016
	(in thousand Baht)	
At 1 January	3,960	3,960
Reversal of allowance for losses on decline in value	2,040	-
At 31 December	**6,000**	**3,960**

Investment in subsidiary as at 31 December 2017 and 2016, and dividend income from this investment for the years then ended, was as follow:

Name of subsidiary	Type of Business	Ownership interest		Paid-up capital		Cost		Allowance for losses on decline in value		At cost - net		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)							*(in thousand Baht)*				
Chang Som Co., Ltd.	Rendering of transportation services	99.99	99.99	6,000	6,000	6,000	6,000	-	(2,040)	6,000	3,960	1,000	1,000
Total						**6,000**	**6,000**	-	**(2,040)**	**6,000**	**3,960**	**1,000**	**1,000**

9 Leasehold improvements and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Total
		(in thousand Baht)		
Cost				
At 1 January 2016	7,277	24,093	13,543	44,913
Additions	41	1,035	39	1,115
Disposals	-	(889)	(136)	(1,025)
At 31 December 2016 and 1 January 2017	**7,318**	**24,239**	**13,446**	**45,003**
Additions	162	489	2,139	2,790
Disposals	-	(7)	-	(7)
At 31 December 2017	**7,480**	**24,721**	**15,585**	**47,786**
Depreciation				
At 1 January 2016	6,285	23,033	10,737	40,055
Depreciation charge for the year	353	758	960	2,071
Disposals	-	(854)	-	(854)
At 31 December 2016 and 1 January 2017	**6,638**	**22,937**	**11,697**	**41,272**
Depreciation charge for the year	240	762	889	1,891
Disposals	-	(1)	-	(1)
At 31 December 2017	**6,878**	**23,698**	**12,586**	**43,162**
Net book value				
At 31 December 2016				
Owned assets	680	1,302	36	2,018
Assets under finance leases	-	-	1,713	1,713
	680	**1,302**	**1,749**	**3,731**
At 31 December 2017				
Owned assets	602	1,023	19	1,644
Assets under finance leases	-	-	2,980	2,980
	602	**1,023**	**2,999**	**4,624**

10 Intangible assets

	Software licences	Computer software	Computer software under installation	Total
		(in thousand Baht)		
Cost				
At 1 January 2016	5,111	4,012	5,685	14,808
Transfer	-	5,685	(5,685)	-
At 31 December 2016 and 1 January 2017	**5,111**	**9,697**	-	**14,808**
At 31 December 2017	**5,111**	**9,697**	-	**14,808**

	Software licences	Computer software	Computer software under installation	Total
		(in thousand Baht)		
Amortisation				
At 1 January 2016	5,111	4,012	-	9,123
Amortisation charge for the year	-	1,898	-	1,898
At 31 December 2016 and 1 January 2017	**5,111**	**5,910**	**-**	**11,021**
Amortisation charge for the year	-	1,894	-	1,894
At 31 December 2017	**5,111**	**7,804**	**-**	**12,915**
Net book value				
At 31 December 2016	**-**	**3,787**	**-**	**3,787**
At 31 December 2017	**-**	**1,893**	**-**	**1,893**

11 Deferred tax

Deferred tax assets as at 31 December 2017 and 2016 were as follow:

	2017	2016
	(in thousand Baht)	
Deferred tax assets	**5,735**	**9,441**

Movements in deferred tax assets during the years ended 31 December 2017 and 2016 were as follows:

	At 1 January 2017	(Charged) / Credited to: Statement of income	**At 31 December 2017**
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	5,376	(4,164)	1,212
Provision for employee benefit obligations	4,065	458	4,523
Total	**9,441**	**(3,706)**	**5,735**

	At 1 January 2016	Credited to: Statement of income	**At 31 December 2016**
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	5,361	15	5,376
Provision for employee benefit obligations	3,779	286	4,065
Total	**9,140**	**301**	**9,441**

Deferred tax asset has not been recognised in respect of the following item:

	2017	2016
	(in thousand Baht)	
Tax losses	70,741	30,411
Total	**70,741**	**30,411**

The tax losses expire in 2021 - 2022. Deferred tax asset from tax losses has not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

12 Trade accounts payable

	2017	2016
	(in thousand Baht)	
Related parties	16,759	18,564
Other parties	111,337	96,873
Total	**128,096**	**115,437**

13 Other payables

	2017	2016
	(in thousand Baht)	
Accrued expenses	26,874	20,444
Other payables	8,944	18,182
Accrued IT expenses	3,035	7,900
Others	-	885
Total	**38,853**	**47,411**

14 Interest-bearing liabilities

	2017	2016
	(in thousand Baht)	
Current		
Short-term loan from immediate parent company	16,424	-
Current portion of finance lease liabilities	978	739
Total current interest-bearing liabilities	**17,402**	**739**
Non-current		
Finance lease liabilities	1,597	791
Total non-current interest-bearing liabilities	**1,597**	**791**

During the year 2017, the Company has entered into new loan agreement with immediate parent company in the amount of USD 0.5 million (Baht 16 million) which bear interest at the rate of 1.53% per annum. This loan will be repayable in August 2018.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
			(in thousand Baht)			
Within one year	1,132	154	978	833	94	739
After one year but within five years	1,815	218	1,597	841	50	791
Total	**2,947**	**372**	**2,575**	**1,674**	**144**	**1,530**

15 Non-current provisions for employee benefits

	Retirement benefits *(in thousand Baht)*
At 1 January 2016	18,718
Provisions made	1,605
At 31 December 2016 and 1 January 2017	**20,323**
Provisions made	3,767
Provisions used	(1,475)
At 31 December 2017	**22,615**

16 Share capital

	Par value per share *(in Baht)*	2017 Number	2017 Amount	2016 Number	2016 Amount
		(thousand shares / thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	100	240	24,000	240	24,000
At 31 December					
- ordinary shares	**100**	**240**	**24,000**	**240**	**24,000**
Issued and paid-up					
At 1 January					
- ordinary shares	100	240	24,000	240	24,000
At 31 December					
- ordinary shares	**100**	**240**	**24,000**	**240**	**24,000**

17 Legal reserve

Legal reserve is set up under the provision of the Civil and Commercial Code, which requires that a company shall allocate not less than 5% of its net profit to a reserve account ("legal reserve") upon each dividend distribution, until the balance reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

18 Investment income

	Note	2017	2016
		(in thousand Baht)	
Dividend income	*8*	1,000	1,000
Interest income		54	65
Total		**1,054**	**1,065**

19 Other income

	Note	2017	2016
		(in thousand Baht)	
Revenue from service charge		35,322	38,229
Advertising		4,305	4,650
Reversal of allowance for losses on decline in value of investment in subsidiary	*8*	2,040	-
Sales commission		2,008	3,103
Unclaimed deposit from customers		981	1,793
Others		4,329	3,254
Total		**48,985**	**51,029**

20 Selling expenses

	2017	2016
	(in thousand Baht)	
Trademark licence fee	-	16,760
Sales commission	11,128	12,734
Sales trip and trade show	2,347	1,112
Others	4,076	4,715
Total	**17,551**	**35,321**

21 Administrative expenses

	2017	2016
	(in thousand Baht)	
Employees benefit expenses	156,873	158,128
Office rental	16,366	17,373
IT expenses	12,331	9,801
Travelling expenses	5,698	7,731
Management fees	4,517	5,598
Bad and doubtful debts expense	841	7,328
Others	29,635	31,643
Total	**226,261**	**237,602**

22 Employee benefit expenses

	2017	2016
	(in thousand Baht)	
Wages and salaries	112,791	116,324
Bonus	13,028	12,583
Personal income tax	10,207	11,308
Contribution to defined contribution plan	2,927	3,043
Others	17,920	14,870
Total	**156,873**	**158,128**

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rates ranging from 2% to 5% of their basic salaries and by the Company at the rates ranging from 2% to 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

23 Tax expense (income)

	Note	2017	2016
		(in thousand Baht)	
Current tax expense			
Current year		-	-
		-	-
Deferred tax expense	*11*		
Movements in temporary differences		3,706	(301)
		3,706	**(301)**
Total		**3,706**	**(301)**

Reconciliation of effective tax rate

	2017		2016	
	Rate (%)	*(in thousand Baht)*	*Rate (%)*	*(in thousand Baht)*
Loss before tax expense		(47,505)		(60,300)
Income tax using the Thai corporation tax rate	20.00	(9,501)	20.00	(12,060)
Expenses not deductible for tax purposes		5,537		5,755
Income not subject to tax		(396)		(558)
Current year losses for which no deferred tax asset was recognised		8,066		6,562
Total	**7.80**	**3,706**	**0.50**	**(301)**

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

24 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2016, the shareholders approved the appropriation of dividends of Baht 31.25 per share, amounting to Baht 7.5 million. The dividends were paid to shareholders in 2016.

25 Commitments

(a) Office rental agreements

The Company entered into office rental agreements (including related services) for periods of one to three years. The Company committed to pay rental and service fees as follows:

	2017	2016
	(in thousand Baht)	
Non-cancellable operating lease commitments		
Within one year	12,933	14,938
After one year but within five years	7,748	18,998
Total	**20,681**	**33,936**

(b) Agent agreements for Tourism service with foreign companies

The Company entered into agreements with foreign companies to be a representative agent for tourism services for such companies. As at 31 December 2017, the Company received deposits for the said services totalling Baht 1.19 million *(2016: Baht 1.96 million)*. Under the terms of the agreements, the Company had commitments with the terms and conditions as stipulated in the agreements.

(c) Trademark licence agreement

The Company entered into a trademark licence agreement with a related party for using the trademark and/or other names and logos and products under the terms and conditions specified in the agreement. The Company agreed to pay a licence fee at the rate as stipulated in the agreement. The agreement has been temporarily suspended for the year 2017.

(d) Other commitment

	2017	2016
	(in thousand Baht)	
Other commitment		
Bank guarantees	**3,000**	**4,500**

26 Other information

The Company opened bank accounts on behalf of a related party in Myanmar for 1 current account and 3 saving accounts. As at 31 December 2017, the balance of current account was Baht 1,107,434.86 *(2016: Baht 518,315.50)* and balances of 3 saving accounts were in the amount of USD 535,180.37 and EUR 65,672.19 respectively *(2016: USD 614,394.58 and EUR 59,425.05, respectively)*. These 4 accounts were not included in the Company's accounting records for the year ended 31 December 2017 and 2016.

ASIAN TRAILS CO., LTD.
9 th floor, 193 Dinh Tien Hoang St, District 1, HCM City, Viet Nam

BALANCE SHEET

At as 31/12/2017

UNIT : USD

Description	Note	At 31/12/2017		At 31/12/2016	
ASSETS					
Fixed assets					
Original value	V.6	240,919.13		235,989.09	
Depreciation	V.6	(234,554.47)		(231,458.27)	
			6,364.66		***4,530.82***
Current assets					
Deposits	V.3	45,816.60		45,611.57	
Receivables from customers		1,651,671.54		1,458,080.58	
Advance to supliers		469,817.69		343,072.01	
Other receivable	V.4	297,104.94		161,309.34	
Provision for bad debt					
Advance for staff		-		-	
Prepaid expenses	V.5	4,050.45		7,435.92	
Loan receivable	V.7	900,000.00		902,156.00	
			3,368,461.22		***2,917,665.43***
Cash on hand	V.1	167,366.22		103,031.80	
Cash in bank	V.2	2,199,512.66		3,310,308.15	
			2,366,878.88		***3,413,339.95***
TOTAL ASSETS			**5,741,704.77**		**6,335,536.20**
EQUITY					
Capital	V.9	143,540.00		143,540.00	
Difference foreign ex.					
Retained earning		184,105.61		132,625.97	
Bonus and welfare funds		91,967.00		65,407.00	
Profits/Loses		1,576,364.89		1,328,039.71	
			1,995,977.50		***1,669,612.68***
Payables to suppliers		392,583.44		371,289.91	
Advances from customers		313,857.70		584,351.77	
Loan		-		-	
Personal Income Tax		58.64		(791.94)	
Corporation income tax		105,229.72		97,192.93	
VAT output		432,254.51		410,264.74	
			1,243,984.01		***1,462,307.41***
		-		-	
Others payable		741.11		647.55	
Provision for unemployment		237,981.03		214,958.32	
Payable of Accrued expenses	V.8	2,263,021.12		2,988,010.25	
			2,501,743.26		***3,203,616.12***
TOTAL EQUITY			**5,741,704.77**		**6,335,536.20**

January 11, 2018

Chief accountant ***Director***

PHAM THI KIM KHANH BUI VIET THUY TIEN

ASIAN TRAILS CO., LTD.
9 th floor, 193 Dinh Tien Hoang St, District 1, HCM City, Viet Nam

PROFIT AND LOSS STATEMENT

From 01 January 2017 to 31 December 2017

UNIT : USD

Description	Note	2017	2016
EXPENSES		**15,679,669.11**	**15,595,606.21**
Cost of tours	VI.1	13,507,806.02	13,579,400.07
Sales & marketing expenses	VI.2	231,191.35	49,904.75
Depreciation		3,096.20	1,569.00
Personnel expense	VI.3	951,199.26	908,474.53
Management expenses	VI.4	599,731.97	575,785.96
Bad debt		3,417.00	
Financial expense		-	-
Bank charges	VI.5	18,049.58	19,005.25
Taxes	VI.6	121,087.86	218,000.00
Royalties		244,089.88	243,466.65
Extra-ordinary expense			
INCOME		**17,256,034.00**	**16,923,645.92**
Service revenues	VI.7	16,898,684.30	16,638,662.14
Finance income	VI.8	46,666.70	11,171.80
Sales returns	VI.7	(361,596.78)	(206,473.20)
Others income	VI.9	672,279.78	480,285.18
PROFITS		**1,576,364.89**	**1,328,039.71**

January 11, 2018

Chief Accountant ***Director***

PHAM THI KIM KHANH BUI VIET THUY TIEN

B S R & Co. LLP

Chartered Accountants

KRM Tower, 1st & 2nd Floor,
No 1, Harrington Road, Chetpet,
Chennai - 600 031, India.

Telephone : +91 44 4608 3100
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INDEPENDENT AUDITOR'S REPORT

To the Members of Nature Trails Resorts Private Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Nature Trails Resorts Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Independent Auditor's Report to the members of Nature Trails Resorts Private Limited (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other matter

Corresponding figures for the year ended March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated April 30, 2017 on the Ind AS financial statements of the Company for the year ended March 31, 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Independent Auditor's Report to the members of Nature Trails Resorts Private Limited (continued)

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) The Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls with respect to financial statements in place and the operating effectiveness of such controls (clause (i) of Section 143(3)); and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to 30 December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended March 31, 2017 have been disclosed-Refer Note 39 to the Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Annexure A to the Independent Auditor's Report to the members of Nature Trails Resorts Private Limited (referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except with regard to plant and machinery and furniture and fixtures, for which the Company is in the process of compiling and reconciling the necessary information to update the fixed assets register.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and the Company is in the process of reconciling them to the books of accounts. According to the information and explanations given to us, we understand that there were no material discrepancies.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable to the Company.

(iv) The Company has not granted any loan or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the said Order is not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess, goods & services tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, value added tax, cess, goods & services tax and other material statutory dues were in arrears as at March 31, 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there were no dues of income tax, service tax, value added tax, cess and goods & services tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any loan or borrowing to the government or debenture holders or financial institutions during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company is a private limited company under the definition of the Companies Act, 2013, hence the provisions of section 197 read with Schedule V to the Act is not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of sections 188 of the Act. The details of such related party transactions has been disclosed in the financial statements as required under Ind AS 24 – Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. The Company is a private limited company and hence the provisions of section 177 of the Act is not applicable.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

Annexure A to the Independent Auditor's Report to the members of Nature Trails Resorts Private Limited (referred to in our report of even date)

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: May 28, 2018

Nature Trails Resorts Private Limited
Balance Sheet as at March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	2	3,000.58	2,729.38
Capital work-in-progress	3	301.20	85.52
Other intangible assets	4	1.81	1.03
Financial assets			
i. Investments	5	-	1.74
Deferred tax assets (Net)	10	-	8.11
Other tax assets	6	9.50	17.58
Other non-current assets	7	461.56	213.74
Total non-current assets		**3,774.65**	**3,057.09**
Current assets			
Inventories	8	3.98	13.72
Financial assets			
i. Trade receivables	9	27.55	31.45
ii. Cash and cash equivalents	11	13.48	7.32
iii. Bank balances other than (ii) above	12	-	4.77
iv. Other financial assets	13	11.70	6.39
Other current assets	14	46.88	376.52
Total current assets		**103.59**	**440.17**
Total Assets		**3,878.24**	**3,497.26**
Equity and liabilities			
Equity			
Equity share capital	15	147.58	147.58
Other equity			
Reserves and surplus	16	977.30	1,384.42
Total equity		**1,124.88**	**1,532.01**
Liabilties			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17 (a)	766.31	473.40
ii. Other financial liabilities	18 (a)	634.82	531.16
Provision for employee benefit obligations	21	80.38	60.35
Total non-current liabilities		**1,481.51**	**1,064.91**
Current liabilities			
Financial liabilities			
i. Borrowings	17 (b)	753.23	609.29
ii. Trade payables	19	121.26	108.38
iii. Other financial liabilities	18 (b)	298.49	94.30
Provision for employee benefit obligations	21	3.61	-
Other current liabilities	20	95.26	88.38
Total current liabilities		**1,271.85**	**900.35**
Total liabilities		**2,753.36**	**1,965.26**
Total equity and liabilities		**3,878.24**	**3,497.26**

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

Chinmay H Divekar
Director
DIN No.: 02051709

Hari K Divekar
Director
DIN No.: 00469144

Place: Thane
Date: May 14, 2018

Nature Trails Resorts Private Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	22	979.31	817.66
Other income	23	3.30	1.16
Total income		**982.61**	**818.82**
Expenses			
Cost of materials consumed	24	181.93	166.96
Employee benefits expense	25	437.60	355.00
Finance costs	26	157.86	166.84
Depreciation and amortisation expense	27	132.37	108.15
Other expenses	28	453.96	372.20
Total expenses		**1,363.72**	**1,169.15**
Loss before tax		**(381.11)**	**(350.33)**
Income tax expense	29		
Current tax		-	-
Deferred tax		8.11	(5.07)
Loss for the year		**(389.22)**	**(345.26)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefit obligations		17.90	(2.10)
Other comprehensive income for the year, net of income tax		**17.90**	**(2.10)**
Total comprehensive income for the year		**(407.12)**	**(343.16)**
Earnings per share			
Basic and diluted earnings per share (INR)	35	(263.74)	(233.95)

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Sethuraman

S Sethuraman
Partner
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For and on behalf of the Board of Directors

Chinmay H Divekar
Director
DIN No.: 02051709

Hari K Divekar
Director
DIN No.: 00469144

Place: Thane
Date: May 14, 2018

Nature Trails Resorts Private Limited
Statement of cash flows
(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities		
Loss before income tax	(381.11)	(350.33)
Adjustments for:		
Depreciation and amortisation	132.37	108.15
Finance costs	157.86	166.84
Interest income	(0.32)	-
(Profit) on sale of assets	(0.70)	-
Dividend income	(0.27)	-
Provision for investments	1.74	-
Bad debts	0.15	-
Provision for doubtful debts	1.88	-
Working capital adjustments:		
Decrease in trade receivables	1.87	7.05
Decrease in inventories	9.74	0.46
(Increase)/decrease in other financial assets	(0.53)	11.24
Decrease in other assets	97.61	31.82
Increase/(decrease) in trade payables	12.87	(39.94)
Increase in employee benefit obligations	5.73	-
(Decrease)/increase in other financial liabilities	3.40	65.00
Decrease in other liabilities	6.87	(0.59)
Cash generated from (used in) operations	**49.15**	**(0.30)**
Income taxes paid	(2.53)	(4.46)
Net cash generated from (used in) operating activities	**46.62**	**(4.76)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(507.15)	(413.33)
Dividend received	0.27	-
Interest received	0.32	-
Net cash flow (used in) investing activities	**(506.56)**	**(413.33)**
Cash flows from financing activities		
Interest paid	(77.64)	(97.56)
Repayment of borrowings	(22.53)	-
Proceeds from borrowings	566.17	463.52
Net cash flow generated from financing activities	**466.00**	**365.96**
Net increase/(decrease) in cash and cash equivalents	**6.06**	**(52.13)**
Cash and cash equivalents at the beginning of the year	(41.85)	10.29
Cash and cash equivalents at end of the year	**(35.79)**	**(41.85)**

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and cash equivalents as per the above comprises of the following:

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 11)	13.48	7.32
Bank overdrafts (Note 17(b))	(49.27)	(49.17)
Balances as per statement of cash flows	**(35.79)**	**(41.85)**

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491
Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

Chinmay H Divekar
Director
DIN No.: 02051709
Place: Thane
Date: May 14, 2018

Hari K Divekar
Director
DIN No.: 00469144

Nature Trails Resorts Private Limited
Statement of changes in equity for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at April 1, 2016		44.31
Changes in equity share capital during the year	15	103.27
Balance as at March 31, 2017		147.58
Changes in equity share capital during the year	15	-
Balance as at March 31, 2018		147.58

II) Other equity

	Notes	Securities Premium	Retained ernings	Total
Balance as at April 1, 2016		1,366.29	361.30	1,727.59
Loss for the year	16	-	(345.26)	(345.26)
Other comprehensive income	16	-	2.10	2.10
Balance as at March 31, 2017		1,366.29	18.13	1,384.42
Loss for the year	16	-	(389.22)	(389.22)
Other comprehensive expense	16	-	(17.90)	(17.90)
Balance as at March 31, 2018		1,366.29	(388.99)	977.30

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

Chinmay H Divekar
Director
DIN No.:

Hari K Divekar
Director
DIN No.:

Place: Thane
Date: May 14, 2018

1.1. Reporting entity

Nature Trails Resorts Private Limited (the "Company") is engaged in the business of resorts, campsites and activity camps. The Company is a 100% subsidiary of Sterling Holiday Resorts Limited ('Holding Company'). Thomas Cook India Limited is the intermediate holding Company and the ultimate holding Company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on May 14, 2018.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets and liabilities are measured at fair value
- defined benefit plans — plan assets measured at fair value; and

1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Chief Operations Officer (COO) of the Company has been identified as the chief operating decision maker of Nature Trails Resorts Private Limited who assesses the financial performance and position of the Company, and makes strategic decisions. Refer note 32 for segment information presented.

1.2.3. Foreign currency transaction

a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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Significant accounting policies

1.3.1. Revenue recognition

Income from resorts comprising of sale of food and beverages, room rentals and activity camps are recognised when these are sold and as services are rendered.

1.3.2. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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1.3.3. Leases

a) As a lessee:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

b) As a lessor:

Lease income from operating leases where the Company is a lessor is recognised as income in accordance with the terms of the arrangement. The respective leased assets are included in the balance sheet on the lease being classified as an operating lease and the ownership, risk and rewards pertaining to the assets are retained by the company.

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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1.3.6. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprise of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.3.7. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

1) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
2) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. **Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. **Fair value through other comprehensive income (FVOCI):**
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. **Fair value through profit or loss:**
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

d) De-recognition of financial assets:

A financial asset is derecognised only when

1) The Company has transferred the rights to receive cash flows from the financial asset or
2) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.8. Income recognition

a) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

1.3.9. Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:
Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10
Vehicles	8

Premium paid for acquiring leasehold land is amortised over the period of lease. Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.10. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Computer software are amortised over a period of 5 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

1.3.11. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.3.12. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.3.13. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

1.3.14. Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

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b) **Defined benefit**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under Group Gratuity cum Cash Accumulation Scheme.

c) **Compensated absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.3.15. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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1.3.16. Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after April 1, 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition which are summarized as below:
a. Identify the contract(s) with a customer.
b. Identify the performance obligations in the contract.
c. Determine the transaction price.
d. Allocate the transaction price to the performance obligations in the contract.
e. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not significant.

1.3.17. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

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Nature Trails Resorts Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

2 Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Land - freehold	1,870.15	6.17	-	1,876.32	-		-	-	1,870.15	1,876.32
Building - own	517.32	116.87	-	634.19	3.75	53.91	-	57.66	513.57	576.53
Computer equipment	2.79	2.02	-	4.81	-	1.42	-	1.42	2.79	3.40
Plant and machinery	94.40	84.50	-	178.90	-	22.30	-	22.30	94.40	156.60
Furniture and fixtures	11.45	33.91	-	45.36	-	14.89	-	14.89	11.45	30.47
Office equipment	-	2.96	-	2.96	-	0.80	-	0.80	-	2.16
Vehicles	9.46	-	-	9.46	-	3.08	-	3.08	9.46	6.38
Electrical installations	72.24	16.13	-	88.37	-	10.84	-	10.85	72.24	77.52
Total	**2,577.81**	**262.57**	-	**2,840.38**	**3.75**	**107.25**	-	**111.00**	**2,574.07**	**2,729.38**

The changes in the carrying value of fixed assets for the year ended March 31, 2018 are as follows:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2017	Additions	Disposals	As at Mar 31, 2018	As at April 1, 2017	Depreciation for the year	Disposals	As at Mar 31, 2018	As at March 31, 2017	As at March 31, 2018
Land - freehold	1,876.32	1.08	-	1,877.40	-		-	-	1,876.32	1,877.40
Building - own	634.19	231.93	-	866.12	57.66	60.41	-	118.07	576.53	748.05
Computer equipment	4.81	2.60	-	7.41	1.42	1.73	-	3.15	3.40	4.27
Plant and machinery	178.90	86.85	-	265.75	22.30	29.63	-	51.93	156.60	213.81
Furniture and fixtures	45.36	52.62	-	97.98	14.89	21.36	-	36.25	30.47	61.73
Office equipment	2.96	1.14	-	4.10	0.80	0.90	-	1.70	2.16	2.40
Vehicles	9.46	6.20	4.18	11.49	3.08	4.43	1.40	6.11	6.38	5.38
Electrical installations	88.37	22.95	-	111.32	10.85	12.93	-	23.78	77.53	87.54
Total	**2,840.38**	**405.37**	**4.18**	**3,241.57**	**111.00**	**131.39**	**1.40**	**240.99**	**2,729.38**	**3,000.58**

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3 Capital work-in-progress

The changes in the carrying value of capital work in progress for the year ended March 31, 2017 are as follows:

	Gross carrying amount			
Asset Description	**As at April 1, 2016**	**Additions**	**Disposals**	**As at March 31, 2017**
Capital work in progre	-	85.52	-	85.52
	-	85.52	-	85.52

The changes in the carrying value of capital work in progress for the year ended March 31, 2018 are as follows:

	Gross carrying amount			
Asset Description	**As at April 1, 2017**	**Additions**	**Disposals**	**As at Mar 31, 2018**
Capital work in progre	85.52	530.60	314.92	301.20
	85.52	530.60	314.92	301.20

Additions to capital work in progress during the year, includes capitalized borrowing costs amounting to Rs. 69.25 lakhs.

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Nature Trails Resorts Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

(All amounts in Rs. lakhs, unless otherwise stated)

4 Other intangible assets

The changes in the carrying value of intangibles for the year ended March 31, 2017 are as follows:

Asset Description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Amortisation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Computer software	-	1.93	-	1.93	-	0.90	-	0.90	-	1.03
	-	**1.93**	**-**	**1.93**	**-**	**0.90**	**-**	**0.90**	**-**	**1.03**

The changes in the carrying value of intangibles for the year ended March 31, 2018 are as follows:

Asset Description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2017	Additions	Disposals	As at Mar 31, 2018	As at April 1, 2017	Amortisation for the year	Disposals	As at Mar 31, 2018	As at March 31, 2017	As at March 31, 2018
Computer software	1.93	1.76	-	3.69	0.90	0.98	-	1.88	1.03	1.81
	1.93	**1.76**	**-**	**3.69**	**0.90**	**0.98**	**-**	**1.88**	**1.03**	**1.81**

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Nature Trails Resorts Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2018	As at March 31, 2017
5	**Non-current investments**		
	Investment in equity instruments (fully paid-up)		
	Equity Instruments at Fair Value through P&L		
	Unquoted :		
	17,453 (March 31, 2017: 17,453) equity shares of TJSB Bank	-	1.74
	Total	-	1.74
6	**Other tax assets**		
	Advance tax paid [Net of provision for tax: NIL (March 31, 2017: NIL)]	9.50	17.58
	Total	**9.50**	**17.58**
7	**Other non-current assets**		
	Prepaid expenses	242.64	-
	Capital advances		
	-Considered good	218.92	213.74
	-Considered doubtful	-	-
	Total	**461.56**	**213.74**
8	**Inventories**		
	Food and beverages	3.98	10.50
	Operating supplies	-	3.22
	Total	**3.98**	**13.72**
9	**Trade receivables**		
	Unsecured		
	Considered Good	27.55	31.45
	Considered Doubtful	1.88	-
		29.43	**31.45**
	Less: Provision for doubtful debts	(1.88)	-
	Total	**27.55**	**31.45**
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (refer Note 37)	5.42	1.30
	Less: Provision for doubtful debts	-	-
	Net trade receivables	**5.42**	**1.30**

For receivables secured against borrowings, see note 34.
The Company's exposure to credit and loss allowances related to trade receivables are disclosed in Note 31.

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Nature Trails Resorts Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
11 Cash and cash equivalents		
Balances with banks		
- in current accounts	9.59	4.56
Cash on hand	3.89	2.76
Cash and cash equivalents in the balance sheet	**13.48**	**7.32**
Bank overdrafts used for cash management purposes	(49.27)	(49.17)
Cash and cash equivalents in the statement of cash flows	**(35.79)**	**(41.85)**

There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting period.

	As at March 31, 2018	As at March 31, 2017
12 Other bank balances		
Short term bank deposits	-	4.77
(Deposits with maturity of more than 3 months but less than 12 months)		
Total	**-**	**4.77**

13 Other financial assets		
Bank deposits	4.77	-
Security deposits	4.01	6.39
Interest accrued on fixed deposits	1.37	-
Unbilled revenue	1.55	-
Total	**11.70**	**6.39**

14 Other current assets		
Prepaid expenses	41.73	315.56
Others		
- Advances to vendors	3.65	49.66
- Employee advances	1.50	11.29
- Advances to others	-	0.01
Total	**46.88**	**376.52**

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	As at March 31, 2018	As at March 31, 2017
17 (a) Non-Current borrowings		
Term loans		
From banks		
Secured bank loans	766.31	473.40
Total	**766.31**	**473.40**
17 (b) Current borrowings		
Loans from banks		
Current portion of secured bank loans	126.69	19.88
Bank overdraft	49.27	49.17
Loans from shareholders		
Unsecured loans from shareholder	703.96	560.12
	879.92	629.17
Less: Amount included under 'Other financial liabilities'	(126.69)	(19.88)
Total current borrowings	**753.23**	**609.29**

Information about the Company's exposure to liquidity risk is included in Note 31.

Secured bank loans

a Loan amounting to Rs.800.00 lakhs from HDFC Bank is secured by way of (a) An exclusive charge on current assets and movable fixed assets of the Company (b) A lien on debt mutual funds (liquid plus fund) of Rs. 770 lakhs owned by M/s Sterling Holiday Resorts Limited (Holding Company) and is repayable in 24 quarterly instalments including a moratorium of 12 months from the date of loan (January 31, 2017). Interest will be payable at monthly rests at the rate of 10% per annum. The loan amount outstanding as at year end is Rs. 779.17 lakhs (March 31, 2017: Rs. 490.00 lakhs). Out of this, Rs. 120.83 lakhs (March 31, 2017: Rs.18.75 lakhs) is repayable within 1 year and the balance amount of Rs.658.33 lakhs (March 31, 2017: Rs. 471.25 lakhs) is repayable after 1 year from the balance sheet date.

b Loan amounting to Rs. 105.69 lakhs (net of processing fees) from Yes Bank is secured by way of (a) An exclusive charge on land and building of Durshet and Kundalika owned by the Company (b) An exclusive charge on current assets and movable fixed assets of the Company (c) A letter of Comfort from M/s Sterling Holiday Resorts Limited (Holding Company) and (d) A negative lien on the assets of the Company on which the bank is not creating security and is repayable 32 quarterly installments from the date of loan (March 28, 2018). Interest is payable at monthly rests at the rate of 8.5% per annum.The loan amount outstanding as at year end is Rs. 105.69 lakhs (March 31, 2017: Rs. NIL). Out of this, Rs. 3.37 lakhs (March 31, 2017: Rs.NIL lakhs) is repayable within 1 year and the balance amount of Rs.102.32 lakhs (March 31, 2017: Rs. NIL) is repayable after 1 year from the balance sheet date.

c Loan amounting to Rs. 4.75 Lakhs from Mahindra Finance is secured by way of hypothecation of the undererlying vehicle and is repayable in 48 equated monthly instalments from the date of the loan (October 31, 2015) along with interest at the rate of 14% per annum. The loan amount outstanding as at year end is Rs. 2.08 lakhs (March 31, 2017: Rs. 3.28 lakhs). Out of this, Rs. 1.33 lakhs (March 31, 2017: Rs.1.13 lakhs) is repayable within 1 year and the balance amount of Rs. 0.75 lakhs (March 31, 2017: Rs. 2.15 lakhs) is repayable after 1 year from the balance sheet date.

d Loan amount to Rs. 6.60 Lakhs from HDFC Bank is secured by way of hypothecation of the underlying vehicles and is repayable in 48 equated monthly instalments starting from the date of the loan (August 28, 2017) along with interest at the rate of 8.46% per annum.The loan amount outstanding as at year end is Rs. 6.06 lakhs (March 31, 2017: Rs. NIL lakhs). Out of this, Rs. 1.15 lakhs (March 31, 2017: Rs.NIL lakhs) is repayable within 1 year and the balance amount of Rs. 4.90 lakhs (March 31, 2017: Rs. NIL lakhs) is repayable after 1 year from the balance sheet date.

Bank overdraft

Bank overdraft amounting to Rs.49.27 lakhs (March 31, 2017: Rs. 49.17 lakhs) from HDFC Bank is secured by way of (a) An exclusive charge on current assets and movable fixed assets of the Company (b) A lien on debt mutual funds (liquid plus fund) of Rs. 770 lakhs owned by M/s Sterling Holiday Resorts Limited (Holding Company)

Unsecured loan from holding company

Unsecured loan amounting to Rs. 703.96 lakhs (Previous year: Rs. 560.12 lakhs) outstanding as on March 31, 2018 from Holding Company - Sterling Holiday Resorts Limited, carries an interest rate of 13% and is repayable on demand.

Nature Trails Resorts Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
18 Other financial liabilities		
18 (a) Non-current		
Contingent consideration - Long term liability	610.83	531.16
Secured Term Loan from Bank	-	
Creditors for capital expenditure	23.99	-
Total	**634.82**	**531.16**

Contingent consideration

Pursuant to the acquisition agreement entered into by the Sterling Holiday Resorts Limited (Holiding company) with the promoters of the Company, an amount of Rs. 500 lakhs with an interest of 12% will be paid to the promoters on the achievement of the agreed target revenue/ profits. To enable this arrangement, the Company has issued 0.1 % Non Cumulative Redeemable preference shares to the promoters which is redeemable at the end of 5 years based on the achievement of targets as specified above. The management expects that the Company would acheive the target agreed with the promoter. Consequently, the potential undiscounted amount payable under the agreement would be Rs. 702.46 lakhs (which includes interest as described above). The fair value of the contingent consideration was estimated by calculating the present value of the future expected cashflow and the estimates are based on a discount rate of 15%. There are no changes to the above measurement, range of outcomes, valuation techniques from the acqusition date till the end of the current reporting period (i.e March 31, 2018).

	As at March 31, 2018	As at March 31, 2017
18 (b) Current		
Current Maturities of long-term borrowings	126.69	19.88
Interest payable on unsecured loan	144.13	74.42
Interest accrued but not due	7.26	-
Creditors for capital expenditure	20.41	-
Total	**298.49**	**94.30**

The Company's exposure to liquidity risk related to other financial liabilities is disclosed in note 31

	As at March 31, 2018	As at March 31, 2017
19 Trade payables		
Total outstanding dues of micro and small enterprises (refer note 38)	-	-
Total outstanding dues of creditors other than micro and small enterprises	121.26	108.38
Total	**121.26**	**108.38**

The Company's exposure to liquidity risk related to Trade payables is disclosed in note 31

	As at March 31, 2018	As at March 31, 2017
20 Other current liabilities		
Salaries, wages, bonus and employee payables	64.08	47.38
Payroll Taxes	8.93	3.94
Statutory Liabilities	12.94	12.23
Advance received from customers	9.31	24.83
Total	**95.26**	**88.38**

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(All amounts in Rs. lakhs, unless otherwise stated)

 # Deferred tax assets

The balance comprises temporary differences attributable to:

	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment	11.18	-
Others	-	-
Total deferred tax liabilities	**11.18**	-
Property, plant and equipment	-	2.94
Unabsorbed depreciation allowance and business loss carried forward	168.74	96.13
Provision for employee benefits	40.42	5.17
Provision for doubtful debts	0.51	-
Total deferred tax assets	**209.67**	**104.24**
Set-off of deferred tax assets pursuant to set-off provisions	11.18	-
Net deferred tax (liability)/asset as per the balance sheet	-	8.11
Net unrecognised deferred tax assets	**198.49**	**96.13**

Movement in deferred tax liabilities

	Depreciation	Others	Total
At April 1, 2016	-	-	-
(Charged)/credited:			
- to profit or loss	-	-	-
- to other comprehensive income	-	-	-
At March 31, 2017	-	-	-
(Charged)/credited:			
- to profit or loss	11.18	-	11.18
- to other comprehensive income	-	-	-
At March 31, 2018	**11.18**	-	**11.18**

Movement in deferred tax assets

	Depreciation	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	Total
At April 1, 2016	-	-	-	-	-
Movement in deferred tax asset	2.94	96.13	5.17	-	104.24
At March 31, 2017	**2.94**	**96.13**	**5.17**	-	**104.24**
Movement in deferred tax asset	(2.94)	72.61	35.25	0.51	105.43
At March 31, 2018	-	**168.74**	**40.42**	**0.51**	**209.67**

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15 Equity share capital

Authorised equity share capital

Authorised	**March 31, 2018**	**March 31, 2017**
2 lakhs (March 31, 2017: 2 lakhs) equity shares of Rs.100 each	200.00	200.00
Issued, subscribed and paid-up		
1.4758 lakhs (March 31, 2017: 1.4758 lakhs) equity shares of Rs.100 each	147.58	147.58
	147.58	**147.58**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2018		**March 31, 2017**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares				
At the commencement of the year	1.48	147.58	0.44	44.31
Shares issued during the year	-	-	1.03	103.27
At the end of the year	**1.48**	**147.58**	**1.48**	**147.58**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the company. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, in proportion to the number of equity shares held.

Shares held by holding company and its nominees

	March 31, 2018		**March 31, 2017**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares of Rs. 100 each held by the holding company	1.48	147.58	1.48	147.58

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2018		**March 31, 2017**	
	Number *in lakhs*	**% of total shares in class**	**Number** *in lakhs*	**% of total shares in class**
Equity shares of Rs. 100 each held by				
Sterling Holiday Resorts Limited and its nominees (holding company)	1.48	100%	1.48	100%

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Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
16 Reserves and surplus		
Securities premium reserves	1,366.29	1,366.29
Retained earnings	(388.99)	18.13
Total	**977.30**	**1,384.42**

Movement in reserves and surplus balances is as follows :

	As at March 31, 2018	As at March 31, 2017
a) Securities premium reserves		
Opening balance	1,366.29	1,366.29
Additions during the year	-	-
Closing balance	**1,366.29**	**1,366.29**
d) Retained earnings		
Opening balance	18.13	361.30
Loss for the year	(389.22)	(345.26)
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	(17.90)	2.10
Closing balance	**(388.99)**	**18.13**

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Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
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21 Provision for employee benefit obligations

Particulars	March 31, 2018			March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	3.61	80.38	83.99	-	60.35	60.35
Total employee benefit obligations	**3.61**	**80.38**	**83.99**	**-**	**60.35**	**60.35**

(i) Post employment obligations:

Gratuity :
The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is unfunded.

	March 31, 2018	March 31, 2017
Current service cost	3.67	4.34
Past service cost	2.83	-
Net interest cost	4.35	4.13
Total amount recognised in profit or loss	**10.84**	**8.47**
Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	(4.42)	-
Experience (gains)/losses	22.32	(2.10)
Changes in asset ceileing excluding amounts included in interest expense	-	-
Total amount recognised in other comprehensive income	**17.90**	**(2.10)**
Employer contributions	59.12	56.79
Benefit payments	(3.87)	(2.81)
Total	**83.99**	**60.35**

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(ii) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 18.34 lakhs (Previous year Rs. 13.60 lakhs)

(iii) Principal actuarial assumptions used in valuation of Gratuity

	March 31, 2018	March 31, 2017
Discount rate	7.79%	7.27%
Salary growth rate	7.00%	7.00%
Attrition rate	2.00%	2.00%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market

(iii) Sensitivity Analysis

Gratuity:

	March 31, 2018	March 31, 2017
Discount rate:		
+ 100 basis points	(9.17)	(6.48)
- 100 basis points	9.45	6.63
Salary escalation rate:		
+100 basis points	6.98	4.94
-100 basis points	(6.68)	(4.69)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

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(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
22 Revenue from operations		
Sale of products (Resort operations)		
Food and beverages	245.27	196.74
Sale of services		
Income from resorts:		
- Room rentals	193.68	196.77
- Campsites and activity camps	540.36	424.15
Total	**979.31**	**817.66**
23 Other income		
Gain on sale of asset (net)	0.70	-
Miscellaneous Income	2.60	1.16
Total	**3.30**	**1.16**
24 Cost of Materials Consumed		
Inventory of materials at the beginning of the year	13.72	14.17
Add: Purchases	172.19	166.51
Less: Inventory of materials at the end of the year	3.98	13.72
Cost of Food, Beverages and Operating supplies consumed	**181.93**	**166.96**
25 Employee benefit expense		
Salaries, wages and bonus	399.19	324.92
Contribution to provident and other funds	18.34	13.60
Gratuity	10.84	8.46
Staff welfare expenses	9.23	8.02
Total	**437.60**	**355.00**
26 Finance Cost		
Interest and finance charges on financial liabilities measured at amortized cost	157.86	166.84
Total	**157.86**	**166.84**
27 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	131.39	107.25
Amortisation of intangible assets	0.98	0.90
Total	**132.37**	**108.15**

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Nature Trails Resorts Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2018
(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31. 2018	For the year ended March 31. 2017
28 Other expenses		
Power and fuel	71.43	25.57
Rent	41.85	72.15
Repairs and maintenance:		
-Building	17.82	-
-Others	28.00	41.48
Insurance	3.42	1.59
Rates and taxes	12.07	34.94
Guest supplies	85.75	42.75
Communication	11.70	10.29
Travel and tours	84.75	74.59
Legal and professional	29.92	12.72
Payment to statutory auditors:		
As Auditor:		
- Statutory audit	6.00	2.00
- Limited review	-	1.20
For other audit services		
- Other services	-	1.35
- Tax audit	-	1.00
Security charges	1.72	-
Water charges	1.83	1.39
Sales promotion	25.07	30.99
Bank charges	17.01	4.85
Bad debts	0.15	2.93
Provision for doubtful debts	1.88	-
Printing and Stationery	3.10	4.27
Miscellaneous expenses	10.49	6.13
Total	**453.96**	**372.20**

29 Income tax expense

Deferred tax		
Decrease (increase) in deferred tax assets	8.11	(5.07)
Total deferred tax expense/(benefit)	**8.11**	**(5.07)**

Particulars		
Profit from continuing operations before income tax expense	(381.11)	(348.23)
Tax expense / (income) computed at Indian Tax rate of 27.55%/32.44%	(105.01)	(112.98)
Net tax effects of amount which are deductible/disallowed in calculating taxable income - other than temporary differences	-	(0.25)
	(105.01)	(113.23)
Unrecognised tax income on account of deferred tax assets for the year	105.01	113.23
Tax income	-	-

Tax losses		
Unused tax losses for which no deferred tax assets have been recognised	612.42	296.27
Potential tax benefit at 27.5525%/32.445%	168.74	96.13

Tax losses on account of unrecognised deferred tax assets

Date of expiry to carry forward	**As at March 31, 2018**	**As at March 31, 2017**
31-Mar-26	189.78	-
31-Mar-25	175.00	175.00
31-Mar-24	-	-
31-Mar-23	-	-
31-Mar-22	-	-
31-Mar-21	-	-
31-Mar-20	-	-
31-Mar-19	-	-
31-Mar-18	-	-
Indefinite period	247.64	121.27
Total	**612.42**	**296.27**

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Nature Trails Resorts Private Limited

Notes forming part of Consolidated Financial Statements as at March 31, 2018

(All amounts in Rs. lakhs, unless otherwise stated)

30 Fair value measurements

Financial instruments by category

	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	27.55	-	-	31.45
Unbilled revenue	-	-	1.55	-	-	-
Cash and cash equivalents	-	-	13.48	-	-	7.32
Bank balances other than above	-	-	-	-	-	4.77
Security deposits	-	-	4.01	-	-	6.39
Interest accrued on fixed deposits	-	-	1.37	-	-	-
Other receivables	-	-	4.77	-	-	-
Investments	-	-	-	1.74	-	-
Total financial assets	**-**	**-**	**52.73**	**1.74**	**-**	**49.93**
Financial liabilities						
Borrowings	-	-	1,797.62	-	-	1,176.98
Trade payables	-	-	121.26	-	-	108.38
Capital creditors	-	-	44.40	-	-	-
Employee benefits payable	-	-	-	-	-	-
Contingent consideration	610.83	-	-	531.16	-	-
Total financial liabilities	**610.83**	**-**	**1,963.28**	**531.16**	**-**	**1,285.36**

This summary includes all financial instruments valued based on the principles of Ind AS 109- Financial Instruments.

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(All amounts in Rs. lakhs, unless otherwise stated)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial liabilities at FVTPL					
Contingent consideration	18(a)	-	-	610.83	610.83
Total		**-**	**-**	**610.83**	**610.83**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	17(a) and 17(b)	-	-	1,797.62	1,797.62
Total		**-**	**-**	**1,797.62**	**1,797.62**

Financial assets and liabilities measured at fair value - recurring fair value measurements

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Equity instruments	5	-	1.74	-	1.74
Total		**-**	**1.74**	**-**	**1.74**
Financial Liabilities					
Financial Liabilities at FVTPL					
Contingent consideration	18(a)	-	-	531.16	531.16
Total		**-**	**-**	**531.16**	**531.16**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	17(a) and 17(b)	-	-	1,176.98	1,176.98
Total		**-**	**-**	**1,176.98**	**1,176.98**

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(All amounts in Rs. lakhs, unless otherwise stated)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value
The valuation model to value contingent consideration, considers the present value of expected payment discounted using a discount rate of 15%. The expected payment includes interest as a

(iii) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-18		31-Mar-17	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Borrowings	1,797.62	1,797.62	1,176.98	1,176.98
Total financial liabilities	**1,797.62**	**1,797.62**	**1,176.98**	**1,176.98**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities and assets are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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31 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of portfolio, credit limits
Liquidity risk	Borrowings, trade payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Analysis of market rates on a real time basis, pre-closure of loans

The company's risk management is carried out by a treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures towards outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

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The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including the following indicators:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause A significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increase in credit risk on other financial instruments of the same borrower.
- Significant changes in the expected performance and behaviour of the borrower and customer, including changes in the payment status of borrowers in the Company, expected acceptances of the instruments and changes in the operating results of the borrower.

(ii) Provision for expected credit losses
The company provides for expected credit loss based on the following:

Internal credit rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counterparty has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	12 month expected credit losses	Lifetime expected credit loss
C2	Doubtful assets, credit impaired	Assets are provided for when there is no reasonable expectation of recovery. The Company categorises a loan or receivable for provisioning when the debtor fails to make the contractual payments for over 12 months. When the loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable/cancel contracts as appropriate. When recoveries are made these are recognised in profit or loss.	Asset is provided for fully		

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(All amounts in Rs. lakhs, unless otherwise stated)

Year ended March 31, 2018:

(a) Expected credit loss for loans, security deposits and investments
The estimated gross carrying amount at default is Rs. 1.74 (March 31, 2017: Nil) for investments. Consequently the same has been recognised as expected credit loss for the financial asset.

(b) Expected credit loss for trade receivables under simplified approach
Customer credit risk is managed by the company based on the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability. The company classifies the receivables as high quality assets or doubtful assets based on the past performance of the portfolio.

(iii) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2016	-
Changes in loss allowance	-
Loss allowance on March 31, 2017	**-**
Changes in loss allowance	1.88
Loss allowance on March 31, 2018	**1.88**

B) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows and also reviews timing of liquidation of marketable securities.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2018	March 31, 2017
-Expiring within one year (bank overdraft)	0.73	0.83
-Expiring beyond one year (bank loans)	1,387.69	-

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(All amounts in Rs. lakhs, unless otherwise stated)

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

March 31, 2018
Non-derivatives

	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Borrowings	1,797.62	926.89	34.79	69.63	146.57	626.36	1,804.24
Trade payables	121.26	121.26	-	-	-	-	121.26
Contingent consideration	610.83	-	-	-	702.46	-	702.46
Other financial liabilities	44.40	-	-	20.41	23.99	-	44.40
Total	**2,574.11**	**1,048.15**	**34.79**	**90.04**	**873.02**	**626.36**	**2,672.36**

March 31, 2017
Non-derivatives

	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Borrowings	1,176.98	683.99	0.28	21.02	83.04	388.67	1,177.00
Trade payables	108.38	108.38	-	-	-	-	108.38
Contingent consideration	531.16	-	-	-		702.46	702.46
Other financial liabilities	-	-	-	-	-	-	-
Total	**1,816.52**	**792.37**	**0.28**	**21.02**	**83.04**	**1,091.13**	**1,987.84**

C) Market risk - Interest rate risk

The Company's main interest rate risk arises from long term borrowings with variable interest rates, which exposes the Company to cash flow interest rate risk. The Company analyses the market rates on a real time basis and pre- closes/exchanges the variable interest rate instruments for fixed interest instruments in times of high interest rates and vice-versa to mitigate the risk. Long term borrowings with variable interest rate as at March 31, 2018 is Rs. Nil (March 31, 2017: Nil), consequently there is no exposure to interest rate changes.

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(All amounts in Rs. lakhs, unless otherwise stated)

32 Segment information

Description of segments and principal activities
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.
The Chief Opeartions Officer (COO) of the company has been identified as the chief operating decision maker of Nature Trails Resorts Private Limited who assesses the financial performance and position of the Company, and makes strategic decisions. The Company has only one reportable segment as described below:
- Resort operations: This segment deals with business of resorts, campsites and activity camps.

33 The Company continues to invest in refurbishment/redevelopment of the existing resorts. The Company expects to sustain the growth in the turnover and improve profitability in the ensuing years. Accordingly, these financial statements are prepared on a going concern basis.

34 Assets pledged as security

	As at March 31, 2018	As at March 31, 2017
Current assets		
Inventories	3.98	13.72
Trade receivables	27.55	31.45
Cash and cash equivalents	13.48	7.32
Bank balances other than above	-	4.77
Other financial assets	11.70	6.39
Other current assets	46.88	376.52
Non-current assets		
Freehold land	1,840.78	-
Buildings	436.01	324.20
Movable assets	375.13	276.53

35 Earnings per share

(a) Basic & Diluted earnings per share

Profit attributable to the equity holders of the company used in calculating basic earnings per share	(389.22)	(345.26)
Weighted average number of equity shares outstanding	1.4758	1.4758
Basic/Diluted Earnings Per Share	**(263.74)**	**(233.95)**

36 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as

Particulars		
Property, plant and equipment	33.89	39.81

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(All amounts in Rs. lakhs, unless otherwise stated)

37 Related party transactions

(a) Parent entities
The group is controlled by following entity:

Name of entity	Type	Place of business	Ownership interest held by the March 31, 2018	March 31, 2017
Fairfax Financial Holdings Limited, Canad	Ultimate Holding Company	Canada	-	-
Thomas Cook (India) Limited	Intermediate Holding Company	India	-	-
Sterling Holiday Resorts Limited	Holding Company	India	100%	100%

(b) Directors of the Company including Key management personnel
Mr. Chinmay H Divekar (Chief operations officer and Director)
Mr. Hari K Divekar (Director)

(c) Other related parties with whom the Company had transactions during the year

Entities over which Directors have control or significant influence
Pugmarks Eco Tours Pvt. Ltd.
Divekar Wallstable Schnieder Precision Seals Pvt. Ltd.

Relative of directors of the Company
Mr. Chaitanya H Divekar
Mrs. Swati Divekar
Mrs. Sonal Divekar

(d)Transactions with related parties
The following transactions occurred with related parties:

Key management personnel compensation

	March 31, 2018	March 31, 2017
Mr. Chinmay H Divekar (Chief operations officer)		
Short term employee benefits	25.27	25.27
Post-employment benefits	0.73	0.73
Total compensation	**26.00**	**26.00**
Sale of Services		
Sterling Holiday Resorts Limited	1.13	2.51
Thomas Cook (India) Limited	1.44	-
Divekar Wallstable Schnieder Precision Seals Pvt. Ltd.	3.89	1.77
Pugmarks Eco Tours Pvt. Ltd.	36.04	15.65
Interest on borrowings		
Sterling Holiday Resorts Limited	77.46	82.70
Loans and Advances borrowed		
Sterling Holiday Resorts Limited	143.84	348.38
Loans and Advances repaid		
Sterling Holiday Resorts Limited	-	334.79
Capital advances paid		
Mr. Chinmay H Divekar	5.18	-
Rent paid		
Mr. Hari K Divekar	22.77	22.77
Mr. Chinmay H Divekar	4.04	4.04
Mr. Chaitanya H Divekar	3.89	3.89
Mrs. Swati Divekar	2.23	2.23
Mrs. Sonal Divekar	0.01	0.01

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(All amounts in Rs. lakhs, unless otherwise stated)

(d) Outstanding balances at the year end

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2018	March 31, 2017
Trade Receivables		
Sterling Holiday Resorts Limited	0.21	-
Thomas Cook (India) Limited	1.44	-
Divekar Wallstable Schnieder Precision Seals Pvt. Ltd.	0.48	0.48
Pugmarks Eco Tours Pvt. Ltd.	3.29	0.82
Other Non-current assets-Capital advances		
Mr. Hari K Divekar	186.76	186.76
Mr. Chinmay H Divekar	20.18	15.00
Other Non-current assets-Prepaid rent		
Mr. Hari K Divekar	160.56	183.33
Mr. Chinmay H Divekar	28.19	32.23
Mr. Chaitanya H Divekar	27.32	31.21
Mrs. Swati Divekar	15.77	18.00
Mrs. Sonal Divekar	0.08	0.09
Other Current assets-Prepaid rent		
Mr. Hari K Divekar	22.77	22.77
Mr. Chinmay H Divekar	4.04	4.04
Mr. Chaitanya H Divekar	3.89	3.89
Mrs. Swati Divekar	2.23	2.23
Mrs. Sonal Divekar	0.01	0.01
Total receivable from related parties	**477.22**	**500.86**
Short term borrowings		
Sterling Holiday Resorts Limited	703.96	560.12
Other current financial liabilities-Interest payable		
Sterling Holiday Resorts Limited	144.13	74.42
Total payable to related parties	**848.09**	**634.54**

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38 Dues to Micro, Small and Medium Enterprises

There are no outstanding dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. This information has been determined to the extent such parties have been identified on the basis of the information

39 The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the year ended March 31, 2017 have been disclosed below.

Particulars	**Specified Bank Notes**	**Other Denomination Notes**	**Total**
Closing Cash in Hand as on November 8, 2016	6.24	4.39	10.63
Add: Withdrawal from Bank accounts	-	-	-
Add: Receipts for permitted transactions	-	14.16	14.16
Add: Receipts for Non permitted Transactions (if any)	-	-	-
Less: Paid for permitted transactions	-	(15.84)	(15.84)
Less: Paid for Non-permitted transactions (if any)	-	-	-
Less: Deposited in bank Accounts	(6.24)	-	(6.24)
Closing Cash in Hand as on December 30, 2016	-	**2.71**	**2.71**

Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: May 28, 2018

For and on behalf of the Board of Directors

Chinmay H Divekar
Director
DIN No.: 02051709

Hari K Divekar
Director
DIN No.: 00469144

Place: Thane
Date: May 14, 2018